

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6

DENTON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2023

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6

DENTON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2023

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT	1-3
MANAGEMENT’S DISCUSSION AND ANALYSIS	4-8
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	9-12
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	13
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	14-15
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	16
NOTES TO THE FINANCIAL STATEMENTS	17-30
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE- BUDGET AND ACTUAL-GENERAL FUND	32
SUPPLEMENTARY INFORMATION REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE	
NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE (Included in the notes to the financial statements)	
SERVICES AND RATES	34-36
GENERAL FUND EXPENDITURES	37
INVESTMENTS	38
TAXES LEVIED AND RECEIVABLE	39-40
LONG-TERM DEBT SERVICE REQUIREMENTS	41-47
CHANGES IN LONG-TERM BOND DEBT	48-49
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS	50-53
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	54-55

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Denton County Fresh Water
Supply District No. 6
Denton County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Denton County Fresh Water Supply District No. 6 (the "District") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2023, and the respective changes in financial position 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 the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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 the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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 and the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide an assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "McCall Gibson Swedlund Barfoot PLLC". The signature is written in a cursive, flowing style.

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

March 19, 2024

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Management's discussion and analysis of the financial performance of Denton County Fresh Water Supply District No. 6 (the "District") provides an overview of the District's financial activities for the fiscal year ended September 30, 2023.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes all of the District's assets, liabilities and deferred outflows of resources with the difference 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 District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The combined statements also include 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 District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

FUND FINANCIAL STATEMENTS (Continued)

Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI") and other supplementary information. A budgetary comparison schedule is included as RSI for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by \$21,613,317 as of September 30, 2023.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following is a comparative analysis of government-wide changes in net position:

	Summary of Changes in the Statement of Net Position		
	2023	2022	Change Positive (Negative)
Current and Other Assets	\$ 11,742,777	\$ 10,764,719	\$ 978,058
Capital Assets (Net of Accumulated Depreciation)	40,208,701	41,336,938	(1,128,237)
Total Assets	\$ 51,951,478	\$ 52,101,657	\$ (150,179)
Deferred Outflows of Resources	\$ 632,201	\$ 704,729	\$ (72,528)
Bonds Payable	\$ 29,362,306	\$ 33,835,828	\$ 4,473,522
Lease Payable	197,392		(197,392)
Other Liabilities	1,410,664	1,042,748	(367,916)
Total Liabilities	\$ 30,970,362	\$ 34,878,576	\$ 3,908,214
Net Position:			
Net Investment in Capital Assets	\$ 11,648,306	\$ 8,370,334	\$ 3,277,972
Restricted	1,382,144	1,389,463	(7,319)
Unrestricted	8,582,867	8,168,013	414,854
Total Net Position	\$ 21,613,317	\$ 17,927,810	\$ 3,685,507

The following table summarizes the District's operations for the years ended September 30, 2023 and September 30, 2022. The District's net position increased by \$3,685,507.

	Summary of Changes in the Statement of Activities		
	2023	2022	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 7,440,068	\$ 7,121,613	\$ 318,455
Charges for Services	4,094,589	3,932,738	161,851
Franchise Fees	144,712	185,791	(41,079)
Miscellaneous Revenues	454,387	91,468	362,919
Total Revenues	\$ 12,133,756	\$ 11,331,610	\$ 802,146
Expenses for Services	8,448,249	8,658,457	210,208
Change in Net Position	\$ 3,685,507	\$ 2,673,153	\$ 1,012,354
Net Position, Beginning of Year	17,927,810	15,254,657	2,673,153
Net Position, End of Year	\$ 21,613,317	\$ 17,927,810	\$ 3,685,507

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of September 30, 2023, were \$10,202,442, an increase of \$429,320 from the prior year.

The General Fund fund balance increased by \$432,861. Property tax revenues and service revenues exceeded capital outlay and the costs of operating the District's water and wastewater systems.

The Debt Service Fund fund balance decreased by \$8,756, primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund fund balance increased by \$5,215.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors annually adopts an unappropriated budget for the General Fund, and the original adopted budget was not amended. For the 2023 fiscal year, actual revenues were \$609,268 more than budgeted revenues and actual expenditures were \$210,888 more than budgeted expenditures which resulted in a positive budget to actual variance of \$398,380. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of September 30, 2023, total \$40,208,701 (net of accumulated depreciation) and include land, construction in progress, roads, water system, sewer system, building, vehicles/equipment and certificate of convenience and necessity.

Capital Assets At Year-End			
	2023	2022	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 1,805,038	\$ 1,805,038	\$
Certificate of Convenience and Necessity	464,287	464,287	
Construction in Progress	34,843		34,843
Capital Assets Subject to Depreciation:			
Water and Wastewater System	29,234,170	29,234,170	
Building and Equipment	1,308,625	1,275,540	33,085
Roads and Improvements	36,954,802	36,954,802	
Landscaping	5,932,088	5,133,937	798,151
Less Accumulated Depreciation	<u>(35,525,152)</u>	<u>(33,530,836)</u>	<u>(1,994,316)</u>
Total Net Capital Assets	<u>\$ 40,208,701</u>	<u>\$ 41,336,938</u>	<u>\$ (1,128,237)</u>

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

LONG-TERM DEBT

As of September 30, 2023, the District had total bond debt payable of \$27,410,000. The changes in the debt position of the District during the fiscal year ended September 30, 2023, are summarized as follows:

Bond Debt Payable, October 1, 2022	\$ 31,680,000
Less: Bond Principal Paid	<u>(4,270,000)</u>
Bond Debt Payable, September 30, 2023	<u><u>\$ 27,410,000</u></u>

The District's bonds carry insured ratings of A1 or AA by S&P by virtue of bond insurance issued by Build America Mutual Assurance Company or Assured Guaranty Municipal Corp. The District has an underlying rating of A1 by Moody's. Credit enhanced ratings provided through bond insurance policies are subject to change based on changes to the ratings of the insurers.

