

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE WEST JEFFERSON COUNTY MUNICIPAL WATER DISTRICT

A regular meeting of the Board of Directors of the West Jefferson County Municipal Water District ("District") was called for at 6:00 p.m. on September 9, 2025 at the District's office located at 7824 Glenbrook Drive, Beaumont, Texas 77705 (Green Acres Addition of Fannett, Texas), pursuant to notice duly posted according to law.

At approximately 6:00 p.m., the regular meeting was called to order. The roll was called of the duly constituted officers and members of the Board, to wit:

| | |
|-----------------|----------------|
| David Smith | President |
| Cody Bonvillion | Vice President |
| Randy Lyday | Treasurer |
| Jim Broussard | Secretary |
| Rufus Lavergne | Director |
| Byron Hlavinka | Director |
| Ross Guidry | Director |

All of said Board members were present, with the exception of Secretary Broussard and Director Hlavinka, thus constituting a quorum. In addition to the above-named Board members, also present at the meeting were: Daniel Hidalgo, District Manager; Will Larrain of Action Civil Engineers, PLLC, engineers for the District; and, Roger Croley of Marino CPA Firm, auditors for the District.

Upon establishing that a quorum was present, President Smith asked for public comment as set forth in Agenda Item No. 3, and being as there was none, the Board was directed to Agenda Item No. 4 for review of the Minutes of the August 12, 2025 regular meeting. Upon motion by Vice President Bonvillion and seconded by Treasurer Lyday, and with the unanimous consent of all Board members, the proposed Minutes were approved.

President Smith then directed the Board to Agenda Item No. 5 for review of the bills payable and the District's finances. As set forth in the Treasurer's Report, for the period of August

1, 2025 through August 30, 2025, the District's total income was \$237,423.78 and total disbursements were \$223,409.51, bringing the General Checking account balance to \$188,423.52 as of August 30, 2025. The Treasurer's Report also reflects the following balances in the District's other accounts as of August 30, 2025: Annualized Painting & Maintenance Savings -- \$212,101.97; Capital Projects & Annualized Expenses Savings -- \$1,061,575.42; Debt Retirement Fund Savings -- \$195,954.14; Meter Deposit CDs -- \$135,000.00; Meter Deposit Checking Account -- \$79,295.60; other CDs -- \$40,000.00; and, Other Investments TexSTAR Debt Capital -- \$1,122,322.33; TexSTAR General Fund -- \$137,604.33; and TexSTAR Capital Projects -- \$683,063.15. As of August 30, 2025, the funds of the District totaled \$3,855,340.46. Upon motion by Treasurer Lyday and seconded by Vice President Bonvillion, the Board unanimously approved the payment of bills and checks written, as reflected in Exhibit A attached hereto.

Thereafter, the Board was directed to Agenda Item No. 6, at which time Mr. Croley reviewed and discussed with the Board the District's fiscal year 2024-25 Audit Report, a copy of which is attached hereto as Exhibit B. Upon motion by Vice President Bonvillion and seconded by Director Lavergne, the Board members present unanimously approved the fiscal year 2024-25 Audit Report.

After tabling Agenda Item No. 7 until the next meeting, the Board moved along to Agenda Item No. 8, at which time the Board reviewed the following ARPA project progress invoices, copies of which are attached hereto as Exhibit C: (1) Maguire Iron on the ARPA Priority 1 ground storage tank project (Progress Payment Nos. 4 and 6, \$53,358.49 and \$332,500.00); and, (2) Eastex Utility Construction on the ARPA Priority 2 water line project (Final Progress Payment, \$50,425.70). Upon motion by Vice President Bonvillion and seconded by Director Lavergne, the Board members present unanimously approved and authorized payment of Maguire Iron's project

invoices, and to hold payment on Eastex Utility Construction's final invoice for further discussion on warranty period extension due to issues having arisen during construction.

Then, under Agenda Item No. 9, Mr. Hidalgo and Mr. Larrain advised that the water line extension project has been completed. The ground storage tank foundation preparation has begun, and tank construction will begin on October 6, 2025. And, metal fabrication for the elevated tank is ongoing at the factory and sub-grade work will be completed next month.

Next, the Board moved to Agenda Item No. 10 for the Manager's Report. For the month of August 2025, Mr. Hidalgo reported that there was 5 new connections, 6 reconnections, 9 transfers, 11 final bills, and 2 leaks repaired by the District, and that 23,718,600 gallons of water were sold during the period for a total of \$201,235.73; and, that there was 0 new sewer connections and 9 sewer service calls, and that the sewer sales for the period totaled \$23,520.13. The total customer count for the District as of August 30, 2025 was 3,437 (349 sewer connections).

Being as there were no other matters to come before the Board under Agenda Item No. 11, the regular meeting was adjourned.



David Smith, President

Date: 10/14/25

ATTEST:



Date: 10/14/2025

Exhibit A

1:44 PM
 09/04/25
 Accrual Basis

West Jefferson County Municipal Water District
General Checking
 August 2025

| Type | Date | Num | Name | Amount |
|-----------------|------------|-------|---------------------------------------|------------|
| Aug 25 | | | | |
| Liability Check | 08/01/2025 | 34905 | Invesco Investment Services, Inc. | -25.00 |
| Liability Check | 08/01/2025 | 34906 | AFLAC | -118.34 |
| Liability Check | 08/01/2025 | 34907 | Aflac Dental & Vision | -245.60 |
| Liability Check | 08/01/2025 | 34908 | Blue Cross Blue Shield of Texas | -11,930.80 |
| Liability Check | 08/01/2025 | 34909 | Dearborn National Life Insurance C... | -665.40 |
| Bill Pmt -Check | 08/01/2025 | 34910 | ACT Pipe & Supply | -1,697.38 |
| Bill Pmt -Check | 08/01/2025 | 34911 | Advance Staffing, Inc. | -952.00 |
| Bill Pmt -Check | 08/01/2025 | 34912 | Automatic Pump and Equipment Co. | -7,000.00 |
| Bill Pmt -Check | 08/01/2025 | 34913 | Beaumont Water Utilities-Sewer | -5,338.56 |
| Bill Pmt -Check | 08/01/2025 | 34914 | Card Service Center | -1,999.27 |
| Bill Pmt -Check | 08/01/2025 | 34915 | Chemical Weed Control, Inc. | -1,600.00 |
| Bill Pmt -Check | 08/01/2025 | 34916 | Core & Main | -4,341.50 |
| Bill Pmt -Check | 08/01/2025 | 34917 | Daigle,Angel | -150.00 |
| Bill Pmt -Check | 08/01/2025 | 34918 | Dallison, Martha | -150.00 |
| Bill Pmt -Check | 08/01/2025 | 34919 | Dearborn National Life Insurance C... | -265.20 |
| Bill Pmt -Check | 08/01/2025 | 34920 | Fontenot, Jamal | -0.03 |
| Bill Pmt -Check | 08/01/2025 | 34921 | Green Acres Grocery | -1,732.88 |
| Bill Pmt -Check | 08/01/2025 | 34922 | Hach Company | -34.55 |
| Bill Pmt -Check | 08/01/2025 | 34923 | J.S. Edwards & Sherlock Insurance ... | -178.00 |
| Bill Pmt -Check | 08/01/2025 | 34924 | Lone Star Lube Right | -59.58 |
| Bill Pmt -Check | 08/01/2025 | 34925 | M & D Supply, Inc. | -262.30 |
| Bill Pmt -Check | 08/01/2025 | 34926 | Occupational Health Centers | -80.00 |
| Bill Pmt -Check | 08/01/2025 | 34927 | T. Johnson Industries,Inc | -45.96 |
| Bill Pmt -Check | 08/01/2025 | 34928 | Thompson - Doctors Answering Ser... | -126.75 |
| Bill Pmt -Check | 08/01/2025 | 34929 | U S Postal Service | -390.00 |
| Bill Pmt -Check | 08/01/2025 | 34930 | USABlueBook | -4,630.92 |
| Bill Pmt -Check | 08/01/2025 | 34931 | Waste Management | -366.85 |
| Bill Pmt -Check | 08/01/2025 | 34932 | West Jefferson Co. Mun. Water Dist | -32,500.00 |
| Bill Pmt -Check | 08/01/2025 | 34933 | Wright National Flood Insurance Co... | -1,581.00 |
| Liability Check | 08/15/2025 | 34934 | Invesco Investment Services, Inc. | -25.00 |
| Bill Pmt -Check | 08/15/2025 | 34935 | Automatic Pump and Equipment Co. | -7,000.00 |
| Bill Pmt -Check | 08/15/2025 | 34936 | Chemical Weed Control, Inc. | -4,000.00 |
| Bill Pmt -Check | 08/15/2025 | 34937 | CINTAS CORP | -367.30 |
| Bill Pmt -Check | 08/15/2025 | 34938 | City of Beaumont | -5,303.34 |
| Bill Pmt -Check | 08/15/2025 | 34939 | Core & Main | -2,580.47 |
| Bill Pmt -Check | 08/15/2025 | 34940 | Daigle,Angel | -150.00 |
| Bill Pmt -Check | 08/15/2025 | 34941 | Dallison, Martha | -150.00 |
| Bill Pmt -Check | 08/15/2025 | 34942 | DSHS Central Lab MC2004 | -414.00 |
| Bill Pmt -Check | 08/15/2025 | 34943 | Eastex Environmental Laboratory, I... | -918.00 |
| Bill Pmt -Check | 08/15/2025 | 34944 | Entre' | -120.00 |
| Bill Pmt -Check | 08/15/2025 | 34945 | Hach Company | -685.39 |
| Bill Pmt -Check | 08/15/2025 | 34946 | Harris Construction Co. | -750.00 |
| Bill Pmt -Check | 08/15/2025 | 34947 | Heinz, Josh | -250.00 |
| Bill Pmt -Check | 08/15/2025 | 34948 | Hernandez Office Supply | -58.99 |
| Bill Pmt -Check | 08/15/2025 | 34949 | JPL Electric, LLC | -2,219.93 |
| Bill Pmt -Check | 08/15/2025 | 34950 | Lone Star Lube Right | -59.58 |
| Bill Pmt -Check | 08/15/2025 | 34951 | Lower Neches Valley Authority | -12,060.05 |
| Bill Pmt -Check | 08/15/2025 | 34952 | Oxford IV, Hubert | -250.00 |
| Bill Pmt -Check | 08/15/2025 | 34953 | PC Market & Hardware | -636.92 |
| Bill Pmt -Check | 08/15/2025 | 34954 | Sam's Club/synchrony Bank | -320.53 |
| Bill Pmt -Check | 08/15/2025 | 34955 | Southern Tire Mart | -1,003.00 |
| Bill Pmt -Check | 08/15/2025 | 34956 | Texas Water Utilities Association | -1,425.00 |
| Bill Pmt -Check | 08/15/2025 | 34957 | Tiger Industrial Rentals LLC | -480.00 |
| Bill Pmt -Check | 08/15/2025 | 34958 | USABlueBook | -400.09 |

1:44 PM
09/04/25
Accrual Basis

West Jefferson County Municipal Water District
General Checking
August 2025

| Type | Date | Num | Name | Amount |
|-----------------|------------|-------|---------------------------------------|---------------------------|
| Bill Pmt -Check | 08/15/2025 | 34959 | Verizon Wireless | -219.84 |
| Bill Pmt -Check | 08/15/2025 | 34960 | Wright National Flood Insurance Co... | -159.00 |
| Liability Check | 08/29/2025 | 34961 | Invesco Investment Services, Inc. | -25.00 |
| Bill Pmt -Check | 08/29/2025 | 34962 | ACT Pipe & Supply | -717.03 |
| Bill Pmt -Check | 08/29/2025 | 34963 | Automatic Pump and Equipment Co. | -564.00 |
| Bill Pmt -Check | 08/29/2025 | 34964 | Brenntag Southwest, Inc. | -7,334.40 |
| Bill Pmt -Check | 08/29/2025 | 34965 | Card Service Center | -1,240.83 |
| Bill Pmt -Check | 08/29/2025 | 34966 | Charter Communications | -215.76 |
| Bill Pmt -Check | 08/29/2025 | 34967 | Core & Main | -1,943.85 |
| Bill Pmt -Check | 08/29/2025 | 34968 | Daigle,Angel | -150.00 |
| Bill Pmt -Check | 08/29/2025 | 34969 | Dallison, Martha | -150.00 |
| Bill Pmt -Check | 08/29/2025 | 34970 | Grainger | -209.90 |
| Bill Pmt -Check | 08/29/2025 | 34971 | Hach Company | -776.00 |
| Bill Pmt -Check | 08/29/2025 | 34972 | Southern Tire Mart | -1,006.60 |
| Aug 25 | | | | <u>-134,807.67</u> |

1:56 PM
09/04/25
Accrual Basis

West Jefferson County Municipal Water District

Direct Deposit

As of August 31, 2025

| <u>Type</u> | <u>Date</u> | <u>Name</u> | <u>Memo</u> | <u>Amount</u> |
|--|-------------|-------------|-------------|------------------|
| 2110 - Direct Deposit Liabilities | | | | |
| Total 2110 - Direct Deposit Liabilities | | | | <u>42,229.82</u> |
| TOTAL | | | | <u>42,229.82</u> |

West Jefferson County Municipal Water District
Electronic Withdrawals

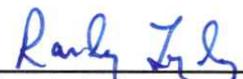
August 2025

| Type | Date | Num | Name | Amount |
|-----------------|------------|-----------|---------------------------------|--------------------------|
| Aug 25 | | | | |
| Check | 08/15/2025 | BB&T EFT | BB&T | -61.28 |
| Check | 08/05/2025 | ENTGY EFT | Entergy Texas, Inc.. | -25.28 |
| Check | 08/08/2025 | ENTGY EFT | Entergy Texas, Inc.. | -38.68 |
| Check | 08/05/2025 | ENTGY EFT | Entergy Texas, Inc.. | -29.54 |
| Check | 08/04/2025 | ENTGY EFT | Entergy Texas, Inc.. | -27.02 |
| Check | 08/05/2025 | ENTGY EFT | Entergy Texas, Inc.. | -253.09 |
| Check | 08/05/2025 | ENTGY EFT | Entergy Texas, Inc.. | -24.31 |
| Check | 08/05/2025 | ENTGY EFT | Entergy Texas, Inc.. | -3,376.39 |
| Check | 08/05/2025 | ENTGY EFT | Entergy Texas, Inc.. | -95.84 |
| Liability Check | 08/01/2025 | NTWD EFT | Nationwide Retirement Solutions | -645.00 |
| Liability Check | 08/15/2025 | NTWD EFT | Nationwide Retirement Solutions | -645.00 |
| Liability Check | 08/29/2025 | NTWD EFT | Nationwide Retirement Solutions | -645.00 |
| Check | 08/16/2025 | TTECH EFT | T Tech, LLC. | -80.00 |
| Check | 08/14/2025 | TTECH EFT | T Tech, LLC. | -140.00 |
| Liability Check | 08/31/2025 | TCDRS EFT | TCDRS | -17,999.71 |
| Liability Check | 08/01/2025 | IRS EFT | United States Treasury | -7,441.06 |
| Liability Check | 08/15/2025 | IRS EFT | United States Treasury | -7,428.06 |
| Liability Check | 08/29/2025 | IRS EFT | United States Treasury | -7,416.76 |
| Aug 25 | | | | <u>-46,372.02</u> |

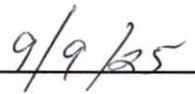
| | |
|---|----------------------------|
| Payments Previously made (General Checking) | \$134,807.67 |
| Direct Deposit & Fees | \$42,229.82 |
| Electronic Withdrawals | \$46,372.02 |
| Payments to be made/voids | |
| TOTAL DISBURSEMNTS | <u>\$223,409.51</u> |



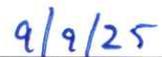
David Smith, President



Randy Lyday, Treasurer



Date

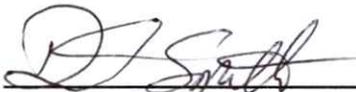


Date

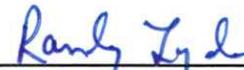
1:28 PM
09/04/25
Accrual Basis

West Jefferson County Municipal Water District
Meter Deposit Checking
As of August 31, 2025

| Type | Date | Num | Name | Amount |
|---------------------------------|------------|------|------------------------------------|-------------------------|
| 1001302 · Meter Deposits | | | | |
| Bill Pmt -Check | 08/15/2025 | 8480 | Andrepoint, Darwin | -20.07 |
| Bill Pmt -Check | 08/15/2025 | 8481 | Billot, Johnny | -8.46 |
| Bill Pmt -Check | 08/15/2025 | 8482 | Carter, David | -26.99 |
| Bill Pmt -Check | 08/15/2025 | 8483 | Jammer, Anthony Ray | -20.07 |
| Bill Pmt -Check | 08/15/2025 | 8484 | Kirkland, Kyler | -112.64 |
| Bill Pmt -Check | 08/15/2025 | 8485 | Lejune, Delbert Jr. | -35.04 |
| Bill Pmt -Check | 08/15/2025 | 8486 | Lynch, Philip | -39.03 |
| Bill Pmt -Check | 08/15/2025 | 8487 | McBride, Danny | -20.07 |
| Bill Pmt -Check | 08/15/2025 | 8488 | Pickett, Megan Nicole | -20.07 |
| Bill Pmt -Check | 08/15/2025 | 8489 | Spacek, Hunter | -20.07 |
| Bill Pmt -Check | 08/15/2025 | 8490 | West Jefferson Co. Mun. Water Dist | -1,294.95 |
| Bill Pmt -Check | 08/15/2025 | 8491 | Westerman, Joseph | -732.54 |
| Total 1001302 · Meter Deposits | | | | <u>-2,350.00</u> |
| TOTAL | | | | <u>-2,350.00</u> |



