

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

KAUFMAN COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MARCH 31, 2020

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

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

KAUFMAN COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MARCH 31, 2020

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities and major fund of Kaufman County Fresh Water Supply District No. 1-D (the "District"), as of and for the year ended March 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the District as of March 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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



McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

August 6, 2020

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-D
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2020**

Our discussion and analysis of Kaufman County Fresh Water Supply District No. 1-D's (the "District") financial performance provides an overview of the District's financial activities for the year ended March 31, 2020. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes all of the District's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District's Net Position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has one governmental fund type. The General Fund accounts for resources not accounted for in another fund, customer service revenues, costs and general expenditures.

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-D
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2020**

FUND FINANCIAL STATEMENTS (Continued)

Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by \$3,842,299 as of March 31, 2020.

A portion of the District's net position reflects its net investment in capital assets (water, wastewater and drainage facilities less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide water and wastewater services.

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-D
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

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

	<u>Summary of Changes in the Statement of Net Position</u>		
	<u>2020</u>	<u>2019</u>	<u>Change Positive (Negative)</u>
Current and Other Assets	\$ 330,381	\$ 186,666	\$ 143,715
Capital Assets (Net of Accumulated Depreciation)	<u>17,623,839</u>	<u>5,726,032</u>	<u>11,897,807</u>
Total Assets	<u>\$ 17,954,220</u>	<u>\$ 5,912,698</u>	<u>\$ 12,041,522</u>
Due to Developer	\$ 21,450,547	\$ 8,834,406	\$ (12,616,141)
Other Liabilities	<u>345,972</u>	<u>316,108</u>	<u>(29,864)</u>
Total Liabilities	<u>\$ 21,796,519</u>	<u>\$ 9,150,514</u>	<u>\$ (12,646,005)</u>
Net Position:			
Net Investment in Capital Assets	\$ (1,292,709)	\$ (1,449,249)	\$ 156,540
Unrestricted	<u>(2,549,590)</u>	<u>(1,788,567)</u>	<u>(761,023)</u>
Total Net Position	<u>\$ (3,842,299)</u>	<u>\$ (3,237,816)</u>	<u>\$ (604,483)</u>

The following table provides a summary of the District's operations for the year ending March 31, 2020, and March 31, 2019.

	<u>Summary of Changes in the Statement of Activities</u>		
	<u>2020</u>	<u>2019</u>	<u>Change Positive (Negative)</u>
Revenues:			
Property Taxes	\$ 147,488	\$ 730	\$ 146,758
Charges for Services	251,581	27,551	224,030
Other Revenues	<u>4,411</u>	<u>2,674</u>	<u>1,737</u>
Total Revenues	<u>\$ 403,480</u>	<u>\$ 30,955</u>	<u>\$ 372,525</u>
Expenses for Services	<u>1,007,963</u>	<u>594,375</u>	<u>(413,588)</u>
Change in Net Position	\$ (604,483)	\$ (563,420)	\$ (41,063)
Net Position, Beginning of Year	<u>(3,237,816)</u>	<u>(2,674,396)</u>	<u>(563,420)</u>
Net Position, End of Year	<u>\$ (3,842,299)</u>	<u>\$ (3,237,816)</u>	<u>\$ (604,483)</u>

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-D
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2020**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's General Fund fund balance as of the year ended March 31, 2020, was a deficit of \$15,591, an increase of \$113,851 from the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget for the fiscal year ending March 31, 2020. Actual revenues were \$1,056,201 less than budgeted revenues. Actual expenditures were \$272,970 more than budgeted expenditures.

CAPITAL ASSETS

The District's investment in capital assets as of March 31, 2020, amounts to \$17,623,839 (net of accumulated depreciation). This investment in capital assets includes roadways and streets and the water, wastewater and drainage systems.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2020	2019	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Construction in Progress	\$ 715,579	641,441	74,138
Capital Assets, Net of Accumulated Depreciation:			
Roadways and Streets	6,458,571	\$ 2,235,412	\$ 4,223,159
Water System	4,115,221	1,550,132	2,565,089
Wastewater System	2,998,530	178,988	2,819,542
Drainage System	3,335,938	1,120,059	2,215,879
Total Net Capital Assets	\$ 17,623,839	\$ 5,726,032	\$ 11,897,807

LONG-TERM DEBT ACTIVITY

The District has not issued any long-term debt as of March 31, 2020. The District has recorded a liability to the Developer that has constructed certain District assets. See Note 7.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-D
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MARCH 31, 2020

