

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-C
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-C

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-C
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-C (the "District"), as of and for the year ended February 28, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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



McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

June 24, 2021

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-C
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-C’s (the “District”) financial performance provides an overview of the District’s financial activities for the year ended February 28, 2021. Please read it in conjunction with the District’s financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

The Statement of Activities reports how the District’s net position changed during the current 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-C
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED FEBRUARY 28, 2021**

FUND FINANCIAL STATEMENTS

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets by \$1,461,508 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-C
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	\$ 3,824,626	\$ 3,887,986	\$ (63,360)
Capital Assets	<u>9,757,945</u>	<u>10,003,160</u>	<u>(245,215)</u>
Total Assets	<u>\$ 13,582,571</u>	<u>\$ 13,891,146</u>	<u>\$ (308,575)</u>
Due to Developer	\$ 842,503	\$ 842,503	\$
Bonds Payable	12,934,912	13,348,110	413,198
Other Liabilities	<u>383,393</u>	<u>471,321</u>	<u>87,928</u>
Total Liabilities	<u>\$ 14,160,808</u>	<u>\$ 14,661,934</u>	<u>\$ 501,126</u>
Deferred Inflows of Resources	<u>\$ 883,271</u>	<u>\$ 892,025</u>	<u>\$ 8,754</u>
Net Position:			
Net Investment in Capital Assets	\$ (2,525,956)	\$ (2,700,368)	\$ 174,412
Restricted	444,310	418,109	26,201
Unrestricted	<u>620,138</u>	<u>619,446</u>	<u>692</u>
Total Net Position	<u>\$ (1,461,508)</u>	<u>\$ (1,662,813)</u>	<u>\$ 201,305</u>

The following table provides a summary of the District's operations for the years ended February 28, 2021 and February 29, 2020. The District's net position increased by \$201,305.

	Summary of Changes in the Statement of Activities		
	2021	2020	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 1,379,898	\$ 1,220,056	\$ 159,842
Charges for Services	808,794	799,259	9,535
Other Revenues	<u>80,246</u>	<u>131,859</u>	<u>(51,613)</u>
Total Revenues	<u>\$ 2,268,938</u>	<u>\$ 2,151,174</u>	<u>\$ 117,764</u>
Total Expenses	<u>2,067,633</u>	<u>1,889,172</u>	<u>(178,461)</u>
Change in Net Position	\$ 201,305	\$ 262,002	\$ (60,697)
Net Position, Beginning of Year	<u>(1,662,813)</u>	<u>(1,924,815)</u>	<u>262,002</u>
Net Position, End of Year	<u><u>\$ (1,461,508)</u></u>	<u><u>\$ (1,662,813)</u></u>	<u><u>\$ 201,305</u></u>

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-C
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 \$2,772,740, an increase of \$24,445 from the prior year.

The General Fund fund balance decreased by \$971. Property tax revenues, service revenues and other revenues closely approximated current year operating and administrative costs.

The Debt Service Fund fund balance increased by \$18,987, primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund fund balance increased by \$6,429 due to investment earnings.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated budget for the current fiscal year. Actual revenues were less than budgeted revenues by \$18,122 and actual expenditures exceeded budgeted expenditures by \$324,796 which resulted in a negative variance of \$342,918. See the budget to actual comparison for more detail.

CAPITAL ASSETS

Capital assets as of February 28, 2021, total \$9,757,945 (net of accumulated depreciation) and include the water, wastewater and drainage infrastructure as well as land and roads.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2021	2020	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 328,213	\$ 328,213	\$
Capital Assets, Net of Accumulated Depreciation:			
Roads	3,831,381	3,931,338	(99,957)
Water System	1,389,768	1,426,732	(36,964)
Wastewater System	2,594,033	2,661,535	(67,502)
Drainage System	1,614,550	1,655,342	(40,792)
Total Net Capital Assets	\$ 9,757,945	\$ 10,003,160	\$ (245,215)

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

LONG-TERM DEBT

At year-end, the District had total bond debt payable of \$12,970,000. The changes in the debt position of the District during the fiscal year ended February 28, 2021, are summarized as follows:

Bond Debt Payable, March 1, 2020	\$ 13,385,000
Less: Bond Principal Paid	<u>415,000</u>
Bond Debt Payable, February 28, 2021	<u>\$ 12,970,000</u>

As of February 28, 2021, the District’s Series 2015 Road Bonds were not rated, and the Series 2017 utility, Series 2017 road and Series 2018 utility bonds were rated “AA” by S&P by virtue of bond insurance issued by Assured Guaranty Municipal Corporation or Build America Mutual Assurance Company. These ratings are subject to change based on changes to the insurer’s rating.

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-C, c/o Crawford & Jordan LLP, 19 Briar Hollow Lane, Suite 245, Houston, TX 77027.

