

2024

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

Fiscal Year Ended December 31, 2024



JCSUD



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended
December 31, 2024

Prepared by:

Finance Department

JOHNSON COUNTY SPECIAL UTILITY DISTRICT
Annual Comprehensive Financial Report
December 31, 2024

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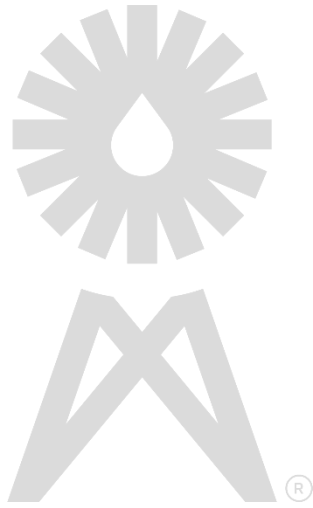


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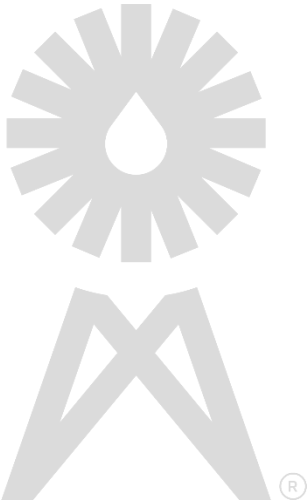
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A decorative fence made of blue, white, and red metal rails runs across a field of green grass and small blue flowers. A large white five-pointed star is mounted on the blue section of the fence. The fence is supported by wooden posts. In the background, there are trees and a clear blue sky with light clouds. A cactus is visible on the right side of the fence.

INTRODUCTORY SECTION

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Letter from the General Manager

May 7, 2025

To: President Glen Walden,
Members of the Board of Directors,
And Johnson County Special Utility District Customers



Introduction to the Annual Comprehensive Financial Report

We are pleased to present the Annual Comprehensive Financial Report (ACFR) for Johnson County Special Utility District for the fiscal year ended December 31, 2024. This report provides our customers, staff, the Board of Directors, and other interested parties with detailed information concerning the financial condition and activities of JCSUD. State law and debt covenants require that JCSUD publish a complete set of audited financial statements at the close of each fiscal year. Management assumes full responsibility for the completeness, fairness, and reliability of the information contained in this report. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is organized in a manner designed to fairly state the financial position and results of the operations of JCSUD as measured by the financial activity. We also believe that all disclosures necessary to enable the reader to understand JCSUD's financial affairs fully have been included.

Economic Summary

As of January 2025, North Texas experienced an annual inflation rate of approximately 2.8%, aligning closely with the national average of 3.0%. This marks a significant decrease from the peak inflation rates observed in 2022, indicating a stabilization in the cost of goods and services. The moderate inflation rate suggests a stable economic environment, but ongoing monitoring is essential to anticipate potential cost increases in operations and capital projects.

Despite recent interest rate cuts by the Federal Reserve, mortgage rates in North Texas remain elevated. The elevated rates are influencing housing affordability and demand in the region. Mortgage rates typically influence residential growth patterns, but JCSUD has continued to experience high growth rates, affecting demand for water and wastewater services.

The construction industry faced challenges in 2024 due to elevated material costs and labor shortages. Proposed tariffs on imported construction materials from Canada and Mexico raised concerns about potential increases in costs for essential materials like lumber, steel, and cement. These factors contributed to longer construction timelines and higher overall project costs. These challenges in construction costs and timelines impact the planning and execution of infrastructure projects and require careful budgeting and scheduling.

The summer of 2024 was the 14th hottest on record for the Dallas-Fort Worth area, with an average temperature of 86.1°F—1.7°F above normal. The season saw 23 days exceeding 100°F, fewer than the 47 in 2022 and 55 in 2023. Despite above-average rainfall in early 2024, the fall months saw a return to drought conditions, exacerbated by the extended dry period. A 33-day rain-free period from late September to late October tied for the eighth-longest in DFW history. The extended periods of heat and drought increase water consumption, necessitating efficient water management strategies. The extreme weather conditions

of North Texas over the past few years underscore the importance of infrastructure resilience and emergency preparedness.

2024 Goals and Accomplishments

In 2024, JCSUD demonstrated significant progress across every department, showcasing our commitment to operational excellence, customer satisfaction, infrastructure development, and employee engagement. This success reflected a shared vision and dedication throughout the organization to follow through on our mission to provide safe, reliable, and affordable water to the communities we serve.

In a time where financial transparency is a top priority, the finance department set the tone with continued recognition for fiscal integrity, earning the GFOA Certificate of Achievement for Financial Reporting for the 11th year in a row and, for the first time, receiving the GFOA Distinguished Budget Presentation Award. Their efforts extended beyond awards, with the team hosting a successful surplus auction and participating in essential cash-handling training, further strengthening financial stewardship.

2024 continued to be another year of substantial growth for JCSUD, and with that growth comes the continued goal of providing first-class customer service. Our customer service department kept pace with the District's growth, processing a combined 2,100 applications for new service or occupant changes, and enhancing their skills through specialized customer service and financial training. The District's customer assistance programs through CareShare and the Leak Adjustment Policy delivered over \$192,000 in customer support, reinforcing JCSUD's commitment to keep life moving forward for those who count on us.

Complementing these efforts, the communications department amplified public outreach through the 2024 Customer Survey and participation in community events. JCSUD was also recognized for the second year in a row for being voted "Best of the Best" in Johnson County for water service. The District's outreach efforts gained statewide recognition with the TAWWA Watermark Award for its WaterSmart campaign.

Investment in our employees remained a driving force behind JCSUD's success. Human Resources introduced a return-to-work program, marked a full year without missed-time injuries, held routine safety trainings, launched an employee engagement survey, and expanded employee benefits. A strong focus on safety and professional development reflected the District's commitment to a healthy, engaged workforce.

Also supporting the District's rapid expansion, the system development team finalized 20 projects, added 772 new lots, and launched an interactive online service map to improve transparency and access. A key milestone included completing a lead service line inventory and confirming the continued safety and quality of JCSUD's water system with zero lead service lines.

Infrastructure improvements continued with the water operations department, which made substantial strides in emergency preparedness and water loss reduction, reducing the annual water loss total by 100 million gallons since 2021. Projects like the Chloramines Project, facility enhancements, and emergency generator installations under Senate Bill 3 highlighted the District's approach to system reliability and compliance.

Wastewater Operations also advanced key initiatives with the installation of a cost-saving belt press, reducing sludge disposal fees by \$29,000. Strategic investments in infrastructure and equipment further enhanced reliability and expanded the sewer collection system to support growing demand.

The Engineering Department rounded out the year with leadership in several major waterline projects across the District, totaling approximately 37,000 linear feet of new waterlines and 6,400 linear feet of waterline replacement. These projects significantly bolstered system distribution and service reliability, ensuring JCSUD remains well-positioned for future growth.

Together, these accomplishments reflect a dynamic year of collaboration and progress, reinforcing JCSUD's mission to serve the community with excellence and innovation at every level. A more detailed summary

of these accomplishments can be found on page xiv. We look forward to carrying the momentum into 2025 and exceeding expectations year after year.

Financial Standing and Audit Information

In 2024, the District's financial position continued to strengthen. The District's net position increased by \$20,534,401, primarily due to the rapid growth of the District resulting in significant capital projects. The District adopted Impact Fees in 2024 to support the continued development. The District also dissolved its ownership in the Brazos Regional Public Utility Agency (BRPUA) contributing to an increase in net position from the sale. Total operating revenues increased by 1.5% in 2024 with a steady increase in water and wastewater sales, while operating expenses increased by 7.3% primarily due to water purchases and personnel costs. Operating expenses for utilities and communications saw a decrease while the depreciation expense for capital assets increased to parallel the increase in the District's capital infrastructure. Total water production for 2024 was 2,637 million gallons, a slight decrease from 2023 at 2,692 million gallons. The decrease in production is attributable to the drought conditions experienced in 2023 while still seeing a significant increase in wholesale water sales, and growth in the system.

George, Morgan, and Sneed, P.C., a firm of licensed, certified public accountants in Weatherford, TX, have audited the financial statements for the fiscal year ending in 2024. The goal of the independent audit was to provide reasonable assurances that the financial statements of JCSUD are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, and evaluating the overall financial statement presentation. Based on the audit, the independent auditors concluded that there was a reasonable basis for rendering an unmodified opinion and that the financial statements for 2024 are fairly presented in conformity with GAAP.

This report is presented in three sections: Introductory, Financial, and Statistical. The Introductory section includes a letter of transmittal, a listing of JCSUD elected officials and management, an organizational chart, a profile of the District, and major accomplishments. The Financial section includes a Management Discussion and Analysis (MD&A), basic financial statements, and the independent auditor's report on the basic financial statements. As required by GAAP, the MD&A is a narrative introduction, overview, and analysis to accompany the basic financial statements. The letter of transmittal is designed to complement and should be read in conjunction with the MD&A. The District's MD&A can be found immediately following the Independent Auditor's Report. The Statistical section includes financial and demographic information, presented on a multi-year basis, that is relevant to a financial statement reader.

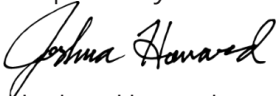
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Johnson County Special Utility District for its annual comprehensive financial report for the fiscal year ended December 31, 2023. This was the 11th consecutive year that JCSUD had achieved this prestigious award. The Certificate of Achievement is a national award recognizing conformance with the highest standards for preparing state and local government financial reports.

Conclusion

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire Finance Department staff. We appreciate the employees throughout the organization, especially those instrumental in completing this report. Additionally, we would like to thank the Board of Directors for their unfailing support in maintaining the highest standards of professionalism in the management of the District's finances.

Respectfully Submitted,



Joshua Howard
General Manager



JCSUD

ABOUT JCSUD

JCSUD is one of the largest Special Utility Districts in Texas. The District's Board of Directors consists of seven members elected at large by the voting public within the District. Board Directors have 3-year terms with a staggered term election process. The General Manager serves as the District's authorized administrator to manage and oversee all business and personnel activities in accordance with District policies.

Our Mission Statement

At Johnson County Special Utility District, our goal is to provide safe, reliable water to the residents of Johnson County and surrounding communities. Our purpose is to keep life moving forward for those who are counting on us. Without access to clean water, our lives would stop. That's why our commitment to taking great care of our families, coworkers, and the communities we serve, flows deep within all of us.

Our Board Vision

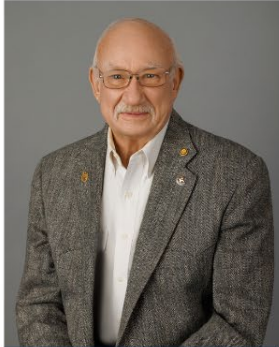
JCSUD will become Texas' preeminent Special Utility District by consistently fulfilling mandates to supply potable water in a safe, timely and environmentally compliant manner. Dedicated to innovation, stewardship, collaboration, and excellent customer service.

JCSUD Core Values

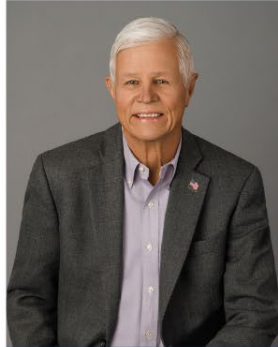
Relationships with our customers are **built on trust**. JCSUD's core values drive how we deliver on our promise to provide clean water safely, reliably, and affordably day in and day out to maintain trust.



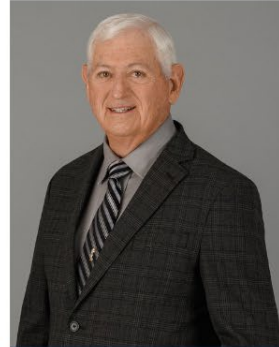
Board of Directors



Glen Walden
President



Joe Hollarn
Vice President



Ronnie Nichols
Secretary/Treasurer



Craig Cheyne
Director



Harry Shaffer
Director



Gary Giesen
Director



Gene Petross
Director

Responsibilities of the Board of Directors

Policy

Develop rates, customer service policies, purchasing and procurement policies, and personnel policies.

Planning

Secure future water supplies, asset management, financial security, customer relations, and recruit future board members.

Budget

Approve the annual budget and periodically review its progress to ensure the system is on track to meet its goals for the year.

Monitoring & Evaluation

Monitor the District's performance through monthly reports, customer feedback, and audits to gauge the success of short and long-range planning.

Emergency Preparedness

Ensure that there are emergency plans in place to guide the Board and staff on what to do in a crisis.



Management Team



Josh Howard
General Manager



Dana Collier
Deputy GM



Lauren Peterson
Finance Manager



Tyler Lyles
Water Operations
Manager



James Lyles
Wastewater Operations
Manager



Luis Gatica
District Engineer



Sinclair Newby
Communications
Manager



Sarah Birchmeier
Human Resources
Manager



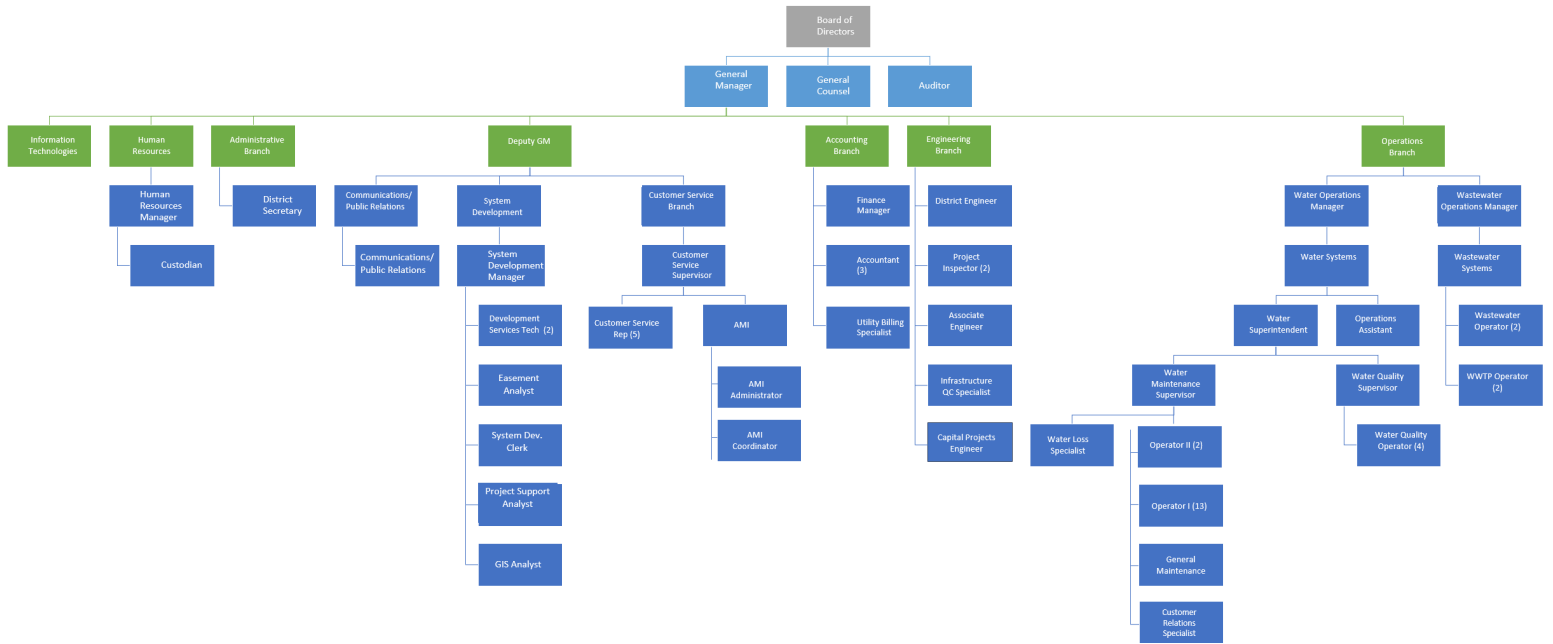
Nan Bise
System Development
Manager



Missy Brown
Customer Service
Manager



Diana Madrigal
District Secretary



History

In the spring of 1964, a group of men held a meeting at the Sand Flat Baptist Church to discuss the possibility of supplying water for general farm use and domestic purposes to the people residing in the general rural area. These men were dedicated to helping their rural neighbors, so they began knocking on doors.

They presented the idea of having a water cooperative to serve rural families in the area. People were skeptical at first, and the new concept of participating in a community water system wasn't readily accepted. Many thought individual wells worked fine, but the vision was much greater. The strategy was to provide an economic benefit for these rural families and for the many to come as Johnson County steadily grew. The steering committee proposed an initial \$50 membership fee to have a meter installed and join the new member-owned, non-profit organization. It made sense to create a rural community water system to serve those who would share as stakeholders in this cooperative effort.

In 1965, the Johnson County Rural Water Supply Corporation (JCRWSC) was organized and chartered under state statutes as a non-profit corporation, much like many others of its kind in Texas during this era. The beginnings of these rural water suppliers arose throughout the country and were funded through loans from the Farmer's Home Administration. The system began with 305 customers and served a genuine need to supply drinking water to the rural community.

In 1972, the West Prairie Water Supply Corporation in the county's northern portion was merged into the existing JCRWSC system. The merger of two entities into one was named the Johnson County Rural Water Supply Corporation. In 1977, the Nolan River Water Supply Corporation in the County's southern portion also merged with JCRWSC.

In 2000, the system was serving 10,200 connections. The Board of Directors voted to convert Johnson County Rural Water Supply Corporation to a Special Utility District (SUD). Converting to a SUD allows water supply corporations to become a political subdivision. The largest cost savings accumulate for governmental entities issuing tax-exempt bonds to fund capital projects. Finally, in 2004, the Texas legislature approved the conversion, and the organization began operating as Johnson County Special Utility District (JCSUD).

