

**ALPHA RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON AND WISE COUNTIES**

DENTON AND WISE COUNTIES, TEXAS

ANNUAL FINANCIAL REPORT

MARCH 31, 2024

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Alpha Ranch Water Control
and Improvement District of Denton and Wise Counties
Denton and Wise Counties, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Alpha Ranch Water Control and Improvement District of Denton and Wise Counties (the "District"), as of and for the year ended March 31, 2024, 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 March 31, 2024, 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.

Board of Directors
Alpha Ranch Water Control and
Improvement District of Denton and Wise Counties

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 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

August 8, 2024

**ALPHA RANCH WATER CONTROL AND IMPROVEMENT DISTRICT
OF DENTON AND WISE COUNTIES
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2024**

Management’s discussion and analysis of Alpha Ranch Water Control and Improvement District of Denton and Wise Counties’ (the “District”) financial performance provides an overview of the District’s financial activities for the year ended March 31, 2024. 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 the District’s assets, liabilities and, if applicable, 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 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 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 property tax 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.

**ALPHA RANCH WATER CONTROL AND IMPROVEMENT DISTRICT
OF DENTON AND WISE COUNTIES
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2024**

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 period. 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, liabilities exceeded assets by \$280,655 as of March 31, 2024. A portion of the District’s net position reflects its net investment in capital assets (land, drainage, paving, and intangible assets, less any debt used to acquire those assets that is still outstanding). The following table is a comparative analysis of government-wide changes in net position:

**ALPHA RANCH WATER CONTROL AND IMPROVEMENT DISTRICT
OF DENTON AND WISE COUNTIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2024**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2024	2023	Change Positive (Negative)
Current and Other Assets	\$ 3,174,670	\$ 3,081,393	\$ 93,277
Intangible Assets (Net of Accumulated Amortization)	2,764,697	2,830,362	(65,665)
Land and Capital Assets (Net of Accumulated Depreciation)	7,224,911	6,669,764	555,147
Total Assets	\$ 13,164,278	\$ 12,581,519	\$ 582,759
Due to Developer	\$ 4,829,872	\$ 4,829,872	\$
Bonds Payable	8,563,776	8,562,020	(1,756)
Other Liabilities	51,285	34,597	(16,688)
Total Liabilities	\$ 13,444,933	\$ 13,426,489	\$ (18,444)
Net Position:			
Net Investment in Capital Assets	\$ (1,657,379)	\$ (1,519,921)	\$ (137,458)
Restricted	963,259	425,044	538,215
Unrestricted	413,465	249,907	163,558
Total Net Position	\$ (280,655)	\$ (844,970)	\$ 564,315

The following table provides a summary of the District's operations for the years ended March 31, 2024, and March 31, 2023.

	Summary of Changes in the Statement of Activities		
	2024	2023	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 1,074,593	\$ 505,857	\$ 568,736
Other Revenues	141,115	44,330	96,785
Total Revenues	\$ 1,215,708	\$ 550,187	\$ 665,521
Expenses for Services	651,393	910,259	258,866
Change in Net Position	\$ 564,315	\$ (360,072)	\$ 924,387
Net Position, Beginning	(844,970)	(484,898)	(360,072)
Net Position, Ending	\$ (280,655)	\$ (844,970)	\$ 564,315

**ALPHA RANCH WATER CONTROL AND IMPROVEMENT DISTRICT
OF DENTON AND WISE COUNTIES
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT’S GOVERNMENTAL FUND

The District’s combined fund balances as of March 31, 2024, were \$3,131,371, an increase of \$67,700 from the prior year.

The General Fund fund balance increased by \$163,393, primarily due to property tax revenues exceeding operating costs and administrative costs.

The Debt Service Fund fund balance increased by \$529,491, primarily due to the structure of the District’s outstanding debt.

The Capital Projects Fund fund balance decreased by \$625,184 primarily due to current year capital outlay expenditures that were paid from prior year bond proceeds.

CAPITAL ASSETS AND INTANGIBLE ASSETS

Capital assets as of March 31, 2024, total \$7,224,911 and includes land, paving and drainage infrastructure which the District will be responsible for maintaining. Additional information on the District’s capital assets can be found in Note 6 of this report.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2024	2023	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 792,131	\$ 792,131	\$
Construction in Progress	704,644		704,644
Capital Assets, Net of Accumulated Depreciation:			
Drainage Facilities	1,757,729	1,799,689	(41,960)
Paving	3,970,407	4,077,944	(107,537)
Total Net Capital Assets	\$ 7,224,911	\$ 6,669,764	\$ 555,147

Additionally, the District entered into an agreement (see Note 9) with the City of Fort Worth (“the City”) whereby water facilities and wastewater facilities constructed within the District have been conveyed to the City for operation and maintenance for the benefit of District residents. As of March 31, 2024, intangible assets constructed and conveyed to the City totaled \$2,764,697 (net of accumulated amortization).