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

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 113,151	\$ 103,204
Investments	1,468,043	1,214,620
Cash with Fiscal Agent		220,000
Receivables:		
Property Taxes	5,383	9,757
Service Accounts	39,457	
Land		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 1,626,034	\$ 1,547,581
LIABILITIES		
Accounts Payable	\$ 103,988	\$
Accrued Interest Payable		
Due to Developer		
Security Deposits	59,405	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 163,393	\$ -0-
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 5,383	\$ 883,110
FUND BALANCES		
Restricted for Authorized Construction	\$	\$
Restricted for Debt Service		664,471
Assigned to 2022 Budget Deficit	82,244	
Unassigned	1,375,014	
TOTAL FUND BALANCES	\$ 1,457,258	\$ 664,471
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,626,034	\$ 1,547,581
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 2,885	\$ 219,240	\$	\$ 219,240
648,126	3,330,789		3,330,789
	220,000		220,000
	15,140		15,140
	39,457		39,457
		328,213	328,213
		9,429,732	9,429,732
<u>\$ 651,011</u>	<u>\$ 3,824,626</u>	<u>\$ 9,757,945</u>	<u>\$ 13,582,571</u>
\$	\$ 103,988	\$	\$ 103,988
		220,000	220,000
		842,503	842,503
	59,405		59,405
		430,000	430,000
		12,504,912	12,504,912
<u>\$ -0-</u>	<u>\$ 163,393</u>	<u>\$ 13,997,415</u>	<u>\$ 14,160,808</u>
<u>\$ -0-</u>	<u>\$ 888,493</u>	<u>\$ (5,222)</u>	<u>\$ 883,271</u>
\$ 651,011	\$ 651,011	\$ (651,011)	\$
	664,471	(664,471)	
	82,244	(82,244)	
	1,375,014	(1,375,014)	
<u>\$ 651,011</u>	<u>\$ 2,772,740</u>	<u>\$ (2,772,740)</u>	<u>\$ -0-</u>
<u>\$ 651,011</u>	<u>\$ 3,824,626</u>		
		\$ (2,525,956)	\$ (2,525,956)
		444,310	444,310
		620,138	620,138
		<u>\$ (1,461,508)</u>	<u>\$ (1,461,508)</u>

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

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

Total Fund Balances - Governmental Funds	\$	2,772,740
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		9,757,945
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Deferred inflows of resources related to property tax revenues for the 2020 and prior maintenance tax levies is recorded as revenue in governmental activities. The 2020 debt service tax levy is deferred.		5,222
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Due to Developer	\$ (842,503)	
Accrued Interest Payable	(220,000)	
Bonds Payable	<u>(12,934,912)</u>	<u>(13,997,415)</u>
Total Net Position - Governmental Activities		<u>\$ (1,461,508)</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-C
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED FEBRUARY 28, 2021

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 486,230	\$ 892,166
Water Service	374,681	
Wastewater Service	356,819	
Fire Protection Service	77,294	
Franchise Fees	39,866	
Investment and Miscellaneous Revenues	27,863	6,088
TOTAL REVENUES	\$ 1,362,753	\$ 898,254
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 106,547	\$
Contracted Services	706,511	9,517
Purchased Water Service	294,575	
Purchased Wastewater Service	189,120	
Depreciation		
Other	66,971	
Debt Service:		
Bond Principal		415,000
Bond Interest		454,750
TOTAL EXPENDITURES/EXPENSES	\$ 1,363,724	\$ 879,267
NET CHANGE IN FUND BALANCES	\$ (971)	\$ 18,987
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - MARCH 1, 2020	1,458,229	645,484
FUND BALANCES/NET POSITION - FEBRUARY 28, 2021	\$ 1,457,258	\$ 664,471

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>
\$	\$ 1,378,396	\$ 1,502	\$ 1,379,898
	374,681		374,681
	356,819		356,819
	77,294		77,294
	39,866		39,866
6,429	40,380		40,380
<u>\$ 6,429</u>	<u>\$ 2,267,436</u>	<u>\$ 1,502</u>	<u>\$ 2,268,938</u>
\$	\$ 106,547	\$	\$ 106,547
	716,028		716,028
	294,575		294,575
	189,120		189,120
	66,971	245,215	245,215
	415,000	(415,000)	
	454,750	(5,573)	449,177
<u>\$ - 0 -</u>	<u>\$ 2,242,991</u>	<u>\$ (175,358)</u>	<u>\$ 2,067,633</u>
\$ 6,429	\$ 24,445	\$ (24,445)	\$
		201,305	201,305
644,582	2,748,295	(4,411,108)	(1,662,813)
<u>\$ 651,011</u>	<u>\$ 2,772,740</u>	<u>\$ (4,234,248)</u>	<u>\$ (1,461,508)</u>

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

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-C
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	\$	24,445
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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.		1,502
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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.		(245,215)
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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.		415,000
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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.		5,573
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Change in Net Position - Governmental Activities	\$	<u>201,305</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-C
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 (“District 11-B”) and Denton County Fresh Water Supply District No. 11-C (the “District”). The District held its first meeting on November 21, 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 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-C
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation

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

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

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

When both restricted and unrestricted resources are available for use, generally it 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-C
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-C
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 collection of the 2020 and prior maintenance tax levies and the 2019 and prior debt service tax levies, which were considered available to defray the expenditures of the current year. Recognition of property 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

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District’s Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original budget amounts compared to the actual amounts of revenues and expenditures for the current year.

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The District does not have any nonspendable fund balances.

