

**JOSHUA FARMS MUNICIPAL MANAGEMENT
DISTRICT NO. 1**

JOHNSON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2025

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McCall Gibson Swedlund Barfoot Ellis PLLC

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Joshua Farms Municipal Management
District No. 1
Johnson County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of Joshua Farms Municipal Management District No. 1 (the "District") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the District as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Board of Directors
Joshua Farms Municipal Management
District No. 1

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

November 18, 2025

**JOSHUA FARMS MUNICIPAL MANAGEMENT
DISTRICT NO. 1
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

Management’s discussion and analysis of Joshua Farms Municipal Management District No. 1’s (the “District”) financial performance provides an overview of the District’s financial activities for the year ended June 30, 2025. Please read it in conjunction with the District’s financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District’s annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District’s overall status. Financial reporting at this level uses a perspective 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 the District’s assets, liabilities and, if applicable, deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

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

FUND FINANCIAL STATEMENTS

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

**JOSHUA FARMS MUNICIPAL MANAGEMENT
DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 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 Fund Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by \$1,514,504 as of June 30, 2025. A portion of the District's net position reflects its net investment in capital assets which include right-of-use assets less any debt used to acquire those assets that is still outstanding.

The table on the following page presents a comparative analysis of the Statement of Net Position as of June 30, 2025, and June 30, 2024.

**JOSHUA FARMS MUNICIPAL MANAGEMENT
DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	<u>Summary of Changes in the Statement of Net Position</u>		
	2025	2024	Change Positive (Negative)
Current and Other Assets	\$ 112,530	\$ 114,748	\$ (2,218)
Right-of-Use Asset (Net of Accumulated Amortization)	946,942	1,314,983	(368,041)
Total Assets	<u>\$ 1,059,472</u>	<u>\$ 1,429,731</u>	<u>\$ (370,259)</u>
Due to Developer	\$ 1,493,401	\$ 1,061,598	\$ (431,803)
Lease Payable	1,036,731	1,385,024	348,293
Other Liabilities	43,844	149,707	105,863
Total Liabilities	<u>\$ 2,573,976</u>	<u>\$ 2,596,329</u>	<u>\$ 22,353</u>
Net Position:			
Net Investment in Capital Assets	\$ (89,789)	\$ (70,041)	\$ (19,748)
Unrestricted	(1,424,715)	(1,080,856)	(343,859)
Total Net Position	<u>\$ (1,514,504)</u>	<u>\$ (1,150,897)</u>	<u>\$ (363,607)</u>

The following table provides a summary of the District's operations for the years ended June 30, 2025 and June 30, 2024.

	<u>Summary of Changes in the Statement of Activities</u>		
	2025	2024	Change Positive (Negative)
Revenues:			
O&M Assessment Revenue	\$ 112,806	\$ 171,251	\$ (58,445)
Admin Assessment Revenue	58,602		58,602
Charges for Services	264,637	154,924	109,713
Other Revenues	18,169	332	17,837
Total Revenues	<u>\$ 454,214</u>	<u>\$ 326,507</u>	<u>\$ 127,707</u>
Expenses for Services	\$ 716,114	\$ 917,091	\$ 200,977
Expenses for Debt Service	101,707	118,190	16,483
Total Expenses	<u>\$ 817,821</u>	<u>\$ 1,035,281</u>	<u>\$ 217,460</u>
Change in Net Position	\$ (363,607)	\$ (708,774)	\$ 345,167
Net Position, Beginning	(1,150,897)	(442,123)	(708,774)
Net Position, Ending	<u>\$ (1,514,504)</u>	<u>\$ (1,150,897)</u>	<u>\$ (363,607)</u>

**JOSHUA FARMS MUNICIPAL MANAGEMENT
DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUND

The District's General Fund fund balance as of June 30, 2025, was \$68,686, an increase of \$87,944 from the previous fiscal year, primarily due to assessment revenues, service revenues and developer advances exceeding operating and debt service expenditures.

