

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
DENTON COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FEBRUARY 28, 2021

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TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-7
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	8-11
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	12
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	13-14
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	15
NOTES TO THE FINANCIAL STATEMENTS	16-35
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND	37
SUPPLEMENTARY INFORMATION REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE	
NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE (Included in the notes to the financial statements)	
SERVICES AND RATES	39-41
GENERAL FUND EXPENDITURES	42
INVESTMENTS	43
TAXES LEVIED AND RECEIVABLE	44-45
LONG-TERM DEBT SERVICE REQUIREMENTS	46-55
CHANGES IN LONG-TERM BOND DEBT	56-58
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS	59-62
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	63-64

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Denton County Fresh Water
Supply District No. 11-A
Denton County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Denton County Fresh Water Supply District No. 11-A (the "District"), as of and for the year ended February 28, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of February 28, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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



McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

June 28, 2021

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED FEBRUARY 28, 2021**

Management's discussion and analysis of Denton County Fresh Water Supply District No. 11-A's (the "District") financial performance provides an overview of the District's financial activities for the year ended February 28, 2021. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statement of Net Position includes all of the District's assets, liabilities and deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED FEBRUARY 28, 2021**

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,341,236 as of February 28, 2021. A portion of the District's net position reflects its net investment in capital assets (land, vehicle, and roads and as well as the water, wastewater and drainage facilities less any debt used to acquire those assets that is still outstanding). The following is a comparative analysis of government-wide changes in net position:

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED FEBRUARY 28, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2021	2020	Change Positive (Negative)
Current and Other Assets	\$ 9,643,107	\$ 10,063,650	\$ (420,543)
Capital Assets (Net of Accumulated Depreciation)	<u>25,323,671</u>	<u>25,960,782</u>	<u>(637,111)</u>
Total Assets	<u>\$ 34,966,778</u>	<u>\$ 36,024,432</u>	<u>\$ (1,057,654)</u>
Deferred Outflows of Resources	<u>\$ 584,414</u>	<u>\$ 523,041</u>	<u>\$ 61,373</u>
Due to Developer	\$ 1,894,879	\$ 4,847,023	\$ 2,952,144
Bonds Payable	28,124,337	26,910,730	(1,213,607)
Other Liabilities	<u>1,016,992</u>	<u>998,862</u>	<u>(18,130)</u>
Total Liabilities	<u>\$ 31,036,208</u>	<u>\$ 32,756,615</u>	<u>\$ 1,720,407</u>
Deferred Inflows of Resources	<u>\$ 3,173,748</u>	<u>\$ 3,016,841</u>	<u>\$ (156,907)</u>
Net Position:			
Net Investment in Capital Assets	\$ (3,500,429)	\$ (4,991,491)	\$ 1,491,062
Restricted	2,604,583	3,287,620	(683,037)
Unrestricted	<u>2,237,082</u>	<u>2,477,888</u>	<u>(240,806)</u>
Total Net Position	<u>\$ 1,341,236</u>	<u>\$ 774,017</u>	<u>\$ 567,219</u>

The following table provides a summary of the District's operations for the years ending February 28, 2021, and February 29, 2020.

	Summary of Changes in the Statement of Activities		
	2021	2020	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 3,891,516	\$ 3,553,591	\$ 337,925
Charges for Services	2,631,240	2,355,239	276,001
Other Revenues	<u>117,345</u>	<u>272,095</u>	<u>(154,750)</u>
Total Revenues	<u>\$ 6,640,101</u>	<u>\$ 6,180,925</u>	<u>\$ 459,176</u>
Expenses for Services	<u>6,072,882</u>	<u>5,185,602</u>	<u>(887,280)</u>
Change in Net Position	\$ 567,219	\$ 995,323	\$ (428,104)
Net Position, Beginning of Year	<u>774,017</u>	<u>(221,306)</u>	<u>995,323</u>
Net Position, End of Year	<u>\$ 1,341,236</u>	<u>\$ 774,017</u>	<u>\$ 567,219</u>

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED FEBRUARY 28, 2021**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of February 28, 2021, were \$5,787,567, a decrease of \$607,853 from the prior year.

The General Fund fund balance decreased by \$241,075, primarily due to operating expenditures exceeding property tax revenues, service revenues and transfers in the current fiscal year.

The Debt Service Fund fund balance decreased by \$695,041, primarily due to the structure of the District's outstanding debt and the sale of Series 2020 Unlimited Tax Refunding Bonds.

The Capital Projects Fund fund balance increased by \$328,263, primarily due to sale of Series 2020 Unlimited Tax Bonds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated budget during the current fiscal year. The budget was amended with the most significant change being an increase to budgeted security costs. Actual revenues were \$343,086 more than budgeted revenues, actual expenditures were \$63,523 less than budgeted expenditures and unbudgeted transfers in were \$52,310. This resulted in a positive variance of \$458,919. See the budget to actual comparison for further information.

CAPITAL ASSETS

Capital assets as of February 28, 2021, total \$25,323,671 (net of accumulated depreciation) and include the water, wastewater and drainage systems as well as land, roads and a vehicle.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2021	2020	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 2,367,623	\$ 2,367,623	\$
Construction in Progress		21,444	(21,444)
Capital Assets, Net of Accumulated Depreciation:			
Water System	3,113,913	3,139,845	(25,932)
Wastewater System	4,962,085	5,104,768	(142,683)
Drainage System	5,861,250	6,042,614	(181,364)
Roads	9,003,636	9,261,338	(257,702)
Vehicle	15,164	23,150	(7,986)
Total Net Capital Assets	\$ 25,323,671	\$ 25,960,782	\$ (637,111)

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED FEBRUARY 28, 2021**

LONG-TERM DEBT ACTIVITY

As of February 28, 2021, the District had total bond debt payable of \$28,095,000. The changes in the debt position of the District during the current year are as follows:

Bond Debt Payable, March 1, 2020	\$ 26,990,000
Add: Bond Sales	7,000,000
Less: Bond Principal Paid/Refunded	<u>5,895,000</u>
Bond Debt Payable, February 28, 2021	<u>\$ 28,095,000</u>

The Series 2014 and Series 2020 bonds have insured ratings of “AA” by virtue of bond insurance issued by Assured Guaranty Municipal Corp. Insured ratings for the Series 2016 Refunding and Series 2016 Road bonds have been withdrawn as a result of S&P’s withdrawal of its rating for National Public Finance Guarantee Corporation. The Series 2016 Road Refunding, Series 2017, Series 2018 Road and Series 2019 Road bonds have insured ratings of “AA” by virtue of bond insurance issued by Build America Mutual Assurance Company. The District has an underlying rating of “BBB+”. The above ratings reflect rating changes, if any, through February 28, 2021.

CONTRACTING THE DISTRICT’S MANAGEMENT

This financial report is designed to provide a general overview of the District’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Denton County Fresh Water Supply District No. 11-A, c/o Crawford & Jordan LLP, 19 Briar Hollow Lane, Suite 245, Houston, TX 77027.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
FEBRUARY 28, 2021

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 319,112	\$ 208,049
Investments	2,106,508	5,510,788
Cash with Fiscal Agent		390,841
Receivables:		
Property Taxes	15,064	59,494
Service Accounts	107,952	
Prepaid Costs		
Due from Other Districts	290,015	
Land		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 2,838,651	\$ 6,169,172
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	\$ -0-	\$ -0-
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 2,838,651	\$ 6,169,172

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 3,040	\$ 530,201	\$	\$ 530,201
607,662	8,224,958		8,224,958
	390,841		390,841
	74,558		74,558
	107,952		107,952
		24,582	24,582
	290,015		290,015
		2,367,623	2,367,623
		22,956,048	22,956,048
\$ 610,702	\$ 9,618,525	\$ 25,348,253	\$ 34,966,778
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 584,414</u>	<u>\$ 584,414</u>
<u>\$ 610,702</u>	<u>\$ 9,618,525</u>	<u>\$ 25,932,667</u>	<u>\$ 35,551,192</u>

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

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
FEBRUARY 28, 2021

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 465,617	\$
Accrued Interest Payable		
Due to Developers		
Security Deposits	160,534	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 626,151	\$ -0-
 DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 15,064	\$ 3,189,743
 FUND BALANCES		
Restricted for Authorized Construction	\$	\$
Restricted for Debt Service		2,979,429
Assigned to 2022 Budget Deficit	74,637	
Unassigned	2,122,799	
TOTAL FUND BALANCES	\$ 2,197,436	\$ 2,979,429
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,838,651	\$ 6,169,172
 NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$	\$ 465,617	\$	\$ 465,617
		390,841	390,841
		1,894,879	1,894,879
	160,534		160,534
		1,605,000	1,605,000
		26,519,337	26,519,337
<u>\$ -0-</u>	<u>\$ 626,151</u>	<u>\$ 30,410,057</u>	<u>\$ 31,036,208</u>
<u>\$ -0-</u>	<u>\$ 3,204,807</u>	<u>\$ (31,059)</u>	<u>\$ 3,173,748</u>
\$ 610,702	\$ 610,702	\$ (610,702)	\$
	2,979,429	(2,979,429)	
	74,637	(74,637)	
	2,122,799	(2,122,799)	
<u>\$ 610,702</u>	<u>\$ 5,787,567</u>	<u>\$ (5,787,567)</u>	<u>\$ - 0 -</u>
<u>\$ 610,702</u>	<u>\$ 9,618,525</u>		
		\$ (3,500,429)	\$ (3,500,429)
		2,604,583	2,604,583
		<u>2,237,082</u>	<u>2,237,082</u>
		<u>\$ 1,341,236</u>	<u>\$ 1,341,236</u>

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

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FEBRUARY 28, 2021**

Total Fund Balances - Governmental Funds	\$ 5,787,567
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Amounts reported for governmental activities in the Statement of Net Position are different because:

The difference between the net carrying amount of the refunded bonds and the reacquisition price is recorded as a deferred outflow of resources in the governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.	584,414
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Bond insurance premiums paid at closing are amortized over the term of the bonds.	24,582
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Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.	25,323,671
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Deferred inflows of resources related to property tax revenues for the 2020 and prior maintenance tax levies and the 2019 and prior debt service tax levies became part of recognized revenue in the governmental activities of the District.	31,059
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Due to Developer	\$ (1,894,879)	
Accrued Interest Payable	(390,841)	
Bonds Payable	<u>(28,124,337)</u>	<u>(30,410,057)</u>

Total Net Position - Governmental Activities	<u>\$ 1,341,236</u>
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The accompanying notes to the financial statements are an integral part of this report.

