



**NOTICE OF MEETING & AGENDA
KAUFMAN ECONOMIC DEVELOPMENT
CORPORATION MEETING
TUESDAY, APRIL 8, 2025 AT 6:00 PM
KAUFMAN CITY HALL
COUNCIL CHAMBERS
209 S. WASHINGTON ST.
KAUFMAN, TEXAS 75142**

**ALL ITEMS ARE SUBJECT
TO ACTION BY THE BOARD**

CALL MEETING TO ORDER Chairman calls the Meeting to order, states the date and time, states members present, and declares a quorum present.**

CITIZENS COMMENTS / REQUEST TO SPEAK ON AGENDA ITEMS (5 MINUTES) Comments about any of the agenda items may be taken into consideration at this time or during the agenda item. Comments are limited to five (5) minutes per individual unless additional time is otherwise required by law for translation. Speaking time is not transferable. Citizens may address the KEDC on any subject but must first complete a Request to Speak Form so that the Chairman may call your name to speak at the appropriate time on the Agenda. Comments must be directed to the KEDC as a whole. **When addressing the KEDC, please step forward to the speaker's podium, state your name and address, and direct your comments to the Chairman and KEDC.**

CONSENT AGENDA

1. Consider and take appropriate action on the monthly Financial Report from the Treasurer of the Corporation.
2. Consider and take appropriate action on the minutes from the March 11, 2025 Kaufman Economic Development Corporation meeting.

EXECUTIVE DIRECTOR'S REPORT Receive an update and discussion regarding the following: a.) Meetings/Events of Interest; b.) Prospect Activity; c.) Staff Announcements

3. KEDC Executive Director's Report - Discussion Only (No Action Taken)
 - 3.1) Staff Report on monthly Kaufman EDC marketing and prospect activities;
 - 3.2) Staff Report on monthly business retention and expansion (BRE) activities;
 - 3.3) Staff Report on monthly commercial development activities;
 - 3.4) Staff Report on events attended by KEDC Staff

DISCUSSION/ACTION ITEMS

4. Consider and take appropriate action on a wetlands study for the Kaufman Commerce Park and pond drainage near Wayne Gent Drive.
5. Discussion and staff presentation regarding the FY 2023-2024 Financial Audit of the Kaufman

Economic Development Corporation.

6. Discussion and direction regarding an alternative date for the May KEDC Board Meeting.

EXECUTIVE SESSION In accordance with Texas Government Code, Section 551.001, et seq., the KEDC will recess into Executive Session (closed meeting) to discuss the following:

7. Section 551.087. DELIBERATION REGARDING ECONOMIC DEVELOPMENT NEGOTIATIONS; CLOSED MEETING. (1) To discuss or deliberate regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations; or (2) to deliberate the offer of a financial or other incentive to a business prospect described by Subdivision (1): Projects Pie, Blue, Jetson, AC/DC, Kettle, Reflection, Five Points, St. John, Sandstone

RECONVENE INTO OPEN SESSION

8. Consider and take appropriate action, if any, on matters discussed in Executive Session.

ITEMS OF COMMUNITY INTEREST Pursuant to Texas Government Code Sec. 551.0415, a member of the Board or Kaufman EDC Staff may make an announcement about items of community interest during a meeting of the corporation without having given notice of the subject of the announcement. "Items of community interest" includes: (1) expression of thanks, congratulations or condolence; (2) information regarding holiday schedules; (3) an honorary or salutary recognition of a public official, public employee, or other citizen, except that a discussion regarding a change in the status of a person's public office or public employment is not an honorary or salutary recognition for purposes of this subdivision; (4) a reminder about an upcoming event organized or sponsored by the corporation; (5) information regarding a social, ceremonial, or community event organized or sponsored by an entity other than the corporation that was attended or is scheduled to be attended by a board member or employee of the corporation.

BOARD INQUIRY If a member of the Corporation makes a spontaneous inquiry about a subject not on this agenda, then the KEDC or an appropriate staff member may make a statement of factual information or policy in response to such an inquiry. However, in accordance with Open Meetings Act Section 551.042, the KEDC cannot discuss issues raised or make any decisions on that subject at that time. Issues raised may be referred to Staff for research and possible future action.

ADJOURNMENT

I, STEWART MCGREGOR, EXECUTIVE DIRECTOR, DO HEREBY CERTIFY THAT THIS NOTICE OF MEETING WAS POSTED ON THE WINDOW AT KAUFMAN MUNICIPAL COMPLEX, 209 S. WASHINGTON, KAUFMAN, TEXAS, A PLACE CONVENIENT AND READILY ACCESSIBLE TO THE GENERAL PUBLIC AT ALL TIMES AND SAID NOTICE WAS POSTED AT THE KAUFMAN MUNICIPAL COMPLEX, 209 S. WASHINGTON, KAUFMAN, TEXAS AT 6:00 P.M. ON FRIDAY,

APRIL 4, 2025 AND REMAINED SO POSTED CONTINUOUSLY FOR AT LEAST 72 HOURS PRECEDING THE SCHEDULE TIME OF SAID MEETING.

STEWART McGREGOR
EXECUTIVE DIRECTOR

THE KAUFMAN ECONOMIC DEVELOPMENT CORPORATION RESERVES THE RIGHT TO ADJOURN INTO EXECUTIVE SESSION AT ANY TIME DURING THE COURSE OF THIS MEETING TO DISCUSS ANY OF THE MATTERS LISTED ABOVE, AS AUTHORIZED BY THE TEXAS GOVERNMENT CODE. SECTION 551.071 (CONSULTATION WITH ATTORNEY).

THE BUILDING IN WHICH THE ABOVE MEETING WILL BE CONDUCTED IS WHEELCHAIR ACCESSIBLE AND PARKING SPACES FOR THE MOBILITY IMPAIRED ARE AVAILABLE. PERSONS WITH DISABILITIES WHO PLAN TO ATTEND THIS MEETING AND WHO MAY NEED AUXILIARY AIDS OR SERVICES SUCH AS INTERPRETERS FOR PERSONS WHO ARE DEAF OR HEARING IMPAIRED, READERS, OR LARGE PRINT ARE REQUESTED TO CONTACT THE CITY SECRETARY'S OFFICE AT 972-932-2216 AT LEAST TWO (2) WORKING DAYS PRIOR TO THE TIME OF THE MEETING SO THAT APPROPRIATE ARRANGEMENTS CAN BE MADE.

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City of Kaufman

Page 1

15:39 04/03/25

Revenue & Expense Report

Fund: 32 ECONOMIC DEVELOPMENT CORP.

Department: Non departmental

Program:

Period Ending: 4/2025

Account Budget	Description Prior Year	2 Years Prior Actual	Current Year Budget	Current Month Actual	Encumbrances	YTD Actual & Encumbr	Budget Balance
32-4105-000-0	General Sales & Use		640,000.00-			323,421.38-	316,578.62-
49.465	627,644.18-	593,426.04-					
Subtotal:			640,000.00-			323,421.38-	316,578.62-
49.465	627,644.18-	593,426.04-					
32-4604-000-0	Interest Income		40,000.00-			24,687.39-	15,312.61-
38.282	43,852.63-	128.12-					
32-4606-000-0	Miscellaneous Revenu					4,500.00-	4,500.00
3,685.72-	200.00-						
32-4608-000-0	Loan Revenue		10,000.00-				10,000.00-
100.000	10,000.00-						
32-4612-000-0	Intergovernmental Re						
80.09-	42,500.00-						
32-4631-000-0	Other Fin Sources-No						
2,791,250.00-							
Subtotal:			50,000.00-			29,187.39-	20,812.61-
41.625	2,848,868.44-	42,828.12-					
Program number:			690,000.00-			352,608.77-	337,391.23-
48.897	3,476,512.62-	636,254.16-					
Department number: Non departmental			690,000.00-			352,608.77-	337,391.23-
48.897	3,476,512.62-	636,254.16-					
Revenue Subtotal -----			690,000.00-			352,608.77-	337,391.23-
48.897	3,476,512.62-	636,254.16-					

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Page 2			Revenue & Expense Report			
15:39 04/03/25			Department: Non departmental		Period Ending: 4/2025	
Fund: 32 ECONOMIC DEVELOPMENT CORP.					Program:	
Account	Description		Current	Current	Encumbrances	Budget
Budget	Prior Year	2 Years Prior	Year	Month	YTD Actual	Balance
Balance	Actual	Actual	Budget	Actual	& Encumbr	
Percent		Total				
32-5101-000-0	Salaries & Wages		153,235.00		61,205.53	92,029.47
60.058	143,942.11	152,322.50				
32-5177-000-0	Retention Pay		6,095.70			6,095.70
100.000	6,085.95					
Subtotal:			159,330.70		61,205.53	98,125.17
61.586	150,028.06	152,322.50				
32-5203-000-0	Operating Supplies		1,400.00		1,062.87-	2,462.87
175.919	4,779.18	39.41-				
32-5213-000-0	Meetings		15,000.00		12,508.33	2,491.67
16.611	6,919.93	5,446.37				
32-5214-000-0	Promotional Material		4,804.34		885.64-	5,689.98

