ANNUAL COMPREHENSIVE FINANCIAL REPORT

OF THE

EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT

FOR

THE FISCAL YEAR ENDED

March 31, 2026

General Manager
James Blodgett

ECC
FWSD

EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED MARCH 31, 2026

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ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED MARCH 31, 2026

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ANNUAL FILING AFFIDAVIT

STATE OF TEXAS COUNTY OF HENDERSON COUNTY

I, Larry Bratton of the

(Name of Duly Authorized District Representative)

East Cedar Creek Fresh Water Supply District

(Name of District)

hereby swear, or affirm, that the district named above has reviewed and approved at a meeting of the Board of the Directors of the District on the 15th day of July, 2026 its annual audit report for the fiscal year or period ended March 31, 2026 and those copies of the annual audit report have been filed in the district office, located at:

115 Hammer Rd. Gun Barrel City, Texas 75156

(Address of District)

The annual filing affidavit and the attached copy of the audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of the annual filing requirements of Texas Water Code Section 49.194.

Date: 7/15/2026 By: [signature]

(Signature of District Representative)

Larry Bratton / Board Vice-President

(Typed Name & Title of above District Representative)

Sworn to and Subscribed to before me by this 15th day of July

(SEAL)

ANGELA CROWSEY
Notary Public, State of Texas
Comm. Expires 11-10-2026
Notary ID 124386949

(Signature of Notary)

My Commission Expires On: 11-10-2026
Notary Public in the State of Texas.

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INTRODUCTORY SECTION

East Cedar Creek Fresh Water Supply District

P.O. Box 309
Mabank, TX 75147

June 23, 2026

To the Board of Directors
East Cedar Creek Fresh Water Supply District
Mabank, Texas

Dear Board of Directors:

The Comprehensive Annual Financial Report ("CAFR") of the East Cedar Creek Fresh Water Supply District ("District"), for the year ended March 31, 2026, is submitted herewith.

Management assumes full responsibility for the completeness and reliability of the information contained in the report, based upon a comprehensive framework of internal control that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Mike Ward, CPA P.L.L.C. has issued an <u>unmodified ("clean")</u> opinion on the District's financial statements for the year ended March 31, 2026. The independent auditor's report is located in the beginning of the financial section of the CAFR.

This letter of transmittal is designed to complement Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The District's MD&A can be found immediately following the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements.

GENERAL INFORMATION – EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT

The East Cedar Creek Fresh Water Supply District is located in Henderson County in the Northeast region of Texas.

The Board of Directors is comprised of a President, Vice-President, Secretary, Treasurer and three Directors and is responsible for enacting rates, resolutions, and regulations governing the District, as well as appointing the members of various statutory and advisory boards. The General Manager is the administrator of the District and is responsible for the enforcement of the Board's decisions and supervision of each department of the District.

ECONOMIC CONDITIONS AND OUTLOOK

The District's pre-audit fiscal year ending 2025-2026 reflects a strong debt service ratio of 2.86, the post-audit fiscal year ending 2025-2026 reflects a strong debt service ratio of 2.24 (page 57). The Average Debt Running Ratio over the remaining years of bond debt payments is 2.72 (page 58). It is the goal of ECCFWSD to maintain a fiscal year debt service ratio of 1.25. If the District's fiscal year goal is below the 1.25 ratio management must provide supporting data as to why the goal was not met and report to the Board of Directors if the reason is significant enough to initiate a rate review. The economic condition of ECCFWSD is very sound and to ensure that this condition remains sound the District has monitoring procedures in place with measurable executive summaries to review.

Management provides the Board of Director's monthly reports that are continuously monitored to provide the District's outlook for the fiscal year. If management projects a negative trend the three-Board member finance committee is notified, and committee meetings are scheduled. The District promotes conservation to its customers, and this is becoming the new norm. Tarrant Regional Water District has increased the District's estimated raw water purchase price from $1.40014 in October of 2025 to $1.43092 in March 2026 for TRWD Fiscal Year 2025, which reflects an increase to the District for raw water. The finance committee calls for meetings with management to review water and sewer rates annually and evaluates the importance of maintaining the District's 1.25 debt service ratio. The finance committee reviews management's recommendations and concludes if to place on the board's agenda to adopt a revised customer service resolution to include increases to the water and sewer rates annually. There was an increase of 5% to both monthly minimums and rates this fiscal year.

The District secured revenue bonds in FY2022 in the amount of $9,870,000.00 to fund multiple improvement projects throughout the system. The projects include two (2) new ground storage tank at the Brookshire WTP, replacement of two (2) lift stations, installation of twenty-five hundred (2,500) AMR meters in the Districts southside, replacement of the North WWTP oxidation ditch catwalk, generators for both WTP's and both Raw Water Intakes, Rehab of the old South WWTP, and the North and South Side Master Plans. The Districts engineering firm, KSA Engineering, works with management and the Board to develop plans. After the plans have been developed, they must be submitted to the TCEQ for approval. Once TCEQ approves the plans, the District can move forward with securing a bond. Since the bond was secured in November on 2022, here are their current status: Brookshire WTP GST's - Completed, Master Plan - Completed, South WWTP Rehab – Under Construction, Southside AMR Meter Installation – All Residential Meters Installed & Larger Meters Ordered, LS 57 & LS 59 Rehab – Under Construction, Generators – Installed & Waiting for Final Load Testing, NWWTP Catwalk – Under Construction, and Southside Lake Crossing – Projected Added to Bond & Is In Design Phase.

MAJOR INITIATIVES

District office personnel continue to schedule time for scanning customer related files which are accessible by staff electronically. This program assists office staff in expediting records electronically for review during customer concern calls regarding historical data or issues.

The District continues to utilize the dual electronic back-up program. To enhance this process, the District extracts data files from District computers and stores at an offsite location. The District then has a back-up process to restore the District's data collected if office files become corrupted.

The cross-training program for staff remains to be a key program and has proven to be beneficial during times of vacations, vacancies, and sick leave.

FINANCIAL INFORMATION

Accounting Procedures and Budgetary Controls

Accounting records for the District's water/wastewater utility and other proprietary activities are maintained on the economic measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

The budgetary process begins each year with the preparation of both current and proposed year revenue estimates by the District's financial management staff, and expenditure estimates by each District department. Budgets are reviewed by the Board. As part of each year's budget development process, departments are required to update expenditure estimates for the current fiscal year. These estimates are reviewed by the Board, Office Manager, Bookkeeper, and the General Manager concurrent with review of the proposed budget. This re-estimated budget may require a supplemental appropriation and, if so, such supplemental appropriation is approved by a resolution adopted by the Board of Directors prior to the end of the current fiscal year.

OTHER INFORMATION

Independent Audit - East Cedar Creek Fresh Water Supply District has engaged the firm of Mike Ward CPA P.L.L.C. to perform the annual audit and their opinion has been included in this report. It should be noted that the auditors included all funds in their audit, performed their audit in accordance with generally accepted auditing standards, and stated that, in their opinion, the statements herein present fairly, in all material respects, the financial position of the District at March 31, 2026, and the changes in financial position and cash flows of its proprietary funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Acknowledgements
Many people are responsible for the preparation of this report, and for the maintenance of records upon which it is based. Appreciation is expressed to the District's employees throughout the organization, especially those employees of the Accounting Department who were instrumental in the successful completion of this report.

Our appreciation is also extended to the Board Members of East Cedar Creek Fresh Water Supply District for providing the resources necessary to maintain the integrity of the District's financial affairs.

Respectfully submitted,

James E Blodgett Jr.

James Blodgett
GENERAL MANAGER

EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT
BOARD OF DIRECTORS
FOR THE YEAR ENDED MARCH 31, 2026

East Cedar Creek Fresh Water Supply District
P. O. Box 309
Mabank, Texas 75147
(903) 887-7103

Board Member	Term of Office Year Elected Expires	Title at End of Year	Resident of District
Jim Willi	2024 Nov-28	President	Yes
Larry Bratton	2022 Nov-26	Vice-President	Yes
Terry Bradley	2024 Nov-28	Secretary	Yes
Patrick Mullaney	2022 Nov-26	Treasurer	Yes
Ted Henley	2024 Nov-26	Director	Yes
Michael Divine	2025 Nov-26	Director	Yes
Debbie Emmerich	2025 Nov-28	Director	Yes

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

ECC
FWSD

FINANCIAL SECTION

Mike Ward Accounting & Financial Consulting, PLLC
Mike Ward, CPA
266 RCR 1397
Point, Texas 75472
(903) 269-6211
mward@mikewardcpa.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
East Cedar Creek Fresh Water Supply District
P.O. Box 309
Mabank, Texas 75147-0309

Opinions
I have audited the accompanying financial statements of the business-type activities of the East Cedar Creek Fresh Water Supply District ("District") as of and for the year ended March 31, 2026, 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 my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the District as of March 31, 2026, and the changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinions
I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the District, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test

basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 my judgment, 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.

I am 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 I 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 and budgetary comparison information be presented to supplement that basis financial statements. Such information is the responsibility of management and, 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, supplemental schedules required by the Texas Commission on Environmental Quality, statistical tables, and supplemental information listed in the table of contents are presented for purposes of additional analysis, and are not a required part of the basic financial statements but does not include the basic financial statements and my auditor's report thereon. My opinions on the basic financial statements do not cover the other information, and I do not express an opinion or any form of assurance thereon.

In connection with my audit of the basic financial statements, my 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, I conclude that an uncorrected material misstatement of the other information exists, I am required to describe it in my report.

Respectfully Submitted,

Mike Ward Accounting & Financial Consulting, PLLC

Mike Ward Accounting & Financial Consulting, PLLC

Point, Texas
June 25, 2026

EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
MARCH 31, 2026

Within this section of the East Cedar Creek Fresh Water Supply District's ("District") annual financial report, management provides this narrative discussion and analysis of the financial activities of the District for for fiscal year ending March 31, 2026. Financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following the section.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the fiscal year by $22,217,882 (net position). The portion of net position that can be used to meet the District's on-going obligations to citizens and creditors, the unrestricted net position, is $6,531,711, or 29% of total net position.

- The District's total net position increased by $1,497,475. This increase is due, in part, to a increase in operating revenue of $244,912, or 2.64%, and a decrease in interest expense of ($33,564), or -(5.3%).

- Net investments in capital assets totaled $14,634,572. This amount includes property, equipment, and infrastructure less related accumulated depreciation, less outstanding debt used to purchase the capital assets, plus any unspent bond proceeds.

- The District's total net debt decreased by ($798,540), or (4.56%), during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of two components; 1) fund financial statements, and 2) notes to the financial statements. The report also contains other supplementary information, in addition to the basic financial statements.

The financial statements are designed to provide readers with an overview of the District's finances, in a manner similar to a typical private-sector business.