**ALPHA RANCH WATER CONTROL AND IMPROVEMENT DISTRICT
OF DENTON AND WISE COUNTIES
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2024**

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated budget for the year ended March 31, 2024. Actual revenues were \$125,947 more than budgeted revenues and actual expenditures were \$37,011 less than budgeted expenditures. This resulted in a positive variance of \$162,958. See the budget to actual comparison for more information.

LONG-TERM DEBT

As of March 31, 2024, the District recorded an amount due to Developer of \$4,829,872 which consists of costs associated with water, wastewater, drainage and road facilities.

At year end, the District had total bond debt payable of \$8,605,000. The changes in the debt position of the District during the fiscal year ended March 31, 2024, are summarized as follows:

Bond Debt Payable, April 1, 2023	\$ 8,605,000
Less: Bond Principal Paid	<u>-0-</u>
Bond Debt Payable, March 31, 2024	<u><u>\$ 8,605,000</u></u>

The Series 2021 Road bonds and the Series 2022 Road bonds are not rated.

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 Alpha Ranch Water Control and Improvement District of Denton and Wise Counties, c/o Winstead PC, 2728 N. Harwood Street, Suite 500, Dallas, Texas 75201.

**ALPHA RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON AND WISE COUNTIES
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MARCH 31, 2024**

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 7,027	\$ 5,867
Investments	525,133	872,584
Receivables:		
Property Taxes	4,051	13,347
Due from Other Funds		101,815
Land		
Construction in Progress		
Intangible Assets - Right to Receive Service (Net of Accumulated Amortization)		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 536,211	\$ 993,613
LIABILITIES		
Accounts Payable	\$ 20,931	\$ 4,970
Accrued Interest Payable		
Due to Developers		
Due to Other Funds	101,815	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 122,746	\$ 4,970
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 4,051	\$ 13,347
FUND BALANCES		
Restricted for Authorized Construction	\$	\$
Restricted for Debt Service		975,296
Unassigned	409,414	
TOTAL FUND BALANCES	\$ 409,414	\$ 975,296
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 536,211	\$ 993,613
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>
\$ 1,703,229	\$ 1,716,123	\$	\$ 1,716,123
43,432	1,441,149		1,441,149
	17,398		17,398
	101,815	(101,815)	
		792,131	792,131
		704,644	704,644
		2,764,697	2,764,697
		<u>5,728,136</u>	<u>5,728,136</u>
<u>\$ 1,746,661</u>	<u>\$ 3,276,485</u>	<u>\$ 9,887,793</u>	<u>\$ 13,164,278</u>
\$	\$ 25,901	\$	\$ 25,901
		25,384	25,384
		4,829,872	4,829,872
	101,815	(101,815)	
		235,000	235,000
		<u>8,328,776</u>	<u>8,328,776</u>
<u>\$ -0-</u>	<u>\$ 127,716</u>	<u>\$ 13,317,217</u>	<u>\$ 13,444,933</u>
<u>\$ -0-</u>	<u>\$ 17,398</u>	<u>\$ (17,398)</u>	<u>\$ -0-</u>
\$ 1,746,661	\$ 1,746,661	\$ (1,746,661)	\$
	975,296	(975,296)	
	409,414	(409,414)	
<u>\$ 1,746,661</u>	<u>\$ 3,131,371</u>	<u>\$ (3,131,371)</u>	<u>\$ -0-</u>
<u>\$ 1,746,661</u>	<u>\$ 3,276,485</u>		
		\$ (1,657,379)	\$ (1,657,379)
		963,259	963,259
		<u>413,465</u>	<u>413,465</u>
		<u>\$ (280,655)</u>	<u>\$ (280,655)</u>

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

**ALPHA RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON AND WISE COUNTIES
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
MARCH 31, 2024**

Total Fund Balances - Governmental Funds	\$	3,131,371
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets and intangible assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		9,989,608
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Deferred inflows of resources related to property tax revenues for the 2023 and prior tax levies became part of recognized revenue in the governmental activities of the District.		17,398
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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:

Due to Developer	\$ (4,829,872)	
Accrued Interest Payable	(25,384)	
Bonds Payable Within One Year	(235,000)	
Bonds Payable After One Year	<u>(8,328,776)</u>	<u>(13,419,032)</u>
Total Net Position - Governmental Activities	\$	<u>(280,655)</u>

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

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**ALPHA RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON AND WISE COUNTIES
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2024**

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 242,832	\$ 822,873
Investment Revenues	19,249	19,743
TOTAL REVENUES	\$ 262,081	\$ 842,616
 EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 69,377	\$
Contracted Services	16,481	8,522
Utilities	1,852	
Amortization		
Depreciation		
Other	10,978	
Developer Interest		
Capital Outlay		
Debt Service:		
Bond Interest		304,603
TOTAL EXPENDITURES/EXPENSES	\$ 98,688	\$ 313,125
NET CHANGE IN FUND BALANCES	\$ 163,393	\$ 529,491
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - APRIL 1, 2023	246,021	445,805
FUND BALANCES/NET POSITION - MARCH 31, 2024	\$ 409,414	\$ 975,296