RIGHT-OF-USE ASSETS

The District has entered into a lease agreement for a wastewater treatment plant, lift station and generator which are recorded as right-of-use assets in the government-wide financial statements. See Note 9 for further information.

LONG-TERM DEBT

As of June 30, 2025, the District recorded an amount due to Developers of \$1,493,401 which consists of payments for operating advances made by a Developer since creation of the District. Additionally, the District has recorded a lease liability of \$1,036,731 for the wastewater treatment plant, lift station and generator. See Note 9.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted and amended an unappropriated budget for the current fiscal year. Actual revenues were \$69,356 more than budgeted, actual expenditures were \$214,955 less than budgeted and other financing sources were \$196,367 less than budgeted. This resulted in a positive budget variance of \$87,944. See the budget to actual comparison for further information.

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 Joshua Farms Municipal Management District No. 1, c/o Winstead PC, 2728 N. Harwood Street, Suite 500, Dallas, Texas 75201.

**JOSHUA FARMS MUNICIPAL MANAGEMENT
DISTRICT NO. 1
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
JUNE 30, 2025**

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash	\$ 22,851	\$	\$ 22,851
Other Receivable	33,634		33,634
Prepaid Costs	37,500		37,500
Due from Other Governmental Units	18,545		18,545
Right-of-Use-Assets (Net of Accumulated Amortization)		946,942	946,942
TOTAL ASSETS	\$ 112,530	\$ 946,942	\$ 1,059,472
LIABILITIES			
Accounts Payable	\$ 43,844	\$	\$ 43,844
Due to Developers		1,493,401	1,493,401
Long-Term Liabilities:			
Lease Payable, Due Within One Year		377,852	377,852
Lease Payable, Due After One Year		658,879	658,879
TOTAL LIABILITIES	\$ 43,844	\$ 2,530,132	\$ 2,573,976
FUND BALANCE			
Nonspendable -			
Prepaid Costs	\$ 37,500	\$ (37,500)	\$
Unassigned	31,186	(31,186)	
TOTAL FUND BALANCE	\$ 68,686	\$ (68,686)	\$ -0-
TOTAL LIABILITIES AND FUND BALANCE	\$ 112,530		
NET POSITION			
Net Investment in Capital Assets		\$ (89,789)	\$ (89,789)
Unrestricted		(1,424,715)	(1,424,715)
TOTAL NET POSITION		\$ (1,514,504)	\$ (1,514,504)

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

**JOSHUA FARMS MUNICIPAL MANAGEMENT
DISTRICT NO. 1
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025**

Total Fund Balance - Governmental Fund	\$	68,686
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Right-of-Use Assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		946,942
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year-end consist of:

Due to Developers	\$ (1,493,401)	
Lease Payable	<u>(1,036,731)</u>	<u>(2,530,132)</u>
Total Net Position - Governmental Activities		<u>\$ (1,514,504)</u>

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

**JOSHUA FARMS MUNICIPAL MANAGEMENT
DISTRICT NO. 1
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2025**

	General Fund	Adjustments	Statement of Activities
REVENUES			
O&M Assessment Revenue	\$ 112,806	\$	\$ 112,806
Admin Assessment Revenue	58,602		58,602
Sewer Connection Revenue	9,200		9,200
Wastewater Service	163,437		163,437
Permit Revenue	92,000		92,000
Investment Revenues	1,069		1,069
Miscellaneous Revenues	17,100		17,100
TOTAL REVENUES	\$ 454,214	\$ - 0 -	\$ 454,214
EXPENDITURES/EXPENSES			
Service Operations:			
Professional Fees	\$ 68,286	\$	\$ 68,286
Contracted Services	120,314		120,314
Utilities	48,513		48,513
Repairs and Maintenance	12,330		12,330
Amortization		368,041	368,041
Other	98,630		98,630
Debt Service:			
Lease Principal	348,293	(348,293)	
Lease Interest	101,707		101,707
TOTAL EXPENDITURES/EXPENSES	\$ 798,073	\$ 19,748	\$ 817,821
DEFICIENCY OF REVENUES UNDER EXPENDITURES	\$ (343,859)	\$ (19,748)	\$ (363,607)
OTHER FINANCING SOURCES			
Developer Advances	\$ 431,803	\$ (431,803)	
NET CHANGE IN FUND BALANCE	\$ 87,944	\$ (87,944)	\$
CHANGE IN NET POSITION		(363,607)	(363,607)
FUND BALANCE/NET POSITION - JULY 1, 2024	(19,258)	(1,131,639)	(1,150,897)
FUND BALANCE/NET POSITION - JUNE 30, 2025	\$ 68,686	\$ (1,583,190)	\$ (1,514,504)