The District operates as a proprietary fund type, and presents its financial statements using the economic resources measurement focus, and the accrual basis of accounting. The District's basic financial statements include:

- Proprietary Fund Type – Statement of Net Position
- Statement of Revenues, Expenses, and Changes in Net Position
- Statement of Cash Flows
- Notes to the Basic Financial Statements

The Statement of Net Position includes all of the District's assets and liabilities, with the difference between the two reported as net position. Net position is displayed in three categories:

- Net Investment in Capital Assets
- Restricted
- Unrestricted

Overview of the Financial Statements

The District operates as a proprietary fund type. All proprietary fund types are accounted for on a flow of economic resources measurement focus. Under the flow of economic measurement focus, all assets and liabilities associated with the operation of these funds are included within the Statement of Net Position. Proprietary fund type operating statements present increases, (revenues), and decreases, (expenses), in total net position.

All proprietary fund types utilize the accrual basis of accounting. Under this method, revenues are recognized when earned, regardless of when received, and expenses are recognized at the time the related liabilities are incurred, regardless of when paid.

Notes to the Financial Statements – The accompanying notes to the financial statements provide information that is essential to a complete understanding of the data provided within the basic financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Schedule of Net Position

	2026	2025
Current and other assets	$ 15,123,496	$ 16,353,172
Non current assets	25,375,695	23,566,930
Total assets	40,499,191	39,920,102
Other liabilities	1,442,095	1,578,230
Long-term liabilities	16,839,213	17,621,465
Total liabilities	18,281,308	19,199,695
Net position:		
Net investment in capital assets	14,634,572	14,172,376
Restricted	1,051,599	1,010,734
Unrestricted	6,531,711	5,537,297
Total net position	$ 22,217,882	$ 20,720,407

As noted earlier, net position may serve over time as one useful indicator of the District's financial condition. Th net position of the District was $22,217,882, as of March 31, 2026. The District's net position increase by $1,497,475, or 7.23%, during the fiscal year.

Net investment in capital assets
The largest portion, $14,634,572 or 66%, reflects the District's investment in capital assets (e.g. land, building machinery and equipment, and infrastructure), less any related debt still outstanding that was issued to acqui those items. The District uses these capital assets to provide services to customers; consequently, these asse are not available for future spending. Although the District's investment in its capital assets is reported net any outstanding related debt, the resources needed to repay that debt must be provided by other sources.

Restricted net position
The restricted net position of $1,051,599, or 5%, of total net position, represents resources that are subje to external restriction on their use, or by enabling legislation. Restricted net position of the District is for de obligations.

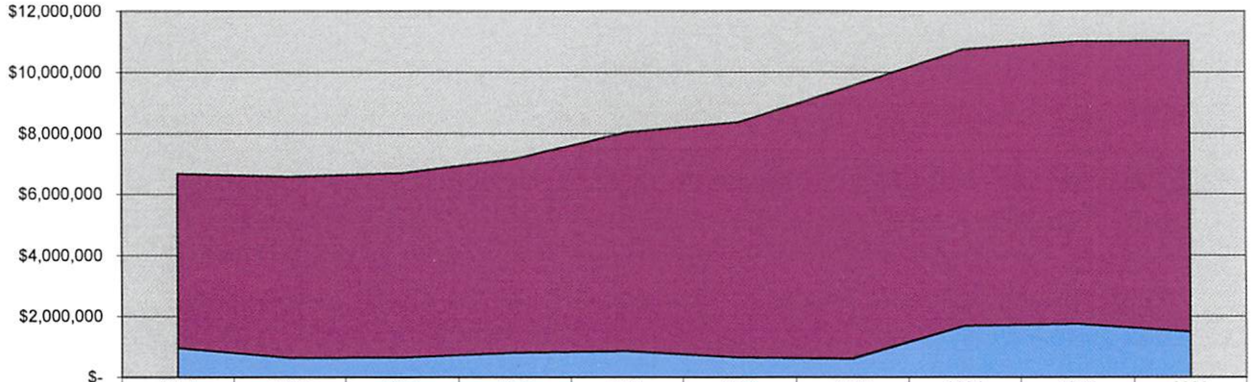
Unrestricted net position
Unrestricted net position of $6,531,711, or 29%, of total net position is available to fund the District's progran to its customers and creditors.

Changes in Net Position

	Business-type Activities		Total
	2026	**2025**	**% Change**
Revenues:			
Program Revenues:			
Charges for Services	$ 9,036,059	$ 8,936,727	1.11%
General Revenues:			
Miscellaneous	471,248	325,669	44.70%
Total Revenues	9,507,308	9,262,396	2.64%
Expenses:			
Program Expenses:			
Bulk Water Purchases	547,008	628,817	-13.01%
Personnel Costs	2,792,150	2,693,301	3.67%
Professional Fees	17,570	23,509	-25.26%
Printing and Office Supplies, postage	14,900	14,293	4.24%
Vehicle Expense	34,800	35,580	-2.19%
Chemicals	483,909	487,123	-0.66%
Machinery & Equipment Expense	182,173	202,009	-9.82%
Operating Material & Supplies	1,301,219	1,348,572	-3.51%
Sludge Control	111,671	89,107	25.32%
Postage	92,354	82,373	12.12%
Utilities	315,367	314,876	0.16%
Insurance & Bond	40,713	44,942	-9.41%
Other Operating Expenses	368,801	155,617	136.99%
Engineering Fees	8,245	10,118	-18.51%
Testing	41,816	36,764	13.74%
Depreciation & Amortization	1,537,402	1,396,440	10.09%
Total Expenses	7,890,096	7,563,441	4.32%
Excess of Revenues over Expenses	1,617,211	1,698,955	-4.81%
Interest on Long-Term Debt	(599,335)	(632,899)	-5.30%
Investment Income	479,599	649,178	-26.12%
Gain(loss) on Disposal of Assets	-	21,992	-100.00%
Increase in Net Position	1,497,475	1,737,226	-13.80%
Net Position, April 1	20,720,407	18,983,181	9.15%
Net Position, March 31	$ 22,217,882	$ 20,720,407	7.23%

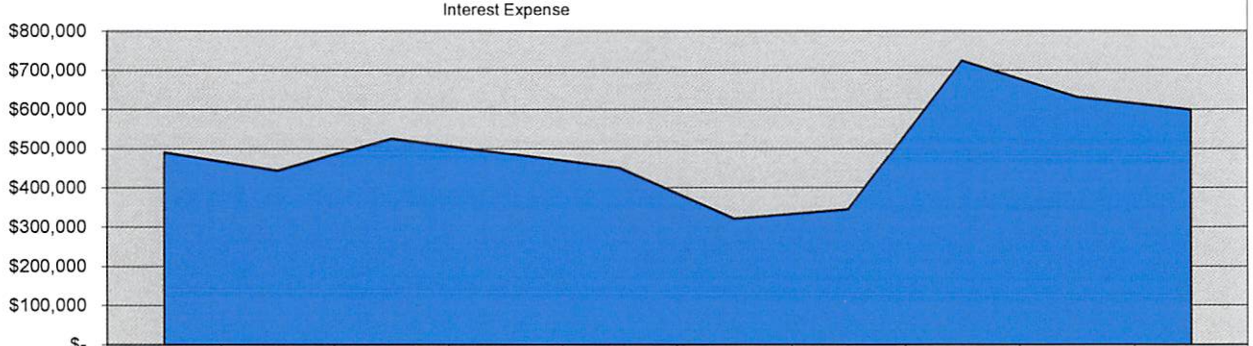
The District, as a whole, is primarily reliant on charges for services. Activities were 95% supported by charges for service, and 5% of revenues were derived from other sources.

REVENUES AND CHANGES IN NET POSITION



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Revenue	$5,704,337	$5,932,194	$6,044,788	$6,351,996	$7,184,284	$7,719,950	$8,935,397	$9,055,563	$9,262,396	$9,507,308
Profit	$965,189	$633,271	$644,497	$800,568	$853,881	$642,179	$607,828	$1,678,045	$1,737,226	$1,497,745

Interest Expense



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Interest Expense	$490,659	$443,171	$525,501	$487,393	$451,421	$321,560	$345,401	$724,191	$632,899	$599,335

Capital Assets - The District's investment in capital assets for its business-type activities, as of March 31, 2026, total $25,375,695, net of accumulated depreciation. This investment in capital assets includes buildings, system infrastructure, land, machinery, and equipment. A net increase in investment in capital assets of 7.68% for the current fiscal year occurred because of depreciation exceeding capital acquisitions.

Major capital improvements on-going during the fiscal year:

- North side water distribution system improvements.
- South side water distribution system improvements.
- Lift station improvements.
- Various equipment purchases.

Capital Assets
(net of accumulated depreciation)

	Business-type Activities	
	2026	**2025**
Land & Improvements	$ 471,751	$ 466,051
Machinery & Equipment	1,053,099	803,609
Buildings	256,898	254,998
Infrastructure	23,593,947	22,042,272
Total	**$ 25,375,695**	**$ 23,566,930**

More detailed information about the District's capital assets is presented in Note E to the financial statements.

Long-term Debt - As of March 31, 2026, the District had long-term debt outstanding of $16,701,360. During the fiscal year, total debt decreased $798,540, or 4.56%.

Outstanding Debt
as of March 31

	Business-type Activities	
	2026	**2025**
Utility System Revenue Bonds	$ 16,701,360	$ 17,499,900

More detailed information about the District's long-term liabilities is presented in Note G to the financial statements.

Requests for Information

This report is designed to provide an overview of the District's finances for interested parties. Questions concerning the information found in this report, or requests for additional financial information, should be addressed to East Cedar Creek Fresh Water Supply District, P.O. Box 309, Mabank, TX 75147-0309.

BASIC FINANCIAL STATEMENTS

EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT
STATEMENT OF NET POSITION
MARCH 31, 2026

	Proprietary Fund
ASSETS	
Current Assets:	
Cash and cash equivalents	$ 6,078,208
Restricted cash and cash equivalents	7,926,186
Receivables (net of allowance for uncollectibles)	899,033
Inventory	167,125
Prepaid expenses	52,944
Total Current Assets	15,123,496
Noncurrent Assets:	
Capital Assets (net of accumulated depreciation):	
Land	471,751
Buildings & improvements	443,248
Infrastructure	49,935,257
Machinery & equipment	2,690,630
Less accumulated depreciation	(28,165,192)
Total Noncurrent Assets	25,375,695
Total Assets	40,499,191
LIABILITIES	
Current Liabilities:	
Accounts payable	287,934
Payroll liabilities	8,758
Customer deposits-restricted assets	914,349
Accrued interest payable	125,752
Other liabilities	105,303
Total Current Liabilities	1,442,095
Noncurrent Liabilities:	
Due within one year:	
Revenue bonds payable	786,461
Due in more than one year:	
Compensated absences	137,854
Revenue bonds payable	15,914,899
Total Noncurrent Liabilities	16,839,213
Total Liabilities	18,281,308
NET POSITION	
Net investment in capital assets	14,634,572
Restricted for:	
Debt	1,051,599
Unrestricted	6,531,711
Total Net Position	$ 22,217,882

