

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A

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. 8-A
Denton County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Denton County Fresh Water Supply District No. 8-A (the "District"), as of and for the year ended February 28, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic 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 basic 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 basic financial statements.

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

Board of Directors
Denton County Fresh Water
Supply District No. 8-A

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

June 22, 2021

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED FEBRUARY 28, 2021**

Management's discussion and analysis of Denton County Fresh Water Supply District No. 8-A's (the "District") financial performance provides an overview of the District's financial activities for the year ended February 28, 2021. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED FEBRUARY 28, 2021**

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements can be found in this report.

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$1,820,786 as of February 28, 2021. A portion of the District's net position reflects its net investment in capital assets (roads as well as water, wastewater and drainage facilities less any debt used to acquire those assets that is still outstanding). The following is a comparative analysis of government-wide changes in net position:

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED FEBRUARY 28, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2021	2020	Change Positive (Negative)
Current and Other Assets	\$ 4,877,073	\$ 4,741,398	\$ 135,675
Capital Assets (Net of Accumulated Depreciation)	15,064,110	15,465,467	(401,357)
Total Assets	\$ 19,941,183	\$ 20,206,865	\$ (265,682)
Deferred Outflows of Resources	\$ 145,657	\$ 158,049	\$ (12,392)
Due to Developer	\$ 1,559,216	\$ 1,559,216	\$
Bonds Payable	18,405,785	19,059,240	653,455
Other Liabilities	634,900	679,185	44,285
Total Liabilities	\$ 20,599,901	\$ 21,297,641	\$ 697,740
Deferred Inflows of Resources	\$ 1,307,724	\$ 1,356,995	\$ 49,271
Net Position:			
Net Investment in Capital Assets	\$ (2,825,180)	\$ (3,066,384)	\$ 241,204
Restricted	649,308	573,460	75,848
Unrestricted	355,086	203,202	151,884
Total Net Position	\$ (1,820,786)	\$ (2,289,722)	\$ 468,936

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

	Summary of Changes in the Statement of Activities		
	2021	2020	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 2,301,468	\$ 2,237,936	\$ 63,532
Charges for Services	1,495,637	1,364,966	130,671
Other Revenues	44,107	108,178	(64,071)
Total Revenues	\$ 3,841,212	\$ 3,711,080	\$ 130,132
Expenses for Services	3,372,276	3,118,970	(253,306)
Change in Net Position	\$ 468,936	\$ 592,110	\$ (123,174)
Net Position, Beginning of Year	(2,289,722)	(2,881,832)	592,110
Net Position, End of Year	\$ (1,820,786)	\$ (2,289,722)	\$ 468,936

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED FEBRUARY 28, 2021**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of February 28, 2021, were \$3,210,091, an increase of \$221,315 from the prior year.

The General Fund fund balance increased by \$153,165 primarily due to property tax revenues, franchise fees, and service revenues exceeding operating and administrative expenditures.

The Debt Service Fund fund balance increased by \$66,652, primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund fund balance increased by \$1,498.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated budget for the current fiscal year. Actual revenues were \$90,868 more than budgeted revenues and actual expenditures were \$114,659 more than budgeted which resulted in a negative variance of \$23,791. See the budget to actual comparison for more detail.

CAPITAL ASSETS

Capital assets as of February 28, 2021, total \$15,064,110 (net of accumulated depreciation) and include land and roads as well as the water, wastewater and drainage systems.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2021	2020	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 106,446	\$ 106,446	\$
Capital Assets, Net of Accumulated Depreciation:			
Roads	5,906,012	6,064,167	(158,155)
Water System	2,663,455	2,736,937	(73,482)
Wastewater System	3,500,211	3,595,287	(95,076)
Drainage System	2,887,986	2,962,630	(74,644)
Total Net Capital Assets	\$ 15,064,110	\$ 15,465,467	\$ (401,357)

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED FEBRUARY 28, 2021**

LONG-TERM DEBT ACTIVITY

At year-end, bond debt totaled \$18,485,000. The changes in bonds payable during the year ended February 28, 2021, are summarized as follows:

Bonds Payable, March 1, 2020	\$ 19,140,000
Less: Bond Principal Paid	<u>655,000</u>
Bonds Payable, February 28, 2021	<u>\$ 18,485,000</u>

