

**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**

**ELLIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**APRIL 30, 2024**

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



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## **INDEPENDENT AUDITOR'S REPORT**

Board of Supervisors  
Ellis County Fresh Water Supply  
District No. 1  
Ellis County, Texas

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Ellis County Fresh Water Supply District No. 1 (the "District") as of and for the year ended April 30, 2024, 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 April 30, 2024, 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.





### **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.

A handwritten signature in black ink that reads "McCall Gibson Swedlund Barfoot PLLC". The script is cursive and fluid.

McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

July 24, 2024



# **ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **FOR THE YEAR ENDED APRIL 30, 2024**

Management's discussion and analysis of the financial performance of Ellis County Fresh Water Supply District No. 1 (the "District") provides an overview of the District's financial activities for the fiscal year ended April 30, 2024. 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) fund financial statements and government-wide financial statements and (2) notes to financial statements. The 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 like 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 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 three governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED APRIL 30, 2024**

**FUND FINANCIAL STATEMENTS (Continued)**

Governmental funds are reported in each of the financial statements. The focus in the fund financial 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 the 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 FINANCIAL STATEMENTS**

The accompanying notes to 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 \$9,020,705 as of April 30, 2024. A portion of the District's net position reflects its net investment in capital assets which includes roads, water, wastewater and drainage facilities less any debt used to acquire those assets that is still outstanding.

**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED APRIL 30, 2024**

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

The following is a comparative analysis of government-wide changes in net position:

	Summary of Changes in the Statement of Net Position		
	2024	2023	Change Positive (Negative)
Current and Other Assets	\$ 2,851,516	\$ 2,084,706	\$ 766,810
Capital Assets (Net of Accumulated Depreciation)	<u>39,303,644</u>	<u>24,289,300</u>	<u>15,014,344</u>
Total Assets	<u>\$ 42,155,160</u>	<u>\$ 26,374,006</u>	<u>\$ 15,781,154</u>
Due to Developers	\$ 21,135,241	\$ 13,669,547	\$ (7,465,694)
Bonds Payable	29,515,305	18,806,064	(10,709,241)
Other Liabilities	<u>525,319</u>	<u>367,595</u>	<u>(157,724)</u>
Total Liabilities	<u>\$ 51,175,865</u>	<u>\$ 32,843,206</u>	<u>\$ (18,332,659)</u>
Net Position:			
Net Investment in Capital Assets	\$ (9,767,600)	\$ (6,679,782)	\$ (3,087,818)
Restricted	1,691,265	1,010,584	680,681
Unrestricted	<u>(944,370)</u>	<u>(800,002)</u>	<u>(144,368)</u>
Total Net Position	<u>\$ (9,020,705)</u>	<u>\$ (6,469,200)</u>	<u>\$ (2,551,505)</u>

The following table provides a summary of the District's operations for the years ended April 30, 2024, and April 30, 2023.

	Summary of Changes in the Statement of Activities		
	2024	2023	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 1,735,896	\$ 1,029,889	\$ 706,007
Charges for Services	1,251,725	793,843	457,882
Other Revenues	<u>93,829</u>	<u>32,173</u>	<u>61,656</u>
Total Revenues	<u>\$ 3,081,450</u>	<u>\$ 1,855,905</u>	<u>\$ 1,225,545</u>
Expenses for Services	<u>5,632,955</u>	<u>5,192,168</u>	<u>(440,787)</u>
Change in Net Position	\$ (2,551,505)	\$ (3,336,263)	\$ 784,758
Net Position, Beginning of Year	<u>(6,469,200)</u>	<u>(3,132,937)</u>	<u>(3,336,263)</u>
Net Position, End of Year	<u>\$ (9,020,705)</u>	<u>\$ (6,469,200)</u>	<u>\$ (2,551,505)</u>

# ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FOR THE YEAR ENDED APRIL 30, 2024

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

The District's combined fund balances as of April 30, 2024, were \$2,513,320, an increase of \$703,865 from the prior year.

The General Fund fund balance decreased by \$114,424, primarily due to operating costs exceeding current year property tax revenues, operating revenues and developer advances.

The Debt Service Fund fund balance increased by \$780,258, primarily due to the structure of the District's outstanding debt and the receipt of capitalized interest from the sale of bonds.

The Capital Projects Fund fund balance increased by \$38,031. The District issued its Series 2023A Road Bonds to reimburse developers for construction of District roads and facilities (see also Note 13).

#### GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted a budget for the current fiscal year which was amended to increase the budgeted amount for property tax revenues. Actual revenues were \$197,826 less than budgeted revenues, actual expenditures were \$273,268 more than budgeted expenditures and actual developer advances were \$34,742 more than budgeted. This resulted in a negative variance of \$436,352. See the budget to actual comparison for more information.

#### CAPITAL ASSETS

Capital assets as of April 30, 2024, total \$39,303,644 (net of accumulated depreciation) and include roads as well as the water, wastewater and drainage systems. Additional information on the District's capital assets can be found in Note 6 of this report.

Capital Assets At Year-End			
	2024	2023	Positive (Negative)
Capital Assets Not Being Depreciated:			
Construction in Progress	\$ 185,863	\$ 44,422	\$ 141,441
Capital Assets Subject to Depreciation:			
Roads	18,755,816	11,380,086	7,375,730
Water System	9,047,960	6,078,418	2,969,542
Wastewater System	6,312,121	3,562,010	2,750,111
Drainage System	7,409,536	4,805,547	2,603,989
Less Accumulated Depreciation	(2,407,652)	(1,581,183)	(826,469)
Total Net Capital Assets	<u>\$ 39,303,644</u>	<u>\$ 24,289,300</u>	<u>\$ 15,014,344</u>

**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED APRIL 30, 2024**

**LONG-TERM DEBT ACTIVITY**

The District has total bond debt payable of \$29,370,000. The changes in bonds payable during the current fiscal year are summarized in the following table:

Bond Debt Payable, May 1, 2023	\$ 18,625,000
Add: Bond Sale	<u>10,745,000</u>
Bond Debt Payable, April 30, 2024	<u>\$ 29,370,000</u>

The District's Series 2021 Road bonds are not rated. The Series 2023 Utility Bonds, Series 2023 Road Bonds and Series 2023A Road Bonds carry insured ratings of "AA" by virtue of bond insurance issued by Build America Mutual Assurance Company or Assured Guaranty Municipal Corp. Credit enhanced ratings provided through bond insurance policies are subject to change based on changes to the ratings of the insurers.

