

**MOFFAT WATER SUPPLY CORPORATION**

**Audited Financial Statements**

**For the Years Ended September 30, 2025 and 2024**

**and Independent Auditors' Report**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Moffat Water Supply Corporation  
Temple, Texas 76502

### Opinion

We have audited the accompanying financial statements of Moffat Water Supply Corporation, which comprise the balance sheets as of September 30, 2025 and 2024, and the related statements of income, membership investments, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Moffat Water Supply Corporation as of September 30, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Moffat Water Supply Corporation and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Moffat Water Supply Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement and maintain profession 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 disclosure 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 Moffat Water Supply Corporation is 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.
- Concluded whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Moffat Water Supply Corporation is ability to continue as a going concern for a reasonable period of time

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

A handwritten signature in black ink, appearing to read "Ludwick, Montague, & Stans, P.C.", written in a cursive style.

Temple, Texas  
January 14, 2026

	<u>2025</u>	<u>2024</u>
<b>Liabilities &amp; Membership Investment</b>		
<b>Current Liabilities</b>		
Accounts payable - trade	\$ 44,230	\$ 45,056
TCEQ assessment payable	7,187	7,117
Payroll liabilities	13,245	7,573
Accrued interest payable	67,104	68,819
Other current liabilities - Note 13	188,481	-
Current portion of long-term debt	159,813	156,374
Total Current Liabilities	<u>480,060</u>	<u>284,939</u>
<b>Long Term Liabilities</b>		
Notes payable - Note 6	5,742,964	5,900,195
Less current portion of long-term debt	<u>(159,813)</u>	<u>(156,374)</u>
Total Long Term Liabilities	<u>5,583,151</u>	<u>5,743,821</u>
Total Liabilities	<u>6,063,211</u>	<u>6,028,760</u>
<b>Membership Investment</b>		
Membership investments - Note 2	398,433	382,920
Donated investment	214,547	214,547
Retained earnings		
Appropriated - Note 5	412,470	400,029
Unappropriated	<u>3,429,073</u>	<u>3,207,350</u>
Total Membership Investment	<u>4,454,523</u>	<u>4,204,846</u>
Total Liabilities & Membership Investment	<u>\$ 10,517,734</u>	<u>\$ 10,233,606</u>

The accompanying notes are an integral part of these financial statements.

**MOFFAT WATER SUPPLY CORPORATION**

## Statements of Income

For the Years Ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Revenue		
Water sales	\$ 1,931,462	\$ 1,865,879
Meter tap and equity fees	125,495	115,275
Late fees	19,660	18,880
Reconnects and other fees	17,448	11,635
Total Revenue	<u>2,094,065</u>	<u>2,011,669</u>
Operating Expenses		
Bank and credit card fees	464	490
Chemicals and testing	20,420	21,433
Credit loss expense	1,161	1,588
Depreciation and amortization	341,132	282,799
Dues and subscriptions	7,983	8,533
Insurance	38,044	27,793
Miscellaneous	-	34
Office expense	28,906	32,356
Professional fees	25,749	16,564
Salaries and benefits	459,918	414,216
System repairs and maintenance	193,149	139,086
Taxes - payroll	29,312	26,928
Telephone	6,106	6,160
Training and seminars	6,220	1,245
Travel	1,431	1,367
Utilities	73,435	77,890
Water purchases	510,636	461,580
Total Operating Expenses	<u>1,744,066</u>	<u>1,520,062</u>
Operating Income (Loss)	<u>349,999</u>	<u>491,607</u>
Other Income and Expenses		
Interest expense	(239,973)	(245,752)
Interest and dividend income	122,993	139,222
Gain (loss) on disposal of assets	-	270
Other income	1,145	-
Total Other Income and Expense	<u>(115,835)</u>	<u>(106,260)</u>
Net Income (Loss)	<u>\$ 234,164</u>	<u>\$ 385,347</u>

The accompanying notes are an integral part of these financial statements.