118.434	10,488.40	3,078.00			
32-5220-000-0	Minor Tools & Equipm		7,050.00	4,264.99	2,785.01
39.504	7,442.16	6,800.00			
Subtotal:			28,254.34	14,824.81	13,429.53
47.531	29,629.67	15,284.96			
32-5302-000-0	Postage & Delivery		500.00	22.32	477.68
95.536	355.00	203.81			
32-5303-000-0	Advertising		16,210.00	3,625.85	12,584.15
77.632	23,255.00	10,960.00			
32-5305-000-0	Licenses, Dues & Sub		7,625.00	2,378.90	5,246.10
68.801	6,151.93	3,918.25			
32-5306-000-W	Utilities-Electric/W		550.00	267.96	282.04
51.280	500.36	542.22			
32-5309-000-0	Insurance & Bonds		600.00		600.00
100.000	511.00	1,100.00			
32-5322-000-0	Tuition & Education		6,325.00	1,700.00	4,625.00
73.123	4,585.42	2,174.00			
32-5330-000-0	Travel		9,450.00	3,545.77	5,904.23
62.479	6,429.10	8,281.58			
32-5352-000-0	Maintenance-Grounds		8,000.00	1,000.00	7,000.00
87.500	8,000.00	8,200.00			
32-5362-000-0	Professional Svcs-Ad		90,457.43	23,419.27	67,038.16
74.110	103,083.62	69,859.88			
32-5363-000-0	Professional Svcs-Te		10,700.00	8,800.00	1,900.00
17.757	9,500.00	7,920.17			
Subtotal:			150,417.43	44,760.07	105,657.36
70.243	162,371.43	113,159.91			
32-5487-000-0	Land Purchase				
2,745,759.10					
Subtotal:					
2,745,759.10					
32-5500-000-0	Matching Grants		100,000.00	25,000.00	75,000.00
75.000	92,787.50	86,772.10			
32-5501-000-0	Incentives / Intergo				
50,000.00					
32-5507-000-0	HWY 34 Bypass Fundin		100,000.00		100,000.00
100.000	100,000.00	100,000.00			
Subtotal:			200,000.00	25,000.00	175,000.00
87.500	242,787.50	186,772.10			
32-5607-000-0	Note - Principal		3,374.41	3,374.41	
38,929.59					

32-5608-000-0	Note - Interest		178,625.59		178,625.59	
11,070.41						
32-5651-000-0	Note - Issuance Cost					
41,250.00						
Subtotal:			182,000.00		182,000.00	
91,250.00						
Program number:			720,002.47		327,790.41	392,212.06
54.474	3,421,825.76	467,539.47				

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 Page 3
 15:39 04/03/25

City of Kaufman
 Revenue & Expense Report
 Department: Non departmental
 Period Ending: 4/2025
 Program:

Fund: 32 ECONOMIC DEVELOPMENT CORP.			Department:	Non departmental	Revenue & Expense Report	Program:
Account	Description		Current	Current	Period Ending: 4/2025	Budget
Budget	Prior Year	2 Years Prior	Year	Month	Encumbrances	Current
Balance	Actual	Actual	Budget	Actual		YTD Actual
Percent		Total				& Encumbr
Department number: Non departmental			720,002.47		327,790.41	392,212.06
54.474	3,421,825.76	467,539.47				
Expenditure		Subtotal -----	720,002.47		327,790.41	392,212.06
54.474	3,421,825.76	467,539.47				
Fund number: 32 ECONOMIC DEVELOPMENT CORP.			30,002.47		24,818.36-	54,820.83
182.721	54,686.86-	168,714.69-				

***** End of Report *****



**MINUTES OF THE
KAUFMAN ECONOMIC DEVELOPMENT
CORPORATION MEETING
TUESDAY, MARCH 11, 2025
CITY HALL COUNCIL CHAMBERS
209 S. WASHINGTON STREET
KAUFMAN, TEXAS 75142**

CALL MEETING TO ORDER Chairman calls the Meeting to order, states the date and time, states members present, and declares a quorum present.**

President Gillenwater called the KEDC meeting to order at 6:26 p.m. Directors present were Charles Gillenwater, Barry Ratcliffe, and Jane Lucas. Director Ben Brashear and Tommy Henricks were absent. President Gillenwater declared a quorum present. Also, present were Assistant City Manager Rachel Balthrop Mendoza, City Secretary Jessie Hanks, Economic Development Director Stewart McGregor, and Marketing and Community Relations Emily Golden.

CITIZENS COMMENTS / REQUEST TO SPEAK ON AGENDA ITEMS (5 MINUTES) Comments about any of the agenda items may be taken into consideration at this time or during the agenda item. Comments are limited to five (5) minutes per individual unless additional time is otherwise required by law for translation. Speaking time is not transferable. Citizens may address the KEDC on any subject but must first complete a Request to Speak Form so that the Chairman may call your name to speak at the appropriate time on the Agenda. Comments must be directed to the KEDC as a whole. **When addressing the KEDC, please step forward to the speaker's podium, state your name and address, and direct your comments to the Chairman and KEDC.**

No comments were given.

CONSENT AGENDA

1. Consider and take appropriate action on the monthly Financial Report from the Treasurer of the Corporation.

Director Ratcliffe presented the monthly Financial Report for the KEDC.

Director Lucas made a motion to approve the monthly Financial Report. The motion was seconded by President Gillenwater and passed 3/0.

2. Consider and take appropriate action on the minutes from the January 14, 2025 Kaufman Economic Development Corporation meeting.

Director Lucas made a motion to approve the minutes from the January 14, 2025, Kaufman Economic Development Corporation meeting as presented. The motion was seconded by Director Ratcliffe and passed 3/0.

EXECUTIVE DIRECTOR'S REPORT Receive an update and discussion regarding the following: a.) Meetings/Events of Interest; b.) Prospect Activity; c.) Staff Announcements

3. KEDC Executive Director's Report - Discussion Only (No Action Taken)

3.1) Staff Report on monthly Kaufman EDC marketing and prospect activities;

- 3.2) Staff Report on monthly business retention and expansion (BRE) activities;
- 3.3) Staff Report on monthly commercial development activities;
- 3.4) Staff Report on events attended by KEDC Staff
- 3.5) Introduction of Emily Golden, new KEDC Marketing & Community Relations Staff Member

Mr. McGregor presented the KEDC Executive Director's report about his activities for the previous month.

DISCUSSION/ACTION ITEMS

- 4. Staff presentation and discussion regarding the planned development zoning ordinance (PD-31) for the Kaufman Commerce Park property, located near Fair Road and US Highway 175.

Mr. McGregor presented the specific details of the planned development zoning for the Kaufman Commerce Park.

- 5. Consider and take appropriate action on a mid-year budget amendment to the Fiscal Year 2025 Kaufman Economic Development Corporation Budget.

Mr. McGregor presented the proposed mid-year budget amendments for the KEDC's 2024-2025 budget.

Director Ratcliffe made a motion to approve the mid-year budget amendment to the Fiscal Year 2025 Kaufman Economic Development Corporation Budget as presented. The motion was seconded by Director Lucas and passed 3/0.

- 6. Staff presentation and discussion regarding economic development legislative issues during the 89th Texas Legislative Session and the legislative agenda for the Texas Economic Development Council.

Mr. McGregor reviewed various economic development legislative issues during the 89th Texas Legislative Session. Mr. McGregor gave an overview of the legislative agenda for the Texas Economic Development Council.

EXECUTIVE SESSION In accordance with Texas Government Code, Section 551.001, et seq., the KEDC will recess into Executive Session (closed meeting) to discuss the following:

President Gillenwater recessed into Executive Session at 6:58 p.m.

- 7. Section 551.087. DELIBERATION REGARDING ECONOMIC DEVELOPMENT NEGOTIATIONS; CLOSED MEETING. (1) To discuss or deliberate regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations; or (2) to deliberate the offer of a financial or other incentive to a business prospect described by Subdivision (1): Projects Pie, Blue, Jetson, Olaf, AC/DC, Kettle

RECONVENE INTO OPEN SESSION

President Gillenwater reconvened into open session at 7:25 p.m.

8. Consider and take appropriate action, if any, on matters discussed in Executive Session.

There was no action required on matters discussed in Executive Session.

ITEMS OF COMMUNITY INTEREST Pursuant to Texas Government Code Sec. 551.0415, a member of the Board or Kaufman EDC Staff may make an announcement about items of community interest during a meeting of the corporation without having given notice of the subject of the announcement. "Items of community interest" includes: (1) expression of thanks, congratulations or condolence; (2) information regarding holiday schedules; (3) an honorary or salutary recognition of a public official, public employee, or other citizen, except that a discussion regarding a change in the status of a person's public office or public employment is not an honorary or salutary recognition for purposes of this subdivision; (4) a reminder about an upcoming event organized or sponsored by the corporation; (5) information regarding a social, ceremonial, or community event organized or sponsored by an entity other than the corporation that was attended or is scheduled to be attended by a board member or employee of the corporation.

