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**APPLICATION OF ROLLING V RANCH § PUBLIC UTILITY COMMISSION
WATER CONTROL AND §
IMPROVEMENT DISTRICT NO. 3 OF § OF TEXAS
WISE COUNTY FOR A CERTIFICATE OF §
CONVENIENCE AND NECESSITY AND §
FOR DUAL CERTIFICATION WITH THE
CITY OF ROME IN WISE COUNTY**

**ROLLING V RANCH WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3 OF
WISE COUNTY'S RESPONSE TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION**

Pursuant to 16 Tex. Admin. Code ("TAC") §22.144, comes now Rolling V Ranch Water Control and Improvement District No. 3 of Wise County ("Rolling V"), by and through its undersigned attorney of record, and files this Response to the Public Utility Commission ("Commission") Staff's First Request for Information to Rolling V Ranch Water Control and Improvement District No. 3 of Wise County ("RFIs"). This response may be treated by all parties as if it were filed under oath.

Respectfully submitted,

WINSTEAD PC

/s/ Scott W. Eidman
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**ATTORNEY FOR ROLLING V RANCH
WATER CONTROL AND IMPROVEMENT
DISTRICT NO. 3 OF WISE COUNTY**

CERTIFICATE OF SERVICE

I hereby certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on October 30, 2023, in accordance with the Order Suspending Rules, issued in Project No. 50664

/s/ Scott W. Eidman
Scott W. Eidman

DOCKET NO. 54147

**ROLLING V RANCH WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3 OF
WISE COUNTY'S RESPONSE TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION**

Staff 1-1 Please provide a completed application Appendix B: Projected Information for the requested area.

RESPONSE: Included with this filing is the audit for Rolling V for fiscal year end April 30, 2023. Pursuant to 16 Texas Administrative Code (TAC) § 24.11(e)(4)(B)(i), an owner or operator may demonstrate the requirements of the leverage and operations test are being met by submitting a copy of the owner or operator's audited year-end financial statements for the most recent fiscal year.

Prepared by: Scott Eidman

**ROLLING V RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT NO. 3 OF WISE COUNTY**

WISE COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

APRIL 30, 2023

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

**ROLLING V RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT NO. 3 OF WISE COUNTY**

WISE COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

APRIL 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rolling V Ranch Water Control and Improvement
District No. 3 of Wise County
Wise County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of Rolling V Ranch Water Control and Improvement District No. 3 of Wise County (the "District") as of and for the year ended April 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the District as of April 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Board of Directors
Rolling V Ranch Water Control and Improvement
District No. 3 of Wise County

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
Rolling V Ranch Water Control and Improvement
District No. 3 of Wise County

Supplementary Information

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

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

October 3, 2023

**ROLLING V RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT NO. 3 OF WISE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2023**

Management's discussion and analysis of Rolling V Ranch Water Control and Improvement District No. 3 of Wise County's (the "District") financial performance provides an overview of the District's financial activities for the year ended April 30, 2023. 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 Fund Balance Sheet and (2) the Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. 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 current 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 one governmental fund type. The General Fund accounts for service revenues, developer advances, operating costs and general expenditures.

**ROLLING V RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT NO. 3 OF WISE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2023**

FUND FINANCIAL STATEMENTS (Continued)

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

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance 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. 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 \$163,343 as of April 30, 2023. The following table provides a comparative analysis of government-wide changes in net position:

**ROLLING V RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT NO. 3 OF WISE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2023	2022	Change Positive (Negative)
Current and Other Assets	\$ 202,780	\$ 50,872	\$ 151,908
Right-of-Use Asset (Net of Accumulated Amortization)	1,085,107		1,085,107
Intangible Assets (Net of Accumulated Amortization)	968,646	990,868	(22,222)
Total Assets	<u>\$ 2,256,533</u>	<u>\$ 1,041,740</u>	<u>\$ 1,214,793</u>
Due to Developer	\$ 1,197,093	\$ 1,085,391	\$ (111,702)
Lease Payable	1,075,878	-	(1,075,878)
Other Liabilities	<u>146,905</u>	<u>3,413</u>	<u>(143,492)</u>
Total Liabilities	<u>\$ 2,419,876</u>	<u>\$ 1,088,804</u>	<u>\$ (1,331,072)</u>
Net Position:			
Net Investment in Capital Assets	\$ (22,126)	\$ (9,132)	\$ (12,994)
Unrestricted	<u>(141,217)</u>	<u>(37,932)</u>	<u>(103,285)</u>
Total Net Position	<u>\$ (163,343)</u>	<u>\$ (47,064)</u>	<u>\$ (116,279)</u>

The following table provides a summary of the District's operations for the years ended April 30, 2023, and April 30, 2022.

