

MANVILLE WATER SUPPLY CORPORATION.

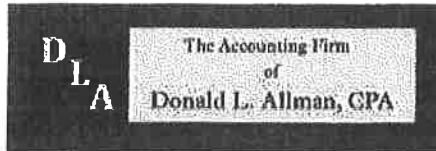
AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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, 2023, 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 31,2023 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

April 6, 2024

MANVILLE WATER SUPPLY CORPORATION.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

	2023	(Comparative Totals Only) 2022
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 5,290,190	\$ 2,924,655
Short-Term Investments	75,478,860	39,033,973
Accounts Receivable	2,317,030	1,690,348
Accrued Interest	-	293,115
Inventory	331,705	166,026
Prepaid Expenses	299,211	257,242
Other Current Assets	4,227	3,289
Total Current Assets	83,721,223	44,368,648
Noncurrent Assets		
Property, Plant and Equipment, Net of Accumulated Depreciation	95,929,953	83,630,400
Other Assets	625	625
Total Noncurrent Assets	95,930,578	83,631,025
TOTAL ASSETS	\$ 179,651,801	\$ 127,999,673
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	3,906,701	2,350,932
Accrued Expenses	420,452	197,498
Refundable Deposits	30,000	39,000
Unearned Revenue	57,648	64,141
Notes payable, current portion	-	-
Total Current Liabilities	4,414,801	2,651,571
Long-term Liabilities		
Notes payable, less current portion	-	-
Total Long-term Liabilities	-	-
Total Liabilities	4,414,801	2,651,571
Net Assets		
Without Donor Restrictions	175,237,000	125,348,102
With Donor Restrictions	-	-
Total Net Assets	175,237,000	125,348,102
TOTAL LIABILITIES AND NET ASSETS	\$ 179,651,801	\$ 127,999,673

See accompanying notes to the financial statements.

**MANVILLE WATER SUPPLY CORPORATION.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total 2023	(Comparative Totals Only) 2022
OPERATING REVENUES				
Metered Water Sales	\$ 17,805,542		\$ 17,805,542	\$ 14,800,907
Installations and Reimbursements	967,211		967,211	2,307,287
Meter Tap and Equity Fees	732,029		732,029	500,837
Penalty and Reconnect Fees	103,074		103,074	98,960
Other revenues	4,938	-	4,938	4,115
Total Operating Revenues	19,612,794		19,612,794	17,712,106
WATER AND PRODUCTION COSTS				
Water Purchases	3,953,633		3,953,633	4,639,940
Water Treatment & Testing fees	500,953		500,953	384,710
Utilities	1,509,615	-	1,509,615	1,365,355
Total Cost of Water Sold	5,964,201		5,964,201	6,390,005
GROSS PROFIT ON WATER REVENUE	13,648,593	-	13,648,593	11,322,101
OPERATING EXPENSES				
Operating Expenses	9,526,006	-	9,526,006	10,779,568
Management and General	1,254,255	-	1,254,255	1,053,435
TOTAL OPERATING EXPENSES	10,780,261	-	10,780,261	11,833,003
OPERATING NET INCOME/(LOSS)	2,868,332	-	2,868,332	(510,902)
OTHER REVENUES/(EXPENSES)				
LUE Fees	44,811,853		44,811,853	18,821,000
CCN Revenue	472,376	-	472,376	677,740
Interest & Patronage income	1,512,174		1,512,174	423,891
Rent income	96,371		96,371	80,787
Membership Fees	55,730		55,730	19,580
Noack WC Merger income	-		-	-
LUE Extension Fees	14,950		14,950	267,335
Miscellaneous income	42,462		42,462	22,723
Interest expense				-
Gain (Loss) on sale of assets	14,650		14,650	(9,003)
OTHER REVENUES/(EXPENSES)				
NET INCOME (LOSS)	47,020,566		47,020,566	20,304,053
TOTAL CHANGE IN NET ASSETS	49,888,898		49,888,898	19,793,151
Net Assets, beginning of year	125,348,102	-	125,348,102	105,554,951
Net Assets, end of year	175,237,000	-	175,237,000	125,348,102

See accompanying notes to the financial statements.