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

**JOSHUA FARMS MUNICIPAL MANAGEMENT
DISTRICT NO. 1
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

Net Change in Fund Balance - Governmental Fund	\$	87,944
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds do not account for amortization. However, in the Statement of Net Position, leased assets are amortized, and the amortization expense is recorded in the Statement of Activities.</p>		(368,041)
<p>Governmental funds report the repayment of leases as expenditures. However, in the Statement of Net Position, lease principal payments are reported as decreases in long-term liabilities.</p>		348,293
<p>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.</p>		<u>(431,803)</u>
Change in Net Position - Governmental Activities	\$	<u>(363,607)</u>

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

**JOSHUA FARMS MUNICIPAL MANAGEMENT
DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1. CREATION OF DISTRICT

Joshua Farms Municipal Management District No. 1 (the “District”) was created effective September 1, 2015, by an act of the 84th Texas Legislature pursuant to Sections 52 and 52-a, Article III, and Section 59, Article XVI, Texas Constitution, for the purpose of promoting, developing, encouraging, and maintaining employment, commerce, transportation, housing, tourism, recreation, and the arts, entertainment, economic development, safety, and the public welfare in the District. The District operates pursuant to Special District Local Laws Code, Chapter 3926; Subchapter A, Chapter 372, Texas Local Government Code, as amended; Chapter 375, Texas Local Government Code, as amended; and Chapters 49 and 54, Texas Water Code, as amended. The legislation empowers the District to levy special assessments to fund public improvement projects and services to be undertaken by the District. The Board of Directors held its organizational meeting on July 13, 2017.

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

Financial Statement Presentation

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

**JOSHUA FARMS MUNICIPAL MANAGEMENT
DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

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

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

**JOSHUA FARMS MUNICIPAL MANAGEMENT
DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

Governmental Fund

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

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

Basis of Accounting

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

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

Capital and Right-of-Use Assets

The District currently has no capital assets.

In accordance with GASB Statement No. 87, the District has recorded its leased wastewater treatment plant, lift station and generator as right-of-use assets (see Note 9). The right-of-use assets are being amortized over 5 years using the straight-line method of amortization.

**JOSHUA FARMS MUNICIPAL MANAGEMENT
DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District’s Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original and amended budget amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

A pension plan has not been established. The District does not have employees, except that the Internal Revenue Service has determined that directors are considered “employees” for federal payroll tax 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 balances in governmental funds are classified using the following hierarchy:

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

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.

**JOSHUA FARMS MUNICIPAL MANAGEMENT
DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

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 were \$22,851 and the bank balance of the District's deposits were \$94,263. The District was not exposed to custodial credit risk.

**JOSHUA FARMS MUNICIPAL MANAGEMENT
DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

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.

As of June 30, 2025, the District did not have any investments.

NOTE 4. MAINTENANCE TAX

The District has not authorized a maintenance tax levy.

