

BEAR CREEK SPECIAL UTILITY DISTRICT
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2025

RUTHERFORD, TAYLOR & COMPANY, P.C.
Certified Public Accountants
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**BEAR CREEK SPECIAL UTILITY DISTRICT
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2025**

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BEAR CREEK SPECIAL UTILITY DISTRICT

ANNUAL FILING AFFIDAVIT

State of Texas
County of Collin

I, _____ of the Bear Creek Special Utility District hereby swear, or affirm, that the District above has reviewed and approved at a meeting of the District's Board of Directors on the _____ day of _____, _____ it's annual audit report for the fiscal period ended December 31, 2025 and that copies of the annual report have been filed in the District's office, located at P.O. Box 188, Lavon, Texas 75166

This filing affidavit and the attached copy of the audit report will be submitted to the Texas Commission on Environmental Quality to satisfy the annual filing requirements of Texas Water Code, Section 49.194.

Date _____, _____ By _____
(Signature of District Representative)

(Printed Name and Title of District Representative)

Sworn to and Subscribed to before me this _____ day of _____, _____

(Seal)

(Signature of Notary)

My Commission Expires on: _____, _____

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Members of the Board

Opinion

We have audited the accompanying financial statements of the business-type activities, which are the proprietary funds of the Bear Creek Special Utility District (District), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities, which are the proprietary funds of the Bear Creek Special Utility District, as of December 31, 2025, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore there is not a guarantee that an audit conducted in accordance with GAAS 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.

Independent Auditor's Report – Continued

In performing an audit in accordance with GAAS, we

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented along with pension benefit information to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedules identified as Texas Supplementary Information (TSI) but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the information exists, we are required to describe it in our report.



April 15, 2026
Greenville, Texas

**BEAR CREEK SPECIAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

This section of Bear Creek Special Utility District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year. The fiscal year reflects a 12 month calendar year. This financial statement presents information as of December 31 and the financial activities for the fiscal year ended December 31, 2025. Please read it in conjunction with the District's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total net position was \$ 47,809,420 at year end.
- During the year, the District's expenses were \$ 11,355,935, less than the \$ 21,377,240 generated from charges for services and other revenues for business-type activities.
- The District received customer and developer contributions for infrastructure improvements and expansions totaling \$ 9,688,451.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District is a special purpose government agency and is not considered a component unit of any other government. The District conducts its financial operations in a business-type approach and is defined as a governmental enterprise fund by the Governmental Accounting Standards Board (GASB). Because of this, the District is required to present its financial statements in the format of enterprise fund financial statements.

The enterprise fund financial statements consist of three documents:

Statement of Net Position
Statement of Revenues, Expenses and Changes in Fund Net Position
Statement of Cash Flows

The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference being reported as net position. This financial statement is often referred to as the balance sheet in non-governmental entities.

The Statement of Revenues, Expenses and Changes in Fund Net Position presents information showing how the District's net position changed during the fiscal year. All changes in net position are reported in the proprietary (enterprise) fund financial statements based on full accrual of revenues and expenses, regardless of the timing of cash flows. As a result, the accrual of revenues and expenses as reported in this statement would affect cash flows in future periods. Revenues, whether received or not, are properly recorded in the fiscal period in which they are earned; expenses, whether paid or not, are properly recorded in the fiscal period in which the related obligation is incurred.

The Statement of Cash Flows presents information on cash flows from operating activities. The accrual of revenue and expenses from prior accounting periods would affect the cash flows in the current fiscal period.

Following the financial statements listed here are the notes to the financial statements. These notes provide additional information that is essential to a complete understanding of the data provided by the District in the proprietary (enterprise) fund financial statements.

**BEAR CREEK SPECIAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Statement of Net Position

The District ended the year with total assets of \$ 90,409,351. Unrestricted cash and cash equivalents made up \$ 12,468,046 (13.79%) of total assets. Net capital assets totaled \$ 37,533,427 (41.51%) of total assets. Restricted Assets totaled \$ 38,891,189 (43.02%) of total assets. The remaining assets, including receivables, prepaid items and other noncurrent assets complete the total assets of the District.

The District has \$ 2,349,926 in current liabilities at year end. This is 18.85% of the available unrestricted cash. Noncurrent liabilities include the outstanding debt to be paid in future periods beyond 12 months, and remaining customer deposits held by the District securing customers billed and unbilled water receivables. Noncurrent liabilities total \$ 40,250,005 or 44.52% of total assets. What remains is net position of \$ 47,809,420 which is \$ 11,355,935 higher than at the beginning of the year.

Ending net position totaling \$ 47,809,420 is comprised of three components. The first, net investment in capital assets, which represents the net value of capital assets after deducting depreciation and reducing further the value of any capital asset outstanding debt, totals \$ 32,137,794 or 67.22% of the total net position. This amount is not available for current operations. Restricted net position represents funds restricted by bond covenant for debt retirement and totaled \$ 3,512,528 or 7.35% of total net position. The unrestricted net position, \$ 12,159,098, is available for use to fund current operational activities.

The following condensed financial statements are presented to provide a comparative analysis of the current and preceding year.

District's Net Position			Table A-1
	2025	2024	Total Percentage Change 2024 - 2025
Assets:			
Cash and Cash Equivalents	\$ 12,468,046	\$ 14,394,443	-13.38%
Other Assets	1,484,437	1,230,479	20.64%
Non-Current Assets	37,565,679	28,530,822	31.67%
Restricted Assets	38,891,189	35,390,792	9.89%
Total Assets	\$ 90,409,351	\$ 79,546,536	13.66%
Liabilities:			
Current Liabilities	\$ 2,349,926	\$ 1,294,450	81.54%
Long-term Liabilities	40,250,005	41,798,601	-3.70%
Total Liabilities	\$ 42,599,931	\$ 43,093,051	-1.14%
Net Position:			
Net Investment in Capital Assets	\$ 32,137,794	\$ 21,734,872	47.86%
Restricted	3,512,528	2,663,748	31.86%
Unrestricted	12,159,098	12,054,865	0.86%
Total Net Position	\$ 47,809,420	\$ 36,453,485	31.15%

Statement of Revenues, Expenses and Changes in Fund Net Position

Operating revenues include charges for water usage as well as other service fees, penalties, and administration fees. The total operating revenues, \$ 11,350,602, exceeded the operating expenses by \$ 2,811,712. Water sales increased 11.5% from a year ago as connections to the system increased 13.5%. Operating expenses increased to provide water and related services to this increasing customer base. Water purchases from suppliers continues to increase in volume and cost. Non-operating revenues include developer and customer contributions for infrastructure improvements and expansion. Investment earning is also presented here. Non-operating expense is interest expense incurred on outstanding debt.