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**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED FEBRUARY 28, 2021**

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 872,434	\$ 3,012,349
Water Service	1,186,693	
Wastewater Service	1,025,020	
Fire Protection Service	179,549	
Franchise Fees	141,428	
Penalty and Interest	19,200	
Permit Fees	79,350	
Investment and Miscellaneous Revenues	85,417	29,341
TOTAL REVENUES	\$ 3,589,091	\$ 3,041,690
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 194,235	\$
Contracted Services	2,036,514	25,462
Purchased Water Service	921,749	
Purchased Wastewater Service	542,840	
Repairs and Maintenance	84,292	
Depreciation		
Other	57,225	1,567
Developer Interest		
Capital Outlay	45,621	
Debt Service:		
Payment to Refunded Bond Escrow Agent		17,109
Bond Issuance Costs		156,096
Bond Principal		2,920,000
Bond Interest		776,995
TOTAL EXPENDITURES/EXPENSES	\$ 3,882,476	\$ 3,897,229
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	\$ (293,385)	\$ (855,539)
OTHER FINANCING SOURCES (USES)		
Transfers In (Out)	\$ 52,310	\$
Proceeds From Issuance of Long-Term Debt		3,150,000
Transfer to Refunded Bond Escrow Agent		(2,989,502)
TOTAL OTHER FINANCING SOURCES (USES)	\$ 52,310	\$ 160,498
NET CHANGE IN FUND BALANCES	\$ (241,075)	\$ (695,041)
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - MARCH 1, 2020	2,438,511	3,674,470
FUND BALANCES/NET POSITION - FEBRUARY 28, 2021	\$ 2,197,436	\$ 2,979,429

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 3,884,783	\$ 6,733	\$ 3,891,516
	1,186,693		1,186,693
	1,025,020		1,025,020
	179,549		179,549
	141,428		141,428
	19,200		19,200
	79,350		79,350
2,587	117,345		117,345
<u>\$ 2,587</u>	<u>\$ 6,633,368</u>	<u>\$ 6,733</u>	<u>\$ 6,640,101</u>
\$	\$ 194,235	\$	\$ 194,235
	2,061,976		2,061,976
	921,749		921,749
	542,840		542,840
	84,292	(7,657)	76,635
		682,732	682,732
	58,792		58,792
263,538	263,538		263,538
2,944,486	2,990,107	(2,990,107)	
	17,109	(17,109)	
263,990	420,086		420,086
	2,920,000	(2,920,000)	
	776,995	73,304	850,299
<u>\$ 3,472,014</u>	<u>\$ 11,251,719</u>	<u>\$ (5,178,837)</u>	<u>\$ 6,072,882</u>
<u>\$ (3,469,427)</u>	<u>\$ (4,618,351)</u>	<u>\$ 5,185,570</u>	<u>\$ 567,219</u>
\$ (52,310)	\$	\$	\$
3,850,000	7,000,000	(7,000,000)	
	(2,989,502)	2,989,502	
<u>\$ 3,797,690</u>	<u>\$ 4,010,498</u>	<u>\$ (4,010,498)</u>	<u>\$ -0-</u>
\$ 328,263	\$ (607,853)	\$ 607,853	\$
		567,219	567,219
282,439	6,395,420	(5,621,403)	774,017
<u>\$ 610,702</u>	<u>\$ 5,787,567</u>	<u>\$ (4,446,331)</u>	<u>\$ 1,341,236</u>

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

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED FEBRUARY 28, 2021**

Net Change in Fund Balances - Governmental Funds	\$ (607,853)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	6,733
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Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(682,732)
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Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	2,997,764
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Bond insurance costs, bond discounts, and bond premiums are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities. Also, in the Statement of Activities, interest is accrued on long-term debt through fiscal year-end.	(73,304)
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Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.	2,920,000
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Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	(7,000,000)
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Governmental funds report the payment to the refunded bond escrow agent as an other financing use. However, the refunding of outstanding bonds decreases long-term liabilities in the Statement of Net Position.	<u>3,006,611</u>
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Change in Net Position - Governmental Activities	<u>\$ 567,219</u>
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The accompanying notes to the financial statements are an integral part of this report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 1. CREATION OF DISTRICT

On December 12, 2000, the Denton County Commissioners Court approved the order creating Denton County Fresh Water Supply District No. 11 of Denton County, Texas (“District No. 11”). In an election held on January 20, 2001, the voters confirmed the creation of District No. 11. On February 20, 2001, following a hearing, the governing board of District No. 11 approved the conversion of District No. 11 to a Water Control and Improvement District operating under Chapter 51 of the Texas Water Code and specifically reserved certain rights under Sections 53.029, 53.030 through 53.034, 53.040 through 53.041, 53.112, 53.121, and 53.125 of the Texas Water Code.

At an election held within the boundaries of District No. 11 on May 3, 2003, voters approved the division of District No. 11 into two new districts of which Denton County Fresh Water Supply District No. 11-A (the “District”) was one. The District held its first meeting on May 6, 2003 and sold its first series of bonds on August 31, 2006. Pursuant to the provisions of Chapters 49, 51 and for limited purposes 53 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, roads, solid waste collection and disposal and to construct parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether or not an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statement as component units.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”).

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

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

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District’s Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

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

Fund Financial Statements

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

Governmental Funds

The District has three governmental funds and considers them to be major funds.

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

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

Capital Projects Fund - To account for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

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

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Property taxes considered available by the District and included in revenue include taxes collected during the period and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures. Recognition of tax revenues for the 2020 debt service tax levy levied in the current fiscal year have been deferred to meet the debt service payments due in the next fiscal year.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. The District recorded transfers between funds totaling \$52,310 in the current fiscal year related to bond issuance costs paid in prior fiscal years.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Water System	10-45
Wastewater System	10-45
Drainage System	10-45
Vehicle	5
Roads	45

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original and revised budget amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

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

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position.

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. The District classifies fund balances in governmental funds using the following hierarchy:

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

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

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances. The District assigned \$74,637 of its General Fund fund balance to cover the projected 2022 budget shortfall.

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

The following is a summary of transactions regarding bonds payable for the year ended February 28, 2021:

	March 1, 2020	Additions	Retirements	February 28, 2021
Bonds Payable	\$ 26,990,000	\$ 7,000,000	\$ 5,895,000	\$ 28,095,000
Unamortized Discounts	(247,532)		(120,432)	(127,100)
Unamortized Premiums	168,262		11,825	156,437
Bonds Payable, Net	\$ 26,910,730	\$ 7,000,000	\$ 5,786,393	\$ 28,124,337
		Amount Due Within One Year		\$ 1,605,000
		Amount Due After One Year		26,519,337
		Bonds Payable, Net		\$ 28,124,337

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 3. LONG-TERM DEBT (Continued)

	Refunding Series 2014	Refunding Series 2016	Road Series 2016	Refunding Road Series 2016	Series 2017
Amount Outstanding – February 28, 2021	\$2,250,000	\$3,135,000	\$1,375,000	\$5,780,000	\$3,425,000
Interest Rates	2.50% - 4.00%	2.00% - 2.75%	2.00% - 3.00%	3.00% - 3.125%	3.00% - 4.00%
Maturity Dates – Serially Beginning/Ending	September 1, 2021/2039	September 1, 2021/2032	September 1, 2021/2037	September 1, 2021/2032	September 1, 2021/2037
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2024*	September 1, 2024*	September 1, 2024*	September 1, 2026*	September 1, 2025*
	Road Series 2018	Road Series 2019	Road Series 2020	Refunding Series 2020	
Amount Outstanding – February 28, 2021	\$2,530,000	\$2,895,000	\$3,720,000	\$2,985,000	
Interest Rates	2.00% - 5.00%	2.00% - 3.00%	2.00% - 3.00%	2.00% - 2.625%	
Maturity Dates – Serially Beginning/Ending	September 1, 2021/2038	September 1, 2021/2045	September 1, 2021/2040	September 1, 2021/2036	
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1	
Callable Dates	September 1, 2025*	September 1, 2026*	September 1, 2026*	September 1, 2026*	

