

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

**KAUFMAN COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**MARCH 31, 2025**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Opinions**

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, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of March 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

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

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

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

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

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

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

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

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

### **Required Supplementary Information**

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

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

### **Supplementary Information**

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

*McCall Gibson Swedlund Barfoot Ellis PLLC*

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

August 6, 2025

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2025**

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, 2025. Please read it in conjunction with the District's financial statements.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental 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, 2025**

**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") and other supplementary information. 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 \$3,344,456 as of March 31, 2025. 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, 2025**

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

	Summary of Changes in the Statement of Net Position		
	2025	2024	Change Positive (Negative)
Current and Other Assets	\$ 4,493,616	\$ 2,457,872	\$ 2,035,744
Right-of-Use Asset (Net of Accumulated Amortization)		126,339	(126,339)
Capital Assets (Net of Accumulated Depreciation)	<u>13,755,581</u>	<u>14,364,278</u>	<u>(608,697)</u>
Total Assets	<u>\$ 18,249,197</u>	<u>\$ 16,948,489</u>	<u>\$ 1,300,708</u>
Due to Developer	\$ 19,508,520	\$ 19,508,520	\$
Leases Payable		134,274	134,274
Other Liabilities	<u>2,085,133</u>	<u>1,102,006</u>	<u>(983,127)</u>
Total Liabilities	<u>\$ 21,593,653</u>	<u>\$ 20,744,800</u>	<u>\$ (848,853)</u>
Net Position:			
Net Investment in Capital Assets	\$ (4,117,183)	\$ (3,752,671)	\$ (364,512)
Unrestricted	<u>772,727</u>	<u>(43,640)</u>	<u>816,367</u>
Total Net Position	<u>\$ (3,344,456)</u>	<u>\$ (3,796,311)</u>	<u>\$ 451,855</u>

The following table provides a summary of the District's operations for the years ended March 31, 2025, and March 31, 2024. The District's net position increased by \$451,855 during the current fiscal year.

	Summary of Changes in the Statement of Activities		
	2025	2024	Change Positive (Negative)
Revenues:			
Charges for Services	\$ 4,860,140	\$ 4,757,271	\$ 102,869
Other Revenues	<u>2,059,682</u>	<u>1,817,197</u>	<u>242,485</u>
Total Revenues	\$ 6,919,822	\$ 6,574,468	\$ 345,354
Expenses for Services	<u>6,467,967</u>	<u>5,974,164</u>	<u>(493,803)</u>
Change in Net Position	\$ 451,855	\$ 600,304	\$ (148,449)
Net Position, Beginning of Year	<u>(3,796,311)</u>	<u>(4,396,615)</u>	<u>600,304</u>
Net Position, End of Year	<u>\$ (3,344,456)</u>	<u>\$ (3,796,311)</u>	<u>\$ 451,855</u>

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2025**

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

The District's General Fund had a fund balance of \$2,045,201 as of March 31, 2025.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Directors did not amend the General Fund budget during the current fiscal year. Actual excess revenues were \$71,927 more than budgeted excess revenues.

**CAPITAL ASSETS**

The District's capital assets as of March 31, 2025, amount to \$13,755,581 (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			
	2025	2024	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 12,069	\$ 12,069	\$
Construction in Progress		34,452	(34,452)
Capital Assets, Net of Accumulated Depreciation:			
Water System	3,851,945	4,160,842	(308,897)
Wastewater System	9,891,567	10,156,915	(265,348)
Total Net Capital Assets	\$ 13,755,581	\$ 14,364,278	\$ (608,697)

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

The District has also entered into a lease agreement for an interim wastewater treatment plant and electric skid pump related to the pump station expansion. See Note 13 for further disclosure.

**LONG-TERM DEBT ACTIVITY**

The District has also recorded an amount due to developer of \$19,381,488 for completed projects and developer advances. See Note 8.