**BEAR CREEK SPECIAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

The following condensed financial statements are presented to provide a comparative analysis of the current and preceding year.

District's Statement of Net Position			Table A-2
	2025	2024	Total Percentage Change 2024 - 2025
Program Revenues:			
Charges for Services	\$ 11,320,602	\$ 10,299,008	9.92%
Total Revenues	<u>\$ 11,320,602</u>	<u>\$ 10,299,008</u>	9.92%
Expenses:			
Water Utilities	\$ 8,508,890	\$ 7,463,109	14.01%
Total Operating Expenses	<u>\$ 8,508,890</u>	<u>\$ 7,463,109</u>	14.01%
Operating Revenue (Expenses)	<u>\$ 2,811,712</u>	<u>\$ 2,835,899</u>	-0.85%
Non-Operating Revenues (Expenses):			
Developer/Customer Contributions	\$ 9,688,451	\$ 5,190,633	86.65%
Interest Income	126,074	138,989	-9.29%
Interest Expense	(1,512,415)	(444,579)	240.19%
Rental Income	19,542	16,800	
Debt Issuance Cost	-	16,800	-100.00%
Gain on Sale of Fixed Assets	222,571	-	100.00%
Net Non-Operating Revenues	<u>\$ 8,544,223</u>	<u>\$ 4,918,643</u>	73.71%
Change in Net Position	\$ 11,355,935	\$ 7,754,542	46.44%
Net Position (Beginning) - January 1	36,453,485	29,647,660	22.96%
Net Position (Ending) - December 31	<u>\$ 47,809,420</u>	<u>\$ 37,402,202</u>	30.54%

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At year end, the District invested \$ 44,388,689 in a broad range of capital assets, including land, water distribution system, buildings, equipment, and vehicles (see Table A-3). More detailed information is included in the notes to financial statements.

District's Capital Assets			Table A-3
	2025	2024	Total Percentage Change 2024 - 2025
Land	\$ 2,034,913	\$ 2,078,586	-2.10%
Construction in Progress	5,841,804	3,637,065	60.62%
Water Distribution System	32,685,628	26,121,680	25.13%
Buildings and Improvements	1,872,619	451,870	314.42%
Vehicles and Equipment	<u>1,953,725</u>	<u>1,457,981</u>	34.00%
Totals at Historical Cost	\$ 44,388,689	\$ 33,747,182	31.53%
Total Accumulated Depreciation	<u>(6,855,262)</u>	<u>(5,268,154)</u>	30.13%
Net Capital Assets	<u>\$ 37,533,427</u>	<u>\$ 28,479,028</u>	31.79%

**BEAR CREEK SPECIAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

Long Term Debt

At year end, the District had \$ 41,540,730 in outstanding debt as shown in Table A-4. More detailed information about the District's debt is presented in the notes to the financial statements.

	District's Long Term Debt		Table A-4
	2025	2024	Total Percentage Change 2024 - 2025
Bonds	\$ 38,630,000	\$ 38,830,000	-0.52%
Loans Payable	1,157,409	1,253,862	-7.69%
Unamortized Premium (Discount)	<u>1,753,321</u>	<u>1,847,249</u>	100.00%
Total Debt Payable	<u>\$ 41,540,730</u>	<u>\$ 41,931,111</u>	-0.93%

BUDGET, ECONOMIC ENVIRONMENT AND RATES

At this time Bear Creek Special Utility District is not aware of any decisions or conditions that would impact the District's operations through 2026. The District is experiencing continued growth and is reflected in the subsequent budget with increased water sales along with increased operating expenses. The District anticipates development to continue in the coming year with additional development driven connections being added to the system. The Series 2024 bond program construction projects will continue throughout 2026 with final completion to occur in the near future.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Richard Nelson, General Manager for the District.

BASIC FINANCIAL STATEMENTS

BEAR CREEK SPECIAL UTILITY DISTRICT
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2025

		Enterprise Fund	
			Water Utilities
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$	12,468,046	
Accounts Receivable		610,138	
Prepaid Expenses - Supplies and Materials		828,342	
Prepaid Expenses		45,957	
Total Current Assets	\$	13,952,483	
Restricted Assets:			
Cash - Texas Infrastructure	\$	180	
Cash with Fiscal Agent - GTUA		37,904,394	
Cash - Board Designated		985,807	
Accrued Interest Receivable		808	
Total Restricted Assets	\$	38,891,189	
Non-Current Assets:			
Capital Assets:			
Land	\$	2,034,913	
Construction in Progress		5,841,804	
Water Distribution System		32,685,628	
Buildings and Improvements		1,872,619	
Vehicles and Equipment		1,953,725	
Accumulated Depreciation		(6,855,262)	
Total Capital Assets, Net	\$	37,533,427	
Tower Rental Receivable		32,252	
Total Non-Current Assets	\$	37,565,679	
Total Assets	\$	90,409,351	

The accompanying notes are an integral part of this statement

BEAR CREEK SPECIAL UTILITY DISTRICT
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2025

	Enterprise Fund
	Water Utilities
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 99,499
Payroll and Liabilities Payable	30,719
TCEQ Assessment Payable	28,427
Retainage Payable - Construction	126,027
Accrued Benefits Payable	77,068
Accrued Interest Payable	590,057
Direct Borrowings Payable, Current Portion	103,129
Bonds Payable, Current Portion	1,295,000
Total Current Liabilities	\$ 2,349,926
Non-current Liabilities:	
Customer Deposits	\$ 75,152
Direct Borrowings Payable, less Current Portion	1,054,280
Bonds Payable, Less Current Portion	37,335,000
Unamortized Premium Payable	1,753,321
Deferred Tower Rental Income	32,252
Total Non-current Liabilities	\$ 40,250,005
Total Liabilities	\$ 42,599,931
NET POSITION	
Net Investment in Capital Assets	\$ 32,137,794
Restricted	3,512,528
Unrestricted	12,159,098
Total Net Position	\$ 47,809,420

The accompanying notes are an integral part of this statement.