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

EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED MARCH 31, 2026

	Proprietary Fund
OPERATING REVENUES	
Charges for sales and services:	
Customer service fees	$ 7,810,453
Other services related fees	1,014,932
Service charges & penalties	210,674
Other revenues	471,248
Total Operating Revenues	9,507,308
OPERATING EXPENSES	
Bulk water purchases	547,008
Personnel costs	2,792,150
Professional fees	17,570
Printing and office supplies, postage	14,900
Vehicle expenses	34,800
Chemicals	483,909
Machinery & equipment expense	182,173
Operating material & supplies	1,301,219
Sludge control	111,671
Postage	92,354
Utilities	315,367
Insurance	40,713
Engineering fees	8,245
Other operating expenses	368,801
Testing	41,816
Depreciation and amortization	1,537,402
Total Operating Expenses	7,890,096
Operating Income (Loss)	1,617,211
NON-OPERATING REVENUES (EXPENSES)	
Investment income	479,599
Interest expense	(599,335)
Total Non-operating Revenues (Expenses)	(119,736)
Change in Net Position	1,497,475
Net position - Beginning, April 1	20,720,407
Net position - Ending, March 31	$ 22,217,882

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

EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED MARCH 31, 2026

	Proprietary Fund
Cash Flows from Operating Activities	
Cash received from customers	$ 8,991,708
Cash received from other sources	471,248
Cash paid to employees	(2,775,962)
Cash paid to suppliers	(3,692,564)
Net Cash Provided by Operating Activities	2,994,431
Cash Flows from Capital and Related Financing Activities	
Interest paid on capital debt	(599,335)
Principal payments of capital debt	(780,000)
Discount and premium on bonds	(18,540)
Gain(loss) on sale of assets	-
Acquisition and construction of capital assets	(3,346,169)
Net Cash (Used) for Capital & Related Financing Activities	(4,744,044)
Cash Flows from Investing Activities	
Interest income	479,599
Net Cash Provided by Investing Activities	479,599
Net Increase (Decrease) in Cash and Cash Equivalents	(1,270,014)
Cash and Cash Equivalents at Beginning of Year	15,274,408
Cash and Cash Equivalents at End of Year	$ 14,004,394
Reconciliation of Operating Income to Net Cash Provided by Operation Activities	
Operating income (loss)	$ 1,617,211
Adjustment to reconcile operating income to net Cash provided by operating activities:	
Depreciation and amortization	1,537,403
Changes in Assets and Liabilities:	
(Increase) Decrease in Assets:	
Receivables	(76,910)
Prepaid Assets	(12,600)
Inventories	49,173
Increase (Decrease) in Liabilities:	
Accounts payable	(168,317)
Accrued liabilities	(100)
Compensated absences	16,288
Other liabilities	11,340
Total Adjustments	1,377,220
Net Cash Provided (Used) by Operating Activities	$ 2,994,431

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Board of Directors, a seven-member body elected by qualified voters of the District, is the governing body responsible for all activities of the East Cedar Creek Fresh Water Supply District ("District"), located in Henderson County. The Directors serve four years, staggered terms, that expire in even number years. The District was created on June 25, 1977 by House Bill No. 2165 passed by the 65th Legislature in 1977, as a conservation and reclamation district under Article XVI, Section 59, of the Texas Constitution, and has the powers of a municipal utility district under Chapter 54 of the Texas Water Code, as amended. As a municipal utility district, the District has the authority to levy ad valorem taxes to pay maintenance and operation expenses, payments under contracts, and to pay unlimited tax bonds, all subject to voter approval. The District has not voted to levy ad valorem taxes or issue bonds payable from ad valorem taxes. The District receives funding from various local, state, and federal sources, and must comply with the requirements of these funding entities. The District, and its operations, are subject to regulatory control by the Texas Commission on Environmental Quality, pursuant to various provisions of the Texas Water Code. The District covers approximately 20 square miles.

The accounting and reporting policies of the District, relating to the funds included in the accompanying basic financial statements, conform to accounting principles generally accepted in the United States of America ("GAAP"), applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board ("GASB"), the American Institute of Certified Public Accountants, in the publication entitled *State and Local Governments - Auditing and Accounting Guide,* and the Financial Accounting Standards Board, when applicable. The more significant accounting policies of the District are described below:

1. Reporting Entity
The District has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by GASB in its Statement No. 14, "The Financial Reporting Entity", as amended by GASB 39, "Determining Whether Certain Organizations are Component Units" under GASB 14. Component units are organizations for which the District is financially accountable and all other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. As of March 31, 2026, the District does not have any component units.

In addition, GASB Statement No. 61 considers an organization that does not meet the financial accountability criteria to be considered a component unit if management's professional judgment determines it to be necessary, and/or misleading, if omitted. This evaluation includes consideration of whether a financial benefit, or burden, exists in the relationship between the entities. Management has not identified any situations that fit this criteria.

2. Basis of Presentation, Basis of Accounting
The accounts of the District are organized on the basis of funds, or account groups, each of which is considered to be a separate accounting entity. The operations of each fund or account group are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, net position, revenue, and expenses. The sole fund type utilized by the District is described below:

Proprietary Fund - used to account for the operations of supplying water, which is a self-supporting activity rendering services on a user-charge basis.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 consider the portion of tap fees intended to recover the cost of connecting new customers to the system as operating revenue. Operating expenses for the proprietary fund include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting the definition are reported as non-operating 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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2. Basis of Presentation, Basis of Accounting (continued)

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 at the time liabilities are incurred, regardless of when the related cash flow takes place. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Proprietary funds are accounted for on a flow of economic resources measurement focus. The accounting objectives are a determination of net income, financial position, and changes in cash flows. All assets and liabilities associated with proprietary fund activities are included within the statement of net position.

Proprietary funds are financed and operated in a manner similar to a private business enterprise. The costs (expenses, including depreciation), of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. Periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The District presents their financial statements utilizing only the business-type fund. The District uses the accrual basis of accounting to prepare its financial statements. Revenues are recognized within the accounting period in which they are earned, and expenses are recognized when incurred. The District's operating activities are the sale of water and providing wastewater services to residential and commercial customers located in a limited geographical region. The statements, exhibits, and supporting schedules contained within the financial statements were prepared on the accrual basis of accounting, except for the statement of cash flows, which is a cash basis statement.

3. Financial Statement Amounts

a. Cash and Cash Equivalents
The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

b. Receivables, Inventory, and Amortization
Trade receivables are shown net of an allowance for uncollectible accounts.

Inventory is valued at cost using the first-in-first-out method. Inventory consists of expendable supplies held for consumption.

The costs incurred upon the creation of the District are being amortized on a straight-line method over 40 years.

c. Restricted Assets
Certain proceeds of the proprietary fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because of their use being limited by applicable bond covenants.

Customer deposits received for water and wastewater service are, by law, considered restricted assets.

d. Prepaid Expenses
Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method.

e. Capital Assets
Capital assets, which include land, buildings, equipment, and improvements, purchased or acquired, are reported at cost. The District defines capital assets with an initial individual cost of more than $1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost, or estimated historical cost, if historical cost is not available. Contributed assets are recorded at fair market value as of the date donated. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3. Financial Statement Amounts (continued)

e. Capital Assets (continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-like activities is included as part of the capitalized value of the assets constructed, when found to be material. During the current fiscal year, no interest was capitalized.

Management elected not to retroactively report infrastructure assets within the scope of GASB 34.

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

Asset Class	Estimated Useful Lives
Infrastructure	40 years
Buildings	40 years
Vehicles and Machinery	5-15 years
Office Equipment	5-10 years
Computer Equipment	5-10 years

f. Compensated Absences

District employees are entitled to certain compensated absences based on their length of employment. Regular full-time employees can accrue vacation as follows: 40 hours after one year of service, 80 hours after 2-4 years of service, 120 hours after 5-10 years, and 160 hours after 10 or more years of service. Sick leave can be accumulated and carried over from year-to-year, and 50% of a maximum 60 days is paid upon leaving the employment of the District at retirement age.

g. Long-Term Obligations

Long-term debt, consisting of bonds to be repaid from revenues of the system, are included in these accounts. In all proprietary fund financial statements outstanding debt is reported as a liability. Bond premiums and discounts are deferred and amortized over the life of the bonds on a straight-line basis. Management has compared this method to the effective interest method and found the difference between the two methods to be immaterial. Bond issuance costs are expensed in the year they are incurred.

h. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets consists of capital assets, less accumulated depreciation, less the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets, plus any unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on its use, either through enabling legislation adopted by the District, or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments. Unrestricted net position for the proprietary fund represents the net position available for future operations or distributions. The District also has net position restricted by resolution for bond reserve and interest and sinking fund accumulations.

i. Budget

Prior to the start of the fiscal year, the governing board of the District adopts an operating budget for the upcoming fiscal year. The adopted budget and any subsequent amendments are approved by the governing board as an agenda item, and later documented the governing board minutes. Budget amendments are required by the board only if events occur which prevent meaningful comparison of the budget to the actual results of operations. The adopted budget is not a spending limitation imposed by the Board. However, the governing board may adopt rules to limit the spending authority of the District's officers, in relation to the budget. A comparison of the actual budget, as amended, to actual results is presented in the Required Supplemental Section of this financial report. The budget is adopted under a modified accrual basis of accounting.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3. Financial Statement Amounts (continued)

j. Comparative Data

Comparative data of current year actual results to budget has been presented within the required supplementary section of the financial statement in order to provide for a better understanding of the District's expense management process.

k. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management estimates.

l. Program Revenues

Certain revenues, such as charges for services, are included in program revenues.

m. Program Expenses

Certain indirect costs, such as administrative costs, are included in program expense, and reported for individual functional activities.

B. COMPLIANCE AND ACCOUNTABILITY

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

Violation	Action taken
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

The following are funds having a deficit fund net position at year end, if any, along with remarks which address such deficits:

Fund Name	Deficit Amount
None reported	Not applicable

C. DEPOSITS AND INVESTMENTS

The District's funds are required to be deposited and invested under the terms of a depository contract, pursuant to the Statutes of the Texas Water Code. The depository bank deposits, for safekeeping and trust with the District's agent bank, approved pledged securities in an amount sufficient to protect the District's funds on a day-to-day basis during the period of the contract. The pledging of approved securities is waived only to the extent of Federal Deposit Insurance Corporation ("FDIC") coverage.

Cash Deposits

At March 31, 2026, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments, petty cash) was $14,004,394 and the bank balance was $14,103,630. The District's cash deposits at the fiscal year end, and during the fiscal year, were entirely covered by FDIC, or by pledged securities.

Restricted Cash	
Debt	$ 1,051,600
Customer Deposits	914,349
Infrastructure Projects	5,960,237
	$ 7,926,186
Unrestricted Cash	$ 6,078,208
Total Cash	$ 14,004,394

Statutes authorize the District to invest in obligations of the United States, the State of Texas, certain state agencies, certificates of deposit of state or national banks, or savings and loan associations within the State. The District had a total $601,843 in certificates of deposit and $6,768,750 in money market accounts.

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at fiscal year-end, and if so, the reporting of certain related disclosures:

Interest Rate Risk
In order to limit interest and market rate risk from changes in interest rates, the District's adopted Investment Policy setting weighted average days to maturity to be less than 180 days, and the maximum allowable maturity of one year.

