

**ROCKWALL COUNTY MUNICIPAL
UTILITY DISTRICT NO. 6**

ROCKWALL COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

AUGUST 31, 2020

**ROCKWALL COUNTY MUNICIPAL
UTILITY DISTRICT NO. 6**

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ANNUAL FINANCIAL REPORT

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rockwall County Municipal Utility District No. 6
Rockwall County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Rockwall County Municipal Utility District No. 6 (the "District"), as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 August 31, 2020, 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.

Other Matters

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, 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.

Other 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 any 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.



McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

November 17, 2020

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED AUGUST 31, 2020

Management's discussion and analysis of Rockwall County Municipal Utility District No. 6's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended August 31, 2020. Please read it in conjunction with the District's financial statements.

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 inflows and 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 type. The General Fund accounts for resources not accounted for in another fund, maintenance tax revenues, 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.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED AUGUST 31, 2020

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"). The 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, liabilities exceeded assets by \$30,958,179 as of August 31, 2020.

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

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

| | Summary of Changes in the Statement of Net Position | | |
|----------------------------------|---|-----------------|----------------------------------|
| | 2020 | 2019 | Change Positive (Negative) |
| Current Assets | \$ 1,811,412 | \$ 1,429,759 | \$ 381,653 |
| Land | 88,253 | 88,253 | - |
| Total Assets | \$ 1,899,665 | \$ 1,518,012 | \$ 381,653 |
| Due to Developers | \$ 14,529,976 | \$ 8,352,056 | \$ (6,177,920) |
| Long - Term Liabilities | 17,726,315 | 14,902,352 | (2,823,963) |
| Other Liabilities | 601,553 | 2,265,841 | 1,664,288 |
| Total Liabilities | \$ 32,857,844 | \$ 25,520,249 | \$ (7,337,595) |
| Net Position: | | | |
| Net Investment in Capital Assets | \$ (32,030,370) | \$ (24,793,559) | \$ (7,236,811) |
| Restricted | 779,381 | 558,346 | 221,035 |
| Unrestricted | 292,810 | 232,976 | 59,834 |
| Total Net Position | \$ (30,958,179) | \$ (24,002,237) | \$ (6,955,942) |

The following table provides a summary of the District's operations for the year ended August 31, 2020 and August 31, 2019. The District decreased its net position by \$6,955,942.

| | Summary of Changes in the Statement of Activities | | |
|---------------------------------|---|-----------------|----------------------------------|
| | 2020 | 2019 | Change Positive (Negative) |
| Revenues: | | | |
| Property Taxes | \$ 961,617 | \$ 639,419 | \$ 322,198 |
| Other Revenues | 23,460 | 22,196 | 1,264 |
| Total Revenues | \$ 985,077 | \$ 661,615 | \$ 323,462 |
| Expenses for Services | 7,941,019 | 5,407,420 | (2,533,599) |
| Change in Net Position | \$ (6,955,942) | \$ (4,745,805) | \$ (2,210,137) |
| Net Position, Beginning of Year | (24,002,237) | (19,256,432) | (4,745,805) |
| Net Position, End of Year | \$ (30,958,179) | \$ (24,002,237) | \$ (6,955,942) |

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED AUGUST 31, 2020

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of August 31, 2020, were \$1,781,514, an increase of \$2,361,976 from the prior year.

The General Fund fund balance increased by \$60,782, primarily due to property tax revenues exceeding operating costs.

The Debt Service Fund fund balance increased by \$281,122, primarily due to the structure of the District's outstanding debt and the proceeds from the Series 2020 bond sale.

The Capital Projects Fund fund balance increased by \$2,020,072 primarily due to issuance of the Series 2020 bonds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal. Actual revenues were \$3,031 more than budgeted revenues. Actual expenditures were \$38,387 less than budgeted.

CAPITAL ASSETS

Capital assets as of August 31, 2020 total \$88,253 and include land for detention ponds in Woodcreek, Phases 6C and 6D.

Additionally, the District operates in contractual conjunction with the City of Fate, Texas (the "City"). In this arrangement, the facilities constructed by the District are conveyed to the City. The City maintains the facilities and operates the facilities for the benefit of the residents of the District. During the fiscal year ending August 31, 2020, the District recorded \$6,726,946 in transfers to the City in relation to assets that have been conveyed to the City.

LONG-TERM DEBT ACTIVITY

As of August 31, 2020, the District had total debt payable of \$18,000,000. The changes of the debt position of the District during fiscal year ended August 31, 2020, are summarized as follows:

| | |
|--------------------------------------|----------------------|
| Bond Debt Payable, September 1, 2019 | \$ 14,955,000 |
| Add: Bond Sale | 3,105,000 |
| Less: Bond Principal Paid | <u>60,000</u> |
| Bond Debt Payable, August 31, 2020 | <u>\$ 18,000,000</u> |

The District's Series 2016 Road, Series 2017 Utility, 2017 Road, Series 2018 Road and 2018 Utility Bonds do not carry an underlying rating. The Series 2019 Road and Series 2020 Utility Bonds carry an underlying rating of "Baa3". The Series 2018 Road, 2018 Utility and 2019 Road Bonds carry an insured rating of "AA" based on a policy issued by Build America Mutual Assurance Corporation. The Series 2020 Utility Bonds carry an insured rating of "AA" based on a policy issued by Assured Guaranty Municipal Corp.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2020

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 Rockwall County Municipal Utility District No. 6, c/o Winstead PC, 2728 N. Harwood Street, Suite 500, Dallas, Texas 75201.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
AUGUST 31, 2020

| | General Fund | Debt Service Fund |
|---|-------------------|----------------------|
| ASSETS | | |
| Cash | \$ 9,067 | \$ 85,821 |
| Investments | 298,280 | 953,439 |
| Receivables: | | |
| Property Taxes | 1,374 | 6,400 |
| Due from Other Funds | 171 | 3,305 |
| Prepaid Costs | 4,192 | |
| Land | | |
| TOTAL ASSETS | <u>\$ 313,084</u> | <u>\$ 1,048,965</u> |
| LIABILITIES | | |
| Accounts Payable | \$ 16,969 | \$ |
| Accrued Interest Payable | | |
| Due to Other Funds | 3,305 | |
| Due to Developer | | |
| Accrued Interest at Time of Sale | | 5,155 |
| Long-Term Liabilities: | | |
| Bonds Payable, Due Within One Year | | |
| Bonds Payable, Due After One Year | | |
| TOTAL LIABILITIES | <u>\$ 20,274</u> | <u>\$ 5,155</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Property Taxes | \$ 1,374 | \$ 6,400 |
| FUND BALANCES | | |
| Nonspendable: | | |
| Prepaid Costs | \$ 4,192 | \$ |
| Restricted for Authorized Construction | | |
| Restricted for Debt Service | | 1,037,410 |
| Unassigned | 287,244 | |
| TOTAL FUND BALANCES | <u>\$ 291,436</u> | <u>\$ 1,037,410</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | <u>\$ 313,084</u> | <u>\$ 1,048,965</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.

| Capital Projects Fund | Total | Adjustments | Statement of Net Position |
|--------------------------|---------------------|------------------------|------------------------------|
| \$ 34,511 | \$ 129,399 | \$ | \$ 129,399 |
| 418,328 | 1,670,047 | | 1,670,047 |
| | 7,774 | | 7,774 |
| | 3,476 | (3,476) | |
| | 4,192 | | 4,192 |
| | | 88,253 | 88,253 |
| <u>\$ 452,839</u> | <u>\$ 1,814,888</u> | <u>\$ 84,777</u> | <u>\$ 1,899,665</u> |
| \$ | \$ 16,969 | \$ | \$ 16,969 |
| | | 269,584 | 269,584 |
| 171 | 3,476 | (3,476) | |
| | | 14,529,976 | 14,529,976 |
| | 5,155 | (5,155) | |
| | | 315,000 | 315,000 |
| | | 17,726,315 | 17,726,315 |
| <u>\$ 171</u> | <u>\$ 25,600</u> | <u>\$ 32,832,244</u> | <u>\$ 32,857,844</u> |
| <u>\$ -0-</u> | <u>\$ 7,774</u> | <u>\$ (7,774)</u> | <u>\$ -0-</u> |
| \$ | \$ 4,192 | \$ (4,192) | \$ |
| 452,668 | 452,668 | (452,668) | |
| | 1,037,410 | (1,037,410) | |
| | 287,244 | (287,244) | |
| <u>\$ 452,668</u> | <u>\$ 1,781,514</u> | <u>\$ (1,781,514)</u> | <u>\$ - 0 -</u> |
| <u>\$ 452,839</u> | <u>\$ 1,814,888</u> | | |
| | | \$ (32,030,370) | \$ (32,030,370) |
| | | 779,381 | 779,381 |
| | | 292,810 | 292,810 |
| | | <u>\$ (30,958,179)</u> | <u>\$ (30,958,179)</u> |