	Summary of Changes in the Statement of Activities		
	2023	2022	Change Positive (Negative)
Total Revenues	\$ 327,862	\$ 7	\$ 327,855
Expenses for Services	<u>444,141</u>	<u>40,165</u>	<u>(403,976)</u>
Change in Net Position	\$ (116,279)	\$ (40,158)	\$ (76,121)
Net Position, Beginning	<u>(47,064)</u>	<u>(6,906)</u>	<u>(40,158)</u>
Net Position, Ending	<u>\$ (163,343)</u>	<u>\$ (47,064)</u>	<u>\$ (116,279)</u>

**ROLLING V RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT NO. 3 OF WISE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2023**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUND

The District's General Fund fund balance as of April 30, 2023, was a balance of \$55,875, an increase of \$8,416 from the previous fiscal year, primarily due to service revenues and developer advances exceeding operating and lease costs.

INTANGIBLE ASSETS

As of April 30, 2023, the District has recorded \$968,646 of water system costs, net of accumulated amortization, which reflect payments made by the District's Developer to the City of Rhome, Texas for water capacity for Rolling V Ranch Water Control and Improvement Districts Nos. 1 and 2.

The District has also entered into a lease agreement for a wastewater treatment plant which is recorded as a right-of-use asset in the government-wide financial statements. See Note 11 for further information.

LONG-TERM DEBT

As of April 30, 2023, the District recorded an amount due to Developer of \$1,197,093 which consists of payments for operating advances and water capacity payments to the City of Rhome, Texas made by the Developer since creation of the District. Additionally, the District has recorded a lease liability of \$1,075,878 for the wastewater treatment plant. See Note 11.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated budget for the current fiscal year. Actual revenues were \$132,244 higher than budgeted, actual expenditures were \$1,275,045 higher than budgeted and other financing sources were \$1,151,217 higher than budgeted. This resulted in a positive budget variance of \$8,416. See the budget to actual comparison for further information.

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 Rolling V Ranch Water Control and Improvement District No. 3 of Wise County, c/o Winstead PC, 2728 N. Harwood Street, Suite 500, Dallas, Texas 75201.

**ROLLING V RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT NO. 3 OF WISE COUNTY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
APRIL 30, 2023**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
Cash	\$ 3,340	\$	\$ 3,340
Receivables:			
Other	376		376
Prepaid Costs	45,500		45,500
Due from Other Governmental Units	153,564		153,564
Right-of-Use-Asset (Net of Accumulated Amortization)		1,085,107	1,085,107
Intangible Assets - Capacity Interest (Net of Accumulated Amortization)		968,646	968,646
TOTAL ASSETS	<u>\$ 202,780</u>	<u>\$ 2,053,753</u>	<u>\$ 2,256,533</u>
LIABILITIES			
Accounts Payable	\$ 146,905	\$	\$ 146,905
Due to Developer		1,197,093	1,197,093
Long-Term Liabilities:			
Lease Payable, Due Within One Year		193,938	193,938
Lease Payable, Due After One Year		881,940	881,940
TOTAL LIABILITIES	<u>\$ 146,905</u>	<u>\$ 2,272,971</u>	<u>\$ 2,419,876</u>
FUND BALANCE			
Nonspendable:			
Prepaid Costs	\$ 45,500	\$ (45,500)	\$
Unassigned	10,375	(10,375)	
TOTAL FUND BALANCE	<u>\$ 55,875</u>	<u>\$ (55,875)</u>	<u>\$ -0-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 202,780</u>		
NET POSITION			
Net Investment in Capital Assets		\$ (22,126)	\$ (22,126)
Unrestricted		(141,217)	(141,217)
TOTAL NET POSITION		<u>\$ (163,343)</u>	<u>\$ (163,343)</u>