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 1,065,705	\$ 8,888	\$ 1,074,593
<u>102,123</u>	<u>141,115</u>		<u>141,115</u>
<u>\$ 102,123</u>	<u>\$ 1,206,820</u>	<u>\$ 8,888</u>	<u>\$ 1,215,708</u>
\$ 3,500	\$ 72,877	\$	\$ 72,877
	25,003		25,003
	1,852		1,852
		65,665	65,665
		149,497	149,497
20	10,998		10,998
19,143	19,143		19,143
704,644	704,644	(704,644)	
	<u>304,603</u>	<u>1,755</u>	<u>306,358</u>
<u>\$ 727,307</u>	<u>\$ 1,139,120</u>	<u>\$ (487,727)</u>	<u>\$ 651,393</u>
\$ (625,184)	\$ 67,700	\$ (67,700)	\$
		564,315	564,315
<u>2,371,845</u>	<u>3,063,671</u>	<u>(3,908,641)</u>	<u>(844,970)</u>
<u>\$ 1,746,661</u>	<u>\$ 3,131,371</u>	<u>\$ (3,412,026)</u>	<u>\$ (280,655)</u>

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

**ALPHA RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON AND WISE COUNTIES
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2024**

Net Change in Fund Balances - Governmental Funds	\$	67,700
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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.		8,888
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Governmental funds do not account for depreciation and amortization. However, in the Statement of Net Position, capital and intangible assets are depreciated and amortized, and the depreciation and amortization expense is recorded in the Statement of Activities.		(215,162)
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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.		704,644
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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.		(1,755)
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Change in Net Position - Governmental Activities	\$	<u>564,315</u>
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The accompanying notes to the financial statements are an integral part of this report.

**ALPHA RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON AND WISE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 1. CREATION OF DISTRICT

Alpha Ranch Water Control and Improvement District No. 1 of Denton and Wise Counties (“WCID 1”) was created on February 15, 2008, by the Texas Commission on Environmental Quality (the “Commission”). Pursuant to the provisions of Chapters 49 and 51 of the Texas Water Code, the District is empowered to provide water, sanitary sewer service, storm sewer drainage and road services, for the residents of the District. On August 24, 2015, WCID 1 converted to a fresh water supply district under Chapter 53, Texas Water Code. At an election November 3, 2015, the qualified electors granted to WCID 1 the rights, authority, privileges and functions of a road district under Article III, Section 52(b)(3) of the Texas Constitution, and the powers to purchase, construct, acquire, own and operate, repair, improve and extend sanitary sewer systems. On January 29, 2016, the Commission approved WCID 1’s request to change its name to Alpha Ranch Fresh Water Supply District No. 1 of Denton and Wise Counties (“FWSD No. 1”). On September 19, 2019, FWSD No. 1 converted back to a Water Control and Improvement District operating under Chapter 51, Texas Water Code, and retaining its road powers. On June 15, 2021, the Commission approved FWSD No. 1’s request to change its name to Alpha Ranch Water Control Improvement District of Denton and Wise Counties (the “District”). The District currently operates under Chapters 49, 51 and 53 of the Texas Water Code, as amended.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying 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 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.

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”).

**ALPHA RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON AND WISE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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, and intangible assets net of accumulated depreciation and amortization 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's 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.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current period 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.

**ALPHA RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON AND WISE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

As discussed above, the District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Balance Sheet and a 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.

General Fund - To account for property tax revenues, operating 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 year 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 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.

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 March 31, 2024, the General Fund owed the Debt Service Fund \$101,815 for debt service tax collections.

**ALPHA RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON AND WISE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets and Intangible Assets

Capital assets include land, roads and drainage infrastructure which are reported in the government-wide Statement of Net Position at historical cost or estimated historical cost if actual historical cost is not available. 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 if they have an original cost greater than \$5,000 and a useful life over 2 years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation over 40 to 45 years.

Intangible assets include the costs of water facilities and wastewater facilities constructed within the District which are conveyed to the City of Fort Worth, Texas for operation and maintenance for the benefit of District residents. Intangible assets are amortized using the straight-line method over 45 years.

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

Pensions

A pension plan has not been established. The District does not have employees, except that the Internal Revenue Service has determined that directors are considered “employees” for federal 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.

**ALPHA RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON AND WISE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (continued)

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. 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 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.

