

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-B**

**DENTON COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**FEBRUARY 28, 2021**

**McCALL GIBSON SWEDLUND BARFOOT PLLC**  
Certified Public Accountants



**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-B**

**DENTON COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**FEBRUARY 28, 2021**



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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Denton County Fresh Water Supply District No. 11-B  
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-B (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*

McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

June 15, 2021



**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-B  
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-B'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 the District's assets, liabilities, and, if applicable, deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District 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 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-B  
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 basic 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, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$2,124,997 as of February 28, 2021. The following is a comparative analysis of government-wide changes in the Statement of Net Position as of February 28, 2021, and February 29, 2020:

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-B  
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	\$ 4,924,289	\$ 5,095,016	\$ (170,727)
Capital Assets (Net of Accumulated Depreciation)	<u>15,416,387</u>	<u>15,773,965</u>	<u>(357,578)</u>
Total Assets	<u>\$ 20,340,676</u>	<u>\$ 20,868,981</u>	<u>\$ (528,305)</u>
Deferred Outflows of Resources	<u>\$ 77,227</u>	<u>\$ 81,685</u>	<u>\$ (4,458)</u>
Due to Developers	\$ 1,487,766	\$ 1,487,766	\$
Bonds Payable	19,147,055	19,634,206	487,151
Other Liabilities	<u>647,296</u>	<u>644,409</u>	<u>(2,887)</u>
Total Liabilities	<u>\$ 21,282,117</u>	<u>\$ 21,766,381</u>	<u>\$ 484,264</u>
Deferred Inflows of Resources	<u>\$ 1,260,783</u>	<u>\$ 1,337,158</u>	<u>\$ 76,375</u>
Net Position:			
Net Investment in Capital Assets	\$ (3,148,328)	\$ (3,283,466)	\$ 135,138
Restricted	575,659	392,611	183,048
Unrestricted	<u>447,672</u>	<u>737,982</u>	<u>(290,310)</u>
Total Net Position	<u>\$ (2,124,997)</u>	<u>\$ (2,152,873)</u>	<u>\$ 27,876</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	\$ 2,082,957	\$ 1,408,967	\$ 673,990
Charges for Services	1,357,564	1,250,109	107,455
Other Revenues	<u>79,644</u>	<u>158,333</u>	<u>(78,689)</u>
Total Revenues	<u>\$ 3,520,165</u>	<u>\$ 2,817,409</u>	<u>\$ 702,756</u>
Expenses for Services	<u>3,492,289</u>	<u>3,467,735</u>	<u>(24,554)</u>
Change in Net Position	\$ 27,876	\$ (650,326)	\$ 678,202
Net Position, Beginning of Year	<u>(2,152,873)</u>	<u>(1,502,547)</u>	<u>(650,326)</u>
Net Position, End of Year	<u>\$ (2,124,997)</u>	<u>\$ (2,152,873)</u>	<u>\$ 27,876</u>

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-B  
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 \$3,329,951, a decrease of \$123,705 from the prior year.

The General Fund fund balance decreased by \$295,417, primarily due to current year operating expenditures exceeding property tax revenues and service revenues.

The Debt Service Fund fund balance increased by \$161,689, primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund fund balance increased by \$10,023.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Directors adopted an unappropriated budget for the current fiscal year. The budget was amended to better reflect estimated property tax revenues, service revenues and contracted service costs. Actual revenues were less than budgeted revenues by \$57,114 and actual expenditures were less than budgeted expenditures by \$126,019 which resulted in a positive variance of \$68,905. See the budget to actual comparison for more detail.

**CAPITAL ASSETS**

Capital assets as of February 28, 2021, total \$15,416,387 (net of accumulated depreciation) and include roads as well as the water, wastewater and drainage systems.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2021	2020	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 911,356	\$ 911,356	\$
Capital Assets, Net of Accumulated Depreciation:			
Water System	1,952,310	1,978,181	(25,871)
Wastewater System	4,339,952	4,453,503	(113,551)
Drainage System	1,380,430	1,416,855	(36,425)
Roads	6,832,339	7,014,070	(181,731)
<b>Total Net Capital Assets</b>	<b>\$ 15,416,387</b>	<b>\$ 15,773,965</b>	<b>\$ (357,578)</b>

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

**LONG-TERM DEBT**

As of February 28, 2021, the District had total bond debt payable of \$19,300,000. The changes in the debt position of the District during the year ended February 28, 2021, are summarized as follows:

Bond Debt Payable, March 1, 2020	\$ 19,795,000
Less: Bond Principal Paid	<u>495,000</u>
Bond Debt Payable, February 28, 2021	<u><u>\$ 19,300,000</u></u>

The District’s Series 2011, Series 2014, Series 2014 Road bonds and Series 2015 Road bonds were not rated for the current nor prior fiscal years. The Series 2016, Series 2018 Road, Series 2019, and Series 2019 Road Refunding bonds carry underlying ratings of “Baa2”. The insured rating was withdrawn for the Series 2016 bonds while the Series 2018 Road and Series 2019 bonds carry insured ratings of “AA/A2” by virtue of bond issuance issued by Assured Guaranty Municipal Corporation. The Series 2019 Road Refunding bonds carry an insured rating of “AA” by virtue of bond insurance assured by Build America Mutual Assurance Company. Such ratings reflect changes through February 28, 2021.

**CONTACTING THE DISTRICT’S MANAGEMENT**

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

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

	General Fund	Debt Service Fund
<b>ASSETS</b>		
Cash	\$ 725,650	\$ 405,388
Investments	1,431,911	1,738,328
Receivables:		
Property Taxes	10,866	18,766
Service Accounts	64,140	
Prepaid Costs	24,127	
Land		
Capital Assets (Net of Accumulated Depreciation)		
<b>TOTAL ASSETS</b>	<b>\$ 2,256,694</b>	<b>\$ 2,162,482</b>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Charges on Refunding Bonds	\$ -0-	\$ -0-
 <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 2,256,694</b>	<b>\$ 2,162,482</b>

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>
\$ 157,031	\$ 1,288,069	\$	\$ 1,288,069
348,082	3,518,321		3,518,321
	29,632		29,632
	64,140		64,140
	24,127		24,127
		911,356	911,356
		14,505,031	14,505,031
\$ 505,113	\$ 4,924,289	\$ 15,416,387	\$ 20,340,676
\$ -0-	\$ -0-	\$ 77,227	\$ 77,227
\$ 505,113	\$ 4,924,289	\$ 15,493,614	\$ 20,417,903