* Or any date thereafter at a price of par plus unpaid accrued interest to the date fixed for redemption. The Series 2014 term bonds maturing on September 1, 2030, 2034, and 2039, are subject to mandatory redemption beginning September 1, 2026, 2031, and 2035, respectively. The Series 2016 Road term bonds maturing on September 1, 2027, 2029, 2032, and 2037, are subject to mandatory redemption beginning September 1, 2026, 2028, 2030, and 2033, respectively. The Series 2016 Road Refunding bonds maturing on September 1, 2029, are subject to mandatory redemption beginning September 1, 2028. Series 2017 Road term bonds maturing on September 1, 2033, and 2038, are subject to mandatory redemption beginning September 1, 2031, and 2034, respectively. Series 2018 term bonds maturing on September 1, 2027, and 2029, are subject to mandatory redemption beginning September 1, 2026, and 2028, respectively. Series 2019 Road term bonds maturing on September 1, 2029, 2032, 2034, 2036, 2039 and 2045, are subject to mandatory redemption beginning September 1, 2027, 2030, 2033, 2035, 2037, and 2040, respectively. Series 2020 term bonds maturing on September 1, 2040, are subject to mandatory redemption beginning September 1, 2039.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 3. LONG-TERM DEBT (Continued)

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District without legal limit as to rate or amount. As of February 28, 2021, the District had authorized but unissued bonds in the amount of \$16,110,000 for purposes of funding water, sewer and drainage facilities, \$87,360,000 for purposes of refunding previously issued bonds and \$8,870,000 for purposes of funding the construction of roads. As of February 28, 2021, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ 1,605,000	\$ 781,681	\$ 2,386,681
2023	1,660,000	739,856	2,399,856
2024	1,695,000	698,607	2,393,607
2025	1,750,000	656,870	2,406,870
2026	1,790,000	611,544	2,401,544
2027-2031	8,500,000	2,393,318	10,893,318
2032-2036	6,555,000	1,239,077	7,794,077
2037-2041	3,665,000	423,995	4,088,995
2042-2046	875,000	80,250	955,250
	<u>\$ 28,095,000</u>	<u>\$ 7,625,198</u>	<u>\$ 35,720,198</u>

The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. During the year ended February 28, 2021, the District levied a combined ad valorem debt service tax rate (roads and utilities) of \$0.7053 per \$100 of assessed valuation, which resulted in a tax levy of \$3,173,748 on the adjusted taxable valuation of \$449,985,404 for the 2020 tax year. See Note 7 for the maintenance tax levy.

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

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The District is required to provide to certain information repositories continuing disclosure of annual financial information and operating data with respect to the District. The information is of the general type included in the annual audit report and must be filed within six months after the end of each fiscal year of the District.

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

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District’s deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District’s deposits was \$2,613,373 and the bank balance was \$3,410,781. The District was not exposed to custodial credit risk at year end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at February 28, 2021, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 319,112	\$ 660,114	\$ 979,226
DEBT SERVICE FUND	208,049	1,423,058	1,631,107
CAPITAL PROJECTS FUND	3,040		3,040
TOTAL DEPOSITS	\$ 530,201	\$ 2,083,172	\$ 2,613,373

Investments

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

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

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

The District invests in the Texas Short Term Asset Reserve Program ("TexSTAR"), an external public funds investment pool that is not SEC-registered. J. P. Morgan Investment Management Inc. provides investment management and Hilltop Securities Inc., provides participant services and marketing under an agreement with the TexSTAR Board of Directors. Custodial, fund accounting and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary J.P. Morgan Investors Services Co. Investments held by TexSTAR are marked to market daily. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District's position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from TexSTAR.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of February 28, 2021, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 year
<u>GENERAL FUND</u>		
LOGIC	\$ 937,074	\$ 937,074
TexSTAR	509,320	509,320
Certificates of Deposit	660,114	660,114
<u>DEBT SERVICE FUND</u>		
LOGIC	2,581,856	2,581,856
TexSTAR	1,505,874	1,505,874
Certificates of Deposit	1,423,058	1,423,058
<u>CAPITAL PROJECTS FUND</u>		
LOGIC	377,706	377,706
TexSTAR	229,956	229,956
TOTAL INVESTMENTS	<u>\$ 8,224,958</u>	<u>\$ 8,224,958</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. As of February 28, 2021, the District's investments in LOGIC and TexSTAR were rated AAAM by Standard and Poor's. The District also manages credit risk by typically investing in certificates of deposit with balances below FDIC coverage.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in LOGIC and TexSTAR to have maturities of less than one year due to the fact that the share positions can usually be redeemed each day at the discretion of the District unless there have been significant changes in values. The District also manages interest rate risk by investing in certificates of deposit with maturities of one year or less.

Restrictions

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

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended February 28, 2021 is as follows:

	March 1, 2020	Increases	Decreases	February 28, 2021
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 2,367,623	\$	\$	\$ 2,367,623
Construction in Progress	<u>21,444</u>	<u>45,621</u>	<u>67,065</u>	<u></u>
Total Capital Assets Not Being Depreciated	<u>\$ 2,389,067</u>	<u>\$ 45,621</u>	<u>\$ 67,065</u>	<u>\$ 2,367,623</u>
Capital Assets Subject to Depreciation				
Water System	\$ 4,102,190	\$ 67,065	\$	\$ 4,169,255
Wastewater System	6,178,695			6,178,695
Drainage System	7,795,414			7,795,414
Roads	11,564,908			11,564,908
Vehicle	<u>39,820</u>	<u></u>	<u></u>	<u>39,820</u>
Total Capital Assets Subject to Depreciation	<u>\$ 29,681,027</u>	<u>\$ 67,065</u>	<u>\$ - 0 -</u>	<u>\$ 29,748,092</u>
Less Accumulated Depreciation				
Water System	\$ 962,345	\$ 92,997	\$	\$ 1,055,342
Wastewater System	1,073,927	142,683		1,216,610
Drainage System	1,752,800	181,364		1,934,164
Roads	2,303,570	257,702		2,561,272
Vehicle	<u>16,670</u>	<u>7,986</u>	<u></u>	<u>24,656</u>
Total Accumulated Depreciation	<u>\$ 6,109,312</u>	<u>\$ 682,732</u>	<u>\$ - 0 -</u>	<u>\$ 6,792,044</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 23,571,715</u>	<u>\$ (615,667)</u>	<u>\$ - 0 -</u>	<u>\$ 22,956,048</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 25,960,782</u>	<u>\$ (570,046)</u>	<u>\$ 67,065</u>	<u>\$ 25,323,671</u>

NOTE 7. MAINTENANCE TAX

On September 11, 2004, voters of the District approved the levy and collection of a maintenance tax at an unlimited rate on all taxable property within the District. The maintenance tax will be used for maintenance purposes including planning, maintaining, repairing and operating all necessary plants, properties, owned or contracted facilities and improvements of the District and for proper services, engineering and legal fees, and operational and administrative costs in accordance with Section 49.107 of the Texas Water Code. During the year ended February 28, 2021, the District levied an ad valorem maintenance tax rate of \$0.1947 per \$100 of assessed valuation, which resulted in a tax levy of \$876,122 on the adjusted taxable valuation of \$449,985,404 for the 2020 tax year.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 8. CONTRACT TAX

On September 11, 2004, the voters approved the levy and collection of an annual contract tax imposed on all taxable property within the boundaries of the District in an unlimited rate or amount. Upon approval of the Texas Commission on Environmental Quality, which the District has received, the contract tax may be levied in an amount sufficient to make payments related to the District's contracts for treated water and wastewater with the Upper Trinity Regional Water District to the extent other funds are not available to the District to make such payments. During the current fiscal year, the District did not levy a contract tax.

NOTE 9. WATER SUPPLY AGREEMENT

Upper Trinity Regional Water District Regional Treated Water System Participating Customer Contract

On August 29, 2001, the District executed an agreement with the Upper Trinity Regional Water District (the "UTRWD") to provide treated water to the District as a Participating Customer of the UTRWD. The First Amendment to Participating Customer Contract was executed on September 6, 2001. The Second Amendment to Participating Customer Contract was executed on February 24, 2004. The UTRWD has agreed to use its best efforts to build the facilities called for in this agreement and to issue debt to fund the cost of the facilities. The UTRWD is governed by a Board of directors that are appointed by the governing bodies of members and by the County. The District, as a Participating Customer, is not entitled to appoint a representative to the Board; however, the District will be represented by a board member serving Denton County at-large.

Pursuant to the Second Amendment, the supply of water on a minimum demand increased from 1.00 to 1.50 million gallons of water per day (MGD) through an interim period. In accordance with the agreement, the interim period quantity applied until the Tom Harpool Regional Treated Water Plant and the associated pipelines and pumping facilities were constructed and operational, at which time, the District's supply of water on a minimum demand increased to 3.00 MGD. On March 1, 2019, the agreement was amended to effectively transfer 0.30 MGD of capacity from District 8-A to the District resulting in the District's current minimum demand amount totaling 3.30 MGD. The District is required to take or pay for the minimum amount of water to assure adequate funds to the UTRWD to fulfill its obligations under the contract. The District may adjust the regular service amount upon mutual agreement with the UTRWD. A determination of demand on an annual basis that takes into account actual usage for the most recent five water years and projected needs for the next water year will be made. The water supply capacity allocated to the District by UTRWD and associated costs are further allocated pursuant to a Joint Utility Contract (See Note 12).

