

MANVILLE WATER SUPPLY CORPORATION.

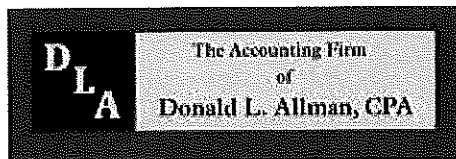
AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

MANVILLE WATER SUPPLY CORPORATION.

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Independent Auditor's Report

To the Board of Directors
Manville Water Supply Corporation.

Opinion

We have audited the accompanying financial statements of Manville Water Supply Corporation, (the "Corporation"), a non-profit corporation, which comprise the statements of financial position as of December 31, 2024, and the related statements of activities and cash flows, for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Manville Water Supply Corporation as of December 31, 2024 and the changes in its net assets and its cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation 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 these 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 Corporation's ability to continue as a going concern within one year after the date the financial statements are available to be issued.

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 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 an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards we:

- Exercise professional 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 Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Budget vs. Actual is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Donald L. Allman, CPA, PC



Georgetown, Texas
March 28, 2025

MANVILLE WATER SUPPLY CORPORATION.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024

		(Comparative Totals Only)
ASSETS	2024	2023
Current Assets		
Cash and cash equivalents	\$ 3,877,783	\$ 5,290,190
Short-Term Investments	53,769,152	75,478,860
Accounts Receivable	2,835,423	2,317,030
Accrued Interest	-	-
Inventory	222,609	331,705
Prepaid Expenses	102,454	299,211
Other Current Assets	2,411	4,227
Total Current Assets	<u>60,809,832</u>	<u>83,721,223</u>
Noncurrent Assets		
Property, Plant and Equipment, Net of Accumulated Depreciation	173,214,705	95,929,953
Other Assets	225	625
Total Noncurrent Assets	<u>173,214,930</u>	<u>95,930,578</u>
TOTAL ASSETS	<u>\$ 234,024,762</u>	<u>\$ 179,651,801</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	6,713,060	3,906,701
Accrued Expenses	8,490,609	420,452
Refundable Deposits	52,000	30,000
Unearned Revenue	53,160	57,648
Notes payable, current portion	-	-
Total Current Liabilities	<u>15,308,829</u>	<u>4,414,801</u>
Long-term Liabilities		
Notes payable, less current portion	<u>29,233,316</u>	-
Total Long-term Liabilities	<u>29,233,316</u>	-
Total Liabilities	<u>44,542,145</u>	<u>4,414,801</u>
Net Assets		
Without Donor Restrictions	189,482,617	175,237,000
With Donor Restrictions	-	-
	-	-
Total Net Assets	<u>189,482,617</u>	<u>175,237,000</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 234,024,762</u>	<u>\$ 179,651,801</u>

See accompanying notes to the financial statements.

MANVILLE WATER SUPPLY CORPORATION.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total 2024	(Comparative Totals Only) 2023
OPERATING REVENUES				
Metered Water Sales	\$ 21,439,291		\$ 21,439,291	\$ 17,805,542
Installations and Reimbursements	3,642,060		3,642,060	967,211
Meter Tap and Equity Fees	1,042,021		1,042,021	732,029
Penalty and Reconnect Fees	136,479		136,479	103,074
Other revenues	4,036	-	4,036	4,938
Total Operating Revenues	26,263,887		26,263,887	19,612,794
WATER AND PRODUCTION COSTS				
Water Purchases	5,269,703		5,269,703	3,953,633
Water Treatment & Testing fees	502,288		502,288	500,953
Utilities	1,405,231	-	1,405,231	1,509,615
Total Cost of Water Sold	7,177,222		7,177,222	5,964,201
GROSS PROFIT ON WATER REVENUE	19,086,665	-	19,086,665	13,648,593
OPERATING EXPENSES				
Operating Expenses	12,335,940	-	12,335,940	9,526,006
Management and General	1,375,400	-	1,375,400	1,254,255
TOTAL OPERATING EXPENSES	13,711,340	-	13,711,340	10,780,261
OPERATING NET INCOME/(LOSS)	5,375,325	-	5,375,325	2,868,332
OTHER REVENUES/(EXPENSES)		-		
LUE Fees	3,701,209		3,701,209	44,811,853
CCN Revenue	1,619,811	-	1,619,811	472,376
Interest & Patronage income	3,380,560		3,380,560	1,512,174
Rent income	112,518		112,518	96,371
Membership Fees	38,500		38,500	55,730
Noack WC Merger income	-		-	-
LUE Extension Fees	-		-	14,950
Miscellaneous income	7,694		7,694	42,462
Gain (Loss) on sale of assets	10,000		10,000	14,650
OTHER REVENUES/(EXPENSES)				
NET INCOME (LOSS)	8,870,292		8,870,292	47,020,566
TOTAL CHANGE IN NET ASSETS	14,245,617		14,245,617	49,888,898
Net Assets, beginning of year	175,237,000	-	175,237,000	125,348,102
Net Assets, end of year	189,482,617	-	189,482,617	175,237,000