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

**ROLLING V RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT NO. 3 OF WISE COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
APRIL 30, 2023**

Total Fund Balance - Governmental Fund	\$	55,875
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Intangible assets and leased assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		2,053,753
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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	\$ (1,197,093)	
Lease Payable	<u>(1,075,878)</u>	<u>(2,272,971)</u>
Total Net Position - Governmental Activities	\$	<u>(163,343)</u>

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

**ROLLING V RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT NO. 3 OF WISE COUNTY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED APRIL 30, 2023**

	General Fund	Adjustments	Statement of Activities
REVENUES			
Wastewater Service	\$ 153,564	\$	\$ 153,564
Permit Revenue	174,250		174,250
Investment Revenues	<u>48</u>	<u></u>	<u>48</u>
TOTAL REVENUES	<u>\$ 327,862</u>	<u>\$ - 0 -</u>	<u>\$ 327,862</u>
EXPENDITURES/EXPENSES			
Service Operations:			
Professional Fees	\$ 46,099	\$	\$ 46,099
Contracted Services	38,722		38,722
Utilities	3,492		3,492
Repairs and Maintenance	96,622		96,622
Amortization		59,109	59,109
Other	177,963		177,963
Capital Outlay	1,121,994	(1,121,994)	
Debt Service:			
Lease Principal	46,116	(46,116)	
Lease Interest	<u>22,134</u>	<u></u>	<u>22,134</u>
TOTAL EXPENDITURES/EXPENSES	<u>\$ 1,553,142</u>	<u>\$ (1,109,001)</u>	<u>\$ 444,141</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (1,225,280)</u>	<u>\$ 1,109,001</u>	<u>\$ (116,279)</u>
OTHER FINANCING SOURCES (USES)			
Lease Proceeds	\$ 1,121,994	\$ (1,121,994)	\$
Developer Advances	<u>111,702</u>	<u>(111,702)</u>	<u></u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 1,233,696</u>	<u>\$ (1,233,696)</u>	<u>\$ -0-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 8,416</u>	<u>\$ (8,416)</u>	<u>\$</u>
CHANGE IN NET POSITION		(116,279)	(116,279)
FUND BALANCE/NET POSITION - MAY 1, 2022	<u>47,459</u>	<u>(94,523)</u>	<u>(47,064)</u>
FUND BALANCE/NET POSITION - APRIL 30, 2023	<u>\$ 55,875</u>	<u>\$ (219,218)</u>	<u>\$ (163,343)</u>

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

**ROLLING V RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT NO. 3 OF WISE COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2023**

Net Change in Fund Balance - Governmental Fund	\$	8,416
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds do not account for amortization. However, in the Statement of Net Position, intangible assets and leased assets are amortized, and the amortization expense is recorded in the Statement of Activities.		(59,109)
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Governmental funds report the repayment of leases as expenditures. However, in the Statement of Net Position, lease principal payments are reported as decreases in long-term liabilities.		46,116
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Governmental funds report developer advances as other financing sources. However, in the Statement of Net Position, developer advances, net any amount paid to the developer, are recorded as a liability.		(111,702)
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Change in Net Position - Governmental Activities	\$	<u>(116,279)</u>
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The accompanying notes to the financial
statements are an integral part of this report.

**ROLLING V RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT NO. 3 OF WISE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2023**

NOTE 1. CREATION OF DISTRICT

Rolling V Ranch Water Control and Improvement District No. 1 of Wise County ("District No.1") was created pursuant to House Bill No. 3991, 80th Regular Session of the Texas Legislature, Regular Session, codified as Chapter 9021, Texas Special District Local Laws Code, effective September 1, 2007, as a water control and improvement district operating pursuant to Article III, Section 52 and Article XVI, Section 59, of the Texas Constitution and Chapters 49 and 51 of the Texas Water Code, as amended. On February 12, 2020, the Board of Directors of District No. 1 elected to divide the district into three districts and created Rolling V Ranch Water Control and Improvement District No. 2 of Wise County ("District No. 2") and Rolling V Ranch Water Control and Improvement District No. 3 of Wise County (the "District"). On January 11, 2022, the District elected to divide into two new districts and created Rolling V Ranch Water Control and Improvement District No. 4 of Wise County ("District No. 4"). The District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, wastewater service, storm sewer drainage, irrigation, and construct roads for the residents of the District. The Board of Directors held its first meeting on January 21, 2021.