NOTE 5. UNREIMBURSED COSTS

The District has entered into financing agreements with a Developer which calls for the Developer to fund operating advances. The District has an obligation to reimburse the Developer for these costs from future bond issues or other lawfully available funds. The following table summarizes the current activity related to unreimbursed costs:

Due to Developers, July 1, 2024	\$	1,061,598
Add: Current Year Additions		431,803
Due to Developers, June 30, 2025	\$	1,493,401

**JOSHUA FARMS MUNICIPAL MANAGEMENT
DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6. RISK MANAGEMENT

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

NOTE 7. BOND AUTHORIZATION

The District has not authorized the issuance of bonds.

NOTE 8. INTERLOCAL AGREEMENTS WITH JOHNSON COUNTY SPECIAL UTILITY DISTRICT

Effective April 12, 2023, the District executed an Interlocal Agreement with Johnson County Special Utility District (“JCSUD”) whereby JCSUD agreed to accept conveyance of water infrastructure constructed by the District. JCSUD will be responsible for providing the retail water services to the District residents, including billing and collection services.

Effective June 30, 2022, the District executed an Interlocal Agreement with JCSUD to provide sewer billing services. The District will be responsible for providing wastewater services to the District residents.

NOTE 9. LEASES

On May 27, 2021, the District entered into a lease agreement with AUC Group for a 150,000 GPD wastewater treatment plant. The initial term of this lease is 60 months following substantial completion of the leased property. Monthly payments in the amount of \$35,500 are due for the 60-month term of the lease. Payments are due the first day of each month. The District has the option to purchase the wastewater treatment plant and lift station commencing on the 60th month per the agreement but does not currently plan to purchase the plant. First and last month lease payments totaling \$71,000 were paid in a prior year. The plant was placed into service and the first month of prepaid lease costs were expensed during fiscal year 2024.

On May 10, 2022, the parties amended the agreement and agreed to subdivide the monthly leased property into two parts, the wastewater treatment plant with a monthly payment amount of \$18,000 and a lift station with a monthly payment amount of \$17,500. On May 8, 2023, the parties amended the agreement to commence lease payments on January 1, 2023. On November 28, 2023, the parties amended the agreement to add a generator as a leased asset for a 60-month term at a cost of \$2,000 per month. Lease payments for the generator began in the month of June 2024.

**JOSHUA FARMS MUNICIPAL MANAGEMENT
DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9. LEASES (Continued)

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

	<u>July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2025</u>
Right-of-use Assets Subject to Amortization				
Wastewater Treatment Plant	\$ 887,732	\$ - 0 -	\$ -0-	\$ 887,732
Lift Station	863,072			863,072
Generator	<u>89,402</u>			<u>89,402</u>
Total Intangible Assets at Historical Cost Subject to Amortization	<u>\$ 1,840,206</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,840,206</u>
Less Accumulated Amortization				
Wastewater Treatment Plant	\$ 265,590	\$ 177,546	\$ -0-	\$ 443,136
Lift Station	258,212	172,615		430,827
Generator	<u>1,421</u>	<u>17,880</u>		<u>19,301</u>
Total Accumulated Amortization	<u>\$ 525,223</u>	<u>\$ 368,041</u>	<u>\$ - 0 -</u>	<u>\$ 893,264</u>
Right-of-use Assets Net of Accumulated Amortization	<u>\$ 1,314,983</u>	<u>\$ (368,041)</u>	<u>\$ -0-</u>	<u>\$ 946,942</u>

The 60-month lease for the wastewater treatment plant and lift station accrues interest at 8% annually with monthly payments of \$35,500. The 60-month lease for the generator accrues interest at 12.25% annually with monthly payments of \$2,000. The District recorded lease payments during the current fiscal year which totaled \$450,000 of which \$348,293 applied to principal and \$101,707 applied to interest.