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash	\$ 113,610	\$	\$ 113,610
Investments	211,091		211,091
Receivables:			
Service Accounts (Net of Allowance for Uncollectible Accounts of \$-0-)	680		680
Advance for District No. 1-A Operations	5,000		5,000
Construction in Progress		715,579	715,579
Capital Assets (Net of Accumulated Depreciation)		16,908,260	16,908,260
TOTAL ASSETS	\$ 330,381	\$ 17,623,839	\$ 17,954,220
LIABILITIES			
Accounts Payable	\$ 342,472	\$	\$ 342,472
Due to Developers		21,450,547	21,450,547
Security Deposits	3,500		3,500
TOTAL LIABILITIES	\$ 345,972	\$ 21,450,547	\$ 21,796,519
FUND BALANCE			
Nonspendable:			
For District No. 1-A Operations	\$ 5,000	\$ (5,000)	
Unassigned	(20,591)	20,591	
TOTAL FUND BALANCE	\$ (15,591)	\$ 15,591	\$ - 0 -
TOTAL LIABILITIES AND FUND BALANCE	\$ 330,381		
NET POSITION			
Net Investment in Capital Assets		\$ (1,292,709)	\$ (1,292,709)
Unrestricted		(2,549,590)	(2,549,590)
TOTAL NET POSITION		\$ (3,842,299)	\$ (3,842,299)

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

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-D
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
MARCH 31, 2020**

Total Fund Balance - Governmental Fund	\$	(15,591)
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
Capital assets used in governmentnal activities are not financial resources and, therefore, are not reported as assets in governmental funds.		17,623,839
Governmental funds do not record a long-term liability to the Developer for completed projects and operating advances. However, in the Statement of Net Position, the liability for completed projects and operating advances is recorded.		<u>(21,450,547)</u>
Total Net Position- Governmental Activities	\$	<u><u>(3,842,299)</u></u>

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

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-D
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2020

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
REVENUES			
Property Taxes	\$ 147,488	\$	\$ 147,488
Basic Service Charge	7,918		7,918
Water Service	28,252		28,252
Wastewater Service	3,478		3,478
Penalty and Interest	1,333		1,333
Tap Connection and Inspection Fees	210,600		210,600
Easement Revenues	3,617		3,617
Investment Revenues	622		622
Miscellaneous Revenues	172		172
	<u>403,480</u>		<u>403,480</u>
TOTAL REVENUES	\$ 403,480	\$ -0-	\$ 403,480
EXPENDITURES/EXPENSES			
Service Operations:			
Professional Fees	\$ 206,261	\$	\$ 206,261
Contracted Services	17,095		17,095
Purchased Water and Wastewater Service	365,022		365,022
Repairs and Maintenance	29,222		29,222
Depreciation		346,685	346,685
Other	43,678		43,678
Capital Outlay	503,225	(503,225)	
	<u>1,164,503</u>	<u>(156,540)</u>	<u>1,007,963</u>
TOTAL EXPENDITURES/EXPENSES	\$ 1,164,503	\$ (156,540)	\$ 1,007,963
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	\$ (761,023)	\$ 156,540	\$ (604,483)
OTHER FINANCING SOURCES (USES)			
Developer Advances	\$ 874,874	\$ (874,874)	\$ -0-
	<u>874,874</u>	<u>(874,874)</u>	<u>-0-</u>
NET CHANGE IN FUND BALANCE	\$ 113,851	\$ (113,851)	\$
CHANGE IN NET POSITION		(604,483)	(604,483)
FUND BALANCE (DEFICIT)/NET POSITION - APRIL 1, 2019	(129,442)	(3,108,374)	(3,237,816)
	<u>(129,442)</u>	<u>(3,108,374)</u>	<u>(3,237,816)</u>
FUND BALANCE (DEFICIT)/NET POSITION - MARCH 31, 2020	\$ (15,591)	\$ (3,826,708)	\$ (3,842,299)
	<u>(15,591)</u>	<u>(3,826,708)</u>	<u>(3,842,299)</u>

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

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-D
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2020

Net Change in Fund Balance - Governmental Fund	\$	113,851
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.</p>		(346,685)
<p>Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.</p>		503,225
<p>Governmental funds report developer advances as other financing sources. However, in the Statement of Net Position, developer advances, net any amount paid to the developer, are recorded as a liability.</p>		<u>(874,874)</u>
Change in Net Position - Governmental Activities	\$	<u><u>(604,483)</u></u>

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

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-D
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE 1. CREATION OF DISTRICT

