DRAINAGE DISTRICT NO. 6

DD6

JEFFERSON COUNTY, TEXAS

FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT

DRAINAGE DISTRICT NO. 6
Jefferson County, Texas

ANNUAL FINANCIAL REPORT

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Drainage District No. 6, Jefferson County, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and fiduciary fund of Drainage District No. 6, Jefferson County, Texas (the District), as of and for the year ended September 30, 2023 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the fiduciary fund of Drainage District No. 6, Jefferson County, Texas, as of September 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

Responsibility 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.

Auditors' Responsibility 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 and *Government 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 and *Government 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 budgetary comparison information on pages 4 through 9 and 43 through 46 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Drainage District No. 6, Jefferson County, Texas's basic financial statements. The accompanying Texas supplementary information on pages 56 through 63 and schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2024, on our consideration of Drainage District No. 6, Jefferson County, Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Drainage District No. 6, Jefferson County, Texas's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Drainage District No. 6, Jefferson County, Texas's internal control over financial reporting and compliance.

Pollans & Cohen, P.C.

Beaumont, Texas
February 5, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

DRAINAGE DISTRICT NO. 6
Jefferson County, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023

As management of the Drainage District No. 6, Jefferson County, Texas (the "District"), we offer readers of the District's basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with the financial statements and notes thereto, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of the following: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position and governmental fund balance sheet presents information of all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between them 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.

The statement of activities and governmental fund revenues, expenditures, and changes in net position presents information showing how the District's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (i.e. grants receivable and accounts payable).

All of the District's basic services are included in the governmental fund, which focus on how resources flow in and out with the balances remaining at the year-end that are available for spending. The governmental fund statements provide a detailed short-term view to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's activities. Because this information does not encompass the additional long-term focus of the government-wide statements, we describe the relationship between governmental activities and governmental fund through the reconciliations and in the notes to the financial statements.

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

DRAINAGE DISTRICT NO. 6
Jefferson County, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023

FINANCIAL HIGHLIGHTS

- The net position for the District at September 30, 2023 was $146,188,598.
- The District's net position increased by $6,153,093 for the year ended September 30, 2023.
- Net cash and cash equivalents increased by $3,322,384 for the year ended September 30, 2023.

DRAINAGE DISTRICT NO. 6
Jefferson County, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023

FINANCIAL ANALYSIS

The largest portion of the District's total assets (80.00%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and drainage systems). The District uses these assets to provide services to its citizens; consequently these assets are not available for future spending.

	2023	*2022*
Assets		
Current and other assets	$ 31,525,424	$ 29,085,102
Capital assets	142,009,073	139,505,044
Non-current assets	3,981,247	6,637,033
Total Assets	$ 177,515,744	$ 175,227,179
Deferred Outflows of Resources		
Deferred pension and other benefit related outflows	$ 4,306,786	$ 4,012,016
Liabilities		
Accounts payable	$ 1,432,505	$ 2,557,979
Long-term liabilities	24,788,252	19,178,649
Total Liabilities	$ 26,220,757	$ 21,736,628
Deferred Inflows of Resources		
Deferred revenue - TWDB advances	$ 3,361,025	$ 6,425,384
Deferred revenue - leases	684,725	271,179
Deferred pension and other benefit related inflows	5,367,425	10,770,499
	$ 9,413,175	$ 17,467,062
Net Position		
Net investment in capital assets	$ 142,009,073	$ 139,505,044
Unrestricted	4,179,525	530,461
Total Net Position	$ 146,188,598	$ 140,035,505

DRAINAGE DISTRICT NO. 6
Jefferson County, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023

FINANCIAL ANALYSIS (Continued)

The following provides a summary of the District's operation for the year ended September 30, 2023 with comparative totals for the year ended September 30, 2022.

	2023	2022
Revenues		
Current taxes	$ 22,782,321	$ 21,935,702
Delinquent taxes	523,742	502,315
Investment earnings	1,196,564	205,301
Grants	6,744,201	8,113,808
Other	545,968	853,714
Total Revenues	31,792,796	31,610,840
Expenditures		
Service operations	20,427,814	19,080,325
Capital outlay	3,228,216	4,992,517
Depreciation	2,055,284	1,825,709
Total Expenditures	25,711,314	25,898,551
Excess (Deficiency) of Revenue Over Expenditures	6,081,482	5,712,289
Other Financing Sources (Uses)		
Gain on sale of assets	71,611	448,962
Change in Net Position	6,153,093	6,161,251
Net position - beginning of year	140,035,505	133,874,254
Net position- end of year	$ 146,188,598	$ 140,035,505

ANALYSIS OF CHANGES IN CAPITAL ASSETS AND LONG-TERM DEBT

The District's investment in capital assets as of September 30, 2023, amounts to $142,099,073 (net of accumulated depreciation). This investment in capital assets includes land, buildings, rights of way, easement, field equipment, office equipment, furniture, and drainage systems.

Major capital asset events during the current fiscal year included the following:

- Accumulated depreciation increased by $1,954,008 net of disposals.
- Additions amounted to $4,562,773.
- Retirements amounted to $104,736.

ANALYSIS OF CHANGES IN CAPITAL ASSETS AND LONG-TERM DEBT (Continued)

Capital Assets at Year-End
Net of Accumulated Depreciation

	2023	*2022*
Office building and site	$ 3,684,785	$ 3,747,677
Equipment	4,515,744	5,715,624
Land, rights-of-way and easement	32,183,202	32,002,817
Drainage systems	101,625,342	98,038,926
Total	$ 142,009,073	$ 139,505,044

The District did not retroactively capitalize infrastructure. Infrastructure includes the cost of drainage systems that were funded by outstanding bond issues and additions since the implementation of GASB 34.

Additional information on the District's capital assets can be found in the notes to the financial statements.

Other obligations include accrued paid time off, pension, and other post-employment obligations. More detailed information about the District's long-term liabilities is presented in the notes to the financial statements.

THE BUDGET, ECONOMIC ENVIRONMENT, AND RATES

There were no differences between the original and the final amended budget.

The main differences between the budget and the actual results are briefly summarized as follows:

- The District had an unfavorable variance of $1,384,265 in revenues, mainly due to lower than expected grant revenues.
- The District had a favorable variance of $4,798,563 in total expenditures mainly due to special project expenditures. It is the goal of the District to attempt to maintain the level of expenditures within or below the budgetary levels.
- The District incurred an overall positive budget variance for the year ended September 30, 2023 of $3,485,908.

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with general overview of the District's finances. If you have questions about this report or need any additional information, contact the Department of Finance at 6550 Walden Road, Beaumont, Texas, U.S.A. 77707 or call (409) 842-1818.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET

DRAINAGE DISTRICT NO. 6
Jefferson County, Texas

STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
September 30, 2023

	General Fund	***Adjustments***	***Statement of Net Position***
Assets			
Cash			
Petty cash	$ 250	$ -	$ 250
Checking accounts	25,048,101	-	25,048,101
Savings account	1,024,558		1,024,558
Accounts Receivable			
Delinquent taxes (net of allowance for estimated uncollectibles)	725,600	-	725,600
Accounts receivable	41,071	-	41,071
Grant receivables	4,621,341	-	4,621,341
Leases receivable - current portion	-	64,503	64,503
Non-Current Assets			
Cash - restricted for TWDB advances	3,361,025	-	3,361,025
Leases receivable	-	620,222	620,222
Capital Assets			
Office building and site	-	3,684,785	3,684,785
Equipment	-	4,515,744	4,515,744
Land, rights-of-way and easements	-	32,183,202	32,183,202
Drainage systems	-	101,625,342	101,625,342
Total Assets	34,821,946	142,693,798	177,515,744
Deferred Outflows of Resources			
Deferred Outflows of Resources			
Deferred pension and other benefit related outflows	-	4,306,786	4,306,786
Total Deferred Outflows of Resources	-	4,306,786	4,306,786
Total Assets and Deferred Outflows of Resources	$ 34,821,946	$ 147,000,584	$ 181,822,530

The accompanying notes are an integral part of these financial statements.

DRAINAGE DISTRICT NO. 6
Jefferson County, Texas

STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
September 30, 2023

	General Fund	Adjustments	Statement of Net Position
Liabilities			
Accounts payable	$ 1,432,505	$ -	$ 1,432,505
Long-term liabilities			
Due within one year	-	1,542,801	1,542,801
Due after one year	-	23,245,451	23,245,451
Total Liabilities	1,432,505	24,788,252	26,220,757
Deferred Inflows of Resources			
Deferred Inflows of Resources			
Deferred revenue - delinquent taxes receivable	725,600	(725,600)	-
Deferred revenue - TWDB advances	3,361,025	-	3,361,025
Deferred revenue - leases	-	684,725	684,725
Deferred pension and other benefit related inflows	-	5,367,425	5,367,425
Total Deferred Inflows of Resources	4,086,625	5,326,550	9,413,175
Fund Balances/Net Position			
Fund Balances			
Restricted for TWDB advances	3,361,025	(3,361,025)	-
Committed for future operations	6,980,000	(6,980,000)	-
Unassigned	18,961,791	(18,961,791)	-
Total Fund Balances	29,302,816	(29,302,816)	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 34,821,946		
Net Position			
Net investment in capital assets		142,009,073	142,009,073
Unrestricted		4,179,525	4,179,525
Total Net Position		$ 146,188,598	$ 146,188,598

The accompanying notes are an integral part of these financial statements.