**MOFFAT WATER SUPPLY CORPORATION**

## Statements of Membership Investment

For the Years Ended September 30, 2025 and 2024

	<u>Total Members</u>	<u>Membership Investment</u>	<u>Donated Investments</u>	<u>Appropriated Retained Earnings</u>	<u>Unappropriated Retained Earnings</u>	<u>Total</u>
Balance						
9/30/2023	1,754	\$ 370,374	\$ 181,558	\$ 387,442	\$ 2,834,590	\$ 3,773,964
Additions						
2024	56	16,600	32,989	-	-	49,589
Reductions/changes						
2024	(28)	(4,054)	-	-	-	(4,054)
Net Income						
2024	-	-	-	12,587	372,760	385,347
Balance						
9/30/2024	1,782	382,920	214,547	400,029	3,207,350	4,204,846
Additions						
2025	76	24,900	-	-	-	24,900
Reductions						
2025	(51)	(9,387)	-	-	-	(9,387)
Net Income						
2025	-	-	-	12,441	221,723	234,164
Balance						
9/30/2025	<u>1,807</u>	<u>\$ 398,433</u>	<u>\$ 214,547</u>	<u>\$ 412,470</u>	<u>\$ 3,429,073</u>	<u>\$ 4,454,523</u>

The accompanying notes are an integral part of these financial statements.

**MOFFAT WATER SUPPLY CORPORATION**  
**Statements of Cash Flows**  
**For the Years Ended September 30, 2025 and 2024**

	2025	2024
Net Cash Flow from Operating Activities		
Net income (loss)	\$ 234,164	\$ 385,347
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	341,132	282,799
(Gain) loss on sale of property and equipment	-	(270)
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	22,330	(10,853)
Decrease (increase) in prepaid expenses	(27,934)	(19,060)
(Decrease) increase in accounts payable	(826)	(66,264)
(Decrease) increase in accrued interest payable	(1,715)	(1,396)
(Decrease) increase in payroll liabilities	5,672	7,573
(Decrease) increase in other current liabilities	188,481	-
(Decrease) increase in TCEQ assessment payable	70	(116)
Net cash provided (used) by operating activities	<u>761,374</u>	<u>577,760</u>
Cash Flows from Investing Activities		
Purchase of invested funds and reinvestment of income	(1,169,650)	(476,568)
Proceeds from invested funds	1,802,183	380,195
Proceeds from sale of property and equipment	-	270
Purchase of property, equipment, and improvements	(1,205,773)	(348,061)
Net cash provided (used) by investing activities	<u>(573,240)</u>	<u>(444,164)</u>
Cash Flows from Financing Activities		
Repayment of long-term debt	(157,231)	(149,343)
Increase / (Decrease) in donated investment	-	32,989
Increase / (Decrease) in membership investments	15,513	12,546
Net cash provided (used) by financing activities	<u>(141,718)</u>	<u>(103,808)</u>
Net increase (decrease) in cash	46,416	29,788
Cash - October 1, 2024 and 2023	<u>542,479</u>	<u>512,691</u>
Cash - September 30, 2025 and 2024	<u>\$ 588,895</u>	<u>\$ 542,479</u>
Supplemental disclosure: interest paid	<u>\$ 241,688</u>	<u>\$ 247,148</u>

The accompanying notes are an integral part of these financial statements.

# MOFFAT WATER SUPPLY CORPORATION

Notes to Financial Statements

For the Years Ended September 30, 2025 and 2024

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## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### Nature of Operations

Moffat Water Supply Corporation is a member-owned tax exempt organization, which incorporated pursuant to Chapter 67 of the Texas Water Code for the purpose of providing potable water to its' members in Bell county in Texas. Operating policies, rates, tariffs and regulations are formulated by a Board of Directors, duly elected by the members of Moffat Water Supply Corporation.

### Basis of Accounting

The accrual basis of accounting is used to maintain the books of the Corporation. Revenues are recognized as billed on a cycle basis.