**CONTACTING THE DISTRICT'S FINANCIAL 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 Ellis County Fresh Water Supply District No. 1, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**APRIL 30, 2024**

	<u>General Fund</u>	<u>Debt Service Fund</u>
<b>ASSETS</b>		
Cash	\$ 98,128	\$ 41
Investments	323,552	1,897,383
Receivables:		
Property Taxes	16,180	15,767
Service Accounts	136,836	
Due from Other Funds	31,502	
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
<b>TOTAL ASSETS</b>	<u>\$ 606,198</u>	<u>\$ 1,913,191</u>
<b>LIABILITIES</b>		
Accounts Payable	\$ 253,499	\$
Accrued Interest Payable		
Due to Developers		
Due to Other Funds		2,856
Security Deposits	52,750	
Long Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
<b>TOTAL LIABILITIES</b>	<u>\$ 306,249</u>	<u>\$ 2,856</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	\$ 16,180	\$ 15,767
<b>FUND BALANCES</b>		
Restricted for Authorized Construction	\$	\$
Restricted for Debt Service		1,894,568
Unassigned	283,769	
<b>TOTAL FUND BALANCES</b>	<u>\$ 283,769</u>	<u>\$ 1,894,568</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 606,198</u>	<u>\$ 1,913,191</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
<b>TOTAL NET POSITION</b>		

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



Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 75	\$ 98,244	\$	\$ 98,244
363,554	2,584,489		2,584,489
	31,947		31,947
	136,836		136,836
	31,502	(31,502)	
		185,863	185,863
		39,117,781	39,117,781
<u>\$ 363,629</u>	<u>\$ 2,883,018</u>	<u>\$ 39,272,142</u>	<u>\$ 42,155,160</u>
\$	\$ 253,499	\$	\$ 253,499
		219,070	219,070
		21,135,241	21,135,241
28,646	31,502	(31,502)	
	52,750		52,750
		465,000	465,000
		29,050,305	29,050,305
<u>\$ 28,646</u>	<u>\$ 337,751</u>	<u>\$ 50,838,114</u>	<u>\$ 51,175,865</u>
<u>\$ -0-</u>	<u>\$ 31,947</u>	<u>\$ (31,947)</u>	<u>\$ -0-</u>
\$ 334,983	\$ 334,983	\$ (334,983)	\$
	1,894,568	(1,894,568)	
	283,769	(283,769)	
<u>\$ 334,983</u>	<u>\$ 2,513,320</u>	<u>\$ (2,513,320)</u>	<u>\$ -0-</u>
<u>\$ 363,629</u>	<u>\$ 2,883,018</u>		
		\$ (9,767,600)	\$ (9,767,600)
		1,691,265	1,691,265
		(944,370)	(944,370)
		<u>\$ (9,020,705)</u>	<u>\$ (9,020,705)</u>

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

**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**APRIL 30, 2024**

Total Fund Balances - Governmental Funds	\$ 2,513,320
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.	39,303,644
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Deferred tax revenues for the 2023 and prior tax levies became part of recognized revenue in the governmental activities of the District.	31,947
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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 the following:

Due to Developers	\$ (21,135,241)	
Accrued Interest Payable	(219,070)	
Bonds Payable	<u>(29,515,305)</u>	<u>(50,869,616)</u>
Total Net Position - Governmental Activities		<u>\$ (9,020,705)</u>

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

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**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED APRIL 30, 2024**

	General Fund	Debt Service Fund
<b>REVENUES</b>		
Property Taxes	\$ 592,351	\$ 1,128,237
Water Service	546,218	
Wastewater Service	480,818	
Permit Fees and Other Service Revenues	224,689	
Investment and Miscellaneous Revenues	16,510	62,962
<b>TOTAL REVENUES</b>	<u>\$ 1,860,586</u>	<u>\$ 1,191,199</u>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Professional Fees	\$ 304,102	\$ 2,500
Contracted Services	182,020	16,542
Purchased Water Service	394,458	
Purchased Sewer Service	597,039	
Repairs and Maintenance	437,646	
Depreciation		
Other	94,487	
Capital Outlay		
Developer Interest		
Debt Service:		
Bond Interest		838,576
Bond Issuance Costs		
<b>TOTAL EXPENDITURES/EXPENSES</b>	<u>\$ 2,009,752</u>	<u>\$ 857,618</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES</b>	<u>\$ (149,166)</u>	<u>\$ 333,581</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Proceeds from Issuance of Long-Term Debt	\$	\$ 446,677
Bond Discount		
Bond Premium		
Developer Advances	34,742	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>\$ 34,742</u>	<u>\$ 446,677</u>
<b>NET CHANGE IN FUND BALANCES</b>	\$ (114,424)	\$ 780,258
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION - MAY 1, 2023</b>	<u>398,193</u>	<u>1,114,310</u>
<b>FUND BALANCES/NET POSITION - APRIL 30, 2024</b>	<u>\$ 283,769</u>	<u>\$ 1,894,568</u>

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 1,720,588	\$ 15,308	\$ 1,735,896
	546,218		546,218
	480,818		480,818
	224,689		224,689
14,357	93,829		93,829
<u>\$ 14,357</u>	<u>\$ 3,066,142</u>	<u>\$ 15,308</u>	<u>\$ 3,081,450</u>
\$	\$ 306,602	\$	\$ 306,602
	198,562		198,562
	394,458		394,458
	597,039		597,039
196,993	634,639		634,639
		826,469	826,469
	94,487		94,487
8,409,861	8,409,861	(8,409,861)	
778,371	778,371		778,371
	838,576	103,464	942,040
860,288	860,288		860,288
<u>\$ 10,245,513</u>	<u>\$ 13,112,883</u>	<u>\$ (7,479,928)</u>	<u>\$ 5,632,955</u>
<u>\$ (10,231,156)</u>	<u>\$ (10,046,741)</u>	<u>\$ 7,495,236</u>	<u>\$ (2,551,505)</u>
\$ 10,298,323	\$ 10,745,000	\$ (10,745,000)	\$
(248,152)	(248,152)	248,152	
219,016	219,016	(219,016)	
	34,742	(34,742)	
<u>\$ 10,269,187</u>	<u>\$ 10,750,606</u>	<u>\$ (10,750,606)</u>	<u>\$ -0-</u>
\$ 38,031	\$ 703,865	\$ (703,865)	\$
		(2,551,505)	(2,551,505)
296,952	1,809,455	(8,278,655)	(6,469,200)
<u>\$ 334,983</u>	<u>\$ 2,513,320</u>	<u>\$ (11,534,025)</u>	<u>\$ (9,020,705)</u>

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

**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED APRIL 30, 2024**

Net Change in Fund Balances - Governmental Funds	\$ 703,865
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	15,308
Governmental funds do not account for depreciation. However, in the government-wide financial statements, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(826,469)
Governmental funds report capital asset costs as expenditures in the period purchased. However, in the government-wide financial statements, capital assets are increased by new purchases that meet the District's threshold for capitalization, and are owned and maintained by the District.	8,409,861
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	(103,464)
Governmental funds report bond proceeds, bond discounts, and bond premiums as other financing sources and uses. Bonds payable, net of bond premiums and bond discounts, are reported as long-term liabilities in the Statement of Net Position.	(10,715,864)
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.	(34,742)
Change in Net Position - Governmental Activities	<u>\$ (2,551,505)</u>