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

The adopted budget for fiscal year 2024 projects an increase in General Fund fund balance of \$273,281. The fiscal year 2024 tax rate has been established at \$0.69209 on each \$100 of taxable value of which 67.5% of the property tax will be used to fund debt service and 32.5% to fund general operations.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Denton County Fresh Water Supply District No. 6, c/o General Manager, 2650 FM 407, Suite 125, Bartonville, TX 76226.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>
ASSETS		
Cash	\$ 5,804,375	\$ 1,467,824
Investments	2,767,923	
Receivables:		
Property Taxes	7,002	17,583
Service Accounts	87,037	
Other	3,488	
Due from Other Districts	1,192,022	
Due from Other Funds		17,464
Prepaid Costs		
Right-of-Use Asset, Net of Accumulated Amortization		
Land		
Certificate of Convenience and Necessity		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	<u>\$ 9,861,847</u>	<u>\$ 1,502,871</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	<u>\$ -0-</u>	<u>\$ -0-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 9,861,847</u>	<u>\$ 1,502,871</u>

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 169,710	\$ 7,441,909	\$	\$ 7,441,909
	2,767,923		2,767,923
	24,585		24,585
	87,037		87,037
	3,488		3,488
	1,192,022		1,192,022
	17,464	(17,464)	
		39,671	39,671
		186,142	186,142
		1,805,038	1,805,038
		464,287	464,287
		34,843	34,843
		37,904,533	37,904,533
<u>\$ 169,710</u>	<u>\$ 11,534,428</u>	<u>\$ 40,417,050</u>	<u>\$ 51,951,478</u>
 \$ -0-	 \$ -0-	 \$ 632,201	 \$ 632,201
 <u>\$ 169,710</u>	 <u>\$ 11,534,428</u>	 <u>\$ 41,049,251</u>	 <u>\$ 52,583,679</u>

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

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>
LIABILITIES		
Accounts Payable	\$ 1,092,044	\$
Accrued Interest Payable		
Due to Other Funds	17,464	
Security Deposits	197,893	
Long-Term Liabilities:		
Lease Payable, Due Within One Year		
Lease Payable, Due After One Year		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	<u>\$ 1,307,401</u>	<u>\$ -0-</u>
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	<u>\$ 7,002</u>	<u>\$ 17,583</u>
FUND BALANCES		
Restricted for Authorized Construction	\$	\$
Restricted for Debt Service		1,485,288
Unassigned	<u>8,547,444</u>	
TOTAL FUND BALANCES	<u>\$ 8,547,444</u>	<u>\$ 1,485,288</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 9,861,847</u></u>	<u><u>\$ 1,502,871</u></u>
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$	\$ 1,092,044	\$	\$ 1,092,044
		120,727	120,727
	17,464	(17,464)	
	197,893		197,893
		31,538	31,538
		165,854	165,854
		4,415,000	4,415,000
		24,947,306	24,947,306
<u>\$ -0-</u>	<u>\$ 1,307,401</u>	<u>\$ 29,662,961</u>	<u>\$ 30,970,362</u>
<u>\$ -0-</u>	<u>\$ 24,585</u>	<u>\$ (24,585)</u>	<u>\$ -0-</u>
\$ 169,710	\$ 169,710	\$ (169,710)	\$
	1,485,288	(1,485,288)	
	8,547,444	(8,547,444)	
<u>\$ 169,710</u>	<u>\$ 10,202,442</u>	<u>\$ (10,202,442)</u>	<u>\$ - 0 -</u>
<u>\$ 169,710</u>	<u>\$ 11,534,428</u>		
		\$ 11,648,306	\$ 11,648,306
		1,382,144	1,382,144
		8,582,867	8,582,867
		<u>\$ 21,613,317</u>	<u>\$ 21,613,317</u>

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

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

Total Fund Balances - Governmental Funds	\$	10,202,442
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Prepaid bond insurance costs are amortized over the term of the bonds in the government-wide financial statements.		39,671
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Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the shorter of the remaining life of the new debt or the old debt.		632,201
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Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		40,208,701
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Right-of-use assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		186,142
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Deferred inflows of resources related to property tax revenues for the 2022 and prior tax levies became part of recognized revenue in the governmental activities of the District.		24,585
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year-end consist of:

Accrued Interest Payable	\$	(120,727)	
Lease Payable		(197,392)	
Bonds Payable		<u>(29,362,306)</u>	<u>(29,680,425)</u>

Total Net Position - Governmental Activities	\$	<u>21,613,317</u>
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The accompanying notes to the financial
statements are an integral part of this report.

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DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 2,199,067	\$ 5,261,988
Water Service	2,177,892	
Wastewater Service	1,243,523	
Solid Waste Revenues	608,059	
Permit, Inspection, Connection Fees	65,115	
Franchise Fees	144,712	
Investment and Miscellaneous Revenues	397,329	51,843
TOTAL REVENUES	<u>\$ 6,835,697</u>	<u>\$ 5,313,831</u>
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 112,919	\$ 3,500
Contracted Services	532,879	2,100
Purchased Water and Wastewater Services	2,394,228	
Utilities	130,766	
Repairs and Maintenance	1,104,420	
Depreciation		
Amortization		
Personnel and Other	1,261,545	3,074
Capital Outlay	866,079	
Debt Service:		
Bond Principal		4,270,000
Bond Interest		1,043,913
TOTAL EXPENDITURES/EXPENSES	<u>\$ 6,402,836</u>	<u>\$ 5,322,587</u>
NET CHANGE IN FUND BALANCES	\$ 432,861	\$ (8,756)
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION -		
OCTOBER 1, 2022	<u>8,114,583</u>	<u>1,494,044</u>
FUND BALANCES/NET POSITION -		
SEPTEMBER 30, 2023	<u><u>\$ 8,547,444</u></u>	<u><u>\$ 1,485,288</u></u>

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 7,461,055	\$ (20,987)	\$ 7,440,068
	2,177,892		2,177,892
	1,243,523		1,243,523
	608,059		608,059
	65,115		65,115
	144,712		144,712
5,215	454,387		454,387
<u>\$ 5,215</u>	<u>\$ 12,154,743</u>	<u>\$ (20,987)</u>	<u>\$ 12,133,756</u>
\$	\$ 116,419	\$	\$ 116,419
	534,979		534,979
	2,394,228		2,394,228
	130,766		130,766
	1,104,420		1,104,420
		1,994,316	1,994,316
		41,046	41,046
	1,264,619	(29,796)	1,234,823
	866,079	(866,079)	
	4,270,000	(4,270,000)	
	1,043,913	(146,661)	897,252
<u>\$ - 0 -</u>	<u>\$ 11,725,423</u>	<u>\$ (3,277,174)</u>	<u>\$ 8,448,249</u>
\$ 5,215	\$ 429,320	\$ (429,320)	\$
		3,685,507	3,685,507
164,495	9,773,122	8,154,688	17,927,810
<u>\$ 169,710</u>	<u>\$ 10,202,442</u>	<u>\$ 11,410,875</u>	<u>\$ 21,613,317</u>

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

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Net Change in Fund Balances - Governmental Funds	\$ 429,320
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	(20,987)
Governmental funds report lease expenditures in the period paid. However, the principal associated of lease payments decreases lease payables in the Statement of Net Position, and amortization expense is recognized in the Statement of Activities for the right-of-use asset.	(11,250)
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(1,994,316)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	866,079
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.	4,270,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	146,661
Change in Net Position - Governmental Activities	<u>\$ 3,685,507</u>

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

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1. CREATION OF DISTRICT

Denton County Fresh Water Supply District No. 6 (the District) was created as a result of an election to divide Denton County Fresh Water Supply District 1-A into two districts held January 15, 2000, in accordance with Section 53.029, Texas Water Code, as amended. Creation of the District was validated by Section 42 of Senate Bill 1444, Acts of the 77th Legislature of the State of Texas, Regular Session 2001. The Board of Directors held its first meeting on March 16, 2000. The District operates in accordance with Chapters 49, 51, and, for limited purposes, 53 of the Texas Water Code and is subject to the continuing supervision of the Texas Commission on Environmental Quality (the Commission). The principal functions of the District are to finance, construct, own, and operate waterworks, wastewater, drainage and roadway facilities and to provide such facilities and services to the customers of the District.