Credit Risk
Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. All of the District's cash deposits were either fully insured with FDIC, or pledged security at year end.

The District recognizes over-concentration of assets by market sector, or maturity, as a risk to the portfolio. The District's Investment Policy establishes diversification as a major objective of the investment program, and sets diversification limits for all authorized investment types, which are monitored at least on a monthly basis. In the opinion of management, the District was not exposed to a significant amount of credit risk at March 31, 2026.

D. RECEIVABLES
Receivables as of year end for the Proprietary fund, including the applicable allowances for uncollectible accounts, are as follows:

Receivables:	
Fees & Services	$ 998,926
Allowance for uncollectibles	(99,893)
Net Receivables	**$ 899,033**

E. CAPITAL ASSETS
Capital asset activity for the period ended March 31, 2026 was as follows:

	Beginning Balances	Additions	Decreases	Ending Balances
Business-type Activities				
Capital assets, not being depreciated				
Land	$ 466,051	$ 5,700	$ -	$ 471,751
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	**$ 466,051**	**$ 5,700**	**$ -**	**$ 471,751**
Capital assets, being depreciated				
Infrastructure	$ 47,047,004	$ 2,888,253	$ -	$ 49,935,257
Buildings & Improvements	423,873	19,375	-	443,248
Machinery & Equipment	2,257,791	432,839	-	2,690,630
Total assets, being depreciated	**$ 49,728,668**	**$ 3,340,467**	**$ -**	**$ 53,069,135**
Less accumulated depreciation for:				
Infrastructure	$ (25,004,732)	$ (1,336,578)	$ -	$ (26,341,310)
Buildings & Improvements	(168,875)	(17,475)	-	(186,350)
Machinery & Equipment	(1,454,182)	(183,349)	-	(1,637,531)
Total accumulated depreciation	**$ (26,627,789)**	**$ (1,537,402)**	**$ -**	**$ (28,165,191)**
Total capital assets, being depreciated, net	**23,100,879**	**1,803,065**	**-**	**24,903,944**
Business-type activities capital assets, net	**$ 23,566,930**	**$ 1,808,765**	**$ -**	**$ 25,375,695**

F. ORGANIZATION COSTS

The District, in accordance with requirements of the Texas Water Commission, capitalizes organizational costs incurred during the creation of the District. The District amortizes these organizational costs on a straight-line basis over forty years.

	Fees	Prior Years Amortization Expense	Current Year Amortization Expense	3/31/2026 Balance
Organization Costs	$ 90,477	$ (90,477)	$ -	$ -

G. LONG-TERM OBLIGATIONS

	Beginning 3/31/2025	Increase	Decrease	Ending 3/31/2026	Due Within One Year
Business-type Activities					
Water & Sewer					
Revenue Bonds	$17,360,000	$ -	$ (780,000)	$ 16,580,000	$ 805,000
Plus: Premiums	159,539	-	(19,942)	139,597	(19,942)
Less: Discounts	(19,640)	-	1,403	(18,237)	1,403
Total Bonds Payable	17,499,899	-	(798,539)	16,701,360	786,461
Compensated Absences	121,566	85,096	(68,808)	137,854	-
Business-type activity **Long-term liabilities**	**$17,621,465**	**$ 85,096**	**$ (867,347)**	**$ 16,839,214**	**$ 786,461**

Changes in Business-type Long-term Debt

Revenue Bonds	Interest Rate Payable	Amounts Original Issue	Amounts Outstanding March 31, 2025	Issued	Retired/ Refunded	Amounts Outstanding March 31, 2026	Due Within One Year
Series 2001	5.125%	$ 5,970,000	$ 105,000	$ -	$ (105,000)	$ -	$ -
Series 2015	4.0%	3,095,000	2,150,000	-	(180,000)	1,970,000	185,000
Series 2018	3.5% to 5%	3,940,000	3,285,000	-	(210,000)	3,075,000	215,000
Series 2020	2% to 3%	4,565,000	1,950,000	-	(285,000)	1,665,000	300,000
Series 2022	2% to 3%	9,870,000	9,870,000	-	-	9,870,000	105,000
Total Bonds Payable		**27,440,000**	**17,360,000**	-	**(780,000)**	**16,580,000**	**805,000**
	Plus: Premiums	239,311	159,539	-	(19,942)	139,597	(19,942)
	Less: Discounts	(25,252)	(19,640)	-	1,403	(18,237)	1,403
Total Net Bonds Payable		**27,654,059**	**17,499,899**	-	**(798,539)**	**16,701,360**	**786,461**
Compensated Absences			121,566	85,096	(68,808)	137,854	-
Total Long-Term Obligations		**$27,654,059**	**$ 17,621,465**	**$ 85,096**	**$ (867,347)**	**$ 16,839,214**	**$ 786,461**

G. LONG-TERM OBLIGATIONS (continued)

Debt service requirements are as follows: Year Ending March 31:	Principal	Interest	Total Requirements
2027	805,000	603,633	1,408,633
2028	825,000	580,408	1,405,408
2029	850,000	556,108	1,406,108
2030	875,000	531,608	1,406,608
2031	900,000	506,458	1,406,458
2032 to 2036	4,950,000	2,080,557	7,030,557
2037 to 2041	5,190,000	1,103,192	6,293,192
2042 to 2043	2,185,000	143,016	2,328,016
Totals	$ 16,580,000	$ 6,104,980	$ 22,684,980

A brief discussion of each bond issuance are as follows:

$5,970,000 Utility System Revenue Bonds issued December 27, 2001 for the purpose of refunding Bond Series 1979 and Bond Series 1987.

$3,095,000 Utility System Revenue Bonds issued November 1, 2015 for the purpose of purchasing, constructing, acquiring, owning, operating, repairing, improving or extending any District works, improvements, facilities, plants, equipment and appliances with respect to the District's Waterworks and Sewer System, including the acquisition of land and right-of-ways and to pay the costs associated with the issuance of the 2015 Series Bonds.

$3,940,000 Utility System Revenue Bonds issued February 21, 2018 for the purpose of purchasing, constructing, acquiring, owning, operating, repairing, improving or extending any District works, improvements, facilities, plants, equipment and appliances with respect to the District's Waterworks and Sewer System, including the acquisition of land, right-of-ways, and to pay the costs associated with the issuance of the 2015 Series Bonds.

$4,565,000 Utility System Revenue Refunding Bonds, Series 2020 issued September 16, 2020 for the purpose of refunding a portion of the District's outstanding debt, debt savings, and to pay the costs associated with the issuance of the Bonds.

$9,870,000 Utility System Revenue Bonds, Series 2022 issued October 1, 2022 for the purpose of purchasing, constructing, acquiring, owning, operating, repairing, improving or extending any District works, improvements, facilities, plants, equipment and appliances with respect to the System, including the acquisition of land and right-of-ways therefor and to pay the costs associated with the issuance of the 2022 Series Bonds.

H. DEFERRED COMPENSATION PLAN

Deferred compensation plans described in IRC section 457 are available for certain state and local governments and non-governmental entities, and are tax exempt under IRC 501. Plans eligible under 457b allow employees of sponsoring organizations to defer income taxation on retirement savings into future years.

The District implemented a 457b Deferred Compensation Plan for its employees. Under Section 457b of the Internal Revenue Code, an employee may defer a maximum of pre-deferred taxable income of $23,500 per year. Effective January 1, 1997, the District considered the election to make loans available to participants of the Plan. Currently, employees who are vested, are eligible to against their retirement balance. An employee is vested after working at the District for five years.

The employee may withdraw assets from his/her account either upon retirement, leaving employment, or severe financial hardship. The employee must begin receiving benefit payments no later than April 1 of the calendar year end he/she reaches the age of 70 1/2 or the year in which he/she retires, if later.

Payments may be paid as follows:

1. Lump sum distribution
2. Periodic payments over a specified number of years
3. Periodic payments over the determined life expectancy
4. A periodic payment of a specified amount per month, or year, until the account is exhausted
5. Purchase of a lifetime annuity

In the event of death, the designated beneficiary is eligible to withdraw the deferred compensation plan benefit.

The plan is administered by ICMA/RC Retirement Corporation ("RC"). RC is a not-for-profit, independent corporation, founded by public sector employees in 1972 to provide retirement plans exclusively for state and local government employees.

The Plan summary is as follows:	FYE 3/31/2025	FYE 3/31/2026
Beginning Fund Balance, April 1	$ 765,435	$ 727,779
Contributions	112,119	119,442
Earnings/(Loss)	(187,363)	(54,735)
Distributions & Fees	37,588	92,156
Ending Fund Balance, March 31	$ 727,779	$ 884,642

I. HEALTH CARE COVERAGE

During the year ended March 31, 2026, employees of the District were covered by a health insurance plan. The District pays 100% per month per employee, and 50% of the cost for dependent coverage. Employees are authorized to direct payroll to withhold for dependent coverage. All contributions were paid to United Health Care. The Plan is approved by article 3.51-2, Texas Insurance Code, and documented by contractual agreement.

J. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District had general liability coverage at a cost the District considers to be economically justifiable by joining together with other governmental entities within the State, as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The District pays an annual premium to TML for its coverage. The agreement for the formation of TML, provides that TML will be self-sustaining through member premiums, and will reinsure through commercial insurance for claims in excess of acceptable risk levels; however each category of coverage has its own level of reinsurance. The District continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year, and settled claims resulting from these risks have not exceeded coverage in any of the past four years.

The District estimates that the amount of actual or potential claims against it, as of March 31, 2026, will not materially affect the financial condition of the District. Therefore, the accompanying financial statements do not contain a provision for any such claims.

K. LITIGATION
The District may be subject to certain legal proceedings in the normal course of operations. In the opinion of management, the aggregate liability, if any, with respect to potential legal actions, would not materially affect the District's financial position, results of operations, or cash flows.

L. ENGINEERING REPORT
There is no special provision of the bond resolutions regarding engineering reports. The engineer is available to review the operations and physical conditions of the system.

M. WATER AND WASTEWATER SERVICES
Waterworks System
The District's utility system is comprised of two water treatment plants, water storage facilities, distribution lines, and two wastewater treatment plants, and related collection facilities. The District serves water and sewer customers within its boundaries, and outside its boundaries in the areas designated in separate certificates of convenience and necessity issued by TCEQ.

The District's source of raw water is Cedar Creek Reservoir, pursuant to separate contracts with Tarrant Regional Water District ("TRWD"), and the City of Trinidad, Texas. The contract with TRWD does not limit the amount of water the District may buy. The contract with the City of Trinidad, Texas is limited to 750 acre/feet per year but at a lesser cost. Raw water is pumped from Cedar Creek Reservoir directly to the plants, with screening in place to prevent debris from entering the plants.

The District operates two conventional water treatment plants. The McKay Water Treatment Plant ("McKay WTP") provides water to customers in the southern portion of the District, and the Brookshire Water Treatment Plant ("Brookshire WTP") services customers in the northern section.

McKay WTP, located off Hwy 198 just prior to entering the Town of Enchanted Oaks, was built approximately in 1994. The McKay WTP has a water treatment capacity of 1.73 million gallons per day. Two ground storage tanks and one elevated water tower provide a treated water storage capacity of 637,000 gallons.