See accompanying notes to the financial statements.

MANVILLE WATER SUPPLY CORPORATION.
STATEMENT OF FUNCTIONAL EXPENSES
DECEMBER 31, 2024

				(Comparative
	Operating	Management & General	Total 2024	Totals Only) 2023
Salaries & Benefits	\$ 3,255,507	\$ -	\$ 3,255,507	\$ 3,024,391
Customer Goodwill	44,297	-	44,297	37,420
Board of Director Expenses	-	19,241	19,241	18,309
Insurance - Casualty and Liability	200,854	-	200,854	168,797
Professional Fees	785,373	-	785,373	744,446
Easements, Inspections and Permit Fees	112,811	-	112,811	39,441
Depreciation	2,851,680	340,855	3,192,535	2,833,488
Employment Fees - New Hire and Testing	-	2,088	2,088	3,273
Office Supplies, Janitorial and Maintenance	-	130,368	130,368	64,476
Postage and Printing	-	98,839	98,839	101,642
Internet, Web and Software Maintenance	-	171,856	171,856	165,978
Furniture & Equipment Maintenance	-	35,208	35,208	42,481
Official Hospitality	-	12,109	12,109	19,120
Publication - Legal Notices and Filing Fees	-	3,860	3,860	75
Uniform Service	-	21,892	21,892	21,324
Repairs & Maintenance - Water System	1,043,505	-	1,043,505	786,151
Repairs & Maintenance - Facilities	1,745,919	-	1,745,919	368,100
Repairs & Maintenance - SCADA	23,326	-	23,326	43,440
Repairs & Maintenance - Equipment	116,267	-	116,267	166,707
Repairs & Maintenance - Customer Property	15,197	-	15,197	3,472
Parts, Supplies, Water Meters	567,468	-	567,468	1,391,694
Equipment Storage Rentals	2,606	-	2,606	147
Service Vehicle Operating Expenses	216,789	-	216,789	231,983
Bank and Credit Card Fees	-	276,177	276,177	221,495
Communications - Telephone and Radio	-	60,345	60,345	63,844
TCEQ System Fees	27,119	-	27,119	21,255
Staff Professional Development Fees	-	24,521	24,521	20,503
Association Dues	-	10,050	10,050	9,133
Annual Meeting	-	18,165	18,165	18,078
Bad Debt Expenses	-	18,812	18,812	29,340
Accounting Fees	-	19,200	19,200	24,765
Legal Fees	-	111,814	111,814	95,493
Loan fees	845,503	-	845,503	-
Interest Expenses	481,719	-	481,719	-
TOTAL EXPENSES	\$ 12,335,940	\$ 1,375,400	\$ 13,711,340	\$ 10,780,261

See accompanying notes to financial statements.