The Series 2016, Series 2016 Road Refunding and Series 2016 Refunding bonds have insured ratings of "AA" by virtue of bond insurance issued by Build America Mutual Assurance Company. The Series 2017 Road, Series 2017 and Series 2018 Road bonds have insured ratings of "AA" by virtue of bond insurance issued by Assured Guaranty Municipal Corp. The District has an underlying rating of "Baa3". The above ratings reflect rating changes, if any, through February 28, 2021.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Denton County Fresh Water Supply District No. 8-A, c/o Crawford & Jordan, LLP, 19 Briar Hollow Lane, Suite 245, Houston, TX 77027.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
FEBRUARY 28, 2021

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 678,319	\$ 192,014
Investments	1,402,672	1,746,817
Cash with Fiscal Agent		306,549
Receivables:		
Property Taxes	15,618	21,696
Service Accounts	68,963	
Accrued Interest	644	
Due from Other Funds	3,494	
Prepaid Costs		
Due from Other Districts	58,930	
Land		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 2,228,640	\$ 2,267,076
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	\$ -0-	\$ -0-
TOTAL ASSETS AND DEFERRED		
OUTFLOWS OF RESOURCES	\$ 2,228,640	\$ 2,267,076

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 1,728	\$ 872,061	\$	\$ 872,061
369,110	3,518,599		3,518,599
	306,549		306,549
	37,314		37,314
	68,963		68,963
	644		644
	3,494	(3,494)	
		14,013	14,013
	58,930		58,930
		106,446	106,446
		14,957,664	14,957,664
<u>\$ 370,838</u>	<u>\$ 4,866,554</u>	<u>\$ 15,074,629</u>	<u>\$ 19,941,183</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 145,657</u>	<u>\$ 145,657</u>
<u>\$ 370,838</u>	<u>\$ 4,866,554</u>	<u>\$ 15,220,286</u>	<u>\$ 20,086,840</u>

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

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
FEBRUARY 28, 2021

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 234,451	\$
Accrued Interest Payable		
Due to Developer		
Due to Other Funds		3,494
Security Deposits	93,900	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 328,351	\$ 3,494
DEFERRED INFLOWS OF RESOURCES		
Deferred Property Taxes	\$ 15,618	\$ 1,309,000
FUND BALANCES		
Restricted for Authorized Construction	\$	\$
Restricted for Debt Service		954,582
Unassigned	1,884,671	
TOTAL FUND BALANCES	\$ 1,884,671	\$ 954,582
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,228,640	\$ 2,267,076
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
\$	\$ 234,451	\$	\$ 234,451
		306,549	306,549
		1,559,216	1,559,216
	3,494	(3,494)	
	93,900		93,900
		685,000	685,000
		17,720,785	17,720,785
<u>\$ -0-</u>	<u>\$ 331,845</u>	<u>\$ 20,268,056</u>	<u>\$ 20,599,901</u>
<u>\$ -0-</u>	<u>\$ 1,324,618</u>	<u>\$ (16,894)</u>	<u>\$ 1,307,724</u>
\$ 370,838	\$ 370,838	\$ (370,838)	\$
	954,582	(954,582)	
	1,884,671	(1,884,671)	
<u>\$ 370,838</u>	<u>\$ 3,210,091</u>	<u>\$ (3,210,091)</u>	<u>\$ -0-</u>
<u>\$ 370,838</u>	<u>\$ 4,866,554</u>		
		\$ (2,825,180)	\$ (2,825,180)
		649,308	649,308
		355,086	355,086
		<u>\$ (1,820,786)</u>	<u>\$ (1,820,786)</u>

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

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FEBRUARY 28, 2021**

Total Fund Balances - Governmental Funds		\$ 3,210,091
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
Prepaid bond insurance is amortized over the term of the refunding bonds.		14,013
Capital assets are not current financial resources and, therefore, are not reported as assets in governmental funds.		15,064,110
Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.		145,657
Deferred inflows of resources related to property tax revenues for the 2020 and prior maintenance tax levies and the 2019 and prior debt service tax levies became part of recognized revenue in the governmental activities of the District.		16,894
<p>Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. These liabilities consist of:</p>		
Due to Developer	\$ (1,559,216)	
Accrued Interest Payable	(306,549)	
Bonds Payable	<u>(18,405,785)</u>	<u>(20,271,550)</u>
Total Net Position - Governmental Activities		<u>\$ (1,820,785)</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. 8-A
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED FEBRUARY 28, 2021