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

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2020

| | | |
|--|----|-----------|
| Total Fund Balances - Governmental Funds | \$ | 1,781,514 |
|--|----|-----------|

Amounts reported for governmental activities in the Statement of Net Position are different because:

| | | |
|--|--|-------|
| Deferred inflows of resources related to property tax revenues for the 2019 and prior tax levies became part of recognized revenue in the governmental activities of the District. | | 7,774 |
|--|--|-------|

| | | |
|--|--|--------|
| Capital assets are not current financial resources and, therefore, are not reported as assets in the governmental funds. | | 88,253 |
|--|--|--------|

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:

| | | |
|--|---------------------|------------------------|
| Due to Developer | \$ (14,529,976) | |
| Accrued Interest Payable | (264,429) | |
| Bonds Payable Within One Year | (315,000) | |
| Bonds Payable After One Year | <u>(17,726,315)</u> | <u>(32,835,720)</u> |
| Total Net Position - Governmental Activities | | <u>\$ (30,958,179)</u> |

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

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ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED AUGUST 31, 2020

| | General Fund | Debt Service Fund |
|--|--------------------------|----------------------------|
| REVENUES | | |
| Property Taxes | \$ 153,778 | \$ 803,801 |
| Penalty and Interest | 806 | 3,140 |
| Investment Revenues | <u>3,753</u> | <u>10,182</u> |
| TOTAL REVENUES | <u>\$ 158,337</u> | <u>\$ 817,123</u> |
| EXPENDITURES/EXPENSES | | |
| Service Operations: | | |
| Professional Fees | \$ 68,368 | \$ |
| Contracted Services | 15,977 | 15,995 |
| Other | 13,210 | 800 |
| Capital Outlay | | |
| Developer Interest | | |
| Conveyance of Assets | | |
| Debt Service: | | |
| Bond Principal | | 60,000 |
| Bond Interest | | 533,443 |
| BAN/Bond Issuance Costs | | |
| TOTAL EXPENDITURES/EXPENSES | <u>\$ 97,555</u> | <u>\$ 610,238</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>\$ 60,782</u> | <u>\$ 206,885</u> |
| OTHER FINANCING SOURCES (USES) | | |
| Long-Term Debt Issued | \$ | \$ 74,237 |
| Bond Discount | | |
| Bond Premium | | |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>\$ -0-</u> | <u>\$ 74,237</u> |
| NET CHANGE IN FUND BALANCES | \$ 60,782 | \$ 281,122 |
| CHANGE IN NET POSITION | | |
| FUND BALANCES/NET POSITION - SEPTEMBER 1, 2019 | <u>230,654</u> | <u>756,288</u> |
| FUND BALANCES/NET POSITION - AUGUST 31, 2020 | <u><u>\$ 291,436</u></u> | <u><u>\$ 1,037,410</u></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 Activities</u> |
|----------------------------------|---------------------|------------------------|------------------------------------|
| \$ | \$ 957,579 | \$ 4,038 | \$ 961,617 |
| | 3,946 | | 3,946 |
| <u>5,579</u> | <u>19,514</u> | <u></u> | <u>19,514</u> |
| \$ <u>5,579</u> | \$ <u>981,039</u> | \$ <u>4,038</u> | \$ <u>985,077</u> |
| | | | |
| \$ | \$ 68,368 | \$ | \$ 68,368 |
| | 31,972 | | 31,972 |
| | 14,010 | | 14,010 |
| 549,026 | 549,026 | (549,026) | |
| 154,346 | 154,346 | | 154,346 |
| | | 6,726,946 | 6,726,946 |
| | | | |
| | 60,000 | (60,000) | |
| | 533,443 | 64,276 | 597,719 |
| <u>347,658</u> | <u>347,658</u> | <u></u> | <u>347,658</u> |
| \$ <u>1,051,030</u> | \$ <u>1,758,823</u> | \$ <u>6,182,196</u> | \$ <u>7,941,019</u> |
| | | | |
| \$ <u>(1,045,451)</u> | \$ <u>(777,784)</u> | \$ <u>(6,178,158)</u> | \$ <u>(6,955,942)</u> |
| | | | |
| \$ 3,030,763 | \$ 3,105,000 | \$ (3,105,000) | \$ |
| (11,912) | (11,912) | 11,912 | |
| <u>46,672</u> | <u>46,672</u> | <u>(46,672)</u> | <u></u> |
| \$ <u>3,065,523</u> | \$ <u>3,139,760</u> | \$ <u>(3,139,760)</u> | \$ <u>-0-</u> |
| | | | |
| \$ 2,020,072 | \$ 2,361,976 | \$ (2,361,976) | \$ |
| | | (6,955,942) | (6,955,942) |
| | | | |
| <u>(1,567,404)</u> | <u>(580,462)</u> | <u>(23,421,775)</u> | <u>(24,002,237)</u> |
| | | | |
| \$ <u>452,668</u> | \$ <u>1,781,514</u> | \$ <u>(32,739,693)</u> | \$ <u>(30,958,179)</u> |

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

ROCKWALL COUNTY MUNICIPAL UTILITY 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 AUGUST 31, 2020

| | |
|--|--------------|
| Net Change in Fund Balances - Governmental Funds | \$ 2,361,976 |
|--|--------------|

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. | 4,038 |
|--|-------|

| | |
|--|----------|
| Governmental funds report bond premiums and bond discounts as other financing sources and uses in the year received. However, in the Statement of Net Position, bond premiums and bond discounts are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities. | (34,760) |
|--|----------|

| | |
|---|--------|
| 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. | 60,000 |
|---|--------|

| | |
|---|----------|
| 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. | (64,276) |
|---|----------|

| | |
|---|-------------|
| Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position. | (3,105,000) |
|---|-------------|

| | |
|---|---------|
| 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. | 549,026 |
|---|---------|

| | |
|--|-------------|
| Conveyance of assets to others is recorded as an expense in the Statement of Activities. | (6,726,946) |
|--|-------------|

| | |
|--|----------------|
| Change in Net Position - Governmental Activities | \$ (6,955,942) |
|--|----------------|

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

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020

NOTE 1. CREATION OF DISTRICT

Rockwall County Municipal Utility District No. 6 (the “District”) was created by Senate Bill 1855, passed by the 79th Legislature, Regular Session, of the State of Texas, operating pursuant to Article III, Section 52 and Article XVI, Section 59 of the Texas Constitution and by a confirmation election held within the District on May 13, 2006. The District operates under Chapters 49 and 54 of the Texas Water Code and other general laws of the State of Texas applicable to municipal utility districts. The District is vested with all the rights, privileges, authority and functions conferred by the laws of the State of Texas applicable to municipal utility districts, including without limitation those conferred by Chapters 49 and 54, Texas Water Code, as amended. The District is empowered to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water, among other things. The District may also provide solid waste collection and disposal service and operate and maintain recreational facilities. Currently the District’s water and wastewater are provided by contract with the City of Fate, Texas (the “City”) as described under “Special District Agreements,” see Note 6. The District may operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, if approved by the voters and the TCEQ. The District does not operate and/or maintain a fire department. The District is subject to the continuing supervision of the TCEQ and is located exclusively within the corporate limits of the City. The District held its organizational meeting on October 18, 2005, and sold its first series of bonds on December 21, 2016.

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 generally in accordance with the *Water District Financial Management Guide* published by the Commission.

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether or not an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected 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.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Net 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.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020

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 to obtain net total revenues and expenses of the government-wide Statement of Activities.

Fund Financial Statements

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

Governmental Funds

The District has three governmental fund and considers each to be a major fund.

General Fund - To account for resources not required to be accounted for in another fund, maintenance tax revenues, costs and general expenditures.

Debt Service Fund – To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

Capital Projects Fund – To account 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 after 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.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (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. As of August 31, 2020, the General Fund owed the Debt Service Fund \$3,305 for the over-transfer of maintenance tax collections and the Capital Projects Fund owed the General Fund \$171 for bond issuance costs.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure 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 fair market 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 \$10,000 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> |
|---------------------|--------------|
| Buildings | 40 |
| Water System | 10-45 |
| Wastewater System | 10-45 |
| Drainage System | 10-45 |
| All Other Equipment | 3-20 |

To date all capital assets constructed by the District have been conveyed to the City of Fate, Texas for operations and maintenance, except for detention pond land in Woodcreek, Phases 6C and 6D.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

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 original and revised budget amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Directors are considered to be wages subject to federal income tax withholding for payroll tax purposes only.

