

COUNTY LINE SPECIAL UTILITY DISTRICT

WATER AND WASTEWATER IMPACT FEES REPORT

For the period from July 20, 2022 through September 30, 2025 (Water)
and September 19, 2023 through September 30, 2025 (Wastewater)

abip

CPAs | ADVISORS

CLIENT **FOCUSED.** RELATIONSHIP **DRIVEN.**

COUNTY LINE SPECIAL UTILITY DISTRICT

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INDEPENDENT AUDITOR'S REPORT

County Line Special Utility District
8870 Camino Real
Uhland, Texas 78640

Report on the Audit of the Schedules of Impact Fees

Opinion

We have audited the following Schedules of Impact Fees (the Schedules), and provided a detailed accounting of them as required by the Texas Local Government Code Section 395.059 for County Line Special Utility District for the period from July 20, 2022 through September 30, 2025 (water impact fees) and from September 19, 2023 through September 30, 2025 (wastewater impact fees).

- Impact Fees Collected
- Interest Earned
- Proposed Capital Improvements Not Constructed
- Unspent Impact Fees Collected
- Impact Fees
- Allocation of Impact Fees
- Waived Impact Fees
- Requested Refunds
- Refunds
- Errors or Omissions of Credits in Impact Fee Calculation

In our opinion, the accompanying Schedules above present fairly, in all material respects, the required information as requested by the Texas Local Government Code Section 395.059 for the period from July 20, 2022 through September 30, 2025 (water impact fees) and from September 19, 2023 through September 30, 2025 (wastewater impact fees).

Basis of 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 Schedules* section of our report. We are required to be independent of County Line Special Utility District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We also have not, and are not, during the 12 months preceding the commencement of the audit under contract to provide any other service to County Line Special Utility District. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion.

Responsibilities of Management for the Schedules

Management is responsible for the preparation and fair presentation of the Schedules in accordance with Section 395.059 of the Texas Local Government Code and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedules that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Schedules

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

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 Schedules, 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 Schedules.
- 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 County Line Special Utility 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 Schedules.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about County Line Special Utility 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.

Restriction on Use

Our report is intended solely for the information and use of County Line Special Utility District and their Capital Improvement Advisory Committee and is not intended to be and should not be used by anyone other than these specified parties.

ABIP, PC

San Antonio,
June 17, 2026

COUNTY LINE SPECIAL UTILITY DISTRICT

IMPACT FEES COLLECTED

**For the period from July 20, 2022 through September 30, 2025 (Water)
For the period September 19, 2023 through September 30, 2025 (Wastewater)**

Below is a detailed accounting of the amount of funds collected from the impact fee imposed by County Line Special Utility District for the period from July 20, 2022 through September 30, 2025 (water) and from September 19, 2023 through September 30, 2025 (wastewater).

Water Impact Fees	
July 20, 2022 - September 30, 2025	
July 20, 2022 - December 31, 2022	\$ 661,557.50
January 1, 2023 - December 31, 2023	11,145,250.00
January 1, 2024 - December 31, 2024	11,183,150.00
January 1, 2025 - September 30, 2025	<u>550,135.00</u>
	<u><u>\$ 23,540,092.50</u></u>

Wastewater Fees	
September 19, 2023 - September 30, 2025	
September 19, 2023 - December 31, 2023	\$ 757,500.00
January 1, 2024 - December 31, 2024	1,972,500.00
January 1, 2025 - September 30, 2025	<u>77,500.00</u>
	<u><u>\$ 2,807,500.00</u></u>

Procedure:

We obtained from the District agreements related to collections of water and wastewater impact fees and compared the amount of impact fees in the various agreements to the general ledger posting and to the deposit on the bank statement.

Results:

No exceptions noted.

COUNTY LINE SPECIAL UTILITY DISTRICT

INTEREST EARNED

**For the period from July 20, 2022 through September 30, 2025 (Water)
For the period September 19, 2023 through September 30, 2025 (Wastewater)**

Below is a detailed accounting of the interest accumulated on impact fee funds imposed by County Line Special Utility District in accordance with Section 395.025 of the Texas Local Government Code, for the period from July 20, 2022 through September 30, 2025.

Water Impact Fees	Total
<u>July 20, 2022 - September 30, 2025</u>	<u>Interest Earned</u>
July 20, 2022 - December 31, 2022	\$ 142,970.82
January 1, 2023 - December 31, 2023	687,846.22
January 1, 2024 - December 31, 2024	1,079,911.30
January 1, 2025 - September 30, 2025	<u>826,914.74</u>
	<u><u>\$ 2,737,643.08</u></u>

Procedure:

We obtained, from the District, monthly LOGIC statements to verify posting of interest to the general ledger.