The District contains a portion of the land comprising a master planned community known as “Lantana.” The balance of Lantana is located within Denton County Fresh Water Supply District No. 7 (DCFWSN No. 7) (the District and DCFWSN No. 7, sometimes individually “FWSD” or collectively, “FWSDs”). Each FWSD proposes to finance, from time to time and in phases, the acquisition and construction of water, sanitary sewer and drainage facilities and road improvements necessary to serve the land within its respective boundaries. In addition, all of the land comprising Lantana located within the FWSDs is currently located within the boundaries of Denton County Development District No. 4 (DCDD No. 4). DCDD No. 4 has been created and operates pursuant to Chapter 383, Local Government Code, as amended, for the purpose of financing, acquiring, and constructing projects to promote and develop new or expanded business enterprises which will attract tourists to Denton County, including the area within the FWSDs. Presently, obligations of DCDD No. 4 may be secured only by sales tax receipts and project revenues, and not from ad valorem taxes.

The District has entered into a Joint Utility Contract and Joint Road Contract (as each is hereinafter defined) with DCFWSN No. 7. It is currently contemplated that DCDD No. 4 would finance the acquisition and construction of projects that will promote visitors and tourism within the area of Lantana. The District does not own water production or wastewater treatment facilities. Pursuant to the agreement described in Note 8, the District has contracted with DCFWSN No. 7 for the purchase of water and the treatment of wastewater.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). In addition, the accounting records of the District are maintained in accordance with the *Water District Financial Management Guide* published by the Texas Commission on Environmental Quality.

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District's financial statement as component units.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting ("GASB Codification"). The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Position - This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position - This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special purpose government and has the option of combining these financial statements. The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

Fund Financial Statements

The District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances.

Governmental Funds

The District has three governmental funds and considers each to be a major fund. The General Fund accounts for resources not required to be accounted for in another fund, customer service revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting debt service taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectable within 60 days of year-end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. At year-end, the General Fund owed the Debt Service Fund \$17,464 for an excess transfer of maintenance tax collections.

Capital Assets

Capital assets are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	<u>Years</u>
Roads	45
Water and Wastewater System	25-30
Lighting, Irrigation, Landscaping	15-25
Buildings	40
Vehicles and Equipment	5-15

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions

Effective January 1, 2005, the District established a defined contribution plan (the “Plan”) for its eligible employees. The Plan falls under Section 401(k) of the Internal Revenue Code and is administered by Nationwide 401k. Employees may contribute up to the maximum allowable amounts per IRS rules and their contributions are always immediately 100% vested. The Plan allows for discretionary employer matching and profit-sharing contributions. The Internal Revenue Service has determined that the directors are considered employees for federal payroll tax purposes only. Directors do not participate in the pension plan.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position. Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the balance sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental funds types increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District does not have any nonspendable fund balances.

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District does not have any assigned fund balances.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 2. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Measurement Focus (Continued)

Unassigned: all other spendable amounts in the General Fund.

When expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3. **LONG-TERM DEBT**

	Refunding Series 2016	Road and Refunding Series 2017	Series 2017
Amount Outstanding – September 30, 2023	\$4,110,000	\$8,435,000	\$2,555,000
Interest Rates	2.00%-4.00%	4.00%	2.00%-3.25%
Maturity Dates – Serially Beginning/Ending	February 15, 2024/2031	February 15, 2024/2036	February 15, 2024/2036
Interest Payment Dates	February 15/ August 15	February 15/ August 15	February 15/ August 15
Callable Dates	February 15, 2025*	February 15, 2025*	February 15, 2025*

* Or any date thereafter in such order as the District may determine, callable at par plus unpaid accrued interest in whole or in part at the option of the District. Series 2017 term bonds due February 15, 2025, February 15, 2027, February 15, 2029, February 15, 2031, February 15, 2033, and February 15, 2036, are subject to mandatory redemption beginning February 15, 2024, February 15, 2026, February 15, 2028, February 15, 2030, February 15, 2032 and February 15, 2034, respectively.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 3. LONG-TERM DEBT (Continued)

	Refunding Series 2018	Road Refunding Series 2020	Refunding Series 2021
Amount Outstanding – September 30, 2023	\$3,955,000	\$3,970,000	\$4,385,000
Interest Rates	4.00%	2.00%-4.00%	2.00%-3.00%
Maturity Dates – Serially Beginning/Ending	February 15, 2024/2033	February 15, 2024/2034	February 15, 2024/2029
Interest Payment Dates	February 15/ August 15	February 15/ August 15	February 15/ August 15
Callable Dates	February 15, 2025*	February 15, 2029*	February 15, 2028*

* Or any date thereafter in such order as the District may determine, callable at par plus unpaid accrued interest in whole or in part at the option of the District. Series 2020 Refunding term bonds due February 15, 2034, are subject to mandatory redemption beginning February 15, 2033.

The following is a summary of transactions regarding bonds payable for the year ended September 30, 2023:

	October 1, 2022	Additions	Retirements	September 30, 2023
Bonds Payable	\$ 31,680,000	\$	\$ 4,270,000	\$ 27,410,000
Unamortized Premiums	2,155,828		203,522	1,952,306
Bonds Payable, Net	<u>\$ 33,835,828</u>	<u>\$ -0-</u>	<u>\$ 4,473,522</u>	<u>\$ 29,362,306</u>
		Amount Due Within One Year		\$ 4,415,000
		Amount Due After One Year		<u>24,947,306</u>
		Bonds Payable, Net		<u>\$ 29,362,306</u>

As of September 30, 2023, the District had authorized but unissued utility bonds in the amount of \$52,915,000 and road bonds in the amount of \$15,560,000. The District has also authorized the issuance of utility refunding bonds up to \$86,000,000 of which \$59,850,000 remains unissued. The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 3. LONG-TERM DEBT (Continued)

As of September 30, 2023, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 4,415,000	\$ 887,987	\$ 5,302,987
2025	4,590,000	726,063	5,316,063
2026	3,455,000	576,763	4,031,763
2027	2,800,000	460,738	3,260,738
2028	2,895,000	357,263	3,252,263
2029-2033	7,660,000	805,558	8,465,558
2034-2036	1,595,000	83,137	1,678,137
	<u>\$ 27,410,000</u>	<u>\$ 3,897,509</u>	<u>\$ 31,307,509</u>

For the year ended September 30, 2023, the District levied an ad valorem debt service tax rate of \$0.52074 per \$100 of assessed valuation, which resulted in a tax levy of \$5,266,090 on the adjusted taxable valuation of \$1,011,270,586 for the 2022 tax year. The bond orders require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes.