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 944,993	\$ 1,356,814
Water Service	686,884	
Wastewater Service	588,272	
Fire Protection Service Revenues	121,498	
Franchise Fees	87,161	
Penalty and Interest	11,822	
Investment and Miscellaneous Revenues	25,534	16,747
TOTAL REVENUES	\$ 2,466,164	\$ 1,373,561
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 123,219	\$
Contracted Services	1,181,803	19,901
Purchased Water Service	559,357	
Purchased Wastewater Service	372,083	
Repairs and Maintenance	30,349	
Depreciation		
Other	46,188	14
Debt Service:		
Bond Principal		655,000
Bond Interest		631,994
TOTAL EXPENDITURES/EXPENSES	\$ 2,312,999	\$ 1,306,909
NET CHANGE IN FUND BALANCES	\$ 153,165	\$ 66,652
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - MARCH 1, 2020	1,731,506	887,930
FUND BALANCES/NET POSITION - FEBRUARY 28, 2021	\$ 1,884,671	\$ 954,582

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 2,301,807	\$ (339)	\$ 2,301,468
	686,884		686,884
	588,272		588,272
	121,498		121,498
	87,161		87,161
	11,822		11,822
1,826	44,107		44,107
<u>\$ 1,826</u>	<u>\$ 3,841,551</u>	<u>\$ (339)</u>	<u>\$ 3,841,212</u>
\$	\$ 123,219	\$	\$ 123,219
	1,201,704		1,201,704
	559,357		559,357
	372,083		372,083
	30,349		30,349
328	46,530	401,357	401,357
	655,000	(655,000)	
	631,994	5,683	637,677
<u>\$ 328</u>	<u>\$ 3,620,236</u>	<u>\$ (247,960)</u>	<u>\$ 3,372,276</u>
\$ 1,498	\$ 221,315	\$ (221,315)	\$
		468,936	468,936
369,340	2,988,776	(5,278,498)	(2,289,722)
<u>\$ 370,838</u>	<u>\$ 3,210,091</u>	<u>\$ (5,030,877)</u>	<u>\$ (1,820,786)</u>

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

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED FEBRUARY 28, 2021**

Net Change in Fund Balances - Governmental Funds	\$	221,315
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>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.</p>		(339)
<p>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.</p>		(401,357)
<p>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.</p>		655,000
<p>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.</p>		<u>(5,683)</u>
Change in Net Position - Governmental Activities	\$	<u>468,936</u>

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

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 1. CREATION OF DISTRICT

On June 27, 2000, the Denton County Commissioners Court approved the order creating Denton County Fresh Water Supply District No. 8 of Denton County, Texas (the “Original District”). As a result of another election held on November 7, 2000, the voters approved the Original District’s assumption of certain rights, authority, privileges and functions of a road district and approved for the Original District to purchase, construct, acquire, own, operate, repair, improve and extend the sanitary sewer system. On December 4, 2000, following a hearing, the governing board of the Original District approved the conversion of the Original District 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 the Original District on May 5, 2001, voters approved the division of the Original District into two new districts of which Denton County Fresh Water Supply District No. 8-A (the “District”) was one. The District held its first meeting on May 9, 2001, and sold its first bonds on June 28, 2007. Pursuant to the provisions of Chapters 49, 51 and 53 of the Texas Water Code and Senate Bill No. 1444, Acts of the 77th Legislative, Regular Session, 2001, 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 parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests.

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. 8-A
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation

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

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

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted – This component of net position consists of external constraints placed on the use of net position imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted – This component of net position consists of net position 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. 8-A
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

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

Fund Financial Statements

As discussed above, the District's fund financial statements are combined with the government-wide 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 collectible 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 collectible within 60 days after year-end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Property taxes considered available by the District and included in revenue include taxes collected during the period and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to 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. Recognition of tax revenues for the 2020 debt service tax levy levied in the current fiscal year have been deferred to meet the debt service payments due in the next fiscal year.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. At year-end, the Debt Service Fund owed the General Fund \$3,494 for tax collections.

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
Roads	45
Water, Wastewater and Drainage Systems	10-45

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

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

Pensions

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 wages subject to federal income tax withholding for payroll purposes only.