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 9. WATER SUPPLY AGREEMENT (Continued)

Payments to UTRWD are comprised of three components including an Operation and Maintenance Component, a Capital Component and a special reserve for operation and maintenance cost of the system. Annual budgets will be prepared for the system. The District pays its part of the annual requirement in monthly installments. The agreement provides for water conservation and drought contingency issues. The term of the contract is 25 years or as long as the bonds issued remain outstanding. The Contract further has a 20-year extension provision.

NOTE 10. SEWAGE TREATMENT SERVICE AGREEMENT

Upper Trinity Regional Water District Northeast Regional Water Reclamation System
Participating Customer Contract

On August 29, 2001, the District executed an agreement (the “UTRWD Wastewater Agreement”) with the UTRWD to provide wastewater treatment service to the District as a Participating Customer of the UTRWD. The UTRWD has agreed to use its best efforts to build the facilities called for in this agreement and to issue debt, if necessary, to fund the cost of the facilities. During a prior fiscal year, the District’s Developer advanced monies on behalf of the District to the UTRWD for the District’s share of the construction cost of the Riverbend Wastewater Treatment Plant, which amount has been reimbursed. The UTRWD is governed by a Board of directors that are appointed by the governing bodies of members and by the County. The District, as a Participating Customer, is not entitled to appoint a representative to the Board; however, the District will be represented by a board member serving Denton County at-large.

Pursuant to an amendment to the UTRWD Wastewater Agreement, dated November 18, 2015, the District has capacity of 0.716 MGD in the Riverbend plant. This capacity, which is an increase of 0.262 MGD over the previous allocation of 0.454 MGD, is based on the construction of the expansion to the UTRWD’s Riverbend wastewater treatment facility. The District is required to pay based on this 0.716 MGD minimum flow basis of wastewater, whether or not the District actually delivers this amount of wastewater to the UTRWD, to assure adequate funds to the UTRWD to fulfill its obligations under the contract. The District began payment of its annual requirement (see next paragraph) based on the 0.716 MGD minimum flow basis when the expansion was completed and the additional 0.262 MGD capacity was physically available.

Payments are comprised of an operation and maintenance component, a capital component and a volume component. Annual budgets are prepared for the system. The District pays its part of the annual requirement in monthly installments. The wastewater treatment capacity allocated to the District by UTRWD under the UTRWD Wastewater Agreement and associated costs are further allocated pursuant to a Joint Utility Contract (See Note 12). The term of the contract is 25 years or as long as the bonds issued remain outstanding. The Contract further has a 20-year extension provision.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 11. WATER AND SEWER SERVICE AGREEMENT

On June 18, 2001, the District approved a Water Service Agreement and a Sewer Service Agreement with Mustang Water Supply Corporation, now known as Mustang Special Utility District (“Mustang”). Mustang holds Certificates of Convenience and Necessity Nos. 11856 and 20930 (“CCN”) to provide retail water and wastewater services to certain areas within Denton County, Texas, in which area the District is located. In addition, Denton County Fresh Water Supply District No. 11-A holds CCN Nos. 13022 and 20924 to provide retail water and wastewater services to certain areas within the District.

Effective October 1, 2007, the District entered into a Merged, Amended and Restated Agreement Relating to Water and Sanitary Sewer Service with Mustang. The purpose of this agreement is to merge, amend and restate the original agreements with Mustang to (1) facilitate the provisions of wholesale water supply and wastewater treatment services to the District by the UTRWD, see Notes 9 and 10, (2) facilitate the provision of retail water supply and distribution service and wastewater collection and treatment service by the District within the District service area, and (3) establish the terms and provisions by which Mustang will operate and maintain the District’s water and sanitary sewer facilities located within the District’s service area, and provide for compensation for such services.

During the term of this agreement, Mustang agrees to perform the schedule of services as outlined in Exhibit “B” of the agreement. Mustang will be responsible for the monthly meter reading and billing of each customer of the District. Mustang will collect the amounts due the District for water and wastewater services and will remit the funds collected on behalf of the District at least once per month. In addition, Mustang will bill and collect for solid waste collection from each District customer.

Compensation to Mustang for Exhibit “B” services will be based on an annual operations and maintenance budget beginning October 1 and ending September 30. The costs contained in the annual budget will be categorized as follows: 1.) Mustang only costs; 2.) District only costs; 3.) shared costs which are allocated based on the District’s pro rata share of connections; and 4.) indirect shared administration costs, of which 20% will be allocated to the districts Mustang is providing service to. The District will be invoiced for actual costs plus a 15% overhead charge. The summation of categories 2 through 4 above plus a 15% charge will be allocated to the District based upon the number of active equivalent single-family connections for the District. The number of District connections will be determined monthly and the District’s pro rata share of costs for the upcoming month will be adjusted accordingly. In addition, the District will pay Mustang 30% of any disconnection, re-connection and return check fees charged by the District.

For other services provided by Mustang for installations, maintenance or repair of the District’s system not listed on Exhibit “B”, the District will pay for such costs based upon Mustang’s actual and direct expenses. Mustang may add a 15% overhead charge to its actual and direct expenses for these services. The District will pay for such services within 30 days from the date of the invoice.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 11. WATER AND SEWER SERVICE AGREEMENT (Continued)

No sooner than ten years after the effective date of this agreement, and upon full payment of all the District's bonded indebtedness and all outstanding reimbursements due to the Developer, Mustang shall have the option to purchase the District's water and wastewater systems in its then present condition at Mustang's sole option at a cost of \$500, provided that at that time of the exercise of the option, Mustang delivers an opinion of counsel satisfactory to UTRWD and the District that certifies that Mustang or its successor is a governmental unit within the meaning of Section 141 of the Internal Revenue Code. The term of this agreement is 25 years from the effective date, unless terminated by Mustang pursuant to the option to purchase the District's water and wastewater systems.

NOTE 12. JOINT UTILITY CONTRACT

On February 24, 2004, the District and Denton County Fresh Water Supply District No. 11-B (District 11-B) entered into a Joint Utility Contract. The District has entered into the UTRWD contracts, see Notes 9 and 10, on behalf of itself and District 11-B and any additional contract service areas that may request utility services. In relation to the UTRWD contracts, the UTRWD will look solely to the District to fulfill the obligations of the contracts. This agreement establishes the pro allocation of water and wastewater service capacity and the costs to be incurred under the UTRWD contracts. The share of the fixed costs shall be paid based upon the reserved capacity each District holds in comparison to the total capacity reserved for all Districts. The contract also addresses the payment allocation of variable costs between the districts. In relation to the Mustang contracts, the District will be responsible for all costs as outlined in the agreements until such time as District 11-B commences construction of its internal water and wastewater systems. Upon such commencement, each district agrees to pay its pro rata share of the costs of the agreements based upon developer acreage with each district.

On November 1, 2006, the District, District 8-A, District 11-B and District 11-C executed a Cost Sharing Agreement Related to Joint Utility Facilities (Agreement). In accordance with this Agreement, each district agrees to pay its pro rata share of the construction costs and operating and maintenance costs of the Joint Facilities in the amounts and percentages provided for in the Agreement. Upon payment of its pro rata share, each district will become the owner of an equitable and beneficial interest in the capacity of the Joint Facilities. The term of the contract is 40 years from the date of its execution. The contract is renewable for 20-year periods. Effective March 1, 2011, the District, District 11-B and District 11-C entered into a Merged, Amended and Restated Joint Utility Contract that replaced and superseded the 2006 contract. Effective June 1, 2017, the District, District 11-B and District 11-C entered into a Fifth Amendment to Merged, Amended and Restated Joint Utility Contract.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 12. JOINT UTILITY CONTRACT (Continued)

Effective March 1, 2019, the District, District 11-B and District 11-C entered into a Sixth Amendment to Merged, Amended and Restated Joint Utility Contract. Under this Sixth Amendment, until UTRWD completed construction of the 2019 Riverbend Expansion, District 11-B was allocated 0.076 MGD of wastewater treatment capacity, the District was allocated 0.3188 MGD of wastewater treatment capacity and District 11-C was allocated 0.0592 MGD of wastewater treatment capacity. The 2019 Riverbend Expansion has been completed resulting in the District being allocated 0.331 MGD of wastewater treatment capacity, District 11-B being allocated 0.273 MGD of wastewater treatment capacity and District 11-C being allocated 0.112 MGD of wastewater treatment capacity. With respect to water supply capacity, the District is allocated 1.529 MGD under this Sixth Amendment, District 11-B is allocated 1.260 MGD and District 11-C is allocated 0.511 MGD.

Effective April 17, 2012, the District, District 11-B and District 11-C executed the First Amendment to Merged, Amended and Restated Joint Utility Contract. This amendment modifies the procedure for the allocation of the usage, operation and maintenance costs to be incurred under the UTRWD contracts. The share of the fixed costs, including Demand Charges and Joint Facilities Charges under the UTRWD contracts, will be paid based upon the reserved capacity each district holds in proportion to the total capacity reserved for all districts. Relative to charges under the UTRWD Water Contract, each district will pay variable costs, including Volume Charges, in proportion to its relative wholesale water usage on a monthly basis as approximated by the proportion of each district's retail customer water billings during any monthly period to the total retail customer water billings in all three districts. Relative to charges under the UTRWD Wastewater Contract, each district will pay variable costs, including Volume Charges, in proportion to its relative wholesale wastewater usage on a monthly basis as approximated by the proportion of equivalent single-family connections (ESFCs) in each district to the total number of ESFCs in all three districts.