All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of Section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on each five-year anniversary of the bonds.

The District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data with respect to the District to certain information repositories. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes. Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year-end, the carrying amount of the District's deposits was \$7,441,909 and the bank balance was \$7,454,647. Of the bank balance, \$500,000 was covered by FDIC insurance and the remaining balance was covered by collateral pledged in the name of the District and held in a third-party depository. The District was not exposed to custodial credit risk at year-end. The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at September 30, 2023 are listed below:

	<u>Cash</u>
GENERAL FUND	\$ 5,804,375
DEBT SERVICE FUND	1,467,824
CAPITAL PROJECTS FUND	<u>169,710</u>
TOTAL DEPOSITS	<u>\$ 7,441,909</u>

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management. All District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Directors.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in LOGIC (Local Government Investment Cooperative), an external public fund investment pool that is not SEC-registered. LOGIC is organized and existing as a business trust under the laws of the State of Texas with all participant funds and all investment assets held and managed in trust by a Board of Trustees for the benefit of the participants. Hilltop Securities, Inc. and J.P. Morgan Investment Management, Inc. serve as co-administrators of the pool. LOGIC measures all of its portfolio assets at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from LOGIC. The District measures its investments in LOGIC at amortized cost.

As of September 30, 2023, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
LOGIC	<u>\$ 2,767,923</u>	<u>\$ 2,767,923</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District's investment in LOGIC was rated AAAm by Standard and Poor's.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in LOGIC to have a maturity of less than one year due to the fact that the shares position can usually be redeemed each day at the discretion of the District unless there has been a significant change in value.

Restrictions

All cash of the Debt Service Fund is restricted for the payment of debt service and the cost of assessing and collecting taxes. All cash of the Capital Projects Fund is restricted for the purchase of capital assets.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 6. CAPITAL ASSETS

Capital asset activity for the current fiscal year is summarized in the following table:

	October 1, 2022	Increases	Decreases	September 30, 2023
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 1,805,038	\$	\$	\$ 1,805,038
Certificate of Convenience and Necessity	464,287			464,287
Construction in Progress		34,843		34,843
Total Capital Assets Not Being Depreciated	\$ 2,269,325	\$ 34,843	\$ - 0 -	\$ 2,304,168
Capital Assets Subject to Depreciation				
Water and Wastewater System	\$ 29,234,170	\$	\$	\$ 29,234,170
Building and Equipment	1,275,540	33,085		1,308,625
Roads and Improvements	36,954,802			36,954,802
Landscaping	5,133,937	798,151		5,932,088
Total Capital Assets Subject to Depreciation	\$ 72,598,449	\$ 831,236	\$ - 0 -	\$ 73,429,685
Less Accumulated Depreciation				
Water and Wastewater System	\$ 14,705,342	\$ 976,115	\$	\$ 15,681,457
Building and Equipment	599,740	64,604		664,344
Roads and Improvements	14,534,345	802,537		15,336,882
Landscaping	3,691,409	151,060		3,842,469
Total Accumulated Depreciation	\$ 33,530,836	\$ 1,994,316	\$ - 0 -	\$ 35,525,152
Total Depreciable Capital Assets, Net of Accumulated Depreciation	\$ 39,067,613	\$ (1,163,080)	\$ - 0 -	\$ 37,904,533
Total Capital Assets, Net of Accumulated Depreciation	\$ 41,336,938	\$ (1,128,237)	\$ - 0 -	\$ 40,208,701

NOTE 7. MAINTENANCE TAX AND CONTRACT TAX

On November 2, 1999, voters of the District approved the levy and collection of a maintenance tax in an unlimited amount per \$100 of assessed valuation of taxable property within the District. In addition, at an election held August 11, 2001, voters authorized a contract tax, unlimited in rate or amount, on all property within the District subject to taxation.

During the fiscal year ended September 30, 2023, the District levied a maintenance tax rate of \$0.21787 per \$100 of assessed valuation, which resulted in a tax levy of \$2,203,255 on the adjusted taxable valuation of \$1,011,270,586 for the 2022 tax year. This maintenance tax is to be used by the General Fund to pay expenditures of operating and maintaining the District's waterworks and sanitary sewer system.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 8. OPERATING AGREEMENTS

On October 18, 2001, the District entered into a joint utility agreement with DCFWSD No. 7. Under the terms of the agreement, DCFWSD No. 7 has agreed to be the coordinating district to provide or cause to be provided regional water supply and delivery facilities and regional waste treatment, collection, and disposal. The districts will share costs of providing water and sewer services. Effective November 15, 2001, DCFWSD No. 7 entered into two contracts with Upper Trinity Regional Water District (UTRWD) in which UTRWD has pledged to deliver certain water supply and wastewater services as required to serve the property owners within the districts.

The District is billed monthly for fixed costs based on percentage of current subscription capacity to total subscription capacity and variable costs based on each participant's pro rata share of consumption. In addition, UTRWD is authorized to issue contract revenue bonds sufficient to complete acquisition and construction of the facilities needed to serve all districts in the service area and to pay operation and maintenance expenses of the facilities during the construction and the initial operating period. The District will pay its pro rata share of debt service requirements to DCFWSD No. 7 from the proceeds of contract taxes or revenues from the operation of its water delivery and sanitary sewage collection systems. Pursuant to the Joint Utility Contract (hereinafter defined) with DCFWSD No. 7, the District has agreed to levy and, if necessary, annually assess and collect an ad valorem tax, unlimited in rate or amount, sufficient to accomplish full and timely payment of all costs, charges, fees, and expenses required therein, including the District's share of obligations under the UTRWD Contracts (hereinafter defined). Notwithstanding the foregoing, if in advance of the time when ad valorem taxes are scheduled to be assessed and collected for any year, other funds are legally available for the payment of the District's obligations under the Joint Utility Contract (including obligations under the UTRWD Contracts), the amount of ad valorem taxes required to be assessed and collected may be reduced to the extent of such available funds. In the past, the District has levied the contract tax at a rate sufficient to fund such obligations.