### Cash Equivalents

For purposes of the statement of cash flow, cash deposits and all liquid investments purchased with an initial maturity of three months or less, and not designated as a component of the reserve fund, are considered to be cash equivalents.

### Accounts Receivable

Accounts receivable is recorded at the amount the Corporation expects to collect on balances outstanding at year-end. Uncollectible amounts are periodically reviewed, based on historical performance the Corporation decides whether or not to write-off. Past due balances (over 60 days) as of September 30, 2025 and 2024 were immaterial. During the years ended September 30, 2025 and 2024, the allowance for credit losses was \$-0- and -0-. Credit loss expense was \$1,161 and \$1,588 for the years ended December 31, 2025 and 2024.

The follow summarizes the Accounts Receivable for the years ended September 30:

	2025	September 30 2024	2023
Accounts Receivable	\$ 146,309	\$ 168,639	\$ 157,786

### Fixed Assets

Property and equipment are carried at cost. If an asset is donated, it is recorded at its fair market value at the time of donation. Depreciation on assets is computed by the straight-line method based on expected service life.

### Investments

Certain marketable securities are held at fair market value. Investment income and gains and losses on the investments increase or decrease unrestricted net assets unless there is a restriction on its use.

### Inventory

Inventory is recorded at the lower of cost or market on the first-in-first-out basis and consists of pipe, meters, and other items used in the installation and maintenance of the water distribution system.

## MOFFAT WATER SUPPLY CORPORATION

Notes to Financial Statements

For the Years Ended September 30, 2025 and 2024

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### Tax Exempt Status

The Corporation qualifies as an exempt organization under state franchise tax regulations. Exempt status has been granted by the Internal Revenue Service under IRC Section 501(c)(12). A required information return is filed annually. The federal income tax returns for the Corporation for 2024, 2023, and 2022 are subject to examination by the IRS, generally for three years after they were filed.

#### Revenue Recognition

The Corporation adopted Accounting Standards Update (ASU) 2014-09, "Revenue from Contracts with Customers (Topic 606)" as of October 1, 2019, which related to revenue recognition. In general, for revenue not associated with financial instruments, guarantees, and lease contracts, management applies the following steps when recognizing revenue from contracts with customers: (I) identify the contract, (II) identify the performance obligation, (III) determine the transaction price, (IV) allocate the transaction price to the performance obligation and (V) recognize revenue when a performance obligation is satisfied.

The core guidance in ASU 2014-09 is to recognize revenue to depict the transfer of promised goods or services to members in amounts that reflect the consideration to which the Corporation expects to be entitled in exchange for those goods or services. The amount to which the Corporation expects to be entitled is calculated as the transaction price and recorded as revenue in exchange for providing goods or services.

The Corporation's contracts with customers are short-term in nature, typically due within one year or less or cancellable by us or our customer upon a short notice period. Performance obligations for customer contracts are satisfied at a single point, typically, when the transaction is complete, or overtime. For performance obligations satisfied over time, the Corporation primarily uses the output method, directly measuring the value of products/services transferred to the customer, to determine when performance obligations have been satisfied. The Corporation typically receives payment from customers and recognizes revenue concurrent with the satisfaction of its performance obligations. In most cases, this occurs within a single financial reporting period. For payments received in advance of the satisfaction of performance obligations, revenue recognition is deferred until the performance obligations have been satisfied. In cases where the Corporation has not received payment, despite the satisfaction of its performance obligations, an accrual is made of an estimate of the amount due in the period its performance obligation has been satisfied.

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **NOTE 2 - MEMBERSHIP INVESTMENT**

Members are required to purchase one share of stock per meter in order to use the system. Membership fees vary based on meter size: \$300 for ¾ inch (standard), \$750 for 1 inch, and \$2,400 for 2 inch. The stock is refundable and transferable.

**MOFFAT WATER SUPPLY CORPORATION**

Notes to Financial Statements

For the Years Ended September 30, 2025 and 2024

**NOTE 3 - INVESTMENT IN BLUEBONNET WATER SUPPLY CORPORATION**

Bluebonnet Water Supply Corporation is a consortium of area water supply corporations and small municipal water systems formed to provide surface water to each individual corporation's customers. Membership requires a \$500 investment in order to use the surface water system. Each member organization elects one director to the board of directors of Bluebonnet Water Supply Corporation.