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

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District has no committed fund balance.

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. As of February 28, 2021, the District has assigned \$82,244 of the General Fund fund balance to be used for a budgeted General Fund deficit during the year ending February 28, 2022.

Unassigned: all other spendable amounts in the General Fund.

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

	Series 2015 Road	Series 2017	Series 2017 Road	Series 2018
Amount Outstanding – February 28, 2021	\$2,735,000	\$3,470,000	\$3,955,000	\$2,810,000
Interest Rates	2.00% - 4.125%	3.00% - 4.00%	2.00% - 4.50%	3.00% - 3.75%
Maturity Dates – Serially Beginning/Ending	September 1, 2021/2040	September 1, 2021/2041	September 1, 2021/2041	September 1, 2021/2041
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, 2025*	September 1, 2025*	September 1, 2023*

* Or any date thereafter at a price of par plus unpaid accrued interest to the date fixed for redemption. The Series 2015 term bonds maturing on September 1, 2031, 2033, 2036, 2038 and 2040 are subject to mandatory redemption beginning September 1, 2030, 2032, 2034, 2037 and 2039, respectively. The Series 2017 term bonds maturing on September 1, 2032, 2037, and 2041 are subject to mandatory redemption beginning September 1, 2030, 2033, and 2038, respectively. The Series 2017 Road term bonds maturing on September 1, 2029, 2031, 2033, 2035, 2037, 2039, and 2041 are subject to mandatory redemption beginning September 1, 2028, 2030, 2032, 2034, 2036, 2038, and 2040, respectively. The Series 2018 term bonds maturing on September 1, 2029, 2031, 2033, 2035, 2037, 2039, and 2041 are subject to mandatory redemption beginning September 1, 2028, 2030, 2032, 2034, 2036, 2038, and 2040, respectively.

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

NOTE 3. LONG-TERM DEBT (Continued)

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	\$ 13,385,000	\$	\$ 415,000	\$ 12,970,000
Unamortized Discounts	(73,921)		(3,540)	(70,381)
Unamortized Premiums	37,031		1,738	35,293
Bonds Payable, net	\$ 13,348,110	\$ -0-	\$ 413,198	\$ 12,934,912
		Amount Due Within One Year		\$ 430,000
		Amount Due After One Year		12,504,912
		Bonds Payable, net		\$ 12,934,912

As of February 28, 2021, the District has authorized but unissued bonds in the amount of \$2,530,000 for water, sewer and drainage purposes, \$19,500,000 for refunding purposes and \$3,085,000 for roads. As of February 28, 2021, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ 430,000	\$ 440,000	\$ 870,000
2023	445,000	424,800	869,800
2024	460,000	408,200	868,200
2025	480,000	391,025	871,025
2026	500,000	376,975	876,975
2027-2031	2,770,000	1,654,938	4,424,938
2032-2036	3,275,000	1,179,804	4,454,804
2037-2041	3,920,000	560,474	4,480,474
2042	690,000	24,612	714,612
	\$ 12,970,000	\$ 5,460,828	\$ 18,430,828

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 \$0.58 which resulted in a debt service tax levy of \$883,271 on the adjusted taxable valuation of \$152,288,056 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.

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

NOTE 3. LONG-TERM DEBT (Continued)

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

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The District 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.

The District provides continuing disclosure of certain general financial information and operating data with respect to the District to certain information repositories. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

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 \$602,483 and the bank balance was \$750,700. The District was not exposed to custodial credit risk at year-end.

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 113,151	\$ 383,243	\$ 496,394
DEBT SERVICE FUND	103,204		103,204
CAPITAL PROJECTS FUND	2,885		2,885
TOTAL	\$ 219,240	\$ 383,243	\$ 602,483

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

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments

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

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

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
LOGIC	\$ 661,993	\$ 661,993
TexSTAR	422,807	422,807
Certificates of Deposit	383,243	383,243
<u>DEBT SERVICE FUND</u>		
LOGIC	547,938	547,938
TexSTAR	666,682	666,682
<u>CAPITAL PROJECTS FUND</u>		
LOGIC	292,125	292,125
TexSTAR	356,001	356,001
TOTAL INVESTMENTS	\$ 3,330,789	\$ 3,330,789

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

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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 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.

The District measures its investments in certificates of deposit at acquisition cost.

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District’s investments in LOGIC and TexSTAR were rated AAAM by Standard and Poor’s. The District manages credit risk by typically investing in certificates of deposit with balances below FDIC coverage or for which collateral is pledged.