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2025**

**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.

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**MARCH 31, 2025**

	General Fund	Special Revenue Fund
<b>ASSETS</b>		
Cash	\$ 112,558	\$ 1,278,312
Investments	2,091,386	
Due from Others		19,309
Due from Other Funds	44,544	
Prepaid Costs		89,960
Due from Other Governmental Units	14,826	612,638
Settlement Agreement Receivable		38,377
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
<b>TOTAL ASSETS</b>	<b>\$ 2,263,314</b>	<b>\$ 2,038,596</b>
<b>LIABILITIES</b>		
Accounts Payable	\$ 99,540	\$ 1,842,020
Due to Other Governmental Units	118,573	
Due to Developers		127,032
Due to Other Funds		44,544
Advance for Operations		25,000
<b>TOTAL LIABILITIES</b>	<b>\$ 218,113</b>	<b>\$ 2,038,596</b>
<b>FUND BALANCES</b>		
Nonspendable:		
Prepaid Costs	\$ 287,775	\$ 89,960
Restricted for Future Capital Improvements	1,757,426	(89,960)
Unassigned		
<b>TOTAL FUND BALANCES</b>	<b>\$ 2,045,201</b>	<b>\$ - 0 -</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,263,314</b>	<b>\$ 2,038,596</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>
\$ 1,390,870	\$	\$ 1,390,870
2,091,386		2,091,386
19,309		19,309
44,544	(44,544)	
89,960		89,960
627,464		627,464
38,377	236,250	274,627
	12,069	12,069
	<u>13,743,512</u>	<u>13,743,512</u>
<u>\$ 4,301,910</u>	<u>\$ 13,947,287</u>	<u>\$ 18,249,197</u>
\$ 1,941,560	\$	\$ 1,941,560
118,573		118,573
127,032	19,381,488	19,508,520
44,544	(44,544)	
25,000		25,000
<u>\$ 2,256,709</u>	<u>\$ 19,336,944</u>	<u>\$ 21,593,653</u>
\$ 89,960	\$ (89,960)	\$
287,775	(287,775)	
<u>1,667,466</u>	<u>(1,667,466)</u>	
<u>\$ 2,045,201</u>	<u>\$ (2,045,201)</u>	<u>\$ - 0 -</u>
<u>\$ 4,301,910</u>		
	\$ (4,117,183)	\$ (4,117,183)
	<u>772,727</u>	<u>772,727</u>
	<u>\$ (3,344,456)</u>	<u>\$ (3,344,456)</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, 2025**

Total Fund Balances - Governmental Funds	\$ 2,045,201
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Payments to be received in future years from Kaufman 1-B related to the Settlement Agreement are recorded as a long-term receivable in the Statement of Net Position.	236,250
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Capital assets are not financial resources and, therefore, are not reported as assets in governmental funds.	13,755,581
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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>(19,381,488)</u>
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Total Net Position - Governmental Activities	<u>\$ (3,344,456)</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**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED MARCH 31, 2025**

	General Fund	Special Revenue Fund
<b>REVENUES</b>		
Service Billing Revenues	\$	\$ 4,860,140
Tap Revenues	1,328,939	2,803
Settlement Agreement Revenue	278,750	115,132
Investment Revenues	96,580	1,228
<b>TOTAL REVENUES</b>	<b>\$ 1,704,269</b>	<b>\$ 4,979,303</b>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Professional Fees	\$ 202,406	\$ 69,870
Contracted Services	26,470	142,724
Purchased Water Service		2,071,808
Purchased Wastewater Service		841,631
Utilities		143,067
Repairs and Maintenance	480,507	738,401
Depreciation/Amortization		
Other	178,519	551,302
Debt Service:		
Lease Principal		418,424
Lease Interest		2,076
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>\$ 887,902</b>	<b>\$ 4,979,303</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 816,367</b>	<b>\$ -0-</b>
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION - APRIL 1, 2024</b>	<b>1,228,834</b>	
<b>FUND BALANCES/NET POSITION - MARCH 31, 2025</b>	<b>\$ 2,045,201</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>
\$ 4,860,140	\$	\$ 4,860,140
1,331,742		1,331,742
393,882	236,250	630,132
<u>97,808</u>	<u></u>	<u>97,808</u>
<u>\$ 6,683,572</u>	<u>\$ 236,250</u>	<u>\$ 6,919,822</u>
\$ 272,276	\$	\$ 272,276
169,194		169,194
2,071,808		2,071,808
841,631		841,631
143,067		143,067
1,218,908		1,218,908
	735,036	735,036
729,821		729,821
418,424	(134,274)	284,150
<u>2,076</u>	<u></u>	<u>2,076</u>
<u>\$ 5,867,205</u>	<u>\$ 600,762</u>	<u>\$ 6,467,967</u>
\$ 816,367	\$ (816,367)	\$
	451,855	451,855
<u>1,228,834</u>	<u>(5,025,145)</u>	<u>(3,796,311)</u>
<u>\$ 2,045,201</u>	<u>\$ (5,389,657)</u>	<u>\$ (3,344,456)</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 STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2025**

Net Change in Fund Balances - Governmental Funds	\$	816,367
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Payments to be received in future years from Kaufman 1-B related to the Settlement Agreement are recorded as revenue in the Statement of Activities.</p>		236,250
<p>Governmental funds do not account for depreciation and amortization. However, in the Statement of Net Position, capital assets are depreciated and right-of-use assets are amortized and expense is recorded in the Statement of Activities.</p>		(735,036)
<p>Governmental funds report lease principal payments as expenditures. However, in the Statement of Net Position, lease principal payments are reported as decreases in long-term liabilities.</p>		<u>134,274</u>
Change in Net Position - Governmental Activities	\$	<u>451,855</u>

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, 2025**

**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, 2025**

**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, 2025**

**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 financial statements. The fund financial 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**  
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**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, 2025, the Special Revenue Fund had recorded a payable in the amount of \$44,544 to the General Fund for developer advances belonging to the General Fund that were deposited in the Special Revenue Fund bank account.