BEAR CREEK SPECIAL UTILITY DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2025

		Enterprise Fund
		Water Utilities
OPERATING REVENUES		
Water Sales	\$	8,511,049
Customer Charges/Fees		2,809,553
 Total Operating Revenues	 \$	 <u>11,320,602</u>
OPERATING EXPENSES		
Payroll and Benefits	\$	1,498,616
Water Purchases		2,864,010
Repairs and Maintenance		233,298
Utilities		160,079
Supplies		1,141,175
Insurance		140,340
Dues and Fees		22,585
Professional and Legal Fees		336,321
Depreciation		1,587,108
Other Operating Costs		525,358
 Total Operating Expenses	 \$	 <u>8,508,890</u>
 Net Operating Revenue (Expenses)	 \$	 <u>2,811,712</u>
NON-OPERATING REVENUE (EXPENSES)		
Developer/Customer Contributions	\$	9,688,451
Interest Income		126,074
Interest Expense		(1,512,415)
Tower Rental Income		19,542
Gain (Loss) on Disposal of Fixed Assets		222,571
 Net Non-Operating Revenue (Expenses)	 \$	 <u>8,544,223</u>
 Change in Net Position	 \$	 11,355,935
 Total Net Position - Beginning (January 1)		36,453,485
 Total Net Position - Ending (December 31)	 \$	 <u><u>47,809,420</u></u>

The accompanying notes are an integral part of this statement.

BEAR CREEK SPECIAL UTILITY DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2025

		Enterprise Fund
		Water Utilities
Cash Flows Provided by (Used for) Operating Activities:		
Cash Received from Customers	\$	11,225,013
Cash Payments for Goods and Services		(5,872,371)
Cash Payments to Employees		(1,517,321)
		<hr/>
Net Cash Provided by (Used for) Operating Activities	\$	3,835,321
		<hr/>
Cash Flows Provided by (Used for) Investing Activities:		
Interest Received	\$	126,110
Change in Customer Deposits		(40,400)
Proceeds from Disposal of Assets		266,244
		<hr/>
Net Cash Provided by (Used for) Investing Activities	\$	351,954
		<hr/>
Cash Flows Provided by (Used for) Capital and Other Related Financing Activities:		
Acquisition and Construction of Capital Assets	\$	(5,964,802)
Payments of Principal on Long-term Financing		(296,453)
Payments of Interest on Long-term Financing		(1,245,674)
Developer/Customer Contributions Received		4,874,147
Rental Income Received		19,542
		<hr/>
Net Cash Provided by (Used for) Capital and Other Related Financing Activities	\$	(2,613,240)
		<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	\$	1,574,035
Cash and Cash Equivalents - Beginning (January 1)		49,784,392
		<hr/>
Cash and Cash Equivalents - Ending (December 31)	\$	51,358,427
		<hr/> <hr/>
Reconciliation of Cash and Cash Equivalents to Statement of Net Position		
Cash and Cash Equivalents in Current Assets	\$	12,468,046
Restricted Cash and Cash Equivalents		38,890,381
		<hr/>
Total Cash and Cash Equivalents	\$	51,358,427
		<hr/> <hr/>

The accompanying notes are an integral part of this statement.

BEAR CREEK SPECIAL UTILITY DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2025

**Reconciliation of Change in Equity to Net Cash
Provided by (Used for) Operating Activities**

Net Operating Revenue(Expenses)	\$	2,811,711
Adjustments to Reconcile Operating Income to Net Cash		
Provided by (Used for) Operating Activities:		
Depreciation Expense		1,587,108
Change in Assets and Liabilities:		
(Increase) Decrease in Prepaid Expenses - Supplies, and Materials		(145,955)
(Increase) Decrease in Accounts Receivable		(95,589)
(Increase) Decrease in Prepaid Expenses		(12,416)
Increase (Decrease) in Accounts Payable		(415,268)
Increase (Decrease) in Payroll Liabilities Payable		2,425
Increase (Decrease) in Accrued Benefits Payable		(21,130)
Increase (Decrease) in TCEQ Assessment Payable		2,328
Increase (Decrease) in Retainage Payable		122,107
		122,107
Net Cash Provided by (Used for) Operating Activities	\$	3,835,321

The accompanying notes are an integral part of this statement.

**BEAR CREEK SPECIAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025**

A. Summary of Significant Accounting Policies

The Lavon Special Utility District was approved by the voters within the District on May 14, 2011. Effective January 1, 2016, the Lavon Special Utility District became known as the Bear Creek Special Utility District (District). The District is an organization as set forth under the terms and conditions of Article XVI, Section 59 of the Texas Constitution and Chapter 65 of the Texas Water Code.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

1. Reporting Entity

The Board of Directors (Board), a seven-member group constituting an on-going entity, is the level of government which has governance responsibilities over all activities related to providing water services within the jurisdiction of the Bear Creek Special Utility District. Members of the Board are elected by the public; have the authority to make decisions, appoint administrators and managers, and significantly influence operations; and have the primary accountability for fiscal matters. The District is not included in any other governmental "Reporting Entity" as defined by GASB in its Statement No. 14, *The Financial Reporting Entity*. There are no component units presented.

2. Basis of Presentation

The District is a special purpose government engaged in only business-type activities. In accordance with GASB Statement 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the District is required to present only financial statements for enterprise funds, along with management's discussion and analysis (MD&A), notes of the financial statements and other required supplementary information (RSI).

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, fund equity, revenue, and expenses. The fund type utilized by the District is described below:

a. Proprietary fund types include the following –

The *Enterprise Fund* is used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) the governing body has decided periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

3. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary fund types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets, deferred resource outflows, liabilities and deferred resource inflows associated with the operation of these funds are included in the balance sheet. Fund equity is identified as net position.