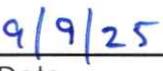
David Smith, President



Randy Lyday, Treasurer



Date



Date

WEST JEFFERSON COUNTY MUNICIPAL WATER DISTRICT
TREASURER'S REPORT

| | | | |
|-------------------------------|----------|--------------------|----------------------|
| TEXAS FIRST BANK | | | |
| CHECKBOOK BALANCE | 8/1/2025 | | <u>\$ 174,409.25</u> |
| INCOME | | | |
| Service Fees | | \$ 215,284.43 | |
| Tap fees | | \$ 7,750.00 | |
| Other Income | | \$ 15,008.71 | |
| Voided Checks | | | |
| Returned Cks & Bank & DD Fees | - | <u>\$ (619.36)</u> | |
| | | TOTAL INCOME | <u>\$ 237,423.78</u> |
| | | TOTAL MONIES | <u>\$ 411,833.03</u> |

| | | | |
|---------------------------------------|------------------|---------------------|----------------------|
| DISBURSEMENTS | | | |
| Wages | | \$ 88,363.98 | |
| Social Security & Medicare | | \$ 6,798.70 | |
| Retirement | | \$ 12,697.88 | |
| Employee Insurance | | \$ 10,455.85 | |
| Chemicals | | \$ 7,334.40 | |
| District Insurance | | \$ 2,005.20 | |
| Monthly Expenses | | \$ 63,253.50 | |
| Debt Retirement Fund | | \$ 29,500.00 | |
| Annualized Painting & Maintenance | | \$ 3,000.00 | |
| Capital Projects & Annualized Expense | | | |
| | | TOTAL DISBURSEMENTS | <u>\$ 223,409.51</u> |
| CHECKBOOK BALANCE | <u>8/31/2025</u> | | <u>\$ 188,423.52</u> |

| | | | |
|--|--|----------------------|----------------------|
| <u>SAVINGS ACCOUNT #41-291-0</u> | | | |
| <u>ANNUALIZED PAINTING & MAINTENANCE</u> | | | |
| Balance August 01, 2025 | | \$ 209,083.99 | |
| Interest | | \$ 17.98 | |
| To be Deposited | | \$ 3,000.00 | |
| Disbursements- | | | |
| Balance August 31, 2025 | | <u>\$ 212,101.97</u> | <u>\$ 212,101.97</u> |

| | | | |
|---|--|------------------------|------------------------|
| <u>SAVINGS ACCOUNT #41-295-3</u> | | | |
| <u>CAPITAL PROJECTS & ANNUALIZED EXPENSES</u> | | | |
| Balance August 01, 2025 | | \$ 1,205,590.62 | |
| Interest | | \$ 100.30 | |
| CD Interest | | \$ 560.60 | |
| To be Deposited | | | |
| Voided Checks | | | |
| Disbursements- | | <u>\$ (144,676.10)</u> | |
| Balance August 31, 2025 | | <u>\$ 1,061,575.42</u> | <u>\$ 1,061,575.42</u> |

| | | | |
|----------------------------------|--|----------------------|----------------------|
| <u>SAVINGS ACCOUNT #41-294-5</u> | | | |
| <u>DEBT RETIREMENT FUND</u> | | | |
| Balance August 01, 2025 | | \$ 166,437.82 | |
| Interest | | \$ 16.32 | |
| CD Interest | | \$ - | |
| To be Deposited | | \$ 29,500.00 | |
| Voided Checks | | | |
| Disbursements | | | |
| Balance August 31, 2025 | | <u>\$ 195,954.14</u> | <u>\$ 195,954.14</u> |

METER DEPOSITS

Certificates of deposit \$ 135,000.00

ACCOUNT #03-058-5

METER DEPOSIT CHECKING

| | | |
|-------------------------|---------------------|---------------------|
| Balance August 01, 2025 | \$ 78,120.60 | |
| Deposits | \$ 3,525.00 | |
| Refunds | \$ (2,350.00) | |
| Voided Checks | | |
| Balance August 31, 2025 | <u>\$ 79,295.60</u> | <u>\$ 79,295.60</u> |

CERTIFICATES OF DEPOSIT \$ 40,000.00
 (Replacement & Repair Fund \$40,000.00 Restricted)

\$ 40,000.00

OTHER INVESTMENTS

| | |
|---|-----------------|
| TexStar Acct#12308-10230 - Debt Capital | \$ 1,122,322.33 |
| TexStar Acct#12308-11110 - General Fund | \$ 137,604.33 |
| TexStar Acct#12308-11890 - Capital Projects | \$ 683,063.15 |

| | |
|-----------------------------|------------------------|
| CHECKING & SAVINGS ACCOUNTS | \$ 3,641,044.86 |
| METER DEPOSITS | \$ 214,295.60 |
| TOTAL MONIES | <u>\$ 3,855,340.46</u> |

WEST JEFFERSON COUNTY MUNICIPAL WATER DISTRICT
 DISTRICT'S ACCOUNTS AND BANKING INSTITUTIONS

| TEXAS FIRST BANK | | CD | | | | FY YTD |
|--------------------------|---|--------------|------------|-----------|-----------|--------------------|
| CERTIFICATES OF DEPOSIT: | | Amount | Percentage | Issued | To | Interest |
| (Restricted) | Replacement & Repair C.D. #46032078 COA #01-0000-1400 | \$ 40,000.00 | 3.30% | 9/4/1997 | 8/28/2025 | \$ 546.40 |
| (Restricted) | Meter Deposits C.D. #46032136 COA #01-0000-1310 | \$ 40,000.00 | 3.30% | 8/19/1998 | 8/12/2025 | \$ 545.52 |
| (Restricted) | Meter Deposits C.D. #40432110 COA #01-0000-1320 | \$ 85,000.00 | 3.55% | 3/13/1998 | 3/6/2026 | \$ 1,008.59 |
| (Restricted) | Meter Deposits C.D. #40432341 COA #01-0000-1330 | \$ 10,000.00 | 3.55% | 4/21/2005 | 4/21/2026 | \$ 118.65 |
| | | | | | | <u>\$ 2,219.16</u> |

TEXAS FIRST BANK
 CHECKING ACCOUNTS:

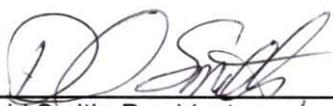
| | |
|--|----------------------|
| General Checking Account Acct. #03-056-9 COA #01-0000-1031 | <u>\$ 188,423.52</u> |
| Meter Deposits (Restricted) Acct. #03-058-5 COA #01-0000-1302 | <u>\$ 79,295.60</u> |

TEXAS FIRST BANK
 MONEY MARKET ACCOUNTS

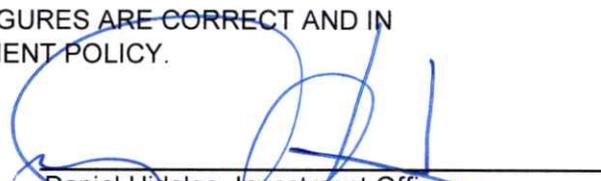
| | |
|--|------------------------|
| Annualized Painting & Maintenance Acct. #41-291-0 COA #01-0000-1230 | <u>\$ 212,101.97</u> |
| Capital Projects & Ann. Exp. Acct. #41-295-3 COA #01-0000-1251 | <u>\$ 1,061,575.42</u> |
| Debt Retirement Fund (Restricted) Acct. #41-294-5 COA #02-0000-1302 | <u>\$ 195,954.14</u> |

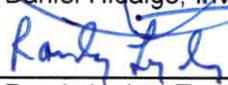
| | |
|--------------------|-------------------------------|
| RESTRICTED FUNDS | <u>\$ 2,393,239.55</u> |
| WORKING CAPITAL | <u>\$ -</u> |
| UNRESTRICTED FUNDS | <u>\$ 1,462,100.91</u> |
| TOTAL MONIES | <u><u>\$ 3,855,340.46</u></u> |

TO THE BEST OF MY KNOWLEDGE, THESE FIGURES ARE CORRECT AND IN COMPLIANCE WITH THE DISTRICT'S INVESTMENT POLICY.



 David Smith, President
 Date 9/9/25



 Daniel Hidalgo, Investment Officer


 Randy Lyday, Treasurer
 Date 9/9/25

West Jefferson County Municipal Water District Profit & Loss Budget vs. Actual

09/04/25

May 2025 through April 2026

Accrual Basis

| | May '25 - Apr 26 | Budget | \$ Over Budget | % of Bu... |
|---|-------------------|---------------------|----------------------|--------------|
| Ordinary Income/Expense | | | | |
| Income | | | | |
| 1004100 · Customer Svc. Fees - Water | 759,917.93 | 2,300,000.00 | -1,540,082.07 | 33.0% |
| 1004120 · Bulk Water Sales | 1,719.27 | 1,000.00 | 719.27 | 171.9% |
| 1004130 · Water Tap Connection Fees | 25,050.00 | 58,000.00 | -32,950.00 | 43.2% |
| 1004135 · Tap Connection Fees - Sewer | 8,875.00 | 25,000.00 | -18,125.00 | 27.5% |
| 1004140 · Reconnection Fees | 7,490.00 | 14,000.00 | -6,510.00 | 53.5% |
| 1004150 · Water Svc. Inspection Fees | 720.00 | 2,000.00 | -1,280.00 | 36.0% |
| 1004160 · Transfer Fees | 1,345.00 | 4,000.00 | -2,655.00 | 33.6% |
| 1004200 · Customer Svc. Fees - Sewer | 115,423.38 | 331,000.00 | -215,576.62 | 34.9% |
| 1004320 · Penalties - Service Accounts | 14,118.00 | 36,000.00 | -21,882.00 | 39.2% |
| 1004400 · Interest Inc. - Gen. Acct. | 0.00 | 4,000.00 | -4,000.00 | 0.0% |
| 1004410 · Interest Inc. - Meter Dep. | 2,219.16 | 6,500.00 | -4,280.84 | 34.1% |
| 1004420 · Interest Inc. - TexStar | 27,837.81 | | | |
| 1004470 · Bad Check Charge | 417.00 | 2,000.00 | -1,583.00 | 20.9% |
| 1004590 · Misc. Income | 15,086.21 | 8,500.00 | 6,586.21 | 177.5% |
| 1004600 · Proceeds - Disposal of Assets | 0.00 | 1,000.00 | -1,000.00 | 0.0% |
| Total Income | 978,218.76 | 2,793,000.00 | -1,814,781.24 | 35.0% |
| Gross Profit | 978,218.76 | 2,793,000.00 | -1,814,781.24 | 35.0% |
| Expense | | | | |
| 1006100 · Bulk Water Purch. - Raw Water | 33,500.65 | 140,000.00 | -106,499.35 | 23.9% |
| 1006120 · Salaries & Wages | 247,871.03 | 728,000.00 | -480,128.97 | 34.0% |
| 1006140 · Compensated Absences | 0.00 | 4,000.00 | -4,000.00 | 0.0% |
| 1006160 · Employer's Retirement Contib. | 35,619.06 | 109,000.00 | -73,380.94 | 32.7% |
| 1006170 · Life Insurance - Non-Cafeteria | 265.20 | 1,500.00 | -1,234.80 | 17.7% |
| 1006180 · Group Insurance Premiums | 48,291.97 | 155,000.00 | -106,708.03 | 31.2% |
| 1006200 · Taxes - Payroll | 19,477.34 | 65,000.00 | -45,522.66 | 30.0% |
| 1006220 · Worker's Comp. Premium | 0.00 | 12,000.00 | -12,000.00 | 0.0% |
| 1006250 · Contract Labor | 18,284.35 | 45,000.00 | -26,715.65 | 40.6% |
| 1006270 · Maint. & Repair - Dist. System | 24,433.69 | 68,500.00 | -44,066.31 | 35.7% |
| 1006275 · Maintenance & Repair - Sewer | 17,771.99 | 70,000.00 | -52,228.01 | 25.4% |
| 1006280 · Maint. & Repair - Production | 27,456.41 | 75,000.00 | -47,543.59 | 36.6% |
| 1006320 · Legal Notices & Publications | 0.00 | 2,000.00 | -2,000.00 | 0.0% |
| 1006340 · Fuel & Lubrications | 5,439.40 | 35,500.00 | -30,060.60 | 15.3% |
| 1006355 · Chemicals-Regional Plant | 69,892.35 | 160,000.00 | -90,107.65 | 43.7% |
| 1006380 · Supplies & Small Tools | 981.73 | 7,000.00 | -6,018.27 | 14.0% |
| 1006400 · Bad Debts | 0.00 | 2,000.00 | -2,000.00 | 0.0% |
| 1006420 · Rents & Lease Eq. | 1,080.00 | 8,000.00 | -6,920.00 | 13.5% |
| 1006450 · Tap Connection Expenses | 10,554.29 | 25,000.00 | -14,445.71 | 42.2% |
| 1006455 · Tap Connection Expenses - Sewer | 11,726.27 | 19,000.00 | -7,273.73 | 61.7% |
| 1006460 · Misc. Expenses | 1,249.56 | 4,000.00 | -2,750.44 | 31.2% |
| 1006465 · License & Education | 3,522.00 | 13,000.00 | -9,478.00 | 27.1% |
| 1006470 · Permit Fees | 0.00 | 9,500.00 | -9,500.00 | 0.0% |
| 1006480 · Laboratory Expenses | 5,653.80 | 16,000.00 | -10,346.20 | 35.3% |
| 1006500 · Purchases - Sewer Svc. | 34,244.56 | 110,000.00 | -75,755.44 | 31.1% |
| 1006610 · Director's Fees | 550.00 | 4,200.00 | -3,650.00 | 13.1% |
| 1006670 · Legal Fees | 2,000.00 | 12,000.00 | -10,000.00 | 16.7% |
| 1006680 · Accounting Fees | 0.00 | 22,000.00 | -22,000.00 | 0.0% |
| 1006690 · Engineering Fees | 0.00 | 10,000.00 | -10,000.00 | 0.0% |
| 1006700 · Management & Consulting | 0.00 | 3,000.00 | -3,000.00 | 0.0% |
| 1006720 · Election Expense | 0.00 | 1,000.00 | -1,000.00 | 0.0% |
| 1006740 · Customer Billing Svc. | 10,758.89 | 70,000.00 | -59,241.11 | 15.4% |
| 1006760 · Printing & Office Expenses | 8,218.60 | 18,000.00 | -9,781.40 | 45.7% |
| 1006770 · Uniforms | 1,316.30 | 6,500.00 | -5,183.70 | 20.3% |
| 1006780 · Postage | 432.12 | 1,300.00 | -867.88 | 33.2% |
| 1006800 · Telephone | 3,762.64 | 12,000.00 | -8,237.36 | 31.4% |
| 1006820 · Utilities | 15,122.25 | 62,000.00 | -46,877.75 | 24.4% |
| 1006830 · Ins. & Surety Bond Prem. | 2,274.00 | 50,000.00 | -47,726.00 | 4.5% |
| 1006850 · Travel & Per Diem | 0.00 | 1,000.00 | -1,000.00 | 0.0% |
| 1006870 · Repair & Maint - Bldg & Grounds | 10,098.04 | 19,000.00 | -8,901.96 | 53.1% |
| 1006880 · Repair & Maint - Equipment | 6,828.09 | 27,000.00 | -20,171.91 | 25.3% |
| 2007340 · Interest on Notes | 18,532.13 | | | |
| 2007540 · Note Principal Paid | 112,689.18 | | | |
| Total Expense | 809,897.89 | 2,203,000.00 | -1,393,102.11 | 36.8% |
| Net Ordinary Income | 168,320.87 | 590,000.00 | -421,679.13 | 28.5% |
| Other Income/Expense | | | | |
| Other Income | | | | |
| 1004440 · ARPA Grant Funding Priority 2 | -399,102.20 | | | |
| 1004450 · ARPA Grant Funding Priority 1 | 0.00 | | | |
| 1028005 · Transfer From Debt Service | 0.00 | 354,000.00 | -354,000.00 | 0.0% |
| 2004400 · Interest Income - DS | 508.82 | | | |

**West Jefferson County Municipal Water District
Profit & Loss Budget vs. Actual
May 2025 through April 2026**

| | May '25 - Apr 26 | Budget | \$ Over Budget | % of Bu... |
|---|--------------------|-------------------|----------------------|----------------|
| Total Other Income | -398,593.38 | 354,000.00 | -752,593.38 | -112.6% |
| Other Expense | | | | |
| 1007050 · Capital Outlay | | | | |
| 1007054 · Production Cost | 6,541.36 | | | |
| 1007056 · Equipment Replacement- New | 15,804.47 | | | |
| 1007058 · TXDOT Hwy 365 & I10 | 306.00 | | | |
| 1007063 · Water Plant - Instruments | 5,605.75 | | | |
| 1007067 · ARPA Grant Funding Priority 1 | 102,343.88 | | | |
| 1007068 · ARPA Grant Funding Priority 2 | 12,437.49 | | | |
| 1007069 · Sewer Lift Station | 16,782.00 | | | |
| 1007050 · Capital Outlay - Other | 0.00 | 200,000.00 | -200,000.00 | 0.0% |
| Total 1007050 · Capital Outlay | 159,820.95 | 200,000.00 | -40,179.05 | 79.9% |
| Total Other Expense | 159,820.95 | 200,000.00 | -40,179.05 | 79.9% |
| Net Other Income | -558,414.33 | 154,000.00 | -712,414.33 | -362.6% |
| Net Income | -390,093.46 | 744,000.00 | -1,134,093.46 | -52.4% |



WEST JEFFERSON COUNTY MWD
 ATTN DANIEL HIDALGO
 7824 GLENBROOK DR
 BEAUMONT TX 77705-8845

MONTHLY STATEMENT OF ACCOUNT

ACCOUNT: 1230810230

ACCOUNT NAME: DEBT/CAPITOL

STATEMENT PERIOD: 08/01/2025 - 08/31/2025

TEXSTAR MONTHLY SUMMARY: THE AVERAGE MONTHLY RATE WAS 4.2859%. THE AVERAGE WEIGHTED AVERAGE MATURITY WAS 47 DAYS AND THE NET ASSET VALUE FOR 8/29/25 WAS 1.000127.

MONTHLY ACTIVITY DETAIL

| TRANSACTION DATE | DESCRIPTION | CONFIRMATION NUMBER | TRANSACTION AMOUNT | BALANCE |
|------------------|-------------------|---------------------|--------------------|--------------|
| | BEGINNING BALANCE | | | 1,118,251.84 |
| 08/29/2025 | MONTHLY POSTING | 9999888 | 4,070.49 | 1,122,322.33 |
| | ENDING BALANCE | | | 1,122,322.33 |

MONTHLY ACCOUNT SUMMARY

| | |
|-------------------|--------------|
| BEGINNING BALANCE | 1,118,251.84 |
| TOTAL DEPOSITS | 0.00 |
| TOTAL WITHDRAWALS | 0.00 |
| TOTAL INTEREST | 4,070.49 |
| ENDING BALANCE | 1,122,322.33 |
| AVERAGE BALANCE | 1,118,251.84 |

ACTIVITY SUMMARY (YEAR-TO-DATE)

| ACCOUNT NAME | DEPOSITS | WITHDRAWALS | INTEREST |
|--------------|------------|-------------|-----------|
| DEBT/CAPITOL | 782,000.00 | 0.00 | 24,068.61 |



WEST JEFFERSON COUNTY MWD
 ATTN DANIEL HIDALGO
 7824 GLENBROOK DR
 BEAUMONT TX 77705-8845

MONTHLY STATEMENT OF ACCOUNT

ACCOUNT: 1230811110

ACCOUNT NAME: GENERAL FUND

STATEMENT PERIOD: 08/01/2025 - 08/31/2025

TEXSTAR MONTHLY SUMMARY: THE AVERAGE MONTHLY RATE WAS 4.2859%. THE AVERAGE WEIGHTED AVERAGE MATURITY WAS 47 DAYS AND THE NET ASSET VALUE FOR 8/29/25 WAS 1.000127.