MANVILLE WATER SUPPLY CORPORATION.
STATEMENT OF CASH FLOWS
DECEMBER 31, 2024

	2024	(Comparative Totals Only) 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	14,245,617	49,888,898
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,192,535	2,833,488
(Gain) Loss from Sale of Assets	(10,000)	(14,650)
(Increase) Decrease in operating assets:		
(Increase)/Decrease in accounts receivable	(518,393)	(626,682)
(Increase)/Decrease in accrued interest receivable	-	293,115
(Increase)/Decrease in Inventory	109,096	(165,679)
(Increase)/Decrease in Prepaid Expenses	196,757	41,969
(Increase)/Decrease in other assets	(1,816)	938
Increase (Decrease) in operating liabilities:		
Increase (Decrease) in accounts payable	2,806,359	1,555,769
Increase/(Decrease) in accrued expenses	8,070,157	222,954
Increase/(Decrease) in refundable deposits	22,000	9,000
Increase/(Decrease) in Unearned Revenue	(4,488)	(6,493)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>28,107,824</u>	<u>54,032,627</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(80,473,255)	(15,236,855)
Proceeds from Sale of Assets	10,000	14,650
Reduction of Short-Term Investments	<u>21,709,708</u>	<u>(36,444,887)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(58,753,547)</u>	<u>(51,667,092)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on Long-Term debt	-	-
Proceeds from issuance of Long-Term debt	<u>29,233,316</u>	<u>-</u>
NET CASH USED BY FINANCING ACTIVITIES	<u>29,233,316</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,412,407)	2,365,535
CASH AND CASH EQUIVALENTS, beginning of year	<u>5,290,190</u>	<u>2,924,655</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 3,877,783</u>	<u>\$ 5,290,190</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest expense	<u>\$ 481,719</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

**MANVILLE WATER SUPPLY CORPORATION.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 – NATURE OF THE ENTITY

A. Reporting Entity

Manville Water Supply Corporation (the “Corporation”) is a member-owned, tax exempt organization, incorporated October 21, 1969 pursuant to Chapter 67 of the Texas Water Code and the Texas Business Organizations Code, under Texas Certificate of Convenience and Necessity (CCN) No. 11144, for the purpose of making a potable water utility service to rural members in northeast Travis, southeast Williamson and portions of Bastrop and Lee counties, along with suburban and rural communities of Manor, Pflugerville and Coupland, Texas. Operating policies, rates, tariffs and regulations are formulated by a Board of Directors, duly elected by members of the Corporation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Financial Accounting Standards Board.

Basis of Presentation

The financial statements are presented on the basis of net assets with donor restrictions or net assets without donor restrictions. Assets with donor restrictions are shown as restricted support in the period earned and reclassified to net assets without donor restrictions in the period in which the restriction is met. All of the Corporation’s net assets were without donor restrictions at December 31, 2024, and may be expended for any purpose in performing the primary objectives of the Corporation at the discretion of the Corporation’s management, under the direction of the Board of Directors. The following is a schedule of unrestricted net assets.

NET ASSETS WITHOUT DONOR RESTRICTIONS	2024
Memberships	
Balance – January 1	\$1,270,020
Member investment – current year	<u>38,500</u>
Balance – December 31	<u>\$1,308,520</u>
	=====
Designated by the Board	
Balance - January 1	\$3,821,954
Allocation to (from) Undesignated Net Assets	(2,159,006)
Balance - December 31	<u>\$1,662,948</u>

**MANVILLE WATER SUPPLY CORPORATION.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Undesignated

Balance – January 1	\$170,145,026
Allocation from Undesignated Net Assets	2,159,006
Change in Net Assets from Operations and Other Activities	<u>14,207,117</u>
Balance – December 31	<u>\$ 186,511,149</u>

TOTAL NET ASSETS **\$ 189,482,617**

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Under this method, revenues are recorded in the period earned and when the amount and timing of the revenue can be reasonably determined. Expenses and asset additions are recognized at the time a liability arises which is normally at the time title passes or a service is received.

Cost Allocation

Expenses are currently charged directly to a program or management and general category based on specific identification.

Income Taxes and Other Taxes

The Corporation is exempt from federal income tax under Section 501(c) (12) of the Internal Revenue Code, except for income tax related to certain unrelated business income. The Corporation had no significant unrelated business income during the year ended December 31, 2024. The Corporation is also exempt from State of Texas franchise taxes and local property taxes. Because the Corporation is exempt, no provision for income taxes has been made.

Member Investment

Membership in the Corporation is currently sold for \$100 per member. One membership must be purchased to use system facilities. The membership cost is refundable; however, it is not transferable. At December 31, 2024, there were 12,845 active retail memberships, respectively.

**MANVILLE WATER SUPPLY CORPORATION.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

The Corporation considers all checking accounts, money market accounts, and highly liquid investments with a maturity of 90 days or less when purchased to be cash and cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of these financial instruments.

Investments

All Investments are recorded at amortized cost, which the Corporation considers to be fair value. Investment revenues and gains and losses on investments are reported as increases or decreases in net assets without donor restrictions, unless a donor stipulation restricts their use. All investment revenues reported this year and last year are from interest earned.