The Johnson County Fresh Water Supply District #1 (FWD) served the Joshua area for several years. In 2005, the JCSUD staff had been approached to consult with the FWD as they were going through several years of tough economic times and mismanagement. The effort was to help the FWD officials regain the best management practices and streamline costs. It led to discussions in measuring the merit of the FWD to consolidate the two systems. The next year, the FWD approved a resolution to conjoin with JCSUD, and an application was made with the State to complete the merger. In April 2007, the District began managing the day-to-day operation of the FWD. Merging the Joshua area water system with JCSUD helped to maintain stable rates among all the domains of customers, which now totaled 14,426.

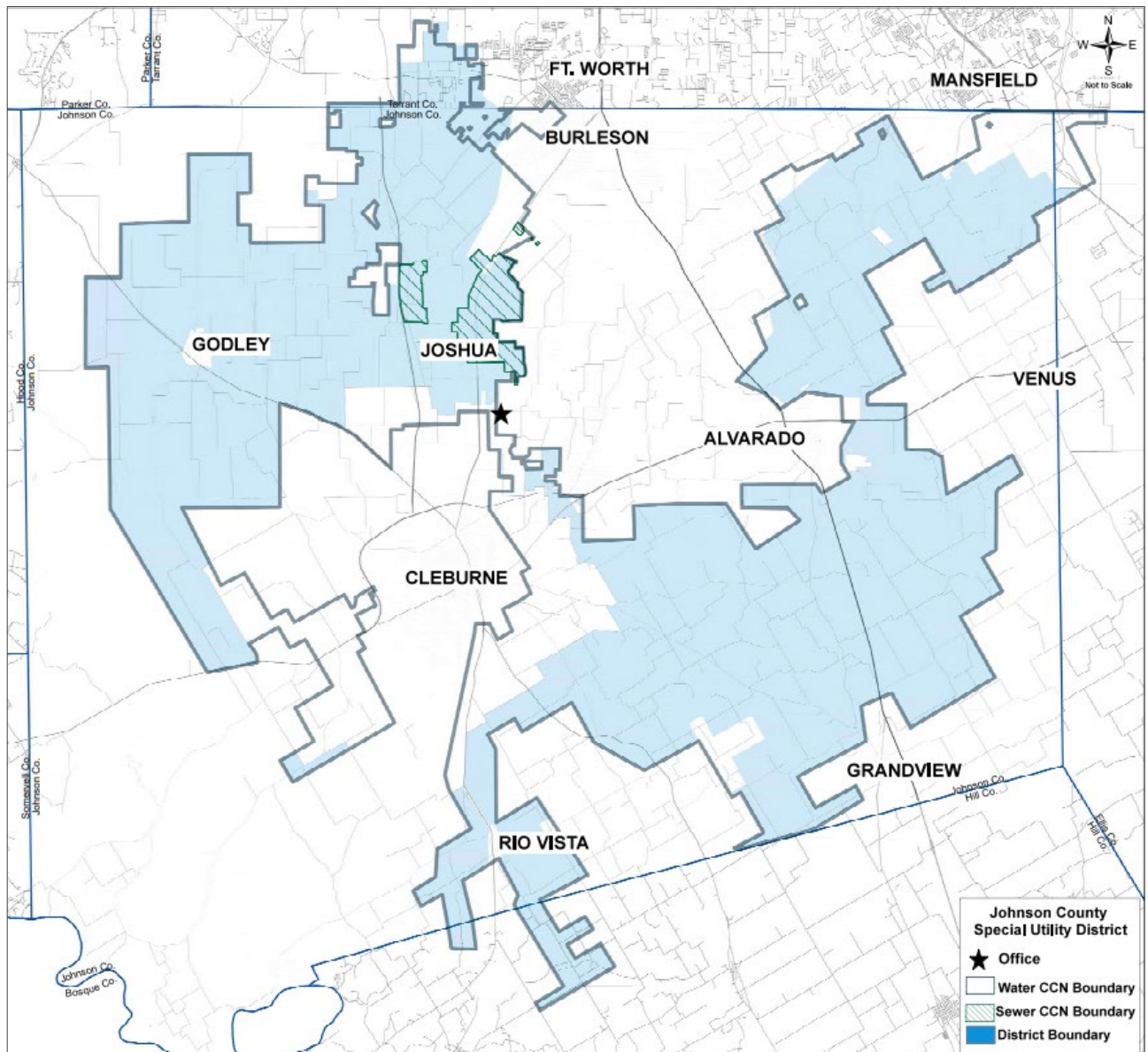
2012 was quite a mile-marker year in the life of the District. The Brazos River Authority - Surface Water Advanced Treatment System (SWATS), which once served five municipal suppliers, was favorably reduced to only two. The ownership and management transferred from the Brazos River Authority to a newly created Brazos Regional Public Utility Agency (BRPUA). JCSUD and Acton Municipal Utility District (AMUD) were the two joint operating entities of the BRPUA until August 2024, when AMUD became the sole operating entity.

In June 2019, JCSUD moved its business operation from Cleburne, Texas, to occupy its new facility

In June 2019, JCSUD moved its business operation from Cleburne, Texas, to occupy its new facility on FM 3048 in Joshua, Texas. Now begins a new era as the total business and operations finally originate from a central location relative to the District's area of service. In the last 25 years, connections have more than doubled to 25,000 households today, an estimated 65,000 in population. Besides these retail connections, the District takes on a greater role as a regional wholesale water provider. The City of Alvarado, City of Keene, Bethany Special Utility District, Monarch Utilities, and Mountain Peak Special Utility District (each serving over 1,000 connections) have wholesale water contracts with the District for long-term water supply needs. The City of Joshua and the Lillian community also look to JCSUD as their water provider.

Water Supply and Distribution

The District contracts with the Brazos Regional PUA to have 5 MGD through the SWATS plant on Lake Granbury. In addition, the District water well supply varies from year to year; but more recently accounts for supplying around 1.8 MGD. Wholesale water contracts are in place with the City of Mansfield for 25 MGD and 6 MGD with the City of Grand Prairie. JCSUD accounts for an ample total water supply capacity of 37.8 MGD.



The system has about 1,000 miles of distribution pipeline and 48 miles of transmission lines divided into 12 separate pressure planes. The District operates six elevated storage tanks with a combined 5 million gallons in the system. The water CCN (certificate of convenience and necessity) service area of the District is approximately 320 square miles, predominately in Johnson County and serving in Tarrant and Hill counties. Only three connections are being served just inside of the Ellis County line.

Wastewater Collection and Treatment Facilities

The District took ownership and operation of the Joshua wastewater collection and treatment facilities (Permit #WQ0014350001) in 2007 from Johnson County Freshwater Supply District #1. The collection system serves around 4,500 connections in and around the City of Joshua and a small portion within the Burleson city limits.

The District operates seven lift stations among nearly 53 miles of sewer mains in this collection system. In 2013, the District completed improvements to the treatment plant, which has an average daily discharge of approximately 450,000 gallons per day. The treatment method includes influent screening for two aeration basins, four clarifiers, three on-site lift stations, and a chlorine contact basin. Treated effluent discharges into the Village Creek, eventually flowing into Lake Arlington. In 2017, the TCEQ approved the District's permit request to expand its average daily discharge volume to 790,000 gal/day.



Relevant Financial Policies

Budget Policy

The District's Budget Policy provides direction on the development and intended use of the annual budget document. The three main elements of the Budget Policy incorporate the Operating Budget, Capital Improvement Program (CIP) Budget and the Budget Contingency Plan. The Budget Contingency Plan addresses recommended actions during a budget shortfall resulting from economic downturns or environmental factors that adversely affect the District's revenue streams and service capacity.

Fund Reserve Policy

Reserves support the District during unexpected revenue shortages or unplanned, necessary expenditures or Capital Improvement Projects. This policy specifies targets for the inflows and outflows of reserves in funds, including the amount of resources to be held in reserves and the conditions under which reserves may be used.

Among other reserves, the District maintains an Emergency Operating Reserve intended to sustain the organization in the event of an emergency or economic uncertainty, providing for the continuation of services during the resolution or mitigation of the situation. The Emergency Operating Reserve will equal three months or 90 days of budgeted operating expenses.

Debt Management Policy

JCSUD recognizes that the foundation of any well-managed debt program is a comprehensive debt management and post issuance policy outlining the parameters for issuing new debt and managing the existing debt portfolio, identifying the types and amounts of permissible debt, and providing guidance to decision makers regarding the purposes for which debt may be issued. As such, the District has developed a Debt Management Policy that outlines guidelines for such items as structure of debt, consideration of financing alternatives, methods of sale of debt obligations, refunding of debt, District debt limits, and the selection of an independent financial advisor and bond counsel.

Investment Policy

The District's Investment Policy states that the investment of public funds shall be handled as its highest public trust. Investments shall be made in a manner that will provide the maximum security of principal invested through limitations and diversification while meeting the daily cash flow demands of the District and conforming to all applicable state and District statutes governing the investment of public funds.

Capital Asset Policy

Capital assets are recorded at cost if purchased or constructed. Donated capital assets are recorded at their acquisition value at the date of donation. All assets with a cost of \$10,000 or more and a useful life greater than three years will be capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of proprietary fund is included as part of the capitalized value of the assets constructed.

FISCAL YEAR 2024 FINANCES IN BRIEF

Revenues, Expenses, and Changes in Net position (in thousands)

Source	Total	Program	Total
Water Sales	\$ 25,174	Water Purchases	\$ 8,682
Wastewater Revenue	2,240	Personnel	6,101
Penalties	359	Repair, Maintenance, & Supplies	1,402
Installation Fees	106	Utilities & Communication	1,510
Miscellaneous Fees	622	Other	3,611
Gain on Disposal of Assets	3,819	Depreciation	3,706
Investment Earnings	2,607	Interest Expense	739
Other Income	315		
Connection Fees	2,879		
Impact Fees	4,639		
Capital Contributions	3,525		
Total	46,285	Total	25,751
		Change in Net Position	20,534

Read our FY24 Comprehensive Annual Financial Report at jcsud.com



2024 ACCOMPLISHMENTS



Finance

The 2023 Annual Comprehensive Financial Report received the Government Finance Officers' Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting, marking the 11th consecutive year. The Certificate of Achievement is the highest form of recognition in government accounting and financial reporting. The 2024 Adopted Annual Budget received the GFOA Distinguished Budget Presentation Award for the first year. Staff look forward to continuing this achievement each year by producing transparent budget information to guide the financial planning of the District.

Finance coordinated the annual auction for the sale of surplus property. The utilization of an annual auction allows the district to dispose of assets through fiscally responsible means. In 2024, six vehicles were sold through auction.

In 2024, Finance personnel attended a Cash Handling seminar, along with staff from the customer service and system development departments who receive customer payments. The seminar was held through the Government Treasurer's Organization of Texas (GTOT) and serves as a baseline introductory training for our current Cash Handling Initiative.

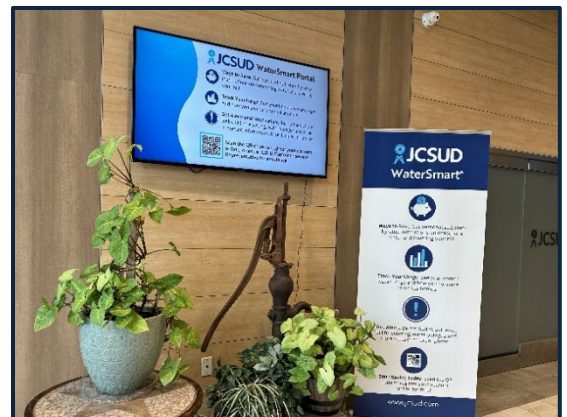


Communications

Enhancing customer outreach, communications, and resources was a priority for JCSUD in 2024. JCSUD conducted its 2024 Annual Customer Survey to gather valuable feedback on service quality, customer satisfaction, and areas for improvement. The survey proved successful, receiving the largest response rate and highest customer satisfaction rating to date. JCSUD was also awarded the "Best of the Best of Johnson County" for water service for the second year in a row. This award is determined by votes from the residents of Johnson County and highlights our efforts to build connections with the communities we serve and enhance customer satisfaction.

Another major initiative in 2024 was to promote WaterSmart to JCSUD customers through various communications strategies. A year-long comprehensive promotional campaign involving digital, print, social media, and in-person outreach was developed, generating a gain of 648 accounts for the year. This campaign received the 2025 TAWWA Watermark Award for Communications Excellence at the Texas Water 2025 Conference in Houston in March 2025.

In conjunction with the WaterSmart efforts, the District conducted multiple public awareness campaigns throughout the year to promote water conservation, service updates, and emergency notifications, thereby increasing customer engagement and outreach. JCSUD also sponsored and participated in several public events throughout the year to give back to our communities and build relationships with our customers.





Customer Service

In 2024, JCSUD's Customer Service team processed 2,181 applications, including 757 Connect Service Orders and 1,424 Occupant changes. Dedicated to continuous improvement, the team participated in specialized Customer Service Training on February 21, 2024. Additionally, employees enhanced their financial transaction skills through cash handling classes held on April 22 and July 17, 2024.

JCSUD remained committed to supporting its customers through assistance programs. The CareShare program provided \$6,469.77 in financial aid to those in need, while updates to the Leak Adjustment program allowed JCSUD to assist 201 customers, granting adjustments totaling \$186,260.77.

System Development

In 2024, JCSUD set 825 meters and added 95 new development projects to the project list. The district finalized and accepted 20 projects, bringing 772 new lots into service. Additionally, developer-funded upgrades were made to the Plant 21 pump to enhance system efficiency. JCSUD also improved customer accessibility by launching an interactive map on its website, providing enhanced service insights. Throughout the year, the team conducted thorough reviews of 78 plats, ensuring responsible growth and development.

JCSUD undertook a comprehensive lead service line inventory to determine the presence of lead service lines in its water distribution system in compliance with federal and state regulations to protect public health. Through these diligent efforts, JCSUD confirmed that no lead, galvanized requiring replacement, or lead status unknown service lines were present in its system, ensuring its water supply's continued safety and reliability for all customers.

Human Resources

In 2024, JCSUD enhanced workplace safety and employee support through several key initiatives. A return-to-work program was established, allowing employees to return to modified duty when needed. With guidance from Jacob Felkner, a comprehensive safety program was implemented, featuring monthly trainings and culminating in the celebration of one year without missed-time injuries in October. Additionally, a PPE program was rolled out, providing employees with essential safety gear, including hard hats, gloves, safety glasses, vests, and boots.



Employee engagement took center stage with JCSUD's first annual engagement survey, which saw an impressive 80% participation rate and above-average scores. Professional development was also prioritized, with employees completing electrical training through United Cooperative Services, work zone traffic safety training via the University of Texas at Arlington, and management training with the Texas Municipal League.

Water Operations

In 2024, the Water Operations department made significant strides in infrastructure improvements, equipment upgrades, and operational efficiency. We enhanced the aesthetics of our facilities by painting several buildings at our pump station sites and improved functionality by replacing multiple Liquid Level Clearviews at our hydropneumatic facilities. Security and aesthetics were further improved by repairing and enhancing perimeter fences and lighting around our plant sites. Two of our operators obtained their Commercial Driver's Licenses (CDLs), and two staff members obtained Class D water certifications through the TCEQ, further strengthening our operations department. We also invested in a larger trailer for our backhoe crews, ensuring reliable and safe

transport of our backhoes, minimizing downtime caused by trailer failures, and enhancing the efficiency and safety of our operations while providing a long-term solution to meet our equipment transport needs.

As part of Senate Bill 3 compliance, emergency generators were installed at three major plant sites, reinforcing our ability to maintain operations during power outages. Additionally, TCEQ recognized JCSUD's optimal water quality parameters, leading to reduced sampling requirements—a testament to our commitment to rigorous monitoring and compliance. We successfully completed the Chloramines project for Pressure Plane 24, enabling the blending of groundwater and surface water, which ultimately prolonged JCSUD's ability to utilize more cost-effective groundwater sources.



Most notably, our ongoing water loss control program, initiated in 2022, continues to yield results. In 2024, we reduced water loss to approximately 246 million gallons—an overall reduction of nearly 100 million gallons from 2021. To continue the momentum of our success, staff partnered with two entities, Asterra and the Texas Rural Water Association (TRWA), to leverage their comprehensive leak detection capabilities to enhance our ability to reduce JCSUD's water losses.

Wastewater Operations

In 2024, JCSUD saw several successful advancements in wastewater treatment and collection. At the wastewater treatment plant, outdated yard lights were replaced with energy-efficient LED fixtures, and the belt press installation was successfully completed, allowing the return of the rental press. Efforts to improve efficiency continued, resulting in a notable reduction in sludge disposal fees, with the disposal cost decreasing from \$97,288.53 in 2022-2023 to \$68,299.04 in 2023-2024.

In wastewater collection, JCSUD invested in key infrastructure improvements, including the purchase of a push camera for sewer line inspections and a new lift crane to replace aging equipment. Critical system updates were completed, such as replacing the Cooper Valley lift station motor control panel and progressing in the engineering design for the Gunn Court lift station sewer force main replacement. Additionally, JCSUD stabilized a washed-out manhole at Village Creek in Joshua and expanded its sewer collection system with three new 30-inch pour-in-place manholes. Fleet management improvements included implementing a daily vehicle checklist, which ensured employees took greater responsibility for the maintenance and condition of both assigned and unassigned vehicles.



