



ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
DECEMBER 31, 2024**

EAST CENTRAL SPECIAL UTILITY DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2024

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ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS :

COUNTY OF BEXAR :

I, Paul Bricker, of East Central Special Utility District hereby swear, or affirm, that the District named above has reviewed and approved, at a meeting of the District's Board of Directors on the 13th day of March, 2025, its annual audit report of the fiscal period ended December 31, 2024, and that copies of the annual audit report have been filed in the District's office located at 12452 US HWY 87 E, Adkins, TX 78101.

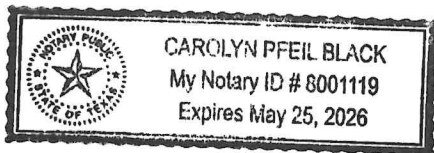
This annual filing affidavit and the attached copy of the audit report will be submitted to the Texas Commission on Environmental Quality to satisfy the annual filing requirements of the Texas Water Code Section 49.194.

Date: March 13, 2025 By: Paul J. Bricker
(Signature of District Official)

Paul Bricker, President
(Typed Name & Title of District Representative)

Sworn to and subscribed to before me this 13th day of March, 2025.

Carolyn Pfeil Black
(Signature of Notary)



Commission expires on May 25, 2026
Notary Public in the State of Texas



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
East Central Special Utility District
Adkins, TX

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of East Central Special Utility District, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise East Central Special Utility District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of East Central Special Utility District, as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America..

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 East Central Special Utility 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 opinion.

Responsibilities of Management for the Financial Statements

East Central Special Utility District's 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 East Central Special Utility 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 GAAS 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 GAAS 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 East Central Special Utility 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 East Central Special Utility 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, budgetary comparison information, and pension schedules (as listed in the table of contents) 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.


Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise East Central Special Utility District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality and the schedule of expenditures of federal awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information required by the Texas Commission on Environmental Quality is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2025 on our consideration of East Central Special Utility 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 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 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 East Central Special Utility District's internal control over financial reporting and compliance.



Armstrong, Vaughan & Associates, P.C.

March 5, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of East Central Special Utility District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended December 31, 2024. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total net position was \$51.1 million at December 31, 2024.
- During the year, the District's operating revenues were \$2.5 million more than the \$10.1 million in operating expenses.
- Operating revenues increased by 15% from moderate increases in the rate structure and significant growth in the customer base. Operating expenses increased 13% for additional personnel and water purchases to keep up with the growth in the District.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), *the basic financial statements, required supplementary information*, and *supplementary information required by the Texas Commission on Environmental Quality (TCEQ)*. The basic financial statements consist of the following statements:

- The *Statement of Net Position* shows the financial standing of the District as of the end of the year, including all assets and liabilities.
- The *Statement of Revenues, Expenses and Changes in Net Position* provides information about the activity of the District during the fiscal year. It reports revenues when incurred, regardless of when they are received, and expenses when incurred, regardless of when they are paid.
- The *Statement of Cash Flows* reports the sources and uses of cash during the fiscal year.

The financial statements also include notes that explain information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. The final section of supplementary information provides even more information required by TCEQ.

The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

FINANCIAL ANALYSIS OF THE DISTRICT

Net position—the difference between the District's assets and liabilities—is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively.

The District's total net position was \$51.1 million at December 31, 2024. Of this amount, \$14.0 million is unrestricted, representing resources available to fund the operations of the District next year. (See Table A-1).

Table A-1
District's Net Position

	2024	2023	Percentage Change
<i>Assets:</i>			
Cash and Investments	\$ 37,376,044	\$ 27,704,856	35%
Other Current Assets	2,648,170	2,114,769	25%
Other Assets	980,020	582,971	68%
Capital Assets (Net)	22,286,666	19,372,596	15%
<i>Total Assets</i>	<u>63,290,900</u>	<u>49,775,192</u>	27%
<i>Deferred Outflows</i>	<u>380,524</u>	<u>315,811</u>	20%
<i>Liabilities:</i>			
Current	3,683,867	3,905,179	-6%
Long Term	8,858,247	7,228,915	23%
<i>Total Liabilities</i>	<u>12,542,114</u>	<u>11,134,094</u>	13%
<i>Deferred Inflows</i>	<u>983</u>	<u>1,180</u>	-17%
<i>Net Position:</i>			
Net Investment in Capital Assets	13,079,285	11,804,618	11%
Restricted	24,058,735	18,082,497	33%
Unrestricted	13,990,307	9,068,614	54%
<i>Total Net Position</i>	<u>\$ 51,128,327</u>	<u>\$ 38,955,729</u>	31%

The District's total operating revenues were \$12.6 million, an increase of 15%. Revenues were higher for 2024 primarily from new customers but also from a modest rate increase. The operating expenses increased to \$10.1 million for more personnel and water purchases. (See Table A-2)

Table A-2
Changes in District Net Position

	2024	2023	Percentage Change
Operating Revenues	\$ 12,594,922	\$ 10,952,090	15%
Operating Expenses	<u>(10,123,948)</u>	<u>(8,942,313)</u>	13%
Operating Income (Loss)	2,470,974	2,009,777	23%
Nonoperating Income (Expense)	<u>9,701,624</u>	<u>9,559,029</u>	1%
Change in Net Position	12,172,598	11,568,806	5%
Beginning Net Position	38,955,729	27,386,923	42%
Ending Net Position	<u>\$ 51,128,327</u>	<u>\$ 38,955,729</u>	31%

BUDGETARY HIGHLIGHTS

The District's revenues exceeded the budget by \$6.7 million. Growth in the District led to more water sales than expected and significant connection fees (impact, acquisition and installation fees). Expenditures were \$1.1 million under budget as less water was purchased than was expected.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2024, the District had invested \$34.4 million in a broad range of capital assets, including land, equipment, treatment plants, and distribution systems. (See Table A-3). In 2024, the District purchased land for future system expansion and completed the USDA funded waterline. More detailed information about the District's capital assets is presented in the notes to the financial statements.