Measurement Focus

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

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

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District had no nonspendable 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 does not have any committed fund balances.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

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

	March 1, 2020	Additions	Retirements	February 28, 2021
Bonds Payable	\$ 19,140,000	\$	\$ 655,000	\$ 18,485,000
Unamortized Discounts	(307,284)		(19,306)	(287,978)
Unamortized Premiums	226,524		17,761	208,763
Bonds Payable, Net	<u>\$ 19,059,240</u>	<u>\$ -0-</u>	<u>\$ 653,455</u>	<u>\$ 18,405,785</u>
			Amount Due Within One Year	\$ 685,000
			Amount Due After One Year	<u>17,720,785</u>
			Bonds Payable, Net	<u>\$ 18,405,785</u>

As of February 28, 2021, the District had authorized but unissued bonds in the amount of \$9,095,000 in utility tax bonds, \$28,232,020 in utility refunding bonds, \$53,269,580 in road refunding bonds and \$5,090,000 in road bonds.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 3. LONG-TERM DEBT (Continued)

	Road Series 2015	Series 2016	Refunding Series 2016	
Amount Outstanding – February 28, 2021	\$ 2,845,000	\$ 4,155,000	\$ 1,485,000	
Interest Rates	2.40% - 4.00%	2.00% - 3.25%	3.00% - 4.00%	
Maturity Dates – Serially Beginning/Ending	September 1, 2021/2040	September 1, 2021/2040	September 1, 2021/2035	
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1/ September 1	
Callable Dates	September 1, 2023*	September 1, 2024*	September 1, 2024*	
	Refunding Road Series 2016	Road Series 2017	Series 2017	Road Series 2018
Amount Outstanding – February 28, 2021	\$ 1,440,000	\$ 2,510,000	\$ 3,015,000	\$ 3,035,000
Interest Rates	3.00% - 4.00%	2.50% - 4.00%	2.25% - 4.75%	3.00% - 3.375%
Maturity Dates – Serially Beginning/Ending	September 1, 2021/2032	September 1, 2021/2042	September 1, 2021/2042	September 1, 2021/2042
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, 2024*	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, 2036 and 2040 are subject to mandatory redemption beginning September 1, 2035 and 2037, respectively. The Series 2016 Refunding term bonds maturing on September 1, 2023, 2026, 2029, 2032, and 2035 are subject to mandatory redemption beginning September 1, 2021, 2024, 2027, 2030, and 2033, respectively. The Series 2016 Road Refunding term bonds maturing on September 1, 2023, 2026, 2028, 2030, and 2032 are subject to mandatory redemption beginning September 1, 2021, 2024, 2027, 2029, and 2031, respectively. The Series 2017 Road term bonds maturing on September 1, 2027, 2029, 2031, 2033, 2035, 2037, 2039 and 2042, are subject to mandatory redemption beginning September 1, 2025, 2028, 2030, 2032, 2034, 2036, 2038, and 2040, respectively. The Series 2017 term bonds maturing on September 1, 2037 and 2042 are subject to mandatory redemption beginning September 1, 2036 and 2038, respectively. The Series 2018 Road term bonds maturing on September 1, 2031, 2038, and 2042 are subject to mandatory redemption beginning September 1, 2029, 2036, and 2039, respectively.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 3. LONG-TERM DEBT (Continued)

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

<u>February 28/29</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 685,000	\$ 613,097	\$ 1,298,097
2023	700,000	592,175	1,292,175
2024	730,000	571,406	1,301,406
2025	755,000	549,505	1,304,505
2026	780,000	527,131	1,307,131
2027-2031	4,370,000	2,239,620	6,609,620
2032-2036	4,740,000	1,472,248	6,212,248
2037-2041	4,655,000	690,053	5,345,053
2042-2043	1,070,000	56,996	1,126,996
	<u>\$ 18,485,000</u>	<u>\$ 7,312,231</u>	<u>\$ 25,797,231</u>

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District without legal limit as to rate or amount. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes.

During year ended February 28, 2021, the District levied an ad valorem utility debt service tax rate of \$0.23 per \$100 of assessed valuation, which resulted in a tax levy of \$595,598 on the adjusted taxable valuation of \$258,955,364 for the 2020 tax year. The 2020 debt service tax levy has been fully deferred.

During year ended February 28, 2021, the District levied an ad valorem road debt service tax rate of \$0.275 per \$100 of assessed valuation, which resulted in a tax levy of \$712,127 on the adjusted taxable valuation of \$258,955,364 for the 2020 tax year. The 2020 road debt service tax levy has been fully deferred. See Note 7 for the maintenance tax levy.

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

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

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 bond orders require that the District provide 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 \$1,342,288 and the bank balance was \$1,262,696. The District was not exposed to custodial credit risk at year end.