4. Budget

The Board adopts an annual budget for the Enterprise Fund. The Budget for the Enterprise Fund is adopted under a basis consistent with GAAP. The Board approves amendments to the annual budget as prepared by the General Manager of the District.

**BEAR CREEK SPECIAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025**

A. Summary of Significant Accounting Policies (Continued)

5. Capital Assets

Additions to the utility system are recorded at cost or, if contributed property, at its estimated fair value at time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of fixed assets is recovered by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income. Items exceeding \$ 2,500 are capitalized in the financial statements.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	10-30 years
Office Equipment	5 -10 years
Equipment	7-15 years
Water Distribution System	10-40 years
Vehicles	5-7 years

6. Prepaid Expenses - Supplies and Materials

Prepaid expenses consist of items paid for in the current period to be used in the following accounting period. Prepaid supplies and materials consist of supplies and repair parts for the distribution system, valued at cost. The cost of supplies and materials is recorded as an expense when consumed rather than when purchased.

7. Cash and Cash Equivalents

Cash and Cash Equivalents are comprised of deposits in financial institutions, including time deposits. For the purpose of the statement of cash flows, a cash equivalent is considered any highly liquid investment with a maturity of ninety days or less.

8. Retirement Plan

The District participates in a Simple IRA plan to provide retirement benefits for its employees. Employees may contribute up to the maximum annual amount as set periodically by the Internal Revenue Service. The District matches employee contributions dollar for dollar up to a maximum of 3% of the employee's compensation or the limit set by the Internal Revenue Service, whichever is less. All matching contributions vest immediately. The District's matching contributions to the Simple IRA plan during the fiscal year totaled approximately \$ 23,145.

10. Compensated Absences

District employees are entitled to certain compensated absences based on their length of employment. Sick leave does not vest but accumulates and is recorded as an expense as it is paid. Accrued vacation is paid for at the time of termination of employment. At year end, accrued vacation totaled approximately \$ 77,068.

11. Right of Use Assets and Liabilities

GASB Statement 87, *Leases* created new financial statement accounts "Right of Use" assets and similar offsetting liabilities. A "right of use" asset accounts for the net present value of future payments attached to a leased asset. Common examples of "right of use" assets are copiers, printers, and other types of equipment that the District does not take ownership of but use under the lease agreement. The asset value will be amortized over the life of the lease using a straight-line method. The liability offsetting the "right of use" asset is presented as lease payable.

GASB Statement 87 also impacts on the District's rental agreements (leases) related to property and equipment in which the District is the lessor. Rental agreements that extend beyond a twelve-month period are recognized as earned when executed with an offsetting long term receivable. Future collections are offset against the receivable.

**BEAR CREEK SPECIAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025**

B. Deposits, Securities, and Investments

The District's funds appear to be deposited and invested under the terms of a depository contract. The contract requires the depository to pledge approved securities in an amount significant to protect the District's day-to-day balances. The pledge is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. At December 31, 2025, it appears that District cash deposits were properly covered by FDIC insurance or by pledged collateral.

The District's investment policies and types of investments are governed by the Public Funds Investment Act. The Act requires specific training, reporting, and establishment of local policies. The District appears to be in compliance with the requirements of the Act.

State statutes and local policy authorize the District to invest in the following types of investment goods:

- a. obligations of the U.S. or its agencies or instrumentalities,
- b. obligations of the State of Texas or its agencies,
- c. obligations guaranteed by the U.S. or State of Texas or their agencies or instrumentalities,
- d. obligations of other states, agencies or political subdivisions having a national investment rating of "A" or greater,
- e. guaranteed or securitized certificates of deposit issued by a bank domiciled in the State of Texas, or
- f. fully collateralized repurchase agreements.

District investments include deposits in money market accounts and certificates of deposit with Edward Jones. All money market accounts and certificates of deposit are reported at share price (fair value) and are presented as cash and cash equivalents.

The following table categorizes the District's investment at year end:

	Credit Rating	Fair Value
Edward Jones - Certificate of Deposit	n/a	\$ 200,000
Edward Jones - Money Market Account	n/a	594,325
Total		\$ 794,325

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

a. **Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

b. **Custodial Credit Risk**

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the Districts' name. At year end, the District was not exposed to custodial credit risk.

c. **Concentration of Credit Risk**

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

**BEAR CREEK SPECIAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025**

B. Deposits, Securities, and Investments (Continued)

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

C. Capital Assets

The following is a summary of changes in capital assets for the year:

	Beginning Balances	Increases	Decreases	Ending Balances
Land	\$ 2,078,586	\$ -	\$ 43,673	\$ 2,034,913
Construction in Progress	3,637,065	5,324,108	3,119,369	5,841,804
Water Distribution System	26,121,680	6,563,948	-	32,685,628
Buildings and Improvments	451,870	1,420,749	-	1,872,619
Vehicles and Equipment	1,457,981	495,744	-	1,953,725
Totals at Historical Cost	\$ 33,747,182	\$ 13,804,549	\$ 3,163,042	\$ 44,388,689
Less Accumulated Depreciation for:				
Water Distribution System	\$ 4,542,255	\$ 1,384,311	\$ -	\$ 5,926,566
Buildings and Improvments	154,433	22,627	-	177,060
Vehicles and Equipment	571,466	180,170	-	751,636
Total Accumulated Depreciation	\$ 5,268,154	\$ 1,587,108	\$ -	\$ 6,855,262
Net Capital Assets	\$ 28,479,028	\$ 12,217,441	\$ 3,163,042	\$ 37,533,427

D. Long - Term Obligations

The following schedule presents changes in long-term obligations for the fiscal year:

	Balance Beginning	Increases	Decreased	Balance Ending	Current Portion of Debt
Bonds	\$ 38,830,000	\$ -	\$ 200,000	\$ 38,630,000	\$ 1,295,000
Direct Borrowings	1,253,862	-	96,453	1,157,409	103,129
Unamortized Premium (Discount)	1,847,249	-	93,928	1,753,321	-
Total	\$ 41,931,111	\$ -	\$ 390,381	\$ 41,540,730	\$ 1,398,129

Bonds

Under the terms of long-term water supply contracts between the District and Greater Texoma Utility Authority (GTUA), the District recognizes that GTUA has an undivided ownership interest in the District's water facilities equivalent to the percentage of the total cost of the facilities provided by GTUA through the issuance and sale of GTUA bonds. The District has a contractual obligation to make payments as specified in the contract with GTUA to pay the principal and interest on the bonds, maintain cash reserves for the security and payment of the bonds similarly secured, pay the administrative and overhead expenses of GTUA directly attributable to the bonds, and pay any extraordinary expenses incurred by GTUA in connection with the bonds.