No comments were given.

BOARD INQUIRY If a member of the Corporation makes a spontaneous inquiry about a subject not on this agenda, then the KEDC or an appropriate staff member may make a statement of factual information or policy in response to such an inquiry. However, in accordance with Open Meetings Act Section 551.042, the KEDC cannot discuss issues raised or make any decisions on that subject at that time. Issues raised may be referred to Staff for research and possible future action.

No comments were given.

ADJOURNMENT

There being no further business, President Gillenwater adjourned the meeting at 7:26 p.m.

APPROVED:

ATTEST:

Charles Gillenwater, President

Ben Brashear, Secretary/Treasurer

Executive Director's Report April 8, 2025

Calendar

- **3/12:** DQ Site Pre-Development Meeting
- **3/13:** KEDC-Chamber Monthly Meeting; Quarterly Chamber Lunch Meeting
- **3/17:** Texas Senate Economic Development Committee Testimony (SB 878)
- **3/18:** Quarterly Kaufman County Leadership Council Meeting
- **3/19:** Project Verdant Virtual Site Visit
- **3/20:** KEDC Commercial Photography Meeting; Kaufman Leadership Prayer Lunch
- **3/21:** Monthly Mayor's Roundtable Meeting
- **3/24:** Meeting w/ Mani Raveendran (Developer); Monthly City Council Meeting
- **3/26:** KEDC Presentation to Kaufman College Class
- **3/27:** Business Retention Visit to Texas Health Hospital – Kaufman
- **3/28:** North Texas Chamber's Executives March Meeting (hosted in Kaufman)
- **4/1:** Meeting w/ St. John's Properties & Premier Physical Therapy Ribbon Cutting
- **4/2:** Quarterly Workforce Roundtable Meeting; Meeting w/ Develop Inc.
- **4/3:** Meeting w/ Cymcor, ECS & Moss Construction
- **4/4:** Meeting w/ Brandon Peterson (First State Bank); Business Retention Visit w/ MICA Steelworks
- **4/8:** Quarterly Industry Roundtable Meeting (Healthcare)

Prospect Lead Responses: Projects Eli Lilly, Dream Home & Rushmore Mountain

Upcoming Events: Chamber Golf Tournament (5/5)

Next Regular KEDC Board Meeting: Need alternative date in May

Economic Development Prospects: Board to receive update on active prospects in Executive Session



Meeting Date: 4-8-2025	Date: 4-4-2025	Item #: 4	Dept.: KEDC
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<small>(Check one)</small>		
<input type="checkbox"/> Consent	<input checked="" type="checkbox"/> Action	<input type="checkbox"/> Discussion

SUBJECT:
 Consider and take appropriate action on a wetlands study for the Kaufman Commerce Park and pond drainage near Wayne Gent Drive.

BACKGROUND:
 The recent construction of Wayne Gent Drive has found erosion of a stock pond near the road. The county provided additional riprap rock to stave off further erosion. As part of this erosion, it was recommended the KEDC conduct a wetlands study to know if draining the pond would interrupt any federal waterways that the US Army Corps controls. Having this study will help assess the entire Commerce Park to be aware of any permits that may need to be obtained from the US Corps in the future to mitigate any wetlands or drainage.

The KEDC has consulting professional services budgeted for items such as this. A quote was obtained from Kimley-Horn and another quote requested from ECS. Kimley-Horn provided a quote for \$9,240 to conduct the analysis. If ECS provides a quote, it will be provided at the meeting.

Author: Stewart McGregor, KEDC Executive Director	Reviewed: Stewart McGregor, KEDC Executive Director
-------------------------------------------------------------	---------------------------------------------------------------

Cost: \$9,240 (1 quote)	Funds Available: KEDC Budget – Prof. Svcs.	Source: KEDC Budget
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Recommendation:
 Discussion & Action

Safe & Secure <input type="checkbox"/>	Business Friendly/Economic Development <input type="checkbox"/>	Partnership & Community Involvement <input type="checkbox"/>	Healthy & Environmentally Cons. Comm. <input type="checkbox"/>	Financial & OPS Stewardship <input checked="" type="checkbox"/>
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April 4, 2025

Stewart McGregor, CEcD
Kaufman Economic Development Corporation
209 S. Washington St.
Kaufman, TX 75142

**Re: Agreement for Professional Services - Aquatic Resources Delineation
Kaufman Commerce Park
Kaufman, Kaufman County, Texas**

Dear Mr. McGregor,

Kimley-Horn and Associates, Inc. ("KH" or "Kimley-Horn"), is pleased to submit this letter agreement (the "Agreement") to Kaufman Economic Development Corporation ("the Client") for certain professional services. This agreement may be signed in the section entitled "AUTHORIZATION".

PROJECT UNDERSTANDING

The Client owns the property and requested KH provide professional Environmental Services to evaluate the potential presence of aquatic resources on the Subject Site.

A table summarizing our proposed scope of services, by task, is provided below. The table includes projected fees, fee type, and certain expenses. Only tasks with accompanying fees are included in our proposed scope of services, though we are available to provide other tasks upon request. The tasks are organized in the order they are typically performed. Detailed descriptions of each task are provided later in this agreement, as are the notes and assumptions upon which our scope and fee are based.

Subject Site



TASK AND FEE SUMMARY

© Copyright 2025 Kimley-Horn and Associates, Inc. All Rights Reserved.

Item	Task	Fee	Fee Type
500 Site Specific & Specialty Engineering Services			
501	Aquatic Resources Delineation	\$8,800	LS
	Subtotal	\$8,800	
	Subtotal fees	\$8,800	
	In-house expenses estimated at 5.00% of labor fees	\$440	
	Grand Total	\$9,240	

Fee Type:

LS = Lump Sum Fee

Expenses:

In-house expenses include telecommunications, certain in-house reproduction, supplies, and local mileage.

All other reimbursable expenses will be invoiced at cost plus a markup of 15.00%.

Sales Tax:

Entity is tax exempt.

TASK DESCRIPTIONS**Task 501 - Aquatic Resources Delineation**

KH will locate readily available resource documents and related data for a preliminary review of site conditions and then perform a site visit to evaluate the existence and approximate locations of aquatic resources on the site generally following the USACE 1987 Wetlands Delineation Manual and the applicable USACE Regional Supplement.

KH will prepare exhibits showing the boundaries, acreage, and linear footage (if applicable) of aquatic resources identified onsite during the site visit. Appropriate feature data, locations, and extents will be collected with a GPS with sub-meter accuracy as required by the USACE.

KH will prepare a report for the project documenting the results of the Aquatic Resources Delineation performed onsite. The report will address the applicable regulatory framework, describe the assessment methodology, limitations, and findings based on our interpretation of regulations. The report will also include applicable maps/exhibits, site photographs, and data sheets/forms.

The Environmental Protection Agency (EPA) and the USACE occasionally issue guidance concerning what they intend to assert jurisdiction over. Changes that impact our strategy or scope will cause additional work and will be addressed as an additional service amendment to this agreement. Observations will be made based on our understanding of the applicable regulatory guidance at the time of the observations. This delineation report should not be considered authoritative, as only the USACE has the authority to make final determinations and this cope does not include consultation with USACE.

FEE TYPES, EXPENSES, BILLING, STANDARD PROVISIONS

Lump Sum (LS) tasks will be invoiced based on the percent completion of the tasks.

In-House Expenses: A percentage of the labor fee, as shown in the Task and Fee Summary Table, will be included in each invoice to cover certain expenses: telecommunications, in-house reproduction, postage, supplies, and local mileage.

Other Reimbursable Expenses: Direct reimbursable expenses such as shipping, couriers, print-shop reproduction, travel, and other direct expenses will be billed at cost plus the markup as shown in the Task and Fee Summary Table.

All permitting, application, recording, and similar project fees will be paid directly by the Client.

Project billing will be monthly and payment will be due within 25 days.

The Consultant is not a Contingent Partner in this project. As such the Consultant will be paid in full for all Professional Services rendered.

This agreement is subject to, and only to, the attached Standard Provisions.

AUTHORIZATION

We appreciate the opportunity to provide these services to you. This agreement must be signed within 60 days without being subject to our revision.

Sincerely,

KIMLEY-HORN AND ASSOCIATES, INC.