DRAINAGE DISTRICT NO. 6
Jefferson County, Texas

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
For Year Ended September 30, 2023

	General Fund	*Adjustments*	*Statement of Activities*
Revenues			
Current taxes	$ 22,782,321	$ -	$ 22,782,321
Delinquent taxes	448,827	74,915	523,742
Investment earnings	1,196,564	-	1,196,564
Grants	6,497,056	247,145	6,744,201
Other	545,968	-	545,968
Total Revenues	31,470,736	322,060	31,792,796
Expenditures/Expenses			
Salaries and wages	7,563,579	54,264	7,617,843
Fringe benefits	4,711,586	(142,505)	4,569,081
Materials and supplies	3,442,570	-	3,442,570
Maintenance and repairs	906,890	-	906,890
Utilities	73,980	-	73,980
Miscellaneous services	3,817,450	-	3,817,450
Capital outlay	7,540,384	(4,312,168)	3,228,216
Depreciation	-	2,055,284	2,055,284
Total Expenditures	28,056,439	(2,345,125)	25,711,314
Excess (Deficiency) of Revenues over Expenditures	3,414,297		
Other Financing Sources (Uses)			
Proceeds from sale of assets	71,611	(71,611)	-
Gain on sale of assets	-	71,611	71,611
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	3,485,908	(3,485,908)	-
Change in Net Position		6,153,093	6,153,093
Fund Balances/Net Position			
Beginning of the year	25,816,908	114,218,597	140,035,505
End of the year	$ 29,302,816	$ 116,885,782	$ 146,188,598

The accompanying notes are an integral part of these financial statements.

DRAINAGE DISTRICT NO. 6
Jefferson County, Texas

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION
For Year Ended September 30, 2023

Governmental fund balances as reported on the balance sheet for governmental funds	$	29,302,816
When capital assets that are to be used in the governmental fund are purchased, the costs of those assets are reported as expenditures in the governmental fund. However, the Statement of Net Position includes those capital assets among the assets of the District.		
Cost of capital assets, net of accumulated depreciation		142,009,073
Long-term liabilities of the District's governmental activities are not due and payable in the current period, therefore are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.		
Compensated absences		(1,542,801)
Other post-employment benefits		(19,756,539)
Net pension liability		(3,488,912)
Deferred property tax revenue is recorded as a deferred inflow of resources in the governmental fund. However, that revenue should have been recognized when reported using full accrual.		
Deferred property tax revenue		725,600
Deferred lease revenue is not due or receivable in the current period, therefore are not reported in the funds. However, they are reported in the Statement of Net Position		
Leases receivable		684,725
Deferred lease revenue		(684,725)
Deferred Outflows/Inflows of resources related to pension and other post-employment benefits are not due and payable in the current period, therefore are not reported in the funds. However, they are reported in the Statement of Net Position.		
Change of assumptions		(2,948,291)
Contributions made subsequent to measurement date		876,898
Differences between expected and actual experience		167,067
Differences between projected and actual earnings		843,687
Total net position as reported on the Statement of Net Position for governmental activities	$	146,188,598

The accompanying notes are an integral part of these financial statements.

DRAINAGE DISTRICT NO. 6
Jefferson County, Texas

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION TO THE STATEMENT OF ACTIVITIES
For Year Ended September 30, 2023

Net change in fund balances for total governmental fund	$	3,485,908
When capital assets that are to be used in the governmental fund are purchased, those costs are reported as expenditures in the governmental fund. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives.		
Current year net capital asset purchase costs		4,458,037
Current year net depreciation		(1,954,008)
Total proceeds from the disposition of assets have been recorded as revenue in the governmental fund. However, in the Statement of Activities the gain (loss) on the sale is recognized only to the extent the proceeds exceed (do not exceed) the adjusted basis of the disposed assets.		
Proceeds from sale of assets		71,611
Gain on sale of assets		(71,611)
Reporting for pension asset/liabilities require adjustments to Net Position that are not reported in the governmental fund.		
Adjustment to pension expense		163,495
Compensated absences and other post-employee benefits are not due and payable in the current period and, accordingly, are not reported as current period expenditures.		
Compensated absences net of expenditures		(54,264)
Other post-employee benefits net of expenditures		(20,990)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental fund.		
Collections on prior year levies		(650,685)
Collections due from current levy		725,600
Donated property		247,145
Donated property expensed		(247,145)
Change in net position of governmental activities	$	6,153,093

DRAINAGE DISTRICT NO. 6
Jefferson County, Texas

NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Financial Reporting Entity -*

Drainage Districts are special purpose districts created by the Texas Legislature in 1905 serving as political subdivisions of the State of Texas. The District was established January 21, 1920, after a favorable vote on January 10, 1920. It was extended and enlarged (Vol. 63, P. 478) according to authority of 57th Legislature, Chapter 349, and Chapter 7, Title 128, Revised Civil Statutes of Texas, Article 8129. Enlargement came about in 1948 with the issuance of new bonds and assumption of the old liabilities of the District. In 1961, the District was enlarged under Section 59, Article XVI of the Texas Constitution in House Bill No. 1063, which also created and established said enlarged District as a Conservation and Reclamation District. Additional enlargement came about in 2003 with the annexation of approximately 60,000 acres. The continuing mission of Jefferson County Drainage District No. 6 is to provide flood damage reduction projects that work, with appropriate regard for community and natural values. The District accomplishes its mission by devising hazard mitigation plans, implementing the plans, and maintaining the infrastructure.

The accounting and reporting policies of the District relating to the funds included in the accompanying financial statements conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (when applicable). The more significant accounting policies of the District are described below.

The District's financial statements include the accounts of all District operations. The criteria for including organizations as component units with the District reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards,* include whether -

- the organization is legally separate (can sue and be sued in their own name).
- the District holds the corporate powers of the organization.
- the District appoints a voting majority of the organization's board.
- the District is able to impose its will on the organization.
- the organization has the potential to impose a financial benefit/burden on the District.
- there is fiscal dependency by the organization on the District.

Based on the aforementioned criteria, the District has no component units.

B. *Basis of Presentation -*

The government-wide financial statements (the statement of net position and governmental fund balance sheet and statement of activities and governmental fund revenues, expenditures, and changes in fund balance) report information on all of the activities of the District. They include all funds of the District except for fiduciary funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - (Continued)

Governmental funds are those funds through which most governmental functions are typically financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The District has presented the following major governmental fund:

General Fund - The general fund is the main operating fund of the District. This fund is used to account for all financial resources devoted to financing the general services that the District performs. General tax revenues and other sources of revenue used to finance the fundamental operations of the District are included in this fund. The fund is charged with all costs of operating the District for which a separate fund has not been established.

C. Management Focus/Basis of Accounting -

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets, deferred outflows of resources, liabilities and deferred inflows of resources, including capital assets and long-term liabilities are included on the statement of net position, and the statement of activities presents increases (revenues) and decreases (expenses) in net position. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. General property taxes and nontax revenues are recorded when available and investment earnings are recorded when earned. Expenditures are recorded when the related fund liability is incurred.

D. Using Estimates -

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Capital Assets -

Capital assets used in governmental fund type operations are included in the government-wide financial statements. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, such as drainage systems, are capitalized. Property and equipment acquired or constructed for general governmental operations are recorded as expenditures in the fund making the expenditure and capitalized at cost in the government-wide financial statements.

All capital assets are stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market values at the date of transfer. District policy has set the capitalization threshold for reporting capital assets at $5,000. Expenditures for maintenance, repairs, renewals and improvements which do not meet the criteria for capitalization of assets are expensed as incurred. Depreciation has been calculated using the straight-line method over the following estimated useful lives:

Assets	Useful Life
Office buildings and site	5-40 years
Equipment	5 years

The District did not retroactively capitalize infrastructure. Infrastructure only includes the cost of drainage systems that were funded by outstanding bond issues and current year additions.

Land, rights-of-way and easements, and drainage systems are not being depreciated.

F. Budgetary Control/Budget Basis of Accounting -

The District follows these procedures in establishing the budgetary data reflected in the financial statements -

1. During midsummer, the District prepares a proposed budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

2. Any revisions of the budget that alter the expenditures of any funds must be approved by the District's Board of Directors.

3. Formal budgetary integration is employed as a management control device during the year for the General Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Control/Budget Basis of Accounting - (Continued)

4. The budget for the General Fund is adopted on a modified accrual basis consistent with government accounting standards. Budgeted amounts are as originally adopted or as amended by the District. The Budgetary Comparison Schedule - General Fund presents a comparison of budgetary data to actual results.

G. Encumbrances -

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budget integration in the General Fund. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Encumbrances outstanding at year-end are provided for in the subsequent year's budget.

H. Investments -

Investments, including negotiable certificates of deposit and government securities, are stated at fair value as determined by selected bases. Non-negotiable certificates of deposit are reported at cost. The unrealized gain or loss on investments is reported in investment earnings.

I. Net Position -

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net position invested in capital assets is reduced by accumulated depreciation, and by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restriction imposed by creditors, grantors or laws or regulations of other governments. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

J. Compensated Absences -

The District's employees earn paid time off (PTO) and personal leave, all of which may either be taken or accumulated, up to certain amounts, until paid on termination or retirement. This liability in the amount of $1,542,801 reflects amounts attributable to cumulative employee services already rendered. Amounts liquidated with expendable available financial resources are reported as an expenditure and a fund liability only when those absences have matured (i.e., unused reimbursable leave still outstanding following an employee's resignation or retirement). Amounts for compensated absences that are not expected to be liquidated with expendable available financial resources are not reported on the Governmental Fund financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences - (Continued)

Policies relating to the accrual and payment of these benefits are as follows:

Paid time off - Employees may earn from 7.33 to 12.33 hours of paid time off per pay period and may accrue up to 115 days (920 hours) to be used in future periods. Upon separation, employees are paid for the accumulated leave if they have completed 12 consecutive months of service with the District up to a maximum of 920 hours.