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

	Cash	Certificates of Deposit	Total
	<u> </u>	<u> </u>	<u> </u>
GENERAL FUND	\$ 678,319	\$ 240,000	\$ 918,319
DEBT SERVICE FUND	192,014	230,227	422,241
CAPITAL PROJECTS FUND	<u>1,728</u>	<u> </u>	<u>1,728</u>
TOTAL DEPOSITS	<u>\$ 872,061</u>	<u>\$ 470,227</u>	<u>\$ 1,342,288</u>

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
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.

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

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
Certificate of Deposit	\$ 240,000	\$ 240,000
LOGIC	1,162,672	1,162,672
<u>DEBT SERVICE FUND</u>		
Certificate of Deposit	230,227	230,227
LOGIC	1,516,590	1,516,590
<u>CAPITAL PROJECTS FUND</u>		
LOGIC	369,110	369,110
TOTAL INVESTMENTS	\$ 3,518,599	\$ 3,518,599

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

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in LOGIC to have a maturity of less than one year due to the fact that the share position can usually be redeemed each day at the discretion of the District unless there have been significant changes in value. The District also 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. 8-A
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 6. CAPITAL ASSETS

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

	March 1, 2020	Increases	Decreases	February 28, 2021
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 106,446	\$ - 0 -	\$ - 0 -	\$ 106,446
Capital Assets Subject to Depreciation				
Roads	\$ 7,097,532	\$	\$	\$ 7,097,532
Water System	3,273,302			3,273,302
Wastewater System	4,157,267			4,157,267
Drainage System	3,349,786			3,349,786
Total Capital Assets Subject to Depreciation	<u>\$ 17,877,887</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 17,877,887</u>
Less Accumulated Depreciation				
Roads	\$ 1,033,365	\$ 158,155	\$	\$ 1,191,520
Water System	536,365	73,482		609,847
Wastewater System	561,980	95,076		657,056
Drainage System	387,156	74,644		461,800
Total Accumulated Depreciation	<u>\$ 2,518,866</u>	<u>\$ 401,357</u>	<u>\$ - 0 -</u>	<u>\$ 2,920,223</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 15,359,021</u>	<u>\$ (401,357)</u>	<u>\$ - 0 -</u>	<u>\$ 14,957,664</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 15,465,467</u>	<u>\$ (401,357)</u>	<u>\$ - 0 -</u>	<u>\$ 15,064,110</u>

NOTE 7. MAINTENANCE TAX

On January 20, 2001, voters of the District approved the levy and collection of a maintenance tax of an unlimited amount per \$100 of assessed valuation of taxable property within the District. During the fiscal year, the District levied an ad valorem maintenance tax rate of \$0.365 per \$100 of assessed valuation which resulted in a tax levy of \$945,187 on the adjusted taxable valuation of \$258,955,364 for the 2020 tax year. The maintenance tax will be used for maintenance purposes including planning, maintaining, repairing and operating all necessary plants, properties, owned or contracted facilities and improvements of the District and for proper services, engineering, legal fees, and operational and administrative costs in accordance with Section 49.107 of the Texas Water Code.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 8. CONTRACT TAX

On August 11, 2001, the voters approved the levy and collection of an annual contract tax imposed on all taxable property within the boundaries of the District in an unlimited amount per \$100 of assessed valuation for purposes of making payments pursuant to certain contracts with Upper Trinity Regional Water District relative to water supply and wastewater treatment capacity and services. Upon approval of the Texas Commission on Environmental Quality, the contract tax may be levied in a sufficient amount to make payments related to the District's contracts for treated water supply and wastewater treatment with Upper Trinity Regional Water District to the extent other funds are not available to the District to make such payments. During the current fiscal year, the District did not levy a contract tax.

NOTE 9. WATER SUPPLY AGREEMENT

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

On August 29, 2001, the District executed an agreement with the Upper Trinity Regional Water District (the "UTRWD") to provide treated water to the District as a Participating Customer of the UTRWD, as well as other areas within the proximity of the District. The First Amendment to Participating Customer Contract was executed on September 6, 2001. The Second Amendment to Participating Customer Contract was executed on May 2, 2002. The Third Amendment to Participating Customer contract was executed on February 24, 2004. The Fourth Amendment to Participating Customer contract was executed on March 1, 2019. 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 to serve the District.

The UTRWD is governed by a Board of directors that are appointed by the governing bodies of members and by the County. The District, as a Participating Customer, is not entitled to appoint a representative to the Board; however, the District will be represented by a Board member serving Denton County at-large.