The changes in lease liability during the current fiscal year are summarized as follows:

Lease Payable, July 1, 2024	\$ 1,385,024
Less: Lease Principal Paid	<u>(348,293)</u>
Lease Payable, June 30, 2024	<u>\$ 1,036,731</u>

Future lease payments are summarized below:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 377,852	\$ 72,148	\$ 450,000
2027	409,948	40,052	450,000
2028	228,221	8,779	237,000
2029	<u>20,710</u>	<u>1,290</u>	<u>22,000</u>
	<u>\$ 1,036,731</u>	<u>\$ 122,269</u>	<u>\$ 1,159,000</u>

**JOSHUA FARMS MUNICIPAL MANAGEMENT
DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10. SPECIAL ASSESSMENT DEBT

The District issues assessment revenue bonds. Proceeds from the bonds are deposited into trust accounts with Wilmington Trust, N.A. for the purpose of funding improvements. They also serve as trustee for the bondholders. The bonds are special obligations of the District payable solely from assessments levied against parcels in the affected Public Improvement District (“PID”) and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the District.

The District will calculate and collect each year while the bonds are outstanding and unpaid, an assessment to pay the annual costs incurred by the District in the administration and operation of the District. The District may draw money from the administrative fund to pay organization, administrative, maintenance and operation expenses of the District and the other administrative expenses. During the year ending June 30, 2025, the District recognized \$171,408 from these assessments and had a receivable at June 30, 2025 related to these funds of \$33,634.

The District is acting as an agent for the property owners with the PID in collecting assessments, forwarding collections to the trustee and approving bond proceeds disbursements. However, the District has no moral or legal obligation for the payment of this debt, therefore this debt is not recorded as long-term debt of the District.

The amount of assessment bonds issued, as well as the amount of principal outstanding is as follows:

	Original Bonds Issued	Bonds Outstanding June 30, 2025
Series 2023	\$ <u>16,819,000</u>	\$ <u>16,577,000</u>

**JOSHUA FARMS MUNICIPAL MANAGEMENT
DISTRICT NO. 1**

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2025

**JOSHUA FARMS MUNICIPAL MANAGEMENT
DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
O&M Assessment Revenue	\$ 100,000	\$ 100,000	\$ 112,806	\$ 12,806
Admin Assessment Revenue			58,602	58,602
Sewer Connection Revenue	15,000	15,000	9,200	(5,800)
Wastewater Service	123,000	156,998	163,437	6,439
Permit Revenue	150,000	112,500	92,000	(20,500)
Investment Revenues	120	360	1,069	709
Miscellaneous Revenues			17,100	\$ 17,100
TOTAL REVENUES	<u>\$ 388,120</u>	<u>\$ 384,858</u>	<u>\$ 454,214</u>	<u>\$ 69,356</u>
EXPENDITURES				
Service Operations:				
Professional Fees	\$ 99,600	\$ 97,800	\$ 68,286	\$ 29,514
Contracted Services	195,466	205,343	120,314	85,029
Utilities	36,000	62,268	48,513	13,755
Repairs and Maintenance	76,500	73,593	12,330	61,263
Other	170,895	141,124	98,630	42,494
Lease Principal and Interest	450,000	432,900	450,000	(17,100)
TOTAL EXPENDITURES	<u>\$ 1,028,461</u>	<u>\$ 1,013,028</u>	<u>\$ 798,073</u>	<u>\$ 214,955</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>\$ (640,341)</u>	<u>\$ (628,170)</u>	<u>\$ (343,859)</u>	<u>\$ 284,311</u>
OTHER FINANCING SOURCES				
Developer Advances	<u>\$ 640,341</u>	<u>\$ 628,170</u>	<u>\$ 431,803</u>	<u>\$ (196,367)</u>
NET CHANGE IN FUND BALANCE	\$ -0-	\$ -0-	\$ 87,944	\$ 87,944
FUND BALANCE - JULY 1, 2024	<u>(19,258)</u>	<u>(19,258)</u>	<u>(19,258)</u>	
FUND BALANCE - JUNE 30, 2025	<u>\$ (19,258)</u>	<u>\$ (19,258)</u>	<u>\$ 68,686</u>	<u>\$ 87,944</u>

**JOSHUA FARMS MUNICIPAL MANAGEMENT
DISTRICT NO. 1**

**SUPPLEMENTARY INFORMATION – REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

JUNE 30, 2025

**JOSHUA FARMS MUNICIPAL MANAGEMENT
DISTRICT NO. 1
SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 2025**

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

<u> </u>	Retail Water	<u> </u>	Wholesale Water	<u> </u>	Drainage
<u> X </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> </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 November 12, 2024.