MONTHLY ACTIVITY DETAIL

| TRANSACTION DATE | DESCRIPTION | CONFIRMATION NUMBER | TRANSACTION AMOUNT | BALANCE |
|------------------|-------------------|---------------------|--------------------|------------|
| | BEGINNING BALANCE | | | 137,105.27 |
| 08/29/2025 | MONTHLY POSTING | 9999888 | 499.06 | 137,604.33 |
| | ENDING BALANCE | | | 137,604.33 |

MONTHLY ACCOUNT SUMMARY

| | |
|-------------------|------------|
| BEGINNING BALANCE | 137,105.27 |
| TOTAL DEPOSITS | 0.00 |
| TOTAL WITHDRAWALS | 0.00 |
| TOTAL INTEREST | 499.06 |
| ENDING BALANCE | 137,604.33 |
| AVERAGE BALANCE | 137,105.27 |

ACTIVITY SUMMARY (YEAR-TO-DATE)

| ACCOUNT NAME | DEPOSITS | WITHDRAWALS | INTEREST |
|--------------|----------|-------------|----------|
| GENERAL FUND | 0.00 | 0.00 | 3,895.99 |



WEST JEFFERSON COUNTY MWD
 ATTN DANIEL HIDALGO
 7824 GLENBROOK DR
 BEAUMONT TX 77705-8845

MONTHLY STATEMENT OF ACCOUNT

ACCOUNT: 1230811890

ACCOUNT NAME: CAPITAL PROJECTS

STATEMENT PERIOD: 08/01/2025 - 08/31/2025

TEXSTAR MONTHLY SUMMARY: THE AVERAGE MONTHLY RATE WAS 4.2859%. THE AVERAGE WEIGHTED AVERAGE MATURITY WAS 47 DAYS AND THE NET ASSET VALUE FOR 8/29/25 WAS 1.000127.

| MONTHLY ACTIVITY DETAIL | | | | |
|-------------------------|-------------------|---------------------|--------------------|------------|
| TRANSACTION DATE | DESCRIPTION | CONFIRMATION NUMBER | TRANSACTION AMOUNT | BALANCE |
| | BEGINNING BALANCE | | | 680,585.74 |
| 08/29/2025 | MONTHLY POSTING | 9999888 | 2,477.41 | 683,063.15 |
| | ENDING BALANCE | | | 683,063.15 |

| MONTHLY ACCOUNT SUMMARY | |
|-------------------------|------------|
| BEGINNING BALANCE | 680,585.74 |
| TOTAL DEPOSITS | 0.00 |
| TOTAL WITHDRAWALS | 0.00 |
| TOTAL INTEREST | 2,477.41 |
| ENDING BALANCE | 683,063.15 |
| AVERAGE BALANCE | 680,585.74 |

| ACTIVITY SUMMARY (YEAR-TO-DATE) | | | |
|---------------------------------|----------|--------------|-----------|
| ACCOUNT NAME | DEPOSITS | WITHDRAWALS | INTEREST |
| CAPITAL PROJECTS | 0.00 | 1,000,000.00 | 31,077.36 |

dhidalgo@westjeffersoncountymwd.com
rlyday@sbcglobal.net
westjeffersoncomwd@yahoo.com

West Jefferson County Municipal Water
TIN# 741969787

Date: August 29, 2025

SUBJECT: TOTAL DEPOSITS vs TOTAL COLLATERAL

DEPOSITS:

| | |
|----------------------------------|----------------|
| Total Demand Deposits: | \$321,530.04 |
| LESS FDIC COVERAGE Demand | \$250,000.00 |
| | \$71,530.04 |
| | |
| Total Savings-Time-NOW Deposits: | \$1,661,413.53 |
| LESS FDIC COVERAGE SV-Time | \$250,000.00 |
| | \$1,411,413.53 |
| | Total |
| | \$1,482,943.57 |
| 110% OF DEPOSITS not covered | \$1,631,237.93 |

COVERAGE:

MARKET VALUE \$3,148,942.59

EXCESS COLLATERAL \$1,517,704.66

PREPARED BY: Amanda Tinnin
amanda.tinnin@texasfirst.bank
409-766-5476

Pledge Security Listing

August 31, 2025

| ID | CUSIP | Description | Safekeeping Location | Safekeeping Receipt | Coupon | Maturity Date | Call Date | Moody | S&P | Fitch | ASC 320 | Face Amount | Current Par | Current Book Value | Market Value | Gain(Loss) |
|--|-----------|------------------------|----------------------|---------------------|--------|---------------|------------|-------|-----|-------|---------|-------------------|---------------------|---------------------|---------------------|---------------------|
| 741969787-West Jefferson County Municipal | | | | | | | | | | | | | | | | |
| 922 | 3136A8WQ9 | FNR 2012-99 DC | Frost Bank H | | 2.00 | 08/25/2041 | | AAA | AA+ | AAA | HTM | 5,000,000 | 413,794.15 | 414,107.89 | 393,463.17 | (20,644.72) |
| 1185 | 31418BE93 | FN #MA1959 | Frost Bank H | | 3.50 | 07/01/2034 | | AAA | AA+ | AAA | HTM | 5,215,000 | 426,641.29 | 437,795.58 | 417,678.04 | (20,117.54) |
| 1549 | 971112KY2 | WILLOW FORK TX DRAIN D | Frost Bank H | | 2.50 | 09/01/2026 | 09/30/2025 | A3 | AA | NR | HTM | 500,000 | 500,000.00 | 500,000.00 | 497,458.95 | (2,541.05) |
| 1596 | 819309LF0 | SHALLOWATER TX ISD | Frost Bank H | | 3.00 | 02/15/2026 | 09/30/2025 | AAA | AAA | AAA | HTM | 575,000 | 575,000.00 | 575,000.00 | 575,019.32 | 19.32 |
| 1738 | 388212CX8 | GRANT ROAD TX PUD | Frost Bank H | | 3.13 | 10/01/2027 | 09/30/2025 | NR | AA | NR | HTM | 450,000 | 450,000.00 | 450,000.00 | 449,988.39 | (11.61) |
| 1810 | 864856GL7 | SUGARLAND TX | Frost Bank H | | 3.00 | 02/15/2034 | 02/15/2028 | NR | AAA | AAA | HTM | 570,000 | 570,000.00 | 579,543.43 | 534,792.18 | (44,751.25) |
| 2141 | 742395WQ5 | PRINCETON TX ISD | Frost Bank H | | 3.00 | 02/15/2041 | 02/15/2030 | AAA | AAA | AAA | HTM | 350,000 | 350,000.00 | 370,766.31 | 280,542.54 | (90,223.77) |
| Total for 741969787-West Jefferson County Municipal | | | | | | | | | | | | 12,660,000 | 3,285,435.44 | 3,327,213.21 | 3,148,942.59 | (178,270.62) |

Although the information in this report has been obtained from sources believed to be reliable, its accuracy cannot be guaranteed.

9/4/2025 12:23:13 PM

Exhibit B

WEST JEFFERSON COUNTY
MUNICIPAL WATER DISTRICT

ANNUAL FINANCIAL REPORTS
FOR THE YEAR ENDED APRIL 30, 2025

C

C

AA

C

WEST JEFFERSON COUNTY MUNICIPAL WATER DISTRICT
BEAUMONT, TEXAS

CONTENTS

| | Page |
|---|------|
| Annual Filing Affidavit | 1 |
| Independent Auditors' Report | 2 |
| Management's Discussion and Analysis | 5 |
| Basic Financial Statements | |
| Fund Financial Statements | |
| Statement of Net Position | 11 |
| Statement of Revenues, Expenses & Changes in Net Position | 12 |
| Statement of Cash Flows - Proprietary Fund | 13 |
| Notes to the Financial Statements | 14 |
| Required Supplementary Information | |
| Statement of Revenues, Expenditures, and Changes in Net Position - Budget and Actual - Proprietary Fund | 27 |
| Schedule of Changes in Net Pension Liability and Related Ratios | 28 |
| Schedule of Employer Contributions | 29 |
| Texas Supplementary Information | |
| Services and Rates | 30 |
| Schedule of Proprietary Operating Expenses | 33 |
| Schedule of Temporary Investments | 34 |
| Long-Term Debt Service Requirements By Years | 35 |
| Analysis of Changes in Long-Term Debt | 36 |
| Comparative Schedule of Revenues and Expenses - Proprietary Fund - Five Years | 37 |
| Insurance Coverage | 39 |
| Board Members, Key Personnel and Consultant | 40 |
| Compliance Section | |
| Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on Audit of Financial Statements Performed in Accordance with Government Auditing | 42 |
| Independent Auditor's Report On Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance | 44 |
| Schedule of Expenditures of Federal Awards | 46 |
| Notes on Accounting Policies for Federal Awards | 47 |
| Schedule of Findings and Questioned Costs | 48 |
| Summary Schedule of Prior Audit Findings | 49 |

ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS §
COUNTY OF JEFFERSON §

WEST JEFFERSON CO. MWD

I, David Smith, President
(Name of duly Authorized District Representative)

of the WEST JEFFERSON COUNTY MUNICIPAL WATER DISTRICT
(Name of District)

hereby swear, or affirm, that the district named above has reviewed and approved at a meeting of the Board of Directors of the District on the 9 day of SEPTEMBER 2025 its annual audit report for the fiscal year or period ended April 30, 2025 and that copies of the annual audit have been filed in the district office, located at

7824 GLENBROOK DRIVE, BEAUMONT, TX
(Address of District)

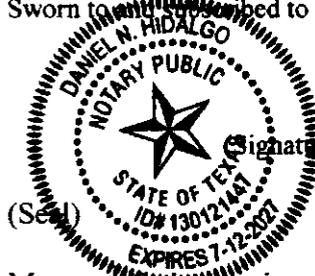
The annual filing affidavit and the attached copy of the annual audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of all annual filing requirements within Section 49.194 of the Texas Water Code.

Date: 9/9, 2025

By: [Signature]
(Signature of District Representative)
David Smith, President

(Typed Name & Title of above District Representative)

Sworn to and subscribed to before me this 9 day of SEPTEMBER, 2025.



(Signature of Notary)

[Signature]

My commission expires on July 12, 2027, Notary Public in and for the State of Texas.

C

|||||

C

C



September 6, 2025

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
West Jefferson County Municipal Water District
Beaumont, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the West Jefferson County Municipal Utility District (the "District") as of and for the year ended April 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, each major fund, and the aggregate remaining fund information of the District, as of April 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 and *Government 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 and *Government 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 budgetary comparison information on pages 5-10 and 27 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Marino CPA Firm

Beaumont, TX

West Jefferson County Municipal Water District
Management's Discussion and Analysis
April 30, 2025

As management of the West Jefferson County Municipal Water District we offer readers of the West Jefferson County Municipal Water District financial statements this narrative overview and analysis of the financial activities of the West Jefferson County Municipal Water District for the fiscal year ended April 30, 2025. We encourage readers to consider the information presented here in conjunction with the independent auditor's report and the District's financial statements, which follow.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the West Jefferson County Municipal Water District's basic financial statements. These basic financial statements are comprised of two components: 1) fund financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Fund accounting. 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 West Jefferson County Municipal Water District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has only one type of fund: a proprietary fund.

Proprietary funds. Proprietary funds are used to account for the resources of a government's business-type activities. The District maintains one type of proprietary fund, an enterprise fund, to account for its water service operations. The Water & Sewer Fund is the only fund of the District and is considered, by default, to be a major fund.

Fund financial statements. The District is a special-purpose government engaged only in business-type activities i.e. water service operations. The Governmental Accounting Standards Board (GASB) states that special-purpose governments engaged only in business-type activities should present only financial statements required for enterprise funds. The fund financial statements can be found on pages 11-13.

The **Statement of Net Position** presents information on all of the District's 1) assets and deferred outflows and 2) deferred inflows of resources and liabilities, with the difference between the two 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 West Jefferson County Municipal Water District is improving or deteriorating.

The **Statement of Revenues, Expenses, and Changes in Net Position** presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The **Statement of Cash Flows** provides information about the District's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. This statement can be an indicator of the government's ability to meet debt requirements as they come due.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found on pages 14-27.

Other information. In addition to the basic financial statements and accompanying notes, the District presents required supplemental information which can be found on pages 28-30.

West Jefferson County Municipal Water District
Management Discussion and Analysis (continued)
April 30, 2025

Financial Highlights

- The net position of the District as of April 30, 2025 was \$15,290,697. Of this amount, \$3,939,116 (unrestricted net position) may be used to meet the District's ongoing obligations to customers and creditors.
- The District's total net position increased by \$2,083,006 (15.8%).
- The District's total revenues increased by \$1,562,073 (53%). The increase includes capital grant revenue of \$1,716,797. Total expenses increased \$78,423 (3%).

Financial Statement Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's total net position increased from \$13,207,691 to \$15,290,697. Unrestricted net position increased by \$374,140 from \$3,564,976 to \$3,939,116 at the end of the fiscal year. Unrestricted net position represents assets available to finance the day-to-day operations without constraints established by debt covenants and/or enabling legislation.

**WEST JEFFERSON COUNTY MUNICIPAL WATER DISTRICT
NET POSITION
APRIL 30, 2025**

| | 2025 | 2024 | Dollar Change | Percent Change |
|-------------------------------------|---------------------|----------------------|---------------------|-------------------|
| Current and other assets | \$ 4,841,093 | \$ 4,076,866 | \$ 764,227 | 19% |
| Capital assets, net | 11,798,154 | 10,204,776 | 1,593,378 | 16% |
| Total Assets | 16,639,247 | 14,281,642 | 2,357,605 | 17% |
| Deferred Outflows | 282,311 | 413,021 | (130,710) | 0% |
| Total Deferred Outflows | 282,311 | 413,021 | (130,710) | 0% |
| Other liabilities (current) | 825,600 | 349,380 | 476,220 | 136% |
| Long-term liabilities (non-current) | 512,898 | 784,298 | (271,400) | -35% |
| Total Liabilities | 1,338,498 | 1,133,678 | 204,820 | 18% |
| Deferred Inflows | 292,363 | 353,294 | (60,931) | 0% |
| Total Deferred Inflows | 292,363 | 353,294 | (60,931) | 0% |
| Net Position: | | | | |
| Net investment in capital assets | 11,305,334 | 9,596,371 | 1,708,963 | 18% |
| Restricted | 46,247 | 46,344 | (97) | 0% |
| Unrestricted | 3,939,116 | 3,564,976 | 374,140 | 10% |
| Total Net Position | \$15,290,697 | \$ 13,207,691 | \$ 2,083,006 | 16% |

**WEST JEFFERSON COUNTY MUNICIPAL WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION
FOR THE YEAR ENDED APRIL 30, 2025**

REVENUES/CHARGES FOR PROGRAM SERVICES

| | |
|--|----------------------------|
| Water service | \$ 2,248,440 |
| Sewer service | 336,946 |
| Tap connection & inspection fees | 120,468 |
| Late charges | 38,640 |
| Miscellaneous | 12,263 |
| TOTAL REVENUES/CHARGES FOR PROGRAM SERVICES | <u>\$ 2,756,757</u> |

DIRECT EXPENSES

| | |
|------------------------------------|-------------------------|
| Personnel | 934,309 |
| Professional services | 33,776 |
| Purchased and contract services | 379,550 |
| Consumables supplies and materials | 200,787 |
| Recurring expenses and repairs | 468,504 |
| Depreciation | 462,178 |
| TOTAL DIRECT EXPENSES | <u>2,479,104</u> |

OPERATING INCOME/EXCESS (DEFICIENCY) OF CHARGES
FOR PROGRAM SERVICES OVER DIRECT EXPENSES

277,653

OTHER FINANCING SOURCES (USES) /

GENERAL REVENUES AND INDIRECT EXPENSES

| | |
|--|-------------------------|
| General revenue | 1,716,797 |
| Interest revenue | 101,574 |
| Interest expense | <u>(13,018)</u> |
| TOTAL OTHER FINANCING SOURCES (USES)/GENERAL REVENUES AND INDIRECT EXPENSES | <u>1,805,353</u> |

CHANGE IN NET POSITION

2,083,006

NET POSITION - APRIL 30, 2024

13,207,691

NET POSITION - APRIL 30, 2025

\$ 15,290,697

Program revenues decreased \$105,603 and program expenses increased by \$82,153.

West Jefferson County Municipal Water District
Management Discussion and Analysis (continued)
April 30, 2025

Budgetary Highlights

The District adopts an operating budget each year outlining an operating plan for the year. The budget plan for fiscal year 2025 was to balance the budget and provide capital for repairs and improvements to the District's infrastructure, e.g. water lines and tanks. The final amended budget was completed and approved with a forecasted increase in net position of \$391,000 before depreciation, capital improvements, and principal payments on debt. The following comments and schedule provide an explanation of budget variances for the year. Budgeted operating revenues exceeded actual by \$40,743. Budgeted operating expenditures exceeded actual by \$401,074.

**WEST JEFFERSON COUNTY MUNICIPAL WATER DISTRICT
CONDENSED BUDGET TO ACTUAL COMPARISON
FOR THE YEAR ENDED APRIL 30, 2025**

| | Original Budget | Final Budget | Actual | Final Budget Variance Positive (Negative) |
|--|--------------------|---------------------|---------------------|--|
| OPERATING REVENUES | | | | |
| Water Operations | \$ 2,752,015 | \$ 2,797,500 | \$ 2,756,757 | \$ (40,743) |
| TOTAL OPERATING REVENUES | <u>2,752,015</u> | <u>2,797,500</u> | <u>2,756,757</u> | <u>(40,743)</u> |
| OPERATING EXPENSES | | | | |
| Water Operations | 2,422,500 | 2,418,000 | 2,016,926 | 401,074 |
| TOTAL OPERATING EXPENSES | <u>2,422,500</u> | <u>2,418,000</u> | <u>2,016,926</u> | <u>401,074</u> |
| OPERATING INCOME | <u>329,515</u> | <u>379,500</u> | <u>739,831</u> | <u>360,331</u> |
| NON-OPERATING REVENUES (EXPENSES) | | | | |
| Interest & Other Revenues | 59,500 | 10,500 | 101,574 | 91,074 |
| Loss on Disposal of Assets | 1,000 | 1,000 | - | (1,000) |
| Interest expense | - | - | (13,018) | (13,018) |
| Grant Revenue | - | - | 1,716,797 | 1,716,797 |
| TOTAL NON-OPERATING REVENUES (EXPENSES) | <u>60,500</u> | <u>11,500</u> | <u>1,805,353</u> | <u>1,793,853</u> |
| CHANGE IN NET POSITION - BUDGET BASIS | <u>\$ 390,015</u> | <u>* \$ 391,000</u> | <u>2,545,184</u> | <u>\$ 2,154,184</u> |
| DEPRECIATION AND AMORTIZATION | | | <u>462,178</u> | |
| CHANGE IN NET POSITION - GAAP BASIS | | | <u>\$ 2,083,006</u> | |

* This amount represents the District's annual payment on debt and reservation of funds for future capital projects and/or repairs & maintenance.