Pursuant to a Joint Road Contract dated October 18, 2001, and as subsequently amended, between the District and DCFWSD No. 7, costs of certain roads, including landscaping and maintenance, will be shared. Each district will construct and pay for its internal road improvements as well as pay for its proportionate share of road improvements inside and outside its boundaries.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 9. UNREIMBURSED COSTS

The District has entered into a series of agreements with the developer and its affiliates, whereas the developer will construct roads, utility facilities and recreational facilities for the benefit of the District. The District has agreed to purchase the constructed assets at a future date and at an amount, including interest, in accordance with the applicable rules and orders of the Texas Commission on Environmental Quality. The District will purchase the constructed assets through the issuance of bonds or by other means. As of September 30, 2023, the District believes it has acquired and paid for all assets to be constructed by the developer and its affiliates requested for ultimate development of the District.

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District carries commercial insurance for its fidelity bonds and participates in the Texas Municipal League Intergovernmental Risk Pool (TML) to provide property, mobile equipment, general liability, boiler and machinery, errors and omissions, public employee dishonesty, automobile, and workers compensation coverage. The District, along with other participating entities, contributes annual amounts determined by TML's management. As claims arise, they are submitted and paid by TML. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 11. OFFICE LEASE

In December 2008, the District and DCFWSD No. 7 entered into an agreement to lease office space which has since been extended through March 31, 2029. Lease payments, which are shared equally between the District and DCFWSD No. 7, are due monthly and escalate every two years; the current lease payment is \$6,782 per month as of September 30, 2023.

In accordance with the requirements of GASB Statement No. 87, the District recorded a right-of-use asset and related lease liability on its books for its shared portion of the office space. The lease liability was measured using the extended lease term through March 31, 2029 and a discount rate of 5.00%.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 11. OFFICE LEASE (Continued)

The right-of-use asset, current amortization expense, and accumulated amortization is summarized below:

	October 1, 2022	Additions	Deletions	September 30, 2023
Right-of-Use Asset - Office Space	\$ 227,188	\$	\$	\$ 227,188
Less Accumulated Amortization - Office Space	<u> </u>	<u>41,046</u>	<u> </u>	<u>41,046</u>
Right-of-Use Asset, Net of Accumulated Amortization	<u>\$ 227,188</u>	<u>\$ (41,046)</u>	<u>\$ - 0 -</u>	<u>\$ 186,142</u>

During the current fiscal year, the District funded lease payments totaling \$40,482 and DCFWSD No. 7 funded lease payments totaling \$40,482, for total fiscal year 2023 payments of \$80,964 paid on the lease, of which \$59,592 applied to principal and \$21,372 applied to interest. The beginning lease liability as of October 1, 2022 of \$454,376 was reduced by current year principal repayments of \$59,592, resulting in a fiscal year ending lease liability balance of \$394,784 at September 30, 2023, of which \$197,392 is payable by the District and \$197,392 is payable by DCFWSD No. 7.

Future lease payments, which are split equally between the District and DCFWSD No. 7, are summarized in the following table:

Fiscal Year	Principal	Interest	Total
2024	\$ 63,076	\$ 18,307	\$ 81,383
2025	66,727	15,075	81,802
2026	70,576	11,646	82,222
2027	74,611	8,031	82,642
2028	78,862	4,199	83,061
2029	40,932	599	41,531
	<u>\$ 394,784</u>	<u>\$ 57,857</u>	<u>\$ 452,641</u>

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2023

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 2,195,321	\$ 2,199,067	\$ 3,746
Water Service	1,987,128	2,177,892	190,764
Wastewater Service	1,222,848	1,243,523	20,675
Solid Waste Revenues	611,424	608,059	(3,365)
Permit, Inspection, and Connection Fees	8,916	65,115	56,199
Franchise Fees	165,733	144,712	(21,021)
Investment and Miscellaneous Revenues	<u>35,059</u>	<u>397,329</u>	<u>362,270</u>
TOTAL REVENUES	<u>\$ 6,226,429</u>	<u>\$ 6,835,697</u>	<u>\$ 609,268</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 134,000	\$ 112,919	\$ 21,081
Contracted Services	638,484	532,879	105,605
Purchased Water and Wastewater Services	2,761,050	2,394,228	366,822
Utilities	133,920	130,766	3,154
Repairs, Maintenance, Capital Outlay	1,539,920	1,970,499	(430,579)
Personnel and Other	<u>984,574</u>	<u>1,261,545</u>	<u>(276,971)</u>
TOTAL EXPENDITURES	<u>\$ 6,191,948</u>	<u>\$ 6,402,836</u>	<u>\$ (210,888)</u>
NET CHANGE IN FUND BALANCE	\$ 34,481	\$ 432,861	\$ 398,380
FUND BALANCE - OCTOBER 1, 2022	<u>8,114,583</u>	<u>8,114,583</u>	<u></u>
FUND BALANCE - SEPTEMBER 30, 2023	<u>\$ 8,149,064</u>	<u>\$ 8,547,444</u>	<u>\$ 398,380</u>

See accompanying independent auditor's report.

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DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

SEPTEMBER 30, 2023

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

1. SERVICES PROVIDED BY THE DISTRICT DURING THE FISCAL YEAR:

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

2. RETAIL SERVICE PROVIDERS

a. RETAIL RATES FOR A 1" METER (OR EQUIVALENT):

The below rates are based on the rate order effective February 1, 2023.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$ 35.00	1,000	N	\$ 3.55	1,001 to 10,000
				\$ 4.00	10,001 to 20,000
				\$ 4.30	20,001 to 30,000
				\$ 5.25	30,001 to 50,000
				\$ 6.80	50,001 and up
WASTEWATER:	\$ 29.00	1,000	N	\$ 3.55	1,001 and up
SURCHARGE:					
Solid Waste/ Garbage	\$ 24.00 per month		Y		
Commission					
Regulatory Assessments	0.5% of water and sewer bill				

District employs winter averaging for wastewater usage? X
Yes No

Total monthly charges per 10,000 gallons usage: Water: \$66.95 Wastewater: \$60.95 Surcharge: \$24.64

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤¾"	<u>2,135</u>	<u>2,135</u>	X 1.0	<u>2,135</u>
1"			X 2.5	
1½"	<u>1</u>	<u>1</u>	X 5.0	<u>5</u>
2"	<u>37</u>	<u>37</u>	x 8.0	<u>296</u>
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u>2,173</u>	<u>2,173</u>		<u>2,436</u>
Total Wastewater Connections	<u>2,163</u>	<u>2,163</u>	x 1.0	<u>2,163</u>

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (Unaudited)

Water Accountability Ratio: 94.1%
(Gallons billed/Gallons purchased)

Gallons billed to customers: 388,642,000

Gallons purchased: 413,026,000 From: Upper Trinity Regional Water District

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

4. STANDBY FEES (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes ☐ No ☒

Does the District have Operation and Maintenance standby fees? Yes ☐ No ☒

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes ☒ No ☐

County in which District is located:

Denton County, Texas

Is the District located within a city?