Personal leave - Employees earn 2 days of personal leave per year.

Other leave - If accumulated PTO leave exceeds 920 hours at the end of a calendar year, excess hours over 920 will continue to accumulate in this other leave. The leave will be reserved for major illnesses in excess of 40 hours (5 consecutive work days) and is subject to approval by the General Manager. Upon separation, employees are not paid for their accumulated leave.

K. Allowance for Doubtful Accounts -

An allowance has been recorded for property taxes which are estimated to be uncollectible, as required by generally accepted accounting principles.

L. Interest Capitalization -

The District follows the policy of capitalizing interest as a component of the cost of property and equipment constructed for its own use.

M. Adjustments -

The main components of the adjustments to the statement of net position are as follows:

Capital assets - Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.

Long-term liabilities - Long-term liabilities that are not due and payable in the current period are not included in governmental funds.

Deferred Outflows/Inflows of Resources - Adjustments to net position are required for pension and other post-employment benefits. These adjustments are not included in governmental funds.

The main components of the adjustments to the statement of activities are as follows:

Capital assets - Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Adjustments - (Continued)

Long-term liabilities - Governmental funds report principal payments and debt as expenditures. However, the payments should not be reported as expense in the statement of activities, but as a reduction of debt in the statement of net position. Change in compensated absences does not require (or provide) the use of current financial resources and, therefore, is not reported as expenditure in governmental funds.

Deferred Outflows/Inflows of Resources - Change in compensated absences and OPEB obligations does not require (or provide) the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.

N. Fund Balances - Governmental Funds -

As of these financial statements, the District has adopted GASB Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

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 externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed -
Amounts that can be used only for specific purposes determined by a formal action taken by the Board of Directors through ordinance or resolution.

Board policy requires the District to maintain a minimum fund balance of 20% of budgeted expenditures for the fiscal year, to be used for future operations.

Assigned -
Amounts the District intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balances - Governmental Funds - (Continued)

Unassigned -
Amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The details of the fund balances are included in the Governmental Fund Balance Sheet (page 10). The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available. Assigned funds are reduced to the extent that expenditure authority has been budgeted by the Board of Directors or the assignment has been changed by an authorized party. Decreases to fund balance first reduce Unassigned Fund Balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order.

O. Retirement Plan and Other Post-Employment Benefits -

Financial reporting information pertaining to the District's participation in the Texas County and District Retirement System (TCDRS) was prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.*

Financial reporting information pertaining to the District's post-retirement healthcare and death benefits were prepared in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

P. Date of Management's Review -

Management has evaluated subsequent events through February 5, 2024, the date the financial statements were available to be issued.

NOTE 2 - CASH AND INVESTMENTS

The District invests funds that are not immediately needed in certificates of deposit or government securities. The Jefferson County Treasurer and the Chief Financial Officer have been designated to make all investments for the District based on policies established by the District's Board of Directors.

The District is required by Government Code Chapter 2256, The Public Funds Investment Act ("Act"), to adopt, implement, and publicize an investment policy. That policy must be written, primarily emphasize safety of principal and liquidity, address investment diversification, yield, and maturity and the quality and capability of investment management, and include a list of the types of authorized investments in which the investing entity's funds may be invested, and the maximum allowable stated maturity of any individual investment owned by the entity.

NOTE 2 - CASH AND INVESTMENTS (Continued)

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purposes financial statements disclosed that in the areas of investment practices, management reports and establishes appropriate policies. The District adheres to the requirements of the Act. Additionally, investment practices of the District are in accordance with local policies.

Custodial Credit Risk -
District funds are required to be deposited and invested under the terms of a depository contract and investment policy pursuant to state statute. The depository bank deposits for safekeeping and trust with its agent approved pledged securities or a letter of credit authorized by Chapter 2257 Collateral for Public Funds of the Government Code in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The collateral must meet certain requirements and be held in safekeeping by the Bank of New York Mellon for the benefit of the District and the market value of the pledged securities must at all times equal or exceed the value of the deposits placed in the institutions less the amount protected by federal depository insurance. The District adheres to the requirements of the act.

A. Deposits -
At year-end, the carrying amount of the District's demand deposits with financial institutions was \$25,048,101 and the bank balance was \$26,287,602. All demand deposits as of the balance sheet date were entirely insured by federal depository coverage, pledged securities, or a letter of credit.

At year end, the carrying amount and bank balance of the District's savings (investment) account with financial institutions was \$1,024,558. All deposits as of the balance sheet date were entirely insured by federal depository coverage, pledged securities, or a letter of credit.

B. Investments -
At year-end, the District had no investments in certificates of deposits or U.S. Treasury Bills.

Interest Rate Risk -
Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The District limits investment maturities to three years or less. All investments in certificates of deposit and U.S. Treasury Bills mature within 3 years or less.

NOTE 3 - PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and payable by January 31 of the following year, under certain circumstances other payment options may be available. Property values are assessed by the Jefferson County Appraisal District and taxes are billed and collected by the Jefferson County Tax Collector. The tax rate for 2022 was set at \$0.202572 per \$100 of appraised property value. The tax rate for 2023 has been set at

DRAINAGE DISTRICT NO. 6
Jefferson County, Texas

NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 3 - PROPERTY TAXES (Continued)

$0.192429 per $100 of appraised property value. District property tax revenues are recognized when actually received. The amount of billed but uncollected taxes is included on the balance sheet with an offsetting "contra" account entitled "Deferred Revenues."

Property taxes receivable as of September 30, 2023, were comprised of the following -

Year of Levy		*General Fund*
2022	$	621,190
2021		353,496
2020		188,964
2019		165,516
2018		138,898
Before 2018		851,873
Total property taxes receivable		2,319,937
Less: Allowance for uncollectibles		(1,594,337)
	$	725,600

NOTE 4 - CAPITAL ASSETS

Activity for capital assets is summarized below -

		Balance Oct. 1, 2022		*Additions*		*Deletions*		*Balance Sept. 30, 2023*
Office buildings and land	$	5,623,991	$	46,971	$	-	$	5,670,962
Equipment		29,418,139		749,001		(104,736)		30,062,404
Land, rights-of-way and easements		32,002,817		180,385		-		32,183,202
Drainage systems		98,038,926		3,586,416		-		101,625,342
	$	165,083,873	$	4,562,773	$	(104,736)	$	169,541,910
Accumulated depreciation	$	25,578,829	$	2,055,284	$	(101,276)	$	27,532,837

The District did not retroactively capitalize infrastructure. Infrastructure only includes the cost of drainage systems that were funded by outstanding bond issues and subsequent additions.

NOTE 5 - RETIREMENT PLAN

Plan Description -
The District provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of more than 700 nontraditional defined benefit pension plans. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employee-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

At September 30, 2023, the following employees were covered by the benefit terms:

	2023
Inactive employees or beneficiaries currently receiving benefit payments	73
Inactive employees entitled to but not yet receiving benefit payments	9
Active employees	90

Funding Policy -
The employer has elected the annually determined contribution rate (variable-rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 16.70% for the months of the accounting year in 2022, and 16.44% for the months of the accounting year in 2023. The deposit rate payable by the employee members for calendar year 2023 is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

NOTE 5 - RETIREMENT PLAN(Continued)

Contributions -
The required contribution was determined as part of the December 31, 2022 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2022 included (a) 7.60 percent investment rate of return (gross of administrative expenses), and (b) projected salary increases of 3.00 percent. Both (a) and (b) included an inflation component of 2.50 percent.

For the employer's accounting year ended September 30, 2023, the annual pension contribution for the TCDRS plan by its employees was $536,627 and the employer cost was $1,261,932.

Net Pension Liability/(Asset) -

	December 31, 2021	***December 31, 2022***
Total pension liability	$ 48,031,887	$ 48,638,090
Fiduciary net position	48,840,491	45,149,178
Net pension liability/(asset)	(808,604)	3,488,912
Fiduciary net position as a % of total pension liability	101.68%	92.83%
Pensionable covered payroll[1]	$ 7,485,688	$ 7,501,836
Net pension liability as a % of covered payroll	(10.80%)	46.51%

[1] Payroll is calculated based on contributions as reported to TCDRS.

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below:

Discount Rate -

Discount rate[2]	7.60%	7.60%
Long-term expected rate of return, net of investment expense[2]	7.60%	7.60%
Municipal bond rate[3]	N/A	N/A

[2] This rate reflects the long-term rate of return funding valuation assumption of 7.50%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB 68.

[3] The plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply.

DRAINAGE DISTRICT NO. 6
Jefferson County, Texas

NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 5 - RETIREMENT PLAN (Continued)

Actuarial Methods and Assumptions Used for GASB Calculations -

All actuarial assumptions that determined the total pension liability as of December 31, 2022 were based on the results of an actuarial experience study for the period January 1, 2017 - December 31, 2020, except where required to be different by GASB 68.