Table A-3
District's Capital Assets

	2024	2023	Percentage Change
Land	\$ 1,511,868	\$ 772,728	96%
Building and Improvements	6,202,597	6,202,597	0%
Plant and Distribution System	24,922,844	17,456,156	43%
Machinery and Equipment	1,702,746	1,492,868	14%
Construction in Progress	116,394	4,736,951	-98%
Totals at Historical Cost	34,456,449	30,661,300	12%
Total Accumulated Depreciation	(12,169,783)	(11,288,704)	8%
Net Capital Assets	\$ 22,286,666	\$ 19,372,596	15%

Long-Term Debt

At year-end, the District had \$9.2 million in principal outstanding on bonded debt and notes payable. In 2024, the District drew the remaining \$2.14 million authorized in the 2023 bond series. More detailed information about the District's debt is presented in the notes to the financial statements.

Table A-4
District's Long Term Debt

	2024	2023	Percentage Change
Bonds and Notes Payable	\$ 9,207,381	\$ 7,567,978	22%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For 2025, the District has conservatively budgeted for operating revenues to remain consistent. Operating expenses are budgeted to increase approximately 20% primarily for increased water purchases to keep up with the anticipated growth. Management is evaluating an office expansion and continuing on system expansion in accordance with the capital improvement plan. Most of these activities are expected to be funded with accumulated impact and acquisition fees. The District has petitioned for a wastewater CCN to serve portions of the District that are not currently served by any other providers.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District at 12452 US HWY 87 E, Adkins, TX 78101 or online at www.eastcentralsud.org.

BASIC FINANCIAL STATEMENTS

The basic financial statements include:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

EAST CENTRAL SPECIAL UTILITY DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2024

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 37,376,044
Accounts Receivable (net)	1,758,062
Inventory	884,108
Prepaid Expenses	6,000
<i>Total Current Assets</i>	<u>40,024,214</u>

Other Assets:

Restricted Cash for Debt Reserve	980,020
Capital Assets (net)	22,286,666
<i>Total Other Assets</i>	<u>23,266,686</u>

TOTAL ASSETS

63,290,900

DEFERRED OUTFLOWS OF RESOURCES

Deferred Pension Related Outflows	<u>380,524</u>
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LIABILITIES

Current Liabilities:

Accounts Payable	902,955
Accrued Wages	31,717
Accrued Leave	105,968
Accrued Interest	71,018
Customer Deposits	2,063,401
Bonds and Notes Payable - Current	508,808
<i>Total Current Liabilities</i>	<u>3,683,867</u>

Long-term Liabilities:

Bonds and Notes Payable (net of current portion)	8,698,573
Net Pension Liability	159,674
<i>Total Long-term Liabilities</i>	<u>8,858,247</u>
TOTAL LIABILITIES	<u>12,542,114</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Pension Related Inflows	<u>983</u>
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NET POSITION

Net Investment in Capital Assets	13,079,285
Restricted:	
Debt Reserve	980,020
Impact Fees	14,898,415
Water Acquisition Fees	8,180,300
Unrestricted	13,990,307
TOTAL NET POSITION	<u><u>\$ 51,128,327</u></u>

See accompanying notes to basic financial statements.

EAST CENTRAL SPECIAL UTILITY DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2024

Operating Revenues:

Water Sales	\$ 12,051,803
Wastewater Billing Fees	167,449
Other Charges	<u>375,670</u>
Total Operating Revenues	<u><u>12,594,922</u></u>

Operating Expenses:

Water Purchases	4,787,730
Personnel	2,485,935
Plant and Line Maintenance and Operations	728,048
Depreciation and Amortization	940,227
Administrative and Office Expenses	494,313
Vehicles and Equipment	260,287
Professional Fees	301,973
Utilities	<u>125,435</u>
Total Operating Expenses	<u><u>10,123,948</u></u>

Operating Income (Loss)	2,470,974
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Non-Operating Revenues (Expenses):

Impact, Acquisition and Installation Fees	8,522,554
Interest Income	1,346,468
Interest Expense	<u>(167,398)</u>
Total Non-Operating Revenues (Expenses)	<u><u>9,701,624</u></u>

Change in Net Position	12,172,598
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Net Position at Beginning of Year	<u>38,955,729</u>
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Net Position at End of Year	<u><u>\$ 51,128,327</u></u>
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See accompanying notes to basic financial statements.

EAST CENTRAL SPECIAL UTILITY DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

Cash Flows from Operating Activities

Cash Received from Customers	\$ 12,598,573
Cash Payments to Suppliers for Goods and Services	(7,461,256)
Cash Payments to Employees for Services	<u>(2,584,273)</u>
Net Cash Provided (Used) by Operating Activities	<u>2,553,044</u>

Cash Flows from Capital and Related Financing Activities

Bond Principal Payments	(500,597)
Interest Paid	(138,935)
Impact, Acquisition and Installation Fees	8,522,554
Proceeds from Issuance of Bonds	2,140,000
Purchase of Property, Plant and Equipment	<u>(3,854,297)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>6,168,725</u>

Cash Flows from Investing Activities

Interest and Investment Income	<u>1,346,468</u>
Net Cash Provided (Used) by Investing Activities	<u>1,346,468</u>

Net Increase (Decrease) in Cash and Cash Equivalents	10,068,237
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Beginning Cash

Cash and Cash Equivalents	\$ 27,704,856	
Restricted Cash	<u>582,971</u>	
		<u>28,287,827</u>

Ending Cash

Cash and Cash Equivalents	37,376,044	
Restricted Cash	<u>980,020</u>	
		<u>\$ 38,356,064</u>

See accompanying notes to basic financial statements.

EAST CENTRAL SPECIAL UTILITY DISTRICT
STATEMENT OF CASH FLOWS (CONT.)
FOR THE YEAR ENDED DECEMBER 31, 2024

**Reconciliation of Operating Income to Net Cash Provided (Used)
by Operating Activities**

Operating Income (Loss)	\$ 2,470,974
Adjustments to Reconcile Income from Operations to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	940,227
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(298,837)
(Increase) Decrease in Deferred Pension Outflows	(64,713)
(Increase) Decrease in Inventory	(234,612)
(Increase) Decrease in Prepaid Expenses	48
Increase (Decrease) in Accounts Payable	(528,906)
Increase (Decrease) in Accrued Wages	(48,043)
Increase (Decrease) in Accrued Leave	17,724
Increase (Decrease) in Customer Deposits	302,488
Increase (Decrease) in Net Pension Liability	(3,109)
Increase (Decrease) in Deferred Pension Inflows	(197)
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 2,553,044</u></u>

See accompanying notes to basic financial statements.