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-C
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 6. CAPITAL ASSETS

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

	March 1, 2020	Increases	Decreases	February 28, 2021
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 328,213	\$ - 0 -	\$ - 0 -	\$ 328,213
Capital Assets Subject to Depreciation				
Roads	\$ 4,498,071	\$	\$	\$ 4,498,071
Water System	1,651,817			1,651,817
Wastewater System	3,037,587			3,037,587
Drainage System	1,835,651			1,835,651
Total Capital Assets Subject to Depreciation	\$ 11,023,126	\$ - 0 -	\$ - 0 -	\$ 11,023,126
Less Accumulated Depreciation				
Roads	\$ 566,733	\$ 99,957	\$	\$ 666,690
Water System	225,085	36,964		262,049
Wastewater System	376,052	67,502		443,554
Drainage System	180,309	40,792		221,101
Total Accumulated Depreciation	\$ 1,348,179	\$ 245,215	\$ - 0 -	\$ 1,593,394
Total Depreciable Capital Assets, Net of Accumulated Depreciation	\$ 9,674,947	\$ (245,215)	\$ - 0 -	\$ 9,429,732
Total Capital Assets, Net of Accumulated Depreciation	\$ 10,003,160	\$ (245,215)	\$ - 0 -	\$ 9,757,945

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 \$0.32 per \$100 of assessed valuation, which resulted in a tax levy of \$487,322 on the adjusted taxable valuation of \$152,288,056 for the 2020 tax year.

NOTE 8. CONTRACT TAX

On May 12, 2007, the voters of the District approved the levy and collection of an annual contract tax of 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 described in Note 11 to the extent other funds are not available to make such payments. During the current period, the District did not levy a contract tax.

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

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 11).

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.

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

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 Upper Trinity Regional Water District (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, which expansion has been completed. 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.

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 11). The term of the contract is 25 years or as long as the bonds issued remain outstanding. The Contract further has a 20-year extension provision.

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

NOTE 11. JOINT UTILITY CONTRACT

On February 24, 2004, District 11-A and District No. 11-B entered into a Joint Utility Contract. District 11-A has entered into the UTRWD contracts, see Notes 9 and 10, on behalf of itself, District 11-B and the District and any additional contract service areas that may request utility services. On January 20, 2005, District 11-A and District 11-B executed an Amended and Restated Joint Utility Contract, which was amended effective June 22, 2006. 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. Variable costs will be paid in proportion to actual usage each month based upon the individual meters within the districts. In relation to the UTRWD contracts, the UTRWD will look solely to District No. 11-A to fulfill the obligations of the contracts.

On September 28, 2006, the District and District 11-A entered into a Joint Utility Contract. Effective March 1, 2011, the District, District 11-A and District 11-B 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-B 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-B entered into a Sixth Amendment to Merged, Amended and Restated Joint Utility Contract. Under this Sixth Amendment, until UTRWD completed the construction of the 2019 Riverbend Expansion, District 11-B was allocated 0.076 MGD of wastewater treatment capacity, District 11-A was allocated 0.3188 MGD of wastewater treatment capacity and the District 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, District 11-B being allocated 0.273 MGD of wastewater treatment capacity and the District 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, District 11-B is allocated 1.260 MGD and the District is allocated 0.511 MGD.

On April 17, 2012, the District, District 11-A and District 11-B 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-C
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 12. 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 as well as non-construction costs and 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.

NOTE 13. WATER AND SEWER SERVICE AGREEMENT

On February 1, 2013, the District approved a Water and Sanitary Sewer Service Agreement with Mustang Special Utility District (“Mustang”). District No. 11-A is a party to the agreement for limited purposes. 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, District No. 11-A holds CCN Nos. 13022 and 20924 to provide retail water and wastewater services to certain areas within the District.

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 No. 11-A, (2) facilitate the provision of retail water supply and distribution service and wastewater collection and treatment service by the District within the District service area, and (3) establish the terms and provisions by which Mustang will operate and maintain the District’s water and sanitary sewer facilities located within the District’s service area, and provide for compensation for such services.

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

Compensation to Mustang for Exhibit “B” services will be based on an annual operations and maintenance budget beginning October 1 and ending September 30. The costs contained in the annual budget will be categorized as follows: 1.) Mustang only costs; 2.) District only costs; 3.) shared costs which are allocated based on the District’s pro rata share of connections; and 4.) indirect shared administration costs, of which 20% will be allocated to the districts Mustang is providing service to. The District will be invoiced for actual costs plus a 15% overhead charge.

The summation of categories 2 through 4 above plus a 15% charge will be allocated to the District based upon the number of active equivalent single-family connections for the District. The number of District connections will be determined monthly and the District’s pro rata share of costs for the upcoming month will be adjusted accordingly. In addition, the District will pay Mustang 30% of any disconnection, re-connection and return check fees charged by the District.

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

NOTE 13. WATER AND SEWER SERVICE AGREEMENT (Continued)

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 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, Denton County Fresh Water Supply District No. 8-A, Denton County Fresh Water Supply District No. 8-B, Denton County Fresh Water Supply District No. 9 (previously known as Providence Village Water Control and Improvement District of Denton County and subsequently annexed by the Town of Providence Village), Denton County Fresh Water Supply District No. 10, Denton 11-A and Denton No. 11-B have entered into a Fire Protection Services Agreement with the City of Aubrey, Texas (the "City"). 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-C
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-B 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-B 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. Security costs for the fiscal year totaled \$240,177.

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-B (Paloma Creek Districts). See also Notes 9, 10 and 11.