**ALPHA RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON AND WISE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 3. LONG-TERM DEBT

The following is a summary of transactions regarding bonds payable for the year ended March 31, 2024:

	April 1, 2023	Additions	Retirements	March 31, 2024
Bonds Payable	\$ 8,605,000	\$	\$	\$ 8,605,000
Unamortized Discounts	(57,037)		(2,357)	(54,680)
Unamortized Premiums	14,057		601	13,456
Bonds Payable, Net	\$ 8,562,020	\$ -0-	\$ (1,756)	\$ 8,563,776
			Amount Due Within One Year	\$ 235,000
			Amount Due After One Year	8,328,776
			Bonds Payable, Net	\$ 8,563,776

	Road Series 2021	Road Series 2022
Amounts Outstanding – March 31, 2024	\$ 4,550,000	\$ 4,055,000
Interest Rates	2.00 % - 3.00%	3.50 % - 5.00%
Maturity Dates - Serially Beginning/Ending	September 1, 2024/2046	September 1, 2024/2047
Interest Payment Dates	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2031*	September 1, 2031*

* At the option of the District as a whole or from time to time in part on the call option date or any date thereafter, at par plus accrued interest to the date of redemption. The Series 2021 Road bonds maturing September 1, 2046 are term bonds and are subject to mandatory sinking fund redemption beginning on September 1, 2039. The Series 2022 Road bonds maturing September 1, 2028, September 1, 2034, September 1, 2036, September 1, 2038, September 1, 2040, September 1, 2043, September 1, 2045 and September 1, 2047 are term bonds and are subject to mandatory sinking fund redemption beginning on September 1, 2027.

**ALPHA RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON AND WISE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 3. LONG-TERM DEBT (Continued)

As of March 31, 2024, the District has authorized but unissued bonds for water, sewer and drainage purposes in the amount of \$204,400,000 and authorized but unissued road bonds in the amount of \$222,415,000. The District has authorized but unissued refunding bonds for water, sewer and drainage purposes in the amount of \$255,500,000 and authorized but unissued road refunding bonds in the amount of \$288,775,000. 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.

As of March 31, 2024, the debt service requirements on the bonds outstanding were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 235,000	\$ 301,466	\$ 536,466
2026	245,000	294,913	539,913
2027	250,000	287,972	537,972
2028	260,000	280,690	540,690
2029	270,000	273,041	543,041
2030-2034	1,480,000	1,239,091	2,719,091
2035-2039	1,755,000	978,994	2,733,994
2040-2044	2,110,000	626,630	2,736,630
2045-2048	2,000,000	179,850	2,179,850
	<u>\$ 8,605,000</u>	<u>\$ 4,462,647</u>	<u>\$ 13,067,647</u>

During the year ended March 31, 2024 the District levied an ad valorem debt service tax rate of \$0.7726 per \$100 of assessed valuation, which resulted in a tax levy of \$829,075 on the adjusted taxable valuation of \$107,309,684 for the 2023 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.

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 attached 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.

**ALPHA RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON AND WISE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The bond order states 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 certain bond issues, 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 the five-year anniversary of each issue.

NOTE 5. DEPOSITS AND INVESTMENTS

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 \$2,216,509 and the bank balance was \$2,216,509. The District was not exposed to custodial credit risk.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position as of March 31, 2024, as listed below:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
GENERAL FUND	\$ 7,027	\$ 250,386	\$ 257,413
DEBT SERVICE FUND	5,867	250,000	255,867
CAPITAL PROJECTS FUND	<u>1,703,229</u>	<u> </u>	<u>1,703,229</u>
TOTAL DEPOSITS	<u>\$ 1,716,123</u>	<u>\$ 500,386</u>	<u>\$ 2,216,509</u>

**ALPHA RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON AND WISE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

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. The District invests in Local Government Investment Cooperative (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. J. P. Morgan Investment Management, Inc. (JPMIM) serves as investment advisor. Hilltop Securities and JPMIM manage the daily operations of the pool. 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 certificates of deposit at acquisition cost

**ALPHA RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON AND WISE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of March 31, 2024, the District had the following investments.

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
LOGIC	\$ 274,747	\$ 274,747
Certificate of Deposit	250,386	250,386
<u>DEBT SERVICE FUND</u>		
LOGIC	622,584	622,584
Certificate of Deposit	250,000	250,000
<u>CAPITAL PROJECTS FUND</u>		
LOGIC	43,432	43,432
TOTAL INVESTMENTS	\$ 1,441,149	\$ 1,441,149

Credit Risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District manages credit risk by typically investing in certificates of deposit with balances below FDIC coverage. At March 31, 2024, 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 typically manages interest rate risk by investing in certificates of deposit with maturities of less than one year. 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 has been a significant change in value.

Restrictions

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

**ALPHA RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON AND WISE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 6. CAPITAL ASSETS AND INTANGIBLE ASSETS

Capital assets owned and maintained by the District include paving and drainage infrastructure. Capital asset activity for the year ended March 31, 2024, is as follows:

	April 1, 2023	Increases	Decreases	March 31, 2024
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 792,131			\$ 792,131
Construction in Progress		704,644		704,644
Total Capital Assets Not Being Depreciated	\$ 792,131	\$ 704,644	\$ - 0 -	\$ 1,496,775
Capital Assets Subject to Depreciation				
Drainage	\$ 1,883,042			\$ 1,883,042
Paving	4,289,710			4,289,710
Total Capital Assets Subject to Depreciation	\$ 6,172,752	\$ - 0 -	\$ - 0 -	\$ 6,172,752
Accumulated Depreciation				
Drainage	\$ 83,353	\$ 41,960		\$ 125,313
Paving	211,766	107,537		319,303
Total Accumulated Depreciation	\$ 295,119	\$ 149,497	\$ - 0 -	\$ 444,616
Total Depreciable Capital Assets, Net of Accumulated Depreciation	\$ 5,877,633	\$ (149,497)	\$ - 0 -	\$ 5,728,136
Total Capital Assets, Net of Accumulated Depreciation	\$ 6,669,764	\$ 555,147	\$ - 0 -	\$ 7,224,911

Developers have financed the construction of water facilities and wastewater facilities which serve District residents. These facilities have been conveyed to the City of Fort Worth in accordance with the service agreement (see Note 9). In exchange for conveyance of these assets, the City of Fort Worth agrees to provide service to residents of the District.