Brookshire WTP, located off Welch Lane in Gun Barrel City, was built in approximately 1989. Brookshire WTP has a water treatment capacity of 4.0 million gallons per day. Two ground storage tanks and two elevated water towers provide a treated water storage capacity of 1,870,000 gallons.

Wastewater System
The District operates two wastewater treatment plants ("WWTP"). The south WWTP is located approximately 15,700 feet south of the intersection of State Hwy 334, in Henderson County, Texas 75147, and serves the southern area of the District. The north WWTP is located in an unincorporated area on Hammer Road, just off Welch Lane in Gun Barrel City, and serves the District's northern sector.

The south WWTP was built approximately in 1995 with a permitted capacity of 196,000 gallons per day, or 0.196 million gallons per day, as stated within the permit. Less than one-third of the plant's capacity is used daily. This WWTP sits on a 178-acre tract with 134 acres dedicated toward water irrigation from the plant. Treated water effluent from the plant is processed to a large holding pond, and then utilized as irrigation source water. The residual sludge is processed for disposal to a sanitary landfill.

The District has contracted for the cutting, baling, and selling of hay from the plant's irrigated acreage. The District received $7,300 in hay sales during the current fiscal year.

The north WWTP was built in 1979 with a treatment capacity of 0.626 million gallons per day ("MGD"), with a surge capacity of 1.3 MGD for a period not to exceed two hours. With upgrades over the years, the District is now permitted for a treatment capacity of 0.750 MGD, which will satisfy the District's needs for approximately 10 years. The new permit imposes more challenges to the treatment process due to new and more stringent water quality discharge limits. The major portion of the latest upgrades was due to the need to construct a 1-MGD tertiary clarifier to treat and reduce phosphorous limits to a 1 part per million or less prior to discharging effluent from the treatment facility directly to Cedar Creek Lake.

Additional Services

The District collects water and sewer franchise fees for the City of Gun Barrel, Town of Enchanted Oaks, and Payne Springs. These funds are paid to the three entities once a year - City of Gun Barrel is paid in August of each year, the Town of Enchanted Oaks and Paynes Springs are paid in January of each year. The District does not charge an administrative fee for this service.

N. SUBSEQUENT EVENTS

The District has evaluated all events or transactions that occurred after March 31, 2026 through June 25, 2026, the date the financial statements were available to be issued. During this period, the District was not aware of any significant events requiring disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT
PROPRIETARY FUND
SCHEDULE OF FUNCTIONAL EXPENSES COMPARISON TO BUDGET
FOR THE YEAR ENDED MARCH 31, 2026

	Final Budget	Actual	Variance with Final Budget
Administration			
Payroll Costs	686,402	$ 666,255	$ 20,147
Supplies	-	10,425	(10,425)
Professional Services	83,800	33,738	50,062
Maintenance	800	2,674	(1,874)
Utilities	35,700	14,028	21,672
Vehicle	43,600	3,909	39,691
Other	192,500	379,322	(186,822)
Total Administration Expenses	**1,042,802**	**1,110,350**	**(67,548)**
Operations			
Payroll Costs	965,381	805,570	159,811
Water Purchases	816,500	547,008	269,492
Operation	2,268,100	1,789,603	478,497
Contract Services	35,100	58,211	(23,111)
Maintenance	206,000	177,800	28,200
Sludge	88,800	111,671	(22,871)
Utilities	281,100	293,843	(12,743)
Vehicle	2,300	6,086	(3,786)
Sundry	19,900	41,657	(21,757)
Total Operations Expenses	**4,683,181**	**3,831,448**	**851,733**
Field			
Payroll Costs	1,564,751	1,320,325	244,426
Utilities	-	7,496	(7,496)
Contract Services	-	16,395	(16,395)
Maintenance	-	1,699	(1,699)
Vehicle	-	24,805	(24,805)
Sundry	64,800	40,176	24,624
Total Field Expenses	**1,629,551**	**1,410,896**	**218,655**
Total Expenses	**$ 7,355,534**	**$ 6,352,694**	**$ 1,002,840**

Note: The District prepares the Proprietary Fund annual budget on a modified accrual basis, which differs from Generally Accepted Accounting Principles (GAAP basis). The budget, and all transactions, are presented in accordance with the District's method, (modified accrual basis), in the above schedule to provide a meaningful comparison of actual results with the budget.

Adjustments necessary to convert the Proprietary Fund's expenses on the modified accrual basis to a GAAP basis are provided below:

Expenses - Modified Accrual Basis	$ 6,352,694
Expenses recognized for GAAP:	
Depreciation and Amortization	1,537,402
Operating Expenses - GAAP Basis	$ 7,890,096

SUPPLEMENTAL SCHEDULES
(Unaudited)

EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES
TEN YEARS ENDED MARCH 31

	Years Ended March 31				
	2025	**2025**	**2024**	**2023**	**2022**
Operating Revenues:					
Customer Service Fees	$ 7,810,453	$ 7,422,285	$ 7,189,467	$7,277,184	$ 6,097,896
Other Service Related Fees	1,014,932	1,301,356	1,356,501	1,323,590	1,320,482
Service Charges & Penalties	210,674	213,086	197,285	166,766	154,115
Grant Revenue	-	-	-	-	-
Other Revenue	471,248	325,669	312,311	167,857	147,457
Total Operating Revenues	**9,507,308**	**9,262,396**	**9,055,564**	**8,935,397**	**7,719,950**
Operating Expenses:					
Bulk Water Purchases	547,008	628,817	609,554	690,246	560,894
Personnel Costs	2,792,150	2,693,301	2,323,026	2,067,402	1,712,886
Professional Fees	17,570	23,509	18,250	19,038	16,253
Contracted Services	14,900	14,293	20,080	18,873	15,692
Printing, Office Supplies, Postage	92,354	82,373	72,145	62,400	63,984
Vehicles	34,800	35,580	42,215	44,138	34,945
Chemicals	483,909	487,123	419,318	438,019	382,483
Machinery & Equipment Expenses	182,173	202,009	152,440	244,634	35,802
Operating Materials & Supplies	1,301,219	1,348,572	1,375,805	1,693,504	2,052,021
Sludge Control	111,671	89,107	63,755	59,332	48,673
Telephone & Utilities	315,367	314,876	319,582	309,323	302,450
Insurance & Bond	40,713	44,942	41,439	32,028	23,529
Engineering Fees	8,245	10,118	11,055	2,620	2,916
Other Operating Expenses	368,801	155,617	487,720	538,878	248,386
Testing	41,816	36,764	37,313	32,409	26,846
Depreciation and amortization	1,537,402	1,396,443	1,299,382	1,298,169	1,277,569
Total Operating Expenses	**7,890,096**	**7,563,441**	**7,293,079**	**7,551,013**	**6,805,329**
Operating Income	**1,617,211**	**1,698,955**	**1,762,485**	**1,384,384**	**914,621**
Non-Operating Revenue (Expenses):					
Interest Revenue	479,599	649,178	639,751	135,605	15,604
Insurance Refund	-	-	-	-	-
Interest Expense	(599,335)	(632,899)	(724,191)	(345,401)	(321,560)
Bond Issuance Costs	-	-	-	(566,760)	-
Gain(loss) on disposal of assets	-	21,993	-	21,993	33,514
Extraordinary expense	-	-	-	-	-
Total Non-Operating Revenue (Expense)	**(119,736)**	**38,272**	**(84,440)**	**(754,563)**	**(272,442)**
Change in Net Position	**$ 1,497,475**	**$ 1,737,226**	**$ 1,678,045**	**$ 629,821**	**$ 642,179**

Years Ended March 31				
2021	2020	2019	2018	2017
$ 5,977,950	$ 5,551,257	$ 5,461,359	$ 5,348,921	$ 5,184,106
946,612	603,898	346,423	342,662	230,725
154,355	134,921	136,359	138,833	130,947
-	-	-	-	-
105,367	61,920	100,647	101,778	141,998
7,184,284	**6,351,996**	**6,044,788**	**5,932,194**	**5,687,776**
584,888	426,309	460,992	362,339	436,085
1,788,682	1,675,515	1,643,532	1,553,376	1,596,546
23,265	17,014	12,550	15,259	10,455
16,066	13,865	13,596	-	-
60,750	59,513	59,129	69,370	67,586
42,232	25,369	37,867	29,895	56,483
281,812	241,532	236,846	212,997	201,772
23,954	31,175	22,351	25,027	37,789
1,077,252	797,141	646,197	747,338	642,671
36,836	37,408	34,143	34,297	34,575
280,931	269,139	304,068	298,117	295,054
19,401	24,507	23,217	19,161	16,761
5,203	1,050	8,169	1,986	1,853
159,092	224,313	137,990	148,968	119,790
28,124	35,350	35,589	33,315	36,925
1,293,149	1,264,638	1,258,440	1,109,220	1,096,237
5,721,637	**5,143,838**	**4,934,676**	**4,660,665**	**4,650,582**
1,462,647	**1,208,158**	**1,110,112**	**1,271,529**	**1,037,194**
31,674	75,869	58,416	20,634	16,561
-	-	-	-	-
(451,421)	(487,393)	(525,501)	(443,171)	(490,658)
(189,019)	-	-	(221,969)	-
-	3,935	1,470	6,248	7,426
-	-	-	-	394,666
(608,766)	**(407,589)**	**(465,615)**	**(638,258)**	**(72,005)**
$ 853,881	**$ 800,569**	**$ 644,497**	**$ 633,271**	**$ 965,189**

EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES
TEN YEARS ENDED MARCH 31
(continued)