Capital Assets and Right-of-Use 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. 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

In accordance with GASB Statement No.87, the District recorded the leased wastewater treatment plant and the electric pump skid related to the pump station expansion as right-of-use assets (see Note 13). The right-of-use assets were fully amortized in the current year.

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2025**

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

Budgeting

An annual unappropriated budget is adopted for the General Fund and Special Revenue Fund by the District's Board of Directors. The budgets are prepared using the same method of accounting as for financial reporting. The original General Fund for the current year was not amended and the Special Revenue Fund budget for the year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund and Special Revenue Fund presents the original and amended, if any, budget amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Directors are 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.

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2025**

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

Measurement Focus (Continued)

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

*Assigned:* amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances and does not have any assigned fund balances.

*Unassigned:* all other spendable amounts in the General Fund.

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

Accounting Estimates

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

**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 \$1,390,870 and the bank balance was \$1,390,870. The District was not exposed to custodial credit risk at year-end.

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2025**

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

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at March 31, 2025, as listed below:

Deposits (Continued)

	Cash
GENERAL FUND	\$ 112,558
SPECIAL REVENUE FUND	1,278,312
TOTAL DEPOSITS	\$ 1,390,870

Investments

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

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

The District invests in LOGIC (Local Government Investment Cooperative), an external public fund investment pool that is not SEC-registered. LOGIC is organized and existing as a business trust under the laws of the State of Texas with all participant funds and all investment assets held and managed in trust by a Board of Trustees for the benefit of the participants. Hilltop Securities, Inc. and J.P. Morgan Investment Management, Inc. serve as co-administrators of the pool. LOGIC measures all of its portfolio assets at amortized cost for financial reporting purposes. The District measures its investments in LOGIC at amortized cost. There are no limitations or restrictions on withdrawals from LOGIC.

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. As of March 31, 2025, the District’s investment in LOGIC was rated AAA by Standard and Poor’s.

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2025**

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

Investments (Continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment LOGIC to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value.

As of March 31, 2025, the District's General Fund had the following investments and maturities

Fund and Investment Type	Fair Value
<u>GENERAL FUND</u>	
LOGIC	<u>\$ 2,091,386</u>

Restrictions

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

**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the year ended March 31, 2025:

	April 1, 2024	Increases	Decreases	March 31, 2025
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 12,069	\$	\$	\$ 12,069
Construction in Progress	<u>34,452</u>	<u></u>	<u>34,452</u>	<u></u>
<b>Total Capital Assets Not Being Depreciated</b>	<u>\$ 46,521</u>	<u>\$ - 0 -</u>	<u>\$ 34,452</u>	<u>\$ 12,069</u>
<b>Capital Assets Subject to Depreciation</b>				
Water System	\$ 8,208,187	\$ 8,716	\$	\$ 8,216,903
Wastewater System	<u>11,088,164</u>	<u>25,736</u>	<u></u>	<u>11,113,900</u>
<b>Total Capital Assets Subject to Depreciation</b>	<u>\$ 19,296,351</u>	<u>\$ 34,452</u>	<u>\$ - 0 -</u>	<u>\$ 19,330,803</u>
<b>Less Accumulated Depreciation</b>				
Water System	\$ 4,047,345	\$ 317,613	\$	\$ 4,364,958
Wastewater System	<u>931,249</u>	<u>291,084</u>	<u></u>	<u>1,222,333</u>
<b>Total Accumulated Depreciation</b>	<u>\$ 4,978,594</u>	<u>\$ 608,697</u>	<u>\$ - 0 -</u>	<u>\$ 5,587,291</u>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 14,317,757</u>	<u>\$ (574,245)</u>	<u>\$ - 0 -</u>	<u>\$ 13,743,512</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 14,364,278</u>	<u>\$ (574,245)</u>	<u>\$ 34,452</u>	<u>\$ 13,755,581</u>

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

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2025**

**NOTE 5. MAINTENANCE TAX**

As of March 31, 2025, voters of the District have not approved the levy and collection of a maintenance tax.