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 fund types report 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.

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.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 has not adopted a formal policy regarding the assignment of fund balances and does not have any assigned fund balances.

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 expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3. LONG-TERM DEBT

| | <u>Road Series 2016</u> | <u>Series 2017</u> | <u>Road Series 2017</u> |
|---|-----------------------------|-------------------------|-----------------------------|
| Amount Outstanding – August 31, 2020 | \$ 2,300,000 | \$ 2,415,000 | \$ 1,480,000 |
| Interest Rates | 2.25% - 4.25% | 2.00% - 4.00% | 2.00% - 3.75% |
| Maturity Dates – Serially Beginning/Ending | October 1, 2020/2042 | October 1, 2020/2042 | October 1, 2020/2042 |
| Interest Payment Dates | October 1/April 1 | October 1/April 1 | October 1/April 1 |
| Callable Dates | October 1, 2024* | October 1, 2025* | October 1, 2025* |

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020

NOTE 3. LONG-TERM DEBT (Continued)

| | Series 2018 | Road Series 2018 | Road Series 2019 | Series 2020 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| Amount Outstanding – August 31, 2020 | \$ 3,945,000 | \$ 2,000,000 | \$ 2,755,000 | 3,105,000 |
| Interest Rates | 3.50% - 6.00% | 3.50% - 6.00% | 3.00% - 4.00% | 2.00% - 4.00% |
| Maturity Dates – Serially Beginning/Ending | October 1, 2020/2043 | October 1, 2020/2043 | October 1, 2021/2044 | October 1, 2021/2045 |
| Interest Payment Dates | October 1/ April 1 | October 1/ April 1 | October 1/ April 1 | October 1/ April 1 |
| Callable Dates | October 1, 2023* | October 1, 2023* | October 1, 2024* | October 1, 2024* |

* In whole or in part, or any date thereafter at par plus unpaid accrued interest. Series 2016 Road term bonds maturing October 1, 2032, October 1, 2036, October 1, 2039, and October 1, 2042 are subject to mandatory redemption beginning October 1, 2030, October 1, 2033, October 1, 2037, and October 1, 2040, respectively. Series 2017 Utility term bonds maturing October 1, 2042 are subject to mandatory redemption beginning October 1, 2037. Series 2017 Road term bonds maturing October 1, 2032 and October 1, 2042 are subject to mandatory redemption beginning October 1, 2028 and October 1, 2033, respectively. Series 2018 Utility term bonds maturing October 1, 2034, October 1, 2036, October 1, 2038, October 1, 2040, and October 1, 2043 are subject to mandatory redemption beginning October 1, 2033, October 1, 2035, October 1, 2037, October 1, 2039 and October 1, 2041, respectively. Series 2018 Road term bonds maturing on October 1, 2032, October 1, 2034, October 1, 2036, October 1, 2038, October 1, 2040 and October 1, 2043 are subject to mandatory redemption beginning October 1, 2031, October 1, 2033, October 1, 2035, October 1, 2037, October 1, 2039 and October 1, 2041, respectively. Series 2019 Road term bonds maturing on October 1, 2031, October 1, 2033, October 1, 2035, October 1, 2037, October 1, 2039 and October 1, 2044 are subject to mandatory redemption beginning October 1, 2030, October 1, 2032, October 1, 2034, October 1, 2036, October 1, 2038 and October 1, 2040, respectively. Series 2020 Utility term bonds maturing on October 1, 2032, October 1, 2034, October 1, 2036, October 1, 2038, October 1, 2040 and October 1, 2045 are subject to mandatory redemption beginning October 1, 2031, October 1, 2033, October 1, 2035, October 1, 2037, October 1, 2039 and October 1, 2041, respectively.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020

NOTE 3. LONG-TERM DEBT (Continued)

The following is a summary of transactions regarding bonds payable for the year ended August 31, 2020:

| | September 1, 2019 | Additions | Retirements | August 31, 2020 |
|-----------------------|----------------------|---------------------|----------------------------|----------------------|
| Bonds Payable | \$ 14,955,000 | \$ 3,105,000 | \$ 60,000 | \$ 18,000,000 |
| Unamortized Discounts | (30,596) | (11,912) | (1,516) | (40,992) |
| Unamortized Premiums | 37,948 | 46,672 | 2,313 | 82,307 |
| Bonds Payable, Net | <u>\$ 14,962,352</u> | <u>\$ 3,139,760</u> | <u>\$ 60,797</u> | <u>\$ 18,041,315</u> |
| | | | Amount Due Within One Year | \$ 315,000 |
| | | | Amount Due After One Year | 17,726,315 |
| | | | Bonds Payable, Net | <u>\$ 18,041,315</u> |

As of August 31, 2020, the District had authorized but unissued bonds in the amount of \$17,715,000 for water, sanitary sewer and drainage bonds, \$68,185,000 for refunding bonds and \$16,675,000 for road bonds.

As of August 31, 2020, the debt service requirements on the bonds outstanding were as follows:

| Fiscal Year | Principal | Interest | Total |
|-------------|----------------------|---------------------|----------------------|
| 2021 | \$ 315,000 | \$ 629,222 | \$ 944,222 |
| 2022 | 500,000 | 612,015 | 1,112,015 |
| 2023 | 515,000 | 591,465 | 1,106,465 |
| 2024 | 535,000 | 569,826 | 1,104,826 |
| 2025 | 555,000 | 547,011 | 1,102,011 |
| 2026-2030 | 3,090,000 | 2,436,338 | 5,526,338 |
| 2031-2035 | 3,675,000 | 1,882,087 | 5,557,087 |
| 2036-2040 | 4,410,000 | 1,178,797 | 5,588,797 |
| 2041-2045 | 4,235,000 | 335,893 | 4,570,893 |
| 2046 | 170,000 | 2,019 | 172,019 |
| | <u>\$ 18,000,000</u> | <u>\$ 8,784,673</u> | <u>\$ 26,784,673</u> |

The bonds are payable from the proceeds of an ad valorem tax upon all property subject to taxation within the District, without limitation as to rate or amount.

During the year ended August 31, 2020, the District levied an ad valorem debt service tax rate of \$0.63 per \$100 of assessed valuation, which resulted in a tax levy of \$809,222 on the adjusted taxable valuation of \$128,447,668 for the 2019 tax year. The bond orders require the District to 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. See Note 7 for the maintenance tax levy.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2020

NOTE 3. LONG-TERM DEBT (Continued)

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 bond orders state that 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.

For the bonds sold, 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 be rebated to the federal government, within the meaning of Section 148(f) of the Internal Revenue Code.

In accordance with the Series 2019 Road and Series 2020 Utility bond orders, a portion of the bond proceeds was deposited into the Debt Service Fund and restricted for the payment of bond interest. Transactions for the current year are summarized as follows:

| | |
|--|-------------------|
| Restricted - Bond Interest – September 1, 2019 | \$ 334,262 |
| Add: Bond Interest | 74,237 |
| Less: Interest Paid | <u>306,960</u> |
| Restricted - Bond Interest – August 31, 2020 | <u>\$ 101,539</u> |

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.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

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 \$370,794 and the bank balance was \$375,240. The bank balance was fully covered by federal depository insurance.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at August 31, 2020, as listed below:

| | Cash | Certificate of Deposit | Total |
|-----------------------|-------------------|---------------------------|-------------------|
| GENERAL FUND | \$ 9,067 | \$ | \$ 9,067 |
| DEBT SERVICE FUND | 85,821 | 241,395 | 327,216 |
| CAPITAL PROJECTS FUND | 34,511 | | 34,511 |
| TOTAL DEPOSITS | <u>\$ 129,399</u> | <u>\$ 241,395</u> | <u>\$ 370,794</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, and 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.

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.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The District invests in LOGIC, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. FirstSouthwest and JPMorgan Chase manage the daily operations of the pool under a contract with the Comptroller. LOGIC measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in LOGIC at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from LOGIC.

The District records its investments in certificates of deposits at acquisition cost.