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

At an election held within the boundaries of District No. 1 on August 11, 2001, voters approved the division of District No. 1 into two new districts: Kaufman County Fresh Water Supply District No. 1-A (Original District No. 1-A) and Kaufman County Fresh Water Supply District No. 1-B (District No. 1-B). At an election held within the boundaries of Original District No. 1-A on September 14, 2002, voters approved the division of Original District No. 1-A into a second resulting Kaufman County Fresh Water Supply District No. 1-A ("Second District No. 1-A") and Kaufman County Fresh Water Supply District No. 1-C (District No. 1-C). At an election held within the boundaries of Second District No. 1-A on May 12, 2007, voters approved the division of Second District No. 1-A into a third resulting Kaufman County Fresh Water Supply District No. 1-A (District No. 1-A) and Kaufman County Fresh Water Supply District No. 1-D (the "District"). Pursuant to the provisions of Chapters 49, 51 and 53 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, roads, solid waste collection and disposal, including recycling, and parks and recreational facilities for the residents of the District. The District also has the power to acquire, construct, operate and maintain road facilities and is empowered to contract for or employ its own peace officers with powers to make arrests and, subject to certain regulatory and voter approvals, to contract for fire protection services or establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The District held its first meeting on June 28, 2007

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB"). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Texas Commission on Environmental Quality (the "Commission").

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-D
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The District was created as an independent municipality. The District does not meet the criteria for inclusion as a component unit of any entity nor does any other entity meet the component unit criteria for inclusion in the District's financial statements.

The District is a participant in the joint facilities under the oversight of Kaufman County Fresh Water Supply District No. 1-A. See Note 6.

Financial Statement Presentation

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

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

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

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

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-D
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

Governmental Funds

The District has one major governmental fund.

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

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-D
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

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

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as an expenditure in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset.

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

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-D
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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

Budgeting

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

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Directors are considered to be wages subject to federal income tax withholding for payroll purposes only.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position.

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-D
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

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

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally. The District does not have any restricted fund balances.

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

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-D
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE 3. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District’s deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District’s deposits was \$113,610 and the bank balance was \$114,275. The District was not exposed to custodial credit risk at year end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at March 31, 2020, as listed below:

	Cash
GENERAL FUND	\$ 113,610

Investments

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

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

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-D
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

As of March 31, 2020, the District had the following investments and maturities

Fund and Investment Type	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
<u>GENERAL FUND</u>					
LOGIC	\$ 211,091	\$ 211,091	\$ - 0 -	\$ - 0 -	\$ - 0 -

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At March 31, 2020, the District's investment in LOGIC was rated AAA by Standard and Poor's.

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

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-D
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2020:

	April 1, 2019	Increases	Decreases	March 31, 2020
Capital Assets Not Being Depreciated				
Construction in Progress	\$ 641,441	\$ 12,244,492	\$ 12,170,354	\$ 715,579
Capital Assets at Historical Cost Subject to Depreciation				
Roadways and Streets	\$ 3,432,103	\$ 4,399,860	\$	\$ 7,831,963
Water System	2,050,325	2,643,614		4,693,939
Wastewater System	233,586	2,856,517		3,090,103
Drainage System	1,459,266	2,270,363		3,729,629
Total Capital Assets at Historical Cost Subject to Depreciation	<u>\$ 7,175,280</u>	<u>\$ 12,170,354</u>	<u>\$ - 0 -</u>	<u>\$ 19,345,634</u>
Less Accumulated Depreciation				
Roadways and Streets	\$ 1,196,691	\$ 176,701	\$	\$ 1,373,392
Water System	500,193	78,525		578,718
Wastewater System	54,598	36,975		91,573
Drainage System	339,207	54,484		393,691
Total Accumulated Depreciation	<u>\$ 2,090,689</u>	<u>\$ 346,685</u>	<u>\$ - 0 -</u>	<u>\$ 2,437,374</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 5,084,591</u>	<u>\$ 11,823,669</u>	<u>\$ - 0 -</u>	<u>\$ 16,908,260</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 5,726,032</u>	<u>\$ 24,068,161</u>	<u>\$ 12,170,354</u>	<u>\$ 17,623,839</u>

NOTE 5. MAINTENANCE TAX

On November 6, 2007, voters of the District approved the levy and collection of a maintenance tax unlimited as to rate or amount on all taxable property within the District. The maintenance tax will be used for maintenance purposes to include funds for planning, maintaining, repairing and operating all necessary plants, properties, owned or contracted facilities and improvements of the District and for proper services, engineering and legal fees, and operational and administrative costs in accordance with Section 49.107 of the Texas Water Code. During the current fiscal year, the District levied an ad valorem maintenance tax rate of \$1.00 per \$100 of assessed valuation, which resulted in a tax levy of \$15,731 on the adjusted taxable valuation of \$1,573,130 for the 2019 tax year.