	<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: *	\$ 35.00	-0-	N	\$ 5.00 \$ 6.65 \$ 9.00 \$ 12.30	0,001 to 5,000 5,001 to 12,000 12,001 to 30,000 Over 30,000
WASTEWATER:	\$ 75.00	-0-	Y	N/A	0,001 to 10,000

District employs winter averaging for wastewater usage? X
Yes No

Total monthly charges per 10,000 gallons usage: Water: * Wastewater: \$75.00

* See Note 8. The District entered into an agreement with Johnson County SUD to provide the water services to the residents of the District. The District will only be responsible for the operations and maintenance of the wastewater system of the District. Johnson County SUD, as noted in Note 8, will do the wastewater billings for the District and will remit the collections to the District.

See accompanying independent auditor's report.

**JOSHUA FARMS MUNICIPAL MANAGEMENT
DISTRICT NO. 1
SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 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:

Johnson County, Texas

Is the District located within a city?

Entirely Partly Not at all

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

Entirely Partly Not at all

ETJs in which District is Located:

City of Cleburne, Texas

Are Board Members appointed by an office outside the District?

Yes No

See accompanying independent auditor's report.

**JOSHUA FARMS MUNICIPAL MANAGEMENT
DISTRICT NO. 1
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2025**

PROFESSIONAL FEES:	
Auditing	\$ 15,250
Engineering	5,956
Legal	<u>47,080</u>
TOTAL PROFESSIONAL FEES	<u>\$ 68,286</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 20,128
Operations and Billing	69,330
Solid Waste Disposal	24,481
Arbitrage	1,375
Trustee	<u>5,000</u>
TOTAL CONTRACTED SERVICES	<u>\$ 120,314</u>
UTILITIES	<u>\$ 48,513</u>
REPAIRS AND MAINTENANCE	<u>\$ 12,330</u>
ADMINISTRATIVE EXPENDITURES:	
Insurance	\$ 8,519
Office Supplies and Postage	<u>124</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 8,643</u>
OTHER EXPENDITURES:	
Laboratory Fees	\$ 19,264
Permit Fees	3,728
Inspection Fees	57,750
Sludge Hauling	<u>9,245</u>
TOTAL OTHER EXPENDITURES	<u>\$ 89,987</u>
DEBT SERVICE:	
Lease Principal	348,293
Lease Interest	<u>101,707</u>
TOTAL DEBT SERVICE	<u>\$ 450,000</u>
TOTAL EXPENDITURES	<u><u>\$ 798,073</u></u>

See accompanying independent auditor's report.