Capital Asset and Debt Administration

Capital assets. The West Jefferson County Municipal Water District investment in capital assets as of April 30, 2025, amounts to \$11,798,154 net of accumulated depreciation. This investment in capital assets includes land, buildings, water and sewer improvements other than buildings, and machinery and equipment.

The District continued to work toward the completion of three major projects: a ground storage tank, an elevated storage tank, and the Major/IH 10 waterline extension. Costs as of the fiscal year end was \$2,114,510. Additional information on the District's capital assets can be found in Note 4.

The following schedule reflects changes in capital assets for the year ended April 30, 2025.

**WEST JEFFERSON COUNTY MUNICIPAL WATER DISTRICT
 CAPITAL ASSETS
 FOR THE YEAR ENDED APRIL 30, 2025**

| | 2025 | 2024 | Change |
|--|----------------------|----------------------|---------------------|
| Land | \$ 261,252 | \$ 181,252 | \$ 80,000 |
| Construction in progress | 2,114,510 | 195,400 | 1,919,110 |
| Depreciable assets | 16,965,825 | 16,935,361 | 30,464 |
| Total Capital Assets | 19,341,587 | 17,312,013 | 2,029,574 |
| Less accumulated depreciation and amortization | 7,543,433 | 7,107,237 | 436,196 |
| Capital Assets net of accumulated depreciation and amortization | <u>\$ 11,798,154</u> | <u>\$ 10,204,776</u> | <u>\$ 1,593,378</u> |

Long-term debt. The District's long-term debt balance is \$830,960 (original amount) to be used to fund a Water Meter System upgrade. The District has sufficient reserves established for debt service requirements on its long-term debt. Additional information on the District's long-term debt can be found in Note 3.

The net pension liability/(asset) is actuarially determined and both increases and decreases as a result of actuaries calculations. The liability/(asset) is determined based upon projected benefits and the projected value of the pension plan's assets. Thus, there are no annual debt service requirements for this liability. More information can be obtained on the net pension liability in Note 5.

**WEST JEFFERSON COUNTY MUNICIPAL WATER DISTRICT
 LONG-TERM DEBT
 FOR THE YEAR ENDED APRIL 30, 2025**

| | Beginning Balance | Additions | Deletions | Ending Balance |
|-----------------------|----------------------|-------------|-------------------|-------------------|
| Series 2012 bonds | \$ 608,405 | \$ - | \$ 115,585 | \$ 492,820 |
| Net pension liability | 175,893 | - | 155,815 | 20,078 |
| Total | <u>\$ 784,298</u> | <u>\$ -</u> | <u>\$ 271,400</u> | <u>\$ 512,898</u> |

Economic Factors and Next Year's Budgets and Rates

The District is confident in its financial stability. The stable outlook reflects the Board of Director's historical commitment to maintaining sound reserves and adequate planning, which provides stability even through economic uncertainty. This stability will allow the District to continue to provide services for the residents of the West Jefferson County Municipal Water District.

Under ideal conditions, preparing the proposed budget would not require the consideration of an increase in fees or the reduction of service levels. In prior years, increases in the number of customers and other revenue categories have been sufficient to fund District supported programs. The District anticipates minimum rate changes for fiscal year 2026. As a result, the District expects that program revenues and expenses will be fairly consistent with fiscal year 2025 amounts. See below for a summary of the District's current water rates.

**WATER RATES
AS OF JANUARY 1, 2024**

Monthly minimum metered rate
(Including 2,000 gallons)

| <u>Meter Size</u> | <u>Rate</u> |
|-------------------|-------------|
| 3/4" | \$ 29.78 |
| 1" | 49.42 |
| 1 1/2" | 98.26 |
| 2" | 157.81 |
| 3" | 279.89 |
| 4" | 494.27 |
| 6" | 841.45 |

Requests for Information

This financial report is designed to provide a general overview of the West Jefferson County Municipal Water District finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the General Manager at 7824 Glenbrook Dr., Beaumont, TX 77705.

This page intentionally left blank.

BASIC FINANCIAL STATEMENTS

**WEST JEFFERSON COUNTY MUNICIPAL WATER DISTRICT
STATEMENT OF NET POSITION
APRIL 30, 2025**

| | |
|---|----------------------|
| <u>ASSETS</u> | |
| Cash and cash equivalents | \$ 2,999,510 |
| Accounts receivable | 314,713 |
| Restricted cash and cash equivalents: | |
| Construction | 40,000 |
| Customer deposits | 212,371 |
| Due from other governments | 1,222,243 |
| Prepays | 52,256 |
| Capital assets: | |
| Land | 261,252 |
| Construction in Progress | 2,114,510 |
| Other capital assets, net of accumulated depreciation | 9,422,392 |
| TOTAL ASSETS | <u>16,639,247</u> |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | |
| Differences between expected and actual experience | 9,385 |
| Differences between projected and actual earnings on pension plan | 235,964 |
| Contributions made subsequent to measurement date | 36,962 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | <u>282,311</u> |
| <u>LIABILITIES</u> | |
| Accounts payable | 499,807 |
| Accrued liabilities | 108,322 |
| Interest payable | 11,347 |
| Customer deposits | 206,124 |
| Debt payable - current | 118,556 |
| Debt payable - noncurrent | 374,264 |
| Net Pension Liability | 20,078 |
| TOTAL LIABILITIES | <u>1,338,498</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | |
| Differences between expected and actual experience | 4,046 |
| Differences between projected and actual earnings on pension plan | 288,317 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>292,363</u> |
| <u>NET POSITION</u> | |
| Net investment in capital assets | 11,305,334 |
| Restricted for: | |
| Customer deposits | 6,247 |
| Construction | 40,000 |
| Unrestricted | 3,939,116 |
| TOTAL NET POSITION | <u>\$ 15,290,697</u> |

The notes to the financial statements are an integral part of this statement

**WEST JEFFERSON COUNTY MUNICIPAL WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION
FOR THE YEAR ENDED APRIL 30, 2025**

| | |
|--|---------------------------------|
| <u>REVENUES/CHARGES FOR PROGRAM SERVICES</u> | |
| Water service | \$ 2,248,440 |
| Sewer service | 336,946 |
| Tap connection & inspection fees | 120,468 |
| Late charges | 38,640 |
| Miscellaneous | 12,263 |
| TOTAL REVENUES/CHARGES FOR PROGRAM SERVICES | <u><u>2,756,757</u></u> |
| <u>DIRECT EXPENSES</u> | |
| Personnel | 934,309 |
| Professional services | 33,776 |
| Purchased and contract services | 379,550 |
| Consumables supplies and materials | 200,787 |
| Recurring expenses and repairs | 468,504 |
| Depreciation | 462,178 |
| TOTAL DIRECT EXPENSES | <u><u>2,479,104</u></u> |
| OPERATING INCOME/EXCESS (DEFICIENCY) OF CHARGES FOR PROGRAM SERVICES OVER DIRECT EXPENSES | |
| | <u>277,653</u> |
| <u>OTHER FINANCING SOURCES (USES) /</u> | |
| <u>GENERAL REVENUES AND INDIRECT EXPENSES</u> | |
| Grant revenue | 1,716,797 |
| Interest revenue | 101,574 |
| Interest expense | (13,018) |
| TOTAL OTHER FINANCING SOURCES (USES)/GENERAL REVENUES AND INDIRECT EXPENSES | <u><u>1,805,353</u></u> |
| CHANGE IN NET POSITION | 2,083,006 |
| NET POSITION - APRIL 30, 2024 | 13,207,691 |
| NET POSITION - APRIL 30, 2025 | <u><u>\$ 15,290,697</u></u> |

The notes to the financial statements are an integral part of this statement

**WEST JEFFERSON COUNTY MUNICIPAL WATER DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED APRIL 30, 2025**

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|-------------------------|
| Customer receipts | 2,722,187 |
| Payments to employees | (1,020,345) |
| Payments to suppliers | (614,115) |
| Other receipts (payments) | 20,471 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>1,108,198</u> |

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

| | |
|---|---------------------------|
| Proceeds from other governments for capital projects | 494,554 |
| Principal paid on capital debt | (63,915) |
| Interest paid on capital debt | (15,636) |
| Purchase of capital assets | (2,107,226) |
| NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | <u>(1,692,223)</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|---|-----------------------|
| Interest income | 101,574 |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | <u>101,574</u> |

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (482,451)

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 3,734,332

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 3,251,881

Supplemental Disclosure:

Interest paid during year \$ 15,636

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED (USED) BY OPERATING ACTIVITIES**

OPERATING INCOME: \$ 277,653

ADJUSTMENTS:

| | |
|--------------------------|-----------------------|
| Depreciation expense | 462,178 |
| (Increase) Decrease in: | |
| Accounts receivable | (22,307) |
| Prepaid expenses | (2,128) |
| Deferred Outflows | 130,710 |
| Increase (Decrease) in: | |
| Accounts payable | 455,790 |
| Accrued liabilities | 14,840 |
| Customer deposits | 8,208 |
| Deferred Inflows | (60,931) |
| Net Pension Liability | (155,815) |
| TOTAL ADJUSTMENTS | <u>830,545</u> |

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: \$ 1,108,198

**WEST JEFFERSON COUNTY MUNICIPAL WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2025**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the West Jefferson County Municipal Water District (the "District") have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The West Jefferson County Municipal Water District was created by H. B. 2136 of the 65th Texas Legislature, May 30, 1977, and on February 14, 1978, took over the management and operations of the Cheek-Fannett Water Supply Corporation. The District's first organizational meeting of the board of directors was held June 16, 1977. The District operates primarily under Chapter 54 and 49 of the Texas Water Code.

Cheek-Fannett Water Supply Corporation was a non-profit corporation, Texas Charter No. 236171 dated June 26, 1967, formed for the purpose of furnishing water to private corporations and individuals in the rural communities of Cheek, Fannett, and LaBelle, Jefferson County, Texas.

The construction of the water system was financed primarily with a loan from the Department of Housing and Urban Development in the amount of \$605,000. The balance of the cost of the project was paid from members' deposits. The water system began operations in May, 1969.

The District has adopted Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity". In accordance with this statement, a financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The District is governed by a Board of Directors consisting of seven individuals who are residents or owners of property within the District and are elected by voters within the District. As required by generally accepted accounting principles, these financial statements present the activities of the District which is considered to be the primary government as well as the reporting entity. There are no other organizations which meet the criteria for inclusion herein as part of the financial reporting entity.

B. Fund Financial Statements

The fund financial statements consist of the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. They report information on all of the nonfiduciary activities of the government.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Financial Statements (continued)

The Statement of Revenues, Expenses, and Changes in Net Position demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Investment earnings and other items not properly included among program revenue are reported instead as *general revenue*.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The District has the following major proprietary fund:

Enterprise Funds – Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises when the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed through user charges. The predominant functions of the District's operations are maintained in the Water and Sewer Fund. The Water and Sewer Fund is accounted for as an enterprise activity.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services, and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Water and Sewer Fund are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

D. Restricted Assets

The District designates enough cash to refund customer deposits received, maintains separate accounts to report resources set aside for painting and maintenance, replacement and repairs, and priority capital projects. As of April 30, 2025, the District restricted in cash & cash equivalents \$40,000 for construction (i.e. painting and maintenance), and \$212,371 of customer deposits.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Cash Equivalents

The District considers all restricted and unrestricted demand deposit accounts and short-term time deposits to be cash and cash equivalents (maturities of less than 12 months or less). The board has designated \$1,579,139 of the \$2,999,510 unrestricted cash and cash equivalents to be used for future repairs and capital projects.

F. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the fund financial statements. Capital assets are defined by the primary government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets under the \$5,000 threshold but over \$500 are not capitalized for depreciation purposes but are tracked for inventory purposes.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following useful lives:

| <u>Asset</u> | <u>Years</u> |
|----------------------|--------------|
| Water Plant | 40 |
| Water Lines | 50 |
| Buildings | 35 |
| Equipment & Vehicles | 5 – 10 |
| Sewer Improvements | 5 – 25 |

G. Long-term Obligations

In the government-wide financial statements and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type activities Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenditures in the year of issuance.

H. Net Position

The District maintains three classifications of net position: Net Investment in Capital Assets, Restricted Net Position, and Unrestricted Net Position. Restricted Net Position is further classified by the purposes for which the restriction exists (e.g. Debt Service). When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's informal policy is to first apply restricted resources.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Inventories

Inventories are valued at cost using first-in, first-out basis which approximates market. Inventory consists of expendable supplies held for consumption and the cost thereof is recorded as expenditures as the individual inventory items are issued (consumption method).

J. Budget

The District is required by state law to adopt an annual budget. The budget is to be approved by the Board of Directors and may be amended or modified as needed during the year. The budget is not prepared on the accrual basis of accounting which is not consistent with accounting principles generally accepted in the United States of America. Budgetary accounting is followed as a means of controlling spending by the Board of Directors and management. Appropriations lapse at year end.

K. Use of Estimates

Preparation of these financial statements in conformity with generally accepted accounting principles (GAAP) requires the use of management's estimates. Actual results could differ from these estimates.

L. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefits

Effective January 1, 1992, the District instituted a new accumulated sick pay benefit policy which allows employees with at least ten years of continuous service who terminate employment to receive payment for one-half of their unused sick leave up to maximum of ninety days. District employees are also eligible for vacation after serving twelve consecutive months. The number of vacation days earned is based upon the employee's years of service. The below liability is included in accrued liabilities on the Statement of Net Position. The accumulated unpaid vacation and sick pay (accrued compensated absences) benefits amount increased \$15,992 from the prior year; the balance at April 30, 2025 is \$82,880.

M. 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; injuries to employees; and natural disasters. Most of these risks are protected by insurance. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

NOTE 2 - DEPOSITS, SECURITIES AND INVESTMENTS

The District's funds are required to be deposited and invested under the terms of the Texas Water Code §49.156 and §49.157 and Vernon's Texas Civil statutes, Article 842a-2 and Article 2529-b. The District's funds at Texas First Bank, are covered by the Federal Deposit Insurance Corporation (FDIC) which covers deposits of up to \$250,000 for the total of all time and savings deposits and \$250,000 for the total of all demand deposits held by each bank.

In addition to FDIC coverage, the District's funds at Texas First Bank are secured by pledged securities held in safekeeping as authorized by Chapter 2257 Collateral for Public Funds of the Government Code. The deposits were collateralized in accordance with Texas Law as of April 30, 2025.

At April 30, 2025, the District's carrying amount for cash deposits was \$1,334,494 and the bank balance was \$1,435,655.

The cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are:

- Category 1 Deposits which are insured or collateralized with securities held by the entity or its agent in the entity's name.
- Category 2 Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- Category 3 Deposits which are not collateralized.

Based on these three levels of risk, all of the District's cash deposits as of April 30, 2025, are classified as category 1.

Temporary Investments

Statutes authorize the District to invest in obligations of the U. S. Treasury or the State of Texas, certain U. S. agencies, certificates of deposits, money market savings accounts, certain municipal securities, repurchase agreements, common trust funds and other investments specifically allowed by Chapter 2256 Public Funds Investment and Chapter 2257 Collateral for Public Funds of the Government Code.

Similar to cash deposits, investments held at a financial institution can be categorized according to three levels of risk. These three levels of risk are:

- Category 1 Investments that are insured, registered or held by the entity or by its agent in the entity's name.
- Category 2 Investments that are uninsured and unregistered held by the counterparty's trust department or agent in the entity's name.
- Category 3 Uninsured and unregistered investments held by the counterparty, its trust department or its agent, but not in the entity's name.

NOTE 2 - DEPOSITS, SECURITIES AND INVESTMENTS (CONTINUED)

Based on these three levels of risk, all of the District's investments are classified as category 1.

The District's temporary investments at April 30, 2025, are shown below:

| <u>Name</u> | <u>Reported Amount</u> | <u>Fair Value</u> | <u>Category</u> |
|-------------------------|----------------------------|-----------------------|-----------------|
| Certificates of Deposit | \$ 175,000 | \$ 175,000 | 1 |

As of year-end the District had three investment accounts with Texas Short Term Asset Reserve Program (TexSTAR). TexSTAR has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of Texas Government Code, and the Public funds Investment Act, Chapter 2256 of the Texas Government Code. These two acts provide for the creation of public funds investment pools and permit eligible governmental entities to jointly invest their funds in authorized investments.

The primary objectives of TexSTAR are preservation and safety principal, liquidity, and yield. Investments include only those authorized by both the Public Funds Investment Act and the TexSTAR Investment Policy, which is available through its website. TexSTAR seeks to maintain a net asset value of \$1.00 and is designed to be used for investment funds which may be needed at any time. The investment pool must maintain an AAA or equivalent rating from at least one nationally recognized rating organization. It is currently rated as AAAM by Standard & Poor's.

The carrying value of the District's accounts was \$1,915,152 (carried at amortized cost, which approximates fair value). Investments by the District in investment pools are considered unclassified as to credit risk because they are not evidenced by securities that exist in physical or book entry form. As of year-end, the District had designated \$1,779,519 for debt service and capital projects.

The Public Funds Investment Act requires an annual audit of investment practices. Audit procedures in this area disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District had adhered to the requirements of the Act.

The District reports its investments in accordance with the provisions of GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Pools" (Statement). Those provisions require that certain investments be reported at fair value, rather than at cost or amortized cost, and that the changes in the fair value of investments be recognized as investment revenue. The Statement further provides that the District has the option of continuing to report certain investments at cost or amortized cost but must disclose its policy in this report.

In accordance with GASB Statement No. 31, the District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

NOTE 3 – CHANGES IN LONG-TERM DEBT

The following is a summary of all long-term debt transactions of the District for the year ended April 30, 2025:

| <u>Long-Term Debt</u> | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deductions</u> | <u>Ending Balance</u> |
|-----------------------|--------------------------|------------------|-------------------|-----------------------|
| Series 2012 | \$ 608,405 | \$ - | \$ 115,585 | \$ 492,820 |
| Net pension liability | 175,893 | - | 155,815 | 20,078 |
| | <u>\$ 784,298</u> | <u>\$ -</u> | <u>\$ 271,400</u> | <u>\$ 512,898</u> |

Long-term debt at April 30, 2025, is comprised of the following:

Government Capital Corporation

The District entered into a debt-purchase agreement on June 25, 2021 with the Government Capital Corporation for the purpose of replacing and upgrading the District's water meter system (3,196 meters). The debt agreement is to be paid in seven annual payments of \$131,221.31 beginning June 25, 2022. The total principal was \$830,960 and the interest rate is 2.57%. The principal balance at April 30, 2025 is \$492,820. The project was in progress at year-end and is reflected in construction in progress. The annual requirements are as follows:

June 25,

| <u>Year</u> | <u>Interest</u> | <u>Principal</u> | <u>Total</u> |
|-------------|------------------|-------------------|-------------------|
| 2025 | \$ 12,665 | \$ 118,556 | \$ 131,221 |
| 2026 | 9,618 | 121,603 | 131,221 |
| 2027 | 6,494 | 124,728 | 131,222 |
| 2028 | 3,289 | 127,933 | 131,222 |
| | <u>\$ 32,066</u> | <u>\$ 492,820</u> | <u>\$ 524,886</u> |

Net pension liability / (asset) - More information on the net pension liability can be found in Note 5.