**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.

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2025**

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

On May 1, 2021, the District entered into the Cost-Sharing Agreement Regarding Expansions of Water Supply and Wastewater Treatment Facilities with District No. 1-C and District No. 1-D. District No. 1-A has completed the expansion of the sewage treatment plant and the expansion of the water plant pump station, both of which increased the total capacity in each respective plant. Allocation of the costs of the sewage treatment plant expansion was allocated as follows: District No. 1-C: 3.4 percent, and District No. 1-D: 96.6 percent. Allocation of the costs of the water plant expansion was allocated as follows: District No. 1-A: 79.3 percent, and District No. 1-C: 20.7 percent. This agreement was terminated upon the approval of the Amendment and Supplement to Joint Utility and Wholesale Allocation Agreement subsequent to year-end.

During the current fiscal year, the District billed \$4,860,140 for operating the system. As of March 31, 2025, the District has recorded a receivable in the amount of \$612,638 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, 2025.

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

On April 24, 2024, the District, District No. 1-B, District No. 1-C, and District No. 1-D entered into the Amendment and Supplement to Joint Utility and Wholesale Allocation Agreement. District No. 1-B and District No. 1-C will have the right jointly to exercise full decision-making authority over all aspects of the sewer treatment plant (the “STP”) operations, with each of these Districts having a weighted vote based on its allocation capacity in the STP. Upon payment of the final installment from District No. 1-B per the Settlement Agreement (see Note 12), the District shall assign and convey all right, title, and interest in the STP, along with all appurtenant rights to District No. 1-C for ownership and operation. Expansion Lease Payments shall be allocated in proportion to the number of sanitary equivalent connections between District No. 1-B and District No. 1-C. Pump Station Lease Payments shall be allocated in proportion to the number of water equivalent connections between the District and District No. 1-C. District No. 1-B and District No. 1-C agree to reimburse District No. 1-D, \$137,945 for the share of the Expansion Lease Payments previously paid by District No. 1-D.

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**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. The Amendment to Amended and Restated Wholesale Water Contract was approved on March 5, 2020. 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, 2025, the District was paying \$4.30 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, 2025, was 471,580,000 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 September 2023, the District began paying \$168,983 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 \$2,071,808 in relation to this agreement.

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2025**

**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, 2025, the District has recorded a liability in the amount of \$18,109,014 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.

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, 2025, the Developer advanced directly to the District a total of \$1,272,474 to help cover any potential operating deficits of the District; of which none were made during the current fiscal year.

The District has recorded a total amount due to developer of \$19,381,488 in the Statement of Net Position at March 31, 2025.

**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.

**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.

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2025**

**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 \$15,600 were recorded in the current fiscal year. All minimum lease payments for the initial term of the agreement have been paid on this operating lease.

**NOTE 13. INTERIM WASTEWATER TREATMENT PLANT AND SKID PUMP LEASE**

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. The lease bears interest of 8.5% per annum. Payments in the amount of \$35,700 are due the first day of each month. The initial term of this lease is 60 months, which ended during the current fiscal year. The monthly payments will be \$24,400 per month for any additional after the initial term. During the current fiscal year, the District recorded costs totaling \$351,100.

On February 12, 2021, the District entered into a lease agreement with AUC Group to finance an electric pump skid (“equipment”) related to the Windmill Farms pump station expansion. The lease bears interest of 8.0% per annum. Payments in the amount of \$5,850 are due the first day of each month. The initial term of this lease is 36 months, which ended during the current fiscal year. The District has the option to amend the lease and lease the equipment for a monthly payment of \$2,700 for each of the eighteen months comprising the balance of the initial term. The District also has the option to amend the lease a second time and lease the equipment for a monthly payment of \$2,200 for each of the twelve months comprising the balance of the initial term. The lease commenced during the prior year. During the current fiscal year, the District recorded costs totaling \$69,400.

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A**  
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**NOTE 13. INTERIM WASTEWATER TREATMENT PLANT AND SKID PUMP LEASE (Continued)**

Right-of-use assets, current year amortization expense and accumulated amortization is summarized below:

	April 1, 2024	Increases	Decreases	March 31, 2025
<b>Right-of-Use Asset Subject to Amortization</b>				
Wastewater Treatment Plant	\$ 1,028,319	\$ -0-	\$ -0-	1,028,319
<b>Accumulated Amortization</b>				
Wastewater Treatment Plant	\$ 901,980	126,339	\$ -0-	1,028,319
<b>Right-of-Use Asset Net of Accumulated Amortization</b>	<u>\$ 126,339</u>	<u>\$ (126,339)</u>	<u>\$ -0-</u>	<u>\$ - 0 -</u>