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

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

	General Fund	Debt Service Fund
<b>LIABILITIES</b>		
Accounts Payable	\$ 212,964	\$ 400
Accrued Interest Payable		
Due to Developers		
Security Deposits	108,292	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
<b>TOTAL LIABILITIES</b>	\$ 321,256	\$ 400
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	\$ 10,866	\$ 1,261,816
<b>FUND BALANCES</b>		
Nonspendable: Prepaid Costs	\$ 24,127	\$
Restricted for Authorized Construction		
Restricted for Debt Service		900,266
Unassigned	1,900,445	
<b>TOTAL FUND BALANCES</b>	\$ 1,924,572	\$ 900,266
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	\$ 2,256,694	\$ 2,162,482
<b>NET POSITION</b>		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
<b>TOTAL NET POSITION</b>		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$	\$ 213,364	\$	\$ 213,364
		325,640	325,640
		1,487,766	1,487,766
	108,292		108,292
		630,000	630,000
		18,517,055	18,517,055
<u>\$ -0-</u>	<u>\$ 321,656</u>	<u>\$ 20,960,461</u>	<u>\$ 21,282,117</u>
<u>\$ -0-</u>	<u>\$ 1,272,682</u>	<u>\$ (11,899)</u>	<u>\$ 1,260,783</u>
\$	\$ 24,127	\$ (24,127)	\$
505,113	505,113	(505,113)	
	900,266	(900,266)	
	1,900,445	(1,900,445)	
<u>\$ 505,113</u>	<u>\$ 3,329,951</u>	<u>\$ (3,329,951)</u>	<u>\$ -0-</u>
<u>\$ 505,113</u>	<u>\$ 4,924,289</u>		
		\$ (3,148,328)	\$ (3,148,328)
		575,659	575,659
		447,672	447,672
		<u>\$ (2,124,997)</u>	<u>\$ (2,124,997)</u>

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

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

Total Fund Balances - Governmental Funds		\$ 3,329,951
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Interest paid in advance as part of a refunding bond sale is recorded as deferred outflows of resources in the governmental activities and systematically charged to interest expense over the remaining life of the new debt or the old debt, whichever is shorter.		77,227
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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.		15,416,387
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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 are recorded as revenue in governmental activities.		11,899
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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 Developers	\$ (1,487,766)	
Accrued Interest Payable	(325,640)	
Bonds Payable	<u>(19,147,055)</u>	<u>(20,960,461)</u>
Total Net Position - Governmental Activities		<u>\$ (2,124,997)</u>

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-B**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED FEBRUARY 28, 2021**

	<u>General Fund</u>	<u>Debt Service Fund</u>
<b>REVENUES</b>		
Property Taxes	\$ 732,059	\$ 1,344,782
Water Service	619,766	
Wastewater Service	540,706	
Fire Protection Service	111,733	
Franchise Fees	55,509	
Penalty and Interest	12,400	
Permit Fees	17,450	
Investment and Miscellaneous Revenues	<u>61,480</u>	<u>8,121</u>
<b>TOTAL REVENUES</b>	<u>\$ 2,151,103</u>	<u>\$ 1,352,903</u>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Professional Fees	\$ 133,540	\$
Contracted Services	1,126,495	16,479
Purchased Water Service	685,854	
Purchased Wastewater Service	402,985	
Repairs and Maintenance	21,601	
Depreciation		
Other	46,372	10
Capital Outlay	29,673	
Debt Service:		
Bond Principal		495,000
Bond Interest		<u>679,725</u>
<b>TOTAL EXPENDITURES/EXPENSES</b>	<u>\$ 2,446,520</u>	<u>\$ 1,191,214</u>
<b>NET CHANGE IN FUND BALANCES</b>	\$ (295,417)	\$ 161,689
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION - MARCH 1, 2020</b>	<u>2,219,989</u>	<u>738,577</u>
<b>FUND BALANCES/NET POSITION - FEBRUARY 28, 2021</b>	<u>\$ 1,924,572</u>	<u>\$ 900,266</u>

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$	\$ 2,076,841	\$ 6,116	\$ 2,082,957
	619,766		619,766
	540,706		540,706
	111,733		111,733
	55,509		55,509
	12,400		12,400
	17,450		17,450
10,043	79,644		79,644
<u>\$ 10,043</u>	<u>\$ 3,514,049</u>	<u>\$ 6,116</u>	<u>\$ 3,520,165</u>
\$	\$ 133,540	\$	\$ 133,540
	1,142,974		1,142,974
	685,854		685,854
	402,985		402,985
	21,601		21,601
		387,251	387,251
20	46,402		46,402
	29,673	(29,673)	
	495,000	(495,000)	
	679,725	(8,043)	671,682
<u>\$ 20</u>	<u>\$ 3,637,754</u>	<u>\$ (145,465)</u>	<u>\$ 3,492,289</u>
\$ 10,023	\$ (123,705)	\$ 123,705	\$
		27,876	27,876
495,090	3,453,656	(5,606,529)	(2,152,873)
<u>\$ 505,113</u>	<u>\$ 3,329,951</u>	<u>\$ (5,454,948)</u>	<u>\$ (2,124,997)</u>

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

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-B  
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	\$	(123,705)
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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.		6,116
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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.		(387,251)
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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.		29,673
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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.		495,000
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Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.		8,043
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Change in Net Position - Governmental Activities	\$	<u>27,876</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-B**  
**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”). At an election held on January 20, 2001, 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-B (“Original District 11-B”) was one. At an election held within the boundaries of Original District 11-B on November 8, 2005, voters approved the division of Original District 11-B into two districts consisting of Denton County Fresh Water Supply District No. 11-B (the “District”) and Denton County Fresh Water Supply District No. 11-C (“District 11-C”). The District held its first meeting on November 17, 2005. Pursuant to the provisions of Chapters 49, 51 and 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-B**  
**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 – 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 – 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-B**  
**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 financial statements. The fund financial 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 each to be a major fund.

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.

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-B**  
**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 collections of the 2020 and prior maintenance tax levies and the 2019 and prior debt service tax levies. Recognition of tax revenues from the 2020 debt service tax levy has been deferred to the upcoming fiscal year to more closely match the timing of the debt service payments.

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.

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, Wastewater and Drainage Systems	10-45
Roads	45

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-B**  
**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 budgeted 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. Fund balances in governmental funds are classified using the following hierarchy:

*Nonspendable*: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

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

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

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

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement Focus (Continued)

*Assigned:* amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances and does not have any assigned fund balances.

*Unassigned:* all other spendable amounts in the General Fund.