**NOTE 4 – INVESTED FUNDS**

The Corporation has invested funds with various institutions as follows:

	<u>Interest Rate</u>	<u>2025</u>	<u>Interest Rate</u>	<u>2024</u>
Invested Funds				
Central National Bank - Capital Improvements	3.010%	\$ 1,436,767	3.370%	\$ 1,272,921
Central National Bank - Projects	None	304,469	None	201,312
Central National Bank - Escrow Loan	3.010%	1,308,332	3.370%	2,207,868
CoBank	None	3,146	None	3,146
		<u>\$ 3,052,714</u>		<u>\$ 3,685,247</u>
Invested Funds		\$ 1,716,010		\$ 1,499,029
Invested Funds - Reserved for construction fund		<u>1,336,704</u>		<u>2,186,218</u>
		<u>\$ 3,052,714</u>		<u>\$ 3,685,247</u>
Investment Funds - Reserved				
Central National Bank - USDA	3.010%	\$ 56,400	3.370%	\$ 54,699
Central National Bank - TWDB	3.010%	356,070	3.370%	316,179
Central National Bank - CoBank	0.000%	-	3.370%	29,151
Total Invested Funds - Reserved		<u>\$ 412,470</u>		<u>\$ 400,029</u>

During the years ended September 30, 2025 and 2024, the Organization reinvested qualified patronage allocations of \$-0- and \$-0-, respectively, in Class A common stock of CoBank, ACB. Investments are reported at fair market value. As of September 30, 2025, and 2024, the fair market value is:

Stock	<u>2025</u>		<u>2024</u>	
	Cost	Fair Market Value	Cost	Fair Market Value
CoBank	<u>\$ 3,146</u>	<u>\$ 3,146</u>	<u>\$ 3,146</u>	<u>\$ 3,146</u>
	<u>\$ 3,146</u>	<u>\$ 3,146</u>	<u>\$ 3,146</u>	<u>\$ 3,146</u>

## **MOFFAT WATER SUPPLY CORPORATION**

Notes to Financial Statements

For the Years Ended September 30, 2025 and 2024

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### **NOTE 4 – INVESTED FUNDS (CONTINUED)**

A hierarchy of different levels is used in determining fair market value. The various levels are as follows:

Level 1 - valuations based on quoted prices in an active market for identical assets or liabilities.

Level 2 - valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – valuations based on inputs that are not observable and significant to the overall fair value measurement.

As of September 30, 2025 and 2024, all investments were classified as level one.

Investment values for securities are stated at fair market value, which is determined by the quoted prices in an active market for identical or similar assets. There was an unrealized gain (loss) of \$0 and \$0 for the years ended September 30, 2025 and 2024, respectively.

### **NOTE 5 – APPROPRIATED RETAINED EARNINGS**

In May 2006 a loan agreement was entered into with the United States Department of Agriculture (USDA) for \$719,300 at an interest rate of 4.375%. An amount of \$38,160 is required to be held in a reserve account for this loan.

An additional loan agreement was entered into with the USDA in August 2006. This loan was for \$253,200 at an interest rate of 4.375%. An amount of \$13,440 is required to be held in a reserve account for this loan.

In April 2012, the Texas Water Development Board (TWDB) approved a loan in the amount of \$2,000,000 with an annual interest rate of 3.890% fixed. The Corporation is to use the loan proceeds for acquisition, construction, improvements and/or extensions to the water system. The loan is secured by all gross revenue of the waterworks system and the distribution system assets. The loan is to mature on May 11, 2050. A provision of the loan requires the Corporation to establish and maintain a specific fund to service its annual debt service requirements. A monthly deposit, no less than 1/60<sup>th</sup> of the average annual debt service requirement, is to be made to a reserve account until 100% of the average annual debt service requirement is met. An amount of \$101,016 is required to be held in reserve for this loan.