As of August 31, 2020, the District had the following investments and maturities:

| Fund and Investment Type | Fair Value | Maturities in Years | | |
|------------------------------|--------------|---------------------|----------|----------|
| | | Less Than 1 | 1-5 | 6-10 |
| <u>GENERAL FUND</u> | | | | |
| LOGIC | \$ 298,280 | \$ 298,280 | \$ | \$ |
| <u>DEBT SERVICE FUND</u> | | | | |
| LOGIC | 712,044 | 712,044 | | |
| Certificates of Deposit | 241,395 | 241,395 | | |
| <u>CAPITAL PROJECTS FUND</u> | | | | |
| LOGIC | 418,328 | 418,328 | | |
| TOTAL INVESTMENTS | \$ 1,670,047 | \$ 1,670,047 | \$ - 0 - | \$ - 0 - |

Credit risk is the risk that the issuer of other counterparty to an investment will not fulfill its obligations. As of August 31, 2020, the District's investment in LOGIC was rated AAA by Standard and Poor's. The District also manages credit risk by investing in certificates of deposit below FDIC coverage.

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 the share position can usually be redeemed each day at the discretion of the District, unless there is a significant change in value. The District also manages interest rate risk by investing in certificates of deposit with maturities of one year or less.

Restrictions

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

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020

NOTE 6. CAPITAL ASSETS

Capital assets as of August 31, 2020 total \$88,253 and include land for detention ponds in Woodcreek, Phases 6C and 6D. Additionally, the District operates in contractual conjunction with the City of Fate, Texas (the "City"). In this arrangement, the facilities constructed by the District are conveyed to the City. The City maintains the facilities and operates the facilities for the benefit of the residents of the District. Therefore, the District does not have capital assets on its balance sheet. During the fiscal year ending August 31, 2020, the District recorded \$6,726,946 in transfers to the City in relation to assets that have been conveyed to the City.

NOTE 7. MAINTENANCE TAX

On May 13, 2006, the 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. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and wastewater systems. During the current fiscal year, the District levied an ad valorem maintenance tax at the rate of \$0.12 per \$100 of assessed valuation, which resulted in a tax levy of \$154,138 on the adjusted taxable valuation of \$128,447,668 for the 2019 tax year.

NOTE 8. SPECIAL DISTRICT AGREEMENT

Rockwall County Consolidated Municipal Utility District No. 1 (District No. 1), Rockwall County Consolidated Municipal Utility District No. 2 (District No. 2), the City of Fate, Texas (the "City") and PRA/Fate Development Corp., the Developer within the District, have entered into the Special District Agreement dated December 1, 2003. Pursuant to the terms of the agreement, the City agrees to provide retail water capacity to 1,300 residential units and sewer capacity to 700 residential units within the districts. The City agrees to own, operate and maintain the facilities and charge user fees equal to those charged others within its boundaries. Under the agreement, the Developer agrees to finance and construct on behalf of the districts the internal water, sewer and drainage facilities.

On May 17, 2006, the District, District No. 1, Rockwall County Municipal Utility District's No. 7, 8 and 9 (District's No. 7, 8 and 9), the City, and PRA/Fate Development Corp. entered into the Special District Agreement No. 2. This agreement noted that District No. 2 has become dormant and that the District and District's No. 7, 8 and 9 have been created over land comprising of District No. 2 and are now party to the original agreement in the place of District No. 2. It was also noted that the newly created districts have certain road powers that the District does not have and that the construction and acquisition of roads will be subject to the same rights and obligations as the water, sewer and drainage facilities referenced in the original agreement. Pursuant to the terms of the agreement, the City agrees to provide additional retail water capacity to 1,000 residential units and sewer capacity to 500 residential units with the districts.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020

NOTE 8. SPECIAL DISTRICT AGREEMENT (Continued)

Pursuant to the Capacity Allocation Agreement between the District, District No. 1 and District's No. 7, 8 and 9 approved on September 19, 2006, the districts have agreed that all the water and sewer capacity mentioned in the Special District Agreement and the Special District Agreement No. 2 will be allocated to District No. 1. The districts will cooperate with the Developer and the City for any additional water and sewer capacity that will be needed by any of the districts. PRA/Fate Development Corp., the original developer, has assigned the agreements to Southstar Woodcreek Developer, LLC.

NOTE 9. UNREIMBURSED COSTS

The District has executed development financing agreements with Developers within the District. These agreements call for the Developers to fund costs associated with water, sewer and drainage facilities and to advance monies to fund operations until such time as the District can sell bonds to reimburse the Developers. As reflected in the Statement of Net Position, \$14,529,976 has been recorded as a liability for completed facilities financed by Developers. Reimbursement to the Developers will come from future bond sales.

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, error and omission and natural disasters for which the District carries commercial insurance. 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. WATER AND WASTEWATER CAPACITY

On June 24, 2003, the City and PRA/Fate Development Corp ("PRA/Fate") entered into an agreement for certain off-site water and sewer improvements to serve the District (the "2003 Agreement"). PRA/Fate agreed to pay the entire cost for the design and construction of the improvements and, as consideration for the construction of the improvements, the City shall provide access, capacity and rights to water and sewer services for PRA/Fate to be used on the property provided by the improvements.

In order to adequately serve the property with sewer service, the City has become a member of the Sabine Creek Wastewater System, which is owned and operated by North Texas Municipal Water District ("NTMWD"). The City's capacity contracts with NTMWD require annual debt service payments from the City to NTMWD. Any shortfall between the City's sewer revenue and the debt service payment to NTMWD related to District No. 1 would be paid by PRA/Fate pursuant to the 2003 Agreement.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020

NOTE 11. WATER AND WASTEWATER CAPACITY (Continued)

On November 15, 2010, the 2003 Agreement was amended. On September 24, 2013, PRA/Fate assigned the reimbursement rights to Southstar Woodcreek Developer, LLC (“the Developer”). The City will remain obligated to fully reimburse the Developer for remaining unreimbursed project costs. In consideration for the Developer funding the project costs and project improvements, the City agrees to provide the Developer, and in turn District No. 1, with 2,300 residential units of water capacity and 1,200 residential units of wastewater capacity.

In consideration for the provisions of wastewater service to District No. 1 and reservation of wastewater capacity for District No. 1 the Developer had made and shall make annual payments to the City according to the following schedule; \$400,000, 200,000, and \$152,525 due on November 30, 2010, September 30, 2011 and September 30, 2012 respectively, for the debt service payments to NTMWD. District No. 1 paid these amounts to the City, in lieu of Developer payment or as reimbursement to the Developer for prior payments which are of benefit to District No. 1, in a prior fiscal year. After payment of these amounts, the Developer and District No. 1 have no other obligation to pay such shortfall amounts to the City. The term of the agreement is the earlier of 20 years or satisfaction of all terms and conditions by the parties to the agreement.

NOTE 12. BOND SALE

On March 26, 2020, the District closed on the sale of its \$3,105,000 Series 2020 Unlimited Tax Utility Bonds. Proceeds from the bond sale, as well as surplus construction funds in the amount of \$278,841, were used to reimburse developers for a portion of the costs associated with water, wastewater, and drainage improvements serving Woodcreek, Phases 6C, 6D, 6K and 7C, as well as for costs associated with water impact fees. In addition, proceeds of the bonds were used to redeem the 2019 BAN, pay for capitalized interest, and to pay for issuance costs of the bonds.

NOTE 13. SUBSEQUENT EVENT – BOND SALE

On October 28, 2020, subsequent to year-end, the District closed on the sale of its \$6,150,000 Series 2020 Unlimited Tax Road Bonds. Proceeds from the bond sale were used to reimburse developers for a portion of the costs associated with road improvements and engineering to serve Woodcreek, Phases 6B, 6E, 6F and 6G and to pay for capitalized interest and issuance costs of the bonds.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020

NOTE 14. UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the COVID-19 virus a global pandemic. As a result, economic uncertainties have arisen which could have an impact on the operations of the District. The District is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty, as the potential financial impact of this pandemic is unknown at this time.

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**ROCKWALL COUNTY MUNICIPAL
UTILITY DISTRICT NO. 6**

REQUIRED SUPPLEMENTARY INFORMATION

AUGUST 31, 2020

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2020

| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|---|--------------------------------------|--------------------------|---|
| REVENUES | | | |
| Property Taxes | \$ 151,106 | \$ 153,778 | \$ 2,672 |
| Penalty and Interest | | 806 | 806 |
| Investment Revenues | <u>4,200</u> | <u>3,753</u> | <u>(447)</u> |
| TOTAL REVENUES | <u>\$ 155,306</u> | <u>\$ 158,337</u> | <u>\$ 3,031</u> |
| EXPENDITURES | | | |
| Service Operations: | | | |
| Professional Fees | \$ 96,466 | \$ 68,368 | \$ 28,098 |
| Contracted Services | 16,800 | 15,977 | 823 |
| Other | <u>22,676</u> | <u>13,210</u> | <u>9,466</u> |
| TOTAL EXPENDITURES | <u>\$ 135,942</u> | <u>\$ 97,555</u> | <u>\$ 38,387</u> |
| NET CHANGE IN FUND BALANCE | \$ 19,364 | \$ 60,782 | \$ 41,418 |
| FUND BALANCE - SEPTEMBER 1, 2019 | <u>230,654</u> | <u>230,654</u> | <u></u> |
| FUND BALANCE - AUGUST 31, 2020 | <u><u>\$ 250,018</u></u> | <u><u>\$ 291,436</u></u> | <u><u>\$ 41,418</u></u> |

See accompanying independent auditor's report.