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

**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2024**

**NOTE 1. CREATION OF DISTRICT**

On August 10, 2004, the City of Grand Prairie, Texas consented to the creation of Ellis County Fresh Water Supply District No. 1 (the “District”) and on August 26, 2004, the Ellis County Commissioners Court approved the order creating the District. The District was created for the purposes and with the powers set out under Article XVI, Section 59 of the Texas Constitution and Chapters 49 and 53, Texas Water Code, as amended. The District was created to conserve, transport, and distribute fresh water from any sources for domestic and commercial purposes inside or outside the boundaries of the District. Pursuant to an election held on November 2, 2004, the District subsequently assumed sanitary sewer powers and road district powers, the latter under Article III, Section 52, of the Texas Constitution. The District is authorized to purchase, construct, acquire, own, operate, repair, improve, and extend sanitary sewer systems to control wastes, and exercise the rights, authority, privileges, and functions of a road district under Chapter 257, Transportation Code. The District is located wholly within Ellis County, Texas, and the extraterritorial jurisdiction of the City of Grand Prairie, Texas, and is under the continuing supervision of the Texas Commission on Environmental Quality (the “Commission”). The Board of Supervisors of the District held its first meeting on August 30, 2004.

**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 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 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.

**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2024**

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

Financial Statement Presentation (Continued)

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.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole and 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 revenues and expenses in the government-wide Statement of Activities.

Fund Financial Statements

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



**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2024**

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

Governmental Funds

The District has three governmental funds and considers each to be a major fund. The General Fund accounts for resources not required to be accounted for in another fund, customer service revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for construction of facilities and related costs.

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 revenues 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 of resources 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.

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 year end, the Capital Projects Fund owed the General Fund \$28,646 for bond issuance costs and the Debt Service Fund owed the General Fund \$2,856 for maintenance tax revenues.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Repairs and maintenance are recorded as an expenditure in the governmental fund incurred and as an expense in the government-wide Statement of Activities.

**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2024**

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

Capital Assets (Continued)

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 a total cost of \$5,000 or more and a useful life of at least two years. Depreciation is calculated on each class of depreciable property using no salvage value and the straight-line method of depreciation. Estimated useful lives for the water, wastewater, drainage and road infrastructure range from 10 to 45 years.

Budgeting

A budget is adopted for the General Fund each year by the Board of Directors and 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 budgeted 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 wages subject to federal income tax withholding for 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, liabilities, and deferred inflows and outflows of resources, if any, 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 Governmental Funds 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.

**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2024**

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

Measurement Focus (Continued)

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. The District does not have any nonspendable fund balances.

*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.

*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.

*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.

**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2024**

**NOTE 3. LONG-TERM DEBT**

Changes in bonds payable for the current fiscal year is summarized in the following table:

	May 1, 2023	Additions	Retirements	April 30, 2024
Bonds Payable	\$ 18,625,000	\$ 10,745,000	\$	\$ 29,370,000
Unamortized Discounts	(187,843)	(248,152)	(11,526)	(424,469)
Unamortized Premiums	368,907	219,016	18,149	569,774
Bonds Payable, Net	<u>\$ 18,806,064</u>	<u>\$ 10,715,864</u>	<u>\$ 6,623</u>	<u>\$ 29,515,305</u>
			Amount Due Within One Year	\$ 465,000
			Amount Due After One Year	29,050,305
			Bonds Payable, Net	<u>\$ 29,515,305</u>

Bonds payable as of April 30, 2024, consist of the following:

	Road Series 2021	Utility Series 2023	Road Series 2023	Road Series 2023A
Amount Outstanding – April 30, 2024	\$ 5,750,000	\$ 7,350,000	\$ 5,525,000	\$ 10,745,000
Interest Rates	1.60% - 3.00%	3.25% - 5.75%	4.00% - 6.50%	5.00% - 7.50%
Maturity Dates – Beginning/Ending	September 1, 2024/2047	September 1, 2024/2048	September 1, 2024/2048	September 1, 2025/2049
Interest Payment Dates	September 1 / March 1	September 1 / March 1	September 1 / March 1	September 1 / March 1
Callable Dates	September 1, 2026*	February 1, 2029*	April 1, 2029*	November 1, 2029*

\* At the option of the District as a whole or in part on the call option or any date thereafter, at par plus accrued interest to the date of redemption. The Series 2021 Road term bonds maturing on September 1, 2034, 2036, 2038, 2040, 2042 and 2047 are subject to mandatory redemption beginning September 1, 2033, 2035, 2037, 2039, 2041 and 2043, respectively. The Series 2023 Utility term bonds maturing on September 1, 2042, 2045, and 2048 are subject to mandatory redemption beginning September 1, 2041, 2043, and 2046, respectively. The Series 2023 Road term bonds maturing on September 1, 2032, 2034, 2037, 2039, 2042, and 2048 are subject to mandatory redemption beginning September 1, 2031, 2033, 2035, 2038, 2040, and 2043, respectively. The Series 2023A Road term bonds maturing on September 1, 2045, 2047, and 2049 are subject to mandatory redemption beginning September 1, 2044, 2046, and 2048, respectively.

**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2024**

**NOTE 3. LONG-TERM DEBT (Continued)**

As of April 30, 2024, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 465,000	\$ 1,304,178	\$ 1,769,178
2026	710,000	1,274,483	1,984,483
2027	740,000	1,234,627	1,974,627
2028	770,000	1,192,848	1,962,848
2029	800,000	1,149,097	1,949,097
2030-2034	4,505,000	5,057,951	9,562,951
2035-2039	5,510,000	3,979,240	9,489,240
2040-2044	6,780,000	2,725,967	9,505,967
2045-2049	8,380,000	1,119,217	9,499,217
2050	710,000	17,750	727,750
	<u>\$ 29,370,000</u>	<u>\$ 19,055,358</u>	<u>\$ 48,425,358</u>

As of April 30, 2024, the District has \$111,995,000 authorized but unissued tax bonds for the purpose of purchasing or construction of water and wastewater facilities, \$169,010,000 authorized but unissued tax bonds for the purpose of purchasing or construction of road infrastructure, \$21,130,000 for refunding water and wastewater facilities bonds, and \$39,350,000 for refunding road bonds. The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

During the year ended April 30, 2024, the District levied an ad valorem debt service tax rate of \$0.66 per \$100 of assessed valuation, which resulted in a tax levy of \$1,138,555 on the adjusted taxable valuation of \$172,508,334 for the 2023 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes.