Engineering

The JCSUD engineering department oversaw several waterline infrastructure projects in 2024 to enhance water service across our service area. The Rustic Meadows 16-inch waterline project involved installing approximately 300 linear feet of 16-inch waterline between County Road 913 and Rustic Edge Street. In Joshua, the Main Street 16-inch waterline project included installing roughly 7,500 linear feet of 16-inch waterline. This new line begins at the Plant 34 elevated storage tank on North Main Street and extends south to the intersection of South Main Street and Broadway (Highway 174).

The Pressure Plane 08 waterline project consisted of three separate installations. The first was a 1,450-linear-foot segment of 20-inch waterline along FM 1902 from the intersection with CR 910 running south. The second involved about 4,500 linear feet of 24-inch waterline running east along CR 1019 from the intersection with FM 1902. The third included approximately 2,100 linear feet of 20-inch waterline installed along FM 917.

The CR 409 Waterline Replacement project replaced 6,400 linear feet of outdated 3-inch waterline with an upgraded 8-inch PVC waterline. The Skyline Drive waterline improvements project included installing approximately 2,350 linear feet of 4-inch PVC waterline along CR 915 and Skyline Drive.

Finally, the Plant 16 – 16-inch fill line project included the installation of about 14,335 linear feet of 16-inch Class 50 ductile iron waterline. This scope also includes a new metering station and a ground storage tank fill line to support system capacity.

JCSUD | District at a Glance

2.3 billion gallons of treated water sold (2024)
6.3 million gallons sold per day on average (2024)
183 million gallons saved in water loss efforts since 2022



\$25.2 million in total revenue from water sales (2024)
\$129.3 million in total value of capital assets (2024)

65 employees budgeted (2025)
1,000 miles of waterlines
0 reportable water quality citations or violations (2024)
1,599 water quality samples collected (2024)



825 new water and 66 new wastewater connections (2024)
\$4.6M collected in Impact Fees (2024)
20 new developments completed (2024)



320 Square Mile
Service Area

2024 Average Daily
Demand of 7.2 MGD



26th fastest-
growing county
in Texas



6 Elevated
Storage Tanks



25,000 Connections
65,000 People Served



87% Customer Satisfaction
Rating (2024)

16 Pump Stations

.....
18 Water Wells
.....

12 Pressure Planes



Government Finance Officers Association

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**Johnson County Special Utility District
Texas**

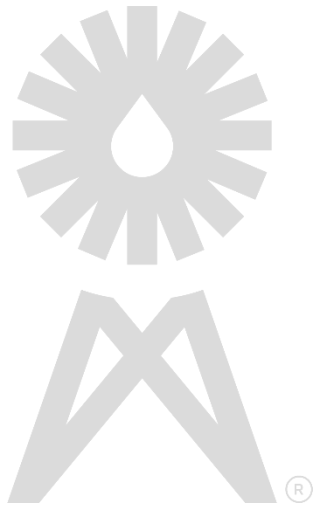
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2023

Christopher P. Morill

Executive Director/CEO

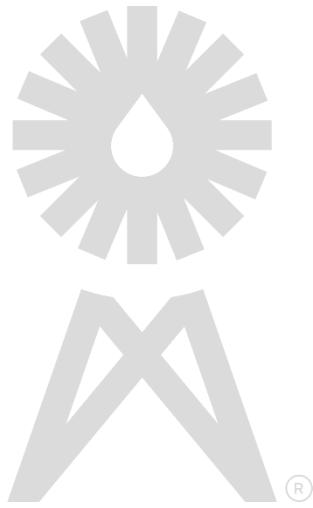
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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management
Johnson County Special Utility District
Joshua, Texas

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Johnson County Special Utility District, as of December 31, 2024, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Johnson County 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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 8 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 with management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial

statement, 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

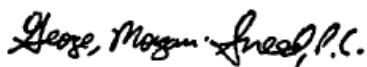
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information and the schedule of expenditures of federal awards as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

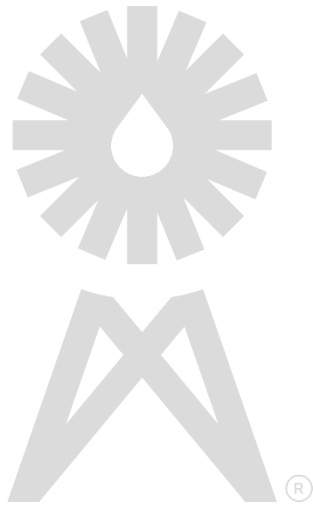
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2025 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.



Weatherford, Texas
May 7, 2025

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Johnson County Special Utility District, we offer readers of Johnson County Special Utility District's financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2024. We encourage readers to consider the information presented here.

FINANCIAL HIGHLIGHTS

- The assets of Johnson County Special Utility District exceeded its liabilities and deferred inflows of resources at the close of the current year by \$159,924,509 (net position) compared to \$139,390,108 for the prior year. Of this amount, \$55,207,309 (unrestricted net position) may be used to meet the District's obligations to creditors.
- The District's total net position increased by \$20,534,401 for the current year reported. Net position in the previous year increased by \$19,469,607.
- Total capital assets (net of depreciation) were \$129,264,705 for the current year reported compared to \$114,324,130 in the previous year.
- Bonds payable were \$31,469,597 at year-end compared to \$34,212,825 at the previous year-end.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to Johnson County Special Utility District's basic financial statements. Johnson County Special Utility District's basic financial statements comprise two components: 1) proprietary fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information and statistical information in addition to the basic financial statements themselves.

Proprietary fund financial statements. The District maintains one proprietary fund. The District uses an enterprise fund to account for its water and wastewater operations. The financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the District's assets and liabilities, with the difference reported as net position. Over time, increases or decreases to net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

The basic financial statements can be found on pages 9 through 11.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 12 - 23 of this report.

Other information. In addition to the basic financial and accompanying notes, this report also presents certain supplementary information that further explains and supports the information in the financial statements.

Proprietary Fund Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of Johnson County Special Utility District, assets exceeded liabilities and deferred inflows of resources by \$159,924,509 as of December 31, 2024.

A significant portion of the District’s net position (63%) reflects its investment in capital assets (e.g. land, construction in progress, buildings, water systems, sewer systems, and equipment), net of any related debt used to acquire those assets that is still outstanding. Johnson County Special Utility District uses these capital assets to provide services to customers; consequently, these assets are not available for future spending. The use of constructed assets (pumps, storage tanks, distribution system, metering equip, transmission line, etc.) coupled with the workforce actually provide the foundation which generates some \$28 million annually in collections from retail and wholesale customers. Johnson County Special Utility District reports that about 27% of every dollar collected from customers goes towards debt service and CIP spending. Seemingly assets have a significant role as a source which in part helps to retire debt.

An additional portion of the District’s net position (2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$55,207,309 represents resources that may be used to meet the District’s ongoing obligations to creditors. As of December 31, 2024, the District is able to report a positive balance in all the categories of net position.

Below are summaries of Johnson County Special Utility District’s Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position-Proprietary Fund.

Condensed Statement of Net Position

	2024	2023
Current assets and other assets	\$ 70,025,142	\$ 68,816,496
Capital assets	129,264,705	114,324,130
Total assets	<u>199,289,847</u>	<u>183,140,626</u>
Liabilities		
Current liabilities	9,731,882	11,263,291
Long-term liabilities	28,905,331	31,687,941
	<u>38,637,213</u>	<u>42,951,232</u>
Deferred inflow of resources	<u>728,125</u>	<u>799,286</u>
Net position		
Net investment in capital assets	101,335,400	90,210,996
Restricted for debt service	3,381,800	3,982,761
Unrestricted	55,207,309	45,196,351
	<u>\$ 159,924,509</u>	<u>\$ 139,390,108</u>

Changes in Net Position

	2024	2023
Revenues		
Operating revenues:		
Water sales	\$ 25,174,487	\$ 24,527,494
Wastewater revenue	2,240,048	2,039,381
Penalties	359,513	330,018
Installation fees	106,442	815,307
Miscellaneous fees	621,791	373,850
Nonoperating revenues:		
Gain on disposal of assets	3,819,153	107,013
Investment earnings	2,607,282	2,252,051
Other income	315,235	428,580
Connection fees	2,879,182	3,672,779
Impact fees	4,638,750	-
Total revenues	42,761,883	34,546,473
Expenses:		
Water purchases	8,682,258	7,567,706
Other operating	12,624,666	12,287,799
Depreciation	3,706,145	3,445,048
Nonoperating	738,964	915,494
Total expenses	25,752,033	24,216,047
Income before capital contributions	17,009,850	10,330,426
Capital contributions	3,524,551	9,139,181
Change in net position	20,534,401	19,469,607
Net position - beginning	139,390,108	119,920,501
Net position - ending	\$ 159,924,509	\$ 139,390,108

The District's net position increased \$20,534,401 in the current year compared with a \$19,469,607 increase in the prior year. \$3,524,551 of the increase is due to capital contributions compared to \$9,139,181 in the previous year.

Total operating revenues increased \$416,231 (1%). Water sales increased \$646,993 due to rate increases in 2024 and increased customers that offset an 89 million gallon decrease of water sold. Nonoperating revenues increased \$7,799,179 because of \$4,638,750 new impact fees added in 2024 and a gain on the sale of the District's interest in the SWATS plant joint venture. Total expenses increased \$1,535,986. Water purchases increased \$1,114,552 because the District purchased 57 million more gallons and used less water pumped from wells. Other operating expenses increased \$336,867 primarily due to increase in personnel costs because of salaries and health insurance. The increase in expenses before nonoperating expenses is 7%. Nonoperating expenses decreased primarily due to debt issuance costs in the previous year.

Capital Assets

Johnson County Special Utility District's investment in capital assets as of December 31, 2024, amounts to \$129,264,705 (net of accumulated depreciation).

Major capital asset events during the current year included the following:

- \$13,831,860 for water and wastewater construction projects.
- \$320,475 for 8 new vehicles for the District.
- \$3,068,364 for water and wastewater system improvements contributed by developers.

Johnson County Special Utility District's Capital Assets (Net of Depreciation)

	2023	2022
Land	\$ 1,110,340	\$ 875,358
Construction in progress	49,447,058	36,713,730
Buildings and building improvement	5,209,804	4,913,367
Water distribution systems	66,219,767	64,558,672
Wastewater distribution systems	5,584,392	5,337,539
Equipment, furniture and fixtures	1,626,514	1,758,850
Intangible right-to-use software	66,830	166,614
	<u>\$129,264,705</u>	<u>\$114,324,130</u>

Additional information on the District's capital assets can be found on Note 4 in the notes to the financial statements.

Long-Term Debt

The following is the District's Outstanding Debt on December 31, 2024:

Description	2024	2023
Revenue Bonds	<u>\$ 31,469,597</u>	<u>\$ 34,212,825</u>

More detailed information about the District's debt is presented on Note 7 in the notes to financial statements.

Economic Factors and the Next Year's Budgets and Rates

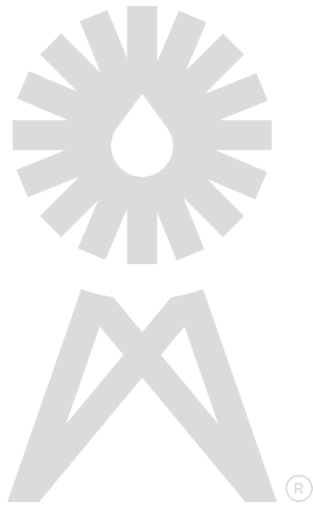
In the 2025 budget, Enterprise Fund revenues are budgeted to increase by 9% from the 2024 budget. JCSUD expects continued growth in 2025, projecting a 4% increase in residential water sales and almost a 7% increase in wastewater sales compared to 2024 budgeted revenues. Impact Fees were adopted by the District in 2024. Impact Fees are a funding mechanism collected from development to fund infrastructure related to system growth. The Impact Fee Study will undergo an update in 2025 to make sure capital and financial planning remains up to date with evolving growth projections. Wholesale water customers continue to rely on their contracted water capacity with the District to service their increased water demand. In 2025, the District will continue to pursue economic development and wholesale opportunities, allowing for approximately a 38% increase in budgeted wholesale water sales.

In 2025, JCSUD will continue its water loss initiatives to sustain affordable and reliable water services, keeping customers as our focus. Customers are at the forefront of our organization, and we will continue to provide opportunities and ways for customers to stay plugged in to important District information. JCSUD continues its campaign to encourage customers to utilize the WaterSmart Customer Portal to provide user-specific information in real-time, along with the Daupler Response Management System, which helps to improve our customer experience. JCSUD continues to serve and work with the community to provide tips on water conservation and other important topics that benefit our community. Internally, JCSUD continues to offer professional development to our employees and plans to keep pay competitive through an updated external salary survey. JCSUD continues its long-term planning efforts with an optimistic outlook towards our future.

Request for Information

The District's financial statements are designed to provide a general overview of Johnson County Special Utility District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to District Secretary of Johnson County Special Utility District, P.O. Box 1390, Joshua, Texas 76058.

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JOHNSON COUNTY SPECIAL UTILITY DISTRICT
Statement of Net Position
Proprietary Fund
December 31, 2024

ASSETS

Current Assets

Cash and cash equivalents	\$ 50,763,864
Certificates of deposit	1,955,000
Accounts receivable (net of allowance for uncollectibles)	3,826,891
Leases receivable	728,125
Inventory	1,185,167
Prepaid items	260,157
Restricted assets	
Cash and cash equivalents	11,305,938
Total current assets	70,025,142

Noncurrent Assets

Capital assets (net of accumulated depreciation)	
Nondepreciable	50,557,398
Depreciable assets	78,707,307
Capital assets, net	129,264,705
Total noncurrent assets	129,264,705

Total assets	\$ 199,289,847
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LIABILITIES

Current liabilities

Accounts payable	\$ 3,582,231
Accrued expenses	57,554
Accrued payroll liabilities	127,205
Compensated absences payable	144,950

Current liabilities payable from restricted assets:

Interest payable	275,024
Customer deposits payable	2,711,376
Current portion of long-term liabilities	2,833,542
Total current liabilities	9,731,882

Noncurrent liabilities

Compensated absences payable	198,449
Bonds payable	28,706,882
Total noncurrent liabilities	28,905,331

Total liabilities	\$ 38,637,213
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DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to leases	\$ 728,125
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Total Deferred Inflow of Resources	\$ 728,125
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NET POSITION

Net investment in capital assets	\$ 101,335,400
Restricted for debt service	3,381,800
Unrestricted net position	55,207,309
Total net position	\$ 159,924,509

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

JOHNSON COUNTY SPECIAL UTILITY DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended December 31, 2024

OPERATING REVENUES

Water sales	\$	25,174,487
Wastewater revenue		2,240,048
Penalties		359,513
Installation fees		106,442
Miscellaneous fees		621,791
Total operating revenues		28,502,281

OPERATING EXPENSES

Water purchases		8,682,258
Personnel		6,101,790
Repair, maintenance and supplies		1,401,772
Utilities and communication		1,510,097
Other		3,611,007
Depreciation		3,706,145
Total operating expenses		25,013,069
Operating income (loss)		3,489,212

NONOPERATING REVENUES (EXPENSES)

Gain on the sale of assets		3,819,153
Investment earnings		2,607,282
Other income		315,235
Connection fees		2,879,182
Impact fees		4,638,750
Interest expense		(738,964)
Total nonoperating revenue (expenses)		13,520,638
Income (loss) before contributions		17,009,850

CAPITAL CONTRIBUTIONS

Capital contributions		3,524,551
Change in net position		20,534,401
Net position - beginning		139,390,108
Net position - ending	\$	159,924,509

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

JOHNSON COUNTY SPECIAL UTILITY DISTRICT
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2024

Cash flows from operating activities:	
Cash received from customers	\$ 28,321,242
Cash paid to suppliers and service providers	(15,820,995)
Cash paid to employees for salaries and benefits	(6,015,927)
Net cash provided (used) by operating activities	<u>6,484,320</u>
Cash flow from capital and related financing activities:	
Capital outlay	(14,908,425)
Proceeds from sale of capital assets	14,038,862
Connection fees	2,879,182
Impact fees	4,638,750
Capital contributions	166,713
Principal payments on long-term debt	(2,812,681)
Interest paid on bonds	(744,428)
Net cash (used) by capital and related financing activities	<u>3,257,973</u>
Cash flow from investing activities:	
Interest received	2,607,282
Redemption of certificates of deposit	125,000
Net cash provided by investing activities	<u>2,732,282</u>
Net increase (decrease) in cash and cash equivalents	12,474,575
Cash and cash equivalents, January 1, 2024	<u>49,595,227</u>
Cash and cash equivalents, December 31, 2024	<u>\$ 62,069,802</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating income	\$ <u>3,489,212</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Other income	315,235
Depreciation expense	3,706,145
Disposal of assets	22,843
(Increase) decrease in accounts receivable	(617,394)
(Increase) decrease in supplies inventory	1,037
(Increase) decrease in prepaid items	(62,084)
(Increase) decrease in equity interest in joint venture	1,125,199
Increase (decrease) in accounts payable	(1,707,442)
Increase (decrease) in accrued expenses	4,586
Increase (decrease) in accrued payroll liabilities	41,791
Increase (decrease) in compensated absences payable	44,072
Increase (decrease) in customer deposits payable	121,120
Total adjustments	<u>2,995,108</u>
Net cash provided by operating activities	<u>\$ 6,484,320</u>
Noncash Investing, Capital and Financial Activities	
Capital assets received from joint venture	\$ 703,964
Contribution of capital assets by developers	3,068,364
	<u>\$ 3,772,328</u>

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

JOHNSON COUNTY SPECIAL UTILITY DISTRICT
Notes to Financial Statements
December 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Johnson County Special Utility District (the District) is a governmental entity created by the 78th Texas Legislature in Senate Bill 5 on June 20, 2003, subject to a confirmation election which was held November 4, 2003. The District operates under Texas Water Code Chapter 65, as amended. The District is a conversion of the former Johnson County Water Supply Corporation and succeeded to all of its assets, liabilities, and operations, on November 4, 2003. The Corporation was dissolved January 1, 2004. The District supplies retail and wholesale water and wastewater services to customers in rural North Central Texas, primarily in Johnson County.