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

Accounting Estimates

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

**NOTE 3. LONG-TERM DEBT**

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	\$ 19,795,000	\$	\$ 495,000	\$ 19,300,000
Unamortized Discounts	(239,527)		(11,955)	(227,572)
Unamortized Premiums	78,733		4,106	74,627
Bonds Payable, Net	<u>\$ 19,634,206</u>	<u>\$ -0-</u>	<u>\$ 487,151</u>	<u>\$ 19,147,055</u>
			Amount Due Within One Year	\$ 630,000
			Amount Due After One Year	<u>18,517,055</u>
			Bonds Payable, Net	<u>\$ 19,147,055</u>

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

**NOTE 3. LONG-TERM DEBT (Continued)**

	Road Series 2011	Series 2014	Road Series 2014	Road Series 2015
Amount Outstanding – February 28, 2021	\$70,000	\$1,740,000	\$1,905,000	\$2,960,000
Interest Rates	4.375%	3.10% - 4.50%	2.75% - 4.125%	2.25% - 3.875%
Maturity Dates – Serially Beginning/Ending	September 1, 2021	September 1, 2021/2038	September 1, 2021/2039	September 1, 2021/2040
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2019*	September 1, 2022*	September 1, 2022*	September 1, 2023*
	Series 2016	Road Series 2018	Series 2019	Road Refunding Series 2019
Amount Outstanding – February 28, 2021	\$2,975,000	\$3,125,000	\$4,310,000	\$2,215,000
Interest Rates	2.00% - 3.00%	3.00% - 5.50%	2.00% - 3.375%	2.00% - 4.00%
Maturity Dates – Serially Beginning/Ending	September 1, 2021/2040	September 1, 2021/2043	September 1, 2021/2044	September 1, 2021/2038
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2024*	September 1, 2023*	September 1, 2024*	September 1, 2028*

\* On 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, 2034, and 2038, are subject to mandatory redemption beginning September 1, 2033, and 2035, respectively. The Series 2014 Road term bonds maturing on September 1, 2037, and 2039, are subject to mandatory redemption beginning September 1, 2036, and 2038, respectively. The Series 2015 Road term bonds maturing on September 1, 2026, 2028, 2030, 2032, 2034, 2036, 2038, and 2040 are subject to mandatory redemption beginning September 1, 2025, 2027, 2029, 2031, 2033, 2035, 2037 and 2039, respectively. The Series 2016 term bonds maturing on September 1, 2026, 2028, 2030, 2033, and 2040, are subject to mandatory redemption beginning September 1, 2025, 2027, 2029, 2031, and 2039, respectively. The Series 2018 term bonds maturing on September 1, 2031, 2035, 2037, 2039, and 2043 are subject to mandatory redemption beginning September 1, 2030, 2034, 2036, 2038, and 2040, respectively. The Series 2019 term bonds maturing on September 1, 2034, 2036, and 2038, are subject to mandatory redemption beginning September 1, 2033, 2035, and 2037, respectively. The Series 2019 Road term bonds maturing on September 1, 2030, 2032, 2034, 2036, and 2038, are subject to mandatory redemption beginning September 1, 2029, , 2031, 2033, 2035, and, 2037, respectively.

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

**NOTE 3. LONG-TERM DEBT (Continued)**

As of February 28, 2021, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ 630,000	\$ 651,278	\$ 1,281,278
2023	650,000	631,401	1,281,401
2024	675,000	611,670	1,286,670
2025	705,000	590,661	1,295,661
2026	725,000	569,911	1,294,911
2027-2031	4,085,000	2,520,057	6,605,057
2032-2036	4,960,000	1,771,852	6,731,852
2037-2041	5,245,000	826,495	6,071,495
2042-2045	1,625,000	137,768	1,762,768
	<u>\$ 19,300,000</u>	<u>\$ 8,311,093</u>	<u>\$ 27,611,093</u>

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.

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 total ad valorem debt service tax rate of \$0.585 per \$100 of assessed valuation which resulted in a tax levy of \$1,260,783 on the adjusted taxable valuation of \$215,518,521 for the 2020 tax year. The entire 2020 tax levy has been deferred to meet the debt service costs of the next fiscal 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.

As of February 28, 2021, the District had authorized but unissued bonds in the amount of \$15,900,000 for water, sewer and drainage facilities, \$18,015,000 for roads and \$55,040,000 for refunding purposes.

**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.



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

**NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS**  
(Continued)

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.

**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 \$1,537,902 and the bank balance was \$1,544,738. 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	\$ 725,650	\$ 182,598	\$ 908,248
DEBT SERVICE FUND	405,388		405,388
CAPITAL PROJECTS FUND	157,031	67,235	224,266
TOTAL DEPOSITS	\$ 1,288,069	\$ 249,833	\$ 1,537,902

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

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

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Investments (Continued)

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

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

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
LOGIC	\$ 703,438	\$ 703,438
TexSTAR	545,875	545,875
Certificate of Deposit	182,598	182,598
<u>DEBT SERVICE FUND</u>		
LOGIC	1,036,209	1,036,209
TexSTAR	702,119	702,119
<u>CAPITAL PROJECTS FUND</u>		
LOGIC	193,815	193,815
TexSTAR	87,032	87,032
Certificate of Deposit	67,235	67,235
<b>TOTAL INVESTMENTS</b>	<b>\$ 3,518,321</b>	<b>\$ 3,518,321</b>

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. There are no limitations or restrictions on withdrawals from LOGIC. The District measures its investments in LOGIC at amortized cost and certificates of deposit at acquisition cost.

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

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Investments (Continued)

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.

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 investment in LOGIC and TexSTAR was rated AAAM by Standard and Poor’s. The District 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 manages interest rate risk by investing in certificates of deposit with maturities of less than one year.

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-B**  
**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
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 911,356	\$ -0-	\$ -0-	\$ 911,356
<b>Capital Assets Subject to Depreciation</b>				
Water System	\$ 2,331,220	\$ 29,673	\$ -	\$ 2,360,893
Wastewater System	5,000,164			5,000,164
Drainage System	1,639,143			1,639,143
Roads	8,177,893			8,177,893
<b>Total Capital Assets Subject to Depreciation</b>	<u>\$ 17,148,420</u>	<u>\$ 29,673</u>	<u>\$ -0-</u>	<u>\$ 17,178,093</u>
<b>Less Accumulated Depreciation</b>				
Water System	\$ 353,039	\$ 55,544	\$ -	\$ 408,583
Wastewater System	546,661	113,551		660,212
Drainage System	222,288	36,425		258,713
Roads	1,163,823	181,731		1,345,554
<b>Total Accumulated Depreciation</b>	<u>\$ 2,285,811</u>	<u>\$ 387,251</u>	<u>\$ -0-</u>	<u>\$ 2,673,062</u>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 14,862,609</u>	<u>\$ (357,578)</u>	<u>\$ -0-</u>	<u>\$ 14,505,031</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 15,773,965</u>	<u>\$ (357,578)</u>	<u>\$ -0-</u>	<u>\$ 15,416,387</u>

**NOTE 7. MAINTENANCE TAX**

On May 12, 2007, voters of the District approved the levy and collection of a maintenance tax of an unlimited rate on all taxable property within the District. The maintenance tax will be used for maintenance and other authorized purposes including, but not limited to, planning, constructing, acquiring, maintaining, repairing and operating all necessary land, works, improvements, facilities, plants, equipment and appliances, and for the payment of proper services, engineering fees, legal fees, and organization 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 \$0.345 per \$100 of assessed valuation, which resulted in a tax levy of \$743,539 on the adjusted taxable valuation of \$215,518,521 for the 2020 tax year.