EAST CENTRAL SPECIAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

East Central Special Utility District (the "District") was created pursuant to the provisions of the Texas Water Code, Chapters 49 and 65 in 2005. The District was created to purchase, own, hold, lease and otherwise acquire sources of potable water; build, operate and maintain facilities for the treatment and transportation of water; sell potable water to local governments, water supply corporations and other persons in this state; and to protect, preserve and restore the purity and sanitary condition of water in the area.

The District is governed by a board of directors composed of nine members elected by the public. The directors have the authority to make decisions, appoint managers and significantly influence operations. The directors have primary accountability for fiscal matters.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below:

1. REPORTING ENTITY

In evaluating how to define the government for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement 14, "The Financial Reporting Entity" and GASB Statement 39 "Determining Whether Certain Organizations are Component Units". The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. The District has no component units.

2. ENTERPRISE FUND

The District is an enterprise fund. Enterprise funds are proprietary funds used to account for business-type activities provided to the general public or other governmental entities. The activities are financed by charges to customers and the measurement of financial activity focuses on net income similar to the private sector. Revenues are recognized when earned, and expenses are recognized when incurred.

EAST CENTRAL SPECIAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Revenues are classified as *operating* and *non-operating*. Operating revenues include charges to customers for water pumpage. Non-operating revenues are primarily connection charges for new customers to cover capital improvements to the system.

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

4. CASH AND INVESTMENTS

State statutes authorize the District to invest in (a) obligations of the United States or its agencies, and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) – (e). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations.

Investments are stated at fair value (plus accrued interest) except for money market investments and participating interest-earning investment contracts (U.S. Treasuries) that have a remaining maturity at time of purchase of one year or less. Those investments are stated at amortized cost, which approximates fair value.

The District reports investments at fair value based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District considers cash and cash equivalents to be amounts in checking accounts, savings accounts, money market accounts, local government investment pools and certificates of deposit with a maturity date within three months or less from the date of purchase.

5. ACCOUNTS RECEIVABLE

Accounts receivable consists of amounts due from customers. Receivables are reported net of an allowance for uncollectible accounts in the amount of \$165,526. Receivables also include an unbilled component for water consumed by customers but not billed until subsequent periods.

EAST CENTRAL SPECIAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. INVENTORY

The District maintains parts and supplies on hand to detail with customer connections and repairs. The inventory is valued at the lower of cost or market based on the first in first out method.

7. PREPAID EXPENSES

Expenses paid during the year that have a benefit beyond the current fiscal year are recorded on the balance sheet as prepaid expenses.

8. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, water rights, and water plant and distribution systems, are recorded at cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Purchases in excess of \$5,000 with a useful life in excess of one year are capitalized and depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	20 years
Equipment	5 to 10 years
Water Plants and Distribution Systems	10 to 50 years

9. DEFERRED INFLOWS AND OUTFLOWS

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period while a deferred inflow of resources is an acquisition of net position. These items are presented in separate sections following assets (deferred outflows) or liabilities (deferred inflows) on the statement of net position.

Losses on debt refundings arise when advance payments are made to refund outstanding obligations exceed the carrying amount of those obligations. These losses are deferred and amortized over the life of the bond.

10. COMPENSATED ABSENCES

Employees of the District earn vacation and sick leave each pay period. The leave accumulates up to a maximum of seventeen days of vacation and twenty dates of sick leave. The employee forfeits time over these caps at year end for vacation and is paid out amounts over the sick leave cap at year end. Upon termination, employees are paid for both vacation and sick leave up to the maximum accruals. Thus, the District records a liability on these financial statements for accrued but unused time as of the end of the fiscal year.

EAST CENTRAL SPECIAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. LONG-TERM OBLIGATIONS

Bonds and notes are recorded as liabilities on the statement of net position. Bond issue costs are expensed in the period they are incurred and premiums are amortized of the life of the obligation. Bonds payable are reported net of the applicable bond premium or discount.

12. NET POSITION

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. When expenses qualify for restricted and unrestricted resources, the District's policy is to use restricted resources first.

13. PENSIONS

The net pension liability, deferred inflows, and outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas County District Retirement System (TCDRS), and additions to and deductions from TCDRS' fiduciary net position have been determined on the same basis as they are reported by TCDRS. For this purpose, benefit payments (including refund of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

14. BUDGET

An operating budget is adopted each fiscal year for the District. Additional budgetary information is provided in the required supplementary information.

15. USE OF ESTIMATES

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

16. RECLASSIFICATIONS

Certain transactions are classified differently on the December 31, 2024 financial statements than previous fiscal years. These reclassifications had no effect on net income.

EAST CENTRAL SPECIAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE B -- CASH AND INVESTMENTS

1. Cash and Cash Equivalents

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledge securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. At December 31, 2024, the District's bank deposits were fully covered by a combination of federal deposit insurance and pledged securities.

2. Investments

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area, conducted as a part of the audit of the basic financial statements, disclosed that the District's investment practices, management reports and establishment of appropriate policies adhered to the requirements of the Act.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

As of December 31, 2024, the District had \$24,166,849 in LOGIC, a AAA rated local government investment pool. The pool strives to maintain a \$1 per share net asset value and is included in cash and cash equivalents.