Matthew A. Lucas, PE (TX)
Senior Vice President

Agreed to by:

Kaufman Economic Development Corporation

Signature

Title

Date

Client email address for invoicing purposes

STANDARD PROVISIONS

- (1) **Kimley-Horn's Scope of Services and Additional Services.** Kimley-Horn will perform only the services specifically described in this Agreement ("Services"). Any services that are not set forth in the scope of Services described herein will constitute additional services ("Additional Services"). If requested by the Client and agreed to by Kimley-Horn, Kimley-Horn will perform Additional Services, which shall be governed by these provisions. Unless otherwise agreed to in writing, the Client shall pay Kimley-Horn for any Additional Services an amount based upon Kimley-Horn's then-current hourly rates plus an amount to cover certain direct expenses including telecommunications, in-house reproduction, postage, supplies, project related computer time, and local mileage. Other direct expenses will be billed at 1.15 times cost.
- (2) **Client's Responsibilities.** In addition to other responsibilities herein or imposed by law, the Client shall:
 - (a) Designate in writing a person to act as its representative, such person having complete authority to transmit instructions, receive information, and make or interpret the Client's decisions.
 - (b) Provide all information and criteria as to the Client's requirements, objectives, and expectations for the project and all standards of development, design, or construction.
 - (c) Provide Kimley-Horn all available studies, plans, or other documents pertaining to the project, such as surveys, engineering data, environmental information, etc., all of which Kimley-Horn may rely upon.
 - (d) Arrange for access to the site and other property as required for Kimley-Horn to provide its services.
 - (e) Review all documents or reports presented by Kimley-Horn and communicate decisions pertaining thereto within a reasonable time so as not to delay Kimley-Horn.
 - (f) Furnish approvals and permits from governmental authorities having jurisdiction over the project and approvals and consents from other parties as may be necessary.
 - (g) Obtain any independent accounting, legal, insurance, cost estimating, and feasibility services required by Client.
 - (h) Give prompt written notice to Kimley-Horn whenever the Client becomes aware of any development that affects Kimley-Horn's services or any defect or noncompliance in any aspect of the project.
- (3) **Period of Services.** Unless otherwise stated herein, Kimley-Horn will begin work after receipt of a properly executed copy of this Agreement. This Agreement assumes conditions permitting continuous and orderly progress through completion of the services. Times for performance shall be extended as necessary for delays or suspensions due to circumstances that Kimley-Horn does not control. If such delay or suspension extends for more than six months, Kimley-Horn's compensation shall be renegotiated.
- (4) **Method of Payment.** Client shall pay Kimley-Horn as follows:
 - (a) Invoices will be submitted periodically for services performed and expenses incurred. Payment of each invoice will be due within 25 days of receipt. The Client shall also pay any applicable sales tax. All retainers will be held by Kimley-Horn and applied against the final invoice. Interest will be added to accounts not paid within 25 days at the maximum rate allowed by law. If the Client fails to make any payment due under this or any other agreement within 30 days after Kimley-Horn's transmittal of its invoice, Kimley-Horn may, after giving notice to the Client, suspend services and withhold deliverables until all amounts due are paid.
 - (b) The Client will remit all payments electronically to:
Account Name: KIMLEY-HORN AND ASSOCIATES, INC.
Bank Name and Address: WELLS FARGO BANK, N.A., SAN FRANCISCO, CA 94104
Account Number: 2073089159554
ABA#: 121000248
 - (c) The Client will send the project number, invoice number and other remittance information by e-mail to payments@kimley-horn.com at the time of payment.
 - (d) If the Client relies on payment or proceeds from a third party to pay Kimley-Horn and Client does not pay Kimley-Horn's invoice within 60 days of receipt, Kimley-Horn may communicate directly with such third party to secure payment.
 - (e) If the Client objects to an invoice, it must advise Kimley-Horn in writing giving its reasons within 14 days of receipt of the invoice or the Client's objections will be waived, and the invoice shall conclusively be deemed due and owing. If the Client objects to only a portion of the invoice, payment for all other portions remains due.
 - (f) If Kimley-Horn initiates legal proceedings to collect payment, it may recover, in addition to all amounts due, its reasonable attorneys' fees, reasonable experts' fees, and other expenses related to the proceedings. Such expenses shall include the cost, at Kimley-Horn's normal hourly billing rates, of the time devoted to such proceedings by its employees.
 - (g) The Client agrees that the payment to Kimley-Horn is not subject to any contingency or condition. Kimley-Horn may negotiate payment of any check tendered by the Client, even if the words "in full satisfaction" or words intended to have similar effect appear on the check without such negotiation being an accord and satisfaction of any disputed debt and without prejudicing any right of Kimley-Horn to collect additional amounts from the Client.

(5) **Use of Deliverables.** All documents, data, and other deliverables prepared by Kimley-Horn are related exclusively to the services described in this Agreement and may be used only if the Client has satisfied all of its obligations under this Agreement. They are not intended or represented to be suitable for use or reuse by the Client or others on extensions of this project or on any other project. Any modifications by the Client to any of Kimley-Horn's deliverables, or any reuse of the deliverables without written authorization by Kimley-Horn will be at the Client's sole risk and without liability to Kimley-Horn, and the Client shall indemnify, defend and hold Kimley-Horn harmless from all claims, damages, losses and expenses, including but not limited to attorneys' fees, resulting therefrom. Kimley-Horn's electronic files and source code remain the property of Kimley-Horn and shall be provided to the Client only if expressly provided for in this Agreement. Any electronic files not containing an electronic seal are provided only for the convenience of the Client and use of them is at the Client's sole risk. In the case of any defects in the electronic files or any discrepancies between them and the hardcopy of the deliverables prepared by Kimley-Horn, the hardcopy shall govern.

(6) **Intellectual Property.** Kimley-Horn may use or develop its proprietary software, patents, copyrights, trademarks, trade secrets, and other intellectual property owned by Kimley-Horn or its affiliates ("Intellectual Property") in the performance of this Agreement. Intellectual Property, for purposes of this section, does not include deliverables specifically created for Client pursuant to the Agreement and use of such deliverables governed by section 5 of this Agreement. Unless explicitly agreed to in writing by both parties to the contrary, Kimley-Horn maintains all interest in and ownership of its Intellectual Property and conveys no interest, ownership, license to use, or any other rights in the Intellectual Property to Client. Any enhancements of Intellectual Property made during the performance of this Agreement are solely owned by Kimley-Horn and its affiliates. If Kimley-Horn's services include providing Client with access to or a license for Kimley-Horn's (or its affiliates') proprietary software or technology, Client agrees to the terms of the Software License Agreement set forth at <https://www.kimley-horn.com/khts-software-license-agreement> ("the License Agreement") which terms are incorporated herein by reference.

(7) **Opinions of Cost.** Because Kimley-Horn does not control the cost of labor, materials, equipment or services furnished by others, methods of determining prices, or competitive bidding or market conditions, any opinions rendered as to costs, including but not limited to the costs of construction and materials, are made solely based on its judgment as a professional familiar with the industry. Kimley-Horn cannot and does not guarantee that proposals, bids or actual costs will not vary from its opinions of cost. If the Client wishes greater assurance as to the amount of any cost, it shall employ an independent cost estimator. Kimley-Horn's services required to bring costs within any limitation established by the Client will be paid for as Additional Services.

(8) **Termination.** The obligation to provide further services under this Agreement may be terminated by either party upon seven days' written notice in the event of substantial failure by the other party to perform in accordance with the terms hereof, or upon thirty days' written notice for the convenience of the terminating party. Kimley-Horn shall be paid for all services rendered and expenses incurred to the effective date of termination, and other reasonable expenses incurred by Kimley-Horn as a result of such termination.

(9) **Standard of Care.** The standard of care applicable to Kimley-Horn's services will be the degree of care and skill ordinarily exercised by consultants performing the same or similar services in the same locality at the time the services are provided. No warranty, express or implied, is made or intended by Kimley-Horn's performance of services, and it is agreed that Kimley-Horn is not a fiduciary with respect to the Client.

(10) **LIMITATION OF LIABILITY.** IN RECOGNITION OF THE RELATIVE RISKS AND BENEFITS OF THE PROJECT TO THE CLIENT AND KIMLEY-HORN, THE RISKS ARE ALLOCATED SUCH THAT, TO THE FULLEST EXTENT ALLOWED BY LAW, AND NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS AGREEMENT OR THE EXISTENCE OF APPLICABLE INSURANCE COVERAGE, THAT THE TOTAL LIABILITY, IN THE AGGREGATE, OF KIMLEY-HORN AND KIMLEY-HORN'S OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, AND SUBCONSULTANTS TO THE CLIENT OR TO ANYONE CLAIMING BY, THROUGH OR UNDER THE CLIENT, FOR ANY AND ALL CLAIMS, LOSSES, COSTS, ATTORNEYS' FEES, OR DAMAGES WHATSOEVER ARISING OUT OF OR IN ANY WAY RELATED TO THE SERVICES UNDER THIS AGREEMENT FROM ANY CAUSES, INCLUDING BUT NOT LIMITED TO, THE NEGLIGENCE, PROFESSIONAL ERRORS OR OMISSIONS, STRICT LIABILITY OR BREACH OF CONTRACT OR ANY WARRANTY, EXPRESS OR IMPLIED, OF KIMLEY-HORN OR KIMLEY-HORN'S OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, AND SUBCONSULTANTS, SHALL NOT EXCEED TWICE THE TOTAL COMPENSATION RECEIVED BY KIMLEY-HORN UNDER THIS AGREEMENT OR \$50,000, WHICHEVER IS GREATER. HIGHER LIMITS OF LIABILITY MAY BE NEGOTIATED FOR ADDITIONAL FEE. THIS SECTION IS INTENDED SOLELY TO LIMIT THE REMEDIES AVAILABLE TO THE CLIENT OR THOSE CLAIMING BY OR THROUGH THE CLIENT, AND NOTHING IN THIS SECTION SHALL REQUIRE THE CLIENT TO INDEMNIFY KIMLEY-HORN.