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-C
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.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-C

REQUIRED SUPPLEMENTARY INFORMATION

FEBRUARY 28, 2021

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

	<u>Original and Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 482,358	\$ 486,230	\$ 3,872
Water Service	394,765	374,681	(20,084)
Wastewater Service	350,282	356,819	6,537
Fire Protection Service	63,180	77,294	14,114
Franchise Fees	42,650	39,866	(2,784)
Investment and Miscellaneous Revenues	47,640	27,863	(19,777)
TOTAL REVENUES	<u>\$ 1,380,875</u>	<u>\$ 1,362,753</u>	<u>\$ (18,122)</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 106,300	\$ 106,547	\$ (247)
Contracted Services	392,202	706,511	(314,309)
Purchased Water Service	299,858	294,575	5,283
Purchased Wastewater Service	197,477	189,120	8,357
Other	43,091	66,971	(23,880)
TOTAL EXPENDITURES	<u>\$ 1,038,928</u>	<u>\$ 1,363,724</u>	<u>\$ (324,796)</u>
NET CHANGE IN FUND BALANCE	\$ 341,947	\$ (971)	\$ (342,918)
FUND BALANCE - MARCH 1, 2020	<u>1,458,229</u>	<u>1,458,229</u>	<u> </u>
FUND BALANCE - FEBRUARY 28, 2021	<u>\$ 1,800,176</u>	<u>\$ 1,457,258</u>	<u>\$ (342,918)</u>

See accompanying independent auditor's report.

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DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-C

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

FEBRUARY 28, 2021

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-C
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 17, 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	0,001 to 5,000
				\$ 4.25	5,001 to 10,000
			Y	\$ 5.00	10,001 to 15,000
WASTEWATER:	\$ 52.00	Up to and including 10,000			
	\$ 55.00	Over 10,000	Y	\$ 6.00	15,001 to 20,000
				\$ 7.00	20,001 and up
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?
 X
 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-C
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	
≤ ³ / ₄ "	588	588	x 1.0	588
1"			x 2.5	
1½"			x 5.0	
2"			x 8.0	
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u>588</u>	<u>588</u>		<u>588</u>
Total Wastewater Connections	<u>587</u>	<u>587</u>	x 1.0	<u>587</u>

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

Gallons billed to customers: 50,787,000 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-B. The districts purchase water from the Upper Trinity Regional Water District.

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

PROFESSIONAL FEES:	
Auditing/Other Services	\$ 17,750
Engineering	19,761
Legal	69,036
TOTAL PROFESSIONAL FEES	<u>\$ 106,547</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	\$ 294,575
Purchased Wastewater Service	189,120
TOTAL PURCHASED SERVICES FOR RESALE	<u>\$ 483,695</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 38,940
Operator	220,001
Security	240,177
Solid Waste Disposal	119,962
Fire Fighting	87,431
TOTAL CONTRACTED SERVICES	<u>\$ 706,511</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes	\$ 11,142
Insurance	6,176
Regulatory Assessment	5,093
Website, Legal Notices, Meetings and Other	13,898
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 36,309</u>
MAINTENANCE AND REPAIRS	<u>\$ 30,662</u>
TOTAL EXPENDITURES	<u>\$ 1,363,724</u>

See accompanying independent auditor's report.

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

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
LOGIC	XXXX1001	Varies	Daily	\$ 661,993	\$
TexSTAR	XXXX1110	Varies	Daily	422,807	
Certificate of Deposit	XXXX3518	0.899%	02/13/22	244,205	
Certificate of Deposit	XXXX1014	1.600%	03/10/21	139,038	
TOTAL GENERAL FUND				<u>\$ 1,468,043</u>	<u>\$ -0-</u>
<u>DEBT SERVICE FUND</u>					
LOGIC	XXXX1002	Varies	Daily	\$ 547,938	\$
TexSTAR	XXXX0300	Varies	Daily	666,682	
TOTAL DEBT SERVICE FUND				<u>\$ 1,214,620</u>	<u>\$ -0-</u>
<u>CAPITAL PROJECTS FUND</u>					
LOGIC	XXXX1003	Varies	Daily	\$ 292,125	\$
TexSTAR	XXXX1890	Varies	Daily	356,001	
TOTAL CAPITAL PROJECTS FUND				<u>\$ 648,126</u>	<u>\$ -0-</u>
TOTAL - ALL FUNDS				<u>\$ 3,330,789</u>	<u>\$ -0-</u>

See accompanying independent auditor's report.

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

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
MARCH 1, 2020	\$	3,720		\$ 6,742
Adjustments to Beginning				
Balance		<u>(134)</u>	\$ 3,586	<u>(221)</u> \$ 6,521
Original 2020 Tax Levy	\$	486,859		\$ 882,431
Adjustment to 2020 Tax Levy		<u>463</u>	<u>487,322</u>	<u>840</u> <u>883,271</u>
TOTAL TO BE				
ACCOUNTED FOR		\$ 490,908		\$ 889,792
TAX COLLECTIONS:				
Prior Years	\$	3,675		\$ 6,682
Current Year		<u>481,850</u>	<u>485,525</u>	<u>873,353</u> <u>880,035</u>
TAXES RECEIVABLE -				
FEBRUARY 28, 2021		<u>\$ 5,383</u>		<u>\$ 9,757</u>
TAXES RECEIVABLE BY				
YEAR:				
2020	\$	5,472		\$ 9,918
2019		<u>(89)</u>		<u>(161)</u>
TOTAL		<u>\$ 5,383</u>		<u>\$ 9,757</u>

See accompanying independent auditor's report.