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

**NOTE 8. CONTRACT TAX**

On May 12, 2007, the voters of the District approved the levy and collection of an annual contract tax at an unlimited rate imposed on all taxable property within the boundaries of the District. Upon approval of the Texas Commission on Environmental Quality, the contract tax may be levied in a sufficient amount to make payments under the Joint Utility Contract (see Note 12) to the extent other funds are not available 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, Denton County Fresh Water Supply District No. 11-A (District 11-A) 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. District 11-A, as a Participating Customer, is not entitled to appoint a representative to the Board; however, District 11-A 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 District 11-A’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 District 11-A resulting in District 11-A’s current minimum demand amount totaling 3.30 MGD. District 11-A 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. District 11-A 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 District 11-A 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-B**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FEBRUARY 28, 2021**

**NOTE 9. WATER SUPPLY AGREEMENT (Continued)**

Upper Trinity Regional Water District Regional Treated Water System Participating Customer Contract (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. District 11-A 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, Denton County Fresh Water Supply District No. 11-A (District 11-A) executed an agreement (the "UTRWD Wastewater Agreement") with the UTRWD to provide wastewater treatment service to District 11-A 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 and District 11-A's Developer advanced monies on behalf of the Districts 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. District 11-A, as a Participating Customer, is not entitled to appoint a representative to the Board; however, District 11-A 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, District 11-A 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 an expansion to UTRWD's Riverbend wastewater treatment facility. District 11-A is required to pay based on 0.716 MGD minimum flow basis of wastewater, whether or not District 11-A actually delivers this amount of wastewater to the UTRWD, to assure adequate funds to the UTRWD to fulfill its obligations under the contract. District 11-A began payment based on 0.716 MGD minimum flow basis when the expansion was completed and the additional 0.262 MGD capacity was physically available.

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

**NOTE 10. SEWAGE TREATMENT SERVICE AGREEMENT (Continued)**

Upper Trinity Regional Water District Northeast Regional Water Reclamation System  
Participating Customer Contract (Continued)

Payments are comprised of an operation and maintenance component, a capital component and a volume component. Annual budgets are prepared for the system. District 11-A pays its part of the annual requirement in monthly installments. The wastewater treatment capacity allocated to District 11-A 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.

**NOTE 11. WATER AND SEWER SERVICE AGREEMENT**

On June 18, 2001, Denton County Fresh Water Supply District No. 11-A (District 11-A) 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 a portion of the areas within the District.

Effective September 1, 2008, the District entered into an Agreement Relating to Water and Sanitary Sewer Service with Mustang. The purpose of this agreement is to (1) facilitate the provisions of wholesale water supply and wastewater treatment services to the District by the UTRWD (through District 11-A), 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.

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

**NOTE 11. WATER AND SEWER SERVICE AGREEMENT (Continued)**

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.

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 District 11-A entered into a Joint Utility Contract. District 11-A has entered into the UTRWD contracts, see Notes 9 and 10, on behalf of itself and the District and any additional contract service areas that may request utility services. In relation to the UTRWD contracts, the UTRWD will look solely to District 11-A to fulfill the obligations of the contracts. This agreement establishes the pro rata allocation of the water and wastewater service capacity and 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. In relation to the Mustang contracts, District 11-A will be responsible for all costs as outlined in the agreements until such time as District 11-A 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.



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

**NOTE 12. JOINT UTILITY CONTRACT (Continued)**

On November 1, 2006, the District, District 8-A, District 11-A 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.

Effective March 1, 2011, the District, District 11-A 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-A and District 11-C entered into a Fifth Amendment to Merged, Amended and Restated Joint Utility Contract.

Effective March 1, 2019, the District, District 11-A 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, the District was allocated 0.076 MGD of wastewater treatment capacity, District 11-A 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 District 11-A being allocated 0.331 MGD of wastewater treatment capacity, the District 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, District 11-A is allocated 1.529 MGD under this Sixth Amendment, the District is allocated 1.260 MGD and District 11-C is allocated 0.511 MGD.

Effective April 17, 2012, the District, District 11-A 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.

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

**NOTE 12. JOINT UTILITY CONTRACT (Continued)**

During the current fiscal year, the District recorded expenditures of \$685,854 and \$402,985, 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, as well as operating advances 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 resources.

**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 changes in coverage 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-A, 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.

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

**NOTE 15. FIRE PROTECTION SERVICES AGREEMENT (Continued)**

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-A, 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.

As of May 30, 2019, the District and District Nos. 8-A, 8-B, 11-A 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. 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. During the current fiscal year, the District recorded expenditures of \$458,324 related to its share of law enforcement services.

**NOTE 17. AGREEMENT REGARDING ALLOCATION OF WHOLESALE WATER AND WASTEWATER VOLUME CHARGES**

Effective May 1, 2016, District 11-A 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-A 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-B**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FEBRUARY 28, 2021**

**NOTE 17. 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 18. 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.

**NOTE 19. SUBSEQUENT EVENT - BOND SALE**

On June 16, 2021, subsequent to year-end, the District closed on the sale of its \$2,470,000 Unlimited Tax Road Bonds, Series 2021. Proceeds of the bonds were used to reimburse the developer for costs associated with the construction and engineering for road improvements serving Northlake Estates Phase 2, including paving, grading and related drainage. Proceeds were also used to pay developer interest and bond issuance costs.

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-B**

**REQUIRED SUPPLEMENTARY INFORMATION**

**FEBRUARY 28, 2021**



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

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 504,006	\$ 745,946	\$ 732,059	\$ (13,887)
Water Service	616,589	647,965	619,766	(28,199)
Wastewater Service	501,806	514,929	540,706	25,777
Fire Protection Service	87,360	113,563	111,733	(1,830)
Franchise Fees	59,228	55,693	55,509	(184)
Penalty and Interest	24,224	14,266	12,400	(1,866)
Permit Fees	69,600	52,250	17,450	(34,800)
Investment and Miscellaneous Revenues	<u>77,365</u>	<u>63,605</u>	<u>61,480</u>	<u>(2,125)</u>
<b>TOTAL REVENUES</b>	<u>\$ 1,940,178</u>	<u>\$ 2,208,217</u>	<u>\$ 2,151,103</u>	<u>\$ (57,114)</u>
<b>EXPENDITURES</b>				
Service Operations:				
Professional Fees	\$ 173,800	\$ 173,800	\$ 133,540	\$ 40,260
Contracted Services	980,214	1,160,399	1,126,495	33,904
Purchased Water Service	706,036	705,089	685,854	19,235
Purchased Wastewater Service	431,696	426,927	402,985	23,942
Repairs and Maintenance	18,240	24,040	21,601	2,439
Other	48,439	52,465	46,372	6,093
Capital Outlay	<u>                    </u>	<u>29,819</u>	<u>29,673</u>	<u>146</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,358,425</u>	<u>\$ 2,572,539</u>	<u>\$ 2,446,520</u>	<u>\$ 126,019</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ (418,247)	\$ (364,322)	\$ (295,417)	\$ 68,905
<b>FUND BALANCE - MARCH 1, 2020</b>	<u>2,219,989</u>	<u>2,219,989</u>	<u>2,219,989</u>	<u>                    </u>
<b>FUND BALANCE - FEBRUARY 28, 2021</b>	<u>\$ 1,801,742</u>	<u>\$ 1,855,667</u>	<u>\$ 1,924,572</u>	<u>\$ 68,905</u>

See accompanying independent auditor's report.