Entirely ☐ Partly ☒ Not at all ☐

City in which District is located:

Bartonville, Texas

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

Entirely ☐ Partly ☒ Not at all ☐

ETJ's in which District is located:

Cities of Denton, Bartonville, Double Oak, and Copper Canyon, Texas.

Are Board Members appointed by an office outside the District?

Yes ☐ No ☒

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

PROFESSIONAL FEES:	
Auditing and Other Services	\$ 20,100
Engineering	8,647
Legal	<u>84,172</u>
TOTAL PROFESSIONAL FEES	<u>\$ 112,919</u>
PERSONNEL AND DISTRICT ADMINISTRATION	<u>\$ 1,221,391</u>
PURCHASED WATER AND WASTEWATER SERVICES	
Purchased Water Services	\$ 1,580,383
Purchased Wastewater Services	<u>813,845</u>
TOTAL PURCHASED WATER AND WASTEWATER SERVICES	<u>\$ 2,394,228</u>
CONTRACTED SERVICES:	
Appraisal District	\$ 42,686
Solid Waste Disposal	<u>490,193</u>
TOTAL CONTRACTED SERVICES	<u>\$ 532,879</u>
UTILITIES	<u>\$ 130,766</u>
REPAIRS AND MAINTENANCE	<u>\$ 1,104,420</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 7,751
Regulatory Assessment	19,346
Bank Charges and Other Fees	3,206
Insurance	<u>9,851</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 40,154</u>
CAPITAL OUTLAY	<u>\$ 866,079</u>
TOTAL EXPENDITURES	<u><u>\$ 6,402,836</u></u>

Number of persons employed by the District 15 Full-Time -0- Part-Time

Note: Employees are shared between the District and DCFWSD No. 7.

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
INVESTMENTS
SEPTEMBER 30, 2023

<u>Fund</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
LOGIC	XXXX2001	Varies	Daily	<u>\$ 2,767,923</u>	<u>\$ - 0 -</u>

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Maintenance Taxes</u>		<u>Debt Service Taxes</u>	
TAXES RECEIVABLE -				
OCTOBER 1, 2022	\$	9,901	\$	35,671
Adjustments to Beginning				
Balance		<u>(7,087)</u>		<u>(22,190)</u>
	\$	2,814	\$	13,481
Original 2022 Tax Levy	\$	2,167,647	\$	5,180,982
Adjustment to 2022 Tax Levy		<u>35,608</u>		<u>85,108</u>
		<u>2,203,255</u>		<u>5,266,090</u>
TOTAL TO BE				
ACCOUNTED FOR		\$ 2,206,069		\$ 5,279,571
TAX COLLECTIONS:				
Prior Years	\$	2,114	\$	10,960
Current Year		<u>2,196,953</u>		<u>5,251,028</u>
		<u>2,199,067</u>		<u>5,261,988</u>
TAXES RECEIVABLE -				
SEPTEMBER 30, 2023		<u>\$ 7,002</u>		<u>\$ 17,583</u>
TAXES RECEIVABLE BY				
YEAR:				
2022	\$	6,302	\$	15,062
2021		631		1,977
2020 and prior		<u>69</u>		<u>544</u>
TOTAL		<u>\$ 7,002</u>		<u>\$ 17,583</u>

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
PROPERTY VALUATIONS:				
Land	\$ 255,123,801	\$ 192,259,980	\$ 191,916,659	\$ 190,579,924
Improvements	871,279,248	720,338,615	670,619,270	652,418,793
Personal Property	3,870,742	6,946,659	4,801,506	4,051,829
Exemptions	<u>(119,003,205)</u>	<u>(17,892,767)</u>	<u>(11,852,012)</u>	<u>(9,329,204)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 1,011,270,586</u>	<u>\$ 901,652,487</u>	<u>\$ 855,485,423</u>	<u>\$ 837,721,342</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.52074	\$ 0.59843	\$ 0.62858	\$ 0.6641
Maintenance	<u>0.21787</u>	<u>0.19108</u>	<u>0.19446</u>	<u>0.18590</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.73861</u>	<u>\$ 0.78951</u>	<u>\$ 0.82304</u>	<u>\$ 0.8500</u>
ADJUSTED TAX LEVY*	<u>\$ 7,469,345</u>	<u>\$ 7,121,617</u>	<u>\$ 7,040,987</u>	<u>\$ 7,125,077</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>99.71 %</u>	<u>99.96 %</u>	<u>100.00 %</u>	<u>100.00 %</u>

* Based upon adjusted tax at time of audit for the period in which the tax was levied.

Maintenance and Contract Taxes – At an election held November 2, 1999, voters authorized a maintenance tax, unlimited in rate or amount, on all property within the District subject to taxation. In addition, at an election held August 11, 2001, voters authorized a contract tax, unlimited in rate or amount, on all property within the District subject to taxation.

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2023

S E R I E S - 2 0 1 6 R E F U N D I N G			
Due During Fiscal Years Ending September 30	Principal Due February 15	Interest Due February 15/ August 15	Total
2024	\$ 600,000	\$ 127,687	\$ 727,687
2025	615,000	112,463	727,463
2026	445,000	94,338	539,338
2027	465,000	76,138	541,138
2028	485,000	57,138	542,138
2029	500,000	40,563	540,563
2030	505,000	26,744	531,744
2031	495,000	9,900	504,900
2032			
2033			
2034			
2035			
2036			
	<u>\$ 4,110,000</u>	<u>\$ 544,971</u>	<u>\$ 4,654,971</u>

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2023

SERIES - 2017 ROAD AND REFUNDING

Due During Fiscal Years Ending September 30	Principal Due February 15	Interest Due February 15/ August 15	Total
2024	\$ 2,330,000	\$ 290,800	\$ 2,620,800
2025	2,430,000	195,600	2,625,600
2026	1,405,000	118,900	1,523,900
2027	190,000	87,000	277,000
2028	195,000	79,300	274,300
2029	205,000	71,300	276,300
2030	210,000	63,000	273,000
2031	220,000	54,400	274,400
2032	230,000	45,400	275,400
2033	240,000	36,000	276,000
2034	250,000	26,200	276,200
2035	260,000	16,000	276,000
2036	270,000	5,400	275,400
	<u>\$ 8,435,000</u>	<u>\$ 1,089,300</u>	<u>\$ 9,524,300</u>

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2023

S E R I E S - 2 0 1 7			
Due During Fiscal Years Ending September 30	Principal Due February 15	Interest Due February 15/ August 15	Total
2024	\$ 165,000	\$ 73,375	\$ 238,375
2025	170,000	70,025	240,025
2026	170,000	65,775	235,775
2027	175,000	60,600	235,600
2028	180,000	55,275	235,275
2029	190,000	49,725	239,725
2030	195,000	43,950	238,950
2031	200,000	38,026	238,026
2032	205,000	31,950	236,950
2033	215,000	25,650	240,650
2034	220,000	18,850	238,850
2035	230,000	11,537	241,537
2036	240,000	3,900	243,900
	<u>\$ 2,555,000</u>	<u>\$ 548,638</u>	<u>\$ 3,103,638</u>