Results:

We noted that all interest was maintained in the LOGIC account, however, we noted during our procedures that impact fees were being deposited in the District’s operating account instead of the LOGIC investment account, causing a loss of interest income. Deposits were transferred at no specific time. In addition, there was no tracking of the separate water and wastewater deposits. In addition there was no tracking of the separate water and wastewater deposits due to deficiencies in prior accounting practices.

According to the Texas Local Government Code Section 395.024: “The order, ordinance, or resolution levying an impact fee must provide that all funds collected through the adoption in the interest-bearing accounts clearly identifying the category of capital improvements or facility expansions within the service area for which the fee was adopted.”

COUNTY LINE SPECIAL UTILITY DISTRICT

PROPOSED CAPITAL IMPROVEMENTS NOT CONSTRUCTED-CURRENT STATUS

**For the period from July 20, 2022 through September 30, 2025 (Water)
For the period September 19, 2023 through September 30, 2025 (Wastewater)**

Below is a detailed accounting of the current status of proposed capital improvements or facility expansions intended to be financed from impact fees during the period from July 20, 2022 through September 30, 2025 (water) and September 19, 2023 through September 30, 2025 (wastewater), in accordance with Section 395.059(c)(3) of the Texas Local Government Code.

Water Impact Fees

July 20, 2022 - September 30, 2025

<u>Project Name</u>	<u>Proposed Fiscal Year</u>	<u>Estimated Total Cost</u>	<u>Completed?</u>	<u>Notes</u>
Gristmill Road Water Line	2022	\$ 1,651,680.00	Yes	
FM 2720 Water Main	2024	6,449,750.00	Phase 1 - complete	Phase 2 - completed March 2026; Phase 3 - under bid phase
FM 2720 Booster Site	2024	2,965,000.00	Ongoing	Under construction - to be completed by 2027
High Road GST	2024	605,000.00	Ongoing	Completed October 2025
ARWA/GBRA Water Sources	2024/2025	<u>37,024,000.00</u>	Ongoing	Debt service for contract revenue bonds
		<u>\$ 48,695,430.00</u>		

Wastewater Fees

September 19, 2023 - September 30, 2025

<u>Project Name</u>	<u>Proposed Fiscal Year</u>	<u>Estimated Total Cost</u>	<u>Completed?</u>	<u>Notes</u>
Las Estancias Force Main	2023	\$ 546,547.50	Yes	
State Highway 21 Gravity Main - 12" and 15"	2023	1,473,106.95	Yes	
Downtown Uhland Lift Station	2023	1,357,170.00	Yes	
Downtown Uhland Force Main	2023	638,462.44	Yes	
Gristmill South Gravity Main - 15" and 18"	2023	1,193,788.00	Yes	
Porter Creek Gravity Main	2023	2,503,068.38	Yes	
Porter Creek Lift Station and Force Main	2023	3,474,133.58	Yes	
Commercial Area Wastewater	2024	2,100,849.11	No	Project cancelled
FM 150 Gravity Main	2025	2,699,022.16	No	Future CIP project
Clear Fork Gravity Main	2026	1,672,391.62	No	Future CIP project
Misty Lane Wastewater Oversizing	2024	1,147,808.76	No	Future CIP project
FM 2720 Gravity Main	2024	<u>7,887,315.87</u>	Ongoing	Under construction - completed March 2026
		<u>\$ 26,693,664.37</u>		

Procedures:

We reviewed the Capital Improvement Plans for water and wastewater to determine the status of each project and to ensure compliance with Texas Local Government Code Section 395.059 regarding the 10-year expenditure or refund requirement.

Results: There have been no fees collected which have reached the ten-year required expense/refund date.

COUNTY LINE SPECIAL UTILITY DISTRICT

UNSPENT IMPACT FEES

**For the period from July 20, 2022 through September 30, 2025 (Water)
For the period September 19, 2023 through September 30, 2025 (Wastewater)**

Below is a detailed accounting of unspent impact fee funds for the period July 20, 2022 through September 30, 2025 (water) and September 19, 2023 through September 30, 2025 (wastewater), in accordance with Section 395.059(c)(4) of the Texas Local Government Code.