All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

Capitalized interest of \$446,677 from proceeds of the 2023A Road Bonds was deposited into the Debt Service Fund and restricted for future bond interest payments.

**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2024**

**NOTE 4.      SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS**

The bond resolutions state that the District is required to provide continuing disclosure of certain general financial information and operating data to certain information repositories. This information is of the general type included in the audited annual financial statements and is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

The bond resolutions state that the District should take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of Section 148(f) of the Internal Revenue Code, be rebated to the federal government.

**NOTE 5.      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 \$98,244 and the bank balance was \$200,025. The District was not exposed to custodial credit risk at year-end.

Cash balances at year-end are summarized in the following table:

	<u>Cash</u>
GENERAL FUND	\$ 98,128
DEBT SERVICE FUND	41
CAPITAL PROJECTS FUND	<u>75</u>
TOTAL DEPOSITS	<u><u>\$ 98,244</u></u>

**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2024**

**NOTE 5. 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 which is reviewed annually and may be more restrictive than the Public Funds Investment Act.

The District invests in Local Government Investment Cooperative (LOGIC), an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. J. P. Morgan Investment Management, Inc. (JPMIM) serves as investment advisor. Hilltop Securities and JPMIM manage the daily operations of the pool. LOGIC measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in LOGIC at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from LOGIC.

As of April 30, 2024, the District had the following investments:

Funds and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
LOGIC	\$ 323,552	\$ 323,552
<u>DEBT SERVICE FUND</u>		
LOGIC	1,897,383	1,897,383
<u>CAPITAL PROJECTS FUND</u>		
LOGIC	363,554	363,554
TOTAL INVESTMENTS	<u>\$ 2,584,489</u>	<u>\$ 2,584,489</u>

**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2024**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Investments (Continued)

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District's investment in LOGIC was rated AAAM by Standard and Poor's. 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 in 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.

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service. All cash and investments of the Capital Projects Fund are restricted for the purchase or construction of District infrastructure.

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the year ended April 30, 2024, is summarized in the following table:

	May 1, 2023	Increases	Decreases	April 30, 2024
<b>Capital Assets Not Being Depreciated</b>				
Construction in Progress	\$ 44,422	\$ 15,840,814	\$ 15,699,373	\$ 185,863
<b>Capital Assets Subject to Depreciation</b>				
Roads	\$ 11,380,086	\$ 7,375,730	\$	\$ 18,755,816
Water System	6,078,418	2,969,542		9,047,960
Wastewater System	3,562,010	2,750,111		6,312,121
Drainage System	4,805,547	2,603,989		7,409,536
<b>Total Capital Assets Subject to Depreciation</b>	<b>\$ 25,826,061</b>	<b>\$ 15,699,372</b>	<b>\$ - 0 -</b>	<b>\$ 41,525,433</b>
<b>Accumulated Depreciation</b>				
Roads	\$ 547,848	\$ 356,921	\$	\$ 904,769
Water System	608,828	194,031		802,859
Wastewater System	174,359	127,366		301,725
Drainage System	250,148	148,151		398,299
<b>Total Accumulated Depreciation</b>	<b>\$ 1,581,183</b>	<b>\$ 826,469</b>	<b>\$ - 0 -</b>	<b>\$ 2,407,652</b>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 24,244,878</b>	<b>\$ 14,872,903</b>	<b>\$ - 0 -</b>	<b>\$ 39,117,781</b>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 24,289,300</b>	<b>\$ 30,713,717</b>	<b>\$ 15,699,373</b>	<b>\$ 39,303,644</b>



**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2024**

**NOTE 7. MAINTENANCE TAX**

On November 2, 2004, the voters of the District approved the levy and collection of a maintenance tax at an unlimited rate on all taxable property within the District. The maintenance tax is to be used by the General Fund to pay, among other things, expenditures related to operating and administering the District, including the costs of operating and maintaining the District's waterworks and wastewater systems.

During the year ended April 30, 2024, the District levied an ad valorem maintenance tax rate of \$0.34 per \$100 of assessed valuation, which resulted in a tax levy of \$586,529 on the adjusted taxable valuation of \$172,508,334 for the 2023 tax year.

**NOTE 8. UNREIMBURSED COSTS**

The District has executed financing agreements with certain Owners of property within the District. These agreements call for these Owners to fund costs associated with water and sanitary sewer facilities, as well as roads and improvements in aid thereof, and for the District to issue bonds to reimburse such costs. The current year activity related to amounts owed to the Owners is summarized in the following table:

Unreimbursed Costs at Beginning of Year	\$ 13,669,547
Plus Current Year Additions	15,875,555
Less Current Year Reimbursements	<u>(8,409,861)</u>
Unreimbursed Costs at End of Year	<u>\$ 21,135,241</u>

**NOTE 9. 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 and required bonds. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

**NOTE 10. DEVELOPMENT AGREEMENT**

On November 14, 2005, the District entered into a Development Agreement (the "Agreement") with the City of Grand Prairie, Texas ( "Grand Prairie"), PRA Prairie Ridge, L.P. (the "Owner") and Johnson County Fresh Water Supply District No. 2 ("JCFWSD 2"). Pursuant to the Agreement, Grand Prairie has agreed to provide wholesale treated water and wastewater treatment services to the District and JCFWSD 2 in accordance with terms of separate wholesale

**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2024**

**NOTE 10. DEVELOPMENT AGREEMENT (Continued)**

agreements (see Note 11 and 12). The District has obtained Water Certificate of Convenience and Necessity (“CCN”) No. 13107 and Sewer CCN No. 20993 which authorizes it to serve the land located within its boundaries with, respectively, retail water and wastewater services. The Owner is responsible for the funding of the infrastructure necessary to serve the residents of the respective districts. Grand Prairie will not annex any portion of the land within the districts until the earlier of 10 years from the date of the Agreement or the date the Owner has been reimbursed for all eligible road and utility improvements. The Owner invoked its right under Article III of the Agreement to extend this annexation moratorium for an additional 10 years.

Effective December 13, 2022, the Agreement was amended by an Amendment Number Two (the “Amendment”). The Amendment adds additional parties as “Owner” (all affiliates of the original Owner) and addresses Grand Prairie consent to the addition of certain land to the District. The Amendment also provides for immunity from full-purpose annexation of the District by Grand Prairie until such time as Owner is fully reimbursed by the District for infrastructure costs. It addresses future full-purpose annexation of the District by Grand Prairie and the provision of certain municipal services after such annexation. The Amendment also requires the District and Grand Prairie to enter into a Strategic Partnership Agreement, as more fully discussed in Note 14.