**NOTE 14. WASTEWATER TREATMENT SERVICE AGREEMENT**

On October 3, 2019, the District approved a Wastewater Treatment Service Agreement (“the Agreement”) with the City of Forney, Texas. In accordance with the Operating Agreement and Joint Agreement discussed in Note 6, the District has been granted the responsibility and right to acquire, construct, operate, maintain, and manage the facilities necessary to bring wastewater service to the property within Windmill Farms. The districts will require wholesale wastewater treatment capacity in order to serve the Windmill Farms property and any future expansion of the Windmill Farms property. The City will provide a source of wholesale wastewater treatment capacity adequate to serve full development of the Windmill Farms property. The District estimates that the full development will require wastewater treatment service for a maximum average daily flow of 3.8 MGD average flow. The wastewater will be delivered by a point of connection by way of a wastewater line that will be constructed by the District, and the District will be responsible for the construction of any system improvements that are necessary to connect the wastewater line to the Windmill Farms property. Pursuant to the Operating Agreement and Joint Agreement, costs under this Agreement are to be shared by the participating districts. The term of this Agreement will continue for so long as the City’s Agreement with the North Texas Wastewater Contract continues in effect. Upon expiration of the term, it is the intent that the Agreement will be renewed such that uninterrupted wastewater service will be available to serve the Windmill Farms property.

During the current fiscal year, the District recorded purchased wastewater in the amount of \$841,631 in relation to this agreement.

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A**  
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**MARCH 31, 2025**

**NOTE 15. INTERLOCAL AGREEMENT FOR WATER AND WASTEWATER TREATMENT SERVICES – EAST WALDEN POND**

On June 23, 2020, the District approved an interlocal agreement for water and wastewater treatment services with Walden Pond Fresh Water Supply District of Kaufman County (“Walden Pond”), MM Walden Pond, LLC (the “Walden Pond Developer”), and EQK Bridgeview Plaza, Inc. (the “District Developer”). The Walden Pond Developer is the owner of approximately 215.5 acres of land located in Kaufman County, Texas, which makes up the eastern portion of Walden Pond. The District has reserved water capacity to provide water service to the property due to the Amended and Restated Wholesale Water Contract dated December 7, 2017 between the City of Forney, Texas and the District. The City has provided consent to the District to provide service to the Walden Pond property as evidenced in the Amendment to Amended and Restated Wholesale Water Contract between the City and the District and Water Contract Amended approved on January 17, 2020. Walden Pond has requested that the District provide water and wastewater service to the property through an extension of the District’s water and wastewater treatment service infrastructure.

The water system extension will be sized to provide continuous and adequate water supply to the property based on plans for development. The water system extension will extend from the water system of the District to the point of connection and will include a master water meter at the point of connection. The master water meter will be designed and engineered by the District at the cost and expense of Walden Pond or the Walden Pond Developer. Upon completion, the water system extension will be owned and maintained by the District, except for the master water meter, which will be owned and maintained by the City at its own cost and expense. Walden Pond and/or the Walden Pond Developer will pay their pro rata share of costs associated with the installation of the water system extension and water meter. Throughout the term of the Agreement, the City and the District will read the master water meter pursuant to the City Water Contract and the Water Contract Amendment. The monthly amount charged by the District for wholesale treated water will be the number of gallons delivered to the property based on the meter reading for the month multiplied times the bulk rate per 1,000 gallons that the district is charged for purchasing treated water from the City for service to the property pursuant to the Water Contract Amendment, plus (1) cost of conveyance based on a cost-of-service rate study of the type promulgated by the American Water Works Association or utility basis rate, and plus (2) a maximum of an additional five percent of the total of the bulk rate and the cost of conveyance, which will be retained by the District as a fee for the pass through use of District facilities. The bulk rate will be the rate charged by the City, which is based on the rate charged the City by NTMWD plus sixty-three percent.