Receivables

The Corporation provides for uncollectible accounts receivables through the allowance method of accounting. Under this method a provision for uncollectible accounts is charged to bad debt expense, and the allowance account is increased based on past collection history and management's evaluation of accounts receivable. All amounts considered uncollectible are charged against the allowance account, and recoveries of previously charged off accounts are added to the account. At December 31, 2024, the Corporation had an allowance for doubtful accounts of \$4,056.

Inventory

The Corporation uses the last-in, first-out method of accounting for the value of materials inventory because it more realistically reflects operating results. Inventory on hand is valued at the lower of actual cost or market.

Prepaid Assets

Prepaid expenses consist of insurance, annual service fees and other expenses typically amortized over the period to be benefited, generally not exceeding twelve months.

**MANVILLE WATER SUPPLY CORPORATION.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, Plant and Equipment

The Corporation has established a policy of capitalizing all property, plant and equipment with a useful life of at least two years and a total cost of \$5,000 or more. Property, plant and equipment are capitalized at cost as of the date of acquisition or at estimated acquisition value as of the date contributed. The corporation depreciates its property, plant and equipment over estimated useful lives of 3 to 50 years using a straight-line method. Additional disclosure is provided in Note 4. Maintenance and repairs that do not improve or extend the useful life of the asset are expensed.

Unearned Revenue

Unearned revenue represents customer payments received in advance of billings for water usage. Unearned revenues arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. In subsequent periods, when revenue recognition criteria are met, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Accrued Vacation Payable

Under terms of the Corporation’s personnel policy, employees earn annual leave monthly depending on tenure and can carry a maximum of 240 hours year to year. In the event of termination, an employee is paid for all accumulated vacation leave accrued, up to the maximum amount allowed. The liability is recorded when earned by the employee. The liability for unused vacation as of December 31, 2024 was \$133,583.

Rental Revenues

The Corporation has negotiated several agreements to lease portions of its land and water tower sites for internet providers and other special uses. During the year ended 2024, the Corporation received \$112,518, from the various lease agreements.

Fair Value Measurements

Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

MANVILLE WATER SUPPLY CORPORATION.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.
- Level 3 are unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

- Market approach – uses prices generated by market transactions involving identical or comparable assets or liabilities.
- Cost approach – uses the amount that currently would be required to replace the service capacity of an asset (replacement cost)
- Income approach – uses valuation techniques to convert future amounts to present amounts based on current market expectations.

The Corporation uses Level 1 inputs to value its invested funds.

Budgeting

The Board of Directors annually adopts an unappropriated budget. The budget can be reasonably amended at any time during the period by a majority vote of the Board of Directors.

Estimates

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

**MANVILLE WATER SUPPLY CORPORATION.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

Subsequent Events

In preparing these financial statements, management has evaluated and disclosed all material subsequent events through March 28, 2025, which is the date these statements were available to be issued.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of failure of a depository financial institution, an entity will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Corporation's investment policy for custodial credit risk requires compliance with Texas statutes, including the requirement that deposits shall, to the extent not insured by the Federal Deposit Insurance Company (the "FDIC") or its successor, be continuously secured by a valid pledge to the Corporation of securities eligible under the laws of Texas to secure the funds of the Corporation, having an aggregate market value, including accrued interest, at all times equal to the uninsured deposits.

At December 31, 2024, the carrying amount of the Corporation's deposits included cash balances totaling \$3,877,783 and securities accounts totaling \$53,769,152. The total balance of \$57,646,935 was covered by FDIC insurance and other pledged collateral.

Investments

The Corporation has invested funds, stated at market value (which approximates cost), with various financial institutions, represented by the Certificate of Deposit Account Registry Service (CDARS). The Corporation has invested in T-Bills in 2025. The Corporation uses Level 1 inputs to value its invested funds. The investments consisted of the following:

Comerica Securities Operating Account	\$29,788,125
Comerica Securities Capital Account	\$16,802,740
Comerica Securities Membership Account	\$ 1,140,532

MANVILLE WATER SUPPLY CORPORATION.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 4 – PROPERTY, PLANT AND EQUIPMENT

The following schedule provides a summary of the Corporation's property, plant and equipment, depreciation expense and accumulated depreciation by asset classification. At December 31, 2024, property, plant and equipment, net of accumulated depreciation, was \$173,214,705. Construction in progress at December 31, 2024 was \$91,764,646.