**BEAR CREEK SPECIAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025**

D. Long - Term Obligations (Continued)

Under terms of the contracts, the District's obligation to make payments to GTUA and GTUA's ownership interest in the facilities will terminate when all of GTUA's bonds issued in connection with construction of the facilities and have been paid in full, are retired, and are no longer outstanding. The District is obligated for the repayment of principal and interest on the debt through a pledging of revenues. The structure of the transaction has the qualities of a financing arrangement; therefore, the amounts are included in long-term liabilities and capital assets with the associated accumulated depreciation.

The original total principal obligation of the 2019 water contract was \$ 7,490,000 with interest rates varying between 1.03% and 2.61%. The District obligation to GTUA under the long-term contract expires with the retirement of the GTUA bonds in the fiscal year ending December 31, 2049. At that time, the undivided interest in the property transfers from GTUA to the District. The bonds issued by GTUA for the benefit of the District are styled "Greater Texoma Utility Authority (Bear Creek SUD) Contract Revenue Bonds, Series 2019" and will mature August 15, 2049. Considered conduit debt, the proceeds and all activity will be reported in the District's financial statements. As of December 31, 2025, the outstanding principal balance of the obligation was \$ 6,725,000.

The original total principal obligation of the 2024 water contract was \$ 32,300,000 with interest rates varying between 2.86% and 4.01%. The District obligation to GTUA under the long-term contract expires with the retirement of the GTUA bonds in the fiscal year ending December 31, 2044. At that time, the undivided interest in the property transfers from GTUA to the District. The bonds issued by GTUA for the benefit of the District are styled "Greater Texoma Utility Authority (Bear Creek SUD) Contract Revenue Bonds, Series 2024" and will mature August 15, 2044. Considered conduit debt, the proceeds and all activities will be reported in the District's financial statements. As of December 31, 2025, the outstanding principal balance of the obligation was \$ 32,300,000.

Maturity requirements on outstanding bonds are as follows:

Year Ending December 31	Principal	Interest	Total Requirements
2026	\$ 1,295,000	\$ 1,561,340	\$ 2,856,340
2027	1,350,000	1,503,396	2,853,396
2028	1,410,000	1,442,518	2,852,518
2029	1,475,000	1,378,612	2,853,612
2030	1,545,000	1,311,419	2,856,419
2031-2035	8,860,000	5,423,743	14,283,743
2036-2040	10,820,000	3,445,870	14,265,870
2040-2045	10,550,000	1,213,135	11,763,135
2046-2050	1,325,000	87,437	1,412,437
Totals	\$ 38,630,000	\$ 17,367,470	\$ 55,997,470

Direct Borrowings Payable

The District previously executed an agreement with Independent Financial, now SouthState Bank, to refinance the USDA – Rural Development loans for a savings of \$ 566,323 in interest payments over the life of the debt. The loan is for a 20-year term and requires monthly payments of \$ 11,566 which consist of principal reductions and interest on the unpaid principal at 3.25%.

Below is a summary of the outstanding direct borrowings of year end:

Payee	Interest Rate	Maturity Date	Original Issue	Current Outstanding
SouthState Bank	3.250%	9/4/2035	\$ 2,030,468	\$ 1,157,409
Total				\$ 1,157,409

**BEAR CREEK SPECIAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025**

D. Long - Term Obligations (Continued)

Debt retirement requirements to maturity on outstanding direct borrowings are as follows:

Year Ending December 31	Principal	Interest	Total Requirements
2026	\$ 103,129	\$ 35,657	\$ 138,786
2027	106,510	32,277	138,787
2028	110,001	28,785	138,786
2029	113,607	25,180	138,787
2029	117,331	21,456	138,787
2031-2035	606,831	46,221	653,052
Totals	\$ 1,157,409	\$ 189,576	\$ 1,346,985

E. Customer Deposits

The District amended its Rate Order to eliminate future customer deposits and replaced them with a non-refundable administrative fee of \$ 325. The District adopted a policy to remove customer deposits in a prior year by awarding a credit on water bills or refunding the deposit. At year end, the District's obligation for these deposits totaled \$ 44,052. The District also allows construction developers to access water through fire hydrant connections. These connections require a \$ 2,000 refundable deposit. At year end, the District has accumulated \$ 31,100 in fire hydrant deposits.

F. Litigation

As of year end, the District was not involved in any pending litigation.

G. Risk Management

The District is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year end, the District purchased commercial insurance to cover these liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

H. Subsequent Events

Management has evaluated all events or transactions that occurred after December 31, 2025, up through April 15, 2026, the date the financial statements were issued.

I. Commitments and Contingencies

The District is responsible for complying with certain laws and regulations that impact on the operations of the water distribution system and overall financial position. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the various rules and regulations in which the District operates.

J. Economic Dependency

The District procures its water from North Texas Municipal Water District under a water supply contract. The contract is the sole source of water for the District. The loss of the water source would impact on the District's ability to provide water needed for delivery to its customers.

K. Contributions – Developer/Customers

The District recognizes Developer/Customer Contributions as non-operating revenues. These contributions reflect funds received from developers and customers to provide for specific line extensions, storage expansions and improvements and pumping upgrades and expansions requested by the specific contributor. The District also recognizes as non-operating revenues physical assets constructed and donated to the District such as distribution lines throughout completed developments or phases of developments. These are valued for recording purposes of the value of the maintenance bond awarded to the District to provide for temporary maintenance of the donated assets. The District recorded \$ 9,688,451 of developer/customer contributions of which \$ 4,814,304 were maintenance bond additions.