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-D
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

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

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

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

During the fiscal year ending March 31, 2020, the District recorded \$365,022 for purchased water and wastewater service, of which \$243,156 was recorded as a payable at year end. The District has also advanced \$5,000 to District No. 1-A for operations. The following summary audited financial data on the joint water and wastewater treatment facilities is presented for the year ended March 31, 2020.

	Joint Utility Fund
Total Assets	\$ 629,712
Total Liabilities	629,712
Total Fund Balance	\$ -0-
Total Revenues	\$ 2,151,731
Total Expenditures	2,151,731
Net Change in Fund Balance	\$ -0-
Fund Balance – April 1, 2019	-0-
Fund Balance – March 31, 2020	\$ -0-

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-D
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE 7. UNREIMBURSED DEVELOPER COSTS

On June 28, 2007, the District entered into the Agreement for the Construction and Purchase of Facilities and Reimbursement for Costs. This agreement calls for the Developer to fund costs associated with water, sanitary sewer, drainage and road facilities until such time as the District can sell bonds. As of March 31, 2020, the District has recorded a liability in the amount of \$18,916,548 for facilities financed by the Developer which the District now operates and maintains. Any reimbursement is contingent upon a future bond sale, including receiving approval from the Commission and Texas State Attorney General, or the availability of future revenues from other sources.

In addition, the Developer has advanced funds to the District to cover operating costs of the District. Through March 31, 2020, the Developer has advanced \$2,533,999 of which \$874,874 were made during the current fiscal year. See Note 10.

NOTE 8. BONDS VOTED

At an election held for the District on November 6, 2018, District voters approved the issuance of \$112,400,000 in utility facility bonds, \$140,500,000 in utility refunding bonds, \$105,000,000 in road facilities bonds, and \$131,250,000 in road refunding bonds.

NOTE 9. RISK MANAGEMENT

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

NOTE 10. ECONOMIC DEPENDENCY AND DEFICIT FUND BALANCE

The District's Developer owns a substantial portion of the taxable property within the District. The Developer's ability to make full and timely payments of taxes will (to the extent levied by the District) directly affects the District's ability to meet its financial obligations. In the future, as in the past, the District may be reliant on the Developer for advances to meet operating needs and eliminate deficits as they occur. As of March 31, 2020, the District recorded a deficit fund balance of \$15,591 in the General Fund. The District anticipates that with continued development within the District and operating advances, sufficient revenues will be generated to alleviate the current deficit.

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-D
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE 11. COST-SHARING AGREEMENT

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

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

NOTE 12. PENDING BOND SALE

Subsequent to year end, on or about October 1, 2020, the District expects to close on the sale of its \$8,850,000 Series 2020 Unlimited Tax Road Bonds. The proceeds of the bonds will be used to finance certain road facilities and related improvements, including engineering costs related to all such facilities, to serve Windmill Farms, Phases 4A, 4B, and 4C, as well as to finance the street light installation fees and land acquisition for road rights-of-way. The District will also use the proceeds of the bonds to pay for developer advances, capitalized interest, and costs related to the issuance of the bonds.

NOTE 13. UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the COVID-19 virus a global pandemic. As a result, economic uncertainties have arisen which could have an impact on the operations of the District. The District is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty, as the potential financial impact of this pandemic is unknown at this time.

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-D

REQUIRED SUPPLEMENTARY INFORMATION

MARCH 31, 2020

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-D
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2020