NOTE 4 - CAPITAL ASSETS

A summary of changes in the capital assets for the primary government for the year ended April 30, 2025 follows:

| | Balance May 1, 2024 | Additions | Transfers/ Deletions | Balance April 30, 2025 |
|--|------------------------|---------------------|-------------------------|---------------------------|
| <u>Business Type Activities</u> | | | | |
| Capital assets, not being depreciated: | | | | |
| Construction in Progress | \$ 195,400 | \$ 1,932,610 | \$ (13,500) | \$ 2,114,510 |
| Land | 181,252 | 80,000 | - | 261,252 |
| Total Capital Assets, not being depreciated | <u>376,652</u> | <u>2,012,610</u> | <u>(13,500)</u> | <u>2,375,762</u> |
| Capital assets, being depreciated: | | | | |
| Organizational costs | 15,221 | - | - | 15,221 |
| Buildings | 148,617 | - | - | 148,617 |
| Furniture and fixtures | 19,983 | - | (19,983) | - |
| Machinery and equipment | 211,033 | 52,271 | (6,000) | 257,304 |
| Vehicles | 198,965 | - | - | 198,965 |
| Sewer System | 1,603,036 | - | - | 1,603,036 |
| Water System | 14,738,506 | 55,845 | (51,670) | 14,742,681 |
| Total Capital Assets, being depreciated | <u>16,935,361</u> | <u>108,116</u> | <u>(77,653)</u> | <u>16,965,824</u> |
| Less accumulated depreciation: | (7,107,237) | (462,178) | 25,983 | (7,543,432) |
| Total Capital Assets, being depreciated, net | <u>9,828,124</u> | <u>(354,062)</u> | <u>(51,670)</u> | <u>9,422,392</u> |
| Business-type Activities Capital Assets, net | <u>\$10,204,776</u> | <u>\$ 1,658,548</u> | <u>\$ (65,170)</u> | <u>\$ 11,798,154</u> |

The District continued toward completion of three grant projects funded with American Rescue Plan Act (ARPA) funds received from Jefferson County as a subrecipient. The construction in progress expenditures totaled \$2,114,510 as of the fiscal year end. The projects include an elevated storage tank, a ground storage tank, and a waterline extension project.

NOTE 5 - RETIREMENT PLAN

Plan Description: The District provides retirement, disability, and death benefits for all of its employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS).

The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of more than 500 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, with the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 10 or more years of service, with 30 years of service regardless of age, or when the sum of their

NOTE 5 – RETIREMENT PLAN (CONTINUED)

age and years of service equals 75 or more. Members are vested after 10 years of service but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal deposits in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity purchase rate prescribed by the TCDRS Act.

Funding Policy: The employer has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rates of 14.92% and 14.37% for the months of the accounting years 2024 and 2025 respectively. The contribution rate payable by the employee members is the rate of 6.0% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Contributions: The required contribution rate was determined as part of the December 31, 2024 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2024 included (a) 7.5% investment rate of return (net of administrative expenses), and (b) projected salary increases of 4.7%. Both (a) and (b) included inflation 2.5%.

For the employer's accounting year ended April 30, 2025, the annual pension contribution for the TCDRS plan by its employees was \$41,253 and the employer cost was \$101,172.

Actuarial Assumptions: The actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study for the period January 1, 2017 through December 31, 2020, except where required to be different by GASB 68. The following are the key assumptions and methods used for GASB 68 calculations:

Valuation Timing - Actuarial determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Cost Method - Entry age normal.

Amortization Method - Level percentage of payroll, closed.

Asset Valuation Method - 5 year smoothed market

Inflation - 2.5%

Salary Increases - 4.7% average over career including inflation. Varies by age and service.

Investment Rate of Return - 7.5% net of admin fees and investment expenses, including inflation.

Retirement Age - Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at retirement for recent retirees is 61.

Mortality - 135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retiree Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

NOTE 5 – RETIREMENT PLAN (continued)

Actuarial Assumptions (continued):

Changes in Assumptions and methods reflected in Schedule of Employer Contributions –

2017: New mortality assumptions were reflected.

2019: New inflation, mortality and other assumptions were reflected

2022: New investment return and inflation assumptions were reflected.

Changes in Plan Provisions reflected in the Schedule of Employer Contributions –

2016: No changes in plan provisions were reflected.

2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.

2018 - 2023: No changes in plan provisions were reflected in the Schedule.

Long-Term Expected Rate of Return: The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2025 information for a 10-year time horizon. Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a long-term time horizon.

| Asset Class | Benchmark | Target Allocation | Geometric Real Rate of Return (Expected minus Inflationary) ⁽²⁾ |
|------------------------------------|--|-------------------|--|
| US Equities | Dow Jones U.S. Total Stock Market Index | 13.00% | 5.35% |
| Global Equities | MSCI World (net) index | 4.00% | 5.15% |
| International Equities | 50% MSCI World Ex USA (net) + 50% MSCI | | |
| - Developed | World ex USA100% Hedged to USD (net) Index | 6.00% | 4.75% |
| International Equities | 50% MSCI EM Standard (net) Index + 50% MSCI | | |
| - Emerging | EM 100% Hedged to USD (net) Index | 0.00% | 4.75% |
| Investment-Grade Bonds | Bloomberg Barclays Capital Aggregate Bond Index | 3.00% | 2.55% |
| Strategic Credit | FTSE High-Yield Cash-Pay Capped Index | 9.00% | 3.70% |
| Direct Lending | Morningstar LSTAUS Leveraged Loan TR USD Index | 16.00% | 6.85% |
| Distressed Debt | Cambridge Associates Distressed Securities Index | 4.00% | 6.80% |
| REIT Equities | 67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIt (net) Index | 2.00% | 3.95% |
| Commodities | Bloomberg Commodities Index | 2.00% | 1.00% |
| Master Limited Partnerships (MLPs) | Alerian MLP Index | 2.00% | 4.95% |
| Private Real Estate | Cambridge Associates Real Estate Index | 6.00% | 5.75% |
| Partnerships | | | |
| Private Equity | Cambridge Associates Global Private Equity & Venture Capital Index | 25.00% | 8.15% |
| Hedge Funds | Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index | 6.00% | 3.60% |
| Cash Equivalents | 90-Day US Treasury | 2.00% | 1.10% |

NOTE 5 – RETIREMENT PLAN (continued)

Changes in Net Pension Liability / (Asset)

| | Total Pension Liability (a) | Increase (Decrease) Fiduciary Net Position (b) | Net Pension Liability / (Asset) (a) - (b) |
|--|--------------------------------|---|--|
| Balances as of December 31, 2023 | \$ 4,550,204 | \$ 4,374,311 | \$ 175,893 |
| Changes for the year: | | | |
| Service Cost | 80,031 | - | 80,031 |
| Interest on total pension liability ⁽¹⁾ | 341,310 | - | 341,310 |
| Effect of plan changes ⁽²⁾ | - | - | - |
| Effect of economic/demographic gains or losses | (6,069) | - | (6,069) |
| Effect of assumptions changes or inputs | - | - | - |
| Refund of contributions | (3,237) | (3,237) | - |
| Benefit payments | (280,583) | (280,583) | - |
| Administrative expenses | - | (2,538) | 2,538 |
| Member contributions | - | 39,462 | (39,462) |
| Net investment income | - | 442,787 | (442,787) |
| Employer contributions | - | 98,128 | (98,128) |
| Other ⁽³⁾ | - | (6,752) | 6,752 |
| Balances as of December 31, 2024 | <u>\$ 4,681,656</u> | <u>\$ 4,661,578</u> | <u>\$ 20,078</u> |

⁽¹⁾ Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

⁽²⁾ No plan changes valued

⁽³⁾ Relates to allocation of system-wide items.

| | <u>12/31/2024</u> | <u>12/31/2023</u> |
|--|--------------------|--------------------|
| Total pension liability | <u>\$4,681,656</u> | <u>\$4,550,203</u> |
| Fiduciary net position | <u>4,661,578</u> | <u>4,374,310</u> |
| Net pension liability / (asset) | 20,079 | 175,893 |
| Fiduciary net position as a % of total pension liability | 99.6% | 96.1% |
| Pensionable covered payroll* | \$ 657,697 | \$ 624,006 |
| Net pension liability as a % of covered payroll | 3.1% | 28.2% |

Note rounding differences may exist

** Payroll is calculated based on contributions as reported to TCDRS*

NOTE 5 – RETIRMENT PLAN (continued)

Sensitivity Analysis: The following presents the net pension liability of the county/district, calculated using the discount rate of 7.60%, as well as what the District’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---------------------------------|--------------|-----------------------|--------------|
| | 6.60% | 7.60% | 8.60% |
| Total pension liability | \$ 5,200,288 | \$ 4,681,655 | \$ 4,235,262 |
| Fiduciary net position | 4,661,577 | 4,661,577 | 4,661,577 |
| Net pension liability / (Asset) | \$ 538,711 | \$ 20,078 | \$ (426,315) |

Pension Expense / (Income)

| | January 1, 2024 to December 31, 2024 |
|---|---|
| Service cost | \$ 80,031 |
| Interest on total pension liability | 341,310 |
| Effect of plan changes | - |
| Administrative expenses | 2,538 |
| Member contributions | (39,462) |
| Expected investment return net of investment expenses | (326,646) |
| Recognition of deferred inflows/outflows of resources | |
| Recognition of economic/demographic gains or losses | 15,069 |
| Recognition of assumption changes or inputs | (2,389) |
| Recognition of investment gains or losses | (60,746) |
| Other ⁽²⁾ | 6,753 |
| Pension expense / (income) | <u>\$ 16,458</u> |

⁽¹⁾ Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

⁽²⁾ Relates to allocation of system-wide items

NOTE 5 – RETIREMENT PLAN (continued)

Deferred Inflows / Outflows of Resources:

As of December 31, 2024, the deferred inflows and outflows of resources are as follows:

| | <u>Deferred Inflows of Resources</u> | <u>Deferred Outflows of Resources</u> |
|--|--|---|
| Differences between expected and actual experience | \$ 4,046 | \$ 9,382 |
| Change of assumptions | - | - |
| Net difference between projected and actual earnings | 52,355 | - |
| Contributions made subsequent to measurement date | N/A | 36,962 |

Amounts reported as deferred outflows of resources and relate to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

| Year ended December 31: | | |
|-------------------------|----|----------|
| 2025 | \$ | (36,999) |
| 2026 | | 65,210 |
| 2027 | | (52,001) |
| 2028 | | (23,229) |
| 2029 | | - |
| Thereafter | | - |

NOTE 6 – SUBSEQUENT EVENTS

The West Jefferson County Municipal Water District has evaluated subsequent events through September 6, 2025, the date on which the financial statements were available for issue.

This page intentionally left blank.

**WEST JEFFERSON COUNTY MUNICIPAL WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL - WATER & SEWER FUND
FOR THE YEAR ENDED APRIL 30, 2025**

| | Original Budget | Final Budget | Actual | Final Budget Variance Positive (Negative) |
|--|--------------------|---------------------|----------------------|--|
| OPERATING REVENUES | | | | |
| Water service | \$ 2,301,000 | \$ 2,301,000 | \$ 2,248,440 | \$ (52,560) |
| Sewer service | 315,000 | 331,000 | 336,946 | 5,946 |
| Tap connections & inspection fees | 88,000 | 113,000 | 120,468 | 7,468 |
| Late charges | 35,000 | 38,000 | 38,640 | 640 |
| Miscellaneous | 13,015 | 14,500 | 12,263 | (2,237) |
| TOTAL OPERATING REVENUES | <u>2,752,015</u> | <u>2,797,500</u> | <u>2,756,757</u> | <u>(40,743)</u> |
| OPERATING EXPENSES | | | | |
| Personnel | 1,038,500 | 1,061,500 | 934,309 | 127,191 |
| Professional services | 58,700 | 50,200 | 33,776 | 16,424 |
| Purchased and contract services | 337,000 | 402,000 | 379,550 | 22,450 |
| Consumable supplies and materials | 246,000 | 254,500 | 200,787 | 53,713 |
| Recurring expenses and repairs | 742,300 | 649,800 | 468,504 | 181,296 |
| TOTAL OPERATING EXPENSES | <u>2,422,500</u> | <u>2,418,000</u> | <u>2,016,926</u> | <u>401,074</u> |
| OPERATING INCOME - BUDGET BASIS | <u>329,515</u> | <u>379,500</u> | <u>739,831</u> | <u>360,331</u> |
| NON-OPERATING REVENUES (EXPENSES) | | | | |
| Loss on disposal of assets | 1,000 | 1,000 | - | (1,000) |
| Grant proceeds | - | - | 1,716,797 | |
| Interest on investments | 59,500 | 10,500 | 101,574 | 91,074 |
| Interest expense | - | - | (13,018) | (13,018) |
| TOTAL NON-OPERATING REVENUES (EXPENSES) | <u>60,500</u> | <u>11,500</u> | <u>1,805,353</u> | <u>77,056</u> |
| CHANGE IN NET POSITION - BUDGET BASIS | <u>\$ 390,015</u> | <u>* \$ 391,000</u> | <u>2,545,184</u> | <u>\$ 437,387</u> |
| DEPRECIATION AND AMORTIZATION | | | <u>462,178</u> | |
| CHANGE IN NET POSITION - GAAP BASIS | | | <u>2,083,006</u> | |
| NET POSITION - APRIL 30, 2024 | | | <u>13,207,691</u> | |
| NET POSITION - APRIL 30, 2025 | | | <u>\$ 15,290,697</u> | |

* This amount represents the District's annual principal payment on debt and reservation of funds for future capital projects and/or repairs & maintenance.

**WEST JEFFERSON COUNTY MUNICIPAL WATER DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED APRIL 30, 2025**

| | Year Ended December 31, | | | | | | | | | |
|--|-------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Total Pension Liability | | | | | | | | | | |
| Service Cost | \$ 80,031 | \$ 75,944 | \$ 77,847 | \$ 74,559 | \$ 65,203 | \$ 67,608 | \$ 68,177 | \$ 66,785 | \$ 73,277 | \$ 71,589 |
| Interest on total pension liability | 341,310 | 331,451 | 321,003 | 311,665 | 305,615 | 296,094 | 286,756 | 277,567 | 258,488 | 248,047 |
| Effect of plan changes | - | - | - | - | - | - | - | - | - | (269) |
| Effect of assumption changes or inputs | - | - | - | (9,562) | 202,251 | - | - | (5,360) | - | 20,085 |
| Effect of economic/demographic (gains) or losses | (6,069) | 5,014 | 27,510 | 35,846 | 27,237 | (2,289) | (12,104) | (24,704) | 30,449 | (100,188) |
| Benefit payments/refunds of contributions | (283,820) | (289,626) | (284,429) | (301,110) | (263,154) | (220,604) | (233,093) | (172,575) | (143,039) | (61,490) |
| Net change in total pension liability | 131,452 | 122,783 | 141,931 | 111,398 | 337,252 | 140,809 | 109,736 | 141,713 | 219,175 | 177,774 |
| Total pension liability, beginning | 4,550,204 | 4,427,421 | 4,285,490 | 4,174,092 | 3,836,840 | 3,696,030 | 3,586,294 | 3,444,581 | 3,225,408 | 3,047,634 |
| Total pension liability, ending (a) | \$ 4,681,656 | \$ 4,550,204 | \$ 4,427,421 | \$ 4,285,490 | \$ 4,174,092 | \$ 3,836,839 | \$ 3,696,030 | \$ 3,586,294 | \$ 3,444,581 | \$ 3,225,408 |
| Fiduciary Net Position | | | | | | | | | | |
| Employer contributions | 98,128 | 86,612 | 87,322 | 77,450 | 74,717 | 70,066 | 72,735 | 60,342 | 64,586 | 67,549 |
| Member contributions | 39,462 | 37,440 | 34,629 | 34,524 | 33,430 | 34,917 | 33,570 | 33,338 | 34,233 | 33,276 |
| Investment income net of investment expenses | 442,787 | 448,942 | (252,044) | 834,333 | 379,819 | 536,332 | (65,951) | 450,595 | 214,842 | (62,192) |
| Benefit payments/refunds of contributions | (283,820) | (289,626) | (284,429) | (301,110) | (263,154) | (220,604) | (233,093) | (172,575) | (143,039) | (61,490) |
| Administrative expenses | (2,538) | (2,284) | (2,403) | (2,454) | (2,852) | (2,804) | (2,622) | (2,304) | (2,335) | (2,102) |
| Other | (6,752) | (6,645) | (19,085) | (4,284) | (4,222) | (3,446) | (3,429) | (1,079) | 26,192 | (11,107) |
| Net change in fiduciary net position | 287,267 | 274,439 | (436,010) | 638,459 | 217,738 | 414,461 | (198,790) | 368,317 | 194,479 | (36,066) |
| Fiduciary net position, beginning | 4,374,311 | 4,099,872 | 4,535,882 | 3,897,423 | 3,679,685 | 3,265,223 | 3,464,013 | 3,095,699 | 2,901,220 | 2,937,286 |
| Fiduciary net position, ending (b) | \$ 4,661,578 | \$ 4,374,311 | \$ 4,099,872 | \$ 4,535,882 | \$ 3,897,423 | \$ 3,679,684 | \$ 3,265,223 | \$ 3,464,016 | \$ 3,095,699 | \$ 2,901,220 |
| Net Pension liability / (asset), ending = (a) - (b) | \$ 20,078 | \$ 175,893 | \$ 327,549 | \$ (250,392) | \$ 276,669 | \$ 157,155 | \$ 430,807 | \$ 122,278 | \$ 348,884 | \$ 324,188 |
| Fiduciary net position as a % of total pension liability | 99.57% | 96.13% | 92.60% | 105.84% | 93.37% | 95.90% | 88.34% | 96.59% | 89.87% | 89.95% |
| Pensionable covered payroll | 657,697 | 624,006 | 577,143 | 575,408 | 557,172 | 581,946 | 559,502 | 555,633 | 570,547 | 554,592 |
| Net pension liability as a % of covered payroll | 3.05% | 28.19% | 56.75% | -43.52% | 49.66% | 27.01% | 77.00% | 22.01% | 61.15% | 58.46% |

This schedule is prepared to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

**WEST JEFFERSON COUNTY MUNICIPAL WATER DISTRICT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED APRIL 30, 2025**

| Year Ending December 31, | Actuarially Determined Contribution ⁽¹⁾ | Actual Employer Contribution ⁽¹⁾ | Contribution Deficiency (Excess) | Pensionable Covered Payroll ⁽²⁾ | Actual Contributions as a % of Covered Payroll |
|-----------------------------|--|--|--|--|--|
| 2015 | 67,549 | 67,549 | - | 554,592 | 12.2% |
| 2016 | 64,586 | 64,586 | - | 570,547 | 11.3% |
| 2017 | 60,342 | 60,342 | - | 555,633 | 10.9% |
| 2018 | 72,735 | 72,735 | - | 559,502 | 13.0% |
| 2019 | 70,066 | 70,066 | - | 581,946 | 12.0% |
| 2020 | 74,717 | 74,717 | - | 557,172 | 13.4% |
| 2021 | 77,450 | 77,450 | - | 575,408 | 13.5% |
| 2022 | 87,322 | 87,322 | - | 577,143 | 15.1% |
| 2023 | 86,612 | 86,612 | - | 624,006 | 13.9% |
| 2024 | 98,128 | 98,128 | - | 657,697 | 14.9% |

⁽¹⁾ TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis.