MANVILLE WATER SUPPLY CORPORATION.
STATEMENT OF FUNCTIONAL EXPENSES
DECEMBER 31, 2023

	Operating	Management & General	Total 2023	(Comparative Totals Only) 2022
Salaries & Benefits	\$ 3,024,391	\$ -	\$ 3,024,391	\$ 2,532,655
Customer Goodwill	37,420	-	37,420	37,251
Board of Director Expenses	-	18,309	18,309	20,578
Insurance - Casualty and Liability	168,797	-	168,797	149,217
Professional Fees	744,446	-	744,446	243,968
Easements, Inspections and Permit Fees	39,441	-	39,441	33,011
Depreciation	2,498,562	334,926	2,833,488	2,400,090
Employment Fees - New Hire and Testing	-	3,273	3,273	6,677
Office Supplies, Janitorial and Maintenance	-	64,476	64,476	77,827
Postage and Printing	-	101,642	101,642	94,750
Internet, Web and Software Maintenance	-	165,978	165,978	151,149
Furniture & Equipment Maintenance	-	42,481	42,481	43,207
Official Hospitality	-	19,120	19,120	12,861
Publication - Legal Notices and Filing Fees	-	75	75	1,090
Uniform Service	-	21,324	21,324	16,171
Repairs & Maintenance - Water System	786,151	-	786,151	2,161,890
Repairs & Maintenance - Facilities	368,100	-	368,100	380,438
Repairs & Maintenance - SCADA	43,440	-	43,440	283,220
Repairs & Maintenance - Equipment	166,707	-	166,707	94,572
Repairs & Maintenance - Customer Property	3,472	-	3,472	10,083
Parts, Supplies, Water Meters	1,391,694	-	1,391,694	2,422,882
Equipment Storage Rentals	147	-	147	131
Service Vehicle Operating Expenses	231,983	-	231,983	226,297
Bank and Credit Card Fees	-	221,495	221,495	177,593
Communications - Telephone and Radio	-	63,844	63,844	62,264
TCEQ System Fees	21,255	-	21,255	21,836
Staff Professional Development Fees	-	20,503	20,503	19,190
Association Dues	-	9,133	9,133	9,068
Annual Meeting	-	18,078	18,078	8,699
Bad Debt Expenses	-	29,340	29,340	9,542
Accounting Fees	-	24,765	24,765	18,410
Legal Fees	-	95,493	95,493	61,139
Interest Expenses	-	-	-	45,247
TOTAL EXPENSES	\$ 9,526,006	\$ 1,254,255	\$ 10,780,261	\$ 11,833,003

See accompanying notes to financial statements.

**MANVILLE WATER SUPPLY CORPORATION.
STATEMENT OF CASH FLOWS
DECEMBER 31, 2023**

	<u>2023</u>	<u>(Comparative Totals Only) 2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	49,888,898	19,793,151
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,833,488	2,400,090
(Gain) Loss from Sale of Assets	(14,650)	9,003
(Increase) Decrease in operating assets:		
(Increase)/Decrease in accounts receivable	(626,682)	(365,973)
(Increase)/Decrease in accrued interest receivable	293,115	(292,948)
(Increase)/Decrease in Inventory	(165,679)	301,024
(Increase)/Decrease in Prepaid Expenses	41,969	(172,650)
(Increase)/Decrease in other assets	938	(1,223)
Increase (Decrease) in operating liabilities:		
Increase (Decrease) in accounts payable	1,555,769	(265,550)
Increase/(Decrease) in accrued expenses	222,954	53,025
Increase/(Decrease) in refundable deposits	9,000	15,000
Increase/(Decrease) in Unearned Revenue	(6,493)	2,751
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>54,032,627</u>	<u>21,475,700</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(15,236,855)	(18,050,992)
Proceeds from Sale of Assets	14,650	2,189
Purchase of Short-Term Investments	(36,444,887)	(773,219)
NET CASH USED BY INVESTING ACTIVITIES	<u>(51,667,092)</u>	<u>(18,822,022)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on Long-Term debt	-	(1,587,148)
NET CASH USED BY FINANCING ACTIVITIES	<u>-</u>	<u>(1,587,148)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,365,535	1,066,530
CASH AND CASH EQUIVALENTS, beginning of year	2,924,655	1,858,125
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 5,290,190</u>	<u>\$ 2,924,655</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest expense	<u>\$ -</u>	<u>\$ 45,247</u>

See accompanying notes to the financial statements.