B. Basic Financial Statements – Fund Financial Statements

The financial statements of the District are reported in the proprietary fund financial statements. The fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, net position, revenues and expenses.

Proprietary Fund

The focus of proprietary fund measurement is on the determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following briefly describes the purpose of proprietary fund.

Proprietary fund is required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary fund are charges to customers for sales and services. Operating expenses include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

JOHNSON COUNTY SPECIAL UTILITY DISTRICT
Notes to Financial Statements
December 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities and Net Position

1. Cash and Cash Equivalents

For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

2. Receivables

All trade receivables are shown net of an allowance for uncollectibles of \$0.

3. Inventory

Inventories of parts and supplies are stated at cost using the first-in-first out method. These inventories are used for repairs and maintenance of the water and wastewater systems.

4. Prepaid Items

Payments made to vendors for goods and services that will benefit future periods are recorded as prepaid items in the financial statements.

5. Capital Assets

Capital assets are recorded at cost if purchased or constructed. Donated capital assets are recorded at their acquisition value at the date of donation. Furniture and fixture assets with a cost of \$1,000 or more and a useful life greater than three years will be capitalized. All other assets with a cost of \$10,000 or more and a useful life greater than three years will be capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of proprietary fund is included as part of the capitalized value of the assets constructed. There was no interest capitalized during the year.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and building improvements	5 – 40	years
Water system	5 – 40	years
Wastewater system	5 – 40	years
Equipment, furniture and fixtures	3 – 20	years

JOHNSON COUNTY SPECIAL UTILITY DISTRICT
Notes to Financial Statements
December 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Compensated absences

The District offers employees a leave benefit program known as Paid Time Off (PTO). Under this policy, all employees may draw upon their accrued PTO days for vacation, sick leave, medical appointments, family illnesses or personal leave issues. PTO is accrued when earned.

Participating employees have the option to rollover PTO time to the Personal Illness Bank (PIB) for the sake of having leave time available in the case of long-term illness. Employees are encouraged to rollover accrued PTO as a form of insurance to help during such unavoidable events. At termination employees are eligible to receive PIB time if the termination is not a result of a violation of District policy. The District estimates that 66.67% of PIB time will be used or paid at termination.

The District implemented GASB Statement No. 101 Compensated Absences during the December 31, 2024 year end. This change did not affect prior periods.

7. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as expenses in the current period.

8. Net Position

Net position represents the difference between assets and liabilities. Proprietary fund net position are divided into three components:

- Net investment in capital assets – consist of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets and adding back unspent proceeds.
- Restricted net position – consist of net position that are restricted by the District’s creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted – all other net position are reported in this category.

9. Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires the use of estimates by management that affect reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

JOHNSON COUNTY SPECIAL UTILITY DISTRICT
Notes to Financial Statements
December 31, 2024

NOTE 2: DEPOSITS AND INVESTMENTS

1. Deposits

Custodial Credit Risk for Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or obligations of Texas and its agencies that have a fair value of not less than the principal amount of the deposits. At December 31, 2024, the District's deposits were fully insured or collateralized as required by the District's investment policy.

2. Investments

The Texas Public Funds Investment Act requires a governmental entity 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.

Per the District's investment policy, public funds of the District may be invested in (1) obligations of the United States Government, its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, this state or the United States or their respective agencies and instrumentalities; (5) certificates of deposit which are fully FDIC insured or collateralized from a depositor institution doing business in the State of Texas; (6) no-load Money Market Mutual Funds; (7) Texas Local Government Investment Pools. During the year ended December 31, 2024, the District did not own any types of securities other than those permitted by its investment policy.

The District invests idle funds in the Logic Local Government Investment Pool, Texstar Local Government Investment Pool, Texas Local Government Investment Pool (Tex-Pool) and Texas Daily Local Investment Pool. The District's pools are local government investment pools organized under the authority of the Interlocal Cooperation Act Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. Each pool is governed by an advisory board composed of participants and other persons who do not have a business relationship with the pool. All investments of the pools are stated at amortized cost, which in most cases approximates the market value of the securities. The objective of the pools is to maintain a stable \$1.00 net asset value; however, the \$1.00 net asset value is not guaranteed or insured by the State of Texas.

Credit Risk-Investments

The District controls risk by limiting its investments to those instruments described above.

JOHNSON COUNTY SPECIAL UTILITY DISTRICT
Notes to Financial Statements
December 31, 2024

NOTE 2: DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk-Investments

The District manages interest rate risk by spreading the fair value of its investments over varying maturities. The District’s policy sets a maximum of five years on its investments, with no more than 20% of the portfolio extending beyond three years. The District’s investments at December 31, 2024, included the following:

Description	Rating	Maturities	Investment	Cost	Market
Logic Pool	AAAm	51 days	39.71%	\$24,166,354	\$24,166,354
TexStar Pool	AAAm	36 days	49.10%	29,876,312	29,876,312
Tex-Pool	AAAm	33 days	5.59%	3,403,766	3,403,766
Texas Daily Pool	AAAmmf	44 days	0.65%	392,489	392,489
UMB Money Market	n/a	n/a	1.74%	1,056,710	1,056,710
Certificates of Deposit	n/a	n/a	3.21%	1,955,000	1,955,000
Total			<u>100.00%</u>	<u>\$60,850,631</u>	<u>\$60,850,631</u>

The maturities reflected above for the pools are the weighted average maturities of the underlying securities held by the pools.

The pools and money market listed above totaling \$58,895,631 are reporting with cash and cash equivalents in the statement of net position.

NOTE 3: RESTRICTED ASSETS

Certain proceeds of the District’s revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or other legal restrictions. Also included are customer deposits which are considered refundable.

Construction funds	\$ 4,937,738
P&I sinking funds	729,369
Revenue bond reserves	2,927,455
Customer deposits	<u>2,711,376</u>
	<u>\$ 11,305,938</u>

JOHNSON COUNTY SPECIAL UTILITY DISTRICT
Notes to Financial Statements
December 31, 2024

NOTE 4: CAPITAL ASSETS

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

	Beginning				Ending
	Balance	Increases	Decreases	Reclassification	Balance
Non Depreciable Assets:					
Land	\$ 875,358	\$ 234,982	\$ -	\$ -	\$ 1,110,340
Construction in progress	36,713,730	13,831,860	-	(1,098,532)	49,447,058
Total non-depreciable assets	<u>37,589,088</u>	<u>14,066,842</u>	<u>-</u>	<u>(1,098,532)</u>	<u>50,557,398</u>
Depreciable Assets:					
Buildings and building improvements	6,281,870	620,713	-	-	6,902,583
Water distribution systems	99,651,011	3,543,897	-	642,445	103,837,353
Wastewater distribution systems	9,014,070	64,368	-	433,243	9,511,681
Equipment, furniture and fixtures	4,129,819	384,934	(177,372)	-	4,337,381
Intangible right-to-use software	266,398	-	-	-	266,398
Total capital assets being depreciated	<u>119,343,168</u>	<u>4,613,912</u>	<u>(177,372)</u>	<u>1,075,688</u>	<u>124,855,396</u>
Accumulated Depreciation:					
Buildings and building improvements	(1,368,503)	(324,276)	-	-	(1,692,779)
Water distribution systems	(35,092,339)	(2,525,247)	-	-	(37,617,586)
Wastewater distribution systems	(3,676,531)	(250,758)	-	-	(3,927,289)
Equipment, furniture and fixtures	(2,370,969)	(506,080)	166,182	-	(2,710,867)
Intangible right-to-use software	(99,784)	(99,784)	-	-	(199,568)
Total accumulated depreciation	<u>(42,608,126)</u>	<u>(3,706,145)</u>	<u>166,182</u>	<u>-</u>	<u>(46,148,089)</u>
Business-type activities capital assets, net	<u>\$ 114,324,130</u>	<u>\$ 14,974,609</u>	<u>\$ (11,190)</u>	<u>\$ (22,844)</u>	<u>\$ 129,264,705</u>

NOTE 5: DEFERRED OUTLOWS/INFLOWS OF RESOURCES

Lease-related amounts are recognized at the inception of leases in which the District is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

At the end of the fiscal year, the deferred inflows for leases were \$728,125.

JOHNSON COUNTY SPECIAL UTILITY DISTRICT
Notes to Financial Statements
December 31, 2024

NOTE 6: LEASES RECEIVABLE

The District is reporting Leases Receivable of \$728,125 on December 31, 2024. For 2024, the District reported lease revenue of \$71,161 and interest revenue of \$50,839 related to the lease payment received. The lease is summarized as follows:

Lease	Lease Receivable	Lease Revenue	Lease Interest Revenue
Tower Leases	\$ 728,125	\$ 71,161	\$ 50,839
Total	\$ 728,125	\$ 71,161	\$ 50,839

Tower Leases – The District (lessor) entered into multiple lease agreements for tower space to various wireless internet providers. The initial lease terms are 5 years, with renewal terms of 1 additional 5-year term. Based on the agreement, the District is receiving monthly payments through 2033. Future payments receivable are as follows:

	Principal	Interest
2025	\$ 75,917	\$ 46,083
2026	80,998	41,002
2027	86,428	35,572
2028	92,229	29,771
2029	98,429	23,571
2030-2033	294,124	33,025
	\$ 728,125	\$ 209,024

NOTE 7: LONG-TERM LIABILITIES

A. Revenue Bonds

The District issues bonds where the District pledges income derived from the acquired or constructed assets to pay debt service. The bonds were issued to finance the acquisition and construction of major capital facilities and to provide funds for the refunding of prior revenue bonds. The issuance of the refunding bonds did not result in a difference between the reacquisition price of the old debt and the net carrying amount of the old debt. Therefore, there is no deferred charge on refunding reflected in the statement of net position. Revenue bonds outstanding at year end are as follows:

JOHNSON COUNTY SPECIAL UTILITY DISTRICT
Notes to Financial Statements
December 31, 2024

NOTE 7: LONG-TERM LIABILITIES (continued)

Series	Issue Amount	Maturity Date	Interest Rates	Amount Outstanding
2012 Revenue Refunding Bonds	9,500,000	8/15/2031	.30% - 2.00%	4,025,000
2013 Revenue Refunding and Improvement Bonds	8,510,000	8/15/2031	1.25% - 2.65%	3,155,000
2018 Revenue Bonds (TWDB)	22,000,000	8/15/2038	.38% - 1.82%	15,995,000
2021 Revenue Bonds	6,830,000	8/15/2031	1.00% - 2.00%	4,845,000
2023 Revenue Bonds (USDA Secured)	3,426,000	8/15/2043	7.05%	3,329,000
Total				<u><u>\$31,349,000</u></u>

Revenue bond debt service requirements to maturity are as follows:

	Principal	Interest	Total
2025	\$ 2,737,000	\$ 731,468	\$ 3,468,468
2026	2,793,000	685,525	3,478,525
2027	2,842,000	635,492	3,477,492
2028	2,903,000	583,449	3,486,449
2029	2,967,000	527,710	3,494,710
2030-2034	10,069,000	1,757,187	11,826,187
2035-2039	5,943,000	832,848	6,775,848
2040-2044	1,095,000	199,797	1,294,797
	<u><u>\$ 31,349,000</u></u>	<u><u>\$ 5,953,476</u></u>	<u><u>\$ 37,302,476</u></u>

The provisions of the bonds require the District to maintain an interest and sinking account and make transfers from the system account prior to each principal and interest payments. The balance in the interest and sinking accounts at December 31, 2024, was \$729,369.

The provisions of the bonds require the District to maintain reserve accounts with a minimum balance of \$2,470,753. The actual balance in the reserve accounts was \$2,927,455 at December 31, 2024.

The provisions of the bonds require the District to maintain net revenues available for debt service of 1.25 times the average annual debt service. The District is in compliance with this requirement.

In the event of default, in addition to all rights and remedies provided by the laws of the State of Texas, the holders of any of the bonds shall be entitled to seek a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the District and other officers of the District to observe and perform any covenant, condition, or obligation prescribed in the bond order.

JOHNSON COUNTY SPECIAL UTILITY DISTRICT
Notes to Financial Statements
December 31, 2024

NOTE 7: LONG-TERM LIABILITIES (continued)

B. Subscription-Based Information Technology Arrangements (SBITA)

The District entered into subscription-based information technology arrangements that require recognition under GASB No. 96:

Incode/Executime accounting, payroll and utility billing software is a 5-year agreement from July 2020 – July 2025, with 1 optional renewal year payable in annual amounts of \$75,151.

WaterSmart meter software is a 5-year agreement from March 2020 – March 2025 payable in annual amounts of \$36,000.

The present value of the SBITAs calculated using a discount rate of 7.05%.

The District’s intangible right-to-use software assets are recorded at \$266,398, less accumulated amortization of \$199,568.

The future subscription payments under SBITA agreements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	<u>\$ 70,827</u>	<u>\$ 4,324</u>	<u>\$ 75,151</u>
	<u>\$ 70,827</u>	<u>\$ 4,324</u>	<u>\$ 75,151</u>

C. Change in long-term liabilities

The following is a summary of long-term liability transactions of the District for the year ended December 31, 2024:

Description	Beginning Balance	Additions	Retirements	December 31, 2024	Due within one year
Revenue Bonds	\$ 34,061,000	\$ -	\$ (2,712,000)	\$ 31,349,000	\$ 2,737,000
Bond Premiums	151,825	-	(31,228)	120,597	25,715
Total Bonds Payable	34,212,825	-	(2,743,228)	31,469,597	2,762,715
SBITA agreements payable	171,508	-	(100,681)	70,827	70,827
Compensated absences	299,327	343,399	(299,327)	343,399	144,950
Total Long Term Debt	<u>\$ 34,683,660</u>	<u>\$ 343,399</u>	<u>\$ (3,143,236)</u>	<u>\$ 31,883,823</u>	<u>\$ 2,978,492</u>

JOHNSON COUNTY SPECIAL UTILITY DISTRICT
Notes to Financial Statements
December 31, 2024

NOTE 8: BRAZOS REGIONAL PUBLIC UTILITY AGENCY (BRPUA)

In January 2012, Johnson County Special Utility District and Acton Municipal Utility District formed BRPUA, a joint venture entity that purchased and operates the Lake Granbury Surface Water and Treatment System (SWATS) plant. BRPUA issues audited annual financial statements for its fiscal year, which ends on September 30. In August 2024 the District sold its ownership interest in BRPUA and the SWATS plant. JCSUD began purchasing water under a contract as a customer.

NOTE 9: RETIREMENT PLAN

The Johnson County Special Utility District 457 Plan was established under Internal Revenue Services (IRS) Code Section 457(b). Eligible employees may defer the lesser of 100% of their includible compensation or \$20,500 for 2024. In addition to these deferrals, employees at least age fifty may make catch-up contributions of \$6,500 for 2024.

The Johnson County Special Utility District Profit Sharing Plan was established under IRS Code Section 401. The District contributes to this plan each year an amount equal to 11.0% of the compensation of eligible employees. The contributions were \$340,360 for 2024.

Both plans are sole employer, defined contribution plans and have the same participation requirements: employees must be at least 18 and complete three months of continuous service. Additionally, a minimum 4.0% employee deferral contribution to the 457 Plan is required in order to participate in the Profit Sharing Plan.

The plans do not meet the criteria to be reported as a component unit or fiduciary fund of the District.

NOTE 10: RISK MANAGEMENT

The District is exposed to various risk of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not materially exceeded this commercial coverage in any of the past three years.

NOTE 11: CONTRACTS AND COMMITMENTS

1. City of Mansfield

In 2022, the District and the City of Mansfield entered into a new 20-year water purchase contract whereby the District has a total available volume of 25 million gallons per day (MGD) from the City.

JOHNSON COUNTY SPECIAL UTILITY DISTRICT
Notes to Financial Statements
December 31, 2024

NOTE 11: CONTRACTS AND COMMITMENTS (continued)

2. City of Grand Prairie

In March 2010, the District and City of Grand Prairie entered into a 40-year water purchase contract whereby the District has a total available volume of 6 million gallons per day (MGD) from the City.

3. Brazos River Authority

The District reserves raw water from BRA to make treated water available for its future needs. Under the agreement dated December 1, 2012, the District had a total of 9,528 acre-feet of water secured each year. In turn, the District is obligated to unconditionally pay the system rate as determined each year by BRA. The agreement ends in 2048.

4. Texas Water Development Board (TWDB) Projects

June 2018 the District issued \$22,000,000 Johnson County Special Utility District Revenue Bonds, Series 2018 that were purchased by the Texas Water Development Board with Drinking Water State Revolving Funds. The bonds were issued for smart meter upgrade, pump station and water distribution lines improvements. At December 31, 2024, the projects were substantially complete with retainage paid during 2024.

NOTE 12: CONTINGENT LIABILITIES

A. Litigation

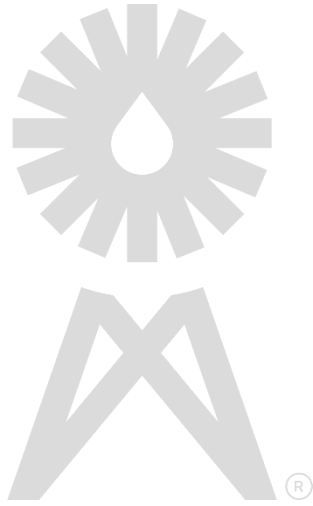
The District has claims or lawsuits arising from the normal course of business. Although the outcome of these claims and lawsuits is not presently determinable, it is the opinion of District management and legal counsel that they will not have a material adverse effect on the financial condition of the District.