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**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-B**

**SUPPLEMENTARY INFORMATION – REQUIRED BY THE**

**WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

**FEBRUARY 28, 2021**



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

**1. SERVICES PROVIDED BY THE DISTRICT DURING THE CURRENT YEAR:**

<u>  X  </u>	Retail Water	<u>        </u>	Wholesale Water	<u>  X  </u>	Drainage
<u>  X  </u>	Retail Wastewater	<u>        </u>	Wholesale Wastewater	<u>        </u>	Irrigation
<u>        </u>	Parks/Recreation	<u>  X  </u>	Fire Protection	<u>  X  </u>	Security
<u>  X  </u>	Solid Waste/Garbage	<u>        </u>	Flood Control	<u>  X  </u>	Roads
<u>        </u>	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
<u>        </u>	Other (specify): _____				

**2. RETAIL SERVICE PROVIDERS**

**a. RETAIL RATES FOR A 5/8" METER (OR EQUIVALENT):**

Based on the rate order dated December 15, 2020

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	\$ 27.00	-0-	N	\$ 3.75 \$ 4.25 \$ 5.00 \$ 6.00 \$ 7.00	0,001 to 5,000 5,001 to 10,000 10,001 to 15,000 15,001 to 20,000 20,001 and up
WASTEWATER:	\$ 52.00	Up to and including 10,000	Y		
	\$ 55.00	Over 10,000	Y		
SURCHARGE:					
Fire Protection Services Fee	\$13.00 per residential connection				
Commission					
Regulatory Assessments	0.5% of actual water and sewer bill				

District employs winter averaging for wastewater usage? 

<u>        </u>	<u>  X  </u>
Yes	No

Total monthly charges per 10,000 gallons usage: Water: \$67.00 Wastewater: \$52.00 Surcharge: \$13.60

See accompanying independent auditor's report.

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-B  
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	
≤ <sup>3</sup> / <sub>4</sub> "	<u>892</u>	<u>892</u>	x 1.0	<u>892</u>
1"	<u>8</u>	<u>8</u>	x 2.5	<u>20</u>
1½"			x 5.0	
2"	<u>2</u>	<u>2</u>	x 8.0	<u>16</u>
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u><u>902</u></u>	<u><u>902</u></u>		<u><u>928</u></u>
Total Wastewater Connections	<u><u>892</u></u>	<u><u>892</u></u>	x 1.0	<u><u>892</u></u>

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

Gallons billed to customers: 88,354,000      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-A and 11-C. The districts purchase water from the Upper Trinity Regional Water District.

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

PROFESSIONAL FEES:	
Auditing and Other Services	\$ 18,500
Engineering	32,208
Legal	<u>82,832</u>
TOTAL PROFESSIONAL FEES	<u>\$ 133,540</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	\$ 685,854
Purchased Wastewater Service	<u>402,985</u>
TOTAL PURCHASED SERVICES FOR RESALE	<u>\$ 1,088,839</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 36,161
Operations and Billing	318,567
Security	455,259
Solid Waste Disposal	178,503
Fire Fighting	<u>138,005</u>
TOTAL CONTRACTED SERVICES	<u>\$ 1,126,495</u>
UTILITIES	<u>\$ 2,795</u>
REPAIRS AND MAINTENANCE	<u>\$ 21,601</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes	\$ 19,700
Insurance	6,361
Regulatory Assessment	7,929
Website and Other	<u>9,587</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 43,577</u>
CAPITAL OUTLAY	<u>\$ 29,673</u>
TOTAL EXPENDITURES	<u>\$ 2,446,520</u>

See accompanying independent auditor's report.

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-B  
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	XXXX4001	Vaires	Daily	\$ 703,438	\$
TexSTAR	XXXX1110	Vaires	Daily	545,875	
Certificate of Deposit	XXXX2718	0.50%	12/03/21	<u>182,598</u>	
TOTAL GENERAL FUND				<u>\$ 1,431,911</u>	<u>\$ -0-</u>
<u>DEBT SERVICE FUND</u>					
LOGIC	XXXX4002	Vaires	Daily	\$ 1,036,209	\$
TexSTAR	XXXX0230	Vaires	Daily	<u>702,119</u>	
TOTAL DEBT SERVICE FUND				<u>\$ 1,738,328</u>	<u>\$ -0-</u>
<u>CAPITAL PROJECTS FUND</u>					
LOGIC	XXXX4003	Varies	Daily	\$ 193,815	\$
TexSTAR	XXXX0190	Varies	Daily	87,032	
Certificate of Deposit	XXXX8319	1.05%	08/06/21	<u>67,235</u>	
TOTAL CAPITAL PROJECTS FUND				<u>\$ 348,082</u>	<u>\$ -0-</u>
TOTAL - ALL FUNDS				<u>\$ 3,518,321</u>	<u>\$ -0-</u>

See accompanying independent auditor's report.

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

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
MARCH 1, 2020	\$	5,759	\$	14,945
Adjustments to Beginning				
Balance	_____	\$ 5,759	_____	\$ 14,945
Original 2020 Tax Levy	\$	744,371	\$	1,262,194
Adjustment to 2020 Tax Levy	_____	(832)	_____	(1,411)
		_____	_____	_____
TOTAL TO BE				
ACCOUNTED FOR		\$ 749,298		\$ 1,275,728
 TAX COLLECTIONS:				
Prior Years	\$	5,351	\$	13,913
Current Year	_____	733,081	_____	1,243,049
		_____	_____	_____
 TAXES RECEIVABLE -				
FEBRUARY 28, 2021		\$ 10,866		\$ 18,766
 TAXES RECEIVABLE BY				
YEAR:				
2020	\$	10,458	\$	17,734
2019		388		1,008
2018		_____		_____
		20		24
TOTAL		\$ 10,866		\$ 18,766

See accompanying independent auditor's report.