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2023

S E R I E S - 2 0 1 8 R E F U N D I N G			
Due During Fiscal Years Ending September 30	Principal Due February 15	Interest Due February 15/ August 15	Total
2024	\$ 335,000	\$ 151,500	\$ 486,500
2025	355,000	137,700	492,700
2026	375,000	123,100	498,100
2027	390,000	107,800	497,800
2028	415,000	91,700	506,700
2029	440,000	74,600	514,600
2030	460,000	56,600	516,600
2031	485,000	37,700	522,700
2032	510,000	17,800	527,800
2033	190,000	3,800	193,800
2034			
2035			
2036			
	<u>\$ 3,955,000</u>	<u>\$ 802,300</u>	<u>\$ 4,757,300</u>

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2023

S E R I E S - 2 0 2 0 R O A D R E F U N D I N G			
Due During Fiscal Years Ending September 30	Principal Due February 15	Interest Due February 15/ August 15	Total
2024	\$ 420,000	\$ 130,500	\$ 550,500
2025	435,000	113,400	548,400
2026	450,000	95,700	545,700
2027	720,000	72,300	792,300
2028	750,000	42,900	792,900
2029	200,000	23,900	223,900
2030	205,000	17,850	222,850
2031	215,000	13,650	228,650
2032	220,000	9,300	229,300
2033	230,000	4,800	234,800
2034	125,000	1,250	126,250
2035			
2036			
	<u>\$ 3,970,000</u>	<u>\$ 525,550</u>	<u>\$ 4,495,550</u>

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2023

S E R I E S - 2 0 2 1 R E F U N D I N G			
Due During Fiscal Years Ending September 30	Principal Due February 15	Interest Due February 15/ August 15	Total
2024	\$ 565,000	\$ 114,125	\$ 679,125
2025	585,000	96,875	681,875
2026	610,000	78,950	688,950
2027	860,000	56,900	916,900
2028	870,000	30,950	900,950
2029	895,000	8,950	903,950
2030			
2031			
2032			
2033			
2034			
2035			
2036			
	<u>\$ 4,385,000</u>	<u>\$ 386,750</u>	<u>\$ 4,771,750</u>

See accompanying independent auditor's report.

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DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2023

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending September 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2024	\$ 4,415,000	\$ 887,987	\$ 5,302,987
2025	4,590,000	726,063	5,316,063
2026	3,455,000	576,763	4,031,763
2027	2,800,000	460,738	3,260,738
2028	2,895,000	357,263	3,252,263
2029	2,430,000	269,038	2,699,038
2030	1,575,000	208,144	1,783,144
2031	1,615,000	153,676	1,768,676
2032	1,165,000	104,450	1,269,450
2033	875,000	70,250	945,250
2034	595,000	46,300	641,300
2035	490,000	27,537	517,537
2036	510,000	9,300	519,300
	<u>\$ 27,410,000</u>	<u>\$ 3,897,509</u>	<u>\$ 31,307,509</u>

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Description	Original Bonds Issued	Bonds Outstanding October 1, 2022
Denton County Fresh Water Supply District No. 6 Unlimited Tax Utility System Refunding Bonds - Series 2016	\$ 7,645,000	\$ 4,695,000
Denton County Fresh Water Supply District No. 6 Unlimited Tax Road and Refunding Bonds - Series 2017	20,505,000	10,675,000
Denton County Fresh Water Supply District No. 6 Unlimited Tax Utility System Bonds - Series 2017	3,620,000	2,720,000
Denton County Fresh Water Supply District No. 6 Unlimited Tax Utility System Refunding Bonds - Series 2018	5,675,000	4,275,000
Denton County Fresh Water Supply District No. 6 Unlimited Tax Road Refunding Bonds - Series 2020	4,850,000	4,385,000
Denton County Fresh Water Supply District No. 6 Unlimited Tax Utility Refunding Bonds - Series 2021	4,930,000	4,930,000
	<u>\$ 47,225,000</u>	<u>\$ 31,680,000</u>
Bond Authority:	Utility Bonds	Road Bonds
Amount Authorized by Voters	\$ 86,000,000	\$ 61,000,000
Amount Issued	33,085,000	45,440,000
Remaining to be Issued	<u>\$ 52,915,000</u>	<u>\$ 15,560,000</u>
Debt Service Fund cash balances as of September 30, 2023:		<u>\$ 1,467,824</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:		<u>\$ 2,408,270</u>

See Note 3 for interest rates, interest payment dates and maturity dates.

Note: The District has also authorized the issuance of utility system refunding bonds up to \$86,000,000 of which \$59,850,000 remains unissued.

See accompanying independent auditor's report.

Current Year Transactions				Bonds Outstanding September 30, 2023	Paying Agent
Bonds Sold	Retirements				
	Principal	Interest			
\$	\$ 585,000	\$ 142,463	\$ 4,110,000	BOKF, N.A. Dallas, TX	
	2,240,000	382,200	8,435,000	BOKF, N.A. Dallas, TX	
	165,000	76,675	2,555,000	BOKF, N.A. Dallas, TX	
	320,000	164,600	3,955,000	BOKF, N.A. Dallas, TX	
	415,000	147,200	3,970,000	BOKF, N.A. Dallas, TX	
	545,000	130,775	4,385,000	BOKF, N.A. Dallas, TX	
\$ - 0 -	\$ 4,270,000	\$ 1,043,913	\$ 27,410,000		