(11) **Mutual Waiver of Consequential Damages.** In no event shall either party be liable to the other for any consequential, incidental, punitive, or indirect damages including but not limited to loss of income or loss of profits.

(12) **Construction Costs.** Under no circumstances shall Kimley-Horn be liable for extra costs or other consequences due to changed or unknown conditions or related to the failure of contractors to perform work in accordance with the plans and specifications. Kimley-Horn shall have no liability whatsoever for any costs arising out of the Client's decision to obtain bids or proceed with construction before Kimley-Horn has issued final, fully approved plans and specifications. The Client acknowledges that all preliminary plans are subject to substantial revision until plans are fully approved and all permits obtained.

(13) **Certifications.** All requests for Kimley-Horn to execute certificates, lender consents, or other third-party reliance letters must be submitted to Kimley-Horn at least 14 days prior to the requested date of execution. Kimley-Horn shall not be required to execute certificates, consents, or third-party reliance letters that are inaccurate, that relate to facts of which Kimley-Horn does not have actual knowledge, or that would cause Kimley-Horn to violate applicable rules of professional responsibility.

(14) **Dispute Resolution.** All claims arising out of this Agreement or its breach shall be submitted first to mediation in accordance with the American Arbitration Association as a condition precedent to litigation. Any mediation or civil action by Client must be commenced within one year of the accrual of the cause of action asserted but in no event later than allowed by applicable statutes.

(15) **Hazardous Substances and Conditions.** Kimley-Horn shall not be a custodian, transporter, handler, arranger, contractor, or remediator with respect to hazardous substances and conditions. Kimley-Horn's services will be limited to analysis, recommendations, and reporting, including, when agreed to, plans and specifications for isolation, removal, or remediation. Kimley-Horn will notify the Client of unanticipated hazardous substances or conditions of which Kimley-Horn actually becomes aware. Kimley-Horn may stop affected portions of its services until the hazardous substance or condition is eliminated.

(16) **Construction Phase Services.**

(a) If Kimley-Horn prepares construction documents and Kimley-Horn is not retained to make periodic site visits, the Client assumes all responsibility for interpretation of the documents and for construction observation, and the Client waives any claims against Kimley-Horn in any way connected thereto.

(b) Kimley-Horn shall have no responsibility for any contractor's means, methods, techniques, equipment choice and usage, equipment maintenance and inspection, sequence, schedule, safety programs, or safety practices, nor shall Kimley-Horn have any authority or responsibility to stop or direct the work of any contractor. Kimley-Horn's visits will be for the purpose of observing construction and reporting to the Client whether the contractors' work generally conforms to the construction documents prepared by Kimley-Horn. Kimley-Horn neither guarantees the performance of contractors, nor assumes responsibility for any contractor's failure to perform its work in accordance with the contract documents.

(c) Kimley-Horn is not responsible for any duties assigned to it in the construction contract that are not expressly provided for in this Agreement. The Client agrees that each contract with any contractor shall state that the contractor shall be solely responsible for job site safety and its means and methods; that the contractor shall indemnify the Client and Kimley-Horn for all claims and liability arising out of job site accidents; and that the Client and Kimley-Horn shall be made additional insureds under the contractor's general liability insurance policy.

(17) **No Third-Party Beneficiaries; Assignment and Subcontracting.** This Agreement gives no rights or benefits to anyone other than the Client and Kimley-Horn, and all duties and responsibilities undertaken pursuant to this Agreement will be for the sole benefit of the Client and Kimley-Horn. The Client shall not assign or transfer any rights under or interest in this Agreement, or any claim arising out of the performance of services by Kimley-Horn, without the written consent of Kimley-Horn. Kimley-Horn reserves the right to augment its staff with subconsultants as it deems appropriate due to project logistics, schedules, or market conditions. If Kimley-Horn exercises this right, Kimley-Horn will maintain the agreed-upon billing rates for services identified in the contract, regardless of whether the services are provided by in-house employees, contract employees, or independent subconsultants.

(18) **Confidentiality.** The Client consents to the use and dissemination by Kimley-Horn of photographs of the project and to the use by Kimley-Horn of facts, data and information obtained by Kimley-Horn in the performance of its services. If, however, any facts, data or information are specifically identified in writing by the Client as confidential, Kimley-Horn shall use reasonable care to maintain the confidentiality of that material.

(19) **Miscellaneous Provisions.** This Agreement is to be governed by the law of the State of Texas. This Agreement contains the entire and fully integrated agreement between the parties and supersedes all prior and contemporaneous negotiations, representations, agreements, or understandings, whether written or oral. Except as provided in Section 1, this Agreement can be supplemented or amended only by a written document executed by both parties. Any conflicting or additional terms on any purchase order issued by the Client shall be void and are hereby expressly rejected by Kimley-Horn. If Client requires Kimley-Horn to register with or use an online vendor portal for payment or any other purpose, any terms included in the registration or use of the online vendor portal that are inconsistent or in addition to these terms shall be void and shall have no effect on Kimley-Horn or this Agreement. Any provision in this Agreement that is unenforceable shall be ineffective to the extent of such unenforceability without invalidating the remaining provisions. The non-enforcement of any provision by either party shall not constitute a waiver of that provision nor shall it affect the enforceability of that provision or of the remainder of this Agreement.

Rev. 07/2024



Meeting Date: 4-8-2025	Date: 4-4-2025	Item #: 5	Dept.: KEDC
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(Check one)

Consent

 Action

 Discussion

SUBJECT:
 Discussion and staff presentation regarding the FY 2023-2024 Financial Audit of the Kaufman Economic Development Corporation.

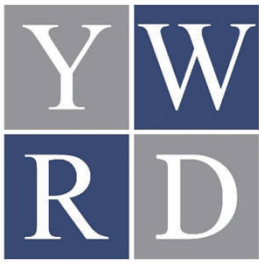
BACKGROUND:
 The KEDC received its audit for FY 2024 and staff will provide additional information regarding the audit. Attached is the letter from the auditors along with the full audit.

Author: Stewart McGregor, KEDC Executive Director	Reviewed: Stewart McGregor, KEDC Executive Director
-------------------------------------------------------------	---------------------------------------------------------------

Cost: N/A	Funds Available: N/A	Source: N/A
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Recommendation:
 Discussion & Approval

Safe & Secure <input type="checkbox"/>	Business Friendly/Economic Development <input type="checkbox"/>	Partnership & Community Involvement <input type="checkbox"/>	Healthy & Environmentally Cons. Comm. <input type="checkbox"/>	Financial & OPS Stewardship <input checked="" type="checkbox"/>
----------------------------------------------------------	-------------------------------------------------------------------------------	--------------------------------------------------------------------------------	----------------------------------------------------------------------------------	-----------------------------------------------------------------------------------



YWRD, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Greer Yeldell, CPA | Tracie Wood, CPA | Joyce Reeve, CPA | Bryan Thomas, CPA

March 24, 2025

Board of Directors
Kaufman Economic Development Corporation

We have audited the financial statements of the governmental activities and the general fund of the Kaufman Economic Development Corporation for the year ended September 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated September 27, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Kaufman Economic Development Corporation are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2024. We noted no transactions entered into by Kaufman Economic Development Corporation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Kaufman Economic Development Corporation's financial statements was:

Management's estimate of the allowance for accumulated depreciation is based on the estimated useful life of the capital asset. We evaluated the methods, assumptions, and data used to develop the allowance for accumulated depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes an uncorrected misstatement of the financial statements. Management has determined that its effect is immaterial to the financial statements taken as a whole. The uncorrected misstatement or the matters underlying it could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatement is immaterial to the financial statements under audit. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 24, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Kaufman Economic Development Corporation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Kaufman Economic Development Corporation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing

Board of Directors
Kaufman Economic Development Corporation
Page Three

the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the Kaufman Economic Development Corporation and is not intended to be, and should not be, used by anyone other than these specified parties.

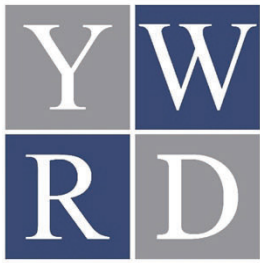
Very truly yours,

YWRD, P.C.