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2025**

**NOTE 15. INTERLOCAL AGREEMENT FOR WATER AND WASTEWATER TREATMENT SERVICES – EAST WALDEN POND (Continued)**

The wastewater system extension will be sized to provide continuous and adequate wastewater supply to the property based on plans for development. The wastewater system extension will extend from the wastewater system of the District to the point of connection and will include a master wastewater meter at the point of connection. The master wastewater meter will be designed and engineered by the District at the shared cost and expense of Walden Pond or the Walden Pond Developer. Upon completion, the wastewater system extension will be owned and maintained by the District. Walden Pond and the multifamily property owner will share with the District the costs associated with the installation of the wastewater system extension and wastewater meter. Throughout the term of the Agreement, the District will read the master wastewater meter and calculate its bill to Walden Pond for wastewater service based upon such readings. The monthly amount charged by the District for wholesale treated wastewater will be the number of gallons delivered to the District based on the meter reading for the month less the calculated multifamily property flow multiplied times the bulk rate that the District is charged by the City, plus (1) cost of conveyance based on a cost-of-service rate study of the type promulgated by the American Water Works Association or utility basis rate, and plus (2) a maximum of an additional five percent of the total of the bulk rate and the cost of conveyance, which will be retained by the District as a fee for the pass through use of District facilities. The bulk rate will be the rate charged by the City, which is based on the rate charged the City by NTMWD plus thirty percent.

On April 7, 2022, the agreement was amended to include 93 acres owned by MM Forney 92, LLC (“Walden Pond South”) to the boundaries of Walden Pond. As such, the District has re-allocated certain wastewater costs and capacity reservations to account for the additional land provided by Walden Pond South.

**NOTE 16. INTERLOCAL AGREEMENT FOR WASTEWATER TREATMENT SERVICES - WEST WALDEN POND**

On June 23, 2020, the District approved an interlocal agreement for wastewater treatment services with Walden Pond Fresh Water Supply District of Kaufman County (“Walden Pond”), MM Walden Pond, LLC (the “Walden Pond Developer”), and EQK Bridgeview Plaza, Inc. (the “District Developer”). The Walden Pond Developer is the owner of approximately 214 acres of land located in Kaufman County, Texas, which makes up the western portion of Walden Pond. The District has reserved wastewater capacity with the City for the disposal of its wastewater produced within the property pursuant to an Agreement Regarding Wastewater Treatment Service dated October 1, 2019 by and among the City and the District, which contemplates service to the property. Walden Pond has requested that the District provide wastewater treatment service to the property and a planned multifamily property through an extension of the District’s wastewater treatment service infrastructure.

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2025**

**NOTE 16. INTERLOCAL AGREEMENT FOR WASTEWATER TREATMENT SERVICES - WEST WALDEN POND (Continued)**

The wastewater system extension will extend to a wholesale wastewater meter to measure the volume of wastewater produced within and transported from Walden Pond and the multifamily property into the District's wastewater system. The wastewater system extension will be sized to provide continuous and adequate wastewater supply to the property and multifamily property based on plans for development. The wastewater system extension will extend from the wastewater system of the District to the point of connection and will include a master wastewater meter at the point of connection. The master wastewater meter will be designed and engineered by the District at the shared cost and expense of Walden Pond or the Walden Pond Developer. Upon completion, the wastewater system extension will be owned and maintained by the District. Walden Pond and the multifamily property owner will share with the District the costs associated with the installation of the wastewater system extension and wastewater meter. Throughout the term of the Agreement, the District will operate the wastewater meter at its sole cost and expense and will calibrate the wastewater meter at least once every twelve months. Throughout the term of the Agreement, the District shall read the wastewater meter and calculate its bill to Walden Pond for wastewater service based upon such readings. The monthly amount charged by the District for wholesale treated wastewater will be the number of gallons delivered to the District based on the meter reading for the month less the calculated multifamily property flow multiplied times the bulk rate that the District is charged by the City, plus (1) cost of conveyance based on a cost-of-service rate study of the type promulgated by the American Water Works Association or utility basis rate, and plus (2) a maximum of an additional five percent of the total of the bulk rate and the cost of conveyance, which will be retained by the District as a fee for the pass through use of District facilities. The bulk rate will be the rate charged by the City, which is based on the rate charged the City by NTMWD plus thirty percent.

On April 7, 2022, the agreement was amended to include 93 acres owned by MM Forney 92, LLC ("Walden Pond South") to the boundaries of Walden Pond. As such, the District has re-allocated certain wastewater costs and capacity reservations to account for the additional land provided by Walden Pond South.

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-A**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2025**

**NOTE 17. COMPROMISE SETTLEMENT AGREEMENT**

On January 21, 2021, the District was named as a plaintiff in Kaufman County Fresh Water Supply District No. 1-A v. Kaufman County Fresh Water Supply District No. 1-B, in Cause No. 107014-CC in the Kaufman County – County Court at Law. The District alleges that the District is owed unpaid monies pursuant to the terms of a Joint Utility and Wholesale Allocation Agreement. District No. 1-B has answered the case. The parties have agreed to an abatement of further proceedings in the case pending completion of a mediation as required by the terms of the Joint Utility and Wholesale Allocation Agreement. The mediation took place on November 18, 2021 in Dallas, Texas, with the parties coming to a tentative agreement for the resolution of the matter.