<u>Asset Type</u>	<u>Cost</u>	<u>Estimated Life in Years</u>	<u>Annual Depreciation Expenses</u>	<u>Total Accumulated Depreciation</u>	<u>Net Remaining Basis</u>
Fiscal Year Ending 12/31/24					
Land	\$ 2,947,106	N/A			\$ 2,947,106
Construction in Progress	91,764,646	N/A			91,764,646
Distribution System	64,766,174	30-50	1,607,045	18,431,436	46,334,738
Plant and Equipment	42,063,971	10-50	1,244,635	13,092,563	28,971,408
Trailers and Construction Equip.	1,135,442	3-10	88,109	595,421	540,021
Service Vehicles	1,179,355	3-5	38,606	917,512	261,843
Office Equipment	527,096	3-7	30,647	475,126	51,970
Office Buildings	2,931,618	15-40	75,424	588,645	2,342,973
	\$ 207,315,408		3,084,466	34,100,703	\$ 173,214,705

NOTE 5 – LONG-TERM DEBT

The Corporation entered a credit agreement with COBANK, ABC for \$140,000,000 for funding major water system infrastructure and improvements on August 21, 2024. The balance due as of December 31, 2024 was \$29,233,316 with a variable interest rate. Payments will be made in 300 monthly installments beginning on March 20, 2027 and culminating on February 20, 2052.

**MANVILLE WATER SUPPLY CORPORATION.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 6 DEFERRED COMPENSATION PLAN

The corporation offers a defined contribution pension plan established in accordance with Internal Revenue Code 457(b). Eligibility to participate in the plan begins after one year of service and vests incrementally in years 2 through 6. Each member of the plan may make contributions to the plan, and the Corporation will match contributions up to 5% of the employee's compensation. Assets and income of the Corporation's plan are held in custodial accounts for the exclusive benefit of participants and their beneficiaries. Accordingly, the plan's assets and liabilities are not recorded in the Corporation's basic financial statements. During the year ended December 31, 2024, the Corporation's expenditures related to the plan totaled \$116,278.

NOTE 7 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As part of the Corporation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, as part of its liquidity management, the Corporation invests cash in excess of federal depository insurance limits in short-term investments. As of December 31, 2024, the corporation has cash without donor restrictions of \$5,290,190 and investments without donor restrictions of \$75,478,860. The Corporation has a goal to maintain funds in the operating checking account to meet at least two months of operating expenses, which are, on average, approximately, \$3,000,000. Any excess funds not needed for immediate operations or to make immediate capital improvements, are to be invested in certificates of deposits of varying maturities not to exceed two years or bank accounts insured by the FDIC.

NOTE 8 CONCENTRATIONS, COMMITMENTS AND CONTINGENCIES

The Corporation received substantial revenues from the sale of water and related fees. The ration of retail and wholesale revenues is approximately 40-50% and 55-60%, respectively. The wholesale revenues are evidenced by contracts which may extend beyond 10 or more years and include price adjustment clauses. The service area is protected by a Certificate of Convenience and Necessity (CCN) giving the Corporation exclusive service rights. The Corporation maintains its water delivery infrastructure to accommodate growth throughout the system.

**MANVILLE WATER SUPPLY CORPORATION.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

**NOTE 8 CONCENTRATIONS, COMMITMENTS AN CONTINGENCIES
(Continued)**

Below is the water pumped, bought and sold to members for the years indicated.

	2024	2023
Gallons pumped from wells	1,443,712,926	2,618,636,371
Gallons purchased from entities	1,969,098,670	1,009,313,430
Gallons sold to members	2,869,174,376	3,038,459,741

The large differences between gallons pumped from wells and gallons purchased from entities from 2023 to 2024 is due to water pumped from Alcoa was changed from pumped from wells to pumped from entities.

The Corporation is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; an natural disasters for which the Corporation carries commercial insurance. The Corporation has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three fiscal years.