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

	2020	2019	2018	2017
PROPERTY VALUATIONS:				
Land	\$ 36,351,878	\$ 36,202,945	\$ 35,708,763	\$ 28,766,239
Improvements	119,165,251	120,761,402	109,181,179	66,020,804
Personal Property	167,894	288,213	232,032	173,407
Exemptions	(3,396,967)	(3,439,466)	(3,764,051)	(1,966,513)
TOTAL PROPERTY VALUATIONS	\$ 152,288,056	\$ 153,813,094	\$ 141,357,923	\$ 92,993,937
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.58	\$ 0.58	\$ 0.515	\$ 0.70
Maintenance	0.32	0.32	0.385	0.30
TOTAL TAX RATES PER \$100 VALUATION	\$ 0.90	\$ 0.90	\$ 0.900	\$ 1.00
ADJUSTED TAX LEVY*	\$ 1,370,593	\$ 1,384,177	\$ 1,272,222	\$ 929,939
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	98.88 %	100.02 %	100.00 %	100.00 %

* 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 was approved by voters on May 12, 2007.

See accompanying independent auditor's report.

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

S E R I E S - 2 0 1 5 R O A D

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$ 90,000	\$ 99,162	\$ 189,162
2023	95,000	97,363	192,363
2024	100,000	94,512	194,512
2025	100,000	91,513	191,513
2026	105,000	88,512	193,512
2027	110,000	85,363	195,363
2028	115,000	81,925	196,925
2029	120,000	78,187	198,187
2030	125,000	74,138	199,138
2031	130,000	69,762	199,762
2032	135,000	65,050	200,050
2033	140,000	60,156	200,156
2034	150,000	54,906	204,906
2035	155,000	49,281	204,281
2036	160,000	43,081	203,081
2037	165,000	36,681	201,681
2038	175,000	30,081	205,081
2039	180,000	23,081	203,081
2040	190,000	15,881	205,881
2041	195,000	8,044	203,044
2042			
	<u>\$ 2,735,000</u>	<u>\$ 1,246,679</u>	<u>\$ 3,981,679</u>

See accompanying independent auditor's report.

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

S E R I E S - 2 0 1 7				
Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total	
2022	\$ 110,000	\$ 120,425	\$	230,425
2023	115,000	116,025		231,025
2024	120,000	111,425		231,425
2025	120,000	106,625		226,625
2026	125,000	101,825		226,825
2027	130,000	96,825		226,825
2028	135,000	92,925		227,925
2029	140,000	88,875		228,875
2030	150,000	84,675		234,675
2031	155,000	80,175		235,175
2032	160,000	75,138		235,138
2033	165,000	69,937		234,937
2034	175,000	64,575		239,575
2035	180,000	58,450		238,450
2036	190,000	52,150		242,150
2037	195,000	45,500		240,500
2038	205,000	38,675		243,675
2039	210,000	31,500		241,500
2040	220,000	24,150		244,150
2041	230,000	16,450		246,450
2042	240,000	8,400		248,400
	\$ 3,470,000	\$ 1,484,725	\$	4,954,725

See accompanying independent auditor's report.

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

S E R I E S - 2 0 1 7 R O A D

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$ 140,000	\$ 126,569	\$ 266,569
2023	140,000	120,269	260,269
2024	145,000	113,969	258,969
2025	155,000	107,444	262,444
2026	160,000	104,344	264,344
2027	165,000	101,144	266,144
2028	170,000	97,432	267,432
2029	175,000	93,181	268,181
2030	170,000	87,931	257,931
2031	180,000	82,831	262,831
2032	185,000	77,431	262,431
2033	190,000	71,881	261,881
2034	190,000	65,944	255,944
2035	200,000	60,006	260,006
2036	200,000	53,506	253,506
2037	215,000	47,006	262,006
2038	215,000	40,019	255,019
2039	225,000	33,031	258,031
2040	230,000	25,437	255,437
2041	240,000	17,675	257,675
2042	265,000	9,275	274,275
	<u>\$ 3,955,000</u>	<u>\$ 1,536,325</u>	<u>\$ 5,491,325</u>

See accompanying independent auditor's report.

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

S E R I E S - 2 0 1 8			
Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$ 90,000	\$ 93,844	\$ 183,844
2023	95,000	91,143	186,143
2024	95,000	88,294	183,294
2025	105,000	85,443	190,443
2026	110,000	82,294	192,294
2027	115,000	78,993	193,993
2028	120,000	75,544	195,544
2029	120,000	71,944	191,944
2030	120,000	68,344	188,344
2031	125,000	64,744	189,744
2032	130,000	60,681	190,681
2033	135,000	56,456	191,456
2034	140,000	51,900	191,900
2035	145,000	47,175	192,175
2036	150,000	42,100	192,100
2037	155,000	36,850	191,850
2038	160,000	31,425	191,425
2039	170,000	25,825	195,825
2040	170,000	19,663	189,663
2041	175,000	13,500	188,500
2042	185,000	6,937	191,937
	\$ 2,810,000	\$ 1,193,099	\$ 4,003,099

See accompanying independent auditor's report.