Fiscal Year	Water Impact Fees				Unspent Ending Balance
	July 20, 2022 - September 30, 2025				
	Beginning Balance	Fees Collected	Fees Spent	Interest Earned	
July 20, 2022 - December 31, 2022	\$ 3,132,422.29 *	\$ 661,557.50	\$ 558,580.36	\$ 142,970.82	\$ 3,378,370.25
January 1, 2023 - December 31, 2023	3,378,370.25	11,145,250.00	829,360.14	687,846.22	14,382,106.33
January 1, 2024 - December 31, 2024	14,382,106.33	11,183,150.00	3,648,896.89	1,079,911.30	22,996,270.74
January 1, 2025 - September 30, 2025	22,996,270.74	550,135.00	2,597,043.91	826,914.74	21,776,276.57
		<u>\$ 23,540,092.50</u>	<u>\$ 7,633,881.30</u>	<u>\$ 2,737,643.08</u>	

Fiscal Year	Wastewater Fees				Unspent Ending Balance
	September 19, 2023 - September 30, 2025				
	Beginning Balance	Fees Collected	Fees Spent	Interest Earned	
September 19, 2023 - December 31, 2023	\$ - **	\$ 757,500.00	\$ 50,569.51	\$ -	\$ 706,930.49
January 1, 2024 - December 31, 2024	706,930.49	1,972,500.00	2,197,933.14	-	481,497.35
January 1, 2025 - September 30, 2025	481,497.35	77,500.00	558,997.35	-	-
		<u>\$ 2,807,500.00</u>	<u>\$ 2,807,500.00</u>	<u>\$ -</u>	

* obtained from the 12/31/2021 audited financial statements.

** obtained from the 12/31/2022 audited financial statements.

Procedures:

We obtained a detailed list of expenses by projects and compared the list to supporting documentation, (i.e., an invoice, canceled check), confirmed that it was an allowable expenditure per Section 395.012, and that the project was included in the Capital Improvement Plans.

Results:

No exceptions noted.

COUNTY LINE SPECIAL UTILITY DISTRICT

IMPACT FEE

For the period from July 20, 2022 through September 30, 2025 (Water)
For the period September 19, 2023 through September 30, 2025 (Wastewater)

Below is a timetable of impact fees imposed by County Line Special Utility District, in accordance with Section 395.059(c)(5) of the Texas Local Government Code.

<u>Category</u>	<u>Amount of Fee</u>
Water	\$11,705/LUE
Wastewater	\$2,500/LUE

COUNTY LINE SPECIAL UTILITY DISTRICT

ALLOCATION OF IMPACT FEES

**For the period from July 20, 2022 through September 30, 2025 (Water)
For the period September 19, 2023 through September 30, 2025 (Wastewater)**

Procedure:

We reviewed the timing of impact fee collections and expenses to ensure compliance with Texas Local Government Code Section 395.059 and verified that impact fee expenses corresponded to projects identified in the adopted Capital Improvement Plans without exception. All expenses tested were allowable under Texas Local Government Code Section 395.012.

Results:

No exceptions noted.

COUNTY LINE SPECIAL UTILITY DISTRICT

WAIVED IMPACT FEES

For the period from July 20, 2022 through September 30, 2025 (Water)

For the period September 19, 2023 through September 30, 2025 (Wastewater)

There were no waivers noted during the period from July 20, 2022 through September 30, 2025 (water) and from September 19, 2023 through September 30, 2025 (wastewater). Confirmed with District management.

COUNTY LINE SPECIAL UTILITY DISTRICT

REQUESTED REFUNDS

For the period from July 20, 2022 through September 30, 2025 (Water)

For the period September 19, 2023 through September 30, 2025 (Wastewater)

This schedule includes all requests for impact fee refunds submitted under Texas Local Government Code §395.025 during the period. Refunds are recorded in the order requested and processed in accordance with statutory requirements. During the period from July 20, 2022 through September 30, 2025 (water) and from September 19, 2023 through September 30, 2025 (wastewater) there were no outstanding requested refunds.

COUNTY LINE SPECIAL UTILITY DISTRICT

REFUNDS

For the period from July 20, 2022 through September 30, 2025 (Water)

This schedule includes all impact fees refunded under Texas Local Government Code §395.025 during the period by fee type. Amounts reported reflect cash payments actually disbursed to developers and do not include pending refund requests. During the period from July 20, 2022 through September 30, 2025 (water) there was one paid refund.

<u>Refund Date</u>	<u>Recipient</u>	<u>Fee Type</u>	<u>Amount</u>	<u>Note</u>
9/15/2025	Stingray Enterprises	Water	\$11,705	Decided not to do project

COUNTY LINE SPECIAL UTILITY DISTRICT

ERRORS OR OMISSIONS OF CREDITS IN IMPACT FEE CALCULATION

For the period from July 20, 2022 through September 30, 2025 (Water)

For the period September 19, 2023 through September 30, 2025 (Wastewater)

There were no identified errors or omissions of credits in impact fee calculations noted that would require reporting in compliance under Texas Local Government Code.