**NOTE 11. AGREEMENT FOR PURCHASED WATER**

On February 16, 2006, the District entered into an Interlocal Cooperative Treated Water Agreement (the “Agreement”) with the City of Grand Prairie, Texas and Johnson County Fresh Water Supply District No. 2 (the District and JCFWSD 2 hereinafter collectively referred to as the “Districts”). Grand Prairie previously entered into an agreement with the City of Midlothian, Texas (“Midlothian”) whereby Grand Prairie purchases additional water supply from Midlothian for the purposes of supplying water to the Districts. The rate charged to the Districts for treated water will be 120% of the wholesale rate charged to Grand Prairie by Midlothian. The Agreement terminates January 1, 2035, and can be renewed with the agreement of all parties.

**NOTE 12. AGREEMENT FOR WASTEWATER TREATMENT**

On February 16, 2006, the District entered into an Interlocal Cooperative Wastewater Service Agreement (the “Agreement”) with the City of Grand Prairie, Texas and Johnson County Fresh Water Supply District No. 2 (the District and JCFWSD 2 hereinafter collectively referred to as the “Districts”). The Agreement provides the Districts the unrestricted right to deliver to Grand Prairie a minimum of 1,260,000 gallons per day of wastewater or an amount otherwise sufficient to serve 4,000 ESFCs.

**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2024**

**NOTE 12. AGREEMENT FOR WASTEWATER TREATMENT (Continued)**

The rate charged to the Districts for wastewater service will be 120% of the wholesale rate charged to Grand Prairie by the Trinity River Authority for service by the Mountain Creek Regional Wastewater System. The Agreement terminates January 1, 2035, and can be renewed with the agreement of all parties.

**NOTE 13. BOND SALE**

On November 29, 2023, the District closed on the sale of its \$10,745,000 Series 2023A Unlimited Tax Road Bonds. Bond proceeds were used to reimburse Developers for road-related drainage, excavation and paving serving Prairie Ridge Phases 1, 2A, 2B, 2C, 4, 5, 6 and Prairie Ridge major infrastructure. Bond proceeds were also used to pay for bond issuance costs, developer interest, and capitalized interest.

**NOTE 14. STRATEGIC PARTNERSHIP AGREEMENT**

The District and Grand Prairie have entered into a Strategic Partnership Agreement (the “SPA”) as required under Amendment Number Two to the Development Agreement (see Note 10). The SPA provides for the limited-purpose annexation by Grand Prairie of land within the District and the imposition and collection of a sales tax within the District and full-purpose annexation at a later date. Under the SPA, Grand Prairie may not annex the District for full purposes until at least 90 percent of the land in the District has been developed with road and utility infrastructure and the District has issued bonds to reimburse the developer of such infrastructure for its costs.

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**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**

**REQUIRED SUPPLEMENTARY INFORMATION**

**APRIL 30, 2024**



**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED APRIL 30, 2024**

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 381,619	\$ 608,948	\$ 592,351	\$ (16,597)
Water Service	485,199	485,199	546,218	61,019
Wastewater Service	501,174	501,174	480,818	(20,356)
Permit Fees and Other Service Revenues	432,000	432,000	224,689	(207,311)
Investment and Miscellaneous Revenues	31,091	31,091	16,510	(14,581)
<b>TOTAL REVENUES</b>	<u>\$ 1,831,083</u>	<u>\$ 2,058,412</u>	<u>\$ 1,860,586</u>	<u>\$ (197,826)</u>
<b>EXPENDITURES</b>				
Service Operations:				
Professional Fees	\$ 292,886	\$ 292,886	\$ 304,102	\$ (11,216)
Contracted Services	103,271	103,271	182,020	(78,749)
Purchased Water Service	352,277	352,277	394,458	(42,181)
Purchased Sewer Service	485,266	485,266	597,039	(111,773)
Repairs and Maintenance	252,000	252,000	437,646	(185,646)
Other	250,786	250,784	94,487	156,297
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,736,486</u>	<u>\$ 1,736,484</u>	<u>\$ 2,009,752</u>	<u>\$ (273,268)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 94,597</u>	<u>\$ 321,928</u>	<u>\$ (149,166)</u>	<u>\$ (471,094)</u>
<b>OTHER FINANCING SOURCES</b>				
Developer Advances	\$ -0-	\$ -0-	\$ 34,742	\$ 34,742
<b>NET CHANGE IN FUND BALANCE</b>	\$ 94,597	\$ 321,928	\$ (114,424)	\$ (436,352)
<b>FUND BALANCE - MAY 1, 2023</b>	<u>398,193</u>	<u>398,193</u>	<u>398,193</u>	
<b>FUND BALANCE - APRIL 30, 2024</b>	<u>\$ 492,790</u>	<u>\$ 720,121</u>	<u>\$ 283,769</u>	<u>\$ (436,352)</u>

See accompanying independent auditor's report

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**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**

**SUPPLEMENTARY INFORMATION REQUIRED BY THE**

**WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

**APRIL 30, 2024**



**FOR THE YEAR ENDED APRIL 30, 2024**

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

<u>  X  </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>  X  </u>	Solid Waste/Garbage	<u>          </u>	Flood Control	<u>  X  </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):**

The following rates are based on the rate order dated February 28, 2024, and effective April 1, 2024.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	\$ 29.00	-0-	N	\$ 4.75 \$ 5.75 \$ 6.75	-0- to 10,000 10,001 to 20,000 20,001 and over
WASTEWATER:	\$ 15.75	-0-	N	\$ 13.41	1,000 and over

**SURCHARGE:**

Commission	0.5% of actual water and sewer bill
Regulatory	
Assessments	

District employs winter averaging for wastewater usage?

<u>Yes</u>	<u>X</u> No
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Total monthly charges per 10,000 gallons usage: Water: \$76.50 Wastewater: \$149.85 Surcharge: \$1.13

See accompanying independent auditor's report.

**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED APRIL 30, 2024**

**2. RETAIL SERVICE PROVIDERS (Continued)**

**b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)**

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤ ¾"	<u>523</u>	<u>521</u>	x 1.0	<u>521</u>
1"			x 2.5	
1½"			x 5.0	
2"	<u>12</u>	<u>12</u>	x 8.0	<u>96</u>
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u>535</u>	<u>533</u>		<u>617</u>
Total Wastewater Connections	<u>524</u>	<u>522</u>	x 1.0	<u>522</u>

**3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (Unaudited)**

Water Accountability Ratio 93.88%  
(Gallons billed/Gallons purchased)

Gallons billed to customers: 74,533,000

Gallons purchased: 79,395,000 From: City of Grand Prairie

See accompanying independent auditor's report.

**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED APRIL 30, 2024**

**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:

Ellis County, Texas

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

Entirely ☒ Partly ☐ Not at all ☐

ETJ's in which District is located:

City of Grand Prairie, Texas.

Are Board Members appointed by an office outside the District?

Yes ☐ No ☒

See accompanying independent auditor's report.