Effective May 17, 2024, the District and District No. 1-B entered into the Compromise Settlement Agreement and Mutual Release. The District shall receive a total sum of \$630,132, of which \$200,000 was due within five days of the effective date of this agreement and the remaining amounts due in seven installments with the final installment payment due by July 1, 2027. The payment schedule is as follows:

<u>Due Date</u>	<u>Amount Due</u>
Intial Payment	\$ 200,000
July 1, 2024	78,750
October 1, 2024	38,377
January 1, 2025	38,377
July 1, 2025	78,750
January 1, 2026	38,377
July 1, 2026	78,750
July 1, 2027	78,750
	<u>\$ 630,132</u>

During the current fiscal year, the District received \$355,505 in accordance with the agreement. The District has recorded \$274,627 as a receivable for the remaining amounts to be received in future years.

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**MARCH 31, 2025**

**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, 2025**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Tap Revenues	\$ 864,000	\$ 1,328,939	\$ 464,939
Settlement Agreement Revenue		278,750	278,750
Investment Revenues	18,000	96,580	78,580
<b>TOTAL REVENUES</b>	<b>\$ 882,000</b>	<b>\$ 1,704,269</b>	<b>\$ 822,269</b>
<b>EXPENDITURES</b>			
Service Operations:			
Professional Fees	\$ 104,000	\$ 202,406	\$ (98,406)
Contracted Services	18,000	26,470	(8,470)
Repairs and Maintenance		480,507	(480,507)
Other	15,560	178,519	(162,959)
<b>TOTAL EXPENDITURES</b>	<b>\$ 137,560</b>	<b>\$ 887,902</b>	<b>\$ (750,342)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 744,440</b>	<b>\$ 816,367</b>	<b>\$ 71,927</b>
<b>FUND BALANCE - APRIL 1, 2024</b>	<b>1,228,834</b>	<b>1,228,834</b>	
<b>FUND BALANCE - MARCH 31, 2025</b>	<b>\$ 1,973,274</b>	<b>\$ 2,045,201</b>	<b>\$ 71,927</b>

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, 2025**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Positive (Negative)</u>
<b>REVENUES</b>			
Service Billing Revenues	\$ 5,244,628	\$ 4,860,140	\$ (384,488)
Franchise Fees	2,765	2,803	38
Settlement Agreement Revenue		115,132	115,132
Investment Revenues	<u>600</u>	<u>1,228</u>	<u>628</u>
<b>TOTAL REVENUES</b>	<u>\$ 5,247,993</u>	<u>\$ 4,979,303</u>	<u>\$ (268,690)</u>
<b>EXPENDITURES</b>			
Service Operations:			
Professional Fees	\$ 160,750	\$ 69,870	\$ 90,880
Contracted Services	144,780	142,724	2,056
Purchased Water Service	2,342,017	2,071,808	270,209
Purchased Wastewater Service	766,308	841,631	(75,323)
Utilities	153,156	143,067	10,089
Repairs and Maintenance	691,000	738,401	(47,401)
Lease Costs	498,600	420,500	78,100
Other	<u>491,382</u>	<u>551,302</u>	<u>(59,920)</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 5,247,993</u>	<u>\$ 4,979,303</u>	<u>\$ 268,690</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
<b>FUND BALANCE - APRIL 1, 2024</b>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>FUND BALANCE - MARCH 31, 2025</b>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></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, 2025**

**KAUFMAN COUNTY FRESH WATER  
SUPPLY DISTRICT NO. 1-A  
SERVICES AND RATES  
FOR THE YEAR ENDED MARCH 31, 2025**

**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, 2025**

**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, 2025**

PROFESSIONAL FEES:	
Auditing	\$ 2,000
Engineering	3,180
Legal	<u>197,226</u>
TOTAL PROFESSIONAL FEES	<u>\$ 202,406</u>
CONTRACTED SERVICES:	
Bookkeeping	<u>\$ 26,470</u>
REPAIRS AND MAINTENANCE	<u>\$ 480,507</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 15,691
Insurance	1,795
Office Supplies and Postage	220
Payroll Taxes	1,200
Travel and Meetings	2,450
Other	<u>157,163</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 178,519</u>
TOTAL EXPENDITURES	<u>\$ 887,902</u>

See accompanying independent auditor's report.

**KAUFMAN COUNTY FRESH WATER  
SUPPLY DISTRICT NO. 1-A  
INVESTMENTS  
MARCH 31, 2025**

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
LOGIC	XXXX4001	Varies	Daily	\$ 594,972	\$
LOGIC	XXXX4005	Varies	Daily	1,208,666	
LOGIC	XXXX4002	Varies	Daily	287,748	
TOTAL GENERAL FUND				<u>\$ 2,091,386</u>	<u>\$ -0-</u>

See accompanying independent auditor's report.