Capital Funds for Infrastructure Development

The Corporation complies with current regulations regarding developer requests for system upgrades to accommodate additional living unit equivalents (LUEs) within the Corporation's CNN boundaries. Developers prepare and submit non-standard requests for service and, usually, a plat of the area to be developed. The Corporation will submit these requests an needed information to its engineers for hydraulic assessment to determine the cost to provide water utility service at the required flow and pressure. An estimate of cost to construct the improvements will be submitted to the developer(s) and payment is required prior to construction contracts being approved by the Board of Directors. A capital recovery operating account and CDARS investment account is maintained to account for these various funds deposited to fund multiple projects. At December 31, 2024, the capital recovery operating account and CDARS investment account totaled \$1,662,948 and \$16,802,740, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

MANVILLE WATER SUPPLY CORPORATION.
SCHEDULE OF BUDGET VS. ACTUAL EXPENSES
DECEMBER 31, 2024

	<u>Budget</u>	<u>Actual</u>	Variance with <u>Budget</u>
OPERATING REVENUES			
Membership fees		38,500	38,500
Water Revenue	22,500,000	21,439,291	(1,060,709)
LUE Fees	12,541,425	3,701,209	(8,840,216)
CCN Revenues	1,697,174	1,619,811	(77,363)
Reconnect & other fees	117,700	136,479	18,779
Reimbursements	6,719,866	3,054,325	(3,665,541)
New Meter Installs	870,000	587,735	(282,265)
Other Construction income	375,000	811,451	436,451
Interest income	660,000	3,366,508	2,706,508
Rent income	98,113	112,518	14,405
Miscellaneous income	4,500	7,694	3,194
Patronage dividends	12,915	14,052	1,137
Gain on sale of assets	-	10,000	10,000
Water Reservation fees	250,000	230,570	(19,430)
Sewer revenue	5,300	4,036	(1,264)
Total Income	45,851,993	35,134,179	(10,717,814)
WATER AND PRODUCTION COSTS			
Water Purchases	5,957,301	5,269,703	(687,598)
Water Treatment and Testing Fees	717,723	502,288	(215,435)
Utilities	1,760,057	1,405,231	(354,826)
Total Cost of Goods Sold	8,435,081	7,177,222	(1,257,859)
OPERATING EXPENSES			-
Salaries & Benefits	3,179,740	3,255,507	75,767
Customer Goodwill	40,000	44,297	4,297
Board of Director Expenses	22,226	19,241	(2,985)
Insurance - Casualty and Liability	202,393	200,854	(1,539)
Professional Fees	938,539	785,373	(153,166)
Easements, Inspections and Permit Fees	46,592	112,811	66,219
Depreciation	3,332,960	3,192,535	(140,425)
Employment Fees - New Hire and Testing	6,743	2,088	(4,655)
Office Supplies, Janitorial and Maintenance	173,128	130,368	(42,760)
Postage and Printing	107,527	98,839	(8,688)
Internet, Web and Software Maintenance	226,744	171,856	(54,888)
Furniture & Equipment Maintenance	49,303	35,208	(14,095)
Official Hospitality	12,500	12,109	(391)
Publication - Legal Notices and Filing Fees	5,094	3,860	(1,234)
Uniform Service	24,456	21,892	(2,564)

MANVILLE WATER SUPPLY CORPORATION.
SCHEDULE OF BUDGET VS. ACTUAL EXPENSES (Continued)
DECEMBER 31, 2024

OPERATING EXPENSES			
Repairs & Maintenance - Water System	1,320,000	1,043,505	(276,495)
Repairs & Maintenance - Facilities	1,671,196	1,745,919	74,723
Repairs & Maintenance - SCADA	300,000	23,326	(276,674)
Repairs & Maintenance - Equipment	166,554	116,267	(50,287)
Repairs & Maintenance - Customer Property	5,000	15,197	10,197
Parts, Supplies, Water Meters	345,905	567,468	221,563
Equipment Storage Rentals	3,000	2,606	(394)
Service Vehicle Operating Expenses	264,984	216,789	(48,195)
Bank and Credit Card Fees	235,000	276,177	41,177
Communications - Telephone and Radio	70,236	60,345	(9,891)
TCEQ System Fees	23,805	27,119	3,314
Staff Professional Development Fees	44,103	24,521	(19,582)
Association Dues	10,045	10,050	5
Annual Meeting	19,374	18,165	(1,209)
Bad Debt Expenses	32,000	18,812	(13,188)
Accounting Fees	25,800	19,200	(6,600)
Legal Fees	130,890	111,814	(19,076)
Interest Expenses	-	481,719	481,719
Loan Fees	-	845,503	845,503
Loss on sale of assets	4,000	-	(4,000)
TOTAL EXPENSES	21,474,918	20,888,562	(586,356)
Change in Net Assets	24,377,075	14,245,617	(10,131,458)