NOTE 13: EVALUATION OF SUBSEQUENT EVENTS

Subsequent events were evaluated through May 7, 2025, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

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JOHNSON COUNTY SPECIAL UTILITY DISTRICT
 Budgetary Comparison Schedule
 Proprietary Fund
 For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance with Budget
OPERATING REVENUES				
Water sales	\$ 23,426,983	\$ 23,426,983	\$ 25,174,487	\$ 1,747,504
Wastewater revenue	2,068,028	2,068,028	2,240,048	172,020
Penalties	275,000	275,000	359,513	84,513
Installation fees	-	-	106,442	106,442
Miscellaneous fees	320,700	320,700	621,791	301,091
Total operating revenues	<u>26,090,711</u>	<u>26,090,711</u>	<u>28,502,281</u>	<u>2,411,570</u>
OPERATING EXPENSES				
Water purchases	8,740,000	8,740,000	8,682,258	57,742
Personnel	6,468,967	6,468,967	6,101,790	367,177
Repair, maintenance and supplies	1,866,150	1,866,150	1,401,772	464,378
Utilities and communication	1,552,100	1,552,100	1,510,097	42,003
Other	3,595,050	3,595,050	3,611,006	(15,956)
Capital outlay	9,937,805	9,937,805	-	9,937,805
Depreciation	-	-	3,706,145	(3,706,145)
Total operating expenses	<u>32,160,072</u>	<u>32,160,072</u>	<u>25,013,068</u>	<u>7,147,004</u>
Operating income (loss)	<u>(6,069,361)</u>	<u>(6,069,361)</u>	<u>3,489,213</u>	<u>9,558,574</u>
NONOPERATING REVENUES (EXPENSES)				
Gain on sale of assets	50,000	50,000	3,819,153	3,769,153
Investment earnings	750,000	750,000	2,607,281	1,857,281
Other income	305,200	305,200	315,235	10,035
Connection fees	4,200,000	4,200,000	2,879,182	(1,320,818)
Impact fees	-	-	4,638,750	4,638,750
Bonds issuance costs	(250,000)	(250,000)	-	250,000
Interest expense	(733,959)	(733,959)	(738,964)	(5,005)
Total nonoperating revenue (expenses)	<u>4,321,241</u>	<u>4,321,241</u>	<u>13,520,637</u>	<u>9,199,396</u>
Income (loss) before contributions	<u>(1,748,120)</u>	<u>(1,748,120)</u>	<u>17,009,850</u>	<u>18,757,970</u>
CAPITAL CONTRIBUTIONS				
Capital contributions	<u>500,000</u>	<u>500,000</u>	<u>3,524,551</u>	<u>3,024,551</u>
Change in net position	<u>\$ (1,248,120)</u>	<u>\$ (1,248,120)</u>	<u>\$ 20,534,401</u>	<u>\$ 21,782,521</u>

JOHNSON COUNTY SPECIAL UTILITY DISTRICT
SCHEDULE OF INSURANCE IN FORCE
December 31, 2024

INSURER	RISK COVERED	POLICY AMOUNT	EXPIRATION
Texas Municipal League	Worker's compensation	3,955,592	January 1, 2026
	General liability	\$2,000,000 / \$4,000,000	January 1, 2026
	Errors and omissions	5,000,000 / 10,000,000	January 1, 2026
	Automobile liability	1,000,000	January 1, 2026
	Auto physical damage	varies per vehicle	January 1, 2026
	Supplemental sewage backup	25,000 / 50,000	January 1, 2026
	Cyber Liability & Data Breach	1,000,000	January 1, 2026
	Flood and earthquake	5,000,000 / 10,000,000	January 1, 2026
	Real and personal property	74,379,714	January 1, 2026
	Boiler and machinery	100,000	January 1, 2026
	Mobile equipment	592,077	January 1, 2026
	Public employee dishonesty	1,000,000	January 1, 2026
	Forgery or alteration	100,000	January 1, 2026
	Theft, disappearance, and destruction	30,000	January 1, 2026
Build America Mutual Assurance Company	Surety bond - Series 2021 Bonds	733,294	August 15, 2031

JOHNSON COUNTY SPECIAL UTILITY DISTRICT
SCHEDULE OF SERVICES AND RATES
For the Year Ended December 31, 2024
(Unaudited)

1. Services provided by the District: Retail and Wholesale Water; Retail Wastewater
2. Retail rates based on 5/8" meter

Most prevalent type of meter: 5/8"

District employs winter averaging for wastewater usage? No

Total charges per 10,000 gallons usage: water \$93.25; wastewater \$80.00

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 gallons over minimum	Usage Levels
Water	\$35	N/A	N	\$5.00	0 - 5,000
				6.65	5,001 - 12,000
				9.00	12,001 - 30,000
				12.30	over 30,000
Sewer	\$25	N/A	N	\$5.50	0 - 12,000

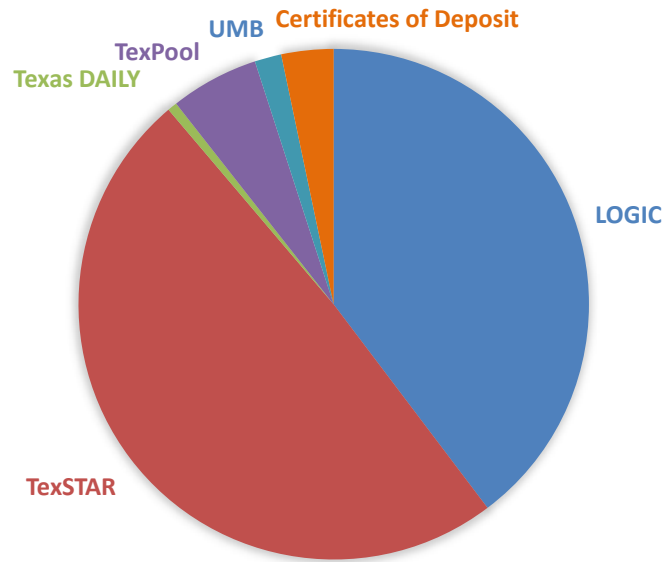
3. Total water consumption (in thousands) during the fiscal year:
 - Gallons pumped into system: 2,637,200
 - Gallons billed & unbilled to customers: 2,324,102
 - Water accountability ratio: 88.1%
4. Retail water connections within the District as of the fiscal year end.

Meter Size	Total Meters	Active Meters	SUE Factor	Active SUE's
<=5/8"	20,841	19,558	1.0	19,558
3/4"	230	228	1.2	274
1"	291	278	2.2	612
2"	83	72	10.0	720
3"	120	40	20.0	800
4"	20	7	40.0	280
6"	9	3	64.0	192
Total Water	21,594	20,186		22,435
Total Wastewater	2,637	2,452		2,452

Information provided to comply with continuing disclosure requirements of SEC Rule 15c2-12

JOHNSON COUNTY SPECIAL UTILITY DISTRICT
SCHEDULE OF TEMPORARY INVESTMENTS
 December 31, 2024

	Identification Number	Interest Rate	Maturity Date	Year End Balance	% of Total
LOGIC	No. 001 - 2018 L1000790	Market	Escrow	\$ 2,294,390	
	No. 001	Market	On demand	1,699	
	No. 002	Market	On demand	18,176,290	
	No. 003	Market	On demand	287,625	
	No. 006	Market	On demand	1,511,596	
	No. 007	Market	On demand	1,894,756	
				<u>24,166,354</u>	<u>39.7%</u>
TexSTAR	No. 110	Market	On demand	1,415,408	
	No. 210	Market	On demand	1,586,638	
	No. 213	Market	On demand	3,765,952	
	No. 330	Market	On demand	22,924,530	
	No. 550	Market	On demand	183,784	
				<u>29,876,312</u>	<u>49.2%</u>
Texas DAILY		Market	On demand	<u>392,489</u>	<u>0.6%</u>
TexPool	No. 002	Market	On demand	729,369	
	No. 005	Market	On demand	1,258,538	
	No. 008	Market	On demand	770,946	
	No. 009	Market	On demand	644,913	
				<u>3,403,766</u>	<u>5.6%</u>
UMB	2023 Construction Proceeds	Market	On demand	<u>1,056,710</u>	<u>1.7%</u>
Certificates of Deposit	Multi Bk Securities - 13 CD's	1.26%		<u>1,955,000</u>	<u>3.2%</u>
Total				<u>\$ 60,850,631</u>	<u>100.0%</u>



Information provided to comply with continuing disclosure requirements of SEC Rule 15c2-12

JOHNSON COUNTY SPECIAL UTILITY DISTRICT
FUTURE DEBT SERVICE OBLIGATIONS
 December 31, 2024

Fiscal Year Ended December 31	2012 Revenue Bonds ⁽¹⁾			2013 Revenue and Refunding Bonds ⁽¹⁾			2018 TWDB Bonds			2021 Revenue Bonds ⁽¹⁾			2023 Revenue Bonds			Total Debt Service Requirements	% of Principal Retired
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total		
2025	525,000	108,463	633,463	415,000	79,052	494,052	1,040,000	249,265	1,289,265	670,000	59,994	729,994	87,000	234,695	321,695	3,468,468	
2026	540,000	96,650	636,650	425,000	69,300	494,300	1,055,000	237,721	1,292,721	680,000	53,294	733,294	93,000	228,561	321,561	3,478,525	
2027	555,000	83,150	638,150	435,000	59,100	494,100	1,065,000	224,744	1,289,744	685,000	46,494	731,494	102,000	222,005	324,005	3,477,492	
2028	575,000	69,275	644,275	450,000	48,443	498,443	1,080,000	210,686	1,290,686	690,000	39,644	729,644	108,000	215,402	323,402	3,486,450	
2029	590,000	54,900	644,900	465,000	37,192	502,192	1,095,000	195,674	1,290,674	700,000	32,744	732,744	117,000	207,200	324,200	3,494,709	
2030	610,000	37,200	647,200	475,000	25,335	500,335	1,110,000	179,797	1,289,797	705,000	23,994	728,994	125,000	198,951	323,951	3,490,276	
2031	630,000	18,900	648,900	490,000	12,985	502,985	1,125,000	163,036	1,288,036	715,000	14,300	729,300	134,000	190,139	324,139	3,493,359	64.95%
2032							1,145,000	145,598	1,290,598				143,000	181,187	324,187	1,614,785	
2033							1,165,000	127,278	1,292,278				153,000	170,610	323,610	1,615,888	
2034							1,180,000	108,056	1,288,056				164,000	159,824	323,824	1,611,879	
2035							1,200,000	87,995	1,287,995				175,000	148,262	323,262	1,611,257	
2036							1,225,000	67,116	1,292,116				187,000	136,296	323,296	1,615,412	
2037							1,245,000	45,433	1,290,433				201,000	122,741	323,741	1,614,174	
2038							1,265,000	23,023	1,288,023				215,000	108,570	323,570	1,611,593	95.77%
2039													230,000	93,413	323,413	323,413	
2040													246,000	77,409	323,409	323,409	
2041													264,000	59,855	323,855	323,855	
2042													283,000	41,243	324,243	324,243	
2043	\$4,025,000	\$ 468,538	\$ 4,493,538	\$3,155,000	\$ 331,407	\$3,486,407	\$ 15,985,000	\$2,065,419	\$ 18,050,419	\$ 4,845,000	\$ 270,462	\$ 5,115,462	\$ 3,325,000	\$ 2,817,649	\$ 6,142,649	\$ 37,302,476	100.00%

⁽¹⁾ Parity Lien Obligations secured solely from and secured by a lien on and pledge of the Pledged Revenues and shall be superior to the lien on and pledge of the Pledged Revenues securing payment of any Subordinate Lien Obligation.

Source: Bond Resolutions
 Information provided to comply with continuing disclosure requirements of SEC Rule 15c2-12

JOHNSON COUNTY SPECIAL UTILITY DISTRICT
CHANGES IN LONG-TERM BONDED DEBT
December 31, 2024

Bond Authority:	Revenue Bonds Series 2012	Revenue and Refunding Bonds Series 2013	TWDB Revenue Bonds Series 2018	Revenue Bonds Series 2021	Revenue Bonds Series 2023	Total										
Interest Rates	0.30% - 3%	1.00% - 2.65%	.38% - 1.82%	1.00%-2.00%	7.05%											
Dates Interest Payable	2/15; 8/15	2/15; 8/15	8/15	2/15; 8/15	2/15; 8/15											
Maturity Dates	8/15/2031	8/15/2031	8/15/2038	8/15/2031	8/15/2043											
Beginning Balances January 1, 2024	\$ 4,540,000	\$ 3,560,000	\$ 17,025,000	\$ 5,510,000	\$ 3,426,000	\$ 34,061,000										
Addition During the Fiscal Year	-	-	-	-	-	-										
Retired During the Fiscal Year	(515,000)	(405,000)	(1,030,000)	(665,000)	(97,000)	(2,712,000)										
Ending Balances December 31, 2024	<u>\$ 4,025,000</u>	<u>\$ 3,155,000</u>	<u>\$ 15,995,000</u>	<u>\$ 4,845,000</u>	<u>\$ 3,329,000</u>	<u>\$ 31,349,000</u>										
Interest Paid During the Fiscal Year	\$ 120,050	\$ 88,165	\$ 259,256	\$ 66,644	\$ 199,844	733,959										
Paying Agent's Name and City	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;">Revenue Bonds Series 2012</td> <td>BOKF, N.A. dba Bank of Texas, Dallas, TX</td> </tr> <tr> <td>Revenue Refunding Bonds Series 2013</td> <td>BOKF, N.A. dba Bank of Texas, Dallas, TX</td> </tr> <tr> <td>TWDB Bonds Series 2018</td> <td>UMB Kansas City, MO.</td> </tr> <tr> <td>Revenue Bonds Series 2021</td> <td>UMB Kansas City, MO.</td> </tr> <tr> <td>Revenue Bonds Series 2023</td> <td>UMB Kansas City, MO.</td> </tr> </table>						Revenue Bonds Series 2012	BOKF, N.A. dba Bank of Texas, Dallas, TX	Revenue Refunding Bonds Series 2013	BOKF, N.A. dba Bank of Texas, Dallas, TX	TWDB Bonds Series 2018	UMB Kansas City, MO.	Revenue Bonds Series 2021	UMB Kansas City, MO.	Revenue Bonds Series 2023	UMB Kansas City, MO.
Revenue Bonds Series 2012	BOKF, N.A. dba Bank of Texas, Dallas, TX															
Revenue Refunding Bonds Series 2013	BOKF, N.A. dba Bank of Texas, Dallas, TX															
TWDB Bonds Series 2018	UMB Kansas City, MO.															
Revenue Bonds Series 2021	UMB Kansas City, MO.															
Revenue Bonds Series 2023	UMB Kansas City, MO.															

Bond Authority:	Revenue Bonds Series 2012	Revenue and Refunding Bonds Series 2013	TWDB Revenue Bonds Series 2018	Revenue Bonds Series 2021	Revenue Bonds Series 2023	Total
Amount Authorized by Voters	\$ 9,500,000	\$ 8,510,000	\$ 22,000,000	\$ 6,830,000	\$ 3,426,000	
Amount Issued	9,500,000	8,510,000	22,000,000	6,830,000	3,426,000	
Remaining to be Issued	-	-	-	-	-	
Restricted cash for debt service as of December 31, 2023:						
Interest and sinking funds	\$ 138,505	\$ 108,921	\$ 277,010	\$ 178,846	\$ 26,087	729,369
Reserve funds	770,946	644,913	1,511,596	(1)	(2)	2,927,454
Total	<u>909,451</u>	<u>753,834</u>	<u>1,788,605</u>	<u>178,846</u>		<u>3,656,823</u>
Average Annual Principal and Interest Requirements, 2025 - 2043	\$ 1,963,288					
Coverage of Average Requirements by December 31, 2024 Net Revenues	10.93					
Maximum Principal and Interest Requirements, 2025-2043	\$ 3,494,709					
Coverage of Maximum Requirements by December 31, 2024 Net Revenues	6.14					
Number of years remaining on longest remaining bonded debt	19					

⁽¹⁾ 2021 Bond reserve is funded by a surety policy issued by Build America Mutual Insurance company in the amount of \$733,294.

⁽²⁾ 2023 Bond is secured through USDA.