⁽²⁾ Payroll is calculated based on contributions as reported to TCDRS.

This page intentionally left blank.

**WEST JEFFERSON COUNTY MUNICIPAL WATER DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED APRIL 30, 2025**

1. Services Provided by the District:

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

2. Retail Rates Based on 5/8" Meter Retail Rates Not Applicable

Most prevalent type of meter (if not a 5/8"): 3/4"

| | <u>Minimum Charge</u> | <u>Minimum Usage</u> | <u>Flat Rate Y/N</u> | <u>Rate per 1000 Gallons Over Minimum</u> | <u>Usage Levels</u> |
|-------------|-----------------------|----------------------|----------------------|---|---------------------|
| | | | | 4.62 | 2,001 to 8,000 |
| | | | | 4.94 | 8,001 to 15,000 |
| | | | | 5.48 | 15,001 to 300,000 |
| WATER: | \$ 29.78 | 2,000 | | 6.07 | Above 300,001 |
| WASTEWATER: | N/A | | | | |
| SURCHARGE: | N/A | | | | |

District employs winter averaging for wastewater usage? Yes No

Total water charges per 10,000 gallons usage (including surcharges) \$65.09

3. Retail Service Providers: Number of retail water and/or wastewater* connections within the District as of the fiscal year end. Provide actual numbers and single family equivalents (ESFC) as noted:

| | <u>Active Connections</u> | <u>Active ESFC</u> | <u>Inactive Connections (ESFC)**</u> |
|--|---------------------------|--------------------|--------------------------------------|
| Single Family | 3,132 | 3,132 | 609 |
| Multi-Family | 21 | 114 | 1 |
| Commercial | 203 | 208 | 20 |
| Other - recreational centers, government and VFD | 39 | 41 | 5 |
| TOTAL | <u>3,395</u> | <u>3,495</u> | <u>635</u> |

**WEST JEFFERSON COUNTY MUNICIPAL WATER DISTRICT
SERVICES AND RATES (CONTINUED)
FOR THE YEAR ENDED APRIL 30, 2025**

3. **Retail Service Providers:** Number of retail water and/or wastewater* connections within the District as of the fiscal year end. Provide actual numbers and single family equivalents (ESFC) as noted (Continued):

* Number of connections relates to water service, if provided. Otherwise, the number of wastewater connections should be provided.

** "Inactive" means that water and wastewater connections were made, but service is not being provided.

4. **Total water consumption during the fiscal year:**

Gallons pumped into system: 282,601,000

Gallons billed to customer: 250,210,500

5. **Standby Fees:** Does the District assess standby fees? Yes _____ No X

For the most recent full fiscal year, FYE _____ :

| | | |
|-------------------------------|----------------------|----------|
| Debt Service: | Total levy | \$ _____ |
| | Total collected | \$ _____ |
| | Percentage collected | _____ % |
| Operation and Maintenance: | Total levy | \$ _____ |
| | Total collected | \$ _____ |
| | Percentage Collected | _____ % |

Have standby fees been levied in accordance with Water Code Section 49.231, thereby constituting a lien on property? Yes _____ No X

6. **Anticipated sources of funds to be used for debt service payments in the District's following fiscal year:**

| | <u>Amount</u> |
|------------------------------------|---------------|
| a. Debt Service Tax Receipts | \$ _____ - |
| b. Surplus Construction Funds | \$ _____ - |
| c. Water and/or Wastewater Revenue | \$ _____ - |
| d. Standby Fees | \$ _____ - |

**WEST JEFFERSON COUNTY MUNICIPAL WATER DISTRICT
SERVICES AND RATES (CONTINUED)
FOR THE YEAR ENDED APRIL 30, 2025**

6. Anticipated sources of funds to be used for debt service payments in the district's following fiscal year (Continued):

| | <u>Amount</u> |
|---|------------------------------|
| e. Debt Service Fund Balance To Be Used | \$ <u> -</u> |
| f. Interest Revenues | \$ <u> -</u> |
| g. Other (Describe) | \$ <u> -</u> |
| _____ | _____ |
| _____ | _____ |
| TOTAL ANTICIPATED FUNDS TO BE USED | \$ <u> -</u> |

7. Location of District:

County(ies) in which district is located. Jefferson

Is the District located entirely within one county? Yes X No _____

Is the District located within a city? Entirely _____ Partly _____ Not at all X

City(ies) in which district is located. _____

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

Entirely _____ Partly X Not at all _____

ETJ's in which district is located. Beaumont Port Arthur

Is the general membership of the Board appointed by an office outside the district?

Yes _____ No X

If Yes, by whom? _____

**WEST JEFFERSON COUNTY MUNICIPAL WATER DISTRICT
SCHEDULE OF PROPRIETARY FUND OPERATING EXPENSES
FOR THE YEAR ENDED APRIL 30, 2024**

| | |
|--|---------------------|
| Personnel Expenses (including benefits) | \$ 934,309 |
| Professional Fees: | |
| Accounting | 19,500 |
| Legal | 10,881 |
| Engineering | - |
| Purchased Services For Resale: | |
| Bulk water and wastewater service purchases | 239,999 |
| Tap connection expenditures | 41,677 |
| Contracted Services: | |
| Bookkeeping (Customer Billing) | 70,772 |
| Utilities | 66,181 |
| Repairs and Maintenance | 249,955 |
| Administrative Expenditures: | |
| Directors' fees | 15,661 |
| Office supplies | 2,900 |
| Insurance | 44,963 |
| Chemicals | 129,542 |
| Other Expenses: | 190,586 |
| Depreciation | 462,178 |
| | <hr/> |
| TOTAL EXPENSES | \$ 2,479,104 |
| | <hr/> |
| Number of persons employed by the District: | 10 |

**WEST JEFFERSON COUNTY MUNICIPAL WATER DISTRICT
SCHEDULE OF TEMPORARY INVESTMENTS
FOR THE YEAR ENDED APRIL 30, 2025**

| | <u>Identification or Certificate Number</u> | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Balances End of Year</u> |
|---|---|--------------------------|--------------------------|---------------------------------|
| CERTIFICATES OF DEPOSIT | | | | |
| Certificate of Deposit - Unrestricted | 46032078 | 4.10% | 08/28/25 | \$ 40,000 |
| Certificate of Deposit - Unrestricted | 46032136 | 4.10% | 08/12/25 | 40,000 |
| Certificate of Deposit - Meter Deposits - Restricted | 40432341 | 3.55% | 04/21/26 | 10,000 |
| Certificate of Deposit - Meter Deposits - Restricted | 40432110 | 3.55% | 03/06/26 | 85,000 |
| TOTAL CERTIFICATES OF DEPOSIT | | | | <u><u>\$ 175,000</u></u> |
| PUBLIC FUNDS INVESTMENT POOL | | | | |
| TexSTAR Account: Debt/Capitol Designated | 1230810230 | Varies | | 1,106,242 |
| TexSTAR Account: General Fund | 1230811110 | Varies | | 135,633 |
| TexSTAR Account: Capital Projects Designated | 1230811890 | Varies | | 673,277 |
| TOTAL PUBLIC FUNDS INVESTMENT POOL | | | | <u><u>\$ 1,915,152</u></u> |

**WEST JEFFERSON COUNTY MUNICIPAL WATER DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS
FOR THE YEAR ENDED APRIL 30, 2025**

Annual Requirments for Capital Lease - Government Capital Corp
Dated June 25, 2021

| Fiscal Years Ending April 30, | June 25, Interest | Principal | Total Principal and Interest |
|----------------------------------|----------------------|-------------------|------------------------------------|
| 2026 | 12,665 | 118,556 | 131,221 |
| 2027 | 9,618 | 121,603 | 131,221 |
| 2028 | 6,494 | 124,728 | 131,222 |
| 2029 | 3,289 | 127,933 | 131,222 |
| | <u>\$ 32,066</u> | <u>\$ 492,820</u> | <u>\$ 524,886</u> |

**WEST JEFFERSON COUNTY MUNICIPAL WATER DISTRICT
ANALYSIS OF CHANGES IN LONG-TERM DEBT
FOR THE YEAR ENDED APRIL 30, 2025**

| | <u>Water Meters System Upgrade</u> |
|---|--|
| Interest rates | 2.57% |
| Dates interest payable | 25-Jun |
| Maturity dates | 6/2022 - 6/2028 |
| Debt outstanding at beginning of current year | \$ 608,405 |
| Additions to debt or bonds sold during current year | - |
| Retirement of principal during the current year | <u>(115,585)</u> |
| Debt outstanding at end of current year | <u>\$ 492,820</u> |
| Retirement of interest paid during current year | \$ 15,636 |

**WEST JEFFERSON COUNTY MUNICIPAL WATER DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES - PROPRIETARY FUND
FIVE YEARS ENDED APRIL 30, 2025**

| | AMOUNTS | | | | |
|--|------------------|------------------|------------------|------------------|------------------|
| | 4/30/2025 | 4/30/2024 | 4/30/2023 | 4/30/2022 | 4/30/2021 |
| <u>OPERATING REVENUES</u> | | | | | |
| Water service | \$ 2,248,440 | \$ 2,284,819 | \$ 2,105,841 | \$ 1,865,605 | \$ 1,887,944 |
| Sewer service | 336,946 | 313,332 | 289,212 | 275,006 | 273,935 |
| Tap connection & inspection fees | 120,468 | 132,445 | 131,615 | 73,950 | 92,485 |
| Late charges | 38,640 | 38,874 | 39,066 | 36,786 | 35,308 |
| Miscellaneous | 12,263 | 10,737 | 46,339 | 10,594 | 15,018 |
| TOTAL OPERATING REVENUES | 2,756,757 | 2,780,207 | 2,612,073 | 2,261,941 | 2,304,690 |
| <u>DIRECT EXPENSES</u> | | | | | |
| Personnel | 934,309 | 963,475 | 929,363 | 707,558 | 788,991 |
| Professional services | 33,776 | 43,000 | 38,466 | 26,120 | 28,491 |
| Purchased and contract services | 379,550 | 321,382 | 277,538 | 261,074 | 260,474 |
| Consumables supplies and materials | 200,787 | 244,573 | 259,265 | 149,494 | 149,964 |
| Recurring expenses and repairs | 468,504 | 425,850 | 377,182 | 343,489 | 302,028 |
| Depreciation | 462,178 | 398,671 | 406,216 | 409,514 | 409,133 |
| TOTAL DIRECT EXPENSES | 2,479,104 | 2,396,951 | 2,288,030 | 1,897,249 | 1,939,081 |
| OPERATING INCOME (LOSS) | 277,653 | 383,256 | 324,043 | 364,692 | 365,609 |
| <u>NONOPERATING REVENUES (EXPENSES)</u> | | | | | |
| Capital contribution | - | 72,000 | - | - | - |
| Gain on sale of assets | - | (8,861) | - | - | - |
| Insurance/ Grant proceeds | 1,716,797 | 122,555 | - | - | - |
| Interest revenue | 101,574 | 47,154 | 5,884 | 3,342 | 6,101 |
| Interest expense | (13,018) | (16,758) | (18,601) | (26,654) | (16,308) |
| TOTAL NONOPERATING REVENUES (EXPENSES) | 1,805,353 | 216,090 | (12,717) | (23,312) | (10,207) |
| NET INCOME (LOSS) | 2,083,006 | 599,346 | 311,326 | 341,380 | 355,402 |
| Number of active connections | 3,495 | 3,401 | 3,336 | 3,336 | 3,310 |

| PERCENT OF TOTAL OPERATING REVENUES | | | | |
|-------------------------------------|-----------|-----------|-----------|-----------|
| 4/30/2025 | 4/30/2024 | 4/30/2023 | 4/30/2022 | 4/30/2021 |
| 81.56 | 82.18 | 80.62 | 82.48 | 81.92 |
| 12.22 | 11.27 | 11.07 | 12.16 | 11.89 |
| 4.37 | 4.76 | 5.04 | 3.27 | 4.01 |
| 1.40 | 1.40 | 1.50 | 1.63 | 1.53 |
| 0.44 | 0.39 | 1.77 | 0.47 | 0.65 |
| 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| 33.89 | 34.65 | 35.58 | 31.28 | 34.23 |
| 1.23 | 1.55 | 1.47 | 1.15 | 1.24 |
| 13.77 | 11.56 | 10.63 | 11.54 | 11.30 |
| 7.28 | 8.80 | 9.93 | 6.61 | 6.51 |
| 16.99 | 15.32 | 14.44 | 15.19 | 13.10 |
| 16.77 | 14.34 | 15.55 | 18.10 | 17.75 |
| 89.93 | 86.21 | 87.59 | 83.88 | 84.14 |
| 10.07 | 13.79 | 12.41 | 16.12 | 15.86 |
| - | 2.59 | - | - | - |
| - | (0.32) | - | - | - |
| 62.28 | 4.41 | - | - | - |
| 3.68 | 1.70 | 0.23 | 0.15 | 0.26 |
| (0.47) | (0.60) | (0.71) | (1.18) | (0.71) |
| 65.49 | 7.77 | (0.49) | (1.03) | (0.44) |
| 75.56 | 21.56 | 11.92 | 15.09 | 15.42 |

**WEST JEFFERSON COUNTY MUNICIPAL WATER DISTRICT
INSURANCE COVERAGE
FOR THE YEAR ENDED APRIL 30, 2025**

| <u>Type of Coverage</u> | <u>Amount of Coverage</u> | <u>Insurer</u> | | |
|------------------------------------|---------------------------|------------------------------|---|---------------------------------------|
| | | <u>Name</u> | <u>Type of Corporation Stock/Mutual</u> | <u>Policy Clause Co-Insurance</u> |
| Workers' Compensation | | Texas Mutual Ins. Co. | Stock | No |
| Per Accident | 1,000,000 | | | |
| Per Employee | 1,000,000 | | | |
| Policy limits | 1,000,000 | | | |
| Texas Commercial Package | | American Alternative | Stock | Yes |
| Property coverage | 1,809,149 | | | |
| General liabilities | 3,000,000 | | | |
| General aggregate | 3,000,000 | | | |
| Automobile Liability | | American Alternative | Stock | Yes |
| Combined liability | 1,000,000 | | | |
| Personal injury | 1,000,000 | | | |
| Uninsured/Underinsured | 1,000,000 | | | |
| Windstorm | Requirements met | American Alternative | Stock | Yes |
| Commercial Umbrella Liability | Requirements met | American Alternative | Stock | |
| Equipment Floater (Inland Marine) | Requirements met | American Alternative | Stock | Yes |
| Public Official Bond (3 Directors) | | Old Republic Surety Co. | Stock | No |
| Per Director | 10,000 | | | |
| Total Coverage | 30,000 | | | |
| Public Official Bond (4 Directors) | | Old Republic Surety Co. | Stock | No |
| Per Director | 10,000 | | | |
| Total Coverage | 40,000 | | | |
| Public Officials and Employees | | Am. Alternative | | |
| Liability Insurance | Requirements met | | Stock | Yes |
| Commercial Package Endorsement | 830,960 | National Union fire Ins. Co. | | |
| Water Meters | | | | |

**WEST JEFFERSON COUNTY MUNICIPAL WATER DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
FOR THE YEAR ENDED APRIL 30, 2025**

Complete District Mailing Address:
West Jefferson County Municipal Water District
7824 Glenbrook Drive
Beaumont, Texas 77705

District Business Telephone Number:
(409) 794-2338

| Names and Address: | Term of Office | Salary or Fees | Expense Reimbursement | Title | Resident of District |
|--|--------------------|----------------|-----------------------|----------------|----------------------|
| BOARD OF DIRECTORS: | | | | | |
| David Smith 21134 FM 365 Rd. Beaumont, TX 77705 | 5-24 to 5-28 | \$ 600 | - | President | Yes |
| Cody Bonvillion 9975 Gauding Rd. Beaumont, TX 77705 | 4-23 to 5-26 | 550 | | Vice President | Yes |
| Jim Broussard 10714 E. Clubb Rd. Beaumont, TX 77705 | 5-22 to 5-26 | 250 | - | Secretary | Yes |
| Byron Hlavinka 12150 Woodland Cir Beaumont, TX 77705 | 5-22 to 5-26 | 400 | - | Director | Yes |
| Randy Lyday 7942 Wheat Ln. Beaumont, TX 77705 | 5-22 to 5-26 | 650 | - | Treasurer | Yes |
| Gene Beebe 11045 Ashleigh Pl. Beaumont, TX 77705 | 5-24 to 5-28 | 150 | - | Director | Yes |
| Ruffus Lavergne 7145 Faith Rd. Beaumont, TX 77713 | 5-22 to 5-26 | 300 | - | Director | Yes |

**WEST JEFFERSON COUNTY MUNICIPAL WATER DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (CONTINUED)
FOR THE YEAR ENDED APRIL 30, 2025**

| Names and Address: | (Elected or Appointed) Date Hired | Salary or Fees | Expense Reimbursement | Title | Resident of District |
|---|---|-------------------|--------------------------|-------------|----------------------------|
| CONSULTANTS: | | | | | |
| Benckenstein & Oxford, L.L.P. P.O. Drawer 150 Beaumont, TX 77704 | | 3,381 | | Attorneys | |
| Josh Heinz | | 3,750 | | | |
| Hubert Oxford, IV | | 3,750 | | | |
| Edgar, Kiker & Cross, PC CPA's 3440 Eastex Freeway Beaumont, TX 77703 | | 7,000 | | Accountants | |
| J.R. Edwards & Associates 1465 Cornerstone Court, Ste. A Beaumont, TX 77706 | | 12,500 | | Auditor | |

COMPLIANCE SECTION



September 6, 2025

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS

The Board of Directors
West Jefferson County Municipal Water District
Beaumont, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the West Jefferson County Municipal Utility district (the "District"), as of and for the year ended April 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 6, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Board of Directors
West Jefferson County Municipal Water District
September 6, 2025

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marino CPA Firm, LLC



September 6, 2025

***INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE***

The Board of Directors
West Jefferson County Municipal Water District
Beaumont, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of China's (the "City") compliance with the types of compliance requirements identified as subject to audit in OMB *Compliance Supplement* that could have a direct and material effect on each of City of China, Texas' major federal programs for the year ended September 30, 2024. City of China, Texas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of China, Texas compiled, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each on its major federal programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of China, Texas and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of China, Texas' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of China, Texas' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of China, Texas' compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud



may involved collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individual or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of China, Texas' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of China, Texas' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of China, Texas' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of China, Texas' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration in internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify and deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Marino CPA Firm
Beaumont, TX

WEST JEFFERSON COUNTY MUNICIPAL WATER DISTRICT

EXHIBIT K-1

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED APRIL 30, 2025**

| Federal Grantor/ Pass-Through Grantor/ Program Title | Federal CFDA Number | Pass-through Entity Identifying Number | Federal Expenditures |
|--|---------------------------|---|----------------------------|
| U.S. DEPARTMENT OF THE TREASURY | | | |
| Passed Through Texas Division of Emergency Management: | | | |
| COVID 19 - Coronavirus State and Local Fiscal Recovery Fund | 21.027 | | \$ 1,709,952 |
| Total Passed Through Texas Division of Emergency Management: | | | <u>\$ 1,709,952</u> |
| TOTAL DEPARTMENT OF HOMELAND SECURITY | | | <u>\$ 1,709,952</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <u><u>\$ 1,709,952</u></u> |

WEST JEFFERSON COUNTY MUNICIPAL WATER DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
APRIL 30, 2025

Basis of Presentation

1. The accompanying schedules of expenditures of federal awards includes the federal grant activities for the West Jefferson County Municipal Water District under programs of the federal and state governments for the year ended April 30, 2025. The information in these schedules is presented in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost principles and Audit Requirements for Federal Awards Uniform Guidance.
2. Expenditures reported on the schedules are presented on the modified accrual basis of accounting for governmental funds and the accrual basis of accounting for the enterprise funds, which is described in Note 1 to the District's financial statement. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost principles and Audit Requirements for Federal Awards Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement.
3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extends 30 days beyond the federal project period ending date, in accordance with provisions in *OMB Compliance Supplement*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards*.
4. The District participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that the District has not complied with rules and regulations governing the grants, refund of any money received may be required and the collectability of any related receivable at April 30, 2025, may be impaired.
5. The District did not elect to use the 10% de minimis indirect cost rate.