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

	2020	2019	2018	2017
<b>PROPERTY VALUATIONS:</b>				
Land	\$ 53,797,218	\$ 55,900,383	\$ 51,951,611	\$ 39,826,731
Improvements	164,654,052	152,293,685	130,546,827	127,790,574
Personal Property	1,249,610	1,242,639	1,332,104	1,278,808
Exemptions	(4,182,359)	(3,720,144)	(3,319,926)	(3,740,015)
<b>TOTAL PROPERTY VALUATIONS</b>	<b>\$ 215,518,521</b>	<b>\$ 205,716,563</b>	<b>\$ 180,510,616</b>	<b>\$ 165,156,098</b>
<b>TAX RATES PER \$100 VALUATION:</b>				
Debt Service	\$ 0.585	\$ 0.65	\$ 0.49	\$ 0.54
Maintenance	0.345	0.25	0.41	0.41
<b>TOTAL TAX RATES PER \$100 VALUATION</b>	<b>\$ 0.930</b>	<b>\$ 0.90</b>	<b>\$ 0.90</b>	<b>\$ 0.95</b>
<b>ADJUSTED TAX LEVY*</b>	<b>\$ 2,004,322</b>	<b>\$ 1,851,449</b>	<b>\$ 1,624,596</b>	<b>\$ 1,568,983</b>
<b>PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED</b>	<b>98.59 %</b>	<b>99.92 %</b>	<b>99.99 %</b>	<b>100.00 %</b>

\* 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 May 12, 2007.

See accompanying independent auditor's report.

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

SERIES - 2011 - ROAD

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$ 70,000	\$ 3,062	\$ 73,062
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
	<u>\$ 70,000</u>	<u>\$ 3,062</u>	<u>\$ 73,062</u>

See accompanying independent auditor's report.

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

S E R I E S - 2 0 1 4

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$ 65,000	\$ 71,181	\$ 136,181
2023	65,000	69,166	134,166
2024	70,000	67,086	137,086
2025	75,000	64,812	139,812
2026	75,000	62,262	137,262
2027	80,000	59,562	139,562
2028	85,000	56,562	141,562
2029	90,000	53,288	143,288
2030	90,000	49,688	139,688
2031	95,000	45,998	140,998
2032	100,000	42,008	142,008
2033	105,000	37,758	142,758
2034	110,000	33,244	143,244
2035	115,000	28,432	143,432
2036	120,000	23,400	143,400
2037	125,000	18,000	143,000
2038	135,000	12,375	147,375
2039	140,000	6,300	146,300
2040			
2041			
2042			
2043			
2044			
2045			
	<u>\$ 1,740,000</u>	<u>\$ 801,122</u>	<u>\$ 2,541,122</u>

See accompanying independent auditor's report.

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

S E R I E S - 2 0 1 4 R O A D

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$ 65,000	\$ 72,116	\$ 137,116
2023	70,000	70,327	140,327
2024	70,000	68,228	138,228
2025	75,000	65,954	140,954
2026	80,000	63,404	143,404
2027	80,000	60,604	140,604
2028	85,000	57,804	142,804
2029	90,000	54,744	144,744
2030	95,000	51,414	146,414
2031	100,000	47,850	147,850
2032	100,000	44,100	144,100
2033	105,000	40,202	145,202
2034	110,000	36,106	146,106
2035	115,000	31,816	146,816
2036	120,000	27,216	147,216
2037	125,000	22,416	147,416
2038	135,000	17,292	152,292
2039	140,000	11,756	151,756
2040	145,000	5,982	150,982
2041			
2042			
2043			
2044			
2045			
	<u>\$ 1,905,000</u>	<u>\$ 849,331</u>	<u>\$ 2,754,331</u>

See accompanying independent auditor's report.

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

SERIES - 2015 ROAD

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$ 95,000	\$ 105,289	\$ 200,289
2023	100,000	103,151	203,151
2024	105,000	100,651	205,651
2025	110,000	97,764	207,764
2026	110,000	94,464	204,464
2027	115,000	90,944	205,944
2028	125,000	87,264	212,264
2029	130,000	83,014	213,014
2030	135,000	78,594	213,594
2031	140,000	73,734	213,734
2032	145,000	68,693	213,693
2033	155,000	63,256	218,256
2034	160,000	57,444	217,444
2035	165,000	51,244	216,244
2036	175,000	44,850	219,850
2037	180,000	38,068	218,068
2038	190,000	31,093	221,093
2039	200,000	23,969	223,969
2040	210,000	16,468	226,468
2041	215,000	8,331	223,331
2042			
2043			
2044			
2045			
	<u>\$ 2,960,000</u>	<u>\$ 1,318,285</u>	<u>\$ 4,278,285</u>

See accompanying independent auditor's report.

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

S E R I E S - 2 0 1 6

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$ 105,000	\$ 75,975	\$ 180,975
2023	110,000	73,875	183,875
2024	110,000	71,675	181,675
2025	115,000	69,475	184,475
2026	120,000	67,175	187,175
2027	125,000	64,775	189,775
2028	130,000	62,275	192,275
2029	135,000	59,513	194,513
2030	140,000	56,644	196,644
2031	145,000	53,319	198,319
2032	150,000	49,875	199,875
2033	155,000	46,125	201,125
2034	160,000	42,250	202,250
2035	165,000	38,250	203,250
2036	170,000	33,300	203,300
2037	175,000	28,200	203,200
2038	180,000	22,950	202,950
2039	190,000	17,550	207,550
2040	195,000	11,850	206,850
2041	200,000	6,000	206,000
2042			
2043			
2044			
2045			
	<u>\$ 2,975,000</u>	<u>\$ 951,051</u>	<u>\$ 3,926,051</u>

See accompanying independent auditor's report.

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-B**  
**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	\$ 115,000	\$ 127,012	\$ 242,012
2023	110,000	120,688	230,688
2024	115,000	114,637	229,637
2025	115,000	108,312	223,312
2026	115,000	102,563	217,563
2027	125,000	99,112	224,112
2028	120,000	95,363	215,363
2029	115,000	91,462	206,462
2030	120,000	87,438	207,438
2031	125,000	83,237	208,237
2032	130,000	78,550	208,550
2033	130,000	73,675	203,675
2034	130,000	68,475	198,475
2035	135,000	63,275	198,275
2036	135,000	57,875	192,875
2037	140,000	52,475	192,475
2038	135,000	46,875	181,875
2039	155,000	41,475	196,475
2040	160,000	35,275	195,275
2041	165,000	28,875	193,875
2042	170,000	22,069	192,069
2043	180,000	15,056	195,056
2044	185,000	7,631	192,631
2045			
	<u>\$ 3,125,000</u>	<u>\$ 1,621,405</u>	<u>\$ 4,746,405</u>

See accompanying independent auditor's report.

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

S E R I E S - 2 0 1 9

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$ 100,000	\$ 127,712	\$ 227,712
2023	105,000	125,713	230,713
2024	110,000	123,612	233,612
2025	115,000	121,413	236,413
2026	120,000	119,112	239,112
2027	125,000	116,713	241,713
2028	135,000	114,212	249,212
2029	140,000	111,175	251,175
2030	145,000	106,975	251,975
2031	150,000	102,625	252,625
2032	160,000	98,125	258,125
2033	165,000	93,325	258,325
2034	175,000	88,375	263,375
2035	185,000	83,125	268,125
2036	190,000	77,575	267,575
2037	200,000	71,638	271,638
2038	210,000	65,387	275,387
2039	220,000	58,563	278,563
2040	230,000	51,412	281,412
2041	240,000	43,938	283,938
2042	255,000	36,137	291,137
2043	265,000	27,850	292,850
2044	280,000	19,238	299,238
2045	290,000	9,787	299,787
	<u>\$ 4,310,000</u>	<u>\$ 1,993,737</u>	<u>\$ 6,303,737</u>

See accompanying independent auditor's report.