TEXAS SUPPLEMENTARY INFORMATION (TSI)
(Other Supplementary Information)

**BEAR CREEK SPECIAL UTILITY DISTRICT
SUPPLEMENTARY SCHEDULES INCLUDED WITHIN THIS REPORT
YEAR ENDED DECEMBER 31, 2025**

Exhibit ID	Exhibit Title	Page
	Budgetary Comparison – Enterprise Fund	24
TSI-1	Services and Rates	25
TSI-2	Enterprise Fund Expenditures	27
TSI-3	Temporary Investments	28
TSI-5	Long-Term Debt Service Requirements by Years	29
TSI-6	Changes in Long-Term Bonded Debt	31
TSI-7	Comparison Schedule of Revenues and Expenses- Enterprise Fund – Five Years	32
TSI-8	Board Members, Key Personnel and Consultants	33

The following schedules are not applicable to this District.

TSI-4 Analysis of Taxes Levied and Receivable

**BEAR CREEK SPECIAL UTILITY DISTRICT
ENTERPRISE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Water Sales	\$ 8,400,000	\$ 7,200,000	\$ 8,511,049	\$ 1,311,049
Charges for Services	5,475,000	4,350,000	2,809,553	(1,540,447)
Total Operating Revenues	<u>\$ 13,875,000</u>	<u>\$ 11,550,000</u>	<u>\$ 11,320,602</u>	<u>\$ (229,398)</u>
OPERATING EXPENSES				
Payroll and Benefits	\$ 1,785,000	\$ 1,785,000	\$ 1,498,616	\$ 286,384
Water Purchases	3,510,000	3,110,000	2,864,010	245,990
Repairs and Maintenance	460,800	460,800	233,298	227,502
Utilities	201,000	202,600	160,079	42,521
Supplies	1,540,000	1,540,000	1,141,175	398,825
Insurance	153,000	153,000	140,340	12,660
Dues and Fees	20,000	24,000	22,585	1,415
Professional and Legal Fees	1,105,000	2,505,000	336,321	2,168,679
Depreciation and Amortization	-	-	1,587,108	(1,587,108)
Other Operating Costs	652,300	619,500	525,358	94,142
Total Operating Expenses	<u>\$ 9,427,100</u>	<u>\$ 10,399,900</u>	<u>\$ 8,508,890</u>	<u>\$ 1,891,010</u>
NON-OPERATING REVENUES (EXPENSES)				
Developer/Member Contributions	\$ 6,500,000	\$ 2,800,000	\$ 9,688,451	\$ 6,888,451
Interest Income	14,000	12,000	126,074	114,074
Interest Expense	(2,160,000)	(2,562,200)	(1,512,415)	1,049,785
Tower Rental	16,800	16,800	19,542	2,742
Gain (Loss) from Disposal of Fixed Assets	-	-	222,571	222,571
Net Non-Operating Revenues (Expenses)	<u>\$ 4,370,800</u>	<u>\$ 266,600</u>	<u>\$ 8,544,223</u>	<u>\$ 8,277,623</u>
Change in Net Position	\$ 8,818,700	\$ 1,416,700	\$ 11,355,935	\$ 9,939,235
Net Position - Beginning (January 1)	<u>36,453,485</u>	<u>36,453,485</u>	<u>36,453,485</u>	<u>-</u>
Net Position - Ending (December 31)	<u>\$ 45,272,185</u>	<u>\$ 37,870,185</u>	<u>\$ 47,809,420</u>	<u>\$ 9,939,235</u>
OTHER BURDGETARY INFORMATION				
Principal on Debt	\$ 300,000	\$ 300,000	\$ 296,453	\$ 3,547
Capital Projects	\$ 3,920,000	\$ 8,945,000	\$ 5,924,402	\$ 3,020,598

**BEAR CREEK SPECIAL UTILITY DISTRICT
SERVICES AND RATES
YEAR ENDED DECEMBER 31, 2025**

1. Services provided by the District:

- | | | | | | |
|--------------|---|-------------|----------------------|-------------|------------|
| <u> X </u> | Retail Water | <u> </u> | Wholesale Water | <u> </u> | Drainage |
| <u> </u> | Retail Wastewater | <u> </u> | Wholesale Wastewater | <u> </u> | Irrigation |
| <u> </u> | Parks/Recreation | <u> </u> | Fire Protection | <u> </u> | Security |
| <u> </u> | Solid Waste/Garbage | <u> </u> | Flood Control | <u> </u> | Roads |
| <u> </u> | Participates in joint venture, regional system, and/or wastewater service (other than emergency interconnect) | | | | |
| <u> </u> | Other (specify): | | | | |

2. a. Retail Rates Based on 3/4" Meter:

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1000 Gallons Over Minimum	Usage Levels
WATER:	\$ 40.25	0	N	\$ 8.23	0 to 5,000
				9.05	5,001 to 10,000
				10.27	10,001 to 15,000
				12.53	15,001 to 25,000
				14.02	25,001 to unlimited

District employs winter averaging for wastewater usage. Yes No X

Total charges per 10,000 gallons usage: Water \$ 126.65

b. Water Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered	<u>0</u>	<u>0</u>	1.0	<u>0</u>
≤ 3/4"	<u>5,607</u>	<u>5,565</u>	1.0	<u>5,565</u>
1"	<u>88</u>	<u>88</u>	2.5	<u>220</u>
1 1/2"	<u>0</u>	<u>0</u>	5.0	<u>0</u>
2"	<u>133</u>	<u>133</u>	8.0	<u>1,064</u>
3"	<u>1</u>	<u>1</u>	15.0	<u>15</u>
4"	<u>2</u>	<u>2</u>	25.0	<u>50</u>
6"	<u>6</u>	<u>6</u>	50.0	<u>300</u>
8"	<u>3</u>	<u>3</u>		
Total Water	<u>5,840</u>	<u>5,798</u>		<u>7,214</u>

3. Total water consumption (rounded to the nearest 1,000) during the fiscal year:

Gallons pumped into system: 700,293,000

Gallons billed to customers: 576,110,200

Water Accountability Percent: 82.27%

**BEAR CREEK SPECIAL UTILITY DISTRICT
SERVICES AND RATES
YEAR ENDED DECEMBER 31, 2025**

4. Standby Fees: District does not levy standby fees.

5. Location of District:

County(ies) in which district is located Collin & Rockwall

Is the District located entirely in one county? Yes _____ No X

Is the District located within a city? Entirely _____ Partly X Not at all _____

City(ies) in which District is located. Lavon / Fate

Is the District located within a city's extra territorial jurisdiction (ETJ)?