Following are the key assumptions and methods used in this GASB analysis -

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry age (level percent of pay)[1]
Amortization Method	
Recognition of economic/demographic gains or losses	Straight-line amortization over expected working life
Recognition of assumptions changes or inputs	Straight-line amortization over expected working life
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	2.50%
Salary Increases	3.00%
Investment Rate of Return	7.60% (Gross of administrative expenses)

[1] *Individual entry age cost method, as required by GASB 68, used for GASB calculations. Note that a slightly different version of the entry age cost method is used for the funding actuarial valuation.*

NOTE 5 - RETIREMENT PLAN (Continued)

Actuarial Methods and Assumptions Used for GASB Calculations - (Continued)

Cost-of-Living Adjustments	Cost-of-Living Adjustments for Jefferson County Drainage District No. 6 are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	60 and above
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Mortality	
Depositing members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% of Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries and non-depositing members	135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% of Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Long-term Expected Rate of Return -
The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2023 information for a 10-year time horizon.

NOTE 5 - RETIREMENT PLAN (Continued)

Long-term Expected Rate of Return - (Continued)

Note that the valuation assumption for long-term expected return is re-assessed in detail at a minimum of every four years, and is set based on a long-term horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. Milliman relies on the expertise of Cliffwater in this assessment.

Asset Class	*Benchmark*	*Target Allocation* [(1)]	*Geometric Real Rate of Return* [(2)]
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.95%
Global Equities	MSCI World (net) Index	2.50%	4.95%
International Equities- Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.95%
International Equities- Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.95%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.39%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index[(3)]	4.00%	7.60%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index[(4)]	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index[(5)]	25.00%	7.95%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	2.90%
Cash Equivalents	90-Day U. S. Treasury	2.00%	0.20%

[(1)] *Target* asset *allocation adopted at the March 2023 TCDRS Board meeting.*

[(2)] *Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.30%, per Cliffwater's 2023 capital market assumptions.*

[(3)] *Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.*

[(4)] *Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.*

[(5)] *Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.*

NOTE 5 - RETIREMENT PLAN (Continued)

Changes in Net Pension Liability/(Asset) -

	Total Pension Liability (a)	Increases/ Decreases Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (a) - (b)
Balances as of December 31, 2021	$ 48,031,887	$ 48,840,491	$ (808,604)
Changes for the year:			
Service cost	1,186,067	-	1,186,067
Interest on total pension liability[1]	3,644,462	-	3,644,462
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	(1,648,136)	-	(1,648,136)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(62,547)	(62,547)	-
Benefit payments	(2,513,643)	(2,513,643)	-
Administrative expenses	-	(26,458)	26,458
Member contributions	-	525,129	(525,129)
Net investment income	-	(2,795,030)	2,795,030
Employer contributions	-	1,252,809	(1,252,809)
Other[2]	-	(71,573)	71,573
Balances as of December 31, 2022	$ 48,638,090	$ 45,149,178	$ 3,488,912

(1) *Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.*
(2) *No plan changes valued.*
(3) *Relates to allocation of system-wide items.*

Sensitivity Analysis -
The following presents the net pension liability of the county/district, calculated using the discount rate of 7.60%, as well as what the Jefferson County Drainage District No. 6 net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total pension liability	$ 54,679,856	$ 48,638,090	$ 43,517,467
Fiduciary net position	45,149,178	45,149,178	45,149,178
Net pension liability/(asset)	$ 9,530,678	$ 3,488,912	$ (1,631,711)

NOTE 5 - RETIREMENT PLAN (Continued)

Pension Expense/Income -

		January 1, 2022 to December 31, 2022
Service cost	$	1,186,067
Interest on total pension liability[1]		3,644,462
Effect of plan changes		-
Administrative expenses		26,458
Member contributions		(525,129)
Expected investment return net of investment expenses		(3,678,442)
Recognition of deferred inflows/outflows of resources		
Recognition of economic/demographic gains or losses		(263,765)
Recognition of assumption changes or inputs		486,052
Recognition of investment gains or losses		90,978
Other[2]		71,573
Pension expense/income	$	1,038,254

(1) *Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.*
(2) *Relates to allocation of system-wide items.*

Deferred Inflows/Outflows of Resources -

As of December 31, 2022, the deferred inflows and outflows of resources are as follows:

		Deferred Inflows of Resources		*Deferred Outflows of Resources*
Differences between expected and actual experience	$	1,377,959	$	137,111
Changes of assumptions		44,099		1,002,634
Net difference between projected and actual earnings		-		843,687
Contributions made subsequent to measurement date		-		876,898
	$	1,422,058	$	2,860,330

NOTE 5 - RETIREMENT PLAN (Continued)

Deferred Inflows/Outflows of Resources - (Continued)

Amounts currently reported as deferred inflows of resources and deferred outflows of resources related to pensions, will be recognized in pension expense as follows:

Year ended December 31:

2023	$	463,273
2024		181,219
2025		(171,288)
2026		965,068
2027		-
Thereafter[1]		-

[1] Total remaining balance to be recognized in future years, if any.
Note that additional future deferred inflows and outflows of resources may impact these numbers.

NOTE 6 - LONG-TERM DEBT

Transactions for the year ended September 30, 2023 are summarized as follows -

	Beginning Balance	Issues, Adjustments or Additions	Payments or Expenditures	Ending Balance	Due Within One Year
Compensated absences	$ 1,488,537	$ 887,486	$ (833,222)	$ 1,542,801	$ 1,542,801
OPEB obligation	18,498,716	1,876,223	(618,400)	19,756,539	-
Net pension liability	(808,604)	7,723,590	(3,426,074)	3,488,912	-
	$ 19,178,649	$ 10,487,299	$ (4,877,696)	$ 24,788,252	$ 1,542,801

Notes payable and the obligation under capital lease are being repaid by the general fund. Compensated absences and other post-employment benefits (OPEB) are liquidated by the general fund.

NOTE 7 - CONDUIT DEBT OBLIGATIONS

The District is a party to issuance of contract revenue bonds, on behalf of Sabine-Neches Navigation District of Jefferson County, Texas, pursuant to the First Amendment to the 2009 Supplemental Flood Control Agreement and 2011 Supplemental Flood Contract Agreement. However, these bonds are not an obligation of the District and neither the general revenue nor faith and credit of the District are pledged for the repayment. Therefore, they are not included in the basic financial statements.

On February 9, 2021, a resolution was passed to issue contract revenue bonds in the amount of $9,120,000 to advance refund the outstanding contract revenue bonds and to pay costs relating to the issuance of the bonds. The aggregate principal amount payable as of September 30, 2023 was $6,595,000.

NOTE 8 - NET POSITION

Restrictions of net assets are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the net assets that is not appropriate for future expenditures. There are no specific reservations of the net assets accounts at year end.

Unrestricted net position is increased by the net effects of deferred outflows and inflows. At September 30, 2023, total unrestricted net position was $4,179,525 and the portion attributable to net deferred outflows and inflows was $1,060,639.

NOTE 9 - LITIGATION

The District is a party to various claims and legal actions arising in the ordinary course of operations. In the opinion of management, all such matters are adequately covered by insurance or if not so covered, are without merit, or involve such amounts that unfavorable disposition would not have a material effect on the operations of the District.

NOTE 10 - CONCENTRATION OF RISK

A major portion of the District's revenues is dependent upon property taxes from one oil and chemical refinery. For the year ended September 30, 2023, these taxes represented approximately 13.90% of total revenues.

NOTE 11 - DEFERRED COMPENSATION PLAN

Employees of the District may participate in a defined contribution plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

NOTE 11 - DEFERRED COMPENSATION PLAN (Continued)

The Jefferson County Drainage District 6 Deferred Compensation Plan is available to all employees of the District. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death or unforeseeable emergency.

The Jefferson County Drainage District 6 Deferred Compensation Plan is administered by an unrelated financial institution (Nationwide Retirement Solutions, Inc.). Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the District subject only to the claims of the District's general creditors. In addition, the participants in the plan have rights equal to those of the general creditors of the District, and each participant's rights are equal to his or her share of the fair market value of the plan assets. The District believes that it is unlikely that plan assets will be needed to satisfy claims of general creditors that might arise.

As part of its fiduciary role, the District has an obligation of due care in selecting the third-party administrator. In the opinion of the District's management, the District has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

All costs of administering and funding these programs are the responsibility of plan participants. The assets of the plan remain the property of contributing employees and are not presented in the accompanying financial statements. The assets do not belong to the District and the District has no liability related to the plan. Since the employer makes contributions to the TCDRS plan, it does not contribute to this plan. Employee contributions were $172,823 for 2023 and the value of the plan was $1,162,782 for the year ended September 30, 2023.

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS

The District provides certain post-retirement health care benefits to eligible retired employees and their spouses. The plan is a single-employer defined benefit plan and is administered by the District. To be eligible for this benefit an employee must be at least 60 years of age and have at least 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. All coverage, except dental coverage, terminates upon the retiree's eligibility for Medicare/Medicaid.

Prior to January 1, 2019, the District provided, at no cost to retirees over age 65, a Medicare Supplement and offered, at no cost, a prescription coverage of a minimum of $15 or 20% per prescription. Starting January 1, 2019, the retiree was required to obtain a Medicare Part D plan at the retiree's cost and the District will provide, at no cost, a prescription supplement for drugs not covered under their Medicare Part D plan. The retiree is responsible for 30% copay per prescription.