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

SERIES - 2019 ROAD REFUNDING

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$ 15,000	\$ 68,931	\$ 83,931
2023	90,000	68,481	158,481
2024	95,000	65,781	160,781
2025	100,000	62,931	162,931
2026	105,000	60,931	165,931
2027	105,000	58,831	163,831
2028	110,000	56,731	166,731
2029	115,000	53,431	168,431
2030	120,000	49,981	169,981
2031	125,000	45,181	170,181
2032	135,000	40,181	175,181
2033	135,000	34,782	169,782
2034	145,000	29,382	174,382
2035	150,000	25,032	175,032
2036	160,000	20,531	180,531
2037	165,000	15,731	180,731
2038	170,000	10,782	180,782
2039	175,000	5,469	180,469
2040			
2041			
2042			
2043			
2044			
2045			
	<u>\$ 2,215,000</u>	<u>\$ 773,100</u>	<u>\$ 2,988,100</u>

See accompanying independent auditor's report.

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-B**  
**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	\$ 630,000	\$ 651,278	\$ 1,281,278
2023	650,000	631,401	1,281,401
2024	675,000	611,670	1,286,670
2025	705,000	590,661	1,295,661
2026	725,000	569,911	1,294,911
2027	755,000	550,541	1,305,541
2028	790,000	530,211	1,320,211
2029	815,000	506,627	1,321,627
2030	845,000	480,734	1,325,734
2031	880,000	451,944	1,331,944
2032	920,000	421,532	1,341,532
2033	950,000	389,123	1,339,123
2034	990,000	355,276	1,345,276
2035	1,030,000	321,174	1,351,174
2036	1,070,000	284,747	1,354,747
2037	1,110,000	246,528	1,356,528
2038	1,155,000	206,754	1,361,754
2039	1,220,000	165,082	1,385,082
2040	940,000	120,987	1,060,987
2041	820,000	87,144	907,144
2042	425,000	58,206	483,206
2043	445,000	42,906	487,906
2044	465,000	26,869	491,869
2045	290,000	9,787	299,787
	<u>\$ 19,300,000</u>	<u>\$ 8,311,093</u>	<u>\$ 27,611,093</u>

See accompanying independent auditor's report.

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**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-B  
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-B Unlimited Tax Road Bonds - Series 2011	\$ 2,675,000	\$ 140,000
Denton County Fresh Water Supply District No. 11-B Unlimited Tax Bonds - Series 2014	2,020,000	1,800,000
Denton County Fresh Water Supply District No. 11-B Unlimited Tax Road Bonds - Series 2014	2,200,000	1,970,000
Denton County Fresh Water Supply District No. 11-B Unlimited Tax Road Bonds - Series 2015	3,375,000	3,050,000
Denton County Fresh Water Supply District No. 11-B Unlimited Tax Bonds - Series 2016	3,370,000	3,075,000
Denton County Fresh Water Supply District No. 11-B Unlimited Tax Road Bonds - Series 2018	3,235,000	3,235,000
Denton County Fresh Water Supply District No. 11-B Unlimited Tax Bonds - Series 2019	4,310,000	4,310,000
Denton County Fresh Water Supply District No. 11-B Unlimited Tax Road Refunding Bonds - Series 2019	<u>2,215,000</u>	<u>2,215,000</u>
<b>TOTAL</b>	<u><b>\$ 23,400,000</b></u>	<u><b>\$ 19,795,000</b></u>
<b>Bond Authority:</b>	<u>Utility Bonds</u>	<u>Road Bonds</u>
Amount Authorized by Voters	\$ 25,600,000	\$ 29,500,000
Amount Issued	<u>9,700,000</u>	<u>11,485,000</u>
Remaining to be Issued	<u><u>\$ 15,900,000</u></u>	<u><u>\$ 18,015,000</u></u>
Debt Service Fund cash and investment balances as of February 28, 2021:		<u><u>\$ 2,143,716</u></u>
Average annual debt service payment (principal and interest) for remaining term of all debt:		<u><u>\$ 1,150,462</u></u>

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

See accompanying independent auditor's report.

Current Year Transactions

<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding February 28, 2021</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 70,000	\$ 6,038	\$ 70,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	60,000	72,921	1,740,000	Amegy Bank, N.A. Houston, TX
	65,000	73,741	1,905,000	Amegy Bank, N.A. Houston, TX
	90,000	107,089	2,960,000	Amegy Bank, N.A. Houston, TX
	100,000	77,975	2,975,000	Amegy Bank, N.A. Houston, TX
	110,000	133,062	3,125,000	Zions Bancorporation, N.A. Houston, TX
		127,713	4,310,000	Zions Bancorporation, N.A. Houston, TX
		81,186	2,215,000	Zions Bancorporation, N.A. Houston, TX
<u>\$ - 0 -</u>	<u>\$ 495,000</u>	<u>\$ 679,725</u>	<u>\$ 19,300,000</u>	
<u>Utility Refunding Bonds</u>	<u>Road Refunding Bonds</u>			
\$ 25,600,000	\$ 29,500,000			
	60,000			
<u>\$ 25,600,000</u>	<u>\$ 29,440,000</u>			

See accompanying independent auditor's report.