Information provided to comply with continuing disclosure requirements of SEC Rule 15c2-12

JOHNSON COUNTY SPECIAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES
Five Years Ended December 31, 2024

	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024
Operating Revenues										
Water sales	\$ 16,326,905	\$ 17,563,849	\$ 23,043,658	\$ 24,527,494	\$ 25,174,487	86.5	86.3	87.5	87.3	88.3
Fire hydrant meter water sales	-	-	-	-	-	-	-	-	-	-
Wastewater revenues	1,514,523	1,556,750	1,736,750	2,039,381	2,240,048	8.0	7.7	6.6	7.3	7.9
Penalties	226,336	290,283	310,964	330,018	359,513	1.2	1.4	1.2	1.2	1.3
Installation fees	556,765	583,414	878,503	815,307	106,442	3.0	2.9	3.3	2.9	0.4
Miscellaneous	245,389	354,490	355,741	373,850	621,791	1.3	1.7	1.4	1.3	2.2
Total Revenues	<u>18,869,918</u>	<u>20,348,786</u>	<u>26,325,616</u>	<u>28,086,050</u>	<u>28,502,281</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Operating Expenses:										
Water purchases	6,459,069	7,220,583	7,478,047	7,567,706	8,682,258	34.2	35.5	28.4	26.9	30.5
Personnel services	3,109,900	3,603,688	4,730,392	5,511,822	6,101,790	16.5	17.7	18.0	19.6	21.4
Repair, maintenance and supplies	1,252,148	1,726,743	1,387,340	1,664,041	1,401,772	6.6	8.5	5.3	5.9	4.9
Utilities and communication	703,502	875,804	1,546,989	1,628,169	1,510,097	3.7	4.3	5.9	5.8	5.3
Other	1,239,016	2,517,171	4,367,106	3,483,767	3,611,007	6.6	12.4	16.6	12.4	12.7
Operating Expenses Excluding Depreciation and amortization	<u>12,763,635</u>	<u>15,943,989</u>	<u>19,509,874</u>	<u>19,855,505</u>	<u>21,306,924</u>	<u>67.6</u>	<u>78.4</u>	<u>74.1</u>	<u>70.7</u>	<u>74.8</u>
Operating Income before Depreciation and amortization	<u>6,106,283</u>	<u>4,404,797</u>	<u>6,815,742</u>	<u>8,230,545</u>	<u>7,195,357</u>	<u>32.4</u>	<u>21.6</u>	<u>25.9</u>	<u>29.3</u>	<u>25.2</u>
Depreciation and Amortization:	3,110,589	3,086,196	3,190,912	3,445,048	3,706,145	16.5	15.2	12.1	12.3	13.0
Operating Income (Loss)	<u>2,995,694</u>	<u>1,318,601</u>	<u>3,624,830</u>	<u>4,785,497</u>	<u>3,489,212</u>	<u>15.9</u>	<u>6.5</u>	<u>13.8</u>	<u>17.0</u>	<u>12.2</u>
Nonoperating Revenues (Expenses):										
(1) Gain (loss) on sale of assets	(40,193)	-	-	107,013	3,819,153	(0.2)	-	-	0.4	13.4
Investment earnings	306,552	45,337	621,398	2,252,051	2,607,283	1.6	0.2	2.4	8.0	9.1
Other income	203,055	201,358	336,429	428,580	315,235	1.1	1.0	1.3	1.5	1.1
(2) System development fees	2,310,860	2,373,362	3,788,810	3,672,779	-	12.2	11.7	14.4	13.1	-
(3) Connection fees	-	-	-	-	2,879,182	-	-	-	-	10.1
Impact fees	-	-	-	-	4,638,750	-	-	-	-	16.3
Interest expense	(654,080)	(527,573)	(567,730)	(592,992)	(738,964)	(2.9)	(2.6)	(2.2)	(2.1)	(2.6)
Bond issuance costs	-	(304,659)	-	(322,502)	-	-	(1.5)	-	(1.1)	-
Total Nonoperating Revenues (Expenses)	<u>2,226,194</u>	<u>1,787,825</u>	<u>4,178,907</u>	<u>5,544,929</u>	<u>13,520,639</u>	<u>11.8</u>	<u>8.8</u>	<u>15.9</u>	<u>19.7</u>	<u>47.4</u>
Income (Loss) Before Capital Contributions and Extraordinary Item	<u>5,221,888</u>	<u>3,106,426</u>	<u>7,803,737</u>	<u>10,330,426</u>	<u>17,009,851</u>	<u>27.7</u>	<u>15.3</u>	<u>29.6</u>	<u>36.8</u>	<u>59.7</u>
Capital contributions	1,226,294	2,367,192	8,724,544	9,139,181	3,524,551	6.5	11.6	33.1	32.5	12.4
Changes in Net Position	<u>\$ 6,448,182</u>	<u>\$ 5,473,618</u>	<u>\$ 16,528,281</u>	<u>\$ 19,469,607</u>	<u>\$ 20,534,402</u>	<u>34.2</u>	<u>26.9</u>	<u>62.8</u>	<u>69.3</u>	<u>72.0</u>
Active Water Customers	16,851	17,805	18,686	19,469	20,186					
Active Wastewater Customers	2,153	2,268	2,316	2,411	2,452					

JOHNSON COUNTY SPECIAL UTILITY DISTRICT
CONDENSED SUMMARY OF OPERATING RESULTS
(CALCULATION BASED ON BOND RESOLUTION REQUIREMENTS)
December 31, 2024

	Fiscal Year Ended December 31				
	2020	2021	2022	2023	2024
<u>Gross Revenues</u>					
Water Sales	\$16,326,905	\$ 17,563,849	\$ 23,043,658	\$ 24,527,494	\$ 25,174,487
Wastewater Services	1,514,523	1,556,750	1,736,750	2,039,381	2,240,048
Interest Income	306,552	45,337	621,398	2,252,051	2,607,283
Other Revenue	3,502,212	3,802,907	5,670,447	5,727,547	12,740,066
Total Gross Revenues	<u>\$21,650,192</u>	<u>\$ 22,968,843</u>	<u>\$ 31,072,253</u>	<u>\$ 34,546,473</u>	<u>\$ 42,761,884</u>
<u>Operating Expenses ⁽¹⁾:</u>					
Treated Water	\$ 5,712,043	\$ 6,469,579	\$ 6,686,564	\$ 6,727,912	\$ 7,756,647
Brazos River Authority Contracts	747,026	751,004	791,483	839,794	925,611
Other	6,304,566	8,723,406	12,031,827	12,287,799	12,624,666
Total Operating Expenses	<u>\$12,763,635</u>	<u>\$ 15,943,989</u>	<u>\$ 19,509,874</u>	<u>\$ 19,855,505</u>	<u>\$ 21,306,924</u>
Net Available For Debt Service	<u>\$ 8,886,557</u>	<u>\$ 7,024,854</u>	<u>\$ 11,562,379</u>	<u>\$ 14,690,968</u>	<u>\$ 21,454,960</u>
Active Water Customers	16,851	17,805	18,686	19,469	20,186
Active Wastewater Customers	2,153	2,268	2,316	2,411	2,452

⁽¹⁾ Excludes Depreciation and Amortization

Information provided to comply with continuing disclosure requirements of SEC Rule 15c2-12 (Table 6)

JOHNSON COUNTY SPECIAL UTILITY DISTRICT
BOARD OF DIRECTORS, MANAGEMENT TEAM, AND CONSULTANTS
 December 31, 2024
 (Unaudited)

Complete District Mailing Address: PO Box 1390, Joshua, Texas 76058
 District Business Telephone Number: (817) 760-5200
 Submission Date of the Most Recent District Registration Form: 3/13/2025
 Limit on Fees of Office that a Director May Receive During a Fiscal Year: \$7,200.00

Board Director	Term of Office Elected and Expires	Fees and Expense Reimbursements*	Title at Year End
Glen Walden	2023-2026	\$ 7,200	President
Gene Petross	2022-2025	\$ 5,746	Vice-President
Ronald Nichols	2022-2025	\$ 3,150	Secretary / Treasurer
Michael Bowles	2022-2025	\$ 3,922	Director
Harry Shaffer	2023-2026	\$ 3,536	Director
Gary Giesen	2021-2024	\$ 1,547	Director
Eric Baze	2021-2024	\$ -	Director
Joe Hollarn	2024-2027	\$ 3,094	Director

* These expense reimbursements are for lodging, meals, transportation related to training and conferences, and miscellaneous other costs. Director fees are also paid by the District as compensation for services performed as members of the Board.

JOHNSON COUNTY SPECIAL UTILITY DISTRICT
 BOARD OF DIRECTORS, MANAGEMENT TEAM, AND CONSULTANTS (continued)
 December 31, 2024
 (Unaudited)

Management Team	Date Hired	Fees and Expense Reimbursements	Title at Year End
Joshua Howard	02/01/16	\$ -	General Manager
Dana Collier	11/01/11	\$ -	Deputy GM
Sarah Birchmeier	11/27/23	\$ -	Human Resources Manager
Gus Chavarria	12/04/23	\$ -	District Engineer
James Lyles	04/12/21	\$ -	Wastewater Manager
Tyler Lyles	01/10/11	\$ -	Water Operations Manager
Sinclair Newby	07/05/22	\$ -	Communications and Public Affairs Manager
Lauren Peterson	10/25/21	\$ 537	Finance Manager

Consultants		
Kimley-Horn & Associates, Inc.	\$1,087,796	Engineer
Hazen and Sawyer	\$ 236,243	Engineer
Childress Engineers	\$ 92,052	Engineer
Bartlett & West, Inc.	\$ 68,733	Engineer
Westwood Professional Service, Inc.	\$ 32,800	Engineer
Bihl Engineering	\$ 23,075	Engineer
Cain & Associates, P.C.	\$ 284,800	Attorney
Terrill & Waldrop, PLLC	\$ 98,763	Attorney
Duane Morris LLP	\$ 82,313	Attorney
InnovateIT.io	\$ 184,277	Information Technology

JOHNSON COUNTY SPECIAL UTILITY DISTRICT
ANNUAL MATERIAL EVENT DISCLOSURE CHECKLIST
December 31, 2024
(Unaudited)

Yes No

- X 1. Has Issuer failed to make timely payments of interest and principal or reserve fund requirements (if required on any outstanding debt obligation)?
- X 2. Has Issuer had any other defaults not related to debt payments?
- X 3. Has Issuer utilized any debt service reserves due to financial problems?
- X 4. Have there been any unscheduled draws on credit enhancements due to financial problems (bond insurance policies, liquidity agreements, etc.)?
- X 5. Has there been any change of providers of credit enhancement or liquidity facilities, or have they failed to provide funds under their contract with Issuer (if applicable)?
- X 6. Is Issuer aware of any adverse tax opinions or other events that might affect the tax-exempt status of bonds?
- X 7. Have there been any changes or amendments to outstanding documents which might affect the rights of bond investors?
- X 8. Has Issuer exercised its right or given notice to prepay or call bonds in advance of maturity?
- X 9. Has Issuer prepaid (defeased) any outstanding debt obligations?
- X 10. Has there been any release, substitution, or sale of any property securing debt service?
- X 11. Is Issuer aware of any changes in outstanding bond credit ratings?
- X 12. Have there been any other material or adverse events that might impact an investor's decision to buy or sell Issuer's outstanding debt obligations?

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STATISTICAL SECTION (Unaudited)

This part of the Johnson County Special Utility District's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health. This information has not been audited by the independent auditor.

<u>Contents</u>	<u>Page</u>	<u>Tables</u>
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	34-36	1-2
<i>Revenue Capacity</i> These schedules contain information to help the reader assess the District's most significant revenue sources, charges for services.	37-41	3-4
<i>Debt Capacity</i> These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	42-43	5-6
<i>Demographic and Economic Information</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	44-45	7-8
<i>Operating Information</i> These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	46-48	9-11

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Table 1

JOHNSON COUNTY SPECIAL UTILITY DISTRICT
NET POSITION BY COMPONENT
Last Ten Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net Position:										
Net investment in capital assets	\$ 43,883,656	\$ 48,120,547	\$ 49,081,903	\$ 54,689,237	\$ 62,168,882	\$ 63,286,260	\$ 64,661,066	\$ 73,985,091	\$ 90,210,996	\$ 101,335,400
Restricted for debt service	1,501,144	1,729,039	2,003,790	3,752,849	3,905,147	4,849,532	6,353,444	3,778,807	3,982,761	3,381,800
Unrestricted	12,827,743	12,165,646	14,697,759	25,568,970	25,396,390	29,782,810	32,377,710	42,156,603	45,196,351	55,207,310
Total Net Position	<u>\$ 58,212,543</u>	<u>\$ 62,015,232</u>	<u>\$ 65,783,452</u>	<u>\$ 84,011,056</u>	<u>\$ 91,470,419</u>	<u>\$ 97,918,602</u>	<u>\$ 103,392,220</u>	<u>\$ 119,920,501</u>	<u>\$ 139,390,108</u>	<u>\$ 159,924,510</u>

During fiscal year 2016, increase in improvements to the water distribution systems and capital contributed by developers.

During fiscal year 2017, increase in improvements to the water distribution systems and capital contributed by developers.

During fiscal year 2018, increase in improvements to the water distribution systems, construct new facility and capital contributed by developers.

During fiscal year 2018, issued new revenue bonds and increased the bond reserve.

During fiscal year 2018, adjusted the equity interest in joint venture asset for equity method of accounting.

During fiscal year 2019, completed new facility, capital contributed by developers and engineering on bond projects and started smart meter system change out.

During fiscal year 2020, completed \$7,763,496 for engineering and water system improvement bond project.

During fiscal year 2021, issued new bonds for water lines and elevated tank projects.

During fiscal year 2022, increase in improvements to the water distribution systems and capital contributed by developers.

During fiscal year 2023, issued new bonds for Plant 11 Ground Storage Tank with 1926(B) Protection.

During fiscal year 2024, the District transferred full ownership of the Brazos Regional Public Utility Agency to Acton Municipal Utility District.

During fiscal year 2024, Impact Fees were adopted due to significant growth and increase in related capital projects.

Table 2

JOHNSON COUNTY SPECIAL UTILITY DISTRICT
CHANGE IN NET POSITION
Last Ten Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Operating Revenues:										
Water sales	\$12,753,026	\$12,610,422	\$13,921,186	\$15,437,363	\$15,369,001	\$16,326,905	\$17,563,849	\$23,043,658 ^e	\$24,527,494	\$25,174,487
Wastewater revenues	1,129,415	1,234,598	1,268,534	1,305,050	1,423,371	1,514,523	1,556,750	1,736,750	2,039,381	2,240,048
Penalties	253,601	232,984	242,888	254,690	262,359	226,336	290,283	310,964	330,018	359,513
Installation fees	135,288	164,048	232,548	339,539	321,770	556,765	583,414	878,503	815,307	106,442 ^k
Miscellaneous	326,417	175,298	201,425	225,301	220,540	245,389	354,490	355,741	373,850	621,790
Total Operating Revenues	14,597,747	14,417,350	15,866,581	17,561,943	17,597,041	18,869,918	20,348,786	26,325,616	28,086,050	28,502,280
Operating Expenses:										
Water purchases	8,265,385	6,156,820	6,641,246	6,388,057	6,729,864	6,459,069	7,220,583	7,478,047	7,567,706	8,682,258
Personnel services	2,389,123	2,506,633	2,524,830	2,443,324	2,574,177	3,109,900	3,603,688	4,730,392	5,511,822	6,101,790
Repair, maintenance and supplies	734,081	659,054	870,910	1,183,265	990,004	1,252,148	1,726,743	1,387,340	1,664,041	1,401,772
Utilities and communication	696,930	662,079	719,035	768,760	790,444	703,502	875,804	1,546,989	1,628,169	1,510,097
Other expenses	627,637	766,460	881,976	917,373	1,074,754	1,239,016	2,517,171	4,367,106	3,483,767 ^h	3,611,007
Depreciation and amortization	2,820,344	2,870,202	2,894,213	3,171,978	2,770,288	3,110,589	3,086,196	3,190,912	3,445,048	3,706,145
Total Operating Expenses	15,533,500	13,621,248	14,532,210	14,872,757	14,929,531	15,874,223	19,030,185	22,700,786	23,300,553	25,013,069
Operating Income (Loss)	(935,753)	796,102	1,334,371	2,689,186	2,667,510	2,995,695	1,318,601	3,624,830	4,785,497	3,489,211
Nonoperating Revenues (Expenses):										
Gain (loss) on sale of assets	27,445	26,131	61,659	2,527	411,309	(40,193)	-	-	107,013	3,819,153 ^l
Investment earnings	19,319	59,017	129,394	572,396 ^b	895,101 ^c	306,552	45,337 ^d	621,398 ^f	2,252,051 ⁱ	2,607,283
Other income	300,000 ^a	180,020	674,363	182,128	143,911	203,055	201,358	336,429	428,580	315,235
System development fees	691,420	638,660	918,600	1,282,345	1,311,480	2,310,860	2,373,362	3,788,810	3,672,779	- ^k
Connection fees	-	-	-	-	-	-	-	-	-	2,879,182 ^k
Impact fees	-	-	-	-	-	-	-	-	-	4,638,750 ^m
Interest expense	(427,225)	(393,260)	(361,109)	(476,872)	(587,012)	(554,080)	(527,573)	(567,730)	(592,982)	(736,964)
Bond issuance costs	-	-	-	(610,909)	-	-	(304,659)	-	(322,502) ^j	-
Total Nonoperating Revenues (Expenses) and Extraordinary Item	610,959	510,568	1,422,907	951,615	2,174,789	2,226,194	1,787,825	4,178,907	5,544,929	13,520,639
Income (Loss) Before Capital Contributed and Extraordinary Item	(324,794)	1,306,670	2,757,278	3,640,801	4,842,299	5,221,889	3,106,426	7,803,737 ^g	10,330,426	17,009,850
Capital Contributed	274,770	2,496,019	1,010,942	5,079,367	2,617,064	1,226,294	2,367,192	8,724,544	9,139,181	3,524,551
Extraordinary Item	-	-	-	-	-	-	-	-	-	-
Change in Net Position	\$ (50,024)	\$ 3,602,689	\$ 3,768,220	\$ 8,720,168	\$ 7,459,363	\$ 6,448,183	\$ 5,473,618	\$ 16,526,281	\$ 19,469,607	\$ 20,534,401

^a During fiscal year 2015, the District received \$300K for the sale of CCN to the City of Mansfield.

^b During fiscal year 2018, interest rates increased drastically due to economic conditions.

^c During fiscal year 2019, interest income increased due to \$22M TWDB Loan accruing interest.

^d During fiscal year 2021, interest rates decreased drastically due to economic conditions.

^e During fiscal year 2022, water sales increased due to drought conditions and an increase in JCSUD utility rates.

^f During fiscal year 2022, interest rates increased drastically due to economic conditions.

^g During fiscal year 2022, developer activity increased, leading to an increase in capital contributions as well as continued collection of Plant 8 and Plant 13 CIAOC.