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-C
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	\$ 430,000	\$ 440,000	\$ 870,000
2023	445,000	424,800	869,800
2024	460,000	408,200	868,200
2025	480,000	391,025	871,025
2026	500,000	376,975	876,975
2027	520,000	362,325	882,325
2028	540,000	347,826	887,826
2029	555,000	332,187	887,187
2030	565,000	315,088	880,088
2031	590,000	297,512	887,512
2032	610,000	278,300	888,300
2033	630,000	258,430	888,430
2034	655,000	237,325	892,325
2035	680,000	214,912	894,912
2036	700,000	190,837	890,837
2037	730,000	166,037	896,037
2038	755,000	140,200	895,200
2039	785,000	113,437	898,437
2040	810,000	85,131	895,131
2041	840,000	55,669	895,669
2042	690,000	24,612	714,612
	<u>\$ 12,970,000</u>	<u>\$ 5,460,828</u>	<u>\$ 18,430,828</u>

See accompanying independent auditor's report.

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DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 11-C
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-C Unlimited Tax Road Bonds - Series 2015	\$ 2,985,000	\$ 2,820,000
Denton County Fresh Water Supply District No. 11-C Unlimited Tax Bonds - Series 2017	3,675,000	3,575,000
Denton County Fresh Water Supply District No. 11-C Unlimited Tax Road Bonds - Series 2017	4,330,000	4,095,000
Denton County Fresh Water Supply District No. 11-C Unlimited Tax Bonds - Series 2018	<u>2,895,000</u>	<u>2,895,000</u>
TOTAL	<u>\$ 13,885,000</u>	<u>\$ 13,385,000</u>

Bond Authority:	<u>Tax Bonds (Utilities)</u>	<u>Refunding Bonds</u>	<u>Road Bonds</u>
Amount Authorized by Voters	\$ 9,100,000	\$ 19,500,000	\$ 10,400,000
Amount Issued	<u>6,570,000</u>	<u> </u>	<u>7,315,000</u>
Remaining to be Issued	<u>\$ 2,530,000</u>	<u>\$ 19,500,000</u>	<u>\$ 3,085,000</u>

Debt Service Fund cash, investments and cash with paying agent balances as of February 28, 2021: \$ 1,537,824

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 877,658

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

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding February 28, 2021</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 85,000	\$ 100,862	\$ 2,735,000	Amegy Bank N.A. Houston, TX
	105,000	124,625	3,470,000	Amegy Bank N.A. Houston, TX
	140,000	132,869	3,955,000	Amegy Bank N.A. Houston, TX
	<u>85,000</u>	<u>96,394</u>	<u>2,810,000</u>	Amegy Bank N.A. Houston, TX
<u>\$ - 0 -</u>	<u>\$ 415,000</u>	<u>\$ 454,750</u>	<u>\$ 12,970,000</u>	

See accompanying independent auditor's report.

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

	Amounts		
	2021	2020	2019
REVENUES			
Property Taxes	\$ 486,230	\$ 492,894	\$ 549,750
Water Service	374,681	334,621	326,727
Wastewater Service	356,819	319,367	311,715
Fire Protection Service	77,294	63,341	63,102
Franchise Fees	39,866	39,715	38,491
Permit Fees			104,600
Investment and Miscellaneous Revenues	27,863	140,275	47,172
TOTAL REVENUES	\$ 1,362,753	\$ 1,390,213	\$ 1,441,557
EXPENDITURES			
Professional Fees	\$ 106,547	\$ 109,959	\$ 103,924
Contracted Services	706,511	567,993	375,960
Purchased Water Service	294,575	284,864	277,904
Purchased Wastewater Service	189,120	162,369	101,916
Other	66,971	45,041	42,620
Bond Issuance Costs			23,789
TOTAL EXPENDITURES	\$ 1,363,724	\$ 1,170,226	\$ 926,113
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (971)	\$ 219,987	\$ 515,444
OTHER FINANCING SOURCES (USES)			
Transfers In(Out)	\$ - 0 -	\$ 19,589	\$ - 0 -
NET CHANGE IN FUND BALANCE	\$ (971)	\$ 239,576	\$ 515,444
BEGINNING FUND BALANCE	1,458,229	1,218,653	703,209
ENDING FUND BALANCE	\$ 1,457,258	\$ 1,458,229	\$ 1,218,653

See accompanying independent auditor's report.