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

At September 30, 2023, the following employees were covered by the benefit terms:

	2023
Inactive employees or beneficiaries currently receiving benefit payments	51
Inactive employees entitled to but not yet receiving benefit payments	5
Active employees	90

In addition, as noted in Note 5 - Retirement Plan, the District provides death benefits through the TCDRS. These benefits represent term life insurance policies which are considered other post-employment benefits (OPEB). The balances and activity of the TCDRS benefits are combined with the balances and activity of the health care benefits administered by the District within this footnote. Total OPEB liability of the TCDRS term life insurance plan is $210,115.

Funding Policy -
The retiree medical plan is operated on a Pay-As-You-Go basis. There are no assets that have been segregated and restricted to provide for retiree medical benefits. For the year ended September 30, 2023, the cost of retiree health benefits, recorded on a pay-as-you-go basis was $403,244.

Actuarial Methods and Assumptions -
Actuarial valuations for an ongoing Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates are made about the future. Although the valuation results are based on values the District's actuarial consultant believes are reasonable assumptions, the valuation result is only an estimate of what future costs may actually be and reflect a long-term perspective. Deviations in any of several factors, such as future interest rate discounts, medical cost inflation, Medicare coverage risk, and changes in marital status, could result in actual costs being greater or less than estimated.

The District's total OPEB liability for health care benefits was measured as of September 30, 2023 and was determined by an actuarial valuation as of October 1, 2021. The valuation includes all active employees and current retirees and their spouses who are currently receiving benefits under the retiree medical plan.

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

The total OPEB liability in the September 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age Normal
Discount rate	4.09% based on Bond Buyer's 20-year General Obligation Index.
Inflation	2.40% per year
Medical inflation trends	Gertzen Model (Post-SECURE Act without excise tax and health insurer fee)
Coverage assumption	100% of active employees currently enrolled are assumed to elect coverage at retirement
Marriage assumptions	
Actives:	It is assumed that husbands are 3 years older than their wives. 80% of active participants that currently have spouse, dependent, or family coverage are expected to be married and elect spouse coverage
Retirees:	Actual spousal coverage elections are used. While a surviving spouse may elect to continue coverage if the retiree dies first, it is assumed that they will not elect to continue coverage.
Decrement timing	Decrements are assumed to occur at the beginning of the year
Mortality	PubG.H-2010 projected forward (fully generational) with MP-2021. Pub-2010 tables for disables lives and contingent survivors.

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Annual Retirement rates

	Service			
Age	***Less than 15 Years***	***Between 15 and 24 Years***	***Between 25 and 29 Years***	***Greater than 29 Years***
Under 40	0.00%	0.00%	0.00%	0.00%
40-49	5.25%	6.30%	7.70%	8.75%
50-51	5.625%	6.75%	8.25%	9.375%
52-53	6.00%	7.20%	8.80%	10.00%
54-56	6.75%	8.10%	9.90%	11.25%
57-59	7.50%	9.00%	11.00%	12.50%
60-61	9.00%	10.80%	13.20%	15.00%
62	13.50%	16.20%	19.80%	22.50%
63-64	11.25%	13.50%	16.50%	18.75%
65-66	22.50%	22.50%	27.50%	27.50%
67	21.60%	21.60%	26.40%	26.40%
68-69	18.90%	18.90%	23.10%	23.10%
70+	20.70%	20.70%	25.30%	25.30%

Termination Rates — Rates vary by length of service, age at hire, and gender. No termination after eligibility for retirement is assumed.

Disability — Rates vary by age, gender, and cause of disability.

NOTE 12 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Changes in Total OPEB Liability -

	Total OPEB Liability
Balances as of September 30, 2022	$ 18,498,716
Changes for the year:	
Service cost	485,322
Interest	750,265
Changes of benefit terms	-
Differences between expected and actual experience	640,636
Changes of assumptions or other inputs	(244,080)
Benefit payments	(374,320)
Administrative expense	-
Net Changes	1,257,823
Balances as of September 30, 2023	$ 19,756,539

Sensitivity of the total OPEB liability to changes in the discount rate -
The following presents the total OPEB liability of the employer, calculated using the discount rate of 4.02%, as well as what the Jefferson County, Texas Drainage District No. 6 total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.02%) or 1 percentage point higher (5.02%) than the current rate.

	1% Decrease 3.09%	Current Discount Rate 4.09%	1% Increase 5.09%
Total OPEB liability	$ 22,585,924	$ 19,756,539	$ 17,466,339

NOTE 12 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates -
The following presents the total OPEB liability of the employer, calculated using the healthcare cost trend rate of 10.10%, as well as what the Drainage District No. 6, Jefferson County, Texas total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (9.10%) or 1 percentage point higher (11.10%) than the current rate.

	1% Decrease	*Current Discount Rate*	*1% Increase*
	9.10%	10.10%	11.10%
Total OPEB liability	$ 16,796,991	$ 19,756,539	$ 23,019,725

OPEB Expense

	October 1, 2022 to September 30, 2023
Service cost	$ 485,322
Interest	750,265
Expected return on investments	-
Recognition of difference between expected and actual experience	498,189
Recognition of changes in assumptions or other inputs	(1,338,466)
OPEB expense	$ 395,310

Deferred Inflows and Outflows of Resources -
As of September 30, 2023, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	*Deferred Outflows of Resources*
Differences between expected and actual experience	$ 6,426	$ 1,414,341
Changes of assumptions	3,938,941	32,115
Net difference between projected and actual earnings	-	-
	$ 3,945,367	$ 1,446,456

NOTE 12 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

Year ended September 30:

2024	$	(840,271)
2025		(836,720)
2026		(842,666)
2027		32,516
2028		(11,770)
Thereafter		-

NOTE 13 - FAIR VALUE DISCLOSURES

Investments are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value:

- Level 1 inputs are quoted prices in active markets for identical assets
- Level 2 inputs are significant other observable inputs
- Level 3 inputs are significant unobservable inputs

There were no investments held at September 30, 2023.

NOTE 14 - TAX ABATEMENT

Over the years, Drainage District No. 6 has agreed to multiple tax abatements to provide incentive to owners of real property who propose a project to develop, redevelop, or improve eligible facilities. The incentives will consist of a limited special exemption from certain taxes provided the owner agrees to accept and abide by the policy and that the real property is located in a lawfully created reinvestment or enterprise zone. Most of the tax abatement agreements include provisions for default and recapture of abated tax. As a result of tax abatement agreements, the total value lost due to abatement for the year ended September 30, 2023 was $620,074,616 with a reduction in tax revenues of $1,328,473.

NOTE 15 - FLOOD INFRASTRUCTURE FUND GRANT

On October 26, 2021, the District entered into a contract with the Texas Water Development Board (TWDB) (TWDB Commitment No. G1001280) to complete a regional flood planning study. The total project cost is estimated at $8,500,000 with the TWDB contributing 75 percent of the total cost ($6,375,000) and the District contributing 25 percent of the total cost in cash and/or in-kind services ($2,125,000). The District established an escrow account with Stellar Bank, who is acting as escrow agent, which will be used to manage the grant funds in accordance with an escrow agreement between the District and Stellar Bank. TWDB funded the escrow account on October 26, 2021, with their total contribution toward the contract. Interest accrues on the account monthly. The estimated completion date of the study is March 31, 2025.

As of September 30, 2023, the amount of $3,257,448, have been disbursed from the escrow account and the balance of the account was $3,361,025. The cash in the account is restricted until TWDB approves the disbursement, at which time revenue will be recognized and cash will be transferred to the operating account.

NOTE 16 - LEASES

The District serves as a lessor for the following leases:

B&B Hunting
The District leases a portion of its land to B&B Hunting Club. The lease term commenced on August 1, 2021 and terminates July 31, 2025. The total revenue for the year ended September 30, 2023 was $16,238, of which $1,372 was recognized as lease interest revenue.

Martin Marietta
The District leases a portion of its land to TXI Operations, LP ("Martin Marietta"). The initial lease term commenced on January 1, 2019 and terminates January 1, 2024. On August 1, 2023, the lessee desired to extend and renew the lease. The renewed lease term commenced on August 1, 2023 and terminates July 31, 2043. The total revenue for the year ended September 30, 2023 was $25,000, of which $1,077 was recognized as lease interest revenue.

NOTE 16 - LEASES (Continued)

The District regularly enters into agreements where parties request the use of the District's road easements. These road easement agreements are written and are executed similarly to lease agreements. Therefore, the District accounts for road easement agreements in the same manner. The District serves as a grantor for the following road easement agreements:

Air Liquide
On June 22, 2010, the District entered into a road easement agreement with Air Liquide Large Industries U.S. LP for the use of a road easement. The agreement has no termination date and it is reasonable to assume that the agreement will be in effect for the next 10 years. The total revenue for the year ended September 30, 2023 was $5,750, of which $485 was recognized as lease interest revenue.

Enterprise Products Operating
On April 18, 2008, the District entered into a road easement agreement with Enterprise Products Operating, LLC for the use of a road easement. The agreement has no termination date and it is reasonable to assume that the agreement will be in effect for the next 10 years. The total revenue for the year ended September 30, 2023 was $6,613, of which $557 was recognized as lease interest revenue.

Flint Hills Resources
On January 12, 2010, the District entered into a road easement agreement with Flint Hills Resources, LP for the use of a road easement. The agreement has no termination date and it is reasonable to assume that the agreement will be in effect for the next 10 years. The total revenue for the year ended September 30, 2023 was $6,613, of which $557 was recognized as lease interest revenue.