During the current fiscal year, the District recorded expenditures of \$921,749 and \$542,840, respectively, related to its share of purchased water and purchased wastewater costs billed by the UTRWD.

NOTE 13. UNREIMBURSED DEVELOPER COSTS

The District has entered into agreements with the Developer which calls for the Developer to fund costs associated with water, wastewater, drainage and road facilities and non-construction costs in order for the District to meet its ongoing financial obligations. Reimbursement is anticipated to be made from the proceeds of future bond sales or other lawfully authorized funds.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 14. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and there have been no settlements of claims exceeding coverage in the last three years.

NOTE 15. FIRE PROTECTION SERVICES AGREEMENT

The District, District 8-A, District 8-B, Denton County Fresh Water Supply District No. 9 (now known as Providence Village Water Control and Improvement District of Denton County), Denton County Fresh Water Supply District No. 10, District 11-B and District 11-C have entered into a Fire Protection Services Agreement with the City of Aubrey, Texas (the “City”), dated December 19, 2007. This agreement was amended on April 27, 2011. The City agrees to provide fire protection services to persons, buildings and property located within the participating districts, including land added to the districts by annexation, in the same manner and to the same extent as it would within the City. The participating districts agree to make monthly payments to the City based on the number of full-time-equivalent employees determined necessary to staff the fire station. Under this agreement, each district’s share of costs will be based on the number of connections within such district in proportion to the total number of connections within the districts. The number of connections is to be reassessed on at least a quarterly basis.

As of May 22, 2019, the Fire Protection Services Agreement was amended to extend the term of the Agreement to December 31, 2025, to provide Denton County Fresh Water Supply District No. 10 an option to exclude a defined portion of the area within its boundaries from service (and corresponding payment obligations) under the Agreement, to provide for the purchase of a new fire engine by the participating entities, and to confirm City staffing requirements.

NOTE 16. PEACE OFFICER SERVICES AGREEMENT

Effective August 28, 2018, the District and District Nos. 8-A, 8-B, 11-B, and 11-C entered into a Joint Interlocal Agreement for School Resource Officer Services with Denton Independent School District (“DISD”) to assist the Town of Little Elm and DISD to provide school resource peace officers and patrol vehicles to enhance the safety and security of public schools. The term of the Agreement will cover three years and automatically renew on a year-to-year basis unless terminated by any party.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 16. PEACE OFFICER SERVICES AGREEMENT (Continued)

As of May 30, 2019, the District and District Nos. 8-A, 8-B, 11-B and 11-C entered into a Joint Interlocal Cooperation Agreement for Law Enforcement Services with the Town of Little Elm (“Little Elm”). Under the Little Elm Agreement, Little Elm has agreed to provide certain full-time law enforcement services to the Districts in the same manner that such police services are provided to the residents of Little Elm. Each District has agreed to pay its pro-rata share of law enforcement costs arising out of this Little Elm Agreement, including vehicles and equipment. Each District’s pro-rata share shall be determined by the District bookkeeper on a quarterly basis and be based on the number of equivalent single-family connections active in each District in proportion to the total number of connections active in all Districts. As of October 1, 2019, Little Elm began providing full law enforcement services to the District and the independent contractor ceased providing security and patrol services. Total security costs for the current fiscal year was \$796,757.

NOTE 17. STRATEGIC PARTNERSHIP AGREEMENTS

The District entered into two Strategic Partnership Agreements (“SPA”) with the Town of Little Elm, Texas (the “Town”) for the limited purpose annexation by the Town of certain tracts of land, including portions of Navo Road (SPA effective August 19, 2015) and an existing elementary school site (SPA effective November 17, 2015), located within the District. Such tracts were annexed by the Town for the limited purposes of providing road maintenance and public safety services, as well as code enforcement and certain other regulatory authority permissions granted to the Town, in the areas to be annexed.

NOTE 18. AGREEMENT REGARDING ALLOCATION OF WHOLESALE WATER AND WASTEWATER VOLUME CHARGES

Effective May 1, 2016, the District and District 8-A executed an Agreement Regarding Allocation of Wholesale Water and Wastewater Volume Charges. The agreement is intended to provide for a more effective and accurate allocation of UTRWD’s water and wastewater volume charges to the District and Districts 8-A, 8-B, 11-B and 11-C (Paloma Creek Districts). See also Notes 9, 10 and 12.

The water volume charges will be allocated monthly to each district based on the proportion of its monthly retail water usage to the total monthly retail water usage of all Paloma Creek Districts. A district’s monthly retail water usage is calculated as the total gallons of water billed to such district’s retail customers each month as reported by Mustang plus the total gallons of water used by such district itself each month as reported by Mustang.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 18. AGREEMENT REGARDING ALLOCATION OF WHOLESALE WATER AND WASTEWATER VOLUME CHARGES (Continued)

The wastewater volume charges will be allocated monthly to each district based on the proportion of ESFCs served by such district to the total number of ESFCs in all of the Paloma Creek Districts. The number of ESFCs must be updated for such cost-allocation purposes at least quarterly.

NOTE 19. BOND SALE

On May 20, 2020, the District closed on the sale of its \$7,000,000 Series 2020 Unlimited Tax and Refunding Bonds. The bond issue included proceeds totaling \$3,850,000 which were used to reimburse the developers for construction and engineering costs related to the water, wastewater, and drainage facilities serving Paloma Creek South, Phases 3B-2, 3C, 3D, 11A, and 11B. The District also used bond proceeds to acquire land for the detention pond and pay for the District's share of certain Riverbend Treatment Facility construction and improvement costs. Additional proceeds were also used to pay bond issuance costs.

Series 2020 bond proceeds totaling \$3,150,000 were used to refund \$2,975,000 of the Series 2011 Bonds with interest rates of 4.00% to 4.60%, maturity dates of 2020-2036 and a callable date of June 1, 2020. As a result, the refunded bonds were removed from the District's Statement of Net Position. The refunding resulted in gross debt service savings of \$301,065 and net present value savings of \$283,956.

NOTE 20. ECONOMIC UNCERTAINTIES

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

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A

REQUIRED SUPPLEMENTARY INFORMATION

FEBRUARY 28, 2021

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED FEBRUARY 28, 2021

	Original Budget	Amended and Final Budget	Actual	Variance Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVENUES				
Property Taxes	\$ 819,456	\$ 858,627	\$ 872,434	\$ 13,807
Water Service	1,020,212	1,020,212	1,186,693	166,481
Wastewater Service	890,036	890,036	1,025,020	134,984
Fire Protection Service	160,128	180,288	179,549	(739)
Franchise Fees	115,279	115,279	141,428	26,149
Penalty and Interest	41,074	23,134	19,200	(3,934)
Permit Fees	69,600	69,600	79,350	9,750
Investment and Miscellaneous Revenues	<u>89,986</u>	<u>88,829</u>	<u>85,417</u>	<u>(3,412)</u>
TOTAL REVENUES	<u>\$ 3,205,771</u>	<u>\$ 3,246,005</u>	<u>\$ 3,589,091</u>	<u>\$ 343,086</u>
EXPENDITURES				
Service Operations:				
Professional Fees	\$ 190,800	\$ 190,800	\$ 194,235	\$ (3,435)
Contracted Services	1,758,407	2,570,854	2,036,514	534,340
Purchased Services	1,052,400	1,019,625	1,464,589	(444,964)
Repairs and Maintenance/Capital Outlay	63,725	109,346	129,913	(20,567)
Other	<u>74,235</u>	<u>55,374</u>	<u>57,225</u>	<u>(1,851)</u>
TOTAL EXPENDITURES	<u>\$ 3,139,567</u>	<u>\$ 3,945,999</u>	<u>\$ 3,882,476</u>	<u>\$ 63,523</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 66,204</u>	<u>\$ (699,994)</u>	<u>\$ (293,385)</u>	<u>\$ 406,609</u>
OTHER FINANCING SOURCES(USES)				
Transfer Out	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 52,310</u>	<u>\$ 52,310</u>
NET CHANGE IN FUND BALANCE	\$ 66,204	\$ (699,994)	\$ (241,075)	\$ 458,919
FUND BALANCE - MARCH 1, 2020	<u>2,438,511</u>	<u>2,438,511</u>	<u>2,438,511</u>	<u> </u>
FUND BALANCE - FEBRUARY 28, 2021	<u>\$ 2,504,715</u>	<u>\$ 1,738,517</u>	<u>\$ 2,197,436</u>	<u>\$ 458,919</u>

See accompanying independent auditor's report.

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DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

FEBRUARY 28, 2021

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
SERVICES AND RATES
FOR THE YEAR ENDED FEBRUARY 28, 2021**

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤¾"	1,690	1,690	x 1.0	1,690
1"	7	7	x 2.5	18
1½"	2	2	x 5.0	10
2"	17	17	x 8.0	136
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u>1,716</u>	<u>1,716</u>		<u>1,854</u>
Total Wastewater Connections	<u>1,696</u>	<u>1,696</u>	x 1.0	<u>1,696</u>

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

Gallons billed to customers: 183,290,000 Water Accountability Ratio: ⁽¹⁾

Gallons purchased: (1)

⁽¹⁾ The District is part of an integrated water system with Denton County Fresh Water Supply District Nos. 8-A, 8-B, 11-B and 11-C. The districts purchase water from the Upper Trinity Regional Water District.