**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED APRIL 30, 2024**

PROFESSIONAL FEES:

Auditing and Related Services	\$ 17,350
Engineering	144,498
Legal	<u>142,254</u>

TOTAL PROFESSIONAL FEES	<u>\$ 304,102</u>
-------------------------	-------------------

PURCHASED SERVICES FOR RESALE:

Purchased Water Service	\$ 394,458
Purchased Sewer Service	<u>597,039</u>

TOTAL PURCHASED SERVICES FOR RESALE	<u>\$ 991,497</u>
-------------------------------------	-------------------

CONTRACTED SERVICES:

Solid Waste Disposal	\$ 69,110
Bookkeeping	30,956
Operations and Billing	<u>81,954</u>

TOTAL CONTRACTED SERVICES	<u>\$ 182,020</u>
---------------------------	-------------------

REPAIRS AND MAINTENANCE	<u>\$ 437,646</u>
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ADMINISTRATIVE EXPENDITURES:

Director Fees, Including Payroll Taxes	\$ 11,292
Insurance	3,024
Permit Fees	65,612
Travel and Meetings	1,345
Meetings, Website and Other	<u>13,214</u>

TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 94,487</u>
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TOTAL EXPENDITURES	<u>\$ 2,009,752</u>
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See accompanying independent auditor's report.

**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**INVESTMENTS**  
**APRIL 30, 2024**

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
LOGIC	XXXX9002	Varies	Daily	\$ 323,552	\$ - 0 -
<u>DEBT SERVICE FUND</u>					
LOGIC	XXXX9001	Varies	Daily	\$ 1,897,383	\$ - 0 -
<u>CAPITAL PROJECTS FUND</u>					
LOGIC	XXXX9003	Varies	Daily	\$ 363,554	\$ - 0 -
TOTAL - ALL FUNDS				\$ 2,584,489	\$ - 0 -

See accompanying independent auditor's report.

**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED APRIL 30, 2024**

	<u>Maintenance Taxes</u>		<u>Debt Service Taxes</u>	
TAXES RECEIVABLE -				
MAY 1, 2023	\$	11,382	\$	5,257
Adjustments to Beginning				
Balance		<u>10,620</u>		<u>192</u>
	\$	22,002	\$	5,449
Original 2023 Tax Levy	\$	624,622	\$	1,212,501
Adjustment to 2023 Tax Levy		<u>(38,093)</u>		<u>(73,946)</u>
		586,529		1,138,555
TOTAL TO BE				
ACCOUNTED FOR		\$ 608,531		\$ 1,144,004
TAX COLLECTIONS:				
Prior Years	\$	13,944	\$	5,449
Current Year		<u>578,407</u>		<u>1,122,788</u>
		592,351		1,128,237
TAXES RECEIVABLE -				
APRIL 30, 2024		<u>\$ 16,180</u>		<u>\$ 15,767</u>
TAXES RECEIVABLE BY				
YEAR:				
2023	\$	8,122	\$	15,767
2021		5,027		
2020		<u>3,031</u>		
TOTAL	\$	<u>16,180</u>	\$	<u>15,767</u>

See accompanying independent auditor's report.



**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED APRIL 30, 2024**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
PROPERTY VALUATIONS:				
Land	\$ 46,332,989	\$ 28,222,832	\$ 14,186,868	\$ 2,301,636
Improvements	131,979,461	81,322,710	12,471,360	265,200
Personal Property	169,191	30,898		
Exemptions	<u>(5,973,307)</u>	<u>(7,780,853)</u>	<u>(3,366,163)</u>	<u>(1,781,581)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 172,508,334</u>	<u>\$ 101,795,587</u>	<u>\$ 23,292,065</u>	<u>\$ 785,255</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.66	\$ 0.53	\$ 0.00	\$ 0.00
Maintenance	<u>0.34</u>	<u>0.47</u>	<u>1.00</u>	<u>1.00</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 1.00</u>	<u>\$ 1.00</u>	<u>\$ 1.00</u>	<u>\$ 1.00</u>
ADJUSTED TAX LEVY*	<u>\$ 1,725,084</u>	<u>\$ 1,017,956</u>	<u>\$ 232,921</u>	<u>\$ 7,853</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>98.62 %</u>	<u>100.00 %</u>	<u>97.84 %</u>	<u>61.40 %</u>

\* Based upon the adjusted tax levy at the time of the audit for the fiscal year in which the tax was levied.

Maintenance Tax – Unlimited maintenance tax approved by voters on November 2, 2004.

See accompanying independent auditor's report.

**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**APRIL 30, 2024**

S E R I E S - 2 0 2 1 R O A D				
Due During Fiscal Years Ending April 30	Principal Due September 1	Interest Due September 1/ March 1	Total	
2025	\$ 175,000	\$ 143,565	\$	318,565
2026	175,000	140,677		315,677
2027	180,000	137,570		317,570
2028	185,000	134,192		319,192
2029	190,000	130,535		320,535
2030	200,000	126,635		326,635
2031	205,000	122,482		327,482
2032	210,000	118,020		328,020
2033	215,000	113,238		328,238
2034	220,000	108,125		328,125
2035	225,000	102,785		327,785
2036	230,000	97,210		327,210
2037	240,000	91,335		331,335
2038	245,000	85,150		330,150
2039	250,000	78,715		328,715
2040	260,000	71,955		331,955
2041	265,000	64,868		329,868
2042	275,000	57,440		332,440
2043	280,000	49,670		329,670
2044	290,000	41,400		331,400
2045	295,000	32,625		327,625
2046	305,000	23,625		328,625
2047	315,000	14,325		329,325
2048	320,000	4,800		324,800
2049				
2050				
	<u>\$ 5,750,000</u>	<u>\$ 2,090,942</u>	<u>\$</u>	<u>7,840,942</u>

See accompanying independent auditor's report.

**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**APRIL 30, 2024**

S E R I E S - 2 0 2 3 U T I L I T Y

Due During Fiscal Years Ending April 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2025	\$ 155,000	\$ 305,331	\$ 460,331
2026	160,000	296,275	456,275
2027	170,000	286,788	456,788
2028	180,000	276,725	456,725
2029	185,000	266,231	451,231
2030	195,000	255,306	450,306
2031	205,000	243,806	448,806
2032	215,000	234,419	449,419
2033	230,000	227,188	457,188
2034	240,000	219,400	459,400
2035	250,000	210,975	460,975
2036	265,000	201,300	466,300
2037	275,000	190,500	465,500
2038	290,000	179,200	469,200
2039	305,000	167,300	472,300
2040	320,000	154,800	474,800
2041	335,000	141,700	476,700
2042	355,000	127,900	482,900
2043	370,000	113,400	483,400
2044	390,000	98,200	488,200
2045	410,000	82,200	492,200
2046	430,000	65,400	495,400
2047	450,000	47,800	497,800
2048	475,000	29,300	504,300
2049	495,000	9,900	504,900
2050			
	<u>\$ 7,350,000</u>	<u>\$ 4,431,344</u>	<u>\$ 11,781,344</u>

See accompanying independent auditor's report.