WEST JEFFERSON COUNTY MUNICIPAL WATER DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED APRIL 30, 2025

A. Summary of Auditor's Results

1 Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiencies identified?

_____ Yes X None Reported

Noncompliance material to financial statements noted?

_____ Yes X No

2 Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiencies identified?

_____ Yes X None Reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with

2 CFR 200.516(a) of Uniform Guidance?

_____ Yes X No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

21.027

COVID 19 - Coronavirus State and Local Fiscal Recovery Fund

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

_____ Yes x No

B. Financial Statement Findings

None

C. Federal Award Findings and Questioned Costs

None

WEST JEFFERSON COUNTY MUNICIPAL WATER DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE FISCAL YEAR ENDED APRIL 30, 2025

| Finding/Recommendation | Current Status | Management's Explanation If Not Implemented |
|------------------------|----------------|--|
| None | | |

Exhibit C



Contractor's Application for Payment No. 4

| | | | |
|---|---|---|---------|
| Application Period 5/1/2025 - 6/30/2025 | | Application Date 6/30/2025 | |
| To West Jefferson Co. Municipal Water District (Owner) Jefferson County, TX | From (Contractor) Maguire Iron Inc P.O. Box 1446 Sioux Falls, SD 57101 | Via (Engineer) Action Civil Engineers, PLLC 3401 63rd St Port Arthur, TX 77640 | |
| Project Potable Water Storage Improvements | Contract | | |
| Owner's Contract No | Contractor's Project No | Engineer's Project No | 123-01A |

Application For Payment
Change Order Summary

| Approved Change Orders | 1. ORIGINAL CONTRACT PRICE | \$ 52,630,000.00 |
|--------------------------------|---|------------------|
| Number | 2. Net change by Change Orders | \$ |
| Additions | 3. Current Contract Price (Line 1 + 2) | \$ 52,630,000.00 |
| Deductions | 4. TOTAL COMPLETED AND STORED TO DATE (Column 1 total on Progress Estimates) | \$ 5970,855.13 |
| | 5. RETAINAGE: | |
| | a. 5% X 5970,855.13 Work Completed | \$ 548,502.76 |
| | b. 5% X Stored Material | \$ |
| | c. Total Retainage (Line 5.a + Line 5.b) | \$ 548,502.76 |
| TOTALS | 6. AMOUNT ELIGIBLE TO DATE (Line 4 - Line 5.c) | \$ 5921,552.37 |
| NET CHANGE BY CHANGE ORDERS | 7. LESS PREVIOUS PAYMENTS (Line 6 from prior Application) | \$ 5865,193.88 |
| | 8. AMOUNT DUE THIS APPLICATION | \$ 556,358.49 |
| | 9. BALANCE TO FINISH, PLUS RETAINAGE (Column 6 total on Progress Estimates + Line 5.c above) | \$ 51,708,447.63 |

Contractor's Certification

The undersigned Contractor certifies, in the best of its knowledge, the following:

(1) All previous progress payments received from Owner on account of Work done under the Contract have been applied on account to discharge Contractor's legitimate obligations incurred in connection with the Work covered by prior Applications for Payment.

(2) Title to all Work, materials and equipment incorporated in said Work, or otherwise listed in or covered by this Application for Payment, will pass to Owner at time of payment free and clear of all Liens, security interests, and encumbrances (except such as are covered by a bond acceptable to Owner indemnifying Owner against any such Liens, security interests, or encumbrances); and

(3) All the Work covered by this Application for Payment is in accordance with the Contract Documents and is not defective.

Contractor Signature

By: Rafael Balayan Date: 6/30/2025

Payment of \$ 556,358.49
(Line 8 or other - attach explanation of the other amount)

is recommended by _____ (Engineer) _____ (Date)

Payment of \$ _____
(Line 8 or other - attach explanation of the other amount)

is approved by _____ (Owner) _____ (Date)

Approved by _____
Funding or Financing Entity (if applicable) _____ (Date)

Progress Estimate - Lump Sum Work

Contractor's Application

| For (Contract): | | Putable Water Storage Improvements | | Application Number: | | 4 | | |
|---------------------|---------------------|------------------------------------|---------------------------------|---------------------|---|--|-----------|---------------------------|
| Application Period: | | 5/1/2025 - 6/30/2025 | | Application Date: | | 6/30/2025 | | |
| A | | B | Work Completed | | E | F | | G |
| Item Number | Description | Scheduled Value (\$) | From Previous Application (C>D) | This Period | Material Presently Stored (not to C or D) | Total Completed and Stored to Date (C + D + E) | % (F / B) | Balance to Finish (B - F) |
| 1 | Bonds and Insurance | \$85,000.00 | \$85,000.00 | | | \$85,000.00 | 100.0% | |
| 2 | Design Drawings | \$40,000.00 | \$20,000.00 | | | \$20,000.00 | 50.0% | \$20,000.00 |
| 3 | Mobilization | \$80,000.00 | \$20,000.00 | | | \$20,000.00 | 25.0% | \$60,000.00 |
| 4 | Sewerwork | \$204,000.00 | \$25,000.00 | | | \$25,000.00 | 12.3% | \$179,000.00 |
| 5 | Piers | \$242,000.00 | \$242,000.00 | | | \$242,000.00 | 100.0% | |
| 6 | Foundation | \$498,000.00 | \$498,000.00 | | | \$498,000.00 | 100.0% | |
| 7 | Piping | \$160,000.00 | | | | | | \$160,000.00 |
| 8 | Steel Receipts | \$114,000.00 | \$20,730.40 | \$59,324.73 | | \$80,055.13 | 70.2% | \$33,944.87 |
| 9 | Shop Fabrication | \$328,000.00 | | | | | | \$328,000.00 |
| 10 | Shop Blast & Paint | \$45,000.00 | | | | | | \$45,000.00 |
| 11 | Steel Delivery | \$54,000.00 | | | | | | \$54,000.00 |
| 12 | Tank Erection | \$262,000.00 | | | | | | \$262,000.00 |
| 13 | Painting | \$220,000.00 | | | | | | \$220,000.00 |
| 14 | Electric | \$48,000.00 | | | | | | \$48,000.00 |
| 15 | Fencing | \$30,000.00 | | | | | | \$30,000.00 |
| 16 | Final Sewerwork | \$18,000.00 | | | | | | \$18,000.00 |
| Totals | | \$2,430,000.00 | \$918,730.40 | \$59,324.73 | | \$970,055.13 | | \$1,659,944.87 |

Stored Material Summary

Contractor's Application

| For (Contract): | | Potable Water Storage Improvements | | | | Application Number: | | 4 | | | |
|---------------------|---------------------------|---|-----------------------|--|---------------------------------------|---------------------|------------------------------------|--|---------------------------|-------------|--|
| Application Period: | | 5/1/2025 - 6/30/2025 | | | | Application Date: | | 6/30/2025 | | | |
| Bid Item No. | A Supplier Invoice No. | B Submittal No. (with Specification Section No.) | C Storage Location | Description of Materials or Equipment Stored | D Stored Previously | | E Amount Stored this Month (\$) | Subtotal Amount Completed and Stored to Date (D + E) | F Incorporated in Work | | G Materials Remaining in Storage (\$) (D + E - F) |
| | | | | | Date Placed into Storage (Month/Year) | Amount (\$) | | | Date (Month/Year) | Amount (\$) | |
| | 168313 | | | 72 x 1/4 x 247 | 11/2024 | \$5,043.60 | | \$5,043.60 | | | \$5,043.60 |
| | 168383 | | | 72 x 5/16 x 197 | 11/2024 | \$6,032.80 | | \$6,032.80 | | | \$6,032.80 |
| | 169885 | | | 72 x 1/4 x 197 | 2/2025 | \$8,447.20 | | \$8,447.20 | | | \$8,447.20 |
| | 544410 | | | 72 x 1/4 x 197 | 2/2025 | \$1,206.80 | | \$1,206.80 | | | \$1,206.80 |
| | 385291 | | | Steel Plates | 6/2025 | | \$11,219.13 | \$11,219.13 | | | \$11,219.13 |
| | 385316 | | | Steel Plates | 6/2025 | | \$24,398.90 | \$24,398.90 | | | \$24,398.90 |
| | 585450 | | | Steel Plates | 6/2025 | | \$23,706.70 | \$23,706.70 | | | \$23,706.70 |
| Totals | | | | | | \$79,730.40 | \$59,324.73 | \$80,055.13 | | | \$80,055.13 |



Invoice: **585291**

Page: 1 of 1

Date: 6/24/2025

Leeco Steel, LLC * 1011 Warrenville Rd. Suite 500 * Lisle, IL 60532
 630-427-2100 * Fax 630-427-2190 * ID# 46-4009440

| BILL TO | | | SHIP TO | |
|---|---------------|-------------|--|----------|
| 1555006 MAGUIRE IRON P.O.BOX 1446 SIOUX FALLS, SD 57101 USA | | | 1555006 MAGUIRE IRON MANUFACTURING PLANT 5400 N. INTERCHANGE AVENUE SIOUX FALLS, SD 57104 USA | |
| PO Number | Payment Terms | FOB PT | Salesperson | Ship VIA |
| MT6222 | Net 60 | BRANDON, SD | Drew Slade | PREPAID |

| Qty | Description | Total Wt | Unit Price | U of M | Ext Price |
|-----|--|-----------|------------|--------|-----------|
| 3 | 1/2 X 96 X 300 A36 - JOB: WEST JEFFERSON, TX - BASE CONE: 25X25-9 | 12,251.52 | 51.00 | CWT | 6,248.28 |

Comments: **M&M IN THE USA.**DECEMBER/JANUARY
 PRODUCTION. FEBRUARY DELIVERY.

Heat: 246958 Heat Qty: 3

| | | | | | |
|---|--|----------|-------|-----|----------|
| 2 | 1/2 X 96 X 358 A36 - JOB: WEST JEFFERSON, TX - BASE CONE: 25X25-9 | 9,746.76 | 51.00 | CWT | 4,970.85 |
|---|--|----------|-------|-----|----------|

Comments: **M&M IN THE USA.**DECEMBER/JANUARY
 PRODUCTION. FEBRUARY DELIVERY.

Heat: 246958 Heat Qty: 2

Total Weight: 21,998.28

Available Disc: \$0.00

BOL #: 57015303

Order #: 0811903

| | |
|-----------|-----------|
| Subtotal: | 11,219.13 |
| Freight: | 0.00 |
| Tax: | 0.00 |
| Total: | 11,219.13 |

Note: The amount is in USD

REMITTANCE ADDRESS:

Check: Leeco Steel LLC, PO Box 843445, Dallas TX 75284-3445
 ACH/EDI: Leeco Steel LLC, Routing #111000012, Bank of America; Account #4451724119
 Wire: Leeco Steel LLC, Wire Transit #026009593/SWIFT BOFAUS3N, Bank of America; Account #4451724119



Invoice: **585316**

Page: 2 of 2

Date: 6/25/2025

Leeco Steel, LLC * 1011 Warrenville Rd. Suite 500 * Lisle, IL 60532
 630-427-2100 * Fax 630-427-2190 * ID# 46-4009440

| BILL TO | | | SHIP TO | |
|---|---------------|-------------|--|----------|
| 1555006 MAGUIRE IRON P.O.BOX 1446 SIOUX FALLS, SD 57101 USA | | | 1555006 MAGUIRE IRON MANUFACTURING PLANT 5400 N. INTERCHANGE AVENUE SIOUX FALLS, SD 57104 USA | |
| PO Number | Payment Terms | FOB PT | Salesperson | Ship VIA |
| MT6222 | Net 60 | BRANDON, SD | Drew Slade | PREPAID |

| Qty | Description | Total Wt | Unit Price | U of M | Ext Price |
|---|--------------|-------------------------|------------|--------|-----------|
| Comments: **M&M IN THE USA.**DECEMBER/JANUARY PRODUCTION. FEBRUARY DELIVERY. | | | | | |
| | Heat: A5F048 | Heat Qty: 1 | | | |
| | | Total Weight: 47,712.87 | | | |

Available Disc: \$0.00

BOL #: 57015307
 Order #: 0811903

| | |
|---------------|------------------|
| Subtotal: | 24,398.90 |
| Freight: | 0.00 |
| Tax: | 0.00 |
| Total: | 24,398.90 |

Note: The amount is in USD

REMITTANCE ADDRESS:

Check: Leeco Steel LLC, PO Box 843445, Dallas TX 75284-3445
 ACH/EDI: Leeco Steel LLC, Routing #111000012, Bank of America, Account #4451724119
 Wire: Leeco Steel LLC, Wire Transit #026009593/SWIFT BOFAUS3N, Bank of America, Account #4451724119



Invoice: **585316**

Page: 1 of 2

Date: 6/25/2025

Leeco Steel, LLC * 1011 Warrenville Rd. Suite 500 * Lisle, IL 60532
 630-427-2100 * Fax 630-427-2190 * ID# 46-4009440

| BILL TO | | | SHIP TO | | |
|--|---------------|-------------|--|----------|--|
| 1555006 MAGUIRE IRON P.O. BOX 1446 SIOUX FALLS, SD 57101 USA | | | 1555006 MAGUIRE IRON MANUFACTURING PLANT 5400 N. INTERCHANGE AVENUE SIOUX FALLS, SD 57104 USA | | |
| PO Number | Payment Terms | FOB PT | Salesperson | Ship VIA | |
| MT6222 | Net 60 | BRANDON, SD | Drew Slade | PREPAID | |

| Qty | Description | Total Wt | Unit Price | U of M | Ext Price |
|--|--|-----------|------------|--------|-----------|
| 2 | 1/4 X 96 X 240 A36 - JOB: WEST JEFFERSON, TX - MISC. PLATES | 3,267.07 | 53.00 | CWT | 1,731.55 |
| Comments: **M&M IN THE USA.**DECEMBER/JANUARY PRODUCTION. FEBRUARY DELIVERY. Heat: 245405 Heat Qty: 1 Heat: 252785 Heat Qty: 1 | | | | | |
| 2 | 5/8 X 96 X 278 A36 - JOB: WEST JEFFERSON, TX - BASE CONE: 25X25-9 | 9,460.90 | 51.00 | CWT | 4,825.06 |
| Comments: **M&M IN THE USA.**DECEMBER/JANUARY PRODUCTION. FEBRUARY DELIVERY. Heat: 500250097 Heat Qty: 2 | | | | | |
| 3 | 5/8 X 96 X 340 A36 - JOB: WEST JEFFERSON, TX - COLUMN: 9' X 79' 6 1/2" | 17,356.32 | 51.00 | CWT | 8,851.72 |
| Comments: **M&M IN THE USA.**DECEMBER/JANUARY PRODUCTION. FEBRUARY DELIVERY. Heat: B4L567 Heat Qty: 3 | | | | | |
| 2 | 11/16 X 96 X 340 A36 - JOB: WEST JEFFERSON, TX - COLUMN: 9' X 79' 6 1/2" | 12,727.97 | 51.00 | CWT | 6,491.26 |
| Comments: **M&M IN THE USA.**DECEMBER/JANUARY PRODUCTION. FEBRUARY DELIVERY. Heat: B4L712 Heat Qty: 2 | | | | | |
| 1 | 3/4 X 96 X 240 A36 - WEST JEFFERSON, TX - BASE CONE: 25X25-9 | 4,900.61 | 51.00 | CWT | 2,499.31 |

REMITTANCE ADDRESS:

Check: Leeco Steel LLC, PO Box 843445, Dallas TX 75284-3445
 ACH/EDI: Leeco Steel LLC, Routing #111000012, Bank of America; Account #4451724119
 Wire: Leeco Steel LLC, Wire Transit #026009593/SWIFT BOFAUS3N, Bank of America; Account #4451724119