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

	Amounts		
	2025	2024	2023
<b>REVENUES</b>			
Tap Connection and Inspection Fees	\$ 1,328,939	\$ 1,779,670	\$
Settlement Agreement Revenue	278,750		
Investment Revenues	<u>96,580</u>	<u>33,683</u>	<u>520</u>
<b>TOTAL REVENUES</b>	<u>\$ 1,704,269</u>	<u>\$ 1,813,353</u>	<u>\$ 520</u>
<b>EXPENDITURES</b>			
Professional Fees	\$ 202,406	\$ 168,677	\$ 73,997
Contracted Services	26,470	19,183	13,454
Purchased Water Service			
Utilities		1,464	
Repairs and Maintenance	480,507	420,504	
Other	178,519	12,766	10,409
Capital Outlay		<u>34,451</u>	
<b>TOTAL EXPENDITURES</b>	<u>\$ 887,902</u>	<u>\$ 657,045</u>	<u>\$ 97,860</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 816,367</u>	<u>\$ 1,156,308</u>	<u>\$ (97,340)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer Advances	<u>\$ - 0 -</u>	<u>\$ 15,863</u>	<u>\$ 136,753</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 816,367	\$ 1,172,171	\$ 39,413
<b>PRIOR PERIOD ADJUSTMENT</b>			\$53,018
<b>BEGINNING FUND BALANCE</b>	<u>1,228,834</u>	<u>56,663</u>	<u>(35,768)</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 2,045,201</u>	<u>\$ 1,228,834</u>	<u>\$ 56,663</u>

See accompanying independent auditor's report.

Percentage of Total Revenues

2022	2021	2025	2024	2023	2022	2021
\$	\$	77.9 %	98.1 %	%	%	%
15	5	16.4	1.9	100.0	100.0	100.0
\$ 15	\$ 5	5.7	100.0 %	100.0 %	100.0 %	100.0 %
\$ 86,336	\$ 131,660	11.9 %	9.3 %	14,230.2 %	575,573.3 %	2,633,200.0 %
11,964	13,841	1.6	1.1	2,587.3	79,760.0	276,820.0
23,634					157,560.0	
			0.1			
42,550	14,889	28.2	23.2			
		10.5	0.7	2,001.7	283,666.7	297,780.0
			1.9			
\$ 164,484	\$ 160,390	52.2 %	36.3 %	18,819.2 %	1,096,560.0 %	3,207,800.0 %
\$ (164,469)	\$ (160,385)	47.8 %	63.7 %	(18,719.2) %	(1,096,460.0) %	(3,207,700.0) %
\$ 120,245	\$ 128,578					
\$ (44,224)	\$ (31,807)					
8,456	40,263					
\$ (35,768)	\$ 8,456					

See accompanying independent auditor's report.

**KAUFMAN COUNTY FRESH WATER  
SUPPLY DISTRICT NO. 1-A  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
MARCH 31, 2025**

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, 2025	Expense reimbursements for the year ended March 31, 2025	Title
Doug Bynum	05/24 05/28 (Elected)	\$ 3,978	\$ 137	President
Kellye Teal	01/25 05/26 (Appointed)	\$ 663	\$ 36	Vice President
Neema Desai	01/25 05/26 (Appointed)	\$ 663	\$ 55	Secretary
Richard Humphrey	01/25 05/28 (Appointed)	\$ 884	\$ 28	Assistant Secretary
Jenny Berry-Woods	01/25 05/28 (Appointed)	\$ 884	\$ 63	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: January 2, 2025

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution on October 5, 2023. 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, 2025**

<b>Consultants:</b>	<u>Date Hired</u>	<u>General Fund Fees for the fiscal year ended March 31, 2025</u>	<u>Special Revenue Fund Fees for the fiscal year ended March 31, 2025</u>	<u>Title</u>
Winstead PC	01/28/16	\$ 197,226	\$ 4,053	Attorney
McCall Gibson Swedlund Barfoot Ellis PLLC	03/29/05	\$ 2,000	\$ 20,750	Auditor
Dye & Toverly, LLC	06/28/07	\$ 26,529	\$ 20,581	Bookkeeper
BGE, Inc.	11/5/13	\$ 76,174	\$ 45,067	Engineer
Inframark	05/27/04	\$ -0-	\$ 827,542	Operator
Kerry Toverly	07/07/16	\$ -0-	\$ -0-	Investment Officer

See accompanying independent auditor's report.