In March 2019, the Texas Water Development Board (TWDB) approved a loan in the amount of \$3,300,000 with an annual interest rate of 3.920% blended. The Corporation is to use the loan proceeds for acquisition, design, and construction of a water system improvements project. The loan is secured by all gross revenue of the waterworks system and the distribution system assets. The loans is to mature on April 15, 2049. A provision of the loan requires the Corporation to establish and maintain a specific fund to service its annual debt service requirements. A monthly deposit, no less than 1/60<sup>th</sup> of the average annual debt service requirement, is to be made to a reserve account until 100% of the average annual debt service requirement is met. An amount of \$197,479 is required to be held in reserve for this loan.

**MOFFAT WATER SUPPLY CORPORATION**

Notes to Financial Statements

For the Years Ended September 30, 2025 and 2024

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**NOTE 5 – APPROPRIATED RETAINED EARNINGS (CONTINUED)**

An additional loan agreement was entered into with TWDB in October 2022. This loan was for \$600,000 at an interest rate of 4.235% blended. The Corporation is to use the loan proceeds for acquisition, design and construction of a water system improvements project. The loan is to mature October 15, 2042. A provision of the loan requires the Corporation to establish and maintain a specific fund to service its annual debt service requirements. A monthly deposit, of 1/60<sup>th</sup> of the total annual installment each year, is to be made to a reserve account until 100% of the annual installment amount is met. An amount of \$26,839 is required to be held in reserve for this loan.

As of September 30, 2025 and 2024, an amount of \$1,336,704 and \$2,186,218, respectively, remained in the Invested Funds – Reserved for construction fund.

As of September 30, 2025 and 2024, the total balance of the reserve accounts is \$412,470 and \$400,029, respectively. Reserved funds are held at a local financial institution. As of September 30, 2025 and 2024, funds held at the financial institution are insured by the FDIC up to \$250,000 and letters of credit of \$4,100,000 and \$4,525,000, respectively. Also, see Note 4 and Note 10. As of September 30, 2025 and 2024, the required reserve for the USDA and TWDB loans have been met. The Corporation is in compliance with Chapter 67 of the Texas Water Code as in regards to authorized investments.

**MOFFAT WATER SUPPLY CORPORATION**

Notes to Financial Statements

For the Years Ended September 30, 2025 and 2024

**NOTE 6 - NOTES PAYABLE**

Long-term debt at September 30, 2025 and 2024 consisted of the following:

	<u>2025</u>	<u>2024</u>
Note payable to USDA, interest at 4.375%, monthly payments including interest of \$3,180, secured by water system assets and revenues. Matures May 2046.	\$ 508,671	\$ 524,735
Note payable to USDA, interest at 4.375%, monthly payments including interest of \$1,120, secured by water system assets and revenues. Matures May 2046.	175,208	181,030
Note payable to TWDB, interest at 3.890%, monthly payments including interest of \$8,397, secured by water system assets and revenues. Matures May 2050.	1,596,585	1,634,430
Note payable to TWDB, blended interest at 3.920%, varying annual payment currently including interest and principle of \$193,784, secured by water system assets and revenues. Matures April 2049.	2,885,000	2,960,000
Note payable to TWDB, blended interest at 4.235%, varying annual payment currently including interest and principle of \$35,206, secured by water system assets and revenues. Matures October 2042.	<u>577,500</u>	<u>600,000</u>
Total notes payable	5,742,964	5,900,195
Less: current portion	<u>(159,813)</u>	<u>(156,374)</u>
Total long-term debt	<u>\$ 5,583,151</u>	<u>\$ 5,743,821</u>

<u>Year</u>	<u>Amount</u>
2026	\$ 159,813
2027	168,351
2028	171,497
2029	175,252
2030	184,123
Thereafter	<u>4,883,928</u>
	<u>\$ 5,742,964</u>

For the years ended September 30, 2024 and 2023, interest expense related to these notes payable are \$239,973 and \$245,752, respectively.