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 1,500	\$ 147,488	\$ 145,988
Basic Service Charge	52,280	7,918	(44,362)
Water Service	100,212	28,252	(71,960)
Wastewater Service	55,155	3,478	(51,677)
Penalty and Interest		1,333	1,333
Tap Connection and Inspection Fees	1,248,000	210,600	(1,037,400)
Easement Revenue	2,498	3,617	1,119
Investment Revenues	36	622	586
TOTAL REVENUES	\$ 1,459,681	\$ 403,480	\$ (1,056,201)
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 247,000	\$ 206,261	\$ 40,739
Contracted Services	18,122	17,095	1,027
Purchased Water and Wastewater Service	241,604	365,022	(123,418)
Repairs and Maintenance	94,980	29,222	65,758
Other	289,827	43,678	246,149
Capital Outlay		503,225	(503,225)
TOTAL EXPENDITURES	\$ 891,533	\$ 1,164,503	\$ (272,970)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 568,148	\$ (761,023)	\$ (1,329,171)
OTHER FINANCING SOURCES(USES)			
Developer Advances	\$ 407,853	\$ 874,874	\$ 467,021
NET CHANGE IN FUND BALANCE	\$ 976,001	\$ 113,851	\$ (862,150)
FUND BALANCE - APRIL 1, 2019	(129,442)	(129,442)	
FUND BALANCE - MARCH 31, 2020	\$ 846,559	\$ (15,591)	\$ (862,150)

See accompanying independent auditor's report.

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KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-D

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

MARCH 31, 2020

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-D
SERVICES AND RATES
FOR THE YEAR ENDED MARCH 31, 2020**

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

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

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order approved December 5, 2019.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:			N	\$ 2.50 \$ 3.50 \$ 4.50	0001 to 5,000 5,001 to 10,000 10,001 and up
WASTEWATER:			N	\$ 2.50 \$ 3.50 \$ 4.50	0001 to 5,000 5,001 to 10,000 10,001 and up
SERVICE CHARGE:	\$ 35.00		Y		
SURCHARGE:					
Commission	0.5% of actual water and sewer bill				
Regulatory Assessments					

District employs winter averaging for wastewater usage?

<u> X </u>	<u> </u>
Yes	No

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

See accompanying independent auditor's report.

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-D
SERVICES AND RATES
FOR THE YEAR ENDED MARCH 31, 2020**

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

Does the District have Debt Service standby fees? Yes No

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes No

County or Counties in which District is located:

Kaufman County, Texas

Is the District located within a city?

Entirely Partly Not at all

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

Entirely Partly Not at all

ETJ's in which District is located:

City of Forney, Texas

Are Board Members appointed by an office outside the District?

Yes No

See accompanying independent auditor's report.

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-D
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2020**

PROFESSIONAL FEES:	
Auditing	\$ 7,250
Engineering	84,440
Legal	<u>114,571</u>
TOTAL PROFESSIONAL FEES	<u>\$ 206,261</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water and Wastewater Service	<u>\$ 365,022</u>
CONTRACTED SERVICES:	
Appraisal District	\$ 87
Bookkeeping	13,713
Operations and Billing	2,615
Tax Collector	<u>680</u>
TOTAL CONTRACTED SERVICES	<u>\$ 17,095</u>
REPAIRS AND MAINTENANCE	<u>\$ 29,222</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 8,850
Insurance	3,728
Office Supplies and Postage	121
Payroll Taxes	686
Travel and Meetings	621
Other	<u>272</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 14,278</u>
CAPITAL OUTLAY	<u>\$ 503,225</u>
OTHER EXPENDITURES:	
Inspection Fees	<u>\$ 29,400</u>
TOTAL EXPENDITURES	<u><u>\$ 1,164,503</u></u>

See accompanying independent auditor's report.

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-D
INVESTMENTS
MARCH 31, 2020

<u>Fund</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u> LOGIC	XXXX2001	Varies	Daily	<u>\$ 211,091</u>	<u>\$ - 0 -</u>

See accompanying independent auditor's report.

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-D
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MARCH 31, 2020**

	Maintenance Taxes	
TAXES RECEIVABLE - APRIL 1, 2019	\$ -0-	
Adjustments to Beginning Balance	131,757	\$ 131,757
Original 2019 Tax Levy	\$ 15,731	
Adjustment to 2019 Tax Levy		15,731
TOTAL TO BE ACCOUNTED FOR		\$ 147,488
TAX COLLECTIONS:		
Prior Years	\$ 131,757	
Current Year	15,731	147,488
TAXES RECEIVABLE - MARCH 31, 2020		\$ -0-

See accompanying independent auditor's report.

**KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-D
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MARCH 31, 2020**

	2019	2018*
PROPERTY VALUATIONS:		
Land	\$ 15,431,795	\$ 5,589,663
Improvements	13,331,880	13,331,880
Personal Property	8,630	9,690
Exemptions	(27,199,175)	(18,858,204)
TOTAL PROPERTY VALUATIONS	\$ 1,573,130	\$ 73,029
TAX RATES PER \$100 VALUATION:		
Debt Service	\$ 0.00	\$ 0.00
Maintenance	1.00	1.00
TOTAL TAX RATES PER \$100 VALUATION	\$ 1.00	\$ 1.00
ADJUSTED TAX LEVY**	\$ 15,731	\$ 730
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	100.00 %	100.00 %

* Amounts prior to 2018 tax year are not presented as no audit was completed or required.