^h During fiscal year 2023, professional engineering expenses were decreased from utilizing our in-house Engineering Department. Other service costs were also reduced through increased efficiency such as sludge hauling by utilization of the belt press.

ⁱ During fiscal year 2023, interest rates continued to show higher returns throughout 2023.

^j During fiscal year 2023, a bond was issued for Plant 11 Ground Storage Tank with 1926(B) Protection.

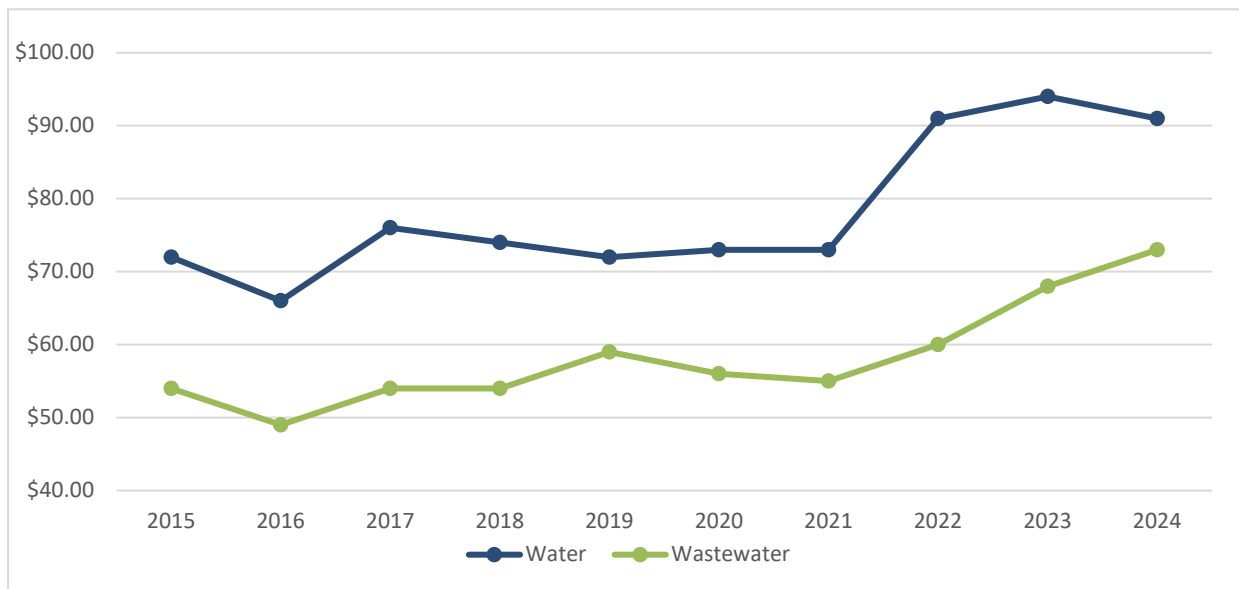
^k During fiscal year 2024, Connection Fees replaced System Development Fees and included meter installation fees.

^l During fiscal year 2024, JCSUD dissolved its ownership in BRPUA.

^m During fiscal year 2024, Impact fees were adopted due to significant growth and increase in related capital projects.

JOHNSON COUNTY SPECIAL UTILITY DISTRICT
AVERAGE REVENUE RATES (ROUNDED TO NEAREST DOLLAR)
 Last Ten Fiscal Years

Monthly Revenue/Customer		
Fiscal Year	Water	Wastewater
2015	72.00	54.00
2016	66.00	49.00
2017	76.00	54.00
2018	74.00	54.00
2019	72.00	59.00
2020	73.00	56.00
2021	73.00	55.00
2022	91.00	60.00
2023	94.00	68.00
2024	91.00	73.00



Source: District Annual Financial Audits

JOHNSON COUNTY SPECIAL UTILITY DISTRICT
TEN LARGEST WATER CUSTOMERS (BASED ON GALLONS CONSUMED)
 Last Ten Years (unaudited)

FISCAL YEAR 2015					
<u>Customer</u>	<u>Type of Industry</u>	<u>Water Usage</u>	<u>% of Total Unaudited Water Usage</u>	<u>Water Revenue</u>	<u>% of Total Unaudited Water Revenue</u>
City of Keene	Municipality	40,201,000	2.98%	\$ 368,959	2.89%
City of Alvarado	Municipality	26,700,400	1.98%	410,085	3.22%
Monarch Utilities	Investor-owned Utility Provider	9,595,730	0.71%	101,114	0.79%
City of Joshua	Municipality	7,244,900	0.54%	46,502	0.36%
Sabre Communications Corp.	Commercial	9,221,890	0.68%	46,583	0.37%
Walnut Creek Mobile Home Park	Mobile Home Park	5,239,230	0.39%	49,329	0.39%
Halliburton Energy	Energy Exploration & Production	3,725,430	0.28%	24,009	0.19%
Joshua ISD	School ISD	3,404,500	0.25%	39,666	0.31%
David Zulejkic	Multi Family Units	3,320,220	0.25%	22,441	0.18%
Sabre Communications Corp.	Commercial	3,059,490	0.23%	20,925	0.16%
		<u>111,712,790</u>	<u>8.29%</u>	<u>\$ 1,129,613</u>	<u>8.86%</u>
	Total Usage	<u>1,348,005,000</u>			
	Total Water Sales			<u>\$ 12,753,026</u>	

FISCAL YEAR 2016					
<u>Customer</u>	<u>Type of Industry</u>	<u>Water Usage</u>	<u>% of Total Unaudited Water Usage</u>	<u>Water Revenue</u>	<u>% of Total Unaudited Water Revenue</u>
City of Keene	Municipality	38,414,000	2.73%	\$ 381,782	3.03%
City of Alvarado	Municipality	32,833,400	2.33%	460,686	3.65%
City of Joshua	Municipality	10,619,300	0.76%	83,651	0.66%
Joshua ISD	School ISD	7,335,290	0.53%	121,638	0.96%
David A Zulejkic	Multi Family Units	5,798,380	0.42%	91,747	0.73%
Emerald Companies	Commercial	5,236,620	0.38%	36,109	0.29%
Walnut Creek Mobile Home Comm	Mobile Home Park	4,809,980	0.35%	48,115	0.38%
Monarch Utilities *	Investor-owned Utility Provider	4,687,310	0.34%	107,242	0.85%
Sabre Communications Corp	Commercial	3,955,410	0.29%	33,162	0.26%
Pecan Village Mobile Park	Mobile Home Park	3,825,570	0.28%	50,714	0.40%
		<u>117,515,260</u>	<u>8.41%</u>	<u>\$ 1,414,846</u>	<u>11.22%</u>
	Total Usage	<u>1,414,626,000</u>			
	Total Water Sales			<u>\$ 12,610,422</u>	

FISCAL YEAR 2017					
<u>Customer</u>	<u>Type of Industry</u>	<u>Water Usage</u>	<u>% of Total Unaudited Water Usage</u>	<u>Water Revenue</u>	<u>% of Total Unaudited Water Revenue</u>
City of Keene	Municipality	65,842,000	4.81%	\$ 517,271	3.72%
Stonetown Ranches of Joshua	Mobile Home Park	23,592,480	1.73%	325,628	2.34%
Prairieland DC LaSalle Corrections	Corrections Facility	9,953,810	0.74%	68,897	0.49%
City of Joshua	Municipality	8,760,550	0.65%	75,930	0.55%
Monarch Utilities	Investor-owned Utility Provider	8,266,550	0.61%	114,379	0.82%
Joshua ISD	School ISD	7,276,860	0.54%	126,261	0.91%
Walnut Creek Mobile Home Comm	Mobile Home Park	6,042,240	0.45%	57,853	0.42%
Sabre Communications Corp	Commercial	4,971,360	0.37%	46,203	0.33%
Cypress Creek Joshua Station LP	Apartment Complex	4,461,380	0.34%	78,328	0.56%
Godley ISD	School ISD	3,609,420	0.27%	30,506	0.22%
		<u>142,776,650</u>	<u>10.51%</u>	<u>\$ 1,441,256</u>	<u>10.35%</u>
	Total Usage	<u>1,371,766,000</u>			
	Total Water Sales			<u>\$ 13,921,186</u>	

JOHNSON COUNTY SPECIAL UTILITY DISTRICT
TEN LARGEST WATER CUSTOMERS (BASED ON GALLONS CONSUMED) (continued)
 Last Ten Years (unaudited)

FISCAL YEAR 2018					
Customer	Type of Industry	Water Usage	% of Total Unaudited Water Usage	Water Revenue	% of Total Unaudited Water Revenue
City of Keene	Municipality	110,748,000	6.68%	\$ 716,846	4.64%
City of Alvarado	Municipality	17,503,000	1.06%	393,559	2.55%
Monarch Utilities	Investor-Owned Utility Provider	17,336,640	1.05%	176,004	1.14%
Stonetown Ranches of Joshua	Mobile Home Park	15,532,190	0.94%	124,183	0.80%
Prairieland DC LaSalle Corrections	Corrections Facility	15,433,210	0.94%	106,105	0.69%
Bethany Special Utility District	Municipality	10,684,000	0.65%	205,747	1.33%
Cypress Creek Joshua Station LP	Apartment Complex	9,032,680	0.55%	67,441	0.44%
City of Joshua	Municipality	8,727,670	0.54%	71,300	0.46%
Joshua ISD	School ISD	7,654,360	0.47%	93,479	0.61%
Godley ISD	School ISD	6,530,180	0.40%	49,592	0.32%
		219,181,930	13.28%	\$ 2,004,255	12.98%
	Total Usage	1,661,343,712			
	Total Water Sales			\$ 15,437,363	

FISCAL YEAR 2019					
Customer	Type of Industry	Water Usage	% of Total Unaudited Water Usage	Water Revenue	% of Total Unaudited Water Revenue
City of Keene	Municipality	96,124,000	5.97%	\$ 648,395	4.22%
City of Alvarado	Municipality	44,194,000	2.75%	517,144	3.36%
Prairieland DC LaSalle Corrections	Corrections Facility	15,841,570	0.99%	108,608	0.71%
Stonetown Ranches of Joshua	Mobile Home Park	14,302,400	0.90%	116,551	0.76%
Cypress Creek Joshua Station LP	Apartment Complex	11,692,330	0.73%	84,021	0.55%
Monarch Utilities	Investor-Owned Utility Provider	9,500,190	0.60%	169,926	1.11%
Mariposa South Broadway LP	Apartment Complex	7,703,360	0.49%	69,566	0.45%
City of Joshua	Municipality	7,468,535	0.47%	63,377	0.41%
Joshua ISD	School ISD	6,907,859	0.44%	93,324	0.61%
Godley ISD	School ISD	6,143,460	0.39%	47,145	0.31%
		219,877,704	13.73%	\$ 1,918,058	12.48%
	Total Usage	1,613,289,489			
	Total Water Sales			\$ 15,369,001	

FISCAL YEAR 2020					
Customer	Type of Industry	Water Usage	% of Total Unaudited Water Usage	Water Revenue	% of Total Unaudited Water Revenue
City of Alvarado	Municipality	71,008,000	4.09%	\$ 642,917	3.94%
City of Keene	Municipality	59,522,000	3.43%	479,234	2.94%
Stonetown Ranches of Joshua	Mobile Home Park	14,811,839	0.85%	119,394	0.73%
Cypress Creek Joshua Station LP	Apartment Complex	14,483,690	0.83%	101,495	0.62%
Prairieland DC LaSalle Corrections	Corrections Facility	9,700,980	0.56%	70,350	0.43%
Mariposa South Broadway LP	Apartment Complex	7,950,051	0.46%	71,122	0.44%
Stonetown Walnut Creek	Mobile Home Park	5,479,837	0.32%	37,940	0.23%
Godley ISD	School ISD	5,249,350	0.30%	41,570	0.25%
Joshua ISD	School ISD	4,661,099	0.27%	79,826	0.49%
Bethany Special Utility District	Municipality	4,205,000	0.24%	176,231	1.08%
		197,071,846	11.35%	\$ 1,820,079	11.15%
	Total Usage	1,737,420,000			
	Total Water Sales			\$ 16,326,905	

JOHNSON COUNTY SPECIAL UTILITY DISTRICT
TEN LARGEST WATER CUSTOMERS (BASED ON GALLONS CONSUMED) (continued)
 Last Ten Years (unaudited)

FISCAL YEAR 2021					
<u>Customer</u>	<u>Type of Industry</u>	<u>Water Usage</u>	<u>% of Total Unaudited Water Usage</u>	<u>Water Revenue</u>	<u>% of Total Unaudited Water Revenue</u>
City of Alvarado	Municipality	175,230,000	9.54%	\$ 1,126,507	6.41%
City of Keene	Municipality	59,285,000	3.23%	478,134	2.72%
Stonetown Ranches of Joshua	Mobile Home Park	17,790,028	0.97%	137,731	0.78%
Cypress Creek Joshua Station LP	Apartment Complex	15,597,421	0.85%	108,323	0.62%
Stonetown Walnut Creek	Mobile Home Park	8,131,451	0.44%	54,705	0.31%
Prairieland DC LaSalle Corrections	Corrections Facility	7,656,250	0.42%	57,662	0.33%
Mariposa South Broadway LP	Apartment Complex	7,442,978	0.41%	67,939	0.39%
City of Joshua	Municipality	6,233,751	0.34%	55,688	0.32%
Joshua ISD	School ISD	5,726,522	0.31%	91,846	0.52%
Bethany Special Utility District	Municipality	4,711,000	0.26%	178,579	1.02%
		307,804,401	16.77%	\$ 2,357,113	13.42%
	Total Usage	1,837,070,000			
	Total Water Sales			\$ 17,563,849	

FISCAL YEAR 2022					
<u>Customer</u>	<u>Type of Industry</u>	<u>Water Usage</u>	<u>% of Total Unaudited Water Usage</u>	<u>Water Revenue</u>	<u>% of Total Unaudited Water Revenue</u>
City of Alvarado	Municipality	225,400,000	9.71%	\$ 1,361,936	5.91%
City of Keene	Municipality	54,698,000	2.36%	457,661	1.99%
Monarch Utilities I LP	Investor-owned Utility Provider	18,089,771	0.78%	192,261	0.83%
Stonetown Ranches of Joshua	Mobile Home Park	15,880,333	0.68%	185,473	0.80%
Cypress Creek Joshua Station LP	Apartment Complex	13,969,351	0.60%	152,172	0.66%
Mariposa South Broadway LP	Apartment Complex	8,652,634	0.37%	108,236	0.47%
Bethany Special Utility District	Municipality	8,570,000	0.37%	196,918	0.85%
Prairieland DC LaSalle Corrections	Corrections Facility	7,785,165	0.34%	91,120	0.40%
Pool Brothers LLC	Mobile Home Park	5,786,012	0.25%	63,045	0.27%
Stonetown Walnut Creek	Mobile Home Park	5,450,869	0.23%	59,820	0.26%
		364,282,135	15.69%	\$ 2,868,642	12.45%
	Total Usage	2,320,541,883			
	Total Water Sales			\$ 23,043,658	

FISCAL YEAR 2023					
<u>Customer</u>	<u>Type of Industry</u>	<u>Water Usage</u>	<u>% of Total Unaudited Water Usage</u>	<u>Water Revenue</u>	<u>% of Total Unaudited Water Revenue</u>
City of Alvarado	Municipality	235,971,000	9.81%	\$ 1,444,160	5.89%
City of Keene	Municipality	57,953,000	2.41%	480,904	1.96%
Monarch Utilities I LP	Investor-owned Utility Provider	17,716,706	0.74%	189,942	0.77%
Stonetown Ranches of Joshua	Mobile Home Park	16,274,871	0.68%	326,631	1.33%
Cypress Creek Joshua Station LP	Apartment Complex	14,696,098	0.61%	270,389	1.10%
Prairieland DC LaSalle Corrections	Corrections Facility	10,790,127	0.45%	185,382	0.76%
Bethany Special Utility District	Municipality	10,182,000	0.42%	193,177	0.79%
Mariposa South Broadway LP	Apartment Complex	9,844,421	0.41%	205,438	0.84%
Stonetown Walnut Creek	Mobile Home Park	7,898,108	0.33%	90,459	0.37%
Sabre Communication Corp	Mobile Home Park	2,249,887	0.09%	36,757	0.15%
		383,576,218	15.95%	\$ 3,423,239	13.96%
	Total Usage	2,406,624,279			
	Total Water Sales			\$ 24,527,494	

JOHNSON COUNTY SPECIAL UTILITY DISTRICT
TEN LARGEST WATER CUSTOMERS (BASED ON GALLONS CONSUMED) (continued)
 Last Ten Years (unaudited)

FISCAL YEAR 2024					
Customer	Type of Industry	Water Usage	% of Total Unaudited Water Usage	Water Revenue	% of Total Unaudited Water Revenue
City of Alvarado	Municipality	245,791,000	9.32%	\$ 1,542,582	6.13%
Mountain Peak Special Utility District	Local Government	71,352,000	2.71%	474,748	1.89%
City of Keene	Municipality	18,147,000	0.69%	294,531	1.17%
Cypress Creek Joshua Station LP	Apartment Complex	15,052,327	0.57%	188,606	0.75%
Monarch Utilities LP	Investor-owned Utility Provider	14,349,999	0.54%	149,088	0.59%
Antares Acquisition LLC	Homebuilder	11,577,310	0.44%	127,928	0.51%
Prairieland DC LaSalle Corrections	Corrections Facility	9,959,144	0.38%	129,794	0.52%
Summit Alvarado Partners, LP	Apartment Complex	8,542,459	0.32%	108,142	0.43%
Stonetown Ranches of Joshua, LLC	Mobile Home Park	6,494,260	0.25%	93,551	0.37%
Godley ISD	School ISD	6,356,096	0.24%	83,454	0.33%
		407,621,595	15.46%	\$ 3,192,424	12.68%
	Total Usage	2,637,200,000			
	Total Water Sales			\$ 25,174,487	

Source: District Billing System

Information provided to comply with continuing disclosure requirements of SEC Rule 15c2-12

JOHNSON COUNTY SPECIAL UTILITY DISTRICT
TOTAL INDEBTEDNESS PER CUSTOMER
 Last Ten Fiscal Years

Fiscal Year Ended December 31	Bonds Payable	SBITA Payable	Capital Lease Payable	Total Indebtedness	Total Customers	Debt Per Customer
2015	17,727,353	-	-	17,727,353	14,411	1,230
2016	16,224,628	-	-	16,224,628	14,738	1,101
2017	14,926,903	-	-	14,926,903	15,132	986
2018	35,594,175	-	-	35,594,175	15,580	2,285 ⁽¹⁾
2019	33,331,450	-	-	33,331,450	16,069	2,074
2020	31,268,725	-	-	31,268,725	16,851	1,856
2021	36,089,462	-	-	36,089,462	17,805	2,027 ⁽²⁾
2022	33,388,113	-	-	33,388,113	18,686	1,787
2023	34,212,825	171,508	-	34,384,333	19,469	1,766 ⁽³⁾
2024	31,469,597	70,827	-	31,540,424	20,186	1,562

Sources:

District Billing System
 District Annual Financial Audits

- (1) The District received proceeds of \$22 million at 1.54%, from the TWDB's DWSRF (TX. Water Development Board's Drinking Water State Revolving Fund) program for the new AMI (Advanced Metering Infrastructure) and 23 improvement projects. The AMI project is for smart meters that give the customers the ability to see their current usage on demand and in turn help in water conservation. The improvement projects will help in areas of growth in the system, maintenance issues and improving the water distribution.
- (2) The District issued 6.83 million in Revenue Bonds, Series 2021.
- (3) The District issued 3.426 million in Revenue Bonds, Series 2023.