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 Texas Commission on Environmental Quality.

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

**ROLLING V RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT NO. 3 OF WISE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2023**

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, 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'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 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.

**ROLLING V RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT NO. 3 OF WISE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2023**

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 Balance.

Governmental Fund

The District has one governmental fund and considers it to be a major fund.

General Fund - To account for service revenues, developer advances, operating costs and general expenditures.

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 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.

Capital, Intangible and Right-of-Use Assets

Capital assets include utility and roads 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.

**ROLLING V RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT NO. 3 OF WISE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2023**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital, Intangible and Right-of-Use Assets (Continued)

Intangible assets are reported in the government-wide Statement of Net Position and consist of the capacity interest in the water supply to be received from the City of Rhome, Texas, see Note 9 for additional information. Amortization is calculated using the straight-line method over 45 years.

In accordance with GASB Statement No. 87, the District has recorded its leased wastewater treatment plant as a right-of-use asset (see Note 11). The right-of-use asset is being amortized over 5 years using the straight-line of amortization.

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.

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:

**ROLLING V RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT NO. 3 OF WISE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2023**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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. The District does not have any restricted fund balances.

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.

NOTE 3. 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.

**ROLLING V RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT NO. 3 OF WISE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2023**

NOTE 3. 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 \$3,340 and the bank balance was \$16,332. The District was not exposed to custodial credit risk.

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.

As of April 30, 2023, the District did not have any investments.

NOTE 4. MAINTENANCE TAX

The District has not authorized a 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 attaches to the related property. Taxes levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

**ROLLING V RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT NO. 3 OF WISE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2023**

NOTE 5. INTANGIBLE ASSETS

Intangible asset activity for the year ended April 30, 2023:

	May 1, 2022	Increases	Decreases	April 30, 2023
Intangible Assets Subject to Amortization				
Capacity Interest	\$ 1,000,000	\$ -0-	\$ -0-	\$ 1,000,000
Accumulated Amortization				
Capacity Interest	\$ 9,132	\$ 22,222	\$ -0-	\$ 31,354
Total Intangible Assets, Net of Accumulated Amortization	<u>\$ 990,868</u>	<u>\$ (22,222)</u>	<u>\$ -0-</u>	<u>\$ 968,646</u>

NOTE 6. UNREIMBURSED COSTS

The District has entered into financing agreements with a 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, May 1, 2022	\$ 1,085,391
Add: Current Year Additions	<u>111,702</u>
Due to Developers, April 30, 2023	<u>\$ 1,197,093</u>

NOTE 7. 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 changes in coverage from the prior year and settlements have not exceeded coverage in the past two years.

**ROLLING V RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT NO. 3 OF WISE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2023**

NOTE 8. BOND AUTHORIZATION

The District has not authorized the issuance of bonds.

NOTE 9. WHOLESALE WATER SUPPLY AGREEMENT AND COST SHARING AGREEMENT

District No. 1 and District No. 2 entered into a Wholesale Water Supply Agreement with the City of Rhome, Texas (the "City") effective December 10, 2021, setting forth the terms whereby the City will provide wholesale water to serve development within each district. The City agrees to provide and the districts agree to purchase 409 gallons per minute of water capacity, sufficient to serve a maximum of 683 Living Unit Equivalents ("LUEs") of water capacity with the districts requiring service no later than August 1, 2022. After the effective date, the districts may elect to add LUEs to the contract quantity if the City acquires or contracts for additional water capacity from Walnut Creek Special Utility District ("Walnut Creek SUD") in an amount not to exceed 50 percent of the additional water capacity available to the City from Walnut Creek SUD. Any additional water will be added to the 683 LUEs of contract quantity and increase the contract quantity by the amount of such additional water.

On the effective date of this agreement, the City required the districts to pay a capacity reservation fee of \$1,000,000 in consideration for and to secure the 683 LUEs and any additional water provided to the City from Walnut Creek SUD. As such, District No. 1 and District No. 2 entered into a Cost Sharing Agreement on December 7, 2021, setting forth the proportions each district was required to make in capacity payments. District No. 1 made a payment to the City of \$571,000 and District No. 2 made a payment to the City of \$429,000 for their respective pro rata shares of capacity.