**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**APRIL 30, 2024**

S E R I E S - 2 0 2 3 R O A D

Due During Fiscal Years Ending April 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2025	\$ 135,000	\$ 259,713	\$ 394,713
2026	140,000	250,775	390,775
2027	145,000	241,513	386,513
2028	150,000	231,925	381,925
2029	155,000	222,012	377,012
2030	155,000	211,937	366,937
2031	160,000	201,700	361,700
2032	165,000	191,138	356,138
2033	170,000	180,250	350,250
2034	175,000	170,350	345,350
2035	185,000	161,350	346,350
2036	190,000	152,925	342,925
2037	195,000	145,225	340,225
2038	205,000	137,225	342,225
2039	215,000	128,825	343,825
2040	220,000	120,125	340,125
2041	230,000	111,125	341,125
2042	235,000	101,825	336,825
2043	250,000	92,125	342,125
2044	255,000	81,706	336,706
2045	270,000	70,550	340,550
2046	280,000	58,863	338,863
2047	290,000	46,750	336,750
2048	305,000	34,106	339,106
2049	650,000	13,812	663,812
2050			
	<u>\$ 5,525,000</u>	<u>\$ 3,617,850</u>	<u>\$ 9,142,850</u>

See accompanying independent auditor's report.

**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**APRIL 30, 2024**

S E R I E S - 2 0 2 3 A R O A D			
Due During Fiscal Years Ending April 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2025	\$	\$ 595,569	\$ 595,569
2026	235,000	586,756	821,756
2027	245,000	568,756	813,756
2028	255,000	550,006	805,006
2029	270,000	530,319	800,319
2030	280,000	509,694	789,694
2031	295,000	488,131	783,131
2032	310,000	465,444	775,444
2033	320,000	444,619	764,619
2034	340,000	426,069	766,069
2035	355,000	407,844	762,844
2036	370,000	389,719	759,719
2037	390,000	370,719	760,719
2038	405,000	350,844	755,844
2039	425,000	330,094	755,094
2040	445,000	308,344	753,344
2041	465,000	285,303	750,303
2042	490,000	260,831	750,831
2043	515,000	235,078	750,078
2044	535,000	208,172	743,172
2045	565,000	179,631	744,631
2046	590,000	149,312	739,312
2047	615,000	118,065	733,065
2048	645,000	85,778	730,778
2049	675,000	52,375	727,375
2050	710,000	17,750	727,750
	<u>\$ 10,745,000</u>	<u>\$ 8,915,222</u>	<u>\$ 19,660,222</u>

See accompanying independent auditor's report.

**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**APRIL 30, 2024**

ANNUAL REQUIREMENTS  
FOR ALL SERIES

Due During Fiscal Years Ending April 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2025	\$ 465,000	\$ 1,304,178	\$ 1,769,178
2026	710,000	1,274,483	1,984,483
2027	740,000	1,234,627	1,974,627
2028	770,000	1,192,848	1,962,848
2029	800,000	1,149,097	1,949,097
2030	830,000	1,103,572	1,933,572
2031	865,000	1,056,119	1,921,119
2032	900,000	1,009,021	1,909,021
2033	935,000	965,295	1,900,295
2034	975,000	923,944	1,898,944
2035	1,015,000	882,954	1,897,954
2036	1,055,000	841,154	1,896,154
2037	1,100,000	797,779	1,897,779
2038	1,145,000	752,419	1,897,419
2039	1,195,000	704,934	1,899,934
2040	1,245,000	655,224	1,900,224
2041	1,295,000	602,996	1,897,996
2042	1,355,000	547,996	1,902,996
2043	1,415,000	490,273	1,905,273
2044	1,470,000	429,478	1,899,478
2045	1,540,000	365,006	1,905,006
2046	1,605,000	297,200	1,902,200
2047	1,670,000	226,940	1,896,940
2048	1,745,000	153,984	1,898,984
2049	1,820,000	76,087	1,896,087
2050	710,000	17,750	727,750
	<u>\$ 29,370,000</u>	<u>\$ 19,055,358</u>	<u>\$ 48,425,358</u>

See accompanying independent auditor's report.

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**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**CHANGES IN LONG-TERM BOND DEBT**  
**FOR THE YEAR ENDED APRIL 30, 2024**

Description	Original Bonds Issued	Bonds Outstanding May 1, 2023
Ellis County Fresh Water Supply District No. 1 Unlimited Tax Road Bonds - Series 2021	\$ 5,750,000	\$ 5,750,000
Ellis County Fresh Water Supply District No. 1 Unlimited Tax Utility Bonds - Series 2023	7,350,000	7,350,000
Ellis County Fresh Water Supply District No. 1 Unlimited Tax Road Bonds - Series 2023	5,525,000	5,525,000
Ellis County Fresh Water Supply District No. 1 Unlimited Tax Road Bonds - Series 2023A	<u>10,745,000</u>	<u>                    </u>
TOTAL	<u>\$ 29,370,000</u>	<u>\$ 18,625,000</u>

Bond Authority:	<u>Utility Bonds</u>	<u>Road Bonds</u>	<u>Utility Refunding</u>	<u>Road Refunding</u>
Amount Authorized by Voters	\$ 119,345,000	\$ 191,030,000	\$ 21,130,000	\$ 39,350,000
Amount Issued	<u>7,350,000</u>	<u>22,020,000</u>	<u>                    </u>	<u>                    </u>
Remaining to be Issued	<u>\$ 111,995,000</u>	<u>\$ 169,010,000</u>	<u>\$ 21,130,000</u>	<u>\$ 39,350,000</u>

Debt Service Fund cash and investment balance as of April 30, 2024: \$ 1,897,424

Average annual debt service payments (principal and interest) for  
remaining term of all debt: \$ 1,862,514

See Note 3 for interest rates, interest payment dates and maturity dates.

See accompanying independent auditor's report.



Current Year Transactions				
Bonds Sold	Retirements		Bonds Outstanding April 30, 2024	Paying Agent
	Principal	Interest		
\$	\$	\$ 144,965	\$ 5,750,000	BOKF Dallas, TX
		318,393	7,350,000	BOKF Dallas, TX
		223,018	5,525,000	BOKF Dallas, TX
<u>10,745,000</u>		<u>152,200</u>	<u>10,745,000</u>	BOKF Dallas, TX
<u>\$ 10,745,000</u>	<u>\$ - 0 -</u>	<u>\$ 838,576</u>	<u>\$ 29,370,000</u>	

See accompanying independent auditor's report.