Intangible asset activity for the year ended March 31, 2024, is as follows:

	April 1, 2023	Increases	Decreases	March 31, 2024
Intangible Assets Subject to Amortization				
Water/Wastewater System	\$ 2,946,829	\$ -0-	\$ -0-	\$ 2,946,829
Accumulated Amortization				
Water/Wastewater System	\$ 116,467	\$ 65,665	\$ -0-	\$ 182,132
Total Intangible Assets, Net of Accumulated Amortization	\$ 2,830,362	\$ (65,665)	\$ -0-	\$ 2,764,697

**ALPHA RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON AND WISE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 7. MAINTENANCE TAX

On May 8, 2010, the voters of the District approved the levy and collection of a maintenance tax in an amount not to exceed \$1.00 per \$100 of assessed valuation of taxable property within the District. During the year ended March 31, 2024, the District levied an ad valorem maintenance tax rate of \$0.2274 per \$100 of assessed valuation, which resulted in a tax levy of \$244,023 on the adjusted taxable valuation of \$107,309,684 for the 2023 tax year.

NOTE 8. 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 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 last three years.

NOTE 9. AGREEMENT WATER AND WASTEWATER SERVICES

Water Supply

The District lies within the service area of certificate of convenience and necessity number 11157 held by the City of Fort Worth (“City”). The City is the provider of retail water service to the users within the District. The District entered into a Water Infrastructure Agreement with the City stating the City shall provide potable water services to the District. The District will construct the internal water supply facilities necessary to service customers within the District’s boundaries. Upon completion of such systems, the systems will be conveyed to the City. In consideration of the District’s construction and conveying such systems, the City shall assume all operation and maintenance responsibilities for the water system.

Wastewater Treatment

The area within the District lies wholly within the sewer certificate of convenience and necessity number 21059 held by the City. The City is the provider of retail wastewater service to the users within the District.

The District entered into a Sewer Infrastructure Agreement with the City stating the City shall provide wastewater treatment services to the District. The District will construct, or have constructed, a wastewater collection system necessary to service customers within the District’s boundaries. Upon completion of such systems, the system will be conveyed to the City. In consideration of the District’s construction and conveying such systems, the City shall assume all operation and maintenance responsibilities for the wastewater systems.

**ALPHA RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON AND WISE COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 10. UNREIMBURSED COSTS

The District has entered into financing agreements with the Developer which calls for the Developer to fund operating advances as well as costs associated with the construction of roads, water, wastewater, and drainage infrastructure. The District has an obligation to reimburse the Developer for these costs from future bond issues or other lawfully available funds. The following table summarizes the current activity related to unreimbursed costs

Due to Developers, April 1, 2023	\$	4,829,872
Add: Current Year Payments		<u>- 0 -</u>
Due to Developers, March 31, 2024	\$	<u><u>4,829,872</u></u>

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**ALPHA RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON AND WISE COUNTIES**

REQUIRED SUPPLEMENTARY INFORMATION

MARCH 31, 2024

**ALPHA RANCH WATER CONTROL AND IMPROVEMENT DISTRICT
OF DENTON AND WISE COUNTIES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2024**

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 130,734	\$ 242,832	\$ 112,098
Investment Revenues	<u>5,400</u>	<u>19,249</u>	<u>13,849</u>
TOTAL REVENUES	<u>\$ 136,134</u>	<u>\$ 262,081</u>	<u>\$ 125,947</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 104,500	\$ 69,377	\$ 35,123
Contracted Services	15,000	16,481	(1,481)
Utilities	2,220	1,852	368
Other	<u>13,979</u>	<u>10,978</u>	<u>3,001</u>
TOTAL EXPENDITURES	<u>\$ 135,699</u>	<u>\$ 98,688</u>	<u>\$ 37,011</u>
NET CHANGE IN FUND BALANCE	\$ 435	\$ 163,393	\$ 162,958
FUND BALANCE - APRIL 1, 2023	<u>246,021</u>	<u>246,021</u>	<u></u>
FUND BALANCE - MARCH 31, 2024	<u>\$ 246,456</u>	<u>\$ 409,414</u>	<u>\$ 162,958</u>

See accompanying independent auditor's report.