Percentage of Total Revenues

2018	2017	2021	2020	2019	2018	2017
\$ 278,223	\$ 256,308	35.7 %	35.3 %	38.0 %	24.6 %	29.4 %
306,475	192,265	27.5	24.1	22.7	27.1	22.0
277,808	170,186	26.2	23.0	21.6	24.5	19.4
56,226	30,181	5.7	4.6	4.4	5.0	3.4
28,608	2,745	2.9	2.9	2.7	2.5	0.3
161,000	193,000			7.3	14.2	22.0
23,411	30,653	2.0	10.1	3.3	2.1	3.5
<u>\$ 1,131,751</u>	<u>\$ 875,338</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 96,810	\$ 95,246	7.8 %	7.9 %	7.2 %	8.6 %	10.9 %
332,419	195,179	51.9	40.9	26.1	29.4	22.3
267,451	238,434	21.6	20.5	19.3	23.6	27.2
49,981	34,975	13.9	11.7	7.1	4.4	4.0
64,929	67,181	4.9	3.2	3.0	5.7	7.7
2,200	49,514			1.7	0.2	5.7
<u>\$ 813,790</u>	<u>\$ 680,529</u>	<u>100.1 %</u>	<u>84.2 %</u>	<u>64.4 %</u>	<u>71.9 %</u>	<u>77.8 %</u>
\$ 317,961	\$ 194,809	<u>(0.1) %</u>	<u>15.8 %</u>	<u>35.6 %</u>	<u>28.1 %</u>	<u>22.2 %</u>
\$ - 0 -	\$ - 0 -					
\$ 317,961	\$ 194,809					
<u>385,248</u>	<u>190,439</u>					
<u>\$ 703,209</u>	<u>\$ 385,248</u>					

See accompanying independent auditor's report.

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

	Amounts		
	2021	2020	2019
REVENUES			
Property Taxes	\$ 892,166	\$ 728,690	\$ 649,919
Investment and Miscellaneous Revenues	<u>6,088</u>	<u>19,633</u>	<u>11,374</u>
TOTAL REVENUES	<u>\$ 898,254</u>	<u>\$ 748,323</u>	<u>\$ 661,293</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 7,917	\$ 8,984	\$ 8,145
Debt Service Principal	415,000	320,000	180,000
Debt Service Interest and Fees	<u>456,350</u>	<u>470,297</u>	<u>404,934</u>
TOTAL EXPENDITURES	<u>\$ 879,267</u>	<u>\$ 799,281</u>	<u>\$ 593,079</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 18,987</u>	<u>\$ (50,958)</u>	<u>\$ 68,214</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from Issuance of Long-Term Debt	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ -0-</u>
NET CHANGE IN FUND BALANCE	\$ 18,987	\$ (50,958)	\$ 68,214
BEGINNING FUND BALANCE	<u>645,484</u>	<u>696,442</u>	<u>628,228</u>
ENDING FUND BALANCE	<u>\$ 664,471</u>	<u>\$ 645,484</u>	<u>\$ 696,442</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>588</u>	<u>588</u>	<u>588</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>587</u>	<u>587</u>	<u>588</u>

See accompanying independent auditor's report.

Percentage of Total Revenues

2018	2017	2021	2020	2019	2018	2017
\$ 194,465	\$	99.3 %	97.4 %	98.3 %	98.3 %	%
3,432	128	0.7	2.6	1.7	1.7	100.0
<u>\$ 197,897</u>	<u>\$ 128</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 3,794	\$ 1,207	0.9 %	1.2 %	1.2 %	1.9 %	943.0 %
104,563	81,994	46.2	42.8	27.2	52.8	64,057.8
<u>\$ 108,357</u>	<u>\$ 83,201</u>	<u>97.9 %</u>	<u>106.8 %</u>	<u>89.6 %</u>	<u>54.7 %</u>	<u>65,000.8 %</u>
\$ 89,540	\$ (83,073)	<u>2.1 %</u>	<u>(6.8) %</u>	<u>10.4 %</u>	<u>45.3 %</u>	<u>(64,900.8) %</u>
\$ 408,197	\$ -0-					
\$ 497,737	\$ (83,073)					
130,491	213,564					
<u>\$ 628,228</u>	<u>\$ 130,491</u>					
<u>600</u>	<u>455</u>					
<u>600</u>	<u>455</u>					

See accompanying independent auditor's report.

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

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

District Telephone Number - (713) 621-3707

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended <u>February 28, 2021</u>	Expense Reimbursements for the year ended <u>February 28, 2021</u>	<u>Title</u>
Robbie Patman	05/18 05/22 (Elected)	\$ 1,650	\$ -0-	President
Richie Slivocka	05/20 05/24 (Elected)	\$ 3,600	\$ -0-	Vice President
Michael Seifert	05/18 05/22 (Elected)	\$ 1,800	\$ -0-	Secretary/ Treasurer
Sean Jordan	05/20 05/24 (Appointed)	\$ 1,350	\$ -0-	Assistant Secretary
Charles Knowlton	02/21 05/24 (Appointed)	\$ 150	\$ -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: February 9, 2021

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution on December 20, 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-C
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
FEBRUARY 28, 2021**

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended February 28, 2021</u>	<u>Title</u>
Crawford & Jordan LLP	05/16/07	\$ 67,803	General Counsel
McCall Gibson Swedlund Barfoot PLLC	03/21/12	\$ 17,250 \$ 500	Auditor Other Services
Dye & Toverly, LLC	08/17/06	\$ 39,893	Bookkeeper
Petitt and Associates LLC	03/04/08	\$ 19,724	Engineer
Robert W. Baird & Co.	03/18/15	\$ -0-	Financial Advisor
Mustang Special Utility District	02/01/13	\$ 223,559	Operator

See accompanying independent auditor's report.