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**ROCKWALL COUNTY MUNICIPAL
UTILITY DISTRICT NO. 6**

**SUPPLEMENTARY INFORMATION REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

AUGUST 31, 2020

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6
SERVICES AND RATES
FOR THE YEAR ENDED AUGUST 31, 2020

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

| | | | |
|--|---|---------------|------------|
| <u> </u> Retail Water | <u> </u> Wholesale Water | <u> X </u> | Drainage |
| <u> </u> Retail Wastewater | <u> </u> Wholesale Wastewater | <u> </u> | Irrigation |
| <u> </u> Parks/Recreation | <u> </u> Fire Protection | <u> </u> | Security |
| <u> </u> Solid Waste/Garbage | <u> </u> Flood Control | <u> </u> | Roads |
| <u> </u> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) | | | |
| <u> X </u> | <u> </u> Other: The District operates in contractual conjunction with the City of Fate | | |

2. RETAIL SERVICE PROVIDERS (NOT APPLICABLE)

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (NOT APPLICABLE)

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

Does the District have Debt Service standby fees? Yes No X

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes X No

County in which District is located:

Rockwall County, Texas

Is the District located within a city?

Entirely X Partly Not at all

See accompanying independent auditor's report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6
SERVICES AND RATES
FOR THE YEAR ENDED AUGUST 31, 2020

5. LOCATION OF DISTRICT: (Continued)

City in which District is located:

City of Fate, Texas

Are Board Members appointed by an office outside the District?

Yes _____ No X

See accompanying independent auditor's report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2020

| | |
|-----------------------------------|-------------------------|
| PROFESSIONAL FEES: | |
| Auditing | \$ 12,750 |
| Engineering | 18,107 |
| Legal | <u>37,511</u> |
| TOTAL PROFESSIONAL FEES | <u>\$ 68,368</u> |
| CONTRACTED SERVICES: | |
| Bookkeeping | <u>\$ 15,977</u> |
| ADMINISTRATIVE EXPENDITURES: | |
| Director Fees | \$ 6,450 |
| Insurance | 4,236 |
| Payroll Taxes | 493 |
| Travel and Meetings | 526 |
| Other | <u>1,505</u> |
| TOTAL ADMINISTRATIVE EXPENDITURES | <u>\$ 13,210</u> |
| TOTAL EXPENDITURES | <u><u>\$ 97,555</u></u> |

See accompanying independent auditor's report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6
INVESTMENTS
AUGUST 31, 2020

| <u>Funds</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 | XXXX7001 | Varies | Daily | \$ 298,280 | \$ - 0 - |
| <u>DEBT SERVICE FUND</u> | | | | | |
| LOGIC | XXXX7002 | Varies | Daily | \$ 712,044 | \$ |
| Certificate of Deposit | XXXX7600 | 1.75% | 02/25/21 | 241,395 | |
| TOTAL DEBT SERVICE FUND | | | | \$ 953,439 | \$ - 0 - |
| <u>CAPITAL PROJECTS FUND</u> | | | | | |
| LOGIC | XXXX7003 | Varies | Daily | \$ 418,328 | \$ - 0 - |
| TOTAL - ALL FUNDS | | | | \$ 1,670,047 | \$ - 0 - |

See accompanying independent auditor's report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2020

| | Maintenance Taxes | | Debt Service Taxes | |
|-----------------------------|-------------------|-----------------|--------------------|-----------------|
| TAXES RECEIVABLE - | | | | |
| SEPTEMBER 1, 2019 | \$ | 2,322 | \$ | 1,414 |
| Adjustments to Beginning | | | | |
| Balance | | <u>(1,308)</u> | <u>(435)</u> | \$ 979 |
| Original 2019 Tax Levy | \$ | 154,147 | \$ | 809,269 |
| Adjustment to 2019 Tax Levy | | <u>(9)</u> | <u>(47)</u> | <u>809,222</u> |
| TOTAL TO BE | | | | |
| ACCOUNTED FOR | | \$ 155,152 | | \$ 810,201 |
| TAX COLLECTIONS: | | | | |
| Prior Years | \$ | 689 | \$ | 84 |
| Current Year | | <u>153,089</u> | <u>803,717</u> | <u>803,801</u> |
| TAXES RECEIVABLE - | | | | |
| AUGUST 31, 2020 | | <u>\$ 1,374</u> | | <u>\$ 6,400</u> |
| TAXES RECEIVABLE BY | | | | |
| YEAR: | | | | |
| 2019 | | \$ 1,049 | | \$ 5,505 |
| 2018 | | <u>325</u> | | <u>895</u> |
| TOTAL | | \$ 1,374 | | \$ 6,400 |

See accompanying independent auditor's report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2020

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|---|-----------------------|----------------------|----------------------|----------------------|
| PROPERTY VALUATIONS: | | | | |
| Land | \$ 38,175,981 | \$ 27,473,789 | \$ 16,994,990 | \$ 9,766,343 |
| Improvements | 93,481,210 | 57,930,263 | 12,487,787 | 10,680,924 |
| Personal Property | 46,640 | 24,980 | 23,860 | 90 |
| Exemptions | <u>(3,256,163)</u> | <u>(2,276,617)</u> | <u>(1,509,231)</u> | <u>(736,884)</u> |
| TOTAL PROPERTY VALUATIONS | <u>\$ 128,447,668</u> | <u>\$ 83,152,415</u> | <u>\$ 27,997,406</u> | <u>\$ 19,710,473</u> |
| TAX RATES PER \$100 VALUATION: | | | | |
| Debt Service | \$ 0.63 | \$ 0.55 | \$ 0.33 | \$ 0.00 |
| Maintenance | <u>0.12</u> | <u>0.20</u> | <u>0.42</u> | <u>0.75</u> |
| TOTAL TAX RATES PER \$100 VALUATION | <u>\$ 0.75</u> | <u>\$ 0.75</u> | <u>\$ 0.75</u> | <u>\$ 0.75</u> |
| ADJUSTED TAX LEVY* | <u>\$ 963,360</u> | <u>\$ 623,555</u> | <u>\$ 209,981</u> | <u>\$ 147,829</u> |
| PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED | <u>99.32 %</u> | <u>99.80 %</u> | <u>100.00 %</u> | <u>100.00 %</u> |

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

Maintenance Tax – Maximum tax rate of unlimited amount per \$100 of assessed valuation approved by voters on May 13, 2006.

See accompanying independent auditor's report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6
LONG-TERM DEBT SERVICE REQUIREMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

| S E R I E S - 2 0 1 6 R O A D | | | | |
|--|-------------------------------|---------------------------------------|-----------|------------------|
| Due During Fiscal Years Ending August 31 | Principal Due October 1 | Interest Due October 1/ April 1 | Total | |
| 2021 | \$ 60,000 | \$ 88,803 | \$ | 148,803 |
| 2022 | 65,000 | 87,315 | | 152,315 |
| 2023 | 65,000 | 85,609 | | 150,609 |
| 2024 | 70,000 | 83,664 | | 153,664 |
| 2025 | 70,000 | 81,496 | | 151,496 |
| 2026 | 75,000 | 78,876 | | 153,876 |
| 2027 | 80,000 | 75,776 | | 155,776 |
| 2028 | 80,000 | 72,575 | | 152,575 |
| 2029 | 85,000 | 69,275 | | 154,275 |
| 2030 | 90,000 | 65,775 | | 155,775 |
| 2031 | 90,000 | 62,175 | | 152,175 |
| 2032 | 95,000 | 58,474 | | 153,474 |
| 2033 | 100,000 | 54,574 | | 154,574 |
| 2034 | 105,000 | 50,475 | | 155,475 |
| 2035 | 110,000 | 46,175 | | 156,175 |
| 2036 | 115,000 | 41,675 | | 156,675 |
| 2037 | 120,000 | 36,975 | | 156,975 |
| 2038 | 125,000 | 31,996 | | 156,996 |
| 2039 | 130,000 | 26,737 | | 156,737 |
| 2040 | 135,000 | 21,272 | | 156,272 |
| 2041 | 140,000 | 15,513 | | 155,513 |
| 2042 | 145,000 | 9,457 | | 154,457 |
| 2043 | 150,000 | 3,188 | | 153,188 |
| 2044 | | | | |
| 2045 | | | | |
| 2046 | | | | |
| | <u>\$ 2,300,000</u> | <u>\$ 1,247,850</u> | <u>\$</u> | <u>3,547,850</u> |