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
SERVICES AND RATES
FOR THE YEAR ENDED FEBRUARY 28, 2021**

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

Does the District have Debt Service standby fees? Yes No

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes No

County in which District is located:

Denton County, Texas

Is the District located within a city?

Entirely Partly Not at all

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

Entirely Partly Not at all

ETJ in which District is located:

Town of Little Elm, Texas

Are Board Members appointed by an office outside the District?

Yes No

See accompanying independent auditor's report.

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED FEBRUARY 28, 2021**

PROFESSIONAL FEES:	
Auditing/Other Services	\$ 20,500
Engineering	73,401
Legal	<u>100,334</u>
TOTAL PROFESSIONAL FEES	<u>\$ 194,235</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	\$ 921,749
Purchased Wastewater Service	<u>542,840</u>
TOTAL PURCHASED SERVICES FOR RESALE	<u>\$ 1,464,589</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 42,154
Operations and Billing	574,964
Project Manager	31,567
Security	796,757
Solid Waste Disposal	322,387
Fire Fighting	<u>268,685</u>
TOTAL CONTRACTED SERVICES	<u>\$ 2,036,514</u>
UTILITIES	<u>\$ 4,475</u>
REPAIRS AND MAINTENANCE	<u>\$ 84,292</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees, including Payroll Taxes	\$ 15,259
Insurance	4,380
Legal Notices	1,265
Website and Other	<u>8,515</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 29,419</u>
CAPITAL OUTLAY	<u>\$ 45,621</u>
TAP CONNECTIONS	<u>\$ 8,418</u>
OTHER EXPENDITURES:	
Permit Fees	\$ 4,040
Regulatory Assessment	<u>10,873</u>
TOTAL OTHER EXPENDITURES	<u>\$ 14,913</u>
TOTAL EXPENDITURES	<u><u>\$ 3,882,476</u></u>

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
INVESTMENTS
FEBRUARY 28, 2021

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
LOGIC	XXXX2001	Varies	Daily	\$ 937,074	\$
TexSTAR	XXXX1110	Varies	Daily	509,320	
Certificate of Deposit	XXXX6552	0.60%	10/28/21	245,000	
Certificate of Deposit	XXXX0893	1.60%	03/01/21	<u>415,114</u>	<u> </u>
TOTAL GENERAL FUND				<u>\$ 2,106,508</u>	<u>\$ -0-</u>
<u>DEBT SERVICE FUND</u>					
LOGIC	XXXX2002	Varies	Daily	\$ 2,581,856	\$
TexSTAR	XXXX0300	Varies	Daily	1,505,874	
Certificate of Deposit	XXXX0644	1.60%	02/25/22	315,378	
Certificate of Deposit	XXXX0645	1.60%	02/25/22	126,149	
Certificate of Deposit	XXXX0646	1.60%	02/25/22	178,711	
Certificate of Deposit	XXXX0647	1.60%	02/25/22	315,372	
Certificate of Deposit	XXXX8408	1.00%	04/10/21	<u>487,448</u>	<u> </u>
TOTAL DEBT SERVICE FUND				<u>\$ 5,510,788</u>	<u>\$ -0-</u>
<u>CAPITAL PROJECTS FUND</u>					
LOGIC	XXXX2003	Varies	Daily	\$ 277,548	\$
LOGIC	XXXX2004	Varies	Daily	100,158	
TexSTAR	XXXX0200	Varies	Daily	<u>229,956</u>	<u> </u>
TOTAL CAPITAL PROJECTS FUND				<u>\$ 607,662</u>	<u>\$ -0-</u>
TOTAL - ALL FUNDS				<u><u>\$ 8,224,958</u></u>	<u><u>\$ -0-</u></u>

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED FEBRUARY 28, 2021

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
MARCH 1, 2020	\$	12,714	\$	50,983
Adjustments to Beginning				
Balance		<u>(44)</u>	\$	<u>50,874</u>
Original 2020 Tax Levy	\$	875,116	\$	3,170,104
Adjustment to 2020 Tax Levy		<u>1,006</u>	<u>876,122</u>	<u>3,173,748</u>
TOTAL TO BE				
ACCOUNTED FOR		\$	888,792	\$
				3,224,622
TAX COLLECTIONS:				
Prior Years	\$	9,614	\$	34,879
Current Year		<u>864,114</u>	<u>873,728</u>	<u>3,130,249</u>
				<u>3,165,128</u>
TAXES RECEIVABLE -				
FEBRUARY 28, 2021		<u>\$</u>	<u>15,064</u>	<u>\$</u>
				<u>59,494</u>
TAXES RECEIVABLE BY				
YEAR:				
2020	\$	12,008	\$	43,499
2019		1,210		4,383
2018		548		1,986
2017		301		1,568
2016		174		1,585
2015		119		1,516
2014		118		1,379
2013		108		1,244
2012		231		1,127
2010		<u>247</u>		<u>1,207</u>
TOTAL		<u>\$</u>	<u>15,064</u>	<u>\$</u>
				<u>59,494</u>

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED FEBRUARY 28, 2021

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
PROPERTY VALUATIONS:				
Land	\$ 105,896,489	\$ 100,655,066	\$ 92,662,253	\$ 79,513,323
Improvements	354,714,274	336,203,025	304,511,607	262,889,416
Personal Property	3,047,290	2,870,708	3,168,901	3,082,381
Exemptions	<u>(13,672,649)</u>	<u>(11,990,181)</u>	<u>(13,265,751)</u>	<u>(11,768,885)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 449,985,404</u>	<u>\$ 427,738,618</u>	<u>\$ 387,077,010</u>	<u>\$ 333,716,235</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.7053	\$ 0.7053	\$ 0.7053	\$ 0.75530
Maintenance	<u>0.1947</u>	<u>0.1947</u>	<u>0.1947</u>	<u>0.14470</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.9000</u>	<u>\$ 0.9000</u>	<u>\$ 0.9000</u>	<u>\$ 0.90000</u>
ADJUSTED TAX LEVY*	<u>\$ 4,049,870</u>	<u>\$ 3,849,648</u>	<u>\$ 3,483,693</u>	<u>\$ 3,003,445</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>98.63 %</u>	<u>99.84 %</u>	<u>99.93 %</u>	<u>99.94 %</u>

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

Maintenance Tax – Maximum tax rate of an unlimited amount per \$100 of assessed valuation approved by voters on September 11, 2004.

See accompanying independent auditor's report.

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 28, 2021**

SERIES - 2014 REFUNDING

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$ 255,000	\$ 70,600	\$ 325,600
2023	260,000	64,225	324,225
2024	265,000	57,725	322,725
2025	280,000	50,438	330,438
2026	285,000	42,038	327,038
2027	50,000	34,200	84,200
2028	55,000	32,450	87,450
2029	55,000	30,525	85,525
2030	55,000	28,600	83,600
2031	60,000	26,675	86,675
2032	60,000	24,575	84,575
2033	60,000	22,325	82,325
2034	65,000	20,075	85,075
2035	65,000	17,637	82,637
2036	70,000	15,200	85,200
2037	75,000	12,400	87,400
2038	75,000	9,400	84,400
2039	80,000	6,400	86,400
2040	80,000	3,200	83,200
2041			
2042			
2043			
2044			
2045			
2046			
	<u>\$ 2,250,000</u>	<u>\$ 568,688</u>	<u>\$ 2,818,688</u>

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 28, 2021

SERIES - 2016 REFUNDING

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$ 225,000	\$ 76,425	\$ 301,425
2023	230,000	71,925	301,925
2024	235,000	67,325	302,325
2025	245,000	62,625	307,625
2026	250,000	56,500	306,500
2027	255,000	50,250	305,250
2028	260,000	43,875	303,875
2029	270,000	37,375	307,375
2030	280,000	30,625	310,625
2031	285,000	23,625	308,625
2032	295,000	16,500	311,500
2033	305,000	8,387	313,387
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
	<u>\$ 3,135,000</u>	<u>\$ 545,437</u>	<u>\$ 3,680,437</u>

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 28, 2021

SERIES - 2016 ROAD

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$ 95,000	\$ 35,287	\$ 130,287
2023	95,000	33,388	128,388
2024	95,000	31,487	126,487
2025	100,000	29,588	129,588
2026	100,000	27,337	127,337
2027	105,000	25,088	130,088
2028	105,000	22,463	127,463
2029	110,000	19,838	129,838
2030	115,000	16,812	131,812
2031	120,000	13,650	133,650
2032	115,000	10,050	125,050
2033	120,000	6,600	126,600
2034	20,000	3,000	23,000
2035	20,000	2,400	22,400
2036	20,000	1,800	21,800
2037	20,000	1,200	21,200
2038	20,000	600	20,600
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
	<u>\$ 1,375,000</u>	<u>\$ 280,588</u>	<u>\$ 1,655,588</u>

See accompanying independent auditor's report.