Entirely _____ Partly X Not at all _____

ETJ's in which District is located Lavon, Rockwall, Fate, Royse City, and Nevada

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

Yes _____ No X

If Yes, by whom? N/A

**BEAR CREEK SPECIAL UTILITY DISTRICT
ENTERPRISE FUND EXPENDITURES
YEAR ENDED DECEMBER 31, 2025**

Payroll and Benefits	\$	1,498,616
Water Purchases		2,864,010
Repairs and Maintenance		233,298
Utilities		160,079
Supplies		1,141,175
Insurance		140,340
Dues and Fees		22,585
Professional and Legal Fees		336,321
Depreciation and Amortization		1,587,108
Other Operating Costs		525,358
Interest Expense		<u>1,512,415</u>
Total Expenses	\$	<u><u>10,021,305</u></u>

Number of persons employed by the District:

Full Time	<u>16</u>
Part Time	<u>-</u>

**BEAR CREEK SPECIAL UTILITY DISTRICT
 TEMPORARY INVESTMENTS
 YEAR ENDED DECEMBER 31, 2025**

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at Year End
Edward Jones - Money Market Acct	1554213	3.87%	N/A	\$ 594,325	\$ *
CD - Goldman Sachs Bk USA New York	N/A	0.950%	7/28/2026	200,000	808
Total				\$ 794,325	\$ 808

* Interest is paid on a monthly basis - No accruals at year end.

Investments under control of Greater Texoma Utility Authority (GTUA) not presented here as the District has placed them with GTUA under escrow agreement

**BEAR CREEK SPECIAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SOUTHSTATE BANK - BY YEARS
YEAR ENDED DECEMBER 31, 2025**

Year Ending December 31	Principal	Interest	Total Requirements
2026	\$ 103,129	\$ 35,657	\$ 138,786
2027	106,510	32,277	138,787
2028	110,001	28,785	138,786
2029	113,607	25,180	138,787
2030	117,331	21,456	138,787
2031	121,176	17,610	138,786
2032	125,148	13,638	138,786
2033	129,251	9,536	138,787
2034	133,487	5,299	138,786
2035	97,769	139	97,908
Total	\$ 1,157,409	\$ 189,577	\$ 1,346,986

**BEAR CREEK SPECIAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
GREATER TEXOMA UTILITY AUTHORITY BOND -SERIES 2019
YEAR ENDED DECEMBER 31, 2025**

Year Ending December 31	Principal	Interest	Total Requirements
2026	\$ 205,000	\$ 149,190	\$ 354,190
2027	205,000	145,746	350,746
2028	210,000	142,118	352,118
2029	215,000	138,212	353,212
2030	220,000	134,019	354,019
2031	225,000	129,575	354,575
2032	230,000	124,918	354,918
2033	235,000	120,065	355,065
2034	240,000	114,918	354,918
2035	245,000	109,518	354,518
2036	250,000	103,883	353,883
2037	255,000	98,008	353,008
2038	260,000	91,888	351,888
2039	265,000	85,518	350,518
2040	275,000	78,973	353,973
2041	280,000	72,098	352,098
2042	285,000	65,014	350,014
2043	295,000	57,746	352,746
2044	300,000	50,194	350,194
2045	310,000	42,484	352,484
2046	320,000	34,486	354,486
2047	325,000	26,198	351,198
2048	335,000	17,748	352,748
2049	345,000	9,001	354,001
			-
Total	\$ 6,330,000	\$ 2,141,518	\$ 8,471,518

**BEAR CREEK SPECIAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
GREATER TEXOMA UTILITY AUTHORITY BOND - SERIES 2024
YEAR ENDED DECEMBER 31, 2025**

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2026	\$ 1,090,000	\$ 1,412,150	\$ 2,502,150
2027	1,145,000	1,357,650	2,502,650
2028	1,200,000	1,300,400	2,500,400
2029	1,260,000	1,240,400	2,500,400
2030	1,325,000	1,177,400	2,502,400
2031	1,390,000	1,111,150	2,501,150
2032	1,460,000	1,041,650	2,501,650
2033	1,535,000	968,650	2,503,650
2034	1,610,000	891,900	2,501,900
2035	1,690,000	811,400	2,501,400
2036	1,755,000	743,800	2,498,800
2037	1,830,000	673,600	2,503,600
2038	1,900,000	600,400	2,500,400
2039	1,975,000	524,400	2,499,400
2040	2,055,000	445,400	2,500,400
2041	2,140,000	363,200	2,503,200
2042	2,225,000	277,600	2,502,600
2043	2,310,000	188,600	2,498,600
2044	2,405,000	96,200	2,501,200
Total	\$ 32,300,000	\$ 15,225,950	\$ 47,525,950

**BEAR CREEK SPECIAL UTILITY DISTRICT
CHANGES IN LONG-TERM BONDED DEBT
YEAR ENDED DECEMBER 31, 2025**

	<u>Bond Issues</u>	<u>Bond Issues</u>
	Series	Series
	2024	2019
Interest Rate	3.79%	2.41%
Dates Interest Payable	2/15 - 8/15	2/15 - 8/15
Maturity Date	8/15/2044	8/15/2049
Beginning Bonds Outstanding	\$ 32,300,000	\$ 6,530,000
Bonds Sold During the Fiscal Year	-	-
Bonds Retired During the Fiscal Year	-	200,000
Ending Bonds Outstanding	<u>\$ 32,300,000</u>	<u>\$ 6,330,000</u>
Interest Paid During the Fiscal Year	\$ 1,141,488	\$ 152,370