	Years Ended March 31									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Operating Revenues:										
Customer Service Fees	82.2%	80.1%	79.4%	81.4%	79.0%	83.2%	87.4%	90.3%	90.2%	91.1%
Other Service Related Fees	10.68%	14.05%	14.98%	14.81%	17.10%	13.18%	9.51%	5.73%	5.78%	4.06%
Service Charges & Penalties	2.22%	2.30%	2.18%	1.87%	2.00%	2.15%	2.12%	2.26%	2.34%	2.30%
Grant Revenue	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other Revenue	4.96%	3.52%	3.45%	1.88%	1.91%	1.47%	0.97%	1.67%	1.72%	2.50%
Total Operating Revenues	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Operating Expenses:										
Bulk Water Purchases	5.75%	6.79%	6.73%	7.72%	7.27%	8.14%	6.71%	7.63%	6.11%	7.67%
Personnel Costs	29.37%	29.08%	25.65%	23.14%	22.19%	24.90%	26.38%	27.19%	26.19%	28.07%
Professional Fees	0.18%	0.25%	0.20%	0.21%	0.21%	0.32%	0.27%	0.21%	0.26%	0.18%
Contracted Services	0.16%	0.15%	0.22%	0.21%	0.20%	0.22%	0.22%	0.22%	0.00%	0.00%
Postage	0.97%	0.89%	0.80%	0.70%	0.83%	0.85%	0.94%	0.98%	1.17%	1.19%
Vehicles	0.37%	0.38%	0.47%	0.49%	0.45%	0.59%	0.40%	0.63%	0.50%	0.99%
Chemicals	5.09%	5.26%	4.63%	4.90%	4.95%	3.92%	3.80%	3.92%	3.59%	3.55%
Machinery & Equipment Expenses	1.92%	2.18%	1.68%	2.74%	0.46%	0.33%	0.49%	0.37%	0.42%	0.66%
Operating Materials & Supplies	13.69%	14.56%	15.19%	18.95%	26.58%	14.99%	12.55%	10.69%	12.60%	11.30%
Sludge Control	1.17%	0.96%	0.70%	0.66%	0.63%	0.51%	0.59%	0.56%	0.58%	0.61%
Telephone & Utilities	3.32%	3.40%	3.53%	3.46%	3.92%	3.91%	4.24%	5.03%	5.03%	5.19%
Insurance & Bond	0.43%	0.49%	0.46%	0.36%	0.30%	0.27%	0.39%	0.38%	0.32%	0.29%
Engineering Fees	0.09%	0.11%	0.12%	0.03%	0.04%	0.07%	0.02%	0.14%	0.03%	0.03%
Other Operating Expenses	3.88%	1.68%	5.39%	6.03%	3.22%	2.21%	3.53%	2.28%	2.51%	2.11%
Testing	0.44%	0.40%	0.41%	0.36%	0.35%	0.39%	0.56%	0.59%	0.56%	0.65%
Depreciation	16.17%	15.08%	14.35%	14.53%	16.55%	18.00%	19.91%	20.82%	18.70%	19.27%
Total Operating Expenses	**82.99%**	**81.66%**	**80.54%**	**84.51%**	**88.15%**	**79.64%**	**80.98%**	**81.64%**	**78.57%**	**81.76%**
Operating Income	**17.01%**	**18.34%**	**19.46%**	**15.49%**	**11.85%**	**20.36%**	**19.02%**	**18.36%**	**21.43%**	**18.24%**
Non-Operating Revenue (Expenses)										
Interest Revenue	5.04%	7.01%	7.06%	1.52%	0.20%	0.44%	1.19%	0.97%	0.35%	0.29%
Insurance Refund	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Interest Expense	-6.30%	-6.83%	-8.00%	-3.87%	-4.17%	-6.28%	-7.67%	-8.69%	-7.47%	-8.63%
Bond Issuance Costs	0.00%	0.00%	0.00%	-6.34%	0.00%	-2.63%	0.00%	0.00%	-3.74%	0.00%
Gain (loss) on sale of asset	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	6.94%
Extraordinary expense	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	6.94%
Total Non-Operating Revenue (Expense)	**-1.26%**	**0.18%**	**-0.93%**	**-8.69%**	**-3.96%**	**-8.47%**	**-6.48%**	**-7.73%**	**-10.86%**	**5.54%**
Change in Net Position	**15.75%**	**18.52%**	**18.53%**	**6.80%**	**7.88%**	**11.89%**	**12.54%**	**10.64%**	**10.57%**	**23.78%**

EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT
SERVICES AND RATES
FOR THE FISCAL YEAR ENDED MARCH 31, 2026

1. Services Provided by the District:

[x] Retail Water	[ ] Wholesale Water	[ ] Drainage
[x] Retail Wastewater	[ ] Wholesale Wastewater	[ ] Irrigation
[ ] Parks/Recreation	[ ] Fire Protection	[ ] Security
[ ] Solid Waste/Garbage	[ ] Flood Control	[ ] Roads

[ ] Participants in joint venture, regional system and/or wastewater service (other than emergency interconnect)

[ ] Other (specify):

2. Retail Rates Based on 5/8" Meter: [ ] Retail Rates Not Applicable

Most prevalent type of meter (if not 5/8"): 5/8"

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels
WATER	$ 24.27	-	N	$ 4.74	-0- to 3000 gallons
WASTEWATER	$ 33.10	-	N	$ 5.10	0 to $62.43 maximum

District employs winter averaging for wastewater usage? [ ] Yes [x] No

Total water and wastewater charges per 10,000 gallons usage (including surcharges) $ 136.34

3. Standby Fees: Does the District assess standby fees?
Yes ______ No x If yes, specify amount and basis of the assessment.

$ - Per Lot $ - Per Acre $ - Other of Non-Uniform Rate

(Check One) ______ Per Lot ______ Per Acre ______ Per Month

Percent allocated to: General Fund ______ %

Debt Service ______ %

Have the standby fees been approved by the Texas Water Commission:
__________ Yes ____x____ No

Have standby fees been levied in accordance with Water Code Section 50.056, thereby, Constituting a lien on property: Yes __ No x

4. Total water consumption during the fiscal year:

Gallons pumped into system:	466,334,000
Gallons billed to customers:	358,468,100

5. Number of retail water and/or wastewater* connections within the District as of the fiscal year end.

Connections	Active Connections	Inactive** Connections
Single Family	6,924	1,150
Multi-Family	128	6
Commercial	298	70
Other - Recreational Centers, Gov & VFD	43	5
TOTAL	7,392	1,231

* Number of connections relates to water service, if provided. Otherwise, the number of wastewater connections should be provided.

** "Inactive" means that water and wastewater connections were made, but service is not being provided.

EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT
SERVICES AND RATES (continued)
FOR THE FISCAL YEAR ENDED MARCH 31, 2026

6. Anticipated sources of funds to be used for debt service payments in the District's following years:

a. Debt Service Tax Receipts	$ -
b. Surplus Construction Funds	-
c. Water Revenue	9,507,308
d. Standby Fees	-
e. Debt Service Fund Balance to be Used	1,051,599
f. Interest Revenues	479,599
g. Other (Describe)	-
TOTAL ANTICIPATED FUNDS TO BE USED	$ 11,038,505

7. Location of District:

County(ies) in which District is located. Henderson

Is the District located entirely within one county? [x] Yes [ ] No

Is the District located within a city? [ ] Entirely [x] Partly [ ] Not at all

City(ies) in which district is located. Gun Barrel City, Enchanted Oaks, Payne Springs

Is the district located within a city's extraterritorial jurisdiction (ETJ)?
[ ] Entirely [x] Partly [ ] Not at all

ETJ's in which District is located. Gun Barrel City, Payne Springs, Enchanted Oaks, Mabank

Is the general membership of the Board appointed by an office outside the District?

[ ] Yes [x] No

If Yes, by whom? N/A

EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT
SCHEDULE OF RATES
FOR THE FISCAL YEAR ENDED MARCH 31, 2026
(unaudited)

	Resident Rates:		
Water:	5/8" Meter	$ 24.27	Base charge
		4.74	0-3,000 Gallons
		5.06	3,001-10,000 Gallons
		5.36	over 10,000 Gallons
	3/4" Meter	33.55	Base charge
		4.74	0-3,000 Gallons
		5.06	3,001-10,000 Gallons
		5.36	over 10,000 Gallons
Wastewater:	5/8" Meter	$ 33.10	Base charge
		5.10	per 1,000 Gallons
		62.43	Maximum
	3/4" Meter	47.44	Base charge
		5.10	per 1,000 Gallons
		128.09	Maximum
	Commercial Rates:		
Water:	3/4" Meter	33.55	Base charge
		4.74	0-3,000 Gallons
		5.06	3,001-10,000 Gallons
		5.36	over 10,000 Gallons
	1" Meter	52.06	Base charge
		4.74	0-3,000 Gallons
		5.06	3,001-10,000 Gallons
		5.36	over 10,000 Gallons
	1 1/2" Meter	98.42	Base charge
		4.74	0-3,000 Gallons
		5.06	3,001-10,000 Gallons
		5.36	over 10,000 Gallons
	2" Meter	154.00	Base charge
		4.74	0-3,000 Gallons
		5.06	3,001-10,000 Gallons
		5.36	over 10,000 Gallons
	3" Meter	302.26	Base charge
		4.74	0-3,000 Gallons
		5.06	3,001-10,000 Gallons
		5.36	over 10,000 Gallons
	4" Meter	419.92	Base charge
		4.74	0-3,000 Gallons
		5.06	3,001-10,000 Gallons
		5.36	over 10,000 Gallons
Wastewater:	3/4" Meter	$ 47.44	Base charge
		5.10	per 1,000 Gallons
	1" Meter	76.12	Base charge
		5.10	per 1,000 Gallons
	1 1/2" Meter	147.51	Base charge
		5.10	per 1,000 Gallons
	2" Meter	233.90	Base charge
		5.10	per 1,000 Gallons
	3" Meter	463.39	Base charge
		5.10	per 1,000 Gallons
	4" Meter	721.58	Base charge
		5.10	per 1,000 Gallons

EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT
SCHEDULE OF EXPENSES - PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED MARCH 31, 2026

Current:	
Personnel	
(Including Benefits)	$ 2,792,150
Professional Fees:	
Auditing	12,000
Engineering	8,245
Other	5,570
Purchased Services for Resale:	
Bulk Water & Sewer Service Purchases	547,008
Contracted Services:	
Other Contracted Services	-
Utilities	315,367
Repairs and Maintenance	2,155,587
Administrative Expenses:	
Office Supplies	107,254
Insurance	40,713
Other Expenses	368,801
TOTAL EXPENSES	$ 6,352,694

Number of persons employed by the District:	38	Full Time
	-	Part Time

EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT
SCHEDULE OF INVESTMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2026

Item	Interest Rate	Maturity Date	Balances at End of Year
Unrestricted:			
Deposit Accounts:			
Operating Checking	0.1000%		$ 2,010,581
Cash on hand	-		580
Payroll Checking	-		65,586
Managers Account Checking	-		11,118
TS Improvement Fund-Savings	1.4000%		584,889
Certificate of Deposits:			
Emergency Reserve CD	3.9500%	8/28/2026	475,985
Operating Reserve	3.5300%	5/27/2026	125,858
TexStar:			
Emergency Fund #1	3.6513%		115,162
Operating Reserve	3.6513%		747,560
Improvement Fund	3.6513%		2,063,257
Logic:			
Emergency Fund #2	3.7900%		115,862
Money Market:			
Emergency Reserve	0.1000%		565,450
Emergency Fund Money Market	1.8700%		209,907
Total Unrestricted			$ 7,091,794
Restricted:			
Logic:			
Bond I&S	3.7875%		900,788
TexStar:			
Bond I&S	3.6513%		117,655
Money Market Checking:			
Debt Service Reserve	0.1000%		33,156
2022 Premium	2.0000%		24,904
2022 Bond Money Market	3.7100%		5,935,333
Total Restricted			7,011,837
TOTAL INVESTMENTS			**$ 14,103,630**

EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT
ANALYSIS OF CHANGES IN FIXED ASSETS AND INTANGIBLE ASSETS
FOR THE FISCAL YEAR ENDED MARCH 31, 2026
(unaudited)