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**ALPHA RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON AND WISE COUNTIES**

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

MARCH 31, 2024

**ALPHA RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON AND WISE COUNTIES
SERVICES AND RATES
FOR THE YEAR ENDED MARCH 31, 2024**

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes _____ No X

Counties in which District is located:

Denton County, Texas and Wise County, Texas

Is the District located within a city?

Entirely X Partly _____ Not at all _____

City in which District is located:

City of Fort Worth, Texas.

Are Board Members appointed by an office outside the District?

Yes _____ No X

See accompanying independent auditor's report.

**ALPHA RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON AND WISE COUNTIES
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2024**

PROFESSIONAL FEES:	
Auditing	\$ 13,250
Engineering	16,003
Legal	<u>40,124</u>
TOTAL PROFESSIONAL FEES	<u>\$ 69,377</u>
CONTRACTED SERVICES:	
Bookkeeping	<u>\$ 16,481</u>
UTILITIES	<u>\$ 1,852</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes	\$ 4,810
Insurance	3,021
Office Supplies and Postage	1,500
Travel and Meetings	<u>1,647</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 10,978</u>
TOTAL EXPENDITURES	<u><u>\$ 98,688</u></u>

See accompanying independent auditor's report.

**ALPHA RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON AND WISE COUNTIES
INVESTMENTS
MARCH 31, 2024**

<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	XXXX3001	Varies	Daily	\$ 274,747	\$
Certificate of Deposit	XXXX2285	5.11718%	03/20/25	235,864	
Certificate of Deposit	XXXX0334	5.11718%	03/20/25	14,522	
TOTAL GENERAL FUND				<u>\$ 525,133</u>	<u>\$ - 0 -</u>
<u>DEBT SERVICE FUND</u>					
LOGIC	XXXX3003	Varies	Daily	\$ 622,584	\$
Certificate of Deposit	XXXX0919	5.15%	03/12/25	250,000	
TOTAL DEBT SERVICE FUND				<u>\$ 872,584</u>	<u>\$ - 0 -</u>
<u>CAPITAL PROJECTS FUND</u>					
LOGIC	XXXX3002	Varies	Daily	\$ 43,432	\$ - 0 -
TOTAL - ALL FUNDS				<u>\$ 1,441,149</u>	<u>\$ - 0 -</u>

See accompanying independent auditor's report.

**ALPHA RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON AND WISE COUNTIES
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MARCH 31, 2024**

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
APRIL 1, 2023	\$	3,886	\$	4,623
Adjustments to Beginning				
Balance		\$ 3,886		\$ 4,623
Original 2023 Tax Levy	\$	244,547	\$	830,856
Adjustment to 2023 Tax Levy		(524) 244,023		(1,781) 829,075
TOTAL TO BE				
ACCOUNTED FOR		\$ 247,909		\$ 833,698
TAX COLLECTIONS:				
Prior Years	\$	3,207	\$	2,731
Current Year		240,651 243,858		817,620 820,351
TAXES RECEIVABLE -				
MARCH 31, 2024		\$ 4,051		\$ 13,347
TAXES RECEIVABLE BY				
YEAR:				
2023		\$ 3,372		\$ 11,455
2022		679		1,892
TOTAL		\$ 4,051		\$ 13,347

See accompanying independent auditor's report.

**ALPHA RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON AND WISE COUNTIES
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MARCH 31, 2024**

	2023	2022	2021	2020
PROPERTY VALUATIONS: TOTAL PROPERTY				
VALUATIONS	<u>\$ 107,309,684</u>	<u>\$ 50,685,078</u>	<u>\$ 21,334,179</u>	<u>\$ 5,880,745</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.7726	\$ 0.7358	\$ 0.00	\$ 0.00
Maintenance	<u>0.2274</u>	<u>0.2642</u>	<u>1.00</u>	<u>1.00</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 1.0000</u>	<u>\$ 1.0000</u>	<u>\$ 1.00</u>	<u>\$ 1.00</u>
ADJUSTED TAX LEVY*	<u>\$ 1,073,098</u>	<u>\$ 506,851</u>	<u>\$ 213,342</u>	<u>\$ 58,807</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>98.62 %</u>	<u>99.49 %</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 an amount not to exceed \$1.00 per \$100 of assessed valuation approved by voters on May 8, 2010.

See accompanying independent auditor's report.

**ALPHA RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON AND WISE COUNTIES
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2024**

S E R I E S - 2 0 2 1 R O A D

Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2025	\$ 130,000	\$ 116,663	\$ 246,663
2026	135,000	114,012	249,012
2027	140,000	111,263	251,263
2028	145,000	108,412	253,412
2029	150,000	105,463	255,463
2030	155,000	102,412	257,412
2031	160,000	99,263	259,263
2032	165,000	96,012	261,012
2033	170,000	92,557	262,557
2034	180,000	88,725	268,725
2035	185,000	84,619	269,619
2036	190,000	80,044	270,044
2037	200,000	74,925	274,925
2038	205,000	69,481	274,481
2039	215,000	63,706	278,706
2040	220,000	57,450	277,450
2041	230,000	50,700	280,700
2042	240,000	43,650	283,650
2043	250,000	36,300	286,300
2044	260,000	28,650	288,650
2045	265,000	20,775	285,775
2046	275,000	12,675	287,675
2047	285,000	4,275	289,275
2048			
	<u>\$ 4,550,000</u>	<u>\$ 1,662,032</u>	<u>\$ 6,212,032</u>

See accompanying independent auditor's report.