EAST CENTRAL SPECIAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE C -- CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024 was as follows:

	Balances at 1/1/2024	Additions	Transfers/ Disposals	Balances at 12/31/2024
Land	\$ 772,728	\$ 739,140	\$ -	\$ 1,511,868
Building and Improvements	6,202,597	-	-	6,202,597
Plant and Distribution System	17,456,156	1,114,944	6,351,744	24,922,844
Machinery and Equipment	1,492,868	269,026	(59,148)	1,702,746
Construction in Progress	4,736,951	1,731,187	(6,351,744)	116,394
	<u>30,661,300</u>	<u>3,854,297</u>	<u>(59,148)</u>	<u>34,456,449</u>
<i>Less Accumulated Depreciation</i>				
Building and Improvements	(96,505)	(203,536)		(300,041)
Plant and Distribution System	(10,193,124)	(499,482)		(10,692,606)
Machinery and Equipment	(999,075)	(237,209)	59,148	(1,177,136)
	<u>(11,288,704)</u>	<u>(940,227)</u>	<u>59,148</u>	<u>(12,169,783)</u>
Capital Assets, Net	<u>\$ 19,372,596</u>	<u>\$ 2,914,070</u>	<u>\$ -</u>	<u>\$ 22,286,666</u>

Land and Construction in Progress are not depreciated.

NOTE D -- LONG-TERM DEBT

The District's long-term debt consists of bonds and notes payable as follows:

Series Name	Original Issue		Interest Rate	Maturity Date
	Amount	Date		
<i>Private Placement Debts:</i>				
Revenue Bonds, 2016	1,345,000	12/1/2016	2.08%	2027
Revenue Bonds, 2023	4,940,000	6/21/2023	2.38%	2062
Note Payable	1,000,000	10/12/2017	3.80%	2027
<i>Bonds Offered to Public:</i>				
Revenue Bonds, 2021	4,200,000	2/1/2021	1-1.75%	2041

The District's 2016 and 2023 bond series and notes payable were directly placed at local banking and other institutions. The bond documents do not contain subjective acceleration clauses, events of default with finance related consequences or termination events with finance-related consequences. The District's bonds and notes require cash to be set aside for debt service and reserves to which the District has complied.

EAST CENTRAL SPECIAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE D -- LONG-TERM DEBT (Continued)

The District's long-term debt activity as of and for the year ending December 31, 2024 is as follows:

Bonds Payable, Series	Balance Outstanding 1/1/2024	Additions	Retirements	Balance Outstanding 12/31/2024	Due Within One Year
<i>Private Placement Debts:</i>					
Revenue Bonds, 2016	\$ 510,000	\$ -	\$ (125,000)	\$ 385,000	\$ 125,000
Revenue Bonds, 2023	2,800,000	2,140,000	(75,000)	4,865,000	77,000
Note Payable	437,978	-	(105,597)	332,381	111,808
<i>Bonds Offered to Public:</i>					
Revenue Bonds, 2021	3,820,000	-	(195,000)	3,625,000	195,000
Total	<u>\$ 7,567,978</u>	<u>\$ 2,140,000</u>	<u>\$ (500,597)</u>	<u>\$ 9,207,381</u>	<u>\$ 508,808</u>

The annual requirements to amortize outstanding debts as of December 31, 2024, including interest payments, are as follows:

Year End December 31,	Public Offerings		Private Placements		Total
	Principal Payments	Interest Payments	Principal Payments	Interest Payments	
2025	\$ 195,000	\$ 46,515	\$ 313,808	\$ 131,965	\$ 687,288
2026	195,000	44,565	325,945	123,123	688,633
2027	200,000	42,590	314,628	114,013	671,231
2028	200,000	40,590	82,000	108,941	431,531
2029	200,000	38,590	84,000	106,970	429,560
2030-2034	1,045,000	160,098	453,000	503,488	2,161,586
2035-2039	1,115,000	85,881	510,000	446,405	2,157,286
2040-2044	475,000	8,298	574,000	382,090	1,439,388
2045-2049	-	-	646,000	309,748	955,748
2050-2054	-	-	729,000	228,178	957,178
2055-2059	-	-	820,000	136,325	956,325
2060-2063	-	-	730,000	26,315	756,315
Total	<u>\$ 3,625,000</u>	<u>\$ 467,127</u>	<u>\$ 5,582,381</u>	<u>\$ 2,617,561</u>	<u>\$ 12,292,069</u>

EAST CENTRAL SPECIAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE E -- TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

Plan Description

The District participates as one of 870 plans in the nontraditional, defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). TCDRS is an agency created by the state of Texas and administered in accordance with the TCDRS Act as an agent multiple-employer retirement system for County and District employees in the State of Texas. The Board of Trustees of TCDRS is responsible for the administration and management of the system. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at PO Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the District, within the options available in the state statutes governing TCDRS. Members can retire at age 60 and above with 8 or more years of service or with 20 years regardless of age or when the sum of their age and years of service equals 75 or more. A member is vested after 8 years but must leave his accumulated contributions in the plan. Members who withdraw their personal contributions in a partial lump sum are entitled to any amounts contributed by the 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 District within the actuarial constraints imposed by the TCDRS Act so 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 using annuity purchase rates prescribed by the TCDRS Act.

Contributions

The District has elected the annually determined contribution rate 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 District is actuarially determined annually. The District contributed using the actuarially determined rate of 12.17% for 2024.

The contribution rate payable by the employee members is 7% (increased from 6% in 2023) and the District matches 250% as adopted by the governing body of the District. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Benefits Provided

TCDRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the District, within the options available in the state statutes governing TCDRS. At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the District-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

EAST CENTRAL SPECIAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE E -- TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM (Continued)

Benefits Provided (Continued)

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees Receiving Benefits	1
Inactive Employees	7
Active Employees	25
	<hr/>
	33
	<hr/>

Net Pension Liability

The District's Net Pension Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Real rate of return	5.00%
Inflation	2.50%
Long-term Investment return	7.50%

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 long-term expected rate of return on pension plan investments is 7.50%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TCDRS.