**MOFFAT WATER SUPPLY CORPORATION**

Notes to Financial Statements

For the Years Ended September 30, 2025 and 2024

**NOTE 7 – FIXED ASSETS**

Fixed assets, together with estimated useful lives, consisted of the following:

	September 30		Useful lives in Years
	2025	2024	
Land	\$ 92,066	\$ 21,105	
Distribution System	7,545,776	7,402,702	7 - 30
Plant and Improvements	1,832,924	1,801,355	5 - 25
New Admin Building	96,073	96,073	39
Automotive	130,336	130,336	5
Construction in Progress	1,206,820	274,717	
Equipment	203,859	198,702	5 - 10
Office Equipment and Furniture	66,222	43,313	3 - 10
	<u>11,174,076</u>	<u>9,968,303</u>	
Less accumulated depreciation	<u>(4,948,080)</u>	<u>(4,606,948)</u>	
Total fixed assets	<u>\$ 6,225,996</u>	<u>\$ 5,361,355</u>	

Depreciation expense for the years ended September 30, 2025 and 2024 was \$341,132 and \$282,799 respectively.

**NOTE 8 – DONATED INVESTMENT**

Included in donated investment are contributions made by the United States Department of Agriculture and various developers. These contributions are for capital improvements paid by and benefiting the Corporation. The Corporation elects to capitalize these assets because they add to the overall productivity of the water supply system and the Corporation assumes responsibility for the maintenance and additions thereafter.

Donated investments for the years ended September 30, 2025 and 2024 was \$-0- and \$32,989, respectively.

**NOTE 9 – WATER PURCHASE CONTRACT**

Moffat Water Supply Corporation has entered into a contract with Bluebonnet Water Supply Corporation (BWSC) for treated lake water. The Corporation contracted BWSC to treat and deliver water to the Corporation, for the benefit of the Corporation's customers. The minimum monthly amount provided for 2025 and 2024 was 12,158,000 gallons and 10,990,000 gallons for \$42,553 and \$38,465, respectively. For the years ended September 30, 2025 and 2024, the Corporation paid \$510,636 and \$461,580, respectively, for purchased water from Bluebonnet Water Supply Corporation.

## **MOFFAT WATER SUPPLY CORPORATION**

Notes to Financial Statements

For the Years Ended September 30, 2025 and 2024

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### **NOTE 10 – DEPOSITS IN EXCESS OF FDIC LIMIT**

As of September 30, 2025 and 2024, the Corporation has \$-0- and \$-0- (respectively) of cash deposits in excess of the FDIC insured limit of \$250,000 and letters of credit pledged by the financial institution of \$4,100,000 and \$4,525,000 and for 2024 and 2023, respectively.

### **NOTE 11 – FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Corporation calculates the fair value of its assets and liabilities which qualify as financial instruments and includes this additional information in the notes to financial statements when the fair value is different than the carrying value of these financial instruments. The estimated fair value of accounts receivable, accounts payable, and accrued liabilities approximate the carrying amounts due to the relatively short maturity of these instruments. The carrying value of notes payable also approximate fair value since these instruments bear market rates of interest. None of these instruments are held for trading purposes.

### **NOTE 12 – RETIREMENT PLAN**

The Corporation began offering a “Simple IRA” retirement plan in January 2009. The Corporation elected to contribute an amount equal to 3% of each eligible employee’s compensation. As of September 30, 2025, and 2024, \$9,668 and \$9,520, respectively, was paid as employer provided retirement benefits.

### **NOTE 13 – INSURANCE PAYMENT**

In July 2025, the Corporation received \$228,481 from an insurance claim for storm damages. The Corporation will use the money for repairs. As of September 30, 2025, the remaining liability was \$188,481.

### **NOTE 14 – EVALUATION OF SUBSEQUENT EVENTS**

The Corporation has evaluated subsequent events through January 14, 2026, the date which the financial statements were available to be issued. No subsequent items require disclosure to the financial statements.