YWRD, P.C.
Certified Public Accountants

Client: KAUFMAN, CITY OF
 Report: *JE-3 Uncorrected Misstatements

Account	Description	Misstatement	Debit	Credit	Net Income Effect
PPPA01		Known Classification			
To reverse 2022 audit entry.					
32-2070-000-000000	Accounts Payable		10,268.39	0.00	
32-5500-000-000000	Matching Grants		0.00	10,268.39	
Total			<u>10,268.39</u>	<u>10,268.39</u>	<u>10,268.39</u>
GRAND TOTAL			<u>10,268.39</u>	<u>10,268.39</u>	<u>10,268.39</u>



YWRD, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Greer Yeldell, CPA | Tracie Wood, CPA | Joyce Reeve, CPA | Bryan Thomas, CPA

To the Board of Directors
Kaufman Economic Development Corporation

In planning and performing our audit of the financial statements of the governmental activities and the general fund of Kaufman Economic Development Corporation as of and for the year ended September 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered Kaufman Economic Development Corporation's system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Kaufman Economic Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Kaufman Economic Development Corporation's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency in internal control to be a material weakness:

1. Preparation of Financial Statements – We were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. Auditing standards require auditors to communicate this situation to the Board as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. However, based on current auditing standards, it is our responsibility to inform you that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process.

From a practical standpoint, we prepare the statements and determine the fairness of the presentation at the same time in connection with our audit. This is not unusual for us to do with a governmental entity of your size.

The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors. We have instructed management to review a draft of the auditor prepared financials in detail for accuracy and we have answered any questions that management might have. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements.

Board of Directors
Kaufman Economic Development Corporation
Page Two

Under the circumstances, the most effective controls lie in management's knowledge of the Kaufman Economic Development Corporation's financial operations. It is the responsibility of management and those charged with governance to make the decisions whether to accept the degree of risk associated with this condition because of cost and other considerations. Regarding the specific situation listed above, we would offer the following specific recommendations: 1) Utilize a disclosure checklist to ensure all required disclosures are present and agree to work papers, and 2) Agree your accounting information to the amounts reported in the financial statements.

This communication is intended solely for the information and use of management, the Board of Directors, and others within Kaufman Economic Development Corporation, and is not intended to be, and should not be, used by anyone other than these specified parties.

YWRD, P.C.

YWRD, P.C.
Certified Public Accountants

Ennis, Texas
March 24, 2025

KAUFMAN ECONOMIC DEVELOPMENT CORPORATION
(A Component Unit of the City of Kaufman, Texas)

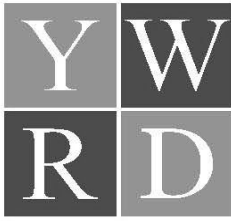
ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2024

KAUFMAN ECONOMIC DEVELOPMENT CORPORATION
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2024

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-3
Management's Discussion and Analysis (unaudited)	4-8
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet – Governmental Funds	11
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	13
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	14
Notes to the Financial Statements	15-23



YWRD, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Greer Yeldell, CPA | Tracie Wood, CPA | Joyce Reeve, CPA | Bryan Thomas, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Kaufman Economic Development Corporation

Opinions

We have audited the accompanying financial statements of the governmental activities and general fund of Kaufman Economic Development Corporation, a component unit of the City of Kaufman, Texas, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise Kaufman Economic Development Corporation'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 respective financial position of the governmental activities and the general fund of Kaufman Economic Development Corporation, as of September 30, 2024, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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 opinions. 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 judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented 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 Governmental 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 responses 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.

YWRD, P.C.

YWRD, P.C.
Certified Public Accountants

Ennis, Texas
March 24, 2024

Kaufman Economic Development Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As management of the Kaufman Economic Development Corporation ("the Corporation"), we offer readers of the Corporation's financial statements this narrative overview and analysis of the financial activities of the Corporation for the fiscal year ended September 30, 2024.

Financial Highlights

- The assets of the Corporation exceeded its liabilities at the close of the most recent fiscal year by \$1,320,419 (net position).
- The Corporation's total net position decreased by \$30,571.
- As of the close of the current fiscal year, the Corporation's general fund reported ending fund balance of \$1,549,884. Over 71% of this amount, \$1,104,725 is unassigned and available for use within the Corporation's designation and policies.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$1,104,725 or 32% of the total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis provided here is intended to serve as an introduction to the Corporation's basic financial statements. The Corporation's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Corporation's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the Corporation's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Corporation is improving or deteriorating.

The *statement of activities* presents information showing how the Corporation's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the Corporation that are principally supported by taxes and investment earnings (*governmental activities*). The sole governmental activity of the Corporation is economic development.

The government-wide financial statements can be found on pages 9-10 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Corporation, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The only fund of the Corporation is a governmental fund.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Corporation maintains one governmental fund. Information is presented separately in the *governmental fund balance sheet* and in the *governmental fund statement of revenues, expenditures and changes in fund balance* for the General fund, which is considered to be a major fund.

The basic governmental fund financial statements can be found on pages 11-14 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15-23 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the Corporation, assets exceeded liabilities by \$1,320,419, at the close of the most recent fiscal year.

KAUFMAN ECONOMIC DEVELOPMENT CORPORATION'S NET POSITION

	Governmental Activities		Total	
	2024	2023	2024	2023
Current and other assets	\$ 1,583,963	\$ 1,552,404	\$ 1,583,963	\$ 1,552,404
Capital assets	3,296,501	561,025	3,296,501	561,025
Total assets	<u>4,880,464</u>	<u>2,113,429</u>	<u>4,880,464</u>	<u>2,113,429</u>
Long term liabilities	3,352,320	700,000	3,352,320	700,000
Other liabilities	207,725	62,439	207,725	62,439
Total liabilities	<u>3,560,045</u>	<u>762,439</u>	<u>3,560,045</u>	<u>762,439</u>
Net position:				
Net investment in capital assets	544,181	561,025	544,181	561,025
Restricted	275,000	-	275,000	-
Unrestricted	501,238	789,965	501,238	789,965
Total net position	<u>\$ 1,320,419</u>	<u>\$ 1,350,990</u>	<u>\$ 1,320,419</u>	<u>\$ 1,350,990</u>

The Corporation uses capital assets to provide service to potential businesses. Accordingly, these assets are not available for future spending.

Analysis of the Corporation's Operations. The following table provides a summary of the Corporation's operations for the year ended September 30, 2024. Governmental activities decreased the Corporation's net position by \$30,571.

KAUFMAN ECONOMIC DEVELOPMENT CORPORATION'S CHANGES IN NET POSITION

	Governmental Activities		Total	
	2024	2023	2024	2023
Revenues:				
Program revenues:				
Operating grants and contributions	\$ 80	\$ 42,500	\$ 80	\$ 42,500
General revenues:				
Sales taxes	632,608	593,426	632,608	593,426
Miscellaneous	3,686	200	3,686	200
Investment earnings	43,851	130	43,851	130
Total revenues	<u>680,225</u>	<u>636,256</u>	<u>680,225</u>	<u>636,256</u>
Expenses:				
Economic development	484,829	369,237	484,829	369,237
Interest	225,967	-	225,967	-
Total expenses	<u>710,796</u>	<u>369,237</u>	<u>710,796</u>	<u>369,237</u>
Increase (decrease) in net position	(30,571)	267,019	(30,571)	267,019
Net position - beginning	1,350,990	1,083,971	1,350,990	1,083,971
Net position - ending	<u>\$ 1,320,419</u>	<u>\$ 1,350,990</u>	<u>\$ 1,320,419</u>	<u>\$ 1,350,990</u>

Financial Analysis of Governmental Funds

As noted earlier, the Corporation uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Corporation's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Corporation's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as it represents the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Corporation itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Board of Directors.

As of the end of the current fiscal year, the Corporation's governmental fund reported ending fund balance of \$1,549,884, an increase of \$59,919 in comparison with the prior year. Of this total amount \$1,104,725 constitutes *unassigned fund balance*. The remainder of the fund balance is *nonspendable, restricted* or *assigned* to indicate that it is 1) not in spendable form (\$70,159), 2) restricted for particular purposes (\$275,000), or 3) assigned for particular purposes (\$100,000).

The general fund is the chief operating fund of the Corporation. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,104,725 while total fund balance reached \$1,549,884. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 32% of total general fund expenditures, while total fund balance represents 45% of that same amount.

The fund balance of the Corporation's general fund increased \$59,919 during the current fiscal year.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year, the Corporation increased total estimated revenues by \$68,368. Sales tax revenues and revenues from the use of money increased by \$21,073 and \$43,785, respectively. Total expenditures were decreased by \$79,136. Matching grant expenditures increased by \$18,000 and incentives decreased \$100,000.

Final budget compared to actual results. General fund budgeted revenues of \$685,108 exceeded actual revenues of \$680,225 by \$4,883. Actual general fund expenditures of \$3,411,556 exceeded budgeted expenditures of \$652,560 by \$2,758,996. This excess was funded by note proceeds.

Capital Assets and Debt Administration

Capital Assets. The Corporation's investment in capital assets for its governmental activities as of September 30, 2024 amounts to \$3,296,501 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure and machinery and equipment.