On August 15, 2022, District No. 1 and on August 2, 2022, District No. 2 approved an assignment of the Water Supply Agreement to the District which is going to eventually serve as the Master District of the whole development. A Master District Agreement is currently being drafted. This Agreement will also set forth the terms of how wastewater treatment services provided by the District are to be billed to District No. 1 and District No. 2. During the current fiscal year, wastewater services costs incurred by these districts were allocated and billed based on their respective connection counts. District No. 1 was billed \$66,994 and District No. 2 was billed \$86,570.

**ROLLING V RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT NO. 3 OF WISE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2023**

**NOTE 10. INTERLOCAL COOPERATION AGREEMENT FOR LAW
ENFORCEMENT, FIRE PROTECTION AND EMERGENCY MEDICAL
SERVICES**

Effective July 1, 2022, District No. 1 entered into Interlocal Cooperation Agreement for Law Enforcement and Fire Protection and Emergency Medical Services with the City. The Agreement covers the entire development and has been approved by the District. In exchange for providing one licensed and certified peace officer, the District has agreed to reimburse the City for the one-time capital cost for the purchase of one patrol vehicle not to exceed \$85,000 and pay for the reasonable and necessary costs of police services in an amount not to exceed an annual fee of \$77,000, plus \$15,000 for indirect costs and \$3,557 for workers compensation insurance costs.

In exchange for providing fire protection and emergency medical services, District No. 1 has agreed to pay the reasonable and necessary costs for such services in an amount not to exceed an annual fee of \$80,000, plus \$1,089 for workers compensation insurance costs. Additionally, District No. 1 agreed to provide a one-time capital contribution of \$100,000 to the City within 30 days of the execution of this Agreement.

The initial term of the Agreement began on July 1, 2022 and will continue in force through September 30, 2023, unless otherwise terminated in accordance with the terms of the Agreement. The Agreement will automatically renew annually unless District No. 1 or the City notifies the other party in writing not less than 90 days prior to the expiration of the applicable term of its desire to terminate.

NOTE 11. WASTEWATER TREATMENT PLANT LEASE

On May 25, 2021, the District entered into a lease agreement with AUC Group for a 150,000 GPD wastewater treatment plant. The initial term of this lease is 60 months. Monthly payments in the amount of \$22,750 are due for the 60-month term of the lease. Payments are due the first day of each month. The District has the option to purchase the wastewater treatment plant commencing on the 60th month per the agreement but does not currently plan to purchase the plant. First and last month lease payments totaling \$45,500 were paid in the prior year. The plant was placed into service during the current fiscal year and the first month of prepaid lease costs were expensed.

**ROLLING V RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT NO. 3 OF WISE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2023**

NOTE 11. WASTEWATER TREATMENT PLANT LEASE (Continued)

Right-of-use assets, current year amortization expense and accumulated amortization is summarized below:

	May 1, 2022	Increases	Decreases	April 30, 2023
Right-of-use Asset Subject to Amortization				
Wastewater Treatment Plant	\$ -0-	\$ 1,121,994	\$ -0-	\$ 1,121,994
Less Accumulated Amortization				
Wastewater Treatment Plant	\$ -0-	\$ 36,887	\$ -0-	\$ 36,887
Right-of-use Asset Net of Accumulated Amortization	<u>\$ -0-</u>	<u>\$ 1,085,107</u>	<u>\$ -0-</u>	<u>\$ 1,085,107</u>

The 60-month lease accrues interest at 8% annually with monthly payments of \$22,750. The District recorded three lease payments during the current fiscal year (beginning with the February 2023 payment) which totaled \$68,250 of which \$46,116 applied to principal and \$22,134 applied to interest. The changes in lease liability during the current fiscal year are summarized as follows:

Lease Payable, May 1, 2022	\$ -0-
Add: Lease Proceeds	1,121,994
Less: Lease Principal Paid	<u>(46,116)</u>
Lease Payable, April 30, 2023	<u>\$ 1,075,878</u>

Future lease payments are summarized below:

Fiscal Year	Principal	Interest	Total
2024	\$ 193,938	\$ 79,062	\$ 273,000
2025	210,035	62,965	273,000
2026	227,468	45,532	273,000
2027	246,348	26,652	273,000
2028	198,089	6,662	204,751
	<u>\$ 1,075,878</u>	<u>\$ 220,873</u>	<u>\$ 1,296,751</u>

**ROLLING V RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT NO. 3 OF WISE COUNTY**

REQUIRED SUPPLEMENTARY INFORMATION

APRIL 30, 2023

**ROLLING V RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT NO. 3 OF WISE COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2023**

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Wastewater Service	\$	\$ 153,564	\$ 153,564
Permit Revenue	195,600	174,250	(21,350)
Investment Revenues	<u>18</u>	<u>48</u>	<u>30</u>
TOTAL REVENUES	<u>\$ 195,618</u>	<u>\$ 327,862</u>	<u>\$ 132,244</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 30,225	\$ 46,099	\$ (15,874)
Contracted Services	17,006	38,722	(21,716)
Utilities		3,492	(3,492)
Repairs and Maintenance	14,626	96,622	(81,996)
Other	216,240	177,963	38,277
Lease Principal and Interest		68,250	(68,250)
Capital Outlay		<u>1,121,994</u>	<u>(1,121,994)</u>
TOTAL EXPENDITURES	<u>\$ 278,097</u>	<u>\$ 1,553,142</u>	<u>\$ (1,275,045)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (82,479)</u>	<u>\$ (1,225,280)</u>	<u>\$ (1,142,801)</u>
OTHER FINANCING SOURCES(USES)			
Lease Proceeds	\$	\$ 1,121,994	1,121,994
Developer Advances	<u>82,479</u>	<u>111,702</u>	<u>29,223</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 82,479</u>	<u>\$ 1,233,696</u>	<u>\$ 1,151,217</u>
NET CHANGE IN FUND BALANCE	\$ -0-	\$ 8,416	\$ 8,416
FUND BALANCE - MAY 1, 2022	<u>47,459</u>	<u>47,459</u>	<u></u>
FUND BALANCE - APRIL 30, 2023	<u>\$ 47,459</u>	<u>\$ 55,875</u>	<u>\$ 8,416</u>

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**ROLLING V RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT NO. 3 OF WISE COUNTY**

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

APRIL 30, 2023

**ROLLING V RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT NO. 3 OF WISE COUNTY
SERVICES AND RATES
FOR THE YEAR ENDED APRIL 30, 2023**

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤¾"			x 1.0	
1"			x 2.5	
1½"			x 5.0	
2"			x 8.0	
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u>N/A</u>	<u>N/A</u>		<u>N/A</u>
Total Wastewater Connections	<u>N/A</u>	<u>N/A</u>	x 1.0	<u>N/A</u>

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

Gallons pumped into system:	N/A	Water Accountability Ratio: N/A % (Gallons billed/Gallons pumped)
Gallons billed to customers:	N/A	

See accompanying independent auditor's report.

**ROLLING V RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT NO. 3 OF WISE COUNTY
SERVICES AND RATES
FOR THE YEAR ENDED APRIL 30, 2023**

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

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

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes ☒ No ☐

County in which District is located:

Wise County, Texas

Is the District located within a city?

Entirely ☐ Partly ☐ Not at all ☒

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

Entirely ☒ Partly ☐ Not at all ☐

ETJs in which District is Located:

City of Rhome, Texas

City of Newark, Texas

Are Board Members appointed by an office outside the District?

Yes ☐ No ☒

See accompanying independent auditor's report.

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**ROLLING V RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT NO. 3 OF WISE COUNTY
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED APRIL 30, 2023**

PROFESSIONAL FEES:	
Auditing	\$ 8,750
Engineering	<u>37,349</u>
TOTAL PROFESSIONAL FEES	\$ <u>46,099</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 17,504
Operations and Billing	<u>21,218</u>
TOTAL CONTRACTED SERVICES	\$ <u>38,722</u>
UTILITIES	\$ <u>3,492</u>
REPAIRS AND MAINTENANCE	\$ <u>96,622</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes, Training and Travel	\$ 8,606
Insurance	<u>9,407</u>
TOTAL ADMINISTRATIVE EXPENDITURES	\$ <u>18,013</u>
CAPITAL OUTLAY	\$ <u>1,121,994</u>
OTHER EXPENDITURES:	
Permit Fees	\$ 26,100
Inspection Fees	<u>133,850</u>
TOTAL OTHER EXPENDITURES	\$ <u>159,950</u>
DEBT SERVICE:	
Lease Principal	46,116
Lease Interest	<u>22,134</u>
TOTAL DEBT SERVICE	\$ <u>68,250</u>
TOTAL EXPENDITURES	\$ <u>1,553,142</u>

See accompanying independent auditor's report.