Paying Agent's Name and City Bank of Texas

Bond Authority:	Tax Bonds	Other Bonds	Refunding Bonds
Amount Authorized By Voters	\$ -	\$ -	\$ -
Amount Issued	\$ -	\$ -	\$ -
Remaining To Be Issued	\$ -	\$ -	\$ -
Debt Service Fund cash and temporary investment balances as of December 31, 2024:			\$ 1,206,748
Average annual debt service payment (Principal and Interest) for remaining term of all debt:			\$ 2,989,045

**BEAR CREEK SPECIAL UTILITY DISTRICT
COMPARATIVE STATEMENT OF REVENUES AND EXPENSES
ALL PROPRIETARY FUND TYPES
FIVE YEARS ENDED DECEMBER 31, 2025**

	AMOUNTS					PERCENT OF FUND TOTAL REVENUE				
	2025	2024	2023	2022	2021	2025	2024	2023	2022	2021
OPERATING REVENUE										
Water Sales	\$ 8,511,049	\$ 7,629,089	\$ 6,003,532	\$ 4,412,281	\$ 3,139,653	75.18%	74.08%	74.07%	62.45%	54.25%
Customer Charges/Fees	2,809,553	2,669,919	2,101,263	2,653,194	2,647,725	24.82%	25.92%	25.93%	37.55%	45.75%
TOTAL OPERATING REVENUE	\$ 11,320,602	\$ 10,299,008	\$ 8,104,795	\$ 7,065,475	\$ 5,787,378	100.00%	100.00%	100.00%	100.00%	100.00%
OPERATING EXPENSES										
Payroll and Benefits	\$ 1,498,616	\$ 1,192,307	\$ 853,130	\$ 733,641	\$ 656,236	13.24%	11.58%	10.53%	10.38%	11.34%
Water Purchases	2,864,010	2,252,654	1,751,779	1,293,036	881,111	25.30%	21.87%	21.61%	18.30%	15.22%
Repairs and Maintenance	233,298	179,910	145,930	281,467	32,245	2.06%	1.75%	1.80%	3.98%	0.56%
Utilities	160,079	114,046	103,307	81,846	67,265	1.41%	1.11%	1.27%	1.16%	1.16%
Supplies	1,141,175	1,470,483	472,340	368,995	231,883	10.08%	14.28%	5.83%	5.22%	4.01%
Insurance	140,340	92,967	78,904	58,916	49,792	1.24%	0.90%	0.97%	0.83%	0.86%
Dues and Fees	22,585	20,214	15,454	12,648	10,811	0.20%	0.20%	0.19%	0.18%	0.19%
Professional and Legal Fees	336,321	299,361	443,067	154,672	346,413	2.97%	2.91%	5.47%	2.19%	5.99%
Depreciation	1,587,108	1,458,472	907,289	621,897	526,705	14.02%	14.16%	11.19%	8.80%	9.10%
Other Operating Costs	525,358	382,695	274,309	253,518	157,219	4.64%	3.72%	3.38%	3.59%	2.72%
TOTAL OPERATING EXPENSES	\$ 8,508,890	\$ 7,463,109	\$ 5,045,509	\$ 3,860,636	\$ 2,959,680	75.16%	72.46%	62.25%	54.64%	51.14%
NET OPERATING REVENUE (EXPENSES)	\$ 2,811,712	\$ 2,835,899	\$ 3,059,286	\$ 3,204,839	\$ 2,827,698	24.84%	27.54%	37.75%	45.36%	48.86%
NON-OPERATING REVENUE (EXPENSES)										
Developer/Customer Contributions	\$ 9,688,451	\$ 5,190,633	\$ 2,529,740	\$ 3,061,511	\$ 3,386,841	85.58%	50.40%	31.21%	43.33%	58.52%
Interest Income	126,074	138,989	53,941	22,142	59,256	1.11%	1.35%	0.67%	0.31%	1.02%
Interest Expense	(1,512,415)	(444,579)	(202,885)	(208,405)	(213,605)	-13.36%	-4.32%	-2.50%	-2.95%	-3.69%
Tower Rental	19,542	16,800	20,000	7,200	7,200	0.17%	0.16%	0.25%	0.10%	0.12%
Debt Issuance Cost	-	(931,917)	-	-	-	0.00%	-9.05%	0.00%	0.00%	0.00%
Gain (Loss) on Disposal of Fixed Assets	222,571	-	-	-	-	1.97%	0.00%	0.00%	0.00%	0.00%
NET NON-OPERATING REVENUE (EXPENSES)	\$ 8,544,223	\$ 3,969,926	\$ 2,400,796	\$ 2,882,448	\$ 3,239,692	71.37%	38.55%	29.62%	40.80%	55.98%
NET REVENUE (EXPENSES)	\$ 11,355,935	\$ 6,805,825	\$ 5,460,082	\$ 6,087,287	\$ 6,067,390	96.21%	66.08%	67.37%	86.16%	104.84%

**BEAR CREEK SPECIAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
YEAR ENDED DECEMBER 31, 2025**

Complete District Mailing Address: P.O. Box 188, Lavon, TX 75166
 District Business Telephone Number: 972-843-2101
 Submission Date of the most recent District Registration Form: December 29, 2025
 Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200

<u>Names:</u>	<u>Term of Office (Elected or Appointed or Date Hired)</u>	<u>Fees of Office Paid FYE Date</u>	<u>Expense Reimbursements FYE Date</u>	<u>Title at Year End</u>
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Board Members:

Chris Elder	3 Yrs	\$ 1,000	\$ -	President
Robert Haynes	3 Yrs	\$ 1,200	\$ -	Vice-Pres
Lisa Block	3 Yrs	\$ 1,100	\$ -	Secretary
Herman Stork	3 Yrs	\$ 1,300	\$ -	Treasurer
Leticia Harrison	3 Yrs	\$ 700	\$ -	Director
Colby McClendon	3 Yrs	\$ 700	\$ -	Director
James Watts	3 Yrs	\$ 1,300	\$ -	Director

Key Administrative Personnel:

Camille Reagan	\$ 153,000	General Manager
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Consultants:

Rutherford, Taylor & Company, P.C	\$ 15,724	Auditor
Kimley Horn	\$ 1,668,247	Engineer
Fancher Legal	\$ 31,483	Attorney
Terrill & Waldrop	\$ 10,831	Attorney
Condit Architecture & Design	\$ 172,763	Architect