	Balance 3/31/25	Additions	Other Additions Deletions, Reclassifications	Balance 3/31/26
Physical Facilities:				
Land	$ 466,051	$ 5,700	$ -	$ 471,751
Bldgs. & Improvements	423,873	19,375	-	443,248
Infrastructure	47,047,004	2,888,253	-	49,935,257
Machinery & Equipment	2,257,791	432,839	-	2,690,630
Construction In Progress	-	-	-	-
Total Fixed Assets	$ 50,194,719	$ 3,346,167	$ -	$ 53,540,886
Amounts Provided By:				
General Revenues	$ 12,117,781	$ -	$ -	$ 12,117,781
Bond Proceeds	37,518,186	3,346,167	-	40,864,353
Government Grants	558,751	-	-	558,751
Total Amounts Provided	$ 50,194,718	$ 3,346,167	$ -	$ 53,540,885
Organizational Costs:				
Election Costs	$ 674	$ -	$ -	$ 674
Fees, Permits, Etc.	754	-	-	754
Legal Fees	42,305	-	-	42,305
Operating Costs	34,683	-	-	34,683
Bond Issue Expense	21,173	-	-	21,173
Bond Interest Expense	100,000	-	-	100,000
Interest on Investment	(108,889)	-	-	(108,889)
Contribution	(223)	-	-	(223)
Total Intangible Assets	$ 90,477	$ -	$ -	$ 90,477
Amounts Provided By:				
General Revenues	$ (9,523)	$ -	$ -	$ (9,523)
Bond Proceeds	100,000	-	-	100,000
Total Amounts Provided	$ 90,477	$ -	$ -	$ 90,477

EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT
REVENUE BONDS PAYABLE - BY YEARS
FOR THE YEAR ENDED MARCH 31, 2026

	Annual Requirements for All Series		
Due During Fiscal Year Ending	Principal Due Jan/July	Interest Due Jan/July	Total
2027	805,000	603,633	1,408,633
2028	825,000	580,408	1,405,408
2029	850,000	556,108	1,406,108
2030	875,000	531,608	1,406,608
2031	900,000	506,458	1,406,458
2032	925,000	480,558	1,405,558
2033	955,000	450,495	1,405,495
2034	985,000	419,226	1,404,226
2035	1,025,000	383,652	1,408,652
2036	1,060,000	346,626	1,406,626
2037	1,100,000	306,007	1,406,007
2038	1,145,000	262,845	1,407,845
2039	940,000	217,520	1,157,520
2040	980,000	178,746	1,158,746
2041	1,025,000	138,076	1,163,076
2042	1,070,000	94,514	1,164,514
2043	1,115,000	48,504	1,163,504
	$ 16,580,000	$ 6,104,981	$ 22,684,981

EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT
REVENUE BONDS PAYABLE - BY YEARS
FOR THE YEAR ENDED MARCH 31, 2026

	Series 2015			
Due During Fiscal Year Ending	Principal Due January 1	Interest Due January 1	Interest Due July 1	Total
2027	185,000	30,322	30,322	245,644
2028	195,000	27,547	27,547	250,094
2029	200,000	24,622	24,622	249,244
2030	210,000	21,622	21,622	253,244
2031	220,000	18,472	18,472	256,944
2032	225,000	15,172	15,172	255,344
2033	235,000	11,797	11,797	258,594
2034	245,000	8,125	8,125	261,250
2035	255,000	4,144	4,144	263,288
	$ 1,970,000	$ 161,823	$ 161,823	$ 2,293,646

EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT
REVENUE BONDS PAYABLE - BY YEARS
FOR THE YEAR ENDED MARCH 31, 2026

		Series 2018		
Due During Fiscal Year Ending	Principal Due January 1	Interest Due January 1	Interest Due July 1	Total
2027	215,000	48,156	48,156	311,313
2028	220,000	45,469	45,469	310,938
2029	230,000	42,444	42,444	314,888
2030	235,000	38,994	38,994	312,988
2031	240,000	35,469	35,469	310,938
2032	250,000	31,869	31,869	313,738
2033	260,000	27,963	27,963	315,925
2034	265,000	23,900	23,900	312,800
2035	275,000	19,594	19,594	314,188
2036	285,000	15,125	15,125	315,250
2037	295,000	10,316	10,316	315,631
2038	305,000	5,338	5,338	315,675
	$ 3,075,000	$ 344,634	$ 344,634	$ 3,764,269

EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT
REVENUE BONDS PAYABLE - BY YEARS
FOR THE YEAR ENDED MARCH 31, 2026

		Series 2020		
Due During Fiscal Year Ending	Principal Due January 1	Interest Due January 1	Interest Due July 1	Total
2027	300,000	16,650	16,650	333,300
2028	305,000	13,650	13,650	332,300
2029	260,000	10,600	10,600	281,200
2030	270,000	8,000	8,000	286,000
2031	275,000	5,300	5,300	285,600
2032	125,000	2,550	2,550	130,100
2033	130,000	1,300	1,300	132,600
	$ 1,665,000	$ 58,050	$ 58,050	$ 1,781,100

EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT
REVENUE BONDS PAYABLE - BY YEARS
FOR THE YEAR ENDED MARCH 31, 2026

	Series 2022			
Due During Fiscal Year Ending	Principal Due January 1	Interest Due January 1	Interest Due July 1	Total
2027	105,000	206,688	206,688	518,376
2028	105,000	203,538	203,538	512,076
2029	160,000	200,388	200,388	560,776
2030	160,000	197,188	197,188	554,376
2031	165,000	193,988	193,988	552,976
2032	325,000	190,688	190,688	706,376
2033	330,000	184,188	184,188	698,376
2034	475,000	177,588	177,588	830,176
2035	495,000	168,088	168,088	831,176
2036	775,000	158,188	158,188	1,091,376
2037	805,000	142,688	142,688	1,090,376
2038	840,000	126,085	126,085	1,092,170
2039	940,000	108,760	108,760	1,157,520
2040	980,000	89,373	89,373	1,158,746
2041	1,025,000	69,038	69,038	1,163,076
2042	1,070,000	47,257	47,257	1,164,514
2043	1,115,000	24,252	24,252	1,163,504
	$ 9,870,000	$ 2,487,983	$ 2,487,983	$14,845,966

EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT
ANALYSIS OF CHANGES IN REVENUE BONDS PAYABLE
REVENUE BONDS PAYABLE - BY SERIES
AS OF MARCH 31, 2026

	Bond Issues					
	Series 2001	**Series 2015**	**Series 2018**	**Series 2020**	**Series 2022**	**Total**
Interest Rate	4% - 5.125%	2.00% - 4.00%	3.50% - 5.00%	2.00% - 3.00%	2.00% - 3.00%	4.00% - 6.00%
Date Interest Payable	1-1/7-1	1-1/7-1	1-1/7-1	1-1/7-1	1-1/7-1	1-1/7-1
Maturity Dates	01/01/03 to 01/01/26	01/01/2016 to 01/01/2035	01/01/2018 to 01/01/2038	07/01/2021 to 01/01/2033	01/01/2023 to 01/01/2043	
Bonds Outstanding at Beginning of Current Year	$ 105,000	$ 2,150,000	$ 3,285,000	$ 1,950,000	$ 9,870,000	$ 17,360,000
Bond Issuance	-	-	-	-	-	-
Retirements:						
Principal Paid	105,000	180,000	210,000	285,000	-	$ 780,000
Principal Refunded	-	-	-	-	-	-
Bonds Outstanding at End of Current Year	**$ -**	**$ 1,970,000**	**$ 3,075,000**	**$ 1,665,000**	**$ 9,870,000**	**$ 16,580,000**
Retirements:						
Interest Paid or Accrued	$ 5,381	$ 65,144	$ 101,563	$ 41,850	$ 413,376	$ 627,314
Interest Refunded	-	-	-	-	-	-
Current Year Interest	**$ 5,381**	**$ 65,144**	**$ 101,563**	**$ 41,850**	**$ 413,376**	**$ 627,314**
Bond Authority:						
Amount Authorized	$5,970,000	$3,095,000	$3,940,000	$4,565,000	$9,870,000	$27,440,000
Amount Issued	$5,970,000	$3,095,000	$3,940,000	$4,565,000	$9,870,000	$27,440,000

EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT
SCHEDULE OF INSURANCE COVERAGE
FOR THE YEAR ENDED MARCH 31, 2026
(unaudited)

Type of Coverage	From	To	Amount of Coverage	Insurer	Type of Corp. Stock/Mutual
Position Schedule Bond:	6/1/2023	6/1/2026		Victor Insurance Managers	Stock
Board of Directors (6)			$10,000		
Board Treasurer (1)			$10,000		
			$10,000	TML Intergovernmental Risk Pool	
Workers Compensation:	10/1/2025	10/1/2026			
				TML Intergovernmental	Pool
Bodily Injury:				Risk Pool	
By Accident			$100,000 Each Accident	Contract 5546	
By Disease			$100,000 Each Employee		
By Disease			$500,000 Policy Limit		
Public Employee Dishonesty:	10/1/2025	10/1/2026	$10,000 Limit	TML Intergovernmental	
Real and Personal Property:	10/1/2025	10/1/2026	$11,374,583	Risk Pool	
				Contract 5546	Pool
Fire, Lightening and Extended Coverage			$10,000,000		
Deductible			$1,000		
Blanket Limit			$10,000,000		
Mobile Equipment			474429		
Deductible			$1,000		
Boiler and Machinery			$3,423,440		
Deductible			$1,000		
Sublimits:					
Valuable Papers			$10,000		
Accounts Receivable			$10,000		
Loss of Revenues			$50,000		
Personal Effects			$5,000		
Leasehold Interest			$5,000		
Outdoor Trees and Shrubs ($250 each)			$10,000		
Newly Acquired Property			$1,000,000		
Pollutant Cleanup and Removal			$20,000 each premises		

EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT
SCHEDULE OF INSURANCE COVERAGE (continued)
FOR THE YEAR ENDED MARCH 31, 2025
(unaudited)

Type of Coverage	From	To	Amount of Coverage	Insurer	Stock/Mutual
Commercial General Liability:	10/1/2025	10/1/2026	$1,000,000 Each Occurrence	TML Intergovernmental Risk Pool Contract 5546	Pool
General Aggregate Limit			$2,000,000 Annual		
Sudden Events Involving Pollution			$1,000,000 Each Occurrence		
Deductible			$1,000 Each Occurrence		
Commercial Auto:	10/1/2025	10/1/2026		TML Intergovernmental Risk Pool Contract 5546	Pool
Liability			$1,000,000 Each Occurrence		
Medical			$25,000 Each Person		
Deductible			$1,000 Each Occurrence		
Errors and Omissions:	10/1/2025	10/1/2026		TML Intergovernmental Risk Pool Contract 5546	Pool
Liability			$1,000,000 Each Act $2,000,000 Aggregate		
Deductible			$1,000 Each Act		
Auto Physical Damage:	10/1/2025	10/1/2026		TML Intergovernmental Risk Pool Contract 5546	Pool
Limits of Coverage			Actual Cash Value		
Deductible			$1,000 Per Vehicle		
Deductible			$10,000 Each Occurrence		
Information Security and Privacy Liability Website Media Content Liability	10/1/2025	10/1/2026		TML Intergovernmental Risk Pool Contract 5546	Pool
Limits of Coverage			$1,000,000 Aggregate		
Deductible			$0 Each Claim		

EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT
SCHEDULE OF INSURANCE COVERAGE (continued)
FOR THE YEAR ENDED MARCH 31, 2026
(unaudited)

Privacy Breach Response Services	10/1/2025	10/1/2026		TML Intergovernmental Risk Pool Contract 5546	Pool
Limits of Coverage			$25,000 Aggregate		
Deductible			$1,250 Each Incident		
Regulatory Defense and Penalties Payment Card Industry Fines, Expenses and Costs Cyber Extortion First Party Data Protection First Party Network Business Interruption	10/1/2025	10/1/2026		TML Intergovernmental Risk Pool Contract 5546	Pool
Limits of Coverage			$50,000 Aggregate		
Deductible			$2,500 Each Claim		
Loss of Income Deductible			$5,000 Each Claim		

EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT
KEY PERSONNEL AND CONSULTANTS
FOR THE YEAR ENDED MARCH 31, 2026
(unaudited)

East Cedar Creek Fresh Water Supply District
P. O. Box 309
Mabank, Texas 75147
(903) 887-7200

Name and Address	Term of Office Elected/Expires or Date Hired	Fees & Expense Reim-bursement	Title at End of Year	Resident of District
Key Administrative Personnel:				
James Blodgett	Apr-20	$ 115,752	Manager	Yes
Consultants:				
KSA Engineers 140 E. Tyler St. Suite 600 Longview, TX 75601	2010	379,749	Engineer	No
Mike Ward, CPA 266 RCR 1397 Point, Tx 75472	2020	12,000	Auditor	No
Paul Terrill	2019	$ 2,581	Attorney	No

EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2026

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?		Yes	x	No
Reportable condition(s) identified that are not considered to be material weaknesses?		Yes	x	No
Noncompliance material to financial statements noted?		Yes	x	No

Federal Awards

Identification of major programs:	None			
Dollar threshold used to identify major programs:	$1,000,000			
Auditee qualified as low-risk auditee?		Yes	n/a	No

Section II - Financial Statement Findings

No Matters Reported

Section III - Federal Awards Findings and Questioned Costs

N/A

REPORT OF CERTIFIED PUBLIC ACCOUNTANT

THE STATE OF TEXAS §
§
COUNTY OF HENDERSON §

I, the undersigned, Mike Ward Accounting and Financial Consulting, PLLC, DO HEREBY MAKE the following report:

1) According to the books and records of the Waterworks and Sewer System ("System") of the East Cedar Creek Fresh Water Supply District, the gross revenues, operation and maintenance expense, net earnings, 2026 debt requirements and times coverage of the System for the fiscal year ending March 31, 2026 are as follows:

Gross Revenues	Maintenance and Operating Expenses	Net Revenues	2026 Debt Requirements	Times Coverage
$ 9,507,308	$ 6,352,694	$ 3,154,614	$1,408,633	2.24

2) In my opinion, the net earnings of the System for such fiscal year are equal to at least 2.24 times the annual principal and interest requirements of the outstanding debt of the East Cedar Creek Fresh Water Supply District at March 31, 2026.

Mike Ward Accounting & Financial Consulting, PLLC
Certified Public Accountant

By:______________________________

SWORN TO AND SUBSCRIBED BEFORE ME, this the _____ day of _____________, 2026.

____
Notary Public, State of Texas

EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT
DEBT COVERAGE RATIO
FOR THE YEAR ENDED MARCH 31, 2026

Annual Requirements for All Series

Fiscal Year Ending	Principal Due Jan/July	Interest Due Jan/July	Total
2027	805,000	603,633	1,408,633
2028	825,000	580,408	1,405,408
2029	850,000	556,108	1,406,108
2030	875,000	531,608	1,406,608
2031	900,000	506,458	1,406,458
2032	925,000	480,558	1,405,558
2033	955,000	450,495	1,405,495
2034	985,000	419,226	1,404,226
2035	1,025,000	383,652	1,408,652
2036	1,060,000	346,626	1,406,626
2037	1,100,000	306,007	1,406,007
2038	1,145,000	262,845	1,407,845
2039	940,000	217,520	1,157,520
2040	980,000	178,746	1,158,746
2041	1,025,000	138,076	1,163,076
2042	1,070,000	94,514	1,164,514
2043	1,115,000	48,504	1,163,504
	$ 16,580,000	$ 6,104,981	$ 22,684,981

$22,684,981 / 17 = $1,334,411 Average Yearly Payments

$ 1,497,475	Increase in Net Position
1,537,402	Depreciation & Amortization Expense
599,335	Bond Interest Expense
$ 3,634,212	Net Revenue for Debt Coverage

$3,634,212 Net Revenue for Debt Coverage / $1,334,411 Average Yearly Payment

2.72	Total Debt Ratio

STATISTICAL INFORMATION

(Unaudited)

STATISTICAL SECTION
(unaudited)

This part of the East Cedar Creek Fresh Water Supply Districts' Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and supplementary information says about the Water Supply District' overall financial health. This information has not been audited by the independent auditor.

<u>Contents</u>	Table #s
Financial Trends This table contains trend information to help the reader understand how the Water Supply's financial performance and well-being have changed over time.	1
Debt Capacity This table presents 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.	2
Economic and Demographic Information This table offers economic and demographic indicators to help the reader understand the environment within which the District's financial activities take place.	3
Operating Information These tables 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.	4,5,6

Source: Unless otherwise noted, the information in these tables are derived from the Annual Comprehensive Financial Reports for the relevant year.

EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(unaudited)

Table 1

	FISCAL YEAR				
	2017	**2018**	**2019**	**2020**	**2021**
Business-type activities					
Net investment in capital assets	$ 10,230,453	$ 11,174,083	$ 11,529,630	$ 11,638,818	$ 12,081,326
Restricted	1,370,620	649,816	836,577	857,318	902,847
Unrestricted	1,622,292	2,032,737	2,134,926	2,705,112	3,070,956
Total business-type activities net position	$ 13,223,364	$ 13,856,636	$ 14,501,133	$ 15,201,248	$ 16,055,129

	FISCAL YEAR				
	2022	**2023**	**2024**	**2025**	**2026**
Business-type activities					
Net investment in capital assets	$ 12,634,200	$ 12,418,703	$ 13,707,333	$ 14,172,377	$ 14,634,572
Restricted	924,592	881,170	948,857	1,010,734	1,051,599
Unrestricted	3,138,516	4,005,263	4,326,991	5,537,297	6,531,711
Total business-type activities net position	$ 16,697,308	$ 17,305,136	$ 18,983,181	$ 20,720,408	$ 22,217,882

- The restricted assets for the District are comprised of legally required fund balances per debt
- The District's assets consist primarily of water treatment and distribution facilities.

EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT **Table 2**
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS
(unaudited)

Fiscal Year	Total Revenues [a]	Less: Operating Expenses [b]	Net Available Revenue	Annual Requirements	Times Coverage
2017	5,787,957	3,554,344	2,233,613	1,627,816	1.37
2018	5,932,194	3,551,444	2,380,750	1,633,227	1.46
2019	6,044,788	3,676,234	2,368,554	1,736,264	1.36
2020	6,351,996	3,879,201	2,472,795	1,633,061	1.51
2021	7,184,284	4,428,489	2,755,795	1,449,325	1.90
2022	7,719,950	5,527,760	2,192,190	1,450,570	1.51
2023	8,935,397	6,252,844	2,682,553	1,857,646	1.44
2024	9,055,563	5,993,696	3,061,867	1,485,090	2.06
2025	9,262,396	6,166,999	3,095,397	1,407,314	2.20
2026	9,507,308	6,352,694	3,154,614	1,408,633	2.24

Note: [a] Total Revenues do not include non-operating revenues
[b] Operating Expenses only - excludes depreciation and amortization

EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT
TEN LARGEST WATER CUSTOMERS
MARCH 31, 2026

Table 3

Customer	Water Billings	% of Total Customer Usage	Gallons Consumed
SSC Welch Main- car wash	$ 19,686.51	1.05%	3,763,400
C2 D2 VENTURES	$ 10,536.85	0.55%	1,973,800
SSC Welch Main- Irrigation	$ 8,909.29	0.49%	1,747,800
Bullet Express Car Wash	$ 8,675.50	0.40%	1,440,400
Wal-Mart	$ 9,980.15	0.37%	1,340,300
Saubaba Hotels LLC	$ 7,825.15	0.35%	1,261,000
Tejas Village	$ 7,391.89	0.33%	1,169,600
ETMC Medical Center	$ 9,092.79	0.30%	1,088,750
Jalapeno Tree Mexican - restaurant	$ 6,445.65	0.32%	1,136,300
Cedar Creek Lodge Assisted Living	$ 7,115.56	0.31%	1,111,300
	$ 95,659.34	4.47%	16,032,650
Total Customer Consumption		100.00%	358,468,100

Source: East Cedar Creek Water Supply District's service records

EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT
FULL-TIME EQUIVALENT EMPLOYEES BY
FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Table 4

Function / Program	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Management	4	4	4	4	4	4	4	4	4	4
Utility Administration	4	4	4	4	5	5	5	5	5	5
Water Systems Operations	3	4	4	4	4	4	4	4	4	4
Field Operations	17	17	15	15	18	18	18	18	19	19
WWTR Systems Operations	5	5	5	5	6	6	6	6	6	6
	33	34	32	32	37	37	37	37	38	38

Source: Staff

EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT **Table 5**
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	MARCH 31				
Function	**2017**	**2018**	**2019**	**2020**	**2021**
Number of water customers	6,416	6,458	6,529	6,566	6,566
Number of services added	16	55	52	70	70
Average daily water consumption	880,626	889,102	920,513	878,146	878,146
Month of peak consumption	July	Sept	July	Aug	Aug
Peak monthly consumption (gallons)	47,252,000	41,309,000	50,781,000	53,411,000	53,411,000
Maximum storage capacity	2,137,000	2,137,000	2,137,000	2,137,000	2,137,000

	MARCH 31			
Function	**2023**	**2024**	**2025**	**2026**
Number of water customers	7,097	7,205	7,309	7,392
Number of services added	144	133	111	170
Average daily water consumption	1,106,921	1,042,929	1,002,563	982,104
Month of peak consumption	June	Aug	Jul	Aug
Peak monthly consumption (gallons)	52,587,000	64,347,000	48,433,000	46,618,000
Maximum storage capacity	2,437,000	2,437,000	2,437,000	2,437,000

Source: East Cedar Creek Water Supply District's service records

EAST CEDAR CREEK FRESH WATER SUPPLY DISTRICT **Table 6**
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Miles of pipeline	212.7	212.7	212.7	212.7	212.7	212.7
Treatment Plants - Water	2	2	2	2	2	2
Treatment Plants - Wastewater	2	2	2	2	2	2

Function	**2023**	**2024**	**2025**	**2026**
Miles of pipeline	212.7	212.7	212.7	212.7
Treatment Plants - Water	2	2	2	2
Treatment Plants - Wastewater	2	2	2	2

Source: East Cedar Creek Water Supply District's service records