**MANVILLE WATER SUPPLY CORPORATION.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023, 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	2023
Memberships	
Balance – January 1	\$1,214,290
Member investment – current year	<u>55,730</u>
Balance – December 31	\$1,270,020
	=====
Designated by the Board	
Balance - January 1	\$1,207,196
Allocation to (from) Undesignated Net Assets	<u>2,614,758</u>
Balance - December 31	\$3,821,954

MANVILLE WATER SUPPLY CORPORATION.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Undesignated

Balance – January 1	\$122,926,616
Allocation from Undesignated Net Assets	(2,614,758)
Change in Net Assets from Operations and Other Activities	<u>49,833,168</u>
Balance – December 31	<u>\$ 170,145,026</u>

TOTAL NET ASSETS **\$ 175,237,000**

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, 2022. 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, 2023, there were 12,447 active retail memberships, respectively.

MANVILLE WATER SUPPLY CORPORATION.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2023, the Corporation had an allowance for doubtful accounts of \$2,775.

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, 2023**

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, 2023 was \$144,160.

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 2023, the Corporation received \$96,371, 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, 2023**

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, 2023

Subsequent Events

In preparing these financial statements, management has evaluated and disclosed all material subsequent events through April 6, 2024, 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, 2023, the carrying amount of the Corporation's deposits included cash balances totaling \$5,290,190 and securities accounts totaling \$75,478,860. The total balance of \$80,769,050 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 uses Level 1 inputs to value its invested funds. The investments consisted of the following:

Comerica Securities Operating Account	\$23,542,757
Comerica Securities Capital Account	\$50,853,849
Comerica Securities Membership Account	\$ 1,082,255

MANVILLE WATER SUPPLY CORPORATION.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2023, property, plant and equipment, net of accumulated depreciation, was \$95,929,953. Construction in progress at December 31, 2023 was \$17,372,928.

<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 12/31/23					
Land	\$ 2,947,106	N/A			\$ 2,947,106
Construction in Progress	17,372,928	N/A			17,372,928
Distribution System	59,660,745	30-50	1,467,594	16,824,391	42,836,354
Plant and Equipment	41,385,038	10-50	1,030,969	11,847,928	29,537,110
Trailers and Construction Equip.	995,242	3-10	65,179	507,312	487,930
Service Vehicles	1,126,417	3-5	149,154	878,906	247,511
Office Equipment	527,096	3-7	45,169	444,479	82,617
Office Buildings	2,931,618	15-40	75,424	513,221	2,418,397
	\$ 126,946,190		2,833,489	31,016,237	\$ 95,929,953

NOTE 5 – LONG-TERM DEBT

The Corporation was indebted to USDA-Rural Development for a note funding major water system infrastructure and improvements. This note payable was paid off in full in 2022. The Corporation has no long-term debt as of December 31, 2023.

**MANVILLE WATER SUPPLY CORPORATION.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023, the Corporation's expenditures related to the plan totaled \$108,242.

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, 2023, 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.