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 28, 2021**

SERIES - 2016 ROAD REFUNDING

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$ 405,000	\$ 173,850	\$ 578,850
2023	430,000	161,700	591,700
2024	445,000	148,800	593,800
2025	455,000	135,450	590,450
2026	470,000	121,800	591,800
2027	490,000	107,700	597,700
2028	505,000	93,000	598,000
2029	525,000	77,850	602,850
2030	540,000	62,100	602,100
2031	570,000	45,900	615,900
2032	585,000	28,800	613,800
2033	360,000	11,250	371,250
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
	<u>\$ 5,780,000</u>	<u>\$ 1,168,200</u>	<u>\$ 6,948,200</u>

See accompanying independent auditor's report.

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 28, 2021**

S E R I E S - 2 0 1 7

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$ 125,000	\$ 118,419	\$ 243,419
2023	135,000	114,668	249,668
2024	140,000	110,619	250,619
2025	150,000	106,419	256,419
2026	155,000	101,918	256,918
2027	165,000	97,269	262,269
2028	175,000	91,906	266,906
2029	185,000	86,219	271,219
2030	195,000	80,206	275,206
2031	205,000	73,868	278,868
2032	215,000	66,950	281,950
2033	230,000	59,425	289,425
2034	240,000	51,375	291,375
2035	255,000	42,375	297,375
2036	270,000	32,813	302,813
2037	285,000	22,688	307,688
2038	300,000	12,000	312,000
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
	<u>\$ 3,425,000</u>	<u>\$ 1,269,137</u>	<u>\$ 4,694,137</u>

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 28, 2021

SERIES - 2018 ROAD

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$ 105,000	\$ 74,618	\$ 179,618
2023	110,000	69,368	179,368
2024	110,000	66,069	176,069
2025	115,000	63,868	178,868
2026	120,000	61,569	181,569
2027	120,000	59,169	179,169
2028	125,000	56,469	181,469
2029	130,000	53,500	183,500
2030	135,000	50,250	185,250
2031	140,000	46,537	186,537
2032	145,000	42,338	187,338
2033	150,000	37,806	187,806
2034	155,000	33,119	188,119
2035	160,000	28,275	188,275
2036	165,000	23,075	188,075
2037	175,000	17,713	192,713
2038	180,000	12,025	192,025
2039	190,000	6,175	196,175
2040			
2041			
2042			
2043			
2044			
2045			
2046			
	<u>\$ 2,530,000</u>	<u>\$ 801,943</u>	<u>\$ 3,331,943</u>

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 28, 2021

SERIES - 2019 ROAD

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$ 75,000	\$ 77,856	\$ 152,856
2023	75,000	76,356	151,356
2024	75,000	74,856	149,856
2025	75,000	73,356	148,356
2026	75,000	71,856	146,856
2027	75,000	70,356	145,356
2028	75,000	68,856	143,856
2029	75,000	67,075	142,075
2030	75,000	65,294	140,294
2031	75,000	63,513	138,513
2032	75,000	61,638	136,638
2033	75,000	59,763	134,763
2034	125,000	57,888	182,888
2035	130,000	54,763	184,763
2036	135,000	51,512	186,512
2037	140,000	47,800	187,800
2038	140,000	43,950	183,950
2039	145,000	39,750	184,750
2040	150,000	35,400	185,400
2041	155,000	30,900	185,900
2042	165,000	26,250	191,250
2043	170,000	21,300	191,300
2044	175,000	16,200	191,200
2045	180,000	10,950	190,950
2046	185,000	5,550	190,550
	<u>\$ 2,895,000</u>	<u>\$ 1,272,988</u>	<u>\$ 4,167,988</u>

See accompanying independent auditor's report.

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 28, 2021**

S E R I E S - 2 0 2 0

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$ 110,000	\$ 90,246	\$ 200,246
2023	120,000	88,046	208,046
2024	125,000	85,646	210,646
2025	130,000	83,146	213,146
2026	135,000	80,546	215,546
2027	145,000	77,846	222,846
2028	150,000	74,946	224,946
2029	160,000	71,946	231,946
2030	165,000	68,746	233,746
2031	175,000	65,446	240,446
2032	185,000	61,728	246,728
2033	190,000	57,565	247,565
2034	200,000	53,053	253,053
2035	210,000	48,303	258,303
2036	225,000	43,263	268,263
2037	235,000	37,356	272,356
2038	245,000	31,188	276,188
2039	260,000	24,450	284,450
2040	270,000	16,650	286,650
2041	285,000	8,550	293,550
2042			
2043			
2044			
2045			
2046			
	<u>\$ 3,720,000</u>	<u>\$ 1,168,666</u>	<u>\$ 4,888,666</u>

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 28, 2021

SERIES - 2020 REFUNDING

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$ 210,000	\$ 64,380	\$ 274,380
2023	205,000	60,180	265,180
2024	205,000	56,080	261,080
2025	200,000	51,980	251,980
2026	200,000	47,980	247,980
2027	195,000	43,980	238,980
2028	195,000	40,080	235,080
2029	190,000	36,180	226,180
2030	185,000	32,380	217,380
2031	180,000	28,680	208,680
2032	180,000	24,855	204,855
2033	175,000	20,805	195,805
2034	170,000	16,649	186,649
2035	170,000	12,611	182,611
2036	165,000	8,531	173,531
2037	160,000	4,200	164,200
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
	\$ 2,985,000	\$ 549,551	\$ 3,534,551

See accompanying independent auditor's report.

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 28, 2021**

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending February 28/29	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2022	\$ 1,605,000	\$ 781,681	\$ 2,386,681
2023	1,660,000	739,856	2,399,856
2024	1,695,000	698,607	2,393,607
2025	1,750,000	656,870	2,406,870
2026	1,790,000	611,544	2,401,544
2027	1,600,000	565,858	2,165,858
2028	1,645,000	524,045	2,169,045
2029	1,700,000	480,508	2,180,508
2030	1,745,000	435,013	2,180,013
2031	1,810,000	387,894	2,197,894
2032	1,855,000	337,434	2,192,434
2033	1,665,000	283,926	1,948,926
2034	975,000	235,159	1,210,159
2035	1,010,000	206,364	1,216,364
2036	1,050,000	176,194	1,226,194
2037	1,090,000	143,357	1,233,357
2038	960,000	109,163	1,069,163
2039	675,000	76,775	751,775
2040	500,000	55,250	555,250
2041	440,000	39,450	479,450
2042	165,000	26,250	191,250
2043	170,000	21,300	191,300
2044	175,000	16,200	191,200
2045	180,000	10,950	190,950
2046	185,000	5,550	190,550
	<u>\$ 28,095,000</u>	<u>\$ 7,625,198</u>	<u>\$ 35,720,198</u>

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED FEBRUARY 28, 2021

Description	Original Bonds Issued	Bonds Outstanding March 1, 2020
Denton County Fresh Water Supply District No. 11-A Unlimited Tax Bonds - Series 2006	\$ 4,960,000	\$ 1,370,000
Denton County Fresh Water Supply District No. 11-A Unlimited Tax Bonds - Series 2011	4,000,000	2,975,000
Denton County Fresh Water Supply District No. 11-A Unlimited Tax Refunding Bonds - Series 2014	3,330,000	2,495,000
Denton County Fresh Water Supply District No. 11-A Unlimited Tax Refunding Bonds - Series 2016	3,945,000	3,350,000
Denton County Fresh Water Supply District No. 11-A Unlimited Tax Road Bonds - Series 2016	1,725,000	1,470,000
Denton County Fresh Water Supply District No. 11-A Unlimited Tax Road Refunding Bonds - Series 2016	7,140,000	6,180,000
Denton County Fresh Water Supply District No. 11-A Unlimited Tax Bonds - Series 2017	3,900,000	3,545,000
Denton County Fresh Water Supply District No. 11-A Unlimited Tax Road Bonds - Series 2018	2,835,000	2,635,000
Denton County Fresh Water Supply District No. 11-A Unlimited Tax Road Bonds - Series 2019	2,970,000	2,970,000
Denton County Fresh Water Supply District No. 11-A Unlimited Tax Bonds - Series 2020	3,850,000	
Denton County Fresh Water Supply District No. 11-A Unlimited Tax Refunding Bonds - Series 2020	<u>3,150,000</u>	
TOTAL	<u>\$ 41,805,000</u>	<u>\$ 26,990,000</u>

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding February 28, 2021</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 1,370,000	\$ 33,156	\$ - 0 -	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	2,975,000	63,262	- 0 -	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	245,000	75,500	2,250,000	Bank of Texas Dallas, TX
	215,000	80,725	3,135,000	BOKF, N.A. Austin, TX
	95,000	37,188	1,375,000	BOKF, N.A. Austin, TX
	400,000	181,850	5,780,000	BOKF, N.A. Austin, TX
	120,000	124,419	3,425,000	BOKF, N.A. Dallas, TX
	105,000	79,869	2,530,000	BOKF, N.A. Dallas, TX
	75,000	55,990	2,895,000	BOKF, N.A. Dallas, TX
3,850,000	130,000	26,048	3,720,000	BOKF, N.A. Dallas, TX
<u>3,150,000</u>	<u>165,000</u>	<u>18,988</u>	<u>2,985,000</u>	BOKF, N.A. Dallas, TX
<u>\$ 7,000,000</u>	<u>\$ 5,895,000</u>	<u>\$ 776,995</u>	<u>\$ 28,095,000</u>	

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED FEBRUARY 28, 2021

Bond Authority:	Tax Bonds (Utilities)	Refunding Bonds	Road Bonds
Amount Authorized by Voters	\$ 32,500,000	\$ 94,800,000	\$ 30,700,000
Amount Issued	16,390,000	7,440,000	21,830,000
Remaining to be Issued	\$ 16,110,000	\$ 87,360,000	\$ 8,870,000
Debt Service Fund cash, investments and cash with paying agent balances as of February 28, 2021:			\$ 6,109,678
Average annual debt service payment (principal and interest) for remaining term of all debt:			\$ 1,428,808

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

See accompanying independent auditor's report.