**Capital Assets at Year-End
Net of Accumulated Depreciation**

	Governmental Activities		Total	
	2024	2023	2024	2023
Land	\$ 3,295,412	\$ 558,435	\$ 3,295,412	\$ 558,435
Infrastructure	1,089	2,590	1,089	2,590
Total	\$ 3,296,501	\$ 561,025	\$ 3,296,501	\$ 561,025

Additional information on the Corporation's capital assets can be found in note 3.C of this report.

Long-term Debt. At the end of the current fiscal year, the Corporation's long-term obligations are comprised of economic development agreements.

Outstanding Debt

	Governmental Activities		Total	
	2024	2023	2024	2023
Note payable	\$ 2,752,320	\$ -	\$ 2,752,320	\$ -
Economic development agreements	600,000	700,000	600,000	700,000
Total	\$ 3,352,320	\$ 700,000	\$ 3,352,320	\$ 700,000

Additional information on the Corporations' long term-debt can be found in Note 3.E of this report.

Economic Factors and Next Year's Budgets and Rates

In the FY 2024-2025 budget, revenues increased 0.7% from the 2023-2024 budget year with sales tax making up 93% of budgeted revenues.

Request for Information

This financial report is designed to provide a general overview of the Corporation's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Kaufman Economic Development Corporation, 209 S. Washington, Kaufman, Texas 75142.

KAUFMAN ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF NET POSITION
September 30, 2024

	Governmental Activities	Total
ASSETS		
Cash	\$ 1,419,166	\$ 1,419,166
Loan receivable	70,000	70,000
Due from primary government	94,638	94,638
Prepaid items	159	159
Capital assets:		
Non-depreciable	3,295,412	3,295,412
Depreciable (net)	1,089	1,089
Total Assets	4,880,464	4,880,464
LIABILITIES		
Accounts payable	32,579	32,579
Accrued interest payable	173,646	173,646
Unearned revenue	1,500	1,500
Noncurrent liabilities:		
Due within one year	103,374	103,374
Due in more than one year	3,248,946	3,248,946
Total Liabilities	3,560,045	3,560,045
NET POSITION		
Net investment in capital assets	544,181	544,181
Restricted	275,000	275,000
Unrestricted	501,238	501,238
Total Net Position	\$ 1,320,419	\$ 1,320,419

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

KAUFMAN ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2024

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>	
			<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Total</u>
Function/Program:					
Primary government:					
Governmental Activities:					
Economic development	\$ 484,829	\$ 80	\$ (484,749)	\$ (484,749)	
Interest	225,967	-	(225,967)	(225,967)	
Total governmental activities	<u>710,796</u>	<u>80</u>	<u>(710,716)</u>	<u>(710,716)</u>	
Total primary government	<u>\$ 710,796</u>	<u>\$ 80</u>	<u>(710,716)</u>	<u>(710,716)</u>	
General revenues:					
Sales taxes			632,608	632,608	
Miscellaneous			3,686	3,686	
Investment earnings			43,851	43,851	
Total general revenues			<u>680,145</u>	<u>680,145</u>	
Change in net position			(30,571)	(30,571)	
Net position - beginning			1,350,990	1,350,990	
Net position - ending			<u>\$ 1,320,419</u>	<u>\$ 1,320,419</u>	

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

KAUFMAN ECONOMIC DEVELOPMENT CORPORATION
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2024

	General	Totals Governmental Funds
ASSETS		
Cash	\$ 1,419,166	\$ 1,419,166
Loan receivable	70,000	70,000
Due from primary government	94,638	94,638
Prepaid items	159	159
Total assets	\$ 1,583,963	\$ 1,583,963
LIABILITIES		
Accounts payable	\$ 32,579	\$ 32,579
Unearned revenue	1,500	1,500
Total Liabilities	34,079	34,079
FUND BALANCE		
Nonspendable:		
Prepaid items	159	159
Loan receivable	70,000	70,000
Restricted:		
Debt service	275,000	275,000
Assigned:		
TVCC renovations	100,000	100,000
Unassigned		
Total Fund Balance	1,104,725	1,104,725
Total Fund Balance	1,549,884	1,549,884
Total liabilities and fund balances	\$ 1,583,963	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		3,296,501
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds balance sheet		(173,646)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Due within one year	\$ (103,374)	
Due in more than one year	(3,248,946)	(3,352,320)
Net position of governmental activities		\$ 1,320,419

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

KAUFMAN ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2024

	General	Totals Governmental Funds
REVENUES		
Sales taxes	\$ 632,608	\$ 632,608
Revenues from use of money	43,851	43,851
Other	3,686	3,686
Intergovernmental	80	80
Total revenues	680,225	680,225
EXPENDITURES		
Current:		
Salaries	150,028	150,028
Meetings	6,920	6,920
Professional services	103,084	103,084
Professional technical/auditing	9,500	9,500
Promotional material	10,488	10,488
Miscellaneous supplies	4,779	4,779
Postage	355	355
Advertising	23,255	23,255
Dues and subscriptions	6,152	6,152
Utilities	500	500
Non capital minor tools/software	7,442	7,442
Insurance	511	511
Tuition and education	4,585	4,585
Travel	6,429	6,429
Maintenance	8,000	8,000
Matching grant	82,519	82,519
Incentives	50,000	50,000
Land purchases	2,745,759	2,745,759
Debt service:		
Principal retirement	38,930	38,930
Interest and fiscal charges	11,070	11,070
Highway 34 By-pass funding	100,000	100,000
Note issuance costs	41,250	41,250
Total expenditures	3,411,556	3,411,556
Excess (deficiency) of revenues over (under) expenditures	(2,731,331)	(2,731,331)
OTHER FINANCING SOURCES (USES)		
Note issued	2,791,250	2,791,250
Total other financing sources (uses)	2,791,250	2,791,250
Net change in fund balance	59,919	59,919
Fund balance - beginning	1,489,965	1,489,965
Fund balance - ending	\$ 1,549,884	\$ 1,549,884

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

KAUFMAN ECONOMIC DEVELOPMENT CORPORATION
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2024

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - total governmental funds	\$	59,919
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Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlay recorded as capital assets in the current year.		2,762,266
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Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds.		(1,501)
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The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.		(25,289)
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The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Note payable issued	\$ (2,791,250)	
Note payable retirement	38,930	
Economic development agreements retirement	100,000	(2,652,320)

Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net position, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds. Change in accrued interest.		(173,646)
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Change in net position of governmental activities	\$	(30,571)
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The notes to financial statements are an integral part of this statement.

KAUFMAN ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND

For the Fiscal Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Sales taxes	\$ 606,500	\$ 627,573	\$ 632,608	\$ 5,035
Revenues from use of money	250	44,035	43,851	(184)
Other	10,000	13,500	3,686	(9,814)
Intergovernmental	-	-	80	80
Total revenues	<u>616,750</u>	<u>685,108</u>	<u>680,225</u>	<u>(4,883)</u>
EXPENDITURES				
Current:				
Salaries	148,015	149,105	150,028	923
Meetings	7,500	7,500	6,920	(580)
Professional services	97,751	100,000	103,084	3,084
Professional technical/auditing	8,000	9,500	9,500	-
Promotional material	7,400	7,400	10,488	3,088
Miscellaneous supplies	3,400	3,000	4,779	1,779
Postage	500	300	355	55
Advertising	18,250	22,005	23,255	1,250
Dues and subscriptions	3,905	6,100	6,152	52
Utilities	550	550	500	(50)
Non capital minor tools/software	10,925	7,450	7,442	(8)
Insurance	1,100	1,100	511	(589)
Tuition and education	4,450	4,600	4,585	(15)
Travel	7,950	7,950	6,429	(1,521)
Maintenance	12,000	8,000	8,000	-
Matching grant	100,000	118,000	82,519	(35,481)
Incentives	150,000	50,000	50,000	-
Land purchases	-	-	2,745,759	2,745,759
Debt service:				
Principal retirement	50,000	38,930	38,930	-
Interest and fiscal charges	-	11,070	11,070	-
Highway 34 By-pass funding	100,000	100,000	100,000	-
Note issuance costs	-	-	41,250	41,250
Total expenditures	<u>731,696</u>	<u>652,560</u>	<u>3,411,556</u>	<u>2,758,996</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(114,946)</u>	<u>32,548</u>	<u>(2,731,331)</u>	<u>(2,763,879)</u>
OTHER FINANCING SOURCES (USES)				
Note issued	-	-	2,791,250	2,791,250
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>2,791,250</u>	<u>2,791,250</u>
Net change in fund balance	(114,946)	32,548	59,919	27,371
Fund balance - beginning	-	-	1,489,965	1,489,965
Fund balance - ending	<u>\$ (114,946)</u>	<u>\$ 32,548</u>	<u>\$ 1,549,884</u>	<u>\$ 1,517,336</u>

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

KAUFMAN ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities* are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

B. Reporting entity

The Kaufman Economic Development Corporation (the “Corporation”) was incorporated September 30, 1994 to promote and support the growth and development of business and industry in the City of Kaufman, Texas. The accompanying financial statements present the Corporation.