Zydeco Pipeline Company
On October 10, 2017, the District entered into a road easement agreement with Zydeco Pipeline Company, LLC for the use of a road easement. The agreement has no termination date and it is reasonable to assume that the agreement will be in effect for the next 10 years. The total revenue for the year ended September 30, 2023 was $5,750, of which $248 was recognized as lease interest revenue.

Parigi Property Management
On September 3, 2021, the District entered into a road easement agreement with Parigi Property Management, Ltd. and I10 Equipment, LLC for the use of a road easement. The agreement has no termination date and it is reasonable to assume that the agreement will be in effect for the next 10 years. No revenue was recognized for the year ended September 30, 2023 as the companies gifted the easement to the district and uses the road easement for free as payment for the gift.

NOTE 16 - LEASES (Continued)

The lease receivables and related deferred inflow of resources at September 30, 2023 are as follows:

		Lease Receivable / Inflow of Resources
B&B Hunting Lease	$	14,269
Martin Marietta		463,898
Air Liquide		49,672
Enterprise Products Operating		48,235
Flint Hills Resources		57,109
Zydeco Pipeline Company		51,542
Parigi Property Management		-
		684,725
Less Current Portion		(64,503)
Remaining Inflow of Resources / Lease Receivable	$	620,222

For the year ended September 30, 2023, interest revenue was $4,295.

The present value of lease receivables for the remaining terms of the leases are as follows:

Year Ending September 30,	***Leases Receivable*** ***Principal***	***Interest***	***Total***
2024	64,503	7,497	72,000
2025	49,626	7,945	57,571
2026	47,489	10,082	57,571
2027	45,444	12,127	57,571
2028	44,255	14,316	58,571
2029 - 2033	213,783	107,121	320,904
2034 - 2038	118,605	100,021	218,626
2039 - 2043	101,020	130,980	232,000
	$ 684,725	$ 390,089	$ 1,074,814

NOTE 17 - SUBSEQUENT EVENTS

Events that occur after the statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statements of net position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of financial position date require disclosure in the accompanying notes. Management evaluated the activity of the District through February 5, 2024 (the date the financial statements were available to be issued) and concluded that the following subsequent event has occurred that requires recognition in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

DRAINAGE DISTRICT NO. 6
Jefferson County, Texas

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For Year Ended September 30, 2023

	Actual	Original Budget	Final Budget (Including Encumbrances)	Variance Positive (Negative)
Revenues				
Property taxes	$ 23,231,148	$ 23,255,000	$ 23,255,000	$ (23,852)
Investment earnings	1,196,564	250,000	250,000	946,564
Grants	6,497,056	8,900,000	8,900,000	(2,402,944)
Other	545,968	450,000	450,000	95,968
Total Revenues	31,470,736	32,855,000	32,855,000	(1,384,264)
Expenditures				
Salaries and wages	7,563,579	7,793,000	7,793,000	229,421
Fringe benefits	4,711,586	4,637,600	4,637,600	(73,986)
Materials and supplies	3,442,570	3,590,000	3,590,000	147,430
Maintenance and repairs	906,890	797,600	797,600	(109,290)
Utilities	73,980	103,000	103,000	29,020
Miscellaneous services	3,817,450	3,982,800	3,982,800	165,350
Capital outlay/Special projects	7,540,384	11,951,000	11,951,000	4,410,616
Total Expenditures	28,056,439	32,855,000	32,855,000	4,798,561
Excess (Deficiency) of Revenues over Expenditures	$ 3,414,297	$ -	$ -	$ 3,414,297
Other Financing Sources (Uses)				
Proceeds from sale of assets	71,611	-	-	71,611
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	3,485,908	$ -	$ -	$ 3,485,908
Fund Balances				
Beginning of the year	25,816,908			
End of the year	$ 29,302,816			

SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

DRAINAGE DISTRICT NO. 6
Jefferson County, Texas

SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Year Ending December 31

	2022	2021	2020
Total Pension Liability			
Service cost	$ 1,186,067	$ 1,146,400	$ 928,096
Interest on total pension liability	3,644,462	3,463,456	3,289,698
Effect of plan changes	-	-	-
Effect of assumption changes or inputs	-	(73,496)	2,506,585
Effect of economic/demographic (gains) or losses	(1,648,136)	167,823	91,048
Benefit payments/refunds of contributions	(2,576,190)	(2,155,905)	(1,995,689)
Net change in total pension liability	606,203	2,548,278	4,819,738
Total pension liability, beginning	48,031,887	45,483,609	40,663,871
Total pension liability, ending (a)	$ 48,638,090	$ 48,031,887	$ 45,483,609
Fiduciary Net Position			
Employer contributions	$ 1,252,809	$ 1,265,830	$ 1,217,251
Member contributions	525,129	523,998	497,999
Investment income net of investment expenses	(2,795,030)	8,831,893	3,811,776
Benefit payments/refunds of contributions	(2,576,190)	(2,155,905)	(1,995,689)
Administrative expenses	(26,458)	(26,423)	(29,562)
Other	(71,573)	755	(4,641)
Net change in fiduciary net position	(3,691,313)	8,440,148	3,497,134
Fiduciary net position, beginning	48,840,491	40,400,343	36,903,209
Fiduciary net position, ending (b)	45,149,178	48,840,491	40,400,343
Net pension liability/(asset), ending = (a) - (b)	$ 3,488,912	$ (808,604)	$ 5,083,266
Fiduciary net position as a % of a total pension liability	92.83%	101.68%	88.82%
Pensionable covered payroll	$ 7,501,836	$ 7,485,688	$ 7,114,268
Net pension liability as a % of covered payroll	46.51%	(10.80%)	71.45%

DRAINAGE DISTRICT NO. 6
Jefferson County, Texas

SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Year Ending December 31

2019	*2018*	*2017*	*2016*	*2015*	*2014*	*2013*
$ 888,598	$ 876,651	$ 889,392	$ 892,945	$ 804,586	$ 811,099	$ N/A
3,137,782	2,953,504	2,766,848	2,540,536	2,362,054	2,207,290	N/A
-	-	-	-	(145,471)	1,304	N/A
-	-	(3,386)	-	205,962	-	N/A
(297,251)	192,130	210,661	209,178	142,607	(55,554)	N/A
(1,794,475)	(1,725,282)	(1,374,276)	(1,229,163)	(1,132,557)	(1,028,059)	N/A
1,934,654	2,297,003	2,489,239	2,413,496	2,237,181	1,936,080	N/A
38,729,217	36,432,214	33,942,975	31,529,479	29,292,298	27,356,218	N/A
$ 40,663,871	$ 38,729,217	$ 36,432,214	$ 33,942,975	$ 31,529,479	$ 29,292,298	$ N/A
$ 1,023,089	$ 1,014,052	$ 952,016	$ 915,779	$ 870,575	$ 998,276	$ N/A
456,154	450,404	444,867	427,658	406,811	377,529	N/A
5,254,915	(615,912)	4,191,322	1,971,483	(248,019)	1,668,580	N/A
(1,794,475)	(1,725,282)	(1,374,276)	(1,229,163)	(1,132,557)	(1,028,059)	N/A
(28,122)	(25,700)	(21,882)	(21,433)	(19,207)	(19,853)	N/A
(5,652)	(4,466)	97	10,860	41,631	(83,136)	N/A
4,905,909	(906,904)	4,192,144	2,075,204	(80,766)	1,913,337	N/A
31,997,300	32,904,204	28,712,060	26,636,856	26,717,622	24,804,285	N/A
36,903,209	31,997,300	32,904,204	28,712,060	26,636,856	26,717,622	N/A
$ 3,760,662	$ 6,731,917	$ 3,528,010	$ 5,230,915	$ 4,892,623	$ 2,574,676	$ N/A
90.75%	82.62%	90.32%	84.59%	84.48%	91.21%	N/A
$ 6,516,489	$ 6,434,343	$ 6,355,244	$ 6,109,398	$ 5,811,585	$ 5,393,265	$ N/A
57.71%	104.62%	55.51%	85.62%	84.19%	47.74%	N/A

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

DRAINAGE DISTRICT NO. 6
Jefferson County, Texas

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ending December 31

Year Ending December 31	*Actuarially Determined Contribution*	*Actual Employer Contribution*	*Contribution Deficiency (Excess)*	*Pensionable Covered Payroll* [1]	*Actual Contribution as a % of Covered Payroll*
2013	$ 770,709	$ 770,709	$ -	$ 5,293,333	14.6%
2014	819,776	998,276	(178,500)	5,393,265	18.5%
2015	870,575	870,575	-	5,811,585	15.0%
2016	915,799	915,799	-	6,109,398	15.0%
2017	952,016	952,016	-	6,355,244	15.0%
2018	1,014,052	1,014,052	-	6,434,343	15.8%
2019	1,023,089	1,023,089	-	6,516,489	15.7%
2020	1,217,255	1,217,251	-	7,114,268	17.1%
2021	1,265,830	1,265,830	-	7,485,688	16.9%
2022	1,252,809	1,252,809	-	7,501,836	16.7%

(1) Payroll is calculated based on contributions as reported to TCDRS.

SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS

DRAINAGE DISTRICT NO. 6
Jefferson County, Texas

SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS

Year Ending September 30

	2023	2022	2021
Total OPEB Liability			
Service cost	$ 485,322	$ 897,418	$ 856,357
Interest	750,265	520,142	501,853
Changes of benefit terms	-	-	-
Differences between expected and actual experience	640,636	845,703	(3,400)
Changes of assumptions or other inputs	(244,080)	(5,488,536)	(144,793)
Benefit payments	(374,320)	(814,821)	(932,708)
Net change in total OPEB liability	1,257,823	(4,040,094)	277,309
Total OPEB liability, beginning	18,498,716	22,538,810	22,261,501
Total OPEB liability, ending (a)	$ 19,756,539	$ 18,498,716	$ 22,538,810
Covered payroll	$ 7,817,920	$ 7,590,214	$ 6,589,071
Total OPEB liability as a % of covered payroll	252.71%	243.72%	342.06%

DRAINAGE DISTRICT NO. 6
Jefferson County, Texas

SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS

Year Ending September 30

2020	2019	2018	2017	2016	2015	2014
$ 725,999	$ 848,961	$ 798,664	$ N/A	$ N/A	$ N/A	$ N/A
705,868	675,528	649,020	N/A	N/A	N/A	N/A
-	-	-	N/A	N/A	N/A	N/A
1,151,448	(3,119)	(22,297)	N/A	N/A	N/A	N/A
(997,290)	(19,168)	9,206	N/A	N/A	N/A	N/A
(539,510)	(425,340)	(877,069)	N/A	N/A	N/A	N/A
1,046,515	1,076,862	557,524	N/A	N/A	N/A	N/A
21,214,986	20,138,124	19,580,600	N/A	N/A	N/A	N/A
$ 22,261,501	$ 21,214,986	$ 20,138,124	$ N/A	$ N/A	$ N/A	$ N/A
$ 6,589,071	$ 6,419,321	$ 6,448,165	$ N/A	$ N/A	$ N/A	$ N/A
337.85%	345.00%	312.31%	N/A	N/A	N/A	N/A

No assets are accumulated in a trust that meets the criteria in GASB No. 75, paragraph 4, to pay related benefits.

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 75, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

FEDERAL AND STATE FINANCIAL ASSISTANCE

DRAINAGE DISTRICT NO. 6
Jefferson County, Texas

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For Year Ended September 30, 2023

Federal Grantor/Pass-through Grantor/ Program Title	*Assistance Listing Number*	*Contract Number*	*Federal Expenditures*
FEDERAL AWARDS			
U.S. General Services Administration/Texas Building and Procurement Commission			
Federal Surplus Personal Property Program	39.003	N/A	$ 247,145
U.S. Department of Homeland Security/ Texas Water Development Board			
Flood Mitigation Assistance	97.029	2000012429	742,683
Flood Mitigation Assistance	97.029	2000012424	813,528
Flood Mitigation Assistance	97.029	2000012421	3,480
			1,559,691
U.S. Department of Homeland Security/ Texas Department of Public Safety/ Governor's Division of Emergency Management			
Hazard Mitigation Assistance	97.039	DR-4332-0166	2,135,396
Reconciliation to federal grant revenue Prior year expenditures			21,848
Total Federal Awards			$ 3,964,080
STATE OF TEXAS AWARDS			
State Senate Bill		2000012429	$ 247,561
State Senate Bill		2000012424	203,178
State Senate Bill		2000012421	1,160
Texas Water Development Board		G1001280	1,218,901
Texas Division of Emergency Management		DR-4332-0166	519,184
Texas Commission on Environmental Quality		582-21-24839-ER	65,000
			2,254,984
Reconciliation to state grant revenue Prior year expenditures			7,308
Total State of Texas Awards			$ 2,262,292
Total Local Awards			$ 517,829
Total Awards			$ 6,744,201

DRAINAGE DISTRICT NO. 6
Jefferson County, Texas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For Year Ended September 30, 2023

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of Drainage District No. 6, Jefferson County, Texas under programs of the federal and state government for the year ended September 30, 2023, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Drainage District No. 6, Jefferson County, Texas, it is not intended to and does not present the financial position, changes in net position, or cash flows of Drainage District No. 6, Jefferson County, Texas.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Drainage District No. 6, Jefferson County, Texas, has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE C - CONTINGENCIES

These federal and state programs are subject to financial and compliance audits by grantor agencies, which, if instances of material noncompliance are found, may result in disallowed expenditures, and affect the District's continued participation in specific programs. The amount of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

NOTE D - PRIOR YEAR EXPENDITURES

The following details prior year expenditures that were included in the reconciliations to grant revenue:

Program Title	*Assistance Listing Number*	*Contract Number*		*Expenditures*
Flood Mitigation Assistance	97.029	2000012429	$	27,259
Hazard Mitigation Assistance	97.039	DR-43220166		(655)
Flood Mitigation Assistance	97.029	2000012424		(4,756)
Total prior year expenditures - federal			$	21,848
Texas Division of Emergency Management		DR-4332-0166	$	(164)
State Senate Bill		2000012424		(1,585)
State Senate Bill		2000012429		9,086
Texas Water Development Board		G-1001280		(29)
Total prior year expenditures - state			$	7,308

POLLANS & COHEN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 7759
BEAUMONT, TEXAS 77726
(409) 832-7400
(409) 832-4288 FAX

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Drainage District No. 6, Jefferson County, Texas

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and fiduciary fund, of Drainage District No. 6, Jefferson County, Texas (the District), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Drainage District No. 6, Jefferson County, Texas's basic financial statements, and have issued our report thereon dated February 5, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Drainage District No. 6, Jefferson County, Texas's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pollans & Cohen, P.C.

Beaumont, Texas
February 5, 2024

POLLANS & COHEN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 7759
BEAUMONT, TEXAS 77726
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Drainage District No. 6, Jefferson County, Texas

Report on Compliance for Each Major Federal Program

We have audited the Drainage District No. 6, Jefferson County, Texas' (the District), compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended September 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Drainage District No. 6, Jefferson County, Texas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing the compliance audit, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purposes of expressing an opinion on compliance for each major program, but not for the purpose of expressing an opinion on effectiveness of internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Pollans & Cohen, P.C.

Beaumont, Texas
February 5, 2024

DRAINAGE DISTRICT NO. 6
Jefferson County, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For Year Ended September 30, 2023

A. Summary of Audit Results

1. The auditors' report expresses an unmodified opinion on the financial statements of Drainage District No. 6, Jefferson County, Texas.

2. No reportable conditions were reported during the audit of the financial statements.

3. No instances of noncompliance material to the financial statements of Drainage District No. 6, Jefferson County, Texas were disclosed during the audit.

4. No reportable conditions relating to the audit of the major federal award programs were reported during the audit.

5. The auditors' report on compliance for the major federal award programs of Drainage District No. 6, Jefferson County, Texas expresses an unmodified opinion on its major programs.

6. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this Schedule.

7. The program tested as major programs included:

Federal Grantor/ Pass-through Grantor/Program Title	*Assistance Listing Number*	*Federal Expenditures*
U.S. Department of Homeland Security/ Texas Water Development Board		
Flood Mitigation Assistance	97.029	$ 1,559,691

8. The threshold for distinguishing Types A and B programs was $750,000.

9. Drainage District No. 6, Jefferson County, Texas qualified as a low-risk auditee.

B. Findings - Financial Statements Audit

None

C. Findings and Questioned Costs - Major Federal Award Programs Audit

None

DRAINAGE DISTRICT NO. 6
Jefferson County, Texas

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For Year Ended September 30, 2023

None

TEXAS SUPPLEMENTARY INFORMATION

DRAINAGE DISTRICT NO. 6
Jefferson County, Texas

TEXAS SUPPLEMENTARY INFORMATION
SERVICES AND RATES
September 30, 2023

1. Services provided by the District:

____ Retail Water	____ Wholesale Water	X Drainage
____ Retail Wastewater	____ Wholesale Wastewater	____ Irrigation
____ Parks/Recreation	____ Fire Protection	____ Security
____ Solid Waste/Garbage	X Flood Control	____ Roads

____ Participates in joint venture, regional system and/or wastewater service (other than emergency Interconnect)
____ Other (Specify): ____________________

2. Retail service provides N/A

a. Retail Rates for a on 5/8" meter (or equivalent):

	Minimum Charge	*Minimum Usage*	*Flat Rate Y/N*	*Rate per 1,000 Gallons Over Minimum Use*	*Usage Levels*
WATER:	$			$	____ to ____
WASTEWATER:	$			$	____ to ____
SURCHARGE:	$			$	____ to ____

District employs winter averaging for wastewater usage? Yes ____ No ____

Total water and wastewater charges per 10,000 gallons usage (including surcharges).

b. Water and Wastewater Retail Connections:

Meter Size	*Total Connections*	*Active Connections*	*ESFC Factor*	*Active ESFCs*
Unmetered			x 1.0	
≤ ¾"			x 1.0	
1"			x 2.5	
1 ½"			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			N/A	
Total wastewater			x 1.0	

DRAINAGE DISTRICT NO. 6
Jefferson County, Texas

TEXAS SUPPLEMENTARY INFORMATION
SERVICES AND RATES
- Continued -

3. **Total water consumption during the fiscal year** (rounded to the nearest 1,000):

Gallons pumped into system: N/A
Gallons billed to customers: N/A

4. **Standby Fees** (authorized only under TWC Section 49.231): **Not applicable**

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

If yes, date of the most recent Commission Order: ____________

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

If yes, date of the most recent Commission Order: ____________

5. **Location of District:**

County in which District is located. Jefferson County, Texas

Is the District located entirely within one county? Yes ____ No X

Is the District located within a city? Entirely ____ Partly X Not at all ____

City in which District is located. Beaumont, Bevil Oaks, China, Nome

Is the District located within a city's extra territorial jurisdiction (ETJ)? Entirely ____ Partly X Not at all ____