EAST CENTRAL SPECIAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE E -- TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM (Continued)

Actuarial Assumptions (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return (Geometric)
US Equities	11.50%	4.75%
Global Equities	2.50%	4.75%
International Equities - Developed	5.00%	4.75%
International Equities - Emerging	6.00%	4.75%
Investment-Grade Bonds	3.00%	2.35%
Strategic Credit	9.00%	3.65%
Direct Lending	16.00%	7.25%
Distressed Debt	4.00%	6.90%
REIT Equities	2.00%	4.10%
Master Limited Partnerships (MLPs)	2.00%	5.20%
Private Real Estate Partnerships	6.00%	5.70%
Private Equity	25.00%	7.75%
Hedge Funds	6.00%	3.25%
Cash Equivalents	2.00%	0.60%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

The following presents the net pension liability of the 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 or 1-percentage point higher than the current rate:

	Discount Rate 6.60%	Discount Rate 7.60%	Discount Rate 8.60%
Net Pension Liability (Asset)	\$ 346,475	\$ 159,674	\$ 8,834

EAST CENTRAL SPECIAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE E -- TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM (Continued)

Changes in Net Pension Liability

The below schedule presents the changes in the Net Pension Liability as of December 31, 2023:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2022	\$ 641,104	\$ 478,321	\$ 162,783
Changes for the year:			
Service Cost	223,960	-	223,960
Interest on total pension liability	65,338	-	65,338
Effect of Plan Changes	-	-	-
Economic/Demographic gains or losses	56,975	-	56,975
Changes of Assumptions	-	-	-
Refund of Contributions	(7,990)	(7,990)	-
Benefit Payments	(2,905)	(2,905)	-
Administrative Expense	-	(427)	427
Member Contributions	-	103,852	(103,852)
Net Investment Income	-	55,239	(55,239)
Employer Contributions	-	177,010	(177,010)
Other	-	13,708	(13,708)
Net Changes	335,378	338,487	(3,109)
Balance at December 31, 2023	\$ 976,482	\$ 816,808	\$ 159,674

Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. That report may be obtained at www.tcdrs.com.

EAST CENTRAL SPECIAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE E -- TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended December 31, 2024, the District recognized pension expense of \$154,007. Also as of December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ 131,131	\$ -
Changes in Actuarial Assumptions	4,474	983
Net Difference between Projected and Actual Earnings	22,778	-
Contributions Subsequent to the Measurement Date	222,141	-
	<u>\$ 380,524</u>	<u>\$ 983</u>

Deferred outflows of resources in the amount of \$222,141 result from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the plan year ending December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year ended December 31,

2025	\$ 28,758
2026	28,093
2027	32,713
2028	20,042
2029	20,580
Therafter	27,214
	<u>\$ 157,400</u>

EAST CENTRAL SPECIAL UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE F -- WATER CONTRACT

The District has contracted to purchase water from San Antonio Water System. The contract requires a commitment to buy water for which the District is billed monthly. The contract is subject to restrictions on pumping from Edwards Aquifer during periods of drought. For the year ending December 31, 2024, the cost of water from the contract was \$1,158,413.

NOTE G -- JOINT VENTURE - CANYON REGIONAL WATER AUTHORITY

The District is a member entity of Canyon Regional Water Authority (CRWA) through a regional water supply contract. CRWA was created to purchase, own, hold, lease and otherwise acquire sources of potable water; build, operate and maintain facilities for the treatment and transportation of water; sell potable water to local governments, water supply corporations and other persons in Texas; to protect, preserve and restore the purity and sanitary condition of water in the area. The participating entities, of which there are 13, are contractually obligated to purchase water from CRWA's in an amount sufficient to cover the operating expenses, debt service and project costs. The District has pledged its system revenues to fund its share of CRWA costs and debts (approximately 9%). For the fiscal year ended September 30, 2024, CRWA reported assets of \$183 million and liabilities of \$104 million, including bonds payable of \$97 million. Annual required funding payments are recorded as water purchases on the District's financial statements. For the year ending December 31, 2024, the cost of CRWA water was \$3,629,317.

NOTE H -- WASTEWATER BILLING AGREEMENTS

The District does not currently have a wastewater CCN and allows two entities (San Antonio River Authority and Western Trails Water Supply Corporation) to serve certain customers in the District. The District has contracted with these entities to charge for wastewater service on District water bills. The District remits payments to the two providers based on actual collections less a 3% administrative fee.

NOTE I -- PROFIT SHARING PLAN

The District participates in a defined contribution profit sharing plan for eligible employees. The District no longer contributes to the plan, but employees may contribute at their discretion. The plan is administered by Nova 401(k) Associates as a 401K profit sharing plan. Employees who have attained the age of 21 years, have completed one year of service, and have been credited 1,000 hours of service may participate in the plan.

NOTE J -- LITIGATION

Management and legal counsel are not aware of any pending or likely litigation that could have a material impact on these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

EAST CENTRAL SPECIAL UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget Amounts		Actual Results (Budgetary Basis)	Variance With Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Water Sales	\$ 10,847,353	\$ 10,847,353	\$ 12,051,803	\$ 1,204,450
Wastewater Billing Fees	-	-	167,449	167,449
Other Charges	471,740	471,740	375,670	(96,070)
Impact, Acquisition and Installation Fees	4,054,500	4,054,500	8,522,554	4,468,054
Interest Income	412,000	412,000	1,346,468	934,468
Total Revenues	<u>15,785,593</u>	<u>15,785,593</u>	<u>22,463,944</u>	<u>6,678,351</u>
Expenditures:				
Water Purchases	5,255,784	5,255,784	4,787,730	468,054
Personnel	2,497,415	2,497,415	2,485,935	11,480
Plant Maintenance and Improvements	4,809,036	4,809,036	4,313,319	495,717
Depreciation and Amortization	680,000	680,000	940,227	(260,227)
Administrative and Office	503,450	503,450	494,313	9,137
Vehicles and Equipment	567,400	567,400	529,313	38,087
Professional Fees	627,000	627,000	301,973	325,027
Utilities	136,000	136,000	125,435	10,565
Debt Service	709,508	709,508	667,995	41,513
Total Expenditures:	<u>15,785,593</u>	<u>15,785,593</u>	<u>14,646,240</u>	<u>1,139,353</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,817,704</u>	<u>\$ 7,817,704</u>

EAST CENTRAL SPECIAL UTILITY DISTRICT
NOTES TO SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION-
BUDGET AND ACTUAL (BUDGETARY BASIS)
DECEMBER 31, 2024

Budgetary Information – The budget is prepared on a modified accrual basis of accounting in which capital purchases are typically paid for from current revenue. The District maintains strict budgetary controls. The annually adopted budget is not a legally binding document, but is used as a planning tool. The District does not use encumbrance accounting.