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DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2021	2020	2019
REVENUES			
Property Taxes	\$ 872,434	\$ 830,930	\$ 748,774
Water Service	1,186,693	1,013,296	997,168
Wastewater Service	1,025,020	880,479	823,063
Fire Protection Service	179,549	158,090	151,430
Franchise Fees	141,428	143,034	133,341
Penalty and Interest	19,200	38,376	35,192
Permit Fees	79,350	118,500	131,350
Investment and Miscellaneous Revenues	85,417	171,607	73,564
TOTAL REVENUES	\$ 3,589,091	\$ 3,354,312	\$ 3,093,882
EXPENDITURES			
Professional Fees	\$ 194,235	\$ 182,509	\$ 151,512
Contracted Services	2,036,514	1,456,493	949,153
Purchase Water Service	921,749	863,961	828,048
Purchase Wastewater Service	542,840	564,030	396,606
Repairs and Maintenance	84,292	85,507	73,124
Other	57,225	118,607	66,136
Capital Outlay	45,621	21,443	19,001
TOTAL EXPENDITURES	\$ 3,882,476	\$ 3,292,550	\$ 2,483,580
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (293,385)	\$ 61,762	\$ 610,302
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	\$ 52,310	\$ - 0 -	\$ (102,738)
NET CHANGE IN FUND BALANCE	\$ (241,075)	\$ 61,762	\$ 507,564
BEGINNING FUND BALANCE	2,438,511	2,376,749	1,869,185
ENDING FUND BALANCE	\$ 2,197,436	\$ 2,438,511	\$ 2,376,749

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2018	2017	2021	2020	2019	2018	2017
\$ 480,289	\$ 270,080	24.3 %	24.9 %	24.3 %	18.0 %	11.4 %
941,923	949,499	33.1	30.2	32.2	35.3	40.3
786,880	740,546	28.6	26.2	26.6	29.5	31.4
140,063	130,958	5.0	4.7	4.9	5.3	5.6
109,801	104,508	3.9	4.3	4.3	4.1	4.4
34,554	22,081	0.5	1.1	1.1	1.3	0.9
55,050	110,000	2.2	3.5	4.2	2.1	4.7
117,048	30,867	2.4	5.1	2.4	4.4	1.3
<u>\$ 2,665,608</u>	<u>\$ 2,358,539</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 147,267	\$ 141,405	5.4 %	5.4 %	4.9 %	5.5 %	6.0 %
853,135	760,524	56.7	43.4	30.7	32.0	32.2
788,628	701,242	25.7	25.8	26.8	29.6	29.7
331,902	281,519	15.1	16.8	12.8	12.5	11.9
246,966	211,631	2.3	2.5	2.4	9.3	9.0
63,925	84,449	1.6	3.5	2.1	2.4	3.6
39,820	201,161	1.3	0.6	0.6	1.5	8.5
<u>\$ 2,471,643</u>	<u>\$ 2,381,931</u>	<u>108.1 %</u>	<u>98.0 %</u>	<u>80.3 %</u>	<u>92.8 %</u>	<u>100.9 %</u>
<u>\$ 193,965</u>	<u>\$ (23,392)</u>	<u>(8.1) %</u>	<u>2.0 %</u>	<u>19.7 %</u>	<u>7.2 %</u>	<u>(0.9) %</u>
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>					
\$ 193,965	\$ (23,392)					
<u>1,675,220</u>	<u>1,698,612</u>					
<u>\$ 1,869,185</u>	<u>\$ 1,675,220</u>					

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2021	2020	2019
REVENUES			
Property Taxes	\$ 3,012,349	\$ 2,720,696	\$ 2,523,044
Investment and Miscellaneous Revenues	29,341	100,297	76,192
TOTAL REVENUES	\$ 3,041,690	\$ 2,820,993	\$ 2,599,236
EXPENDITURES			
Tax Collection Expenditures	\$ 25,462	\$ 65,709	\$ 22,229
Debt Service Principal	2,920,000	1,320,000	1,285,000
Debt Service Interest, Fees, Bond Issuance Costs	951,767	805,338	810,425
TOTAL EXPENDITURES	\$ 3,897,229	\$ 2,191,047	\$ 2,117,654
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (855,539)	\$ 629,946	\$ 481,582
OTHER FINANCING SOURCES (USES)			
Transfers In	\$	\$ 1,629	\$ 73,424
Proceeds from Issuance of Long-Term Debt	3,150,000		
Transfer to Refunding Bond Escrow Agent	(2,989,502)		
Bond Discount			
Bond Premium			
TOTAL OTHER FINANCING SOURCES (USES)	\$ 160,498	\$ 1,629	\$ 73,424
NET CHANGE IN FUND BALANCE	\$ (695,041)	\$ 631,575	\$ 555,006
BEGINNING FUND BALANCE	3,674,470	3,042,895	2,487,889
ENDING FUND BALANCE	\$ 2,979,429	\$ 3,674,470	\$ 3,042,895
TOTAL ACTIVE RETAIL WATER CONNECTIONS	1,716	1,657	1,576
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	1,696	1,634	1,559

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2018	2017	2021	2020	2019	2018	2017
\$ 2,479,567	\$ 2,219,502	99.0 %	96.4 %	97.1 %	98.7 %	99.9 %
<u>33,918</u>	<u>1,309</u>	<u>1.0</u>	<u>3.6</u>	<u>2.9</u>	<u>1.3</u>	<u>0.1</u>
\$ 2,513,485	\$ 2,220,811	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 17,293	\$ 2,250	0.8 %	2.3 %	0.9 %	0.7 %	0.1 %
1,210,000	1,255,000	96.0	46.8	49.4	48.1	56.5
<u>712,850</u>	<u>1,338,924</u>	<u>31.3</u>	<u>28.5</u>	<u>31.2</u>	<u>28.4</u>	<u>60.3</u>
\$ 1,940,143	\$ 2,596,174	<u>128.1 %</u>	<u>77.6 %</u>	<u>81.5 %</u>	<u>77.2 %</u>	<u>116.9 %</u>
\$ 573,342	\$ (375,363)	<u>(28.1) %</u>	<u>22.4 %</u>	<u>18.5 %</u>	<u>22.8 %</u>	<u>(16.9) %</u>
\$	\$					
	11,085,000					
	(10,723,582)					
	(29,826)					
	<u>137,795</u>					
\$ - 0 -	\$ 469,387					
\$ 573,342	\$ 94,024					
<u>1,914,547</u>	<u>1,820,523</u>					
\$ 2,487,889	\$ 1,914,547					
<u>1,511</u>	<u>1,466</u>					
<u>1,495</u>	<u>1,450</u>					

See accompanying independent auditor's report.

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
FEBRUARY 28, 2021**

District Mailing Address - Denton County Fresh Water Supply District No. 11-A
c/o Crawford & Jordan LLP
19 Briar Hollow Lane, Suite 245
Houston, TX 77027

District Telephone Number - (713) 621-3707

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended <u>February 28, 2021</u>	Expense Reimbursements for the year ended <u>February 28, 2021</u>	<u>Title</u>
Cynthia Carmack	05/18 05/22 (Elected)	\$ 4,050	\$ -0-	President/ Treasurer
Mitchell Page, Jr.	05/18 05/22 (Elected)	\$ 2,475	\$ -0-	Vice President
Nikki Gantzert	06/20 05/24 (Appointed)	\$ 1,950	\$ -0-	Secretary
Cheri Miles	05/18 05/22 (Appointed)	\$ 1,200	\$ -0-	Assistant Secretary
Becky Hix	01/21 05/24 (Appointed)	\$ 900	\$ -0-	Director

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

Submission date of most recent District Registration Form: June 21, 2021

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution on April 21, 2005. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-A
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
FEBRUARY 28, 2021**

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended February 28, 2021</u>	<u>Title</u>
Crawford & Jordan LLP	11/11/03	\$ 95,169	General Counsel
McCall, Parkhurst & Horton, LLP	11/11/03	\$ 151,068	Bond/Disclosure Counsel
McCall Gibson Swedlund Barfoot PLLC	12/17/02	\$ 20,000 \$ 13,000	Auditor AUP/Other Services
Dye & Toverly, LLC	07/20/06	\$ 46,909	Bookkeeper
Petitt & Associates, LLC	02/20/01	\$ 73,401	Engineer
Kathi Dye	10/26/13	\$ -0-	Investment Officer
Specialized Public Finance, Inc.	05/22/13	\$ 96,575	Financial Advisor
Mustang Special Utility District	02/22/02	\$ 629,278	Operator

See accompanying independent auditor's report.