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

	Amounts		
	2021	2020	2019
<b>REVENUES</b>			
Property Taxes	\$ 732,059	\$ 517,082	\$ 735,811
Water Service	619,766	533,033	452,607
Wastewater Service	540,706	461,845	404,416
Fire Protection Service	111,733	81,309	72,787
Franchise Fees	55,509	55,079	54,133
Penalty and Interest	12,400	22,493	18,640
Permit Fees	17,450	96,350	222,050
Investment and Miscellaneous Revenues	61,480	124,702	59,873
<b>TOTAL REVENUES</b>	<b>\$ 2,151,103</b>	<b>\$ 1,891,893</b>	<b>\$ 2,020,317</b>
<b>EXPENDITURES</b>			
Professional Fees	\$ 133,540	\$ 124,338	\$ 154,158
Contracted Services	1,126,495	744,728	487,360
Purchase Water Service	685,854	654,411	532,842
Purchase Wastewater Service	402,985	320,698	196,289
Repairs and Maintenance/Capital Outlay	51,274	46,018	32,940
Other	46,372	59,778	51,625
<b>TOTAL EXPENDITURES</b>	<b>\$ 2,446,520</b>	<b>\$ 1,949,971</b>	<b>\$ 1,455,214</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (295,417)</b>	<b>\$ (58,078)</b>	<b>\$ 565,103</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Denton No. 11-A Construction Costs Reimbursement Transfer In	\$	\$ 39,078	\$ 374,512
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ -0-</b>	<b>\$ 39,078</b>	<b>\$ 374,512</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (295,417)</b>	<b>\$ (19,000)</b>	<b>\$ 939,615</b>
<b>BEGINNING FUND BALANCE</b>	<b>2,219,989</b>	<b>2,238,989</b>	<b>1,299,374</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 1,924,572</b>	<b>\$ 2,219,989</b>	<b>\$ 2,238,989</b>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2018	2017	2021	2020	2019	2018	2017
\$ 696,344	\$ 512,037	34.0 %	27.3 %	36.4 %	41.0 %	35.0 %
448,462	415,211	28.8	28.2	22.4	26.4	28.4
384,918	374,639	25.1	24.4	20.0	22.6	25.6
69,290	67,441	5.2	4.3	3.6	4.1	4.6
45,974	42,745	2.6	2.9	2.7	2.7	2.9
15,188	8,147	0.6	1.2	0.9	0.9	0.6
11,000	23,000	0.8	5.1	11.0	0.6	1.6
28,452	18,395	2.9	6.6	3.0	1.7	1.3
<u>\$ 1,699,628</u>	<u>\$ 1,461,615</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 102,024	\$ 90,060	6.2 %	6.6 %	7.6 %	6.0 %	6.2 %
407,129	394,240	52.4	39.4	24.1	24.0	27.0
532,466	557,337	31.9	34.6	26.4	31.3	38.1
172,691	165,066	18.7	17.0	9.7	10.2	11.3
11,285	9,586	2.4	2.4	1.6	0.7	0.7
27,726	29,845	2.2	3.2	2.6	1.6	2.0
<u>\$ 1,253,321</u>	<u>\$ 1,246,134</u>	<u>113.8 %</u>	<u>103.2 %</u>	<u>72.0 %</u>	<u>73.8 %</u>	<u>85.3 %</u>
<u>\$ 446,307</u>	<u>\$ 215,481</u>	<u>(13.8) %</u>	<u>(3.2) %</u>	<u>28.0 %</u>	<u>26.2 %</u>	<u>14.7 %</u>
\$	\$					
	21,221					
<u>\$ -0-</u>	<u>\$ 21,221</u>					
\$ 446,307	\$ 236,702					
853,067	616,365					
<u>\$ 1,299,374</u>	<u>\$ 853,067</u>					

See accompanying independent auditor's report.

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

	Amounts		
	2021	2020	2019
<b>REVENUES</b>			
Property Taxes	\$ 1,344,782	\$ 894,696	\$ 891,728
Investment and Miscellaneous Revenues	<u>8,121</u>	<u>25,429</u>	<u>16,427</u>
<b>TOTAL REVENUES</b>	<u>\$ 1,352,903</u>	<u>\$ 920,125</u>	<u>\$ 908,155</u>
<b>EXPENDITURES</b>			
Debt Service Principal	\$ 495,000	\$ 370,000	\$ 355,000
Debt Service Interest, Fees and Expenditures	696,214	547,297	482,034
Payment to Refunded Bond Escrow Agent		55,100	
Bond Issuance Costs		<u>110,245</u>	
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,191,214</u>	<u>\$ 1,082,642</u>	<u>\$ 837,034</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 161,689</u>	<u>\$ (162,517)</u>	<u>\$ 71,121</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from Issuance of Refunding Bonds	\$	\$ 2,215,000	\$
Transfer to Refunded Bond Escrow Agent		(2,146,112)	
Bond Premium		66,776	
Bond Discount		(21,295)	
Transfer from Other Governmental Entity			
Proceeds from Issuance of Long-Term Debt		<u>400</u>	<u>66,531</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>\$ -0-</u>	<u>\$ 114,769</u>	<u>\$ 66,531</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 161,689	\$ (47,748)	\$ 137,652
<b>BEGINNING FUND BALANCE</b>	<u>738,577</u>	<u>786,325</u>	<u>648,673</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 900,266</u>	<u>\$ 738,577</u>	<u>\$ 786,325</u>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<u>902</u>	<u>887</u>	<u>823</u>
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<u>892</u>	<u>877</u>	<u>813</u>

See accompanying independent auditor's report.



		Percentage of Total Revenues				
2018	2017	2021	2020	2019	2018	2017
\$ 920,121	\$ 676,855	99.4 %	97.2 %	98.2 %	99.4 %	99.7 %
<u>5,281</u>	<u>2,248</u>	<u>0.6</u>	<u>2.8</u>	<u>1.8</u>	<u>0.6</u>	<u>0.3</u>
\$ 925,402	\$ 679,103	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0</u>	<u>100.0</u>
\$ 345,000	\$ 235,000	36.6 %	40.2 %	39.1 %	37.3 %	34.6 %
469,935	398,245	51.5	59.5	53.1	50.8	58.6
			6.0			
			<u>12.0</u>			
\$ 814,935	\$ 633,245	<u>88.1 %</u>	<u>117.7 %</u>	<u>92.2 %</u>	<u>88.1 %</u>	<u>93.2 %</u>
\$ 110,467	\$ 45,858	<u>11.9 %</u>	<u>(17.7) %</u>	<u>7.8 %</u>	<u>11.9 %</u>	<u>6.8 %</u>
\$	\$					
126,777						
\$ 126,777	\$ -0-					
\$ 237,244	\$ 45,858					
<u>411,429</u>	<u>365,571</u>					
\$ 648,673	\$ 411,429					
<u>753</u>	<u>743</u>					
<u>746</u>	<u>739</u>					

See accompanying independent auditor's report.

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

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

District Telephone Number - (713) 621-3707

<b>Board Members</b>	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>
David McClellan	05/18 05/22 (Elected)	\$ 5,850	\$ 77	President
Karen Brown	05/20 05/24 (Elected)	\$ 7,200	\$ 96	Vice President
Andrea Lagusis	05/20 05/24 (Elected)	\$ 1,950	\$ -0-	Secretary/ Treasurer
Brook Kailey	05/18 05/22 (Elected)	\$ 1,950	\$ -0-	Assistant Secretary
Kevin Youngblood	5/18 05/22 (Elected)	\$ 1,350	\$ -0-	Assistant Secretary

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: March 24, 2020

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-B  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
FEBRUARY 28, 2021**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees for the year ended February 28, 2021</u>	<u>Title</u>
Crawford & Jordan LLP	11/11/03	\$ 82,197	General Counsel
McCall Gibson Swedlund Barfoot PLLC	09/15/05	\$ 18,500	Audit and Other Services
McCall, Parkhurst & Horton, LLP	11/11/03	\$ 2,650	Bond Counsel and Disclosure Counsel
Dye & Toverly, LLC	07/20/06	\$ 36,508	Bookkeeper
Petitt & Associates LLC	10/13/03	\$ 27,046	Engineer
Robert W. Baird & Co. Incorporated	02/17/15	\$ -0-	Financial Advisor
Mustang Special Utility District	06/18/01	\$ 350,324	Operator

See accompanying independent auditor's report.