See accompanying independent auditor's report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6
LONG-TERM DEBT SERVICE REQUIREMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

| S E R I E S - 2 0 1 7 | | | |
|--|-------------------------------|---------------------------------------|---------------------|
| Due During Fiscal Years Ending August 31 | Principal Due October 1 | Interest Due October 1/ April 1 | Total |
| 2021 | \$ 65,000 | \$ 83,912 | \$ 148,912 |
| 2022 | 70,000 | 82,562 | 152,562 |
| 2023 | 70,000 | 81,075 | 151,075 |
| 2024 | 75,000 | 79,350 | 154,350 |
| 2025 | 75,000 | 77,381 | 152,381 |
| 2026 | 80,000 | 75,150 | 155,150 |
| 2027 | 85,000 | 72,675 | 157,675 |
| 2028 | 85,000 | 70,072 | 155,072 |
| 2029 | 90,000 | 67,281 | 157,281 |
| 2030 | 95,000 | 64,215 | 159,215 |
| 2031 | 95,000 | 60,950 | 155,950 |
| 2032 | 100,000 | 57,538 | 157,538 |
| 2033 | 105,000 | 53,885 | 158,885 |
| 2034 | 110,000 | 49,919 | 159,919 |
| 2035 | 115,000 | 45,700 | 160,700 |
| 2036 | 120,000 | 41,294 | 161,294 |
| 2037 | 125,000 | 36,622 | 161,622 |
| 2038 | 130,000 | 31,600 | 161,600 |
| 2039 | 135,000 | 26,300 | 161,300 |
| 2040 | 140,000 | 20,800 | 160,800 |
| 2041 | 145,000 | 15,100 | 160,100 |
| 2042 | 150,000 | 9,200 | 159,200 |
| 2043 | 155,000 | 3,100 | 158,100 |
| 2044 | | | |
| 2045 | | | |
| 2046 | | | |
| | <u>\$ 2,415,000</u> | <u>\$ 1,205,681</u> | <u>\$ 3,620,681</u> |

See accompanying independent auditor's report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6
LONG-TERM DEBT SERVICE REQUIREMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

| S E R I E S - 2 0 1 7 R O A D | | | | |
|--|-------------------------------|---------------------------------------|-----------|------------------|
| Due During Fiscal Years Ending August 31 | Principal Due October 1 | Interest Due October 1/ April 1 | Total | |
| 2021 | \$ 40,000 | \$ 50,582 | \$ | 90,582 |
| 2022 | 40,000 | 49,732 | | 89,732 |
| 2023 | 45,000 | 48,775 | | 93,775 |
| 2024 | 45,000 | 47,706 | | 92,706 |
| 2025 | 45,000 | 46,553 | | 91,553 |
| 2026 | 50,000 | 45,212 | | 95,212 |
| 2027 | 50,000 | 43,712 | | 93,712 |
| 2028 | 55,000 | 42,103 | | 97,103 |
| 2029 | 55,000 | 40,247 | | 95,247 |
| 2030 | 60,000 | 38,163 | | 98,163 |
| 2031 | 60,000 | 35,988 | | 95,988 |
| 2032 | 65,000 | 33,722 | | 98,722 |
| 2033 | 65,000 | 31,366 | | 96,366 |
| 2034 | 65,000 | 28,969 | | 93,969 |
| 2035 | 70,000 | 26,438 | | 96,438 |
| 2036 | 75,000 | 23,719 | | 98,719 |
| 2037 | 75,000 | 20,906 | | 95,906 |
| 2038 | 80,000 | 18,000 | | 98,000 |
| 2039 | 80,000 | 15,000 | | 95,000 |
| 2040 | 85,000 | 11,906 | | 96,906 |
| 2041 | 90,000 | 8,625 | | 98,625 |
| 2042 | 90,000 | 5,250 | | 95,250 |
| 2043 | 95,000 | 1,781 | | 96,781 |
| 2044 | | | | |
| 2045 | | | | |
| 2046 | | | | |
| | <u>\$ 1,480,000</u> | <u>\$ 714,455</u> | <u>\$</u> | <u>2,194,455</u> |

See accompanying independent auditor's report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6
LONG-TERM DEBT SERVICE REQUIREMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

| S E R I E S - 2 0 1 8 | | | | |
|--|-------------------------------|---------------------------------------|-----------|------------------|
| Due During Fiscal Years Ending August 31 | Principal Due October 1 | Interest Due October 1/ April 1 | Total | |
| 2021 | \$ 100,000 | \$ 161,600 | \$ | 261,600 |
| 2022 | 105,000 | 155,450 | | 260,450 |
| 2023 | 110,000 | 149,000 | | 259,000 |
| 2024 | 110,000 | 142,400 | | 252,400 |
| 2025 | 115,000 | 135,650 | | 250,650 |
| 2026 | 120,000 | 129,950 | | 249,950 |
| 2027 | 120,000 | 125,600 | | 245,600 |
| 2028 | 130,000 | 121,225 | | 251,225 |
| 2029 | 130,000 | 116,675 | | 246,675 |
| 2030 | 135,000 | 112,037 | | 247,037 |
| 2031 | 145,000 | 106,957 | | 251,957 |
| 2032 | 150,000 | 101,425 | | 251,425 |
| 2033 | 155,000 | 95,706 | | 250,706 |
| 2034 | 160,000 | 89,600 | | 249,600 |
| 2035 | 165,000 | 83,100 | | 248,100 |
| 2036 | 170,000 | 76,400 | | 246,400 |
| 2037 | 180,000 | 69,400 | | 249,400 |
| 2038 | 185,000 | 62,100 | | 247,100 |
| 2039 | 195,000 | 54,500 | | 249,500 |
| 2040 | 200,000 | 46,600 | | 246,600 |
| 2041 | 210,000 | 38,400 | | 248,400 |
| 2042 | 220,000 | 29,800 | | 249,800 |
| 2043 | 230,000 | 20,800 | | 250,800 |
| 2044 | 405,000 | 8,100 | | 413,100 |
| 2045 | | | | |
| 2046 | | | | |
| | <u>\$ 3,945,000</u> | <u>\$ 2,232,475</u> | <u>\$</u> | <u>6,177,475</u> |

See accompanying independent auditor's report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6
LONG-TERM DEBT SERVICE REQUIREMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

| S E R I E S - 2 0 1 8 R O A D | | | | |
|--|-------------------------------|---------------------------------------|-----------|------------------|
| Due During Fiscal Years Ending August 31 | Principal Due October 1 | Interest Due October 1/ April 1 | Total | |
| 2021 | \$ 50,000 | \$ 82,075 | \$ | 132,075 |
| 2022 | 50,000 | 79,138 | | 129,138 |
| 2023 | 55,000 | 75,988 | | 130,988 |
| 2024 | 55,000 | 72,688 | | 127,688 |
| 2025 | 60,000 | 69,313 | | 129,313 |
| 2026 | 60,000 | 66,388 | | 126,388 |
| 2027 | 65,000 | 63,888 | | 128,888 |
| 2028 | 65,000 | 61,450 | | 126,450 |
| 2029 | 70,000 | 59,087 | | 129,087 |
| 2030 | 70,000 | 56,637 | | 126,637 |
| 2031 | 75,000 | 54,006 | | 129,006 |
| 2032 | 80,000 | 51,100 | | 131,100 |
| 2033 | 80,000 | 48,100 | | 128,100 |
| 2034 | 85,000 | 44,900 | | 129,900 |
| 2035 | 90,000 | 41,400 | | 131,400 |
| 2036 | 90,000 | 37,800 | | 127,800 |
| 2037 | 95,000 | 34,100 | | 129,100 |
| 2038 | 100,000 | 30,200 | | 130,200 |
| 2039 | 105,000 | 26,100 | | 131,100 |
| 2040 | 110,000 | 21,800 | | 131,800 |
| 2041 | 115,000 | 17,300 | | 132,300 |
| 2042 | 120,000 | 12,600 | | 132,600 |
| 2043 | 125,000 | 7,700 | | 132,700 |
| 2044 | 130,000 | 2,600 | | 132,600 |
| 2045 | | | | |
| 2046 | | | | |
| | <u>\$ 2,000,000</u> | <u>\$ 1,116,358</u> | <u>\$</u> | <u>3,116,358</u> |