**JOSHUA FARMS MUNICIPAL MANAGEMENT
DISTRICT NO. 1
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - THREE YEARS**

	Amounts		
	2025	2024	2023
REVENUES			
O&M Assessment Revenue	\$ 112,806	\$ 171,251	\$
Admin Assessment Revenue	58,602		
Sewer Connection Revenue	9,200	9,900	
Wastewater Service	163,437	65,224	6,023
Permit Revenue	92,000	79,800	52,800
Investment Revenues	1,069	332	98
Miscellaneous Revenues	17,100		
TOTAL REVENUES	<u>\$ 454,214</u>	<u>\$ 326,507</u>	<u>\$ 58,921</u>
EXPENDITURES			
Professional Fees	\$ 68,286	\$ 90,313	\$ 64,475
Contracted Services	120,314	103,168	48,272
Utilities	48,513	42,181	13,956
Repairs and Maintenance	12,330	216,946	
Other	98,630	111,942	39,649
Lease Principal and Interest	450,000	428,000	213,000
Capital Outlay			1,750,804
TOTAL EXPENDITURES	<u>\$ 798,073</u>	<u>\$ 992,550</u>	<u>\$ 2,130,156</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>\$ (343,859)</u>	<u>\$ (666,043)</u>	<u>\$ (2,071,235)</u>
OTHER FINANCING SOURCES			
Lease Proceeds	\$	\$	\$ 1,750,804
Developer Advances	431,803	611,215	334,471
TOTAL OTHER FINANCING SOURCES	<u>\$ 431,803</u>	<u>\$ 611,215</u>	<u>\$ 2,085,275</u>
NET CHANGE IN FUND BALANCE	\$ 87,944	\$ (54,828)	\$ 14,040
BEGINNING FUND BALANCE (DEFICIT)	<u>(19,258)</u>	<u>35,570</u>	<u>21,530</u>
ENDING FUND BALANCE (DEFICIT)	<u>\$ 68,686</u>	<u>\$ (19,258)</u>	<u>\$ 35,570</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>198</u>	<u>122</u>	<u>N/A</u>

See accompanying independent auditor's report.

Percentage of Total Revenues

<u>2025</u>	<u>2024</u>	<u>2023</u>
24.8 %	52.4 %	%
12.9		
2.0	3.1	
36.0	20.0	10.2
20.3	24.4	89.6
0.2	0.1	0.2
<u>3.8</u>		
<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
15.0 %	27.7 %	109.5 %
26.5	31.6	81.9
10.7	12.9	23.7
2.7	66.4	
21.7	34.3	67.3
99.1	131.1	361.5
		<u>2,971.4</u>
<u>175.7 %</u>	<u>304.0 %</u>	<u>3,615.3 %</u>
<u>(75.7) %</u>	<u>(204.0) %</u>	<u>(3,515.3) %</u>

See accompanying independent auditor's report.

**JOSHUA FARMS MUNICIPAL MANAGEMENT
DISTRICT NO. 1
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2025**

District Mailing Address - Joshua Farms Municipal Management
District No. 1
c/o Winstead PC
2728 N. Harwood Street, Suite 500
Dallas, Texas 75201

District Telephone Number - (214) 745-5400

Board Members	<u>Term of Office (Elected or Appointed)</u>	<u>Fees of Office for the year ended June 30, 2025</u>	<u>Expense Reimbursements for the year ended June 30, 2025</u>	<u>Title</u>
Ty Wellborn	06/25 – 06/29 (Elected)	\$ -0-	\$ -0-	President
Wynne Moore	06/23 – 06/27 (Elected)	\$ -0-	\$ -0-	Vice President
Thomas Capstick	06/25 – 06/29 (Elected)	\$ -0-	\$ -0-	Secretary
Tommy Pistana	06/23 – 06/27 (Elected)	\$ -0-	\$ -0-	Treasurer
Travis Franks	06/25 – 06/29 (Elected)	\$ -0-	\$ -0-	Director

Note: 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 developer or with any of the District’s consultants.

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

See accompanying independent auditor’s report.

**JOSHUA FARMS MUNICIPAL MANAGEMENT
DISTRICT NO. 1
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2025**

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended June 30, 2025</u>	<u>Title</u>
Winstead PC	07/13/17	\$ 47,080	General Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	11/7/22	\$ 15,250	Auditor
Dye & Toverly, LLC	07/13/17	\$ 20,205	Bookkeeper
Robert W. Baird & Co. Incorporated	12/11/18	\$ -0-	Financial Advisor
Johnson Volk Consulting	02/07/23	\$ 8,747	Engineer
City of Godley	12/04/24	\$ 52,721	Operator
Entropac/Hibbs & Todd, Inc.	11/28/23	\$ 5,084	Former Operator
Inframark, LLC	05/10/22	\$ 10,000	Former Operator
Kathi Dye and Kerry Toverly	07/13/17	\$ -0-	Investment Officers

See accompanying independent auditor's report.