**ROLLING V RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT NO. 3 OF WISE COUNTY
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – TWO YEARS**

	Amounts	
	2023	2022
REVENUES		
Wastewater Service	\$ 153,564	\$
Permit Revenue	174,250	
Investment Revenues	48	7
TOTAL REVENUES	\$ 327,862	\$ 7
EXPENDITURES		
Professional Fees	\$ 46,099	\$ 15,107
Contracted Services	38,722	6,896
Utilities	3,492	
Repairs and Maintenance	96,622	
Other	177,963	9,030
Lease Principal and Interest	68,250	
Capital Outlay	1,121,994	
TOTAL EXPENDITURES	\$ 1,553,142	\$ 31,033
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (1,225,280)	\$ (31,026)
OTHER FINANCING SOURCES (USES)		
Lease Proceeds	\$ 1,121,994	\$
Developer Advances	111,702	80,095
TOTAL OTHER FINANCING SOURCES (USES)	\$ 1,233,696	\$ 80,095
NET CHANGE IN FUND BALANCE	\$ 8,416	\$ 49,069
BEGINNING FUND BALANCE	47,459	(1,610)
ENDING FUND BALANCE	\$ 55,875	\$ 47,459
TOTAL ACTIVE RETAIL WATER CONNECTIONS	N/A	N/A
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	N/A	N/A

See accompanying independent auditor's report.

<u>Percentage of Total Revenues</u>			
<u>2023</u>		<u>2022</u>	
46.9	%		%
53.1			
		100.0	
100.0	%	100.0	%
14.1	%	215,814.3	%
11.8	%	98,514.3	
1.1			
29.5			
54.3		129,000.0	
20.8			
342.2			
473.8	%	443,328.6	%
(373.8)	%	(443,228.6)	%

See accompanying independent auditor's report.

**ROLLING V RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT NO. 3 OF WISE COUNTY
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
APRIL 30, 2023**

District Mailing Address - Rolling V Ranch Water Control and Improvement
District No. 3 of Wise County
c/o Winstead PC
2728 N. Harwood Street, Suite 500
Dallas, Texas 75201

District Telephone Number - (214) 745-5400

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended April 30, 2023	Expense Reimbursements for the year ended April 30, 2023	Title
Cory Kammandel	01/2021 - TBD (Appointed)	\$ 1,650	\$ -0-	President
Austen Klauser	01/2021 - TBD (Appointed)	\$ 1,650	\$ 25	Vice President
Eddy Arnold	01/2021 - 04/2023 (Resigned)	\$ 1,950	\$ -0-	Secretary
Zachary Femal	01/2021 - TBD (Appointed)	\$ 1,350	\$ -0-	Assistant Secretary
Nick Cate	11/2021 - TBD (Appointed)	\$ 1,500	\$ -0-	Assistant Secretary

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

Submission date of most recent District Registration Form: August 8, 2023

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.

**ROLLING V RANCH WATER CONTROL AND IMPROVEMENT
DISTRICT NO. 3 OF WISE COUNTY
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
APRIL 30, 2023**

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended April 30, 2023</u>	<u>Title</u>
Winstead PC	01/21/21	\$ -0-	General Counsel
McCall Gibson Swedlund Barfoot PLLC	02/07/23	\$ 8,750	Auditor
Dye & Tover, LLC	01/21/21	\$ 17,504	Bookkeeper
Robert W. Baird & Co, Incorporated	01/21/21	\$ -0-	Financial Advisor
LJA Engineering	01/21/21	\$ 37,349	Engineer
Inframark, LLC	10/05/21	\$ 117,840	Operator
Kathi Dye Kerry Tover	01/21/21	\$ -0-	Investment Officers

See accompanying independent auditor's report.