The Corporation applies the criteria set forth in GASB Statement No. 61, The Financial Reporting Entity, to determine which governmental organizations should be included in the reporting entity. The inclusion or exclusion of component units is based on the elected officials accountability to their constituents. The financial reporting entity follows the same accountability. In addition, the financial statements of the reporting entity should allow the user to distinguish between the primary government (including its blended component units, which are, in substance, part of the primary government) and discretely presented component units. Criteria for inclusion of an entity into the primary governmental unit (in blended or discrete presentation) includes, but is not limited to, legal standing, fiscal dependency, imposition of will and the primary recipient of services. The Corporation presently has no component units included within its reporting entity. For financial reporting purposes, the Corporation is a component unit of the City of Kaufman, Texas.

Payments between the Component Unit and City. Resource flows (except those that affect the statement of net position/balance sheet only, such as loans and repayments) between a primary government and its discretely presented component unit is reported as external transactions—that is, as revenues and expenses/expenditures. Payments from the Corporation to the City are to pay the City for financial services, other development projects and economic development agreements (note 3.F).

C. Basis of presentation - government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds. The statement of net position reports all financial and capital resources. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

KAUFMAN ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of presentation - fund financial statements

The fund financial statements provide information about the Corporation's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column in the fund financial statements.

The Corporation reports the following major governmental fund:

The *general fund* is the Corporation's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

E. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt are reported as other

Sales taxes and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period, if available. All other revenue items are considered to be measurable and available only when cash is received by the Corporation.

KAUFMAN ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Budgetary information

1. Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year end. The legal level of budgetary control is the fund level.

G. Assets, liabilities, and net position/fund balance

1. Cash and cash equivalents

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

2. Investments

Public funds of the Corporation may be invested in 1) obligations of the United States of America, its agencies and instrumentalities; 2) certificates of deposit; 3) fully collateralized direct repurchase agreements with a defined termination date secured by obligations of the United States or its agencies and instrumentalities; 4) money market mutual funds; and 5) local government investment pools.

3. Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems and similar items), are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the Corporation as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Donated capital assets are recorded at acquisition value at the date of donation.

KAUFMAN ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, liabilities, and net position/fund balance (continued)

3. Capital assets (continued)

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Capital asset class</u>	<u>Lives</u>
Infrastructure	5-15
Machinery and equipment	5

4. Net position flow assumption

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the government-wide financial statements. Net positions are classified in the following categories:

Net investment in capital assets —This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted net position —This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted net position —This amount is the net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

Sometimes the Corporation will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Corporation’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

5. Fund balance flow assumption

The governmental fund financial statement presents fund balance categorized based on the nature and extent of the constraints placed on the specific purposes for which a government's funds may be spent. The following classifications describe the relative strength of the spending constraints:

KAUFMAN ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, liabilities, and net position/fund balance (continued)

5. Fund balance flow assumption (continued)

Nonspendable fund balance—amounts that are not in spendable form (such as prepaid) are required to be maintained intact.

Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance—amounts constrained to specific purposes by the Corporation itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the Corporation takes the same highest level action to remove or change the constraint.

Assigned fund balance—amounts the Corporation intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned fund balance—amounts that represent fund balance that has not been assigned to other funds and that has not been restricted or assigned to specific purposes within the general fund. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted or assigned. Positive balances are reported only in the general fund.

Sometimes the Corporation will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of restricted, committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Corporation's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

KAUFMAN ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Revenues

1. Program revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

I. Compliance with finance related legal and contractual provisions

The Corporation has no material violations of finance related legal and contractual provisions, including the Texas Public Funds Investment Act.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Violations of legal or contractual provisions

For the year ended September 30, 2024, expenditures exceeded appropriations in the General Fund by \$2,758,996. This excess was funded by note proceeds.

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash deposits with financial institutions

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Corporation's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully insured or collateralized by U.S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits. At year-end, the Corporation's bank balance was \$1,484,591. Of the bank balance, \$250,000 was covered by federal depository insurance and the remaining balance, \$1,234,591 was covered by collateral pledged in the Corporation's name. The collateral was held in the Corporation's name by the safekeeping departments of the pledging bank's agent and had a fair value of approximately \$3,684,000.

KAUFMAN ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

B. Loan Receivable

The Corporation has an outstanding loan receivable at zero percent interest totaling \$70,000 at fiscal year end due from a Company as part of an economic development agreement. The loan shall be repaid by the Company by making \$10,000 per year payments to the Corporation each year for fifteen years. Management feels that collectability of the loan is certain. Accordingly, no allowance for doubtful accounts has been recorded for the loan receivable.

C. Capital assets

Capital asset activity for the year ended September 30, 2024, was as follows:

Governmental activities:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not being depreciated:				
Land	\$ 558,435	\$ 2,762,266	\$ (25,289)	\$ 3,295,412
Total capital assets not being depreciated	558,435	2,762,266	(25,289)	3,295,412
Capital assets being depreciated:				
Infrastructure	25,453	-	-	25,453
Machinery and equipment	9,278	-	-	9,278
Total capital assets being depreciated	34,731	-	-	34,731
Less accumulated depreciation for:				
Infrastructure	(22,863)	(1,501)	-	(24,364)
Machinery and equipment	(9,278)	-	-	(9,278)
Total accumulated depreciation	(32,141)	(1,501)	-	(33,642)
Total capital assets being depreciated, net	2,590	(1,501)	-	1,089
Governmental activities capital assets, net	\$ 561,025	\$ 2,760,765	\$ (25,289)	\$ 3,296,501

D. Risk management

The Corporation 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. The Corporation maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Corporation. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

KAUFMAN ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

E. Long-term liabilities

Note payable

On October 10, 2023, the Corporation entered into a promissory note with in the amount of \$2,791,250 for the purchase of property. The note will be repaid in 20 annual installments. Interest payments are to be made annually at an interest rate of 6.49%. The balance due at September 30, 2024 was \$2,752,320.

Economic development agreements

On May 19, 2015, the Corporation entered into an agreement with the City of Kaufman, Texas to provide for the construction of the Highway 34 by-pass project. Under the agreement the Corporation agrees to pay \$100,000 per year beginning in fiscal year 2015 for a total of sixteen payments towards the project. The funds to be repaid at September 30, 2024 totaled \$600,000. The amount due within one year totals \$100,000.

Changes in long-term liabilities

Changes in the government’s long-term liabilities for the year ended September 30, 2024 are as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Note payable	\$ -	\$ 2,791,250	\$ (38,930)	\$ 2,752,320	\$ 3,374
Economic development agreements	700,000	-	(100,000)	600,000	100,000
Governmental activity					
Long-term liabilities	<u>\$ 700,000</u>	<u>\$ 2,791,250</u>	<u>\$ (138,930)</u>	<u>\$ 3,352,320</u>	<u>\$ 103,374</u>

Governmental note payable and economic development agreements will be liquidated by the General fund.

KAUFMAN ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

E. Long-term liabilities (continued)

The requirements for the Corporation's note payable and economic development agreements are as follows:

Year Ending September 30	Note Payable		Economic Development Agreement
	Principal	Interest	Principal
2025	\$ 3,374	\$ 178,626	\$ 100,000
2026	8,594	178,407	100,000
2027	14,151	177,849	100,000
2028	20,070	176,930	100,000
2029	26,372	175,628	100,000
2030-2034	473,697	834,887	100,000
2035-2039	1,070,865	585,597	-
2040-2043	1,135,197	189,970	-
	<u>\$ 2,752,320</u>	<u>\$ 2,497,894</u>	<u>\$ 600,000</u>

F. Related party transactions

The significant transactions between the component unit and primary government during the year ended September 30, 2024 consisted of financial services contract payments in the amount of \$9,412, economic development agreement payments in the amount of \$100,000 (see note 3.E), and on-behalf salary payments of \$179,170.

G. Subsequent events

Subsequent to year end, the Corporation:

- Approved an economic development agreement with a local businesses not to exceed \$100,000 with the City of Kaufman, Texas to reimburse the Corporation \$50,000.



Meeting Date: 4-8-2025	Date: 4-4-2025	Item #: 6	Dept.: KEDC
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(Check one)

Consent

 Action

 Discussion

SUBJECT:
 Discussion and staff direction regarding an alternative date for the May KEDC Board Meeting.

BACKGROUND:
 The KEDC meeting is scheduled to be on May 13th. The Executive Director will be out of town attending the Select USA foreign direct investment summit with Team Texas in Washington, DC. Discussion and staff direction regarding an alternative date for the monthly board meeting is recommended.

Author: Stewart McGregor, KEDC Executive Director	Reviewed: Stewart McGregor, KEDC Executive Director
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Cost: N/A	Funds Available: N/A	Source: N/A
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Recommendation:
 Discussion & Staff Director

Safe & Secure <input type="checkbox"/>	Business Friendly/Economic Development <input type="checkbox"/>	Partnership & Community Involvement <input type="checkbox"/>	Healthy & Environmentally Cons. Comm. <input type="checkbox"/>	Financial & OPS Stewardship <input checked="" type="checkbox"/>
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