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2023	2022	2021
REVENUES			
Property Taxes	\$ 2,199,067	\$ 1,718,757	\$ 1,662,917
Water Service	2,177,892	2,032,140	1,807,637
Wastewater Service	1,243,523	1,251,679	1,213,595
Solid Waste Revenues	608,059	582,203	558,674
Permit, Inspection, and Connection Fees	65,115	66,716	42,988
Franchise Fees	144,712	185,791	73,230
Investment and Miscellaneous Revenues	397,329	83,800	58,397
TOTAL REVENUES	<u>\$ 6,835,697</u>	<u>\$ 5,921,086</u>	<u>\$ 5,417,438</u>
EXPENDITURES			
Professional Fees	\$ 112,919	\$ 123,228	\$ 115,418
Contracted Services	532,879	552,304	539,112
Utilities	130,766	121,465	110,026
Purchased Water and Wastewater Services	2,394,228	2,262,639	2,153,987
Repairs and Maintenance	1,104,420	1,410,117	1,118,166
Personnel and Other	1,261,545	1,005,885	633,404
Capital Outlay	866,079	61,755	82,057
TOTAL EXPENDITURES	<u>\$ 6,402,836</u>	<u>\$ 5,537,393</u>	<u>\$ 4,752,170</u>
NET CHANGE IN FUND BALANCE	\$ 432,861	\$ 383,693	\$ 665,268
BEGINNING FUND BALANCE	<u>8,114,583</u>	<u>7,730,890</u>	<u>7,065,622</u>
ENDING FUND BALANCE	<u>\$ 8,547,444</u>	<u>\$ 8,114,583</u>	<u>\$ 7,730,890</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2020	2019	2023	2022	2021	2020	2019
\$ 1,559,406	\$ 1,413,542	32.1 %	29.2 %	30.6 %	28.9 %	27.6 %
1,858,478	1,544,697	31.9	34.3	33.4	34.4	30.1
1,124,195	1,165,544	18.2	21.1	22.4	20.8	22.7
529,701	499,404	8.9	9.8	10.3	9.8	9.7
63,304	175,302	1.0	1.1	0.8	1.2	3.4
146,000	149,454	2.1	3.1	1.4	2.7	2.9
119,086	184,610	5.8	1.4	1.1	2.2	3.6
<u>\$ 5,400,170</u>	<u>\$ 5,132,553</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 82,007	\$ 83,624	1.6 %	2.1 %	2.1 %	1.5 %	1.6 %
520,028	499,710	7.8	9.3	10.0	9.6	9.7
111,510	107,285	1.9	2.1	2.0	2.1	2.1
2,049,190	1,837,985	35.0	38.2	39.8	37.9	35.8
871,463	891,850	16.2	23.8	20.6	16.1	17.4
736,397	816,131	18.5	17.0	11.7	13.6	15.9
	242,996	12.7	1.0	1.5		4.7
<u>\$ 4,370,595</u>	<u>\$ 4,479,581</u>	<u>93.7 %</u>	<u>93.5 %</u>	<u>87.7 %</u>	<u>80.8 %</u>	<u>87.2 %</u>
\$ 1,029,575	\$ 652,972	6.3 %	6.5 %	12.3 %	19.2 %	12.8 %
<u>6,036,047</u>	<u>5,383,075</u>					
<u>\$ 7,065,622</u>	<u>\$ 6,036,047</u>					

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2023	2022	2021
REVENUES			
Property Taxes	\$ 5,261,988	\$ 5,382,983	\$ 5,376,851
Investment and Miscellaneous Revenues	<u>51,843</u>	<u>7,103</u>	<u>1,934</u>
TOTAL REVENUES	<u>\$ 5,313,831</u>	<u>\$ 5,390,086</u>	<u>\$ 5,378,785</u>
EXPENDITURES			
Debt Service Interest, Fees and Administration	\$ 1,052,587	\$ 1,141,241	\$ 1,297,390
Debt Service Principal	4,270,000	4,135,000	4,070,000
Bond Issuance Costs		192,009	173,824
Payment to Refunded Bond Escrow Agent		<u>59,222</u>	
TOTAL EXPENDITURES	<u>\$ 5,322,587</u>	<u>\$ 5,527,472</u>	<u>\$ 5,541,214</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (8,756)</u>	<u>\$ (137,386)</u>	<u>\$ (162,429)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds From Issuance of Long-Term Debt	\$	\$ 4,930,000	\$ 4,850,000
Payment to Refunded Bond Escrow Agent		(5,076,688)	(5,193,300)
Bond Premium		<u>338,697</u>	<u>517,125</u>
TOTAL OTHER FINANCING SOURCES, NET	<u>\$ - 0 -</u>	<u>\$ 192,009</u>	<u>\$ 173,825</u>
NET CHANGE IN FUND BALANCE	\$ (8,756)	\$ 54,623	\$ 11,396
BEGINNING FUND BALANCE	<u>1,494,044</u>	<u>1,439,421</u>	<u>1,428,025</u>
ENDING FUND BALANCE	<u>\$ 1,485,288</u>	<u>\$ 1,494,044</u>	<u>\$ 1,439,421</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>2,173</u>	<u>2,307</u>	<u>2,307</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>2,163</u>	<u>2,149</u>	<u>2,115</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2020	2019	2023	2022	2021	2020	2019
\$ 5,573,223	\$ 6,264,111	99.0 %	99.9 %	100.0 %	99.7 %	99.3 %
15,373	43,757	1.0	0.1		0.3	0.7
\$ 5,588,596	\$ 6,307,868	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
\$ 1,579,646	\$ 1,624,041	19.8 %	21.2 %	24.1 %	28.3 %	25.7 %
4,830,000	4,630,000	80.4	76.7	75.7	86.4	73.4
	239,524		3.6	3.2		3.8
	700,000		1.1			11.1
\$ 6,409,646	\$ 7,193,565	100.2 %	102.6 %	103.0 %	114.7 %	114.0 %
\$ (821,050)	\$ (885,697)	(0.2) %	(2.6) %	(3.0) %	(14.7) %	(14.0) %
\$	\$ 5,675,000					
	(5,630,583)					
	191,306					
\$ - 0 -	\$ 235,723					
\$ (821,050)	\$ (649,974)					
2,249,075	2,899,049					
\$ 1,428,025	\$ 2,249,075					
2,433	2,456					
2,107	2,107					

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2023

District Mailing Address - Denton County Fresh Water Supply District No. 6
c/o General Manager
2650 FM 407, Suite 125
Bartonville, TX 76226

District Telephone No. - (940) 728-5050

Board Members	Term of Office (Elected or Appointed)	Fees of office for the year ended <u>September 30, 2023</u>	Expense Reimbursements for the year ended <u>September 30, 2023</u>	<u>Title</u>
Ross Ferguson	05/20 05/24 (Elected)	\$ 1,800	\$ -0-	President
Max Miller	05/22 05/26 (Elected)	\$ 1,950	\$ -0-	Vice President
Donna Robichaux	05/22 05/26 (Elected)	\$ 2,100	\$ -0-	Secretary
James Van Vickie	05/20 05/24 (Elected)	\$ 2,100	\$ -0-	Treasurer
Scott Smith	08/21 05/24 (Appointed)	\$ 1,950	\$ -0-	Assistant Secretary

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

Submission date of most recent District Registration Form: April 26, 2023

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by the Texas Water Code Section 49.060. Fees of office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 6
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2023

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended September 30, 2023</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	11/15/22	\$ 64,477	General Counsel
Crawford & Jordan, LLP	01/18/01	\$ 19,695	Former General Counsel
McCall Gibson Swedlund Barfoot PLLC	08/14/14	\$ 19,500 \$ 600	Auditor SB 625
Huitt-Zollars	03/16/00	\$ 8,649	Engineer
Hilltop Securities Inc.	10/18/01	\$ 3,500	Financial Advisor
Winstead PC		\$ -0-	Bond Counsel

See accompanying independent auditor's report.