The following schedule reconciles the budgetary basis to generally accepted accounting principles.

Net Income (Budgetary Basis)	\$ 7,817,704
Plant Improvements	3,585,271
Equipment Purchases	269,026
Loan Principal Payments	<u>500,597</u>
Change in Net Position (GAAP Basis)	<u><u>\$ 12,172,598</u></u>

EAST CENTRAL SPECIAL UTILITY DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST FOUR PLAN YEARS

Total Pension Liability				
	2020	2021	2022	2023
Service Cost	\$ (65,852)	\$ 112,068	\$ 145,096	\$ 223,960
Interest (on the Total Pension Liability)	(5,334)	17,245	32,756	65,338
Changes of Benefit Terms	177,352	40,162	75,525	-
Change of Assumptions	8,950	(1,574)	-	56,975
Difference between Expected and Actual Experience	74	5,431	103,796	(7,990)
Benefit Payments, Including Refunds of Employee Contributions	-	(720)	(3,870)	(2,905)
Net Change in Total Pension Liability	115,190	172,612	353,303	335,378
Total Pension Liability - Beginning	-	115,190	287,802	641,105
Total Pension Liability - Ending	<u>\$ 115,190</u>	<u>\$ 287,802</u>	<u>\$ 641,105</u>	<u>\$ 976,483</u>
Plan Fiduciary Net Position				
	2020	2021	2022	2023
Contributions - Employer	\$ 52,674	\$ 85,381	\$ 143,812	\$ 177,010
Contributions - Employee	33,338	50,660	78,957	103,852
Net Investment Income	176	35,030	(34,069)	55,239
Benefit Payments, Including Refunds of Employee Contributions	-	(720)	(3,870)	(10,895)
Administrative Expense	(65)	(142)	(280)	(427)
Other	2,545	3,858	31,037	13,708
Net Change	88,668	174,067	215,587	338,487
Beginning Plan Fiduciary Net Position	-	88,668	262,735	478,322
Ending Plan Fiduciary Net Position	<u>\$ 88,668</u>	<u>\$ 262,735</u>	<u>\$ 478,322</u>	<u>\$ 816,809</u>
Net Pension Liability - Ending	\$ 26,522	\$ 25,067	\$ 162,783	\$ 159,674
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	76.98%	91.29%	74.61%	83.65%
Covered Payroll	\$ 666,757	\$ 1,013,199	\$ 1,315,947	\$1,483,607
Net Pension Liability as a Percentage of Covered Payroll	3.98%	2.47%	12.37%	10.76%

Information in this schedule is being accumulated until ten years are presented.
See Independent Auditor's Report.

EAST CENTRAL SPECIAL UTILITY DISTRICT
SCHEDULE OF EMPLOYER CONTRIBUTIONS- PENSION PLAN
LAST FIVE YEARS

Year Ending December 31,	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions As Percent of Payroll
2024	\$ 222,141	\$ 222,141	\$ -	\$ 1,825,318	12.17%
2023	\$ 177,125	\$ 177,125	\$ -	\$ 1,481,962	11.95%
2022	\$ 143,175	\$ 143,812	\$ (637)	\$ 1,315,947	10.93%
2021	\$ 79,941	\$ 85,381	\$ (5,440)	\$ 1,013,199	8.43%
2020	\$ 42,139	\$ 52,674	\$ (10,535)	\$ 666,757	7.90%

Valuation Timing:

Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	17 years (based on contribution rate calculated in 12/31/23 valuation)
Asset Valuation Method	5 Year Smoothed Market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative 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 service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate Scale after 2010.
Changes in Assumptions	2022: New investment return and inflation assumptions were reflected
Changes in Plan Provisions	2023: Member contributions increased to 7%
	2022: Member contributions increased to 6%

Information in this schedule is being accumulated until ten years are presented.
See Independent Auditor's Report.

SUPPLEMENTARY INFORMATION

The following Supplementary Information is required to be included as additional information by the Texas Commission on Environmental Quality (TCEQ).

EAST CENTRAL SPECIAL UTILITY DISTRICT
TSI-1. SERVICES AND RATES
FISCAL YEAR ENDING DECEMBER 31, 2024

1. Services Provided by the District during the Fiscal Year:

- | | | |
|---|---|-------------------------------------|
| <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 checked="" type="checkbox"/> Participates in joint venture, regional system, and/or wastewater service (other than emergency interconnect) | | |
| <input type="checkbox"/> Other (specify): _____ | | |

2. Retail Service Providers

	Minimum Charge	Minimum Usage	Flate Rate	Rate per 1,000 Gallons Over Minimum	Usage Level
Water					
Palm Park Service Area	\$ 34.00	N/A	No	\$ 7.19	0-6,999
				\$ 7.49	7,000-9,999
				\$ 7.89	10,000-15,999
				\$ 8.45	16,000-20,999
				\$ 9.51	21000+
All other service areas	\$ 39.00	N/A	No	\$ 8.07	0-8,228
				\$ 9.28	8,229-17,204
				\$ 10.25	17,205-25,432
				\$ 10.88	25,433-33,661
				\$ 12.25	33,662+
Total Charges per 10,000 gallons		Palm Park		\$ 106.80	
		Others		\$ 121.84	

EAST CENTRAL SPECIAL UTILITY DISTRICT
TSI-1. SERVICES AND RATES (CONTINUED)
FISCAL YEAR ENDING DECEMBER 31, 2024

Water and Wastewater Retail Connections

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered	-	-	1.0	-
<=3/4"	10,224	10,224	1.0	10,224
1"	34	34	2.5	85
1 1/2"	12	12	5.0	60
2"	36	36	8.0	288
3"	3	3	15.0	45
4"	1	1	25.0	25
6"	1	1	50.0	50
8"	2	2	80.0	160
10"	-	-	115.0	-
Total Water	10,313	10,313		10,937
Total Wastewater	-	-	1.0	-