Invoice: **585450**

Page: 1 of 2

Date: 6/26/2025

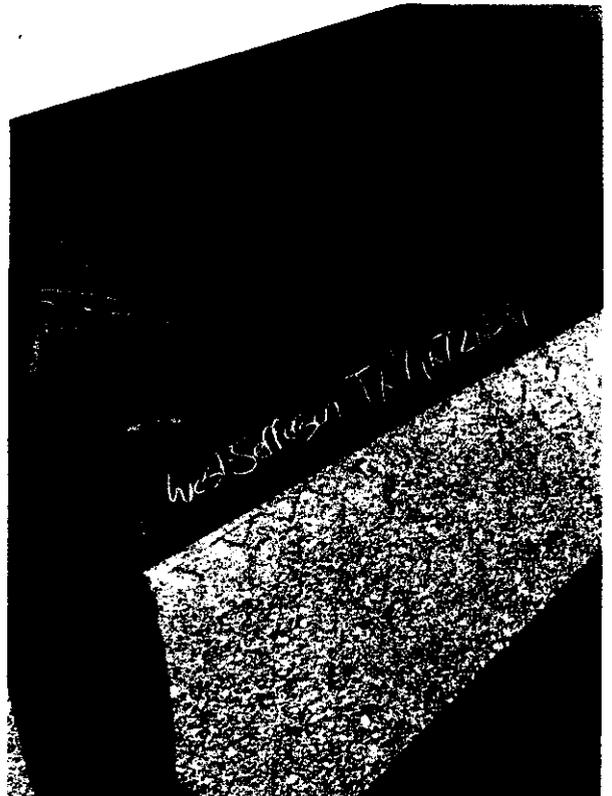
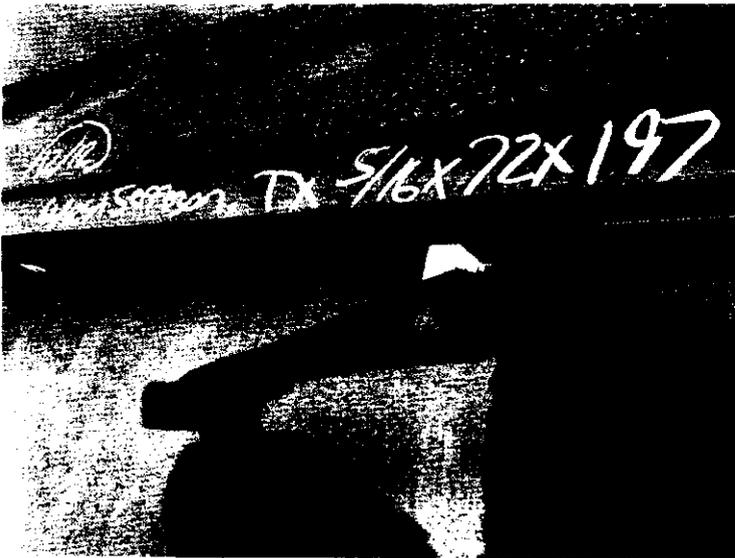
Leeco Steel, LLC * 1011 Warrenville Rd. Suite 500 * Lisle, IL 60532
 630-427-2100 * Fax 630-427-2190 * ID# 46-4009440

| BILL TO | | | SHIP TO | | |
|---|---------------|-------------|--|----------|--|
| 1555006 MAGUIRE IRON P.O.BOX 1446 SIOUX FALLS, SD 57101 USA | | | 1555006 MAGUIRE IRON MANUFACTURING PLANT 5400 N. INTERCHANGE AVENUE SIOUX FALLS, SD 57104 USA | | |
| PO Number | Payment Terms | FOB PT | Salesperson | Ship VIA | |
| MT6222 | Net 60 | BRANDON, SD | Drew Slade | PREPAID | |

| Qty | Description | Total Wt | Unit Price | U of M | Ext Price |
|--|---|-----------|------------|--------|-----------|
| 3 | 5/16 X 96 X 264 A36 - JOB: WEST JEFFERSON, TX - MISC. PLATES | 6,738.34 | 52.00 | CWT | 3,503.93 |
| Comments: **M&M IN THE USA.**DECEMBER/JANUARY PRODUCTION. FEBRUARY DELIVERY. Heat: B4J789 Heat Qty: 3 | | | | | |
| 1 | 1/2 X 96 X 240 A36 - JOB: WEST JEFFERSON, TX - MISC. PLATES | 3,267.07 | 51.00 | CWT | 1,666.21 |
| Comments: **M&M IN THE USA.**DECEMBER/JANUARY PRODUCTION. FEBRUARY DELIVERY. Heat: 244429 Heat Qty: 1 | | | | | |
| 4 | 9/16 X 96 X 340 A36 - JOB: WEST JEFFERSON, TX - COLUMN: 9' X 79' 6 1/2" | 20,827.58 | 51.00 | CWT | 10,622.07 |
| Comments: **M&M IN THE USA.**DECEMBER/JANUARY PRODUCTION. FEBRUARY DELIVERY. Heat: 500250097 Heat Qty: 4 | | | | | |
| 1 | 1-1/8 X 96 X 240 A36 - JOB: WEST JEFFERSON, TX - MISC. PLATES | 7,350.91 | 51.00 | CWT | 3,748.97 |
| Comments: **M&M IN THE USA.**DECEMBER/JANUARY PRODUCTION. FEBRUARY DELIVERY. Heat: B4L537 Heat Qty: 1 | | | | | |
| 1 | 1-1/4 X 96 X 240 A36 - JOB: WEST JEFFERSON, TX - MISC. PLATES | 8,167.68 | 51.00 | CWT | 4,165.52 |

REMITTANCE ADDRESS:

Check: Leeco Steel LLC, PO Box 843445, Dallas TX 75284-3445
 ACH/EDI: Leeco Steel LLC, Routing #111000012, Bank of America; Account #4451724119
 Wire: Leeco Steel LLC, Wire Transit #026009593/SWIFT BOFAUS3N, Bank of America; Account #4451724119





Contractor's Application for Payment No. 6

| | | | |
|--|--|---|---------|
| Application Period: 8/1/2025 - 8/31/2025 | | Application Date: 8/26/2025 | |
| To: West Jefferson Co. Municipal Water District (Owner): Jefferson County, TX | From (Contractor): Maguire Iron, Inc P.O. Box 1446 Sioux Falls, SD | Via (Engineer): Action Civil Engineers, PLLC 4301 63rd St Port Arthur, TX 77640 | |
| Project: Portable Water Storage Improvements | Contract: | | |
| Owner's Contract No: | Contractor's Project No: | Engineer's Project No: | 123-01A |

**Application For Payment
Change Order Summary**

| Approved Change Orders | 1. ORIGINAL CONTRACT PRICE | \$ 52,630,000.00 |
|-----------------------------|---|------------------|
| Number | 2. Net change by Change Orders | \$ |
| Additions | 3. Current Contract Price (Line 1 + 2) | \$ 52,630,000.00 |
| Deductions | 4. TOTAL COMPLETED AND STORED TO DATE | |
| | (Column F total on Progress Estimates) | \$ 51,407,055.13 |
| | 5. RETAINAGE: | |
| | a. 5% X \$1,407,055.13 Work Completed | \$ 570,352.76 |
| | b. 5% X Stored Material | \$ |
| | c. Total Retainage (Line 5.a + Line 5.b) | \$ 570,352.76 |
| TOTALS | 6. AMOUNT ELIGIBLE TO DATE (Line 4 - Line 5.c) | \$ 51,356,722.37 |
| NET CHANGE BY CHANGE ORDERS | 7. LESS PREVIOUS PAYMENTS (Line 6 from prior Application) | \$ 51,004,202.37 |
| | 8. AMOUNT DUE THIS APPLICATION | \$ 5332,500.00 |
| | 9. BALANCE TO FINISH, PLUS RETAINAGE | |
| | (Column G total on Progress Estimates + Line 5.c above) | \$ 51,293,297.63 |

Contractor's Certification

The undersigned Contractor certifies, to the best of its knowledge, the following:

(1) All previous progress payments received from Owner on account of Work done under the Contract have been applied on account to discharge Contractor's legitimate obligations incurred in connection with the Work covered by prior Applications for Payment.

(2) Title to all Work, materials and equipment incorporated in said Work, or otherwise listed in or covered by this Application for Payment, will pass to Owner at time of payment free and clear of all Liens, security interests, and encumbrances (except such as are covered by a bond acceptable to Owner indemnifying Owner against any such Liens, security interest, or encumbrances), and

(3) All the Work covered by this Application for Payment is in accordance with the Contract Documents and is not defective.

Contractor's Signature: Rafael Balayan
Date: 8/26/2025

Payment of \$ 5332,500.00
(Line 8 or other - attach explanation of the other amount)

is recommended by _____ (Engineer) _____ (Date)

Payment of \$ _____
(Line 8 or other - attach explanation of the other amount)

is approved by _____ (Owner) _____ (Date)

Approved by _____
Funding or Financing Entity (if applicable) _____ (Date)

Progress Estimate - Lump Sum Work

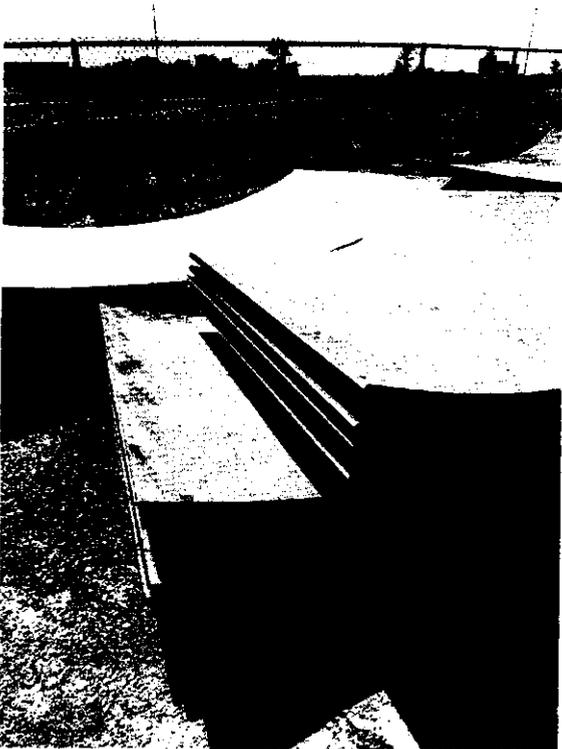
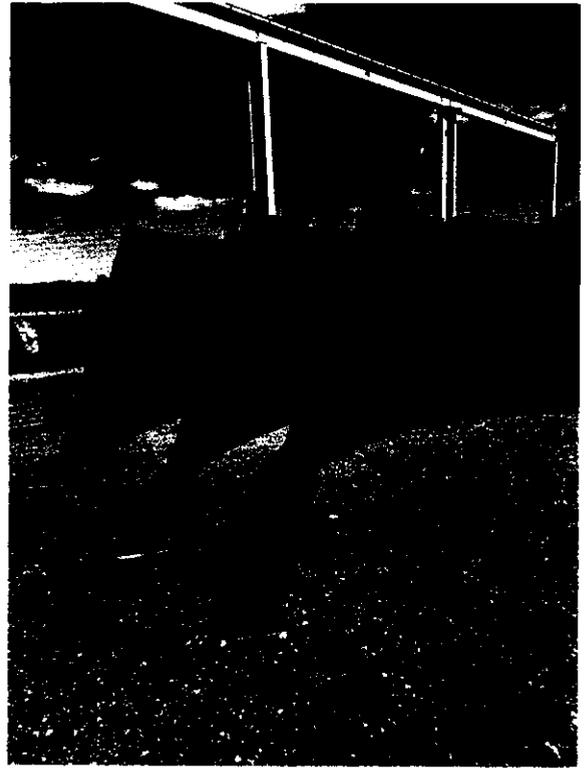
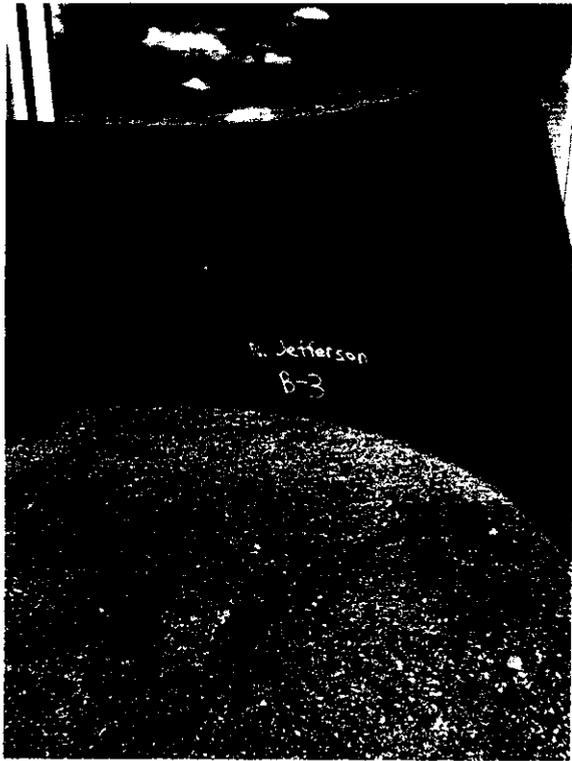
Contractor's Application

| Item Number | | Description | B | Work Completed | | E | F | | G |
|--------------|---------------------|-------------|-----------------------|---------------------------------|---------------------|--|--|-----------|---------------------------|
| | | | Scheduled Value (\$) | From Previous Application (C+D) | This Period | Materials Presently Stored (not in C or D) | Total Completed and Stored to Date (C + D + E) | % (F / B) | Balance to Finish (B - F) |
| 1 | Bonds and Insurance | | \$85,000.00 | \$85,000.00 | | | \$85,000.00 | 100.0% | |
| 2 | Design Drawings | | \$40,000.00 | \$20,000.00 | | | \$20,000.00 | 50.0% | \$20,000.00 |
| 3 | Mobilization | | \$80,000.00 | \$20,000.00 | | | \$20,000.00 | 25.0% | \$60,000.00 |
| 4 | Sitework | | \$204,000.00 | \$100,000.00 | | | \$100,000.00 | 49.0% | \$104,000.00 |
| 5 | Piers | | \$242,000.00 | \$242,000.00 | | | \$242,000.00 | 100.0% | |
| 6 | Foundation | | \$498,000.00 | \$498,000.00 | | | \$498,000.00 | 100.0% | |
| 7 | Piping | | \$160,000.00 | \$12,000.00 | | | \$12,000.00 | 7.5% | \$148,000.00 |
| 8 | Steel Receptes | | \$114,000.00 | \$80,055.13 | | | \$80,055.13 | 70.2% | \$33,944.87 |
| 9 | Shop Fabrication | | \$128,000.00 | | \$350,000.00 | | \$350,000.00 | 66.3% | \$178,000.00 |
| 10 | Shop Blast & Paint | | \$45,000.00 | | | | | | \$45,000.00 |
| 11 | Steel Delivery | | \$56,000.00 | | | | | | \$56,000.00 |
| 12 | Tank Erection | | \$262,000.00 | | | | | | \$262,000.00 |
| 13 | Painting | | \$220,000.00 | | | | | | \$220,000.00 |
| 14 | Electric | | \$48,000.00 | | | | | | \$48,000.00 |
| 15 | Fencing | | \$30,000.00 | | | | | | \$30,000.00 |
| 16 | Final Sitework | | \$18,000.00 | | | | | | \$18,000.00 |
| Total | | | \$2,630,000.00 | \$1,097,095.13 | \$350,000.00 | | \$1,487,095.13 | | \$1,222,944.87 |

Stored Material Summary

Contractor's Application

| For (Contract): | | Potable Water Storage Improvements | | | | | Application Number: | | 6 | | |
|---------------------|---------------------------|---|-----------------------|--|---------------------------------------|--------------------|------------------------------------|--|---------------------------|-------------|--|
| Application Period: | | 8/1/2025 - 8/31/2025 | | | | | Application Date: | | 8/26/2025 | | |
| Bid Item No. | A Supplier Invoice No. | B Submittal No. (with Specification Section No.) | C Storage Location | Description of Materials or Equipment Stored | D Stored Previously | | E Amount Stored this Month (\$) | Subtotal Amount Completed and Stored to Date (D + E) | F Incorporated in Work | | G Materials Remaining in Storage (\$ (D + E - F)) |
| | | | | | Date Placed into Storage (Month/Year) | Amount (\$) | | | Date (Month/Year) | Amount (\$) | |
| | 168313 | | | 72 x 1/4 x 247 | 11/2024 | \$5,043.60 | | \$5,043.60 | | | \$5,043.60 |
| | 168383 | | | 72 x 5/16 x 197 | 11/2024 | \$6,032.80 | | \$6,032.80 | | | \$6,032.80 |
| | 169885 | | | 72 x 1/4 x 197 | 2/2025 | \$8,447.20 | | \$8,447.20 | | | \$8,447.20 |
| | 544410 | | | 72 x 1/4 x 197 | 2/2025 | \$1,206.80 | | \$1,206.80 | | | \$1,206.80 |
| | 585291 | | | Steel Plates | 6/2025 | \$11,219.13 | | \$11,219.13 | | | \$11,219.13 |
| | 585316 | | | Steel Plates | 6/2025 | \$24,398.90 | | \$24,398.90 | | | \$24,398.90 |
| | 585450 | | | Steel Plates | 6/2025 | \$23,706.70 | | \$23,706.70 | | | \$23,706.70 |
| Totals | | | | | | \$80,055.13 | | \$80,055.13 | | | \$80,055.13 |





Invoice: 585450

Page: 2 of 2

Date: 6/26/2025

Leeco Steel, LLC * 1011 Warrenville Rd. Suite 500 * Lisle, IL 60532
 630-427-2100 * Fax 630-427-2190 * ID# 46-4009440

| BILL TO | | | SHIP TO | |
|---|--------------------------------|------------------------------|--|----------------------------|
| 1555006 MAGUIRE IRON P.O.BOX 1446 SIOUX FALLS, SD 57104 USA | | | 1555006 MAGUIRE IRON MANUFACTURING PLANT 5400 N. INTERCHANGE AVENUE SIOUX FALLS, SD 57104 USA | |
| PO Number MT6222 | Payment Terms Net 60 | FOB PT BRANDON, SD | Salesperson Drew Slade | Ship VIA PREPAID |

| Qty | Description | Total Wt | Unit Price | U of M | Ext Price |
|---|-------------------------|-------------|------------|--------|-----------|
| Comments: **M&M IN THE USA.**DECEMBER/JANUARY PRODUCTION. FEBRUARY DELIVERY. | | | | | |
| | Heat: 823H60880 | Heat Qty: 1 | | | |
| | Total Weight: 46,351.58 | | | | |

Available Disc: \$0.00

BOL #: 57015312

Order #: 0811903

| | |
|---------------|------------------|
| Subtotal: | 23,706.70 |
| Freight: | 0.00 |
| Tax: | 0.00 |
| Total: | 23,706.70 |

Note: The amount is in USD

REMITTANCE ADDRESS:

Check: Leeco Steel LLC, PO Box 843445, Dallas TX 75284-3445
 ACH/EDI: Leeco Steel LLC, Routing #111000012, Bank of America, Account #4451724119
 Wire: Leeco Steel LLC, Wire Transit #026009593/SWIFT BOFAUS3N, Bank of America, Account #4451724119