**ALPHA RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON AND WISE COUNTIES
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2024**

S E R I E S - 2 0 2 2 R O A D

Due During Fiscal Years Ending March 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2025	\$ 105,000	\$ 184,803	\$ 289,803
2026	110,000	180,901	290,901
2027	110,000	176,709	286,709
2028	115,000	172,278	287,278
2029	120,000	167,578	287,578
2030	125,000	162,678	287,678
2031	125,000	157,614	282,614
2032	130,000	152,322	282,322
2033	135,000	146,690	281,690
2034	135,000	140,818	275,818
2035	140,000	134,768	274,768
2036	150,000	128,313	278,313
2037	150,000	121,562	271,562
2038	160,000	114,488	274,488
2039	160,000	107,088	267,088
2040	170,000	99,349	269,349
2041	175,000	91,156	266,156
2042	180,000	82,500	262,500
2043	190,000	73,250	263,250
2044	195,000	63,625	258,625
2045	205,000	53,625	258,625
2046	215,000	43,125	258,125
2047	225,000	32,125	257,125
2048	530,000	13,250	543,250
	<u>\$ 4,055,000</u>	<u>\$ 2,800,615</u>	<u>\$ 6,855,615</u>

See accompanying independent auditor's report.

**ALPHA RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON AND WISE COUNTIES
LONG-TERM DEBT SERVICE REQUIREMENTS
MARCH 31, 2024**

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending March 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2025	\$ 235,000	\$ 301,466	\$ 536,466
2026	245,000	294,913	539,913
2027	250,000	287,972	537,972
2028	260,000	280,690	540,690
2029	270,000	273,041	543,041
2030	280,000	265,090	545,090
2031	285,000	256,877	541,877
2032	295,000	248,334	543,334
2033	305,000	239,247	544,247
2034	315,000	229,543	544,543
2035	325,000	219,387	544,387
2036	340,000	208,357	548,357
2037	350,000	196,487	546,487
2038	365,000	183,969	548,969
2039	375,000	170,794	545,794
2040	390,000	156,799	546,799
2041	405,000	141,856	546,856
2042	420,000	126,150	546,150
2043	440,000	109,550	549,550
2044	455,000	92,275	547,275
2045	470,000	74,400	544,400
2046	490,000	55,800	545,800
2047	510,000	36,400	546,400
2048	530,000	13,250	543,250
	<u>\$ 8,605,000</u>	<u>\$ 4,462,647</u>	<u>\$ 13,067,647</u>

See accompanying independent auditor's report.

**ALPHA RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON AND WISE COUNTIES
CHANGES IN LONG-TERM BOND DEBT
MARCH 31, 2024**

Description	Original Bonds Issued	Bonds Outstanding April 1, 2023	
Alpha Ranch Water Control and Improvement District of Denton and Wise Counties, Texas Unlimited Tax Road Bonds - Series 2021	\$ 4,550,000	\$ 4,550,000	
Alpha Ranch Water Control and Improvement District of Denton and Wise Counties, Texas Unlimited Tax Road Bonds - Series 2022	<u>4,055,000</u>	<u>4,055,000</u>	
TOTAL	<u>\$ 8,605,000</u>	<u>\$ 8,605,000</u>	
Bond Authority:	<u>Tax Bonds</u>	<u>Refunding Utility Bonds</u>	<u>Road Bonds</u>
Amount Authorized by Voters	\$ 204,400,000	\$ 255,500,000	\$ 231,020,000
Amount Issued	<u> </u>	<u> </u>	<u>8,605,000</u>
Remaining to be Issued	<u>\$ 204,400,000</u>	<u>\$ 255,500,000</u>	<u>\$ 222,415,000</u>
Debt Service Fund cash, investments and cash with paying agent balances as of March 31, 2024:		<u>\$ 878,451</u>	
Average annual debt service payment (principal and interest) for remaining term of all debt:		<u>\$ 544,485</u>	

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding March 31, 2024</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$	\$ 117,963	\$ 4,550,000	UMB Bank, N.A. Dallas, TX
		186,640	4,055,000	UMB Bank, N.A. Dallas, TX
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 304,603</u>	<u>\$ 8,605,000</u>	
<u>Refunding Road Bonds</u>				
\$ 288,775,000				
<u>\$ 288,775,000</u>				

See accompanying independent auditor's report.