JOHNSON COUNTY SPECIAL UTILITY DISTRICT
REVENUE BOND COVERAGE
 Last Ten Fiscal Years

Fiscal Year Ended December 31	Total Revenues ⁽¹⁾	Total Expenses ⁽²⁾	Net Revenues Available for Debt Service	Bond Debt Service Requirements ⁽³⁾	Coverage
2015	15,635,931	13,140,381	2,495,550	1,927,917	1.29
2016	15,321,178	11,144,305	4,176,873	1,908,339	2.19
2017	17,650,597	11,999,106	5,651,491	1,670,397	3.38
2018	19,601,339	11,700,779	7,900,560	2,076,354	3.81
2019	20,358,842	12,159,243	8,199,599	2,901,405	2.83
2020	21,650,192	12,763,635	8,886,557	2,626,871	3.38
2021	22,968,843	15,943,989	7,024,854	2,605,029	2.70
2022	31,072,253	19,509,874	11,562,379	3,253,350	3.55
2023	34,546,473	19,855,505	14,690,968	3,144,012	4.67
2024	42,761,884	21,306,924	21,454,960	3,445,959	6.23

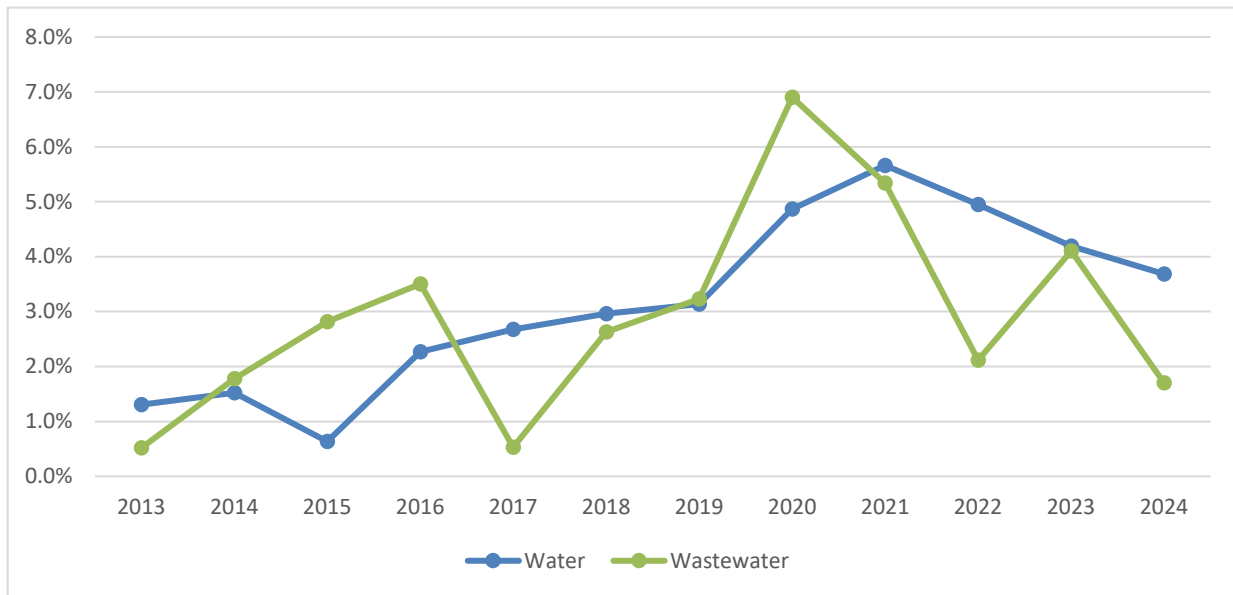
(1) Includes interest income, connection fees, and impact fees

(2) Excludes depreciation and amortization

(3) Includes principal and interest

JOHNSON COUNTY SPECIAL UTILITY DISTRICT
NUMBER OF CUSTOMERS BY SERVICE
 Last Ten Fiscal Years

Customer Growth Trend		
Fiscal Year	Water	Wastewater
2015	14,411	1,827
2016	14,738	1,891
2017	15,132	1,901
2018	15,580	1,951
2019	16,069	2,014
2020	16,851	2,153
2021	17,805	2,268
2022	18,686	2,316
2023	19,469	2,411
2024	20,186	2,452



Source: District Billing System

JOHNSON COUNTY SPECIAL UTILITY DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Fiscal Years

Fiscal Year Ended December 31	Estimated Population Johnson County	Personal Income Johnson County (in Thousands)	Per Capita Income Johnson County	Unemployment Rate Johnson County
2015	159,345	6,046,048	37,943	4.4%
2016	162,763	6,244,690	38,367	4.5%
2017	167,012	6,682,230	40,010	3.4%
2018	171,121	6,914,543	40,407	3.4%
2019	175,817	7,229,759	41,121	3.1%
2020	180,513	7,963,280	44,115	6.9%
2021	181,837	8,665,260	47,654	4.1%
2022	187,280	9,667,206	51,619	3.3%
2023	202,906	10,330,042	52,837	3.5%
2024	210,547	11,258,624	55,487	3.6%

Notes:

The District's service area is predominately in Johnson County, but also serves small areas in Tarrant, Hill and Ellis counties.

Source:

Johnson County Annual Comprehensive Financial Report
 United States Census Bureau
 United States Bureau of Economic Analysis
 United States Bureau of Labor Statistics

JOHNSON COUNTY SPECIAL UTILITY DISTRICT
HISTORICAL USAGE BY FUNCTION
 December 31, 2024 (unaudited)

HISTORICAL WATER USAGE (mgd)				
Fiscal Year Ended December 31	Average Daily Usage	Peak Day Usage	Total Usage	Number of Water Customers
2015	3.69	9.04	1348.0	14,411
2016	3.48	7.48	1270.3	14,738
2017	3.76	7.00	1371.8	15,132
2018	4.55	10.09	1661.3	15,580
2019	4.42	8.57	1613.3	16,069
2020	4.76	9.95	1737.4	16,851
2021	5.03	9.71	1837.1	17,805
2022	6.36	12.73	2320.5	18,686
2023	6.59	14.08	2406.6	19,469
2024	7.23	12.47	2324.1	20,186

HISTORICAL WASTEWATER TREATMENT				
Fiscal Year Ended December 31	Average Day (MGD)	Max Day (MGD)	Total Treated (MG)	Number of Wastewater Customers
2015	0.4	1.3	162.4	1,827
2016	0.4	0.9	145.9	1,891
2017	0.3	0.7	106.7	1,901
2018	0.4	1.0	159.9	1,951
2019	0.5	1.1	178.1	2,014
2020	0.5	1.2	171.4	2,153
2021	0.5	1.2	172.8	2,268
2022	0.4	0.9	153.7	2,316
2023	0.5	0.8	176.8	2,411
2024	0.6	1.6	208.7	2,452

Source:

District Billing System

Monthly Operations Report

Information provided to comply with continuing disclosure requirements of SEC Rule 15c2-12

JOHNSON COUNTY SPECIAL UTILITY DISTRICT
FULL-TIME EMPLOYEES BY FUNCTION
 December 31, 2024 (unaudited)

Fiscal Year	Administrative	Water	Wastewater	Total
2015	16	18	4	38
2016	18	16	4	38
2017	19	17	4	40
2018	17	17	4	38
2019	20	17	4	41
2020	21	17	4	42
2021	30	18	3	51
2022	35	22	4	61
2023	33.5	24	4	61.5
2024	32.5	25	4	61.5

Source: District Payroll System

JOHNSON COUNTY SPECIAL UTILITY DISTRICT
CAPITAL ASSET STATISTICS BY FUNCTION
 Last Ten Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Water										
Land	571,557	537,195	673,827	673,827	673,827	673,827	673,827	-	-	234,982
Buildings and Structures	-	-	-	-	-	-	-	75,663	12,298	-
Water Wells and Distribution System	54,353,992	54,866,872	53,740,448	55,325,189	55,844,690	55,417,388	54,888,295	59,349,645	64,688,950	67,140,507
Vehicles	124,118	266,772	206,263	129,591	143,759	225,567	247,295	239,712	472,800	451,431
Equipment	14,380	9,839	5,298	757	-	-	-	181,836	298,311	304,785
Master plan	55,064,047	55,680,678	54,625,836	56,129,364	56,662,276	56,316,781	55,809,417	59,846,856	65,472,359	68,131,704
Wastewater										
Land	14,840	14,840	14,840	14,840	14,840	14,840	14,840	-	-	-
Buildings and Structures	24,741	22,710	20,522	5,926	21,714	20,528	17,103	14,700	-	9,896
Lift Stations and Distribution System	2,748,162	3,624,350	3,529,759	4,767,334	4,826,379	4,377,041	4,502,253	4,289,548	4,087,950	3,875,309
Wastewater Treatment Plant	2,022,174	1,929,339	1,816,729	1,665,286	1,552,509	1,411,962	1,340,929	1,228,091	1,119,307	1,404,947
Vehicles	86,369	38,980	29,549	20,118	25,482	22,378	-	270,435	253,478	271,811
Equipment	221,098	117,564	90,898	163,000	88,227	58,401	41,999	20,839	-	9,357
Master plan	7,348	5,249	3,149	875	-	-	-	-	-	-
Total Wastewater	5,122,732	5,753,032	5,505,446	6,637,378	6,529,151	5,905,150	5,917,123	5,823,613	5,460,735	5,571,319
General										
Land	152,329	186,691	186,691	186,691	186,691	186,691	860,519	875,358	875,358	875,358
Buildings and Structures	223,057	201,083	182,468	180,917	6,183,319	5,825,071	5,517,753	5,521,278	5,190,480	4,859,695
Vehicles	144,700	145,106	109,997	157,479	202,998	155,892	131,349	166,522	232,748	236,927
Equipment	104,402	89,661	59,796	59,887	235,507	192,689	332,926	270,298	212,107	75,815
Intangible-right-to-use software	-	-	-	-	-	-	-	-	-	-
Total General	624,488	622,541	538,952	584,973	6,808,515	6,360,343	6,842,546	6,823,456	6,677,307	6,114,625
Total Capital Assets	\$ 60,811,267	\$ 62,056,251	\$ 60,670,234	\$ 63,351,715	\$ 69,999,942	\$ 68,582,274	\$ 68,569,086	\$ 72,493,925	\$ 77,610,401	\$ 79,817,648

Note: Balances presented are net of accumulated depreciation, amortization and construction in progress. Values from 2022 on differ from previous years due to change in accounting system.

Source: District Fixed Asset System

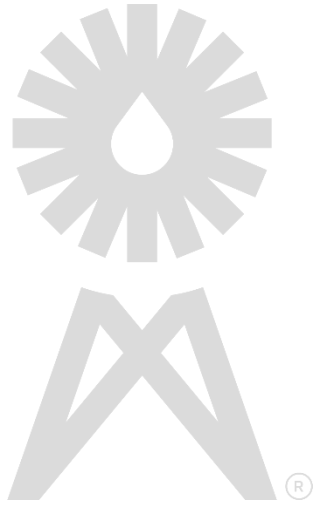
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Water										
Water storage capacity-Elevated (MG)	5	5	5	5	5	5	5	5	5	5
Water storage capacity-Ground (MG)	9	9	9	9	9	9	9	9	9	8
Miles of water mains	926	926	932	937	925	933	945	954	966	972
Number of active wells	21	21	21	21	21	21	21	20	18	18
Production (MG)	1,619	1,550	1,666	1,896	1,954	2,089	2,183	2,673	2,692	2,637
Billed and unbilled consumption (MG)	1,375	1,288	1,422	1,661	1,612	1,737	1,837	2,321	2,407	2,324
Accountability Ratio	84.9%	83.1%	85.3%	87.6%	82.5%	83.2%	84.2%	86.8%	89.4%	88.1%
Available Supply Capacity (MG)	24.8	24.8	24.8	24.8	24.8	24.8	25.4	41.6	41.6	39.4
Wastewater										
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Number of lift stations	8	8	8	7	7	7	7	7	9	9
Miles of wastewater mains	45	45	45	48	48	49	49	51	53	53
Annual engineering maximum plant capacity (MG)	256	256	284	284	284	284	288	288	288	288
Amount treated annually (MG)	162	146	107	160	173	171	173	154	176	209
Unused capacity (MG)	94	110	177	124	106	113	115	134	112	79
Percent of capacity utilized	63.3%	57.0%	37.7%	56.3%	62.6%	60.3%	60.1%	53.5%	61.1%	72.6%

Source:

- District Financial Audits
- TWDB Water Audit Reports
- District Operational Reports

OVERALL COMPLIANCE AND
INTERNAL CONTROL SECTION

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INDEPENDENT AUDITOR’S 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*

To the Board of Directors and Management
Johnson County Special Utility District
Joshua, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Johnson County Special Utility District (the “District”) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated May 7, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the

determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

George Morgan Jones, P.C.

Weatherford, Texas

May 7, 2025

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

To the Board of Directors and Management
Johnson County Special Utility District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Johnson County Special Utility District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended December 31, 2024. The 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, the District complied, in all material respects, with the types of 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 Program

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

We are required to be independent of Johnson County 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 the 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 and grant agreements applicable to the 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 the 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for one 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 was a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the District’s compliance with the requirements of each major federal program.

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

- Exercise professional judgement 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 the 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 the 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 the 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a 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 considered to be a material weakness, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

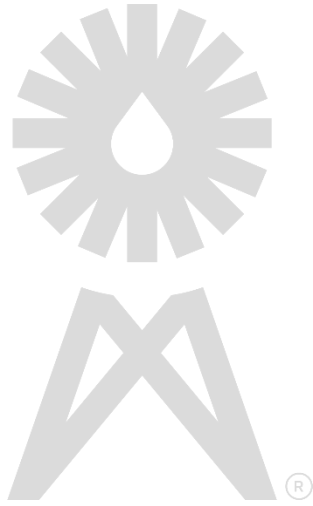
Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

George Morgan Jones, P.C.

Weatherford, Texas
May 7, 2025

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JOHNSON COUNTY 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:

Material weakness identified? Yes X No

Significant deficiency identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted Yes X No

2. Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiency(s) identified that are not considered to be material weaknesses? Yes X None Reported

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? Yes X No

Identification of major programs:

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

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statement Findings

None

C. Federal Award Findings and Questioned Costs

None

**JOHNSON COUNTY SPECIAL UTILITY DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2024**

None.

**JOHNSON COUNTY SPECIAL UTILITY DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2024**

Contact for Corrective Action Plan:

Joshua Howard
General Manager

Financial Statement Findings

None.

Federal Award Findings and Questioned Costs

None.

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

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<u>U.S. Environmental Protection Agency</u>				
Pass-through from Texas Water Development Board				
Capitalization Grants for Drinking Water State Revolving Funds	66.468	L1000790	-	727,701
Total U.S. Environmental Protection Agency			-	727,701
<u>U.S. Department of Agriculture</u>				
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	-	2,700,638
Total U.S. Department of Agriculture			-	2,700,638
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 3,428,339

accompanying notes are an integral part of this schedule.

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

Reporting Entity

Johnson County Special Utility District (the District) is a governmental entity created by the 78th Texas Legislature in Senate Bill 5 on June 20, 2003, subject to a confirmation election which was held November 4, 2003. The District operates under Texas Water Code Chapter 65, as amended.

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal program activity of the Johnson County Special Utility District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Indirect Cost Rate

The District has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform guidance. The District did not allocate indirect costs to federal award programs.

USDA and Texas Water Development Board Loans

The District issued bonds that are secured by the U.S. Department of Agriculture. The amount of federal awards reported in the Schedule of Expenditures of Federal Awards are the amount of bond funds spent during the period.

The District issued bonds that were purchased by the Texas Water Development Board with Drinking Water State Revolving Funds. The amounts of federal awards reported in the Schedule of Expenditures of Federal Awards are the amount of bond funds spent during the period.