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

Maintenance Tax – Maximum tax rate at an unlimited rate per \$100 of assessed valuation approved by voters on November 6, 2007.

See accompanying independent auditor's report.

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

	<u>2020</u>	<u>2019*</u>	<u>2020</u>	<u>2019*</u>
REVENUES				
Property Taxes	\$ 147,488	\$ 730	36.5 %	2.3 %
Basic Service Charge	7,918	730	2.0	2.4
Water Service	28,252	25,673	7.0	82.9
Wastewater Service	3,478	1,148	0.9	3.7
Penalty and Interest	1,333		0.3	
Tap Connection and Inspection Fees	210,600		52.2	
Easement Revenues	3,617	2,626	0.9	8.5
Investment Revenues	622	48	0.2	0.2
Miscellaneous Revenues	172			
TOTAL REVENUES	<u>\$ 403,480</u>	<u>\$ 30,955</u>	<u>100.0 %</u>	<u>100.0 %</u>
EXPENDITURES				
Professional Fees	\$ 206,261	\$ 255,115	51.1 %	824.1 %
Contracted Services	17,095	14,002	4.2	45.2
Purchased Water and Wastewater Service	365,022	40,879	90.5	132.1
Repairs and Maintenance	29,222	64,516	7.2	208.4
Other	43,678	18,573	10.8	60.0
Capital Outlay	503,225	641,441	124.7	2,072.2
TOTAL EXPENDITURES	<u>\$ 1,164,503</u>	<u>\$ 1,034,526</u>	<u>288.5 %</u>	<u>3,342.0 %</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (761,023)</u>	<u>\$ (1,003,571)</u>	<u>(188.5) %</u>	<u>(3,242.0) %</u>
OTHER FINANCING SOURCES (USES)				
Developer Advances	<u>\$ 874,874</u>	<u>\$ 1,009,716</u>		
NET CHANGE IN FUND BALANCE	\$ 113,851	\$ 6,145		
BEGINNING FUND BALANCE (DEFICIT)	<u>(129,442)</u>	<u>(135,587)</u>		
ENDING FUND BALANCE (DEFICIT)	<u>\$ (15,591)</u>	<u>\$ (129,442)</u>		
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>59</u>	<u>4</u>		
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>54</u>	<u>1</u>		

* Audited Financial Statements for fiscal years March 31, 2016 through March 31, 2018 were not required.

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-D
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MARCH 31, 2020

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

District Telephone Number - (214) 745-5400

Board Members	Term of Office (Elected or Appointed)	Fees of office for the year ended March 31, 2020	Expense reimbursements for the year ended March 31, 2020	Title
Alice D. Bittner	02/19 05/22 (Appointed)	\$ 1,950	\$ 122	President
Jenny Berry Woods	06/17 05/20 (Appointed)	\$ 1,800	\$ 2	Vice President
Heather Aubrey Baker	03/16 05/20 (Appointed)	\$ 1,650	\$ 25	Secretary
Kellye Teal	06/18 05/20 (Appointed)	\$ 1,800	\$ 97	Treasurer/ Assistant Secretary
Connie Christensen	05/18 02/22 (Elected)	\$ 1,650	\$ 378	Assistant Secretary

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

Submission date of most recent District Registration Form: October 9, 2018

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution on June 28, 2007. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

KAUFMAN COUNTY FRESH WATER SUPPLY DISTRICT NO. 1-D
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MARCH 31, 2020

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended March 31, 2020</u>	<u>Title</u>
Winstead PC	02/18/16	\$ 114,572	Attorney
McCall Gibson Swedlund Barfoot PLLC	03/27/08	\$ 7,250	Auditor
Dye & Toverly, LLC	06/28/07	\$ 13,713	Bookkeeper
BGE, Inc.	06/28/07	\$ 587,664	Engineer
Inframark Water and Infrastructure Services	06/28/07	\$ 71,437	Operator
Kathi Dye	06/28/07	\$ -0-	Investment Officer
Hilltop Securities, Inc.	02/18/16	\$ -0-	Financial Advisor
Linebarger Goggin Blair & Sampson, LLP	06/16/17	\$ -0-	Delinquent Tax Attorney
Kaufman County Tax Office		\$ 680	Tax Assessor/ Collector