See accompanying independent auditor's report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6
LONG-TERM DEBT SERVICE REQUIREMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

| S E R I E S - 2 0 1 9 R O A D | | | |
|--|-------------------------------|---------------------------------------|---------------------|
| Due During Fiscal Years Ending August 31 | Principal Due October 1 | Interest Due October 1/ April 1 | Total |
| 2021 | \$ | \$ 86,981 | \$ 86,981 |
| 2022 | 80,000 | 85,381 | 165,381 |
| 2023 | 80,000 | 82,181 | 162,181 |
| 2024 | 85,000 | 78,881 | 163,881 |
| 2025 | 95,000 | 75,281 | 170,281 |
| 2026 | 95,000 | 71,956 | 166,956 |
| 2027 | 95,000 | 69,106 | 164,106 |
| 2028 | 100,000 | 66,181 | 166,181 |
| 2029 | 100,000 | 63,181 | 163,181 |
| 2030 | 100,000 | 60,181 | 160,181 |
| 2031 | 105,000 | 57,106 | 162,106 |
| 2032 | 105,000 | 53,956 | 158,956 |
| 2033 | 110,000 | 50,731 | 160,731 |
| 2034 | 115,000 | 47,356 | 162,356 |
| 2035 | 115,000 | 43,906 | 158,906 |
| 2036 | 120,000 | 40,382 | 160,382 |
| 2037 | 120,000 | 36,782 | 156,782 |
| 2038 | 125,000 | 33,107 | 158,107 |
| 2039 | 130,000 | 29,282 | 159,282 |
| 2040 | 135,000 | 25,307 | 160,307 |
| 2041 | 135,000 | 21,172 | 156,172 |
| 2042 | 145,000 | 16,797 | 161,797 |
| 2043 | 150,000 | 12,188 | 162,188 |
| 2044 | 155,000 | 7,422 | 162,422 |
| 2045 | 160,000 | 2,500 | 162,500 |
| 2046 | | | |
| | <u>\$ 2,755,000</u> | <u>\$ 1,217,304</u> | <u>\$ 3,972,304</u> |

See accompanying independent auditor's report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6
LONG-TERM DEBT SERVICE REQUIREMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

| S E R I E S - 2 0 2 0 | | | |
|--|-------------------------------|---------------------------------------|---------------------|
| Due During Fiscal Years Ending August 31 | Principal Due October 1 | Interest Due October 1/ April 1 | Total |
| 2021 | \$ | \$ 75,269 | \$ 75,269 |
| 2022 | 90,000 | 72,437 | 162,437 |
| 2023 | 90,000 | 68,837 | 158,837 |
| 2024 | 95,000 | 65,137 | 160,137 |
| 2025 | 95,000 | 61,337 | 156,337 |
| 2026 | 100,000 | 58,437 | 158,437 |
| 2027 | 100,000 | 56,438 | 156,438 |
| 2028 | 105,000 | 54,388 | 159,388 |
| 2029 | 105,000 | 52,288 | 157,288 |
| 2030 | 110,000 | 50,138 | 160,138 |
| 2031 | 110,000 | 47,938 | 157,938 |
| 2032 | 115,000 | 45,688 | 160,688 |
| 2033 | 120,000 | 43,338 | 163,338 |
| 2034 | 120,000 | 40,938 | 160,938 |
| 2035 | 125,000 | 38,488 | 163,488 |
| 2036 | 130,000 | 35,856 | 165,856 |
| 2037 | 130,000 | 33,094 | 163,094 |
| 2038 | 135,000 | 30,193 | 165,193 |
| 2039 | 140,000 | 27,099 | 167,099 |
| 2040 | 145,000 | 23,893 | 168,893 |
| 2041 | 145,000 | 20,631 | 165,631 |
| 2042 | 150,000 | 17,219 | 167,219 |
| 2043 | 155,000 | 13,597 | 168,597 |
| 2044 | 160,000 | 9,856 | 169,856 |
| 2045 | 165,000 | 5,997 | 170,997 |
| 2046 | 170,000 | 2,019 | 172,019 |
| | <u>\$ 3,105,000</u> | <u>\$ 1,050,550</u> | <u>\$ 4,155,550</u> |

See accompanying independent auditor's report.

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ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6
LONG-TERM DEBT SERVICE REQUIREMENTS
FOR THE YEAR ENDED AUGUST 31, 2020

ANNUAL REQUIREMENTS
FOR ALL SERIES

| Due During Fiscal Years Ending August 31 | Total Principal Due | Total Interest Due | Total Principal and Interest Due |
|--|------------------------|-----------------------|--|
| 2021 | \$ 315,000 | \$ 629,222 | \$ 944,222 |
| 2022 | 500,000 | 612,015 | 1,112,015 |
| 2023 | 515,000 | 591,465 | 1,106,465 |
| 2024 | 535,000 | 569,826 | 1,104,826 |
| 2025 | 555,000 | 547,011 | 1,102,011 |
| 2026 | 580,000 | 525,969 | 1,105,969 |
| 2027 | 595,000 | 507,195 | 1,102,195 |
| 2028 | 620,000 | 487,994 | 1,107,994 |
| 2029 | 635,000 | 468,034 | 1,103,034 |
| 2030 | 660,000 | 447,146 | 1,107,146 |
| 2031 | 680,000 | 425,120 | 1,105,120 |
| 2032 | 710,000 | 401,903 | 1,111,903 |
| 2033 | 735,000 | 377,700 | 1,112,700 |
| 2034 | 760,000 | 352,157 | 1,112,157 |
| 2035 | 790,000 | 325,207 | 1,115,207 |
| 2036 | 820,000 | 297,126 | 1,117,126 |
| 2037 | 845,000 | 267,879 | 1,112,879 |
| 2038 | 880,000 | 237,196 | 1,117,196 |
| 2039 | 915,000 | 205,018 | 1,120,018 |
| 2040 | 950,000 | 171,578 | 1,121,578 |
| 2041 | 980,000 | 136,741 | 1,116,741 |
| 2042 | 1,020,000 | 100,323 | 1,120,323 |
| 2043 | 1,060,000 | 62,354 | 1,122,354 |
| 2044 | 850,000 | 27,978 | 877,978 |
| 2045 | 325,000 | 8,497 | 333,497 |
| 2046 | 170,000 | 2,019 | 172,019 |
| | <u>\$ 18,000,000</u> | <u>\$ 8,784,673</u> | <u>\$ 26,784,673</u> |

See accompanying independent auditor's report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED AUGUST 31, 2020

| Description | Original Bonds Issued | Bonds Outstanding September 1, 2019 |
|---|------------------------------------|---|
| Rockwall County Municipal Utility No. 6 Unlimited Tax Road Bonds - Series 2016 | \$ 2,360,000 | \$ 2,360,000 |
| Rockwall County Municipal Utility No. 6 Unlimited Tax Utility Bonds - Series 2017 | 2,415,000 | 2,415,000 |
| Rockwall County Municipal Utility No. 6 Unlimited Tax Road Bonds - Series 2017 | 1,480,000 | 1,480,000 |
| Rockwall County Municipal Utility No. 6 Unlimited Tax Utility Bonds - Series 2018 | 3,945,000 | 3,945,000 |
| Rockwall County Municipal Utility No. 6 Unlimited Tax Road Bonds - Series 2018 | 2,000,000 | 2,000,000 |
| Rockwall County Municipal Utility No. 6 Unlimited Tax Road Bonds - Series 2019 | 2,755,000 | 2,755,000 |
| Rockwall County Municipal Utility No. 6 Unlimited Tax Utility Bonds - Series 2020 | | |
| TOTAL | <u>\$ 14,955,000</u> | <u>\$ 14,955,000</u> |
| Bond Authority: | Water, Sewer and Drainage Bonds | Refunding Bonds* |
| Amount Authorized by Voters | \$ 27,180,000 | \$ 68,185,000 |
| Amount Issued | <u>9,465,000</u> | |
| Remaining to be Issued | <u>\$ 17,715,000</u> | <u>\$ 68,185,000</u> |
| Debt Service Fund cash, investments and cash with paying agent balances as of August 31, 2020: | | <u>\$ 1,039,260</u> |
| Average annual debt service payment (principal and interest) for remaining term of all debt: | | <u>\$ 1,030,180</u> |