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

	2023	2022
Gallons pumped from wells	2,618,636,371	2,306,688,855
Gallons purchased from entities	1,009,313,430	1,274,848,270
Gallons sold to members	3,038,459,741	3,581,537,125

**MANVILLE WATER SUPPLY CORPORATION.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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

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, 2023, the capital recovery operating account and CDARS investment account totaled \$3,821,954 and \$50,853,849, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

MANVILLE WATER SUPPLY CORPORATION.
SCHEDULE OF BUDGET VS. ACTUAL EXPENSES
DECEMBER 31, 2023

	<u>Budget</u>	<u>Actual</u>	Variance with <u>Budget</u>
OPERATING REVENUES			
Membership fees		55,730	55,730
Water Revenue	17,810,000	17,805,542	(4,458)
LUE Fees	21,192,690	44,811,853	23,619,163
CCN Revenues	1,907,604	472,376	(1,435,228)
Reconnect & other fees	115,450	103,074	(12,376)
Reimbursements	3,028,865	537,961	(2,490,904)
New Meter Installs	472,500	820,400	347,900
Other Construction income	79,000	340,879	261,879
Interest income	210,000	1,488,662	1,278,662
Rent income	82,737	96,371	13,634
Miscellaneous income	24,000	42,462	18,462
LUE extension fees	103,100	14,950	(88,150)
Patronage dividends	12,323	23,512	11,189
Gain on sale of assets	-	14,650	14,650
Sewer revenue	4,300	4,938	638
Total Income	45,042,569	66,633,360	21,590,791
WATER AND PRODUCTION COSTS			
Water Purchases	5,112,397	3,953,633	(1,158,764)
Water Treatment and Testing Fees	492,268	500,953	8,685
Utilities	1,610,158	1,509,615	(100,543)
Total Cost of Goods Sold	7,214,823	5,964,201	(1,250,622)
OPERATING EXPENSES			
Salaries & Benefits	3,103,202	3,024,391	(78,811)
Customer Goodwill	39,000	37,420	(1,580)
Board of Director Expenses	24,095	18,309	(5,786)
Insurance - Casualty and Liability	168,617	168,797	180
Professional Fees	607,700	744,446	136,746
Easements, Inspections and Permit Fees	34,855	39,441	4,586
Depreciation	2,690,020	2,833,488	143,468
Employment Fees - New Hire and Testing	9,187	3,273	(5,914)
Office Supplies, Janitorial and Maintenance	63,993	64,476	483
Postage and Printing	102,384	101,642	(742)
Internet, Web and Software Maintenance	199,961	165,978	(33,983)
Furniture & Equipment Maintenance	50,621	42,481	(8,140)
Official Hospitality	14,928	19,120	4,192
Publication - Legal Notices and Filing Fees	2,000	75	(1,925)
Uniform Service	24,700	21,324	(3,376)

MANVILLE WATER SUPPLY CORPORATION.
SCHEDULE OF BUDGET VS. ACTUAL EXPENSES (Continued)
DECEMBER 31, 2023

OPERATING EXPENSES			
Repairs & Maintenance - Water System	1,217,683	786,151	(431,532)
Repairs & Maintenance - Facilities	511,002	368,100	(142,902)
Repairs & Maintenance - SCADA	260,208	43,440	(216,768)
Repairs & Maintenance - Equipment	316,756	166,707	(150,049)
Repairs & Maintenance - Customer Property	11,091	3,472	(7,619)
Parts, Supplies, Water Meters	3,600,303	1,391,694	(2,208,609)
Equipment Storage Rentals	2,500	147	(2,353)
Service Vehicle Operating Expenses	240,931	231,983	(8,948)
Bank and Credit Card Fees	188,000	221,495	33,495
Communications - Telephone and Radio	70,955	63,844	(7,111)
TCEQ System Fees	24,300	21,255	(3,045)
Staff Professional Development Fees	29,000	20,503	(8,497)
Association Dues	8,500	9,133	633
Annual Meeting	24,800	18,078	(6,722)
Bad Debt Expenses	30,000	29,340	(660)
Accounting Fees	21,750	24,765	3,015
Legal Fees	170,703	95,493	(75,210)
Interest Expenses	-	-	-
Loss on sale of assets	7,000	-	(7,000)
TOTAL EXPENSES	<u>21,085,568</u>	<u>16,744,462</u>	<u>(4,341,106)</u>
Change in Net Assets	23,957,001	49,888,898	25,931,897