3. Total Water Consumption during the Fiscal Year (rounded to the nearest thousand):

Gallons pumped into system	883,122,000		Water Accountability Ratio: (Gallons billed/Gallons pumped)
Gallons billed to customers:	720,578,796		82%

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District have Debt Service standby Fees? Yes ☐ No ☒

If yes, Date of the most recent Commission Order: _____

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

If yes, Date of the most recent Commission Order: _____

5. Location of District:

Counties in which the District is located: Guadalupe, Wilson and Bexar

Is the District located entirely within one county? Yes ☐ No ☒

Is the District located within a city? Entirely ☐ Partly ☒ Not at all ☐

Cities in which the District is located: San Antonio, St. Hedwig, New Berlin

Is the District located within a city's extra territorial jurisdiction (ETJ)?
Entirely ☐ Partly ☒ Not at all ☐

EAST CENTRAL SPECIAL UTILITY DISTRICT
TSI-1. SERVICES AND RATES (CONTINUED)
FISCAL YEAR ENDING DECEMBER 31, 2024

ETJs in which the District is located: San Antonio, St. Hedwig, New Berlin, Elmendorf

Are Board members appointed by an office outside the district? Yes ☐ No ☒

If Yes, by whom? _____

EAST CENTRAL SPECIAL UTILITY DISTRICT
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS (CONTINUED)
DECEMBER 31, 2024

Fiscal Year Ending December 31,	Total Annual Requirements		
	Principal Due Each Year	Interest Due Each Year	Total
2025	\$ 397,000	\$ 167,852	\$ 564,852
2026	404,000	161,398	565,398
2027	411,000	154,819	565,819
2028	282,000	149,531	431,531
2029	284,000	145,560	429,560
2030	291,000	141,516	432,516
2031	294,000	137,388	431,388
2032	300,000	133,057	433,057
2033	303,000	128,337	431,337
2034	310,000	123,288	433,288
2035	312,000	117,998	429,998
2036	319,000	112,462	431,462
2037	327,000	106,682	433,682
2038	330,000	100,679	430,679
2039	337,000	94,465	431,465
2040	344,000	88,005	432,005
2041	352,000	81,283	433,283
2042	115,000	76,487	191,487
2043	118,000	73,720	191,720
2044	120,000	70,894	190,894
2045	123,000	68,008	191,008
2046	126,000	65,051	191,051
2047	129,000	62,023	191,023
2048	132,000	58,924	190,924
2049	136,000	55,741	191,741
2050	139,000	52,476	191,476
2051	142,000	49,139	191,139
2052	146,000	45,719	191,719
2053	149,000	42,216	191,216
2054	153,000	38,629	191,629
2055	156,000	34,960	190,960
2056	160,000	31,208	191,208
2057	164,000	27,360	191,360
2058	168,000	23,418	191,418
2059	172,000	19,380	191,380
2060	176,000	15,248	191,248
2061	180,000	6,626	186,626
2062	185,000	2,197	187,197
2063	189,000	2,244	191,244
	<u>\$ 8,875,000</u>	<u>\$ 3,065,986</u>	<u>\$ 11,940,986</u>

EAST CENTRAL SPECIAL UTILITY DISTRICT
TSI-6. CHANGES IN LONG-TERM BONDED DEBT
FISCAL YEAR ENDING DECEMBER 31, 2024

	Revenue Refunding Bonds Series 2016	Revenue Bonds Series 2021	Revenue Bonds Series 2023	Total
Interest Rate	2.08%	1-1.75%	2.38%	
Dates Interest Payable	Feb 1, Aug 1	Feb 1, Aug 1	Feb 1, Aug 1	
Maturity Dates	2/1/2027	2/1/2041	2/1/2062	
Beginning Bonds				
Outstanding	\$ 510,000	\$ 3,820,000	\$ 2,800,000	\$ 7,130,000
Bonds Sold During The Fiscal Year	-	-	2,140,000	2,140,000
Bonds Retired During The Fiscal Year	(125,000)	(195,000)	(75,000)	(395,000)
Ending Bonds				
Outstanding	<u>\$ 385,000</u>	<u>\$ 3,625,000</u>	<u>\$ 4,865,000</u>	<u>\$ 8,875,000</u>
Interest Paid During The Fiscal Year	<u>\$ 9,308</u>	<u>\$ 48,465</u>	<u>\$ 80,286</u>	<u>\$ 138,059</u>
Paying Agent's Name and City	Truist Charlotte, NC	UMB Bank Austin, TX	USDA Seguin, TX	
<i>Bond Authority</i>				
Amount Authorized by The Board of Trustees	\$ 1,345,000	\$ 4,200,000	\$ 4,940,000	\$ 10,485,000
Amount Issued	<u>1,345,000</u>	<u>4,200,000</u>	<u>4,940,000</u>	<u>10,485,000</u>
Remaining to be Issued	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Debt Service Fund Cash and Investments as of Year End				<u>\$ 980,020</u>
Average Annual Debt Service Payment				<u>\$ 357,547</u>

EAST CENTRAL SPECIAL UTILITY DISTRICT
TSI-7. COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES
FISCAL YEAR ENDING DECEMBER 31, 2024