**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**GENERAL FUND – FOUR YEARS**

	Amounts	
	2024	2023
<b>REVENUES</b>		
Property Taxes	\$ 592,351	\$ 480,004
Water Service	546,218	402,201
Wastewater Service	480,818	270,642
Permit Fees and Other Service Revenues	224,689	121,000
Investment and Miscellaneous Revenues	<u>16,510</u>	<u>26,503</u>
<b>TOTAL REVENUES</b>	<u>\$ 1,860,586</u>	<u>\$ 1,300,350</u>
<b>EXPENDITURES</b>		
Professional Fees	\$ 304,102	\$ 283,882
Contracted Services	182,020	120,613
Purchased Water Service	394,458	298,021
Purchased Sewer Service	597,039	359,929
Repairs and Maintenance	437,646	317,824
Other	<u>94,487</u>	<u>45,402</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,009,752</u>	<u>\$ 1,425,671</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ (149,166)</u>	<u>\$ (125,321)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In (Out)	\$	\$ 31,984
Developer Advances	<u>34,742</u>	<u>452,834</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>\$ 34,742</u>	<u>\$ 484,818</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ (114,424)	\$ 359,497
<b>BEGINNING FUND BALANCE (DEFICIT)</b>	<u>398,193</u>	<u>38,696</u>
<b>ENDING FUND BALANCE (DEFICIT)</b>	<u>\$ 283,769</u>	<u>\$ 398,193</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues			
2022	2021	2024	2023	2022	2021
\$ 235,713	\$ 10,832	31.8 %	37.0 %	27.3 %	9.4 %
236,291	60,120	29.4	30.9	27.3	52.2
176,877	41,019	25.8	20.8	20.5	35.7
190,043		12.1	9.3	22.0	
25,099	3,056	0.9	2.0	2.9	2.7
<u>\$ 864,023</u>	<u>\$ 115,027</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 248,718	\$ 143,122	16.3 %	21.8 %	28.8 %	124.4 %
106,183	33,028	9.8	9.3	12.3	28.7
224,088	52,021	21.2	22.9	25.9	45.2
292,137	60,705	32.1	27.7	33.8	52.8
167,868	131,723	23.5	24.4	19.4	114.5
28,781	18,117	5.1	3.5	3.3	15.8
<u>\$ 1,067,775</u>	<u>\$ 438,716</u>	<u>108.0 %</u>	<u>109.6 %</u>	<u>123.5 %</u>	<u>381.4 %</u>
<u>\$ (203,752)</u>	<u>\$ (323,689)</u>	<u>(8.0) %</u>	<u>(9.6) %</u>	<u>(23.5) %</u>	<u>(281.4) %</u>
\$ 248,763	\$ 315,491				
<u>\$ 248,763</u>	<u>\$ 315,491</u>				
\$ 45,011	\$ (8,198)				
(6,315)	1,883				
<u>\$ 38,696</u>	<u>\$ (6,315)</u>				

See accompanying independent auditor's report.

**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**DEBT SERVICE FUND – FOUR YEARS**

	<u>Amounts</u>	
	<u>2024</u>	<u>2023</u>
<b>REVENUES</b>		
Property Taxes	\$ 1,128,237	\$ 534,260
Investment and Miscellaneous Revenues	<u>62,962</u>	<u>5,626</u>
<b>TOTAL REVENUES</b>	<u>\$ 1,191,199</u>	<u>\$ 539,886</u>
<b>EXPENDITURES</b>		
Debt Service Interest and Fees	<u>\$ 857,618</u>	<u>\$ 153,349</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 333,581</u>	<u>\$ 386,537</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Proceeds from Issuance of Long-Term Debt	<u>\$ 446,677</u>	<u>\$ 573,887</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 780,258	\$ 960,424
<b>BEGINNING FUND BALANCE</b>	<u>1,114,310</u>	<u>153,886</u>
<b>ENDING FUND BALANCE</b>	<u><u>\$ 1,894,568</u></u>	<u><u>\$ 1,114,310</u></u>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<u>533</u>	<u>423</u>
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<u>522</u>	<u>413</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues			
2022	2021	2024	2023	2022	2021
\$		94.7 %	99.0 %		
62		5.3	1.0	100.0	
\$ 62	N/A	100.0 %	100.0 %	100.0 %	N/A %
\$ 63,624	N/A	72.0 %	28.4 %	102,619.4 %	N/A
\$ (63,562)	N/A	28.0 %	71.6 %	(102,519.4) %	N/A %
\$ 217,448	N/A				
\$ 153,886	N/A				
\$ 153,886	N/A				
336	169				
325	162				

See accompanying independent auditor's report.

**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**APRIL 30, 2024**

District Mailing Address - Ellis County Fresh Water Supply District No. 1  
c/o Allen Boone Humphries Robinson LLP  
3200 Southwest Freeway, Suite 2600  
Houston, Texas 77027

District Telephone Number - (713) 860-6400

<b>Supervisors</b>	<b>Term of Office (Elected or Appointed)</b>	<b>Fees of Office for the year ended <u>April 30, 2024</u></b>	<b>Expense Reimbursements for the year ended <u>April 30, 2024</u></b>	<b><u>Title</u></b>
Douglas Wilder	05/24 05/28 (Elected)	\$ 2,881	\$ 411	President
Andrew Henk	05/22 05/26 (Elected)	\$ 2,660	\$ 629	Vice President
Jann Okerlund	02/23 05/26 (Appointed)	\$ 2,660	\$ 161	Secretary/ Treasurer
Kevin Youngblood	05/24 05/28 (Elected)	\$ 1,989	\$ 38	Assistant Secretary

Notes: No Supervisor has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developers or with any of the District's consultants.

Submission date of most recent District Registration Form: May 29, 2024

The limit on Fees of Office that a Supervisor may receive during a fiscal year is \$7,200 as set by Board Resolution on February 2, 2006. Fees of Office are the amounts paid to a Supervisor during the District's current fiscal year.

See accompanying independent auditor's report.

**ELLIS COUNTY FRESH WATER SUPPLY DISTRICT NO. 1**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**APRIL 30, 2024**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees for the year ended April 30, 2024</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	01/01/23	\$ 139,604	General Counsel
Winstead PC	08/26/20	\$ 284,125	Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	04/28/21	\$ 16,000 \$ 19,850	Auditor Bond Related and Other
Dye & Toverly, LLC	02/26/08	\$ 30,979	Bookkeeper
Westwood Professional Services	06/30/23	\$ 202,046	Engineer
Robert W. Baird & Co. Incorporated	11/11/20	\$ 195,232	Financial Advisor
Inframark, LLC	01/01/19	\$ 547,229	Operator

See accompanying independent auditor's report.