See accompanying independent auditor's report.

| Current Year Transactions | | | | Bonds Outstanding August 31, 2020 | Paying Agent |
|---------------------------|------------------|-------------------|----------------------|---|--------------|
| Bonds Sold | Retirements | | | | |
| | Principal | Interest | | | |
| \$ | \$ 60,000 | \$ 90,107 | \$ 2,300,000 | Regions Bank Houston, TX | |
| | | 84,563 | 2,415,000 | Regions Bank Houston, TX | |
| | | 50,982 | 1,480,000 | Regions Bank Houston, TX | |
| | | 164,600 | 3,945,000 | Regions Bank Houston, TX | |
| | | 83,513 | 2,000,000 | Regions Bank Houston, TX | |
| | | 59,678 | 2,755,000 | Regions Bank Houston, TX | |
| 3,105,000 | | | 3,105,000 | Regions Bank Houston, TX | |
| <u>\$ 3,105,000</u> | <u>\$ 60,000</u> | <u>\$ 533,443</u> | <u>\$ 18,000,000</u> | | |
| Road Bonds | | | | | |
| \$ 25,270,000 | | | | | |
| 8,595,000 | | | | | |
| <u>\$ 16,675,000</u> | | | | | |

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

See accompanying independent auditor's report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

| | Amounts | | |
|--|--------------------------|--------------------------|--------------------------|
| | 2020 | 2019 | 2018 |
| REVENUES | | | |
| Property Taxes | \$ 153,778 | \$ 174,794 | \$ 148,790 |
| Penalty and Interest | 806 | | 469 |
| Investment Revenues | <u>3,753</u> | <u>5,183</u> | <u>1,275</u> |
| TOTAL REVENUES | <u>\$ 158,337</u> | <u>\$ 179,977</u> | <u>\$ 150,534</u> |
| EXPENDITURES | | | |
| Professional Fees | \$ 68,368 | \$ 83,855 | \$ 109,822 |
| Contracted Services | 15,977 | 19,441 | 12,324 |
| Other | <u>13,210</u> | <u>17,377</u> | <u>25,454</u> |
| TOTAL EXPENDITURES | <u>\$ 97,555</u> | <u>\$ 120,673</u> | <u>\$ 147,600</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>\$ 60,782</u> | <u>\$ 59,304</u> | <u>\$ 2,934</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In(Out) | <u>\$ - 0 -</u> | <u>\$ 500</u> | <u>\$ - 0 -</u> |
| NET CHANGE IN FUND BALANCE | \$ 60,782 | \$ 59,804 | \$ 2,934 |
| BEGINNING FUND BALANCE | <u>230,654</u> | <u>170,850</u> | <u>167,916</u> |
| ENDING FUND BALANCE | <u><u>\$ 291,436</u></u> | <u><u>\$ 230,654</u></u> | <u><u>\$ 170,850</u></u> |

See accompanying independent auditor's report.

| | | Percentage of Total Revenues | | | | |
|------------|------------|------------------------------|---------|---------|---------|---------|
| 2017 | 2016 | 2020 | 2019 | 2018 | 2017 | 2016 |
| \$ 152,760 | \$ 140,367 | 97.0 % | 97.0 % | 98.8 % | 99.5 % | 96.6 % |
| 33 | 4,572 | 0.5 | | 0.3 | | 3.2 |
| 689 | 195 | 2.5 | 3.0 | 0.9 | 0.5 | 0.2 |
| \$ 153,482 | \$ 145,134 | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % |
| | | | | | | |
| \$ 79,427 | \$ 48,981 | 43.2 % | 46.6 % | 73.0 % | 51.8 % | 33.7 % |
| 7,350 | 3,318 | 10.1 | 10.8 | 8.2 | 4.8 | 2.3 |
| 16,712 | 12,155 | 8.3 | 9.7 | 16.9 | 10.9 | 8.4 |
| \$ 103,489 | \$ 64,454 | 61.6 % | 67.1 % | 98.1 % | 67.5 % | 44.4 % |
| | | | | | | |
| \$ 49,993 | \$ 80,680 | 38.4 % | 32.9 % | 1.9 % | 32.5 % | 55.6 % |
| | | | | | | |
| \$ - 0 - | \$ - 0 - | | | | | |
| | | | | | | |
| \$ 49,993 | \$ 80,680 | | | | | |
| 117,923 | 37,243 | | | | | |
| \$ 167,916 | \$ 117,923 | | | | | |

See accompanying independent auditor's report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

| | Amounts | | |
|--|---------------------|-------------------|--------------------|
| | 2020 | 2019 | 2018 |
| REVENUES | | | |
| Property Taxes | \$ 803,801 | \$ 462,953 | \$ 92,279 |
| Penalty and Interest | 3,140 | 319 | |
| Investment Revenues | <u>10,182</u> | <u>9,757</u> | <u>169</u> |
| TOTAL REVENUES | <u>\$ 817,123</u> | <u>\$ 473,029</u> | <u>\$ 92,448</u> |
| EXPENDITURES | | | |
| Tax Collection Expenditures | \$ 12,014 | \$ 4,740 | \$ |
| Debt Service Principal | 60,000 | | |
| Debt Service Interest and Fees | <u>538,224</u> | <u>298,310</u> | <u>134,842</u> |
| TOTAL EXPENDITURES | <u>\$ 610,238</u> | <u>\$ 303,050</u> | <u>\$ 134,842</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>\$ 206,885</u> | <u>\$ 169,979</u> | <u>\$ (42,394)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Long-Term Debt Issued | <u>\$ 74,237</u> | <u>\$ 294,550</u> | <u>\$ 177,825</u> |
| NET CHANGE IN FUND BALANCE | \$ 281,122 | \$ 464,529 | \$ 135,431 |
| BEGINNING FUND BALANCE | <u>756,288</u> | <u>291,759</u> | <u>156,328</u> |
| ENDING FUND BALANCE | <u>\$ 1,037,410</u> | <u>\$ 756,288</u> | <u>\$ 291,759</u> |
| TOTAL ACTIVE RETAIL WATER CONNECTIONS | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> |
| TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> |

See accompanying independent auditor's report.

| | | Percentage of Total Revenues | | | | |
|-------------|----------|------------------------------|---------|----------|--------------|-------|
| 2017 | 2016 | 2020 | 2019 | 2018 | 2017 | 2016 |
| \$ | \$ | 98.4 % | 97.8 % | 99.8 % | % | % |
| 58 | | 0.4 | 0.1 | | | |
| | | 1.2 | 2.1 | 0.2 | 100.0 | |
| \$ 58 | \$ - 0 - | 100.0 % | 100.0 % | 100.0 % | 100.0 % | % |
| \$ | \$ | 1.5 % | 1.0 % | % | % | % |
| 25,205 | | 7.3 | | | | |
| | | 65.9 | 63.1 | 145.9 | 43,456.9 | |
| \$ 25,205 | \$ - 0 - | 74.7 % | 64.1 % | 145.9 % | 43,456.9 % | % |
| \$ (25,147) | \$ - 0 - | 25.3 % | 35.9 % | (45.9) % | (43,356.9) % | N/A % |
| \$ 181,475 | \$ - 0 - | | | | | |
| \$ 156,328 | \$ - 0 - | | | | | |
| | | | | | | |
| \$ 156,328 | \$ - 0 - | | | | | |
| N/A | N/A | | | | | |
| N/A | N/A | | | | | |

See accompanying independent auditor's report.

ROCKWALL COUNTY MUNICIPAL UTILITY DISTRICT NO. 6
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
AUGUST 31, 2020

| Consultants: | <u>Date Hired</u> | <u>Fees / Compensation for the year ended August 31, 2020</u> | <u>Title</u> |
|--|-------------------|---|---------------------------------|
| Winstead PC | 09/22/15 | \$ 37,805 \$ 81,730 | General Counsel Bond Counsel |
| McCall Gibson Swedlund Barfoot PLLC | 09/27/16 | \$ 12,750 \$ 8,000 | Auditor Other Services |
| Dye & Toverly, LLC | 05/28/19 | \$ 16,066 | Bookkeeper |
| LJA Engineering, Inc. | 01/22/19 | \$ 23,690 | Engineer |
| Rockwall County Central Appraisal District | 08/25/15 | \$ 9,045 | Tax Assessor/ Collector |
| Robert W. Baird & Co. | 01/27/15 | \$ 66,709 | Financial Advisor |
| Kathi Dye | 02/26/08 | \$ -0- | Investment Officer |

See accompanying independent auditor's report.