ETJs in which District is located. Beaumont

Are Board members appointed by an office outside the District? Yes X No ____

If yes, by whom? Jefferson County Commissioners Court

DRAINAGE DISTRICT NO. 6
Jefferson County, Texas

TEXAS SUPPLEMENTARY INFORMATION
GENERAL FUND EXPENDITURES
For Year Ended September 30, 2023

***Personnel expenditures** (including benefits)**	$ 12,263,165
Professional fees -	
Auditing	19,000
Legal	83,211
Engineering	-
Financial advisor	-
Purchased services for resale -	
Bulk water and sewer service purchases	-
Contracted services -	
Bookkeeping	16,342
General manager	-
Appraisal district	221,424
Tax collector	34,397
Other contracted services	321,988
Utilities	69,611
Repairs and maintenance	7,055,787
Administrative expenditures -	
Directors' fees	12,000
Office supplies	10,536
Insurance	291,935
Other administrative expenditures	116,659
Capital outlay -	
Capitalized assets	4,515,802
Expenditures not capitalized	3,024,582
Tap connection expenditures	-
Solid waste disposal	-
Fire fighting	-
Parks and recreation	-
Other expenditures	-
Total Expenditures	$ 28,056,439

**** Number of persons employed by the District***	85 Full-Time
	0 Part-Time
	5 Directors

DRAINAGE DISTRICT NO. 6
Jefferson County, Texas

TEXAS SUPPLEMENTARY INFORMATION
TAXES LEVIED AND RECEIVABLE
For Year Ended September 30, 2023

	General Fund
Taxes Receivable, Beginning of Year	$ 2,063,504
2022 Original tax levy	23,367,654
Adjustments	(185,102)
Total to be Accounted For	25,246,056
Tax collections -	
Current year	22,642,215
Prior years	283,904
Total Collections	22,926,119
Taxes Receivable, End of Year	$ 2,319,937
Taxes Receivable by Years	
2022	$ 621,190
2021	353,495
2020	188,964
2019	165,516
2018	138,899
Before 2018	851,873
Taxes Receivable, End of Year	$ 2,319,937

Property Valuations	***2022***	***2021***	***2020***	***2019***
Land and improvements	$ 11,527,206,148	$ 10,527,406,654	$ 9,396,699,196	$ 9,698,946,086
Tax Rates Per $100 Valuation				
General Fund	$ 0.202572	$ .214244	$ .220024	$ .220587
Original Levy	$ 23,367,654	$ 22,574,370	$ 20,693,202	$ 21,411,729
Percent of Taxes Collected to Taxes Levied	96.90%	96.56%	97.18%	97.00%

TEXAS SUPPLEMENTARY INFORMATION
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES - GENERAL FUND AND DEBT SERVICE FUND

DRAINAGE DISTRICT NO. 6
Jefferson County, Texas

TEXAS SUPPLEMENTARY INFORMATION
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES -
GENERAL FUND AND DEBT SERVICE FUND

For Five Years Ended September 30,

			Amounts
General Fund	***2023***	***2022***	***2021***
Revenues			
Property taxes	$ 23,231,148	$ 22,382,973	$ 20,718,384
Interest	1,196,563	204,569	65,965
Other	7,043,024	10,846,600	2,127,816
Total Revenues	31,470,735	33,434,142	22,912,165
Expenditures			
Salaries and wages	7,563,579	7,004,022	7,316,982
Fringe benefits	4,711,586	4,868,360	4,359,171
Materials and supplies	3,442,570	4,003,273	2,991,259
Maintenance and repairs	906,890	977,811	599,068
Utilities	73,890	74,625	71,659
Miscellaneous services	3,817,448	3,921,783	3,091,300
Capital projects	7,540,384	13,503,527	7,514,494
Total Expenditures	28,056,437	34,353,401	25,943,933
Excess Revenues (Expenditures)	3,414,298	(919,259)	(3,031,768)
Proceeds from sale of assets	71,611	-	-
Excess Revenues (Expenditures)	$ 3,485,909	$ (919,259)	$ (3,031,768)

Debt Service Fund			
Revenues			
Property taxes	$ -	$ -	$ -
Interest	-	-	-
Total Revenues	-	-	-
Expenditures			
Administrative	-	-	-
Debt service, interest and fees	-	-	-
Total Expenditures	-	-	-
Excess Revenues (Expenditures)	-	-	-
Operating transfers	-	-	-
Excess Revenues (Expenditures)	$ -	$ -	$ -

DRAINAGE DISTRICT NO. 6
Jefferson County, Texas

TEXAS SUPPLEMENTARY INFORMATION
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES -
GENERAL FUND AND DEBT SERVICE FUND

For Five Years Ended September 30,

		Percent of Fund Total Revenues				
2020	***2019***	***2023***	***2022***	***2021***	***2020***	***2019***
$ 21,221,757	$ 20,225,817	73.82	66.95	90.43	88.31	79.21
402,458	678,106	3.80	.61	.29	1.67	2.66
2,407,566	4,629,377	22.38	32.44	9.28	10.02	18.13
24,031,781	25,533,300	100.00	100.00	100.00	100.00	100.00
6,836,535	6,485,278	24.03	20.95	31.93	28.45	25.40
3,490,136	3,435,420	14.97	14.56	19.03	14.52	13.45
2,053,309	1,633,916	10.94	11.97	13.06	8.54	6.40
475,444	362,434	2.88	2.92	2.61	1.98	1.42
71,120	75,287	.24	.22	.31	.30	.29
3,467,808	2,536,272	12.13	11.73	13.49	14.43	9.93
9,258,753	6,016,487	23.96	40.39	32.80	38.53	23.56
25,653,105	20,545,094	89.15	102.74	113.23	106.75	80.45
(1,621,324)	4,988,206	10.85	(2.74)	(13.23)	(6.75)	19.55
-	-	.23	-	-	-	-
$ (1,621,324)	$ 4,988,206	11.08%	(2.74%)	(13.23%)	(6.75%)	19.55%
$ -	$ -	N/A	N/A	N/A	N/A	N/A
-	-	N/A	N/A	N/A	N/A	N/A
-	-	N/A	N/A	N/A	N/A	N/A
-	-	N/A	N/A	N/A	N/A	N/A
-	-	N/A	N/A	N/A	N/A	N/A
-	-	N/A	N/A	N/A	N/A	N/A
-	-	N/A	N/A	N/A	N/A	N/A
-	-	N/A	N/A	N/A	N/A	N/A
$ -	$ -	N/A	N/A	N/A	N/A	N/A

DRAINAGE DISTRICT NO. 6
Jefferson County, Texas

TEXAS SUPPLEMENTARY INFORMATION
BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS
September 30, 2023

Complete District mailing address: 6550 Walden Road, Beaumont, Texas 77707

District business telephone number: (409) 842-1818

Name and Address	*Term of Office Date Elected or Date Hired*	*Fee and Expense Reimbursements September 30, 2023*	*Title at Year End*	*Resident of District*
Board Members				
Joshua W. Allen, Sr. Beaumont, Texas 77706	(Appointed) 3/21 - 3/25	$ 4,800	President	Yes
Bernie Daleo Beaumont, Texas 77703	(Appointed) 3/21 - 3/25	$ 4,800	Vice-President	Yes
Charles Guillory Beaumont, Texas 77701	(Appointed) 3/21 - 3/25	$ 4,800	Secretary	Yes
Anthony Malley Beaumont, Texas 77706	(Appointed) 3/21 - 3/25	$ 4,800	Director	Yes
Charles Kiker, III Beaumont, Texas 77707	(Appointed) 3/21 - 3/25	$ 4,800	Director	Yes

Note: No director is disqualified from serving on this board under the Texas Water Code.

Name and Address	*Term of Office Date Elected or Date Hired*	*Fee and Expense Reimbursements September 30, 2023*	*Title at Year End*	*Resident of District*
Key Personnel				
Douglas Canant Beaumont, Texas 77706		$ 134,369	Chief Operating Officer	Yes

DRAINAGE DISTRICT NO. 6
Jefferson County, Texas

TEXAS SUPPLEMENTARY INFORMATION
BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS
- Continued -

Name and Address	*Term of Office Date Elected or Date Hired*	*Fees and Expenses Reimbursements September 30, 2022*	*Title at Year End*
Consultants			
Law Offices of J. Thad Heartfield 2195 Dowlen Rd. Beaumont, Texas 77706		$ 83,211	Legal Counsel
FMW, P.C. 1150 North Eleventh Street Beaumont, Texas 77702		$ 16,342	Accountant
Pollans & Cohen 3450 Eastex Fwy #1 Beaumont, TX 77703		$ 19,000	Auditor
Horizon Environmental Services P.O. Box 162022 Austin, Texas 78716		$ 1,960	Environmental Consultant
Freese and Nichols P O Box 98004 Fort Worth, Texas 76198		$ 1,635,229	Engineering Consultant
Jeffrey S Ward & Associates, Inc. P O Box 4356 Leesburg, Virginia 20177		$ 362,204	Grant Management Consultant
Networthy Systems 6446 Concord Road Beaumont, TX 77708		$ 92,781	Information Technology Consultant
Schaumburg & Polk 8865 College St #100 Beaumont, TX 77707		$ 180,281	Engineering Consultant