	Percent of Fund Total Revenues				
	2020	2021	2022	2023	2024
Operating Revenues:					
Water Sales	\$ 7,538,061	\$ 8,031,007	\$ 9,776,142	\$ 10,506,890	\$ 12,051,803
Wastewater Billing Fees	44,704	85,321	98,159	100,636	167,449
Other Charges	345,328	413,708	292,424	344,564	375,670
Total Operating Revenues	7,928,093	8,530,036	10,166,725	10,952,090	12,594,922
Operating Expenses:					
Water Purchases	2,820,852	3,353,592	3,972,337	4,354,575	4,787,730
Personnel	1,019,177	1,303,311	1,771,534	2,038,307	2,485,935
Plant and Line Maintenance and Operations	390,462	456,982	603,871	833,425	728,048
Depreciation and Amortization	921,097	506,386	567,610	639,962	940,227
Administrative and Office Expenses	349,931	436,869	418,284	532,976	494,313
Vehicles and Equipment	111,209	96,096	223,387	214,281	260,287
Professional Fees	78,758	65,075	154,709	225,530	301,973
Utilities	48,825	48,152	95,656	103,257	125,435
Total Operating Expenses	5,740,311	6,266,463	7,807,388	8,942,313	10,123,948
Operating Income (Loss)	2,187,782	2,263,573	2,359,337	2,009,777	2,470,974
Non-Operating Revenues (Expenses):					
Impact, Acquisition and Installation Fees	3,517,415	4,564,039	4,819,448	8,887,148	8,522,554
Interest Income	7,294	21,275	123,094	764,839	1,346,468
Gain on Sale of Assets	-	6,676	21,000	1,104	-
Interest Expense	(482,406)	(96,724)	(92,157)	(94,062)	(167,398)
Total Non-Operating Revenues (Expenses)	3,042,303	4,495,266	4,871,385	9,559,029	9,701,624
Change in Net Position	\$ 5,230,085	\$ 6,758,839	\$ 7,230,722	\$ 11,568,806	\$ 12,172,598

EAST CENTRAL SPECIAL UTILITY DISTRICT
TSI-8. BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS
FISCAL YEAR ENDING DECEMBER 31, 2024

Complete Entity Mailing Address: PO Box 570, Adkins, TX 78101

Entity Business Telephone Number: 210-649-2383

Submission Date of the most recent Registration Form: May, 2024

Limit of Fees of Office that a Trustee may receive during a fiscal year: \$7,200

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid* 12/31/24	Expense Reimbursements 12/31/24	Title at Year End
Board of Directors:				
Paul Bricker	5/05-5/26	\$ 3,295	---	President
Mark Davis	5/05-5/25	\$ 2,500	\$ 22	Vice President
Milton Lowak	5/10-5/26	\$ 2,495	---	Sec /Treasurer
Melvin Strey	5/05-5/26	\$ 1,695	\$ 50	Director
Shirley Owen	5/13-5/27	\$ 1,600	\$ 83	Director
Randolph Schwenn	5/19-5/25	\$ 2,200	---	Director
David Padalecki	5/20-5/27	\$ 1,300	---	Director
Tom Dupnick	5/20-5/25	\$ 2,000	\$ 41	Director
James Pederson	5/24-5/27	\$ 1,100	---	Director
Administrative Personnel:				
Brandon Rohan	03/03	\$ 174,063	\$ 179	Gen. Manager
Consultants:				
Barcom Technology Solutions		\$ 50,583		IT Provider
Gallegos Engineering		\$ 338,122		Engineer
Utility Engineering Group, PLLC		\$ 15,210		Engineer
Armstrong, Vaughan & Associates, PC		\$ 18,000		Auditor
Bryant Law PC		\$ 83,923		Attorney
Davidson Troilo Ream & Garza		\$ 47,461		Attorney
Hierholzer Engineering		\$ 27,710		Engineer
Texas Land & Right of Way Company		\$ 104,293		ROW Agent

*Fees of Office are the amounts actually paid to a director during the District's fiscal year.

COMPLIANCE SECTION



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
East Central Special Utility District

We have audited, 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, the financial statements of East Central Special Utility District as of December 31, 2024 and for the year then ended, and the related notes to the financial statements, which collectively comprise East Central Special Utility District's basic financial statements, and have issued our report thereon dated March 5, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered East Central Special Utility 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 East Central Special Utility District's internal control. Accordingly, we do not express an opinion on the effectiveness of East Central Special Utility 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

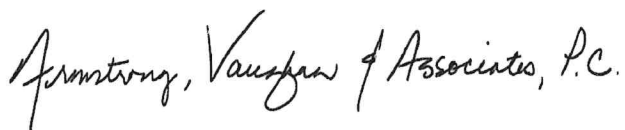
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether East Central Special Utility 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*.

We noted certain matters that we have reported to management of East Central Special Utility District in a separate letter dated March 5, 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.

A handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C.".

Armstrong, Vaughan & Associates, P.C.

March 5, 2025



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE

Board of Directors
East Central Special Utility District
Adkins, TX

Report on Compliance for Each Major Federal Program

We have audited East Central Special Utility District's compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024. East Central Special Utility District's 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, East Central Special Utility District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 East Central Special Utility District 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 East Central Special Utility District's 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 East Central Special Utility District's 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 East Central Special Utility District's 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 GAAS, *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 for that resulting from error, as fraud may involve 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, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about East Central Special Utility District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 East Central Special Utility District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of East Central Special Utility District's 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 East Central Special Utility District's 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

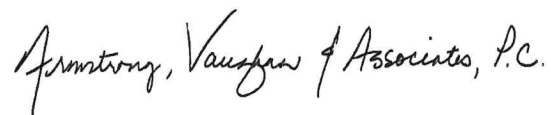
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 of 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 any 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C.".

Armstrong, Vaughan & Associates, P.C.

March 5, 2025

EAST CENTRAL SPECIAL UTILITY DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Any material weaknesses identified? Yes X No

Any significant deficiencies identified? Yes X No

Noncompliance material to financial
Statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

Any material weaknesses identified? Yes X No

Any significant deficiencies identified? Yes X No

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)? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.760	Water Systems for Rural Communities

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

D. Prior Audit Findings
NONE

EAST CENTRAL SPECIAL UTILITY DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S DEPARTMENT OF AGRICULTURE			
<i>Direct</i>			
Water Systems for Rural Communities	10.760	N/A	<u>\$ 1,339,817</u>
Loan Balance as of December 31, 2024			<u>\$ 4,865,000</u>

EAST CENTRAL SPECIAL UTILITY DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

Federal grant funds are considered to be expended as purchases are made under the provisions of the grant, and accordingly, may be in advance of the reimbursements received.

Federal expenditures are recorded when expenses are incurred, not when advances from loan proceeds are made.

The District has not elected to use the 10% de minimis indirect cost rate as allowed by Uniform Guidance.