**ALPHA RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON AND WISE COUNTIES
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – THREE YEARS**

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 242,832	\$ 133,342	\$ 210,755
Penalty and Interest			6,186
Investment Revenues	<u>19,249</u>	<u>5,548</u>	<u>44</u>
TOTAL REVENUES	<u>\$ 262,081</u>	<u>\$ 138,890</u>	<u>\$ 216,985</u>
EXPENDITURES			
Professional Fees	\$ 69,377	\$ 74,456	\$ 38,390
Contracted Services	16,481	14,534	10,026
Utilities	1,852	508	
Other	<u>10,978</u>	<u>10,637</u>	<u>11,331</u>
TOTAL EXPENDITURES	<u>\$ 98,688</u>	<u>\$ 100,135</u>	<u>\$ 59,747</u>
NET CHANGE IN FUND BALANCE	\$ 163,393	\$ 38,755	\$ 157,238
BEGINNING FUND BALANCE	<u>246,021</u>	<u>207,266</u>	<u>50,028</u>
ENDING FUND BALANCE	<u>\$ 409,414</u>	<u>\$ 246,021</u>	<u>\$ 207,266</u>

See accompanying independent auditor's report.

Percentage of
Total Revenues

2024	2023	2022
92.7 %	96.0 %	97.1 %
7.3	4.0	2.9
100.0 %	100.0 %	100.0 %
26.5 %	53.6 %	17.7 %
6.3	10.5	4.6
0.7	0.4	
4.2	7.7	5.2
37.7 %	72.2 %	27.5 %
62.3 %	27.8 %	72.5 %

See accompanying independent auditor's report.

**ALPHA RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON AND WISE COUNTIES
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND – THREE YEARS**

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 822,873	\$ 368,318	
Investment Revenues	<u>19,743</u>	<u>2,617</u>	<u>14</u>
TOTAL REVENUES	<u>\$ 842,616</u>	<u>\$ 370,935</u>	<u>\$ 14</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 7,722	\$ 3,318	\$ 1,082
Debt Service Interest and Fees	<u>305,403</u>	<u>211,182</u>	<u></u>
TOTAL EXPENDITURES	<u>\$ 313,125</u>	<u>\$ 214,500</u>	<u>\$ 1,082</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 529,491</u>	<u>\$ 156,435</u>	<u>\$ (1,068)</u>
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	<u>\$ -0-</u>	<u>\$ 201,966</u>	<u>88,472</u>
NET CHANGE IN FUND BALANCE	\$ 529,491	\$ 358,401	\$ 87,404
BEGINNING FUND BALANCE	<u>445,805</u>	<u>87,404</u>	<u></u>
ENDING FUND BALANCE	<u>\$ 975,296</u>	<u>\$ 445,805</u>	<u>\$ 87,404</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

2024	2023	2022
97.7 %	99.3 %	%
<u>2.3</u>	<u>0.7</u>	<u>100.0</u>
100.0 %	100.0 %	100.0 %
0.9 %	0.9 %	7,728.6 %
<u>36.2</u>	<u>56.9</u>	_____
37.1 %	57.8 %	<u>7,728.6 %</u>
<u>62.9 %</u>	<u>42.2 %</u>	<u>(7,628.6) %</u>

See accompanying independent auditor's report.

**ALPHA RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON AND WISE COUNTIES
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MARCH 31, 2024**

District Mailing Address - Alpha Ranch Water Control and Improvement District of Denton and Wise Counties
c/o Winstead PC
2728 N. Harwood Street, Suite 500
Dallas, TX 75201

District Telephone Number - (214) 745-5400

Board Members	<u>Term of Office (Elected or Appointed)</u>	<u>Fees of Office for the year ended March 31, 2024</u>	<u>Expense Reimbursements for the year ended March 31, 2024</u>	<u>Title</u>
Gary Fitzgerald	07/2022 - 05/2024 (Appointed)	\$ 1,042	\$ 494	President
Marc Stanwyck	07/2022 - 05/2026 (Appointed)	\$ 1,042	\$ 474	Vice President
Robert Cubbage	08/2022 - 05/2024 (Appointed)	\$ 1,192	\$ 375	Secretary
Glen Vaughn	07/2022 - 05/2026 (Appointed)	\$ 971	\$ 278	Assistant Secretary
Jordan Peterson	03/2024 - 05/2024 (Appointed)	\$ 221	\$ 27	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: May 13, 2024

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

**ALPHA RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON AND WISE COUNTIES
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MARCH 31, 2024**

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended March 31, 2024</u>	<u>Title</u>
Winstead PC	11/12/15	\$ 38,774	General Counsel
McCall Gibson Swedlund Barfoot PLLC	04/30/22	\$ 13,250 \$ 3,500	Auditor Bond Related
Dye & Toverly, LLC	09/19/19	\$ 16,481	Bookkeeper
Hilltop Securities Inc.	04/29/21	\$ -0-	Financial Advisor
Westwood Professional Services	7/28/20	\$ 16,003	Engineer
Kathi Dye	09/19/19	\$ -0-	Investment Officer
McCreary, Veselka, Bragg & Allen, PC	04/29/21	\$ -0-	Delinquent Tax Attorney
Denton County	7/28/20	\$ 855	Tax Assessor/ Collector

See accompanying independent auditor's report.