Pursuant to the Fourth Amendment, the supply of water on a minimum demand decreased from 2.17 to 1.87 million gallons of water per day (MGD). The District is required to take or pay for the minimum amount of water to assure adequate funds to the UTRWD to fulfill its obligations under the contract. After one year of operating experience, the District may adjust the regular service amount upon mutual agreement with the UTRWD. A determination of demand on an annual basis that takes into account actual usage for the most recent five water years and projected needs for the next water year will be made. Payments will be comprised of three components including an Operation and Maintenance Component, a Capital Component and a special reserve for operation and maintenance cost of the system. Annual budgets will be prepared for the system. The District will pay its part of the annual requirement in monthly installments.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 9. WATER SUPPLY AGREEMENT (Continued)

The agreement provides for water conservation and drought contingency issues. The term of the contract is 25 years or as long as the bonds issued remain outstanding. The contract further has a 20-year extension provision.

NOTE 10. SEWAGE TREATMENT SERVICE AGREEMENT

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

On August 29, 2001, the District executed an agreement (the “UTRWD Wastewater Agreement”) with the UTRWD to provide wastewater treatment service to the District as a Participating Customer of the UTRWD, as well as other areas within the proximity of the District. The UTRWD has agreed to use its best efforts to build the facilities called for in this agreement and to issue debt, if necessary, to fund the cost of the facilities. During a prior fiscal year, the District’s Developer advanced monies on behalf of the District to the UTRWD for the District’s share of the construction cost of the Riverbend Wastewater Treatment Plant.

The UTRWD is governed by a Board of directors that are appointed by the governing bodies of members and by the County. The District, as a Participating Customer, is not entitled to appoint a representative to the Board; however, the District will be represented by a Board member serving Denton County at-large.

The construction of the Riverbend Plant was completed in two phases. After completion of the first phase, the District was entitled to wastewater capacity of 0.05 MGD on a minimum flow basis and 0.11 MGD for average annual flow. After completion of the second phase, the District was entitled to wastewater capacity of 0.10 MGD on a minimum flow basis and 0.36 MGD for average annual flow. Pursuant to an amendment to the UTRWD Wastewater Agreement, dated December 14, 2010, the District is entitled to treatment capacity of 0.130 MGD on a minimum flow basis and 0.454 MGD for average annual flow.

Capacity and costs relating to wastewater treatment are allocated between the District and District 8-B (as hereinafter defined) pursuant to a joint utility contract described in Note 12. The District is required to pay based on the minimum flow basis of wastewater, whether or not the District actually delivers this amount of wastewater to the UTRWD, to assure adequate funds to the UTRWD to fulfill its obligations under the contract. Payments will be comprised of three components including an Operation and Maintenance Component, a Capital Component and a special reserve for operation and maintenance cost of the system. Annual budgets will be prepared for the system. The District will pay 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. 8-A
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 11. WATER AND SEWER SERVICE AGREEMENT

On July 10, 2001, the District approved a Water Service Agreement and a Sewer Service Agreement with Mustang Water Supply Corporation, now known as Mustang Special Utility District (“Mustang”). Mustang holds Certificates of Convenience and Necessity Nos. 11856 and 20930 (“CCN”) to provide retail water and wastewater services to certain areas within Denton County, Texas, in which area the District is located. In addition, the District holds CCN Nos. 13018 and 20924 to provide retail water and wastewater services to the areas within the District.

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

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

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

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

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 11. WATER AND SEWER SERVICE AGREEMENT (Continued)

No sooner than 10 years after the effective date of this agreement, and upon full payment of all the District's bonded indebtedness and all outstanding reimbursements due to the Developer, Mustang shall have the option to purchase the District's water and wastewater systems in its then present condition at Mustang's sole option at a cost of \$500, provided that at that time of the exercise of the option, Mustang delivers an opinion of counsel satisfactory to UTRWD and the District that certifies that Mustang or its successor is a governmental unit within the meaning of Section 141 of the Internal Revenue Code.

The term of this agreement is 25 years from the effective date, unless terminated by Mustang pursuant to the option to purchase the District's water and wastewater systems.

NOTE 12. JOINT UTILITY CONTRACT

On November 12, 2001, the District and Denton County Fresh Water Supply District No. 8-B ("District 8-B") entered into a Joint Utility Contract. Amendment No. 1 to the Joint Utility Contract was approved on June 11, 2002 and an Amendment was approved on February 24, 2004. The District has entered into the UTRWD contracts, see Notes 9 and 10, on behalf of itself and District 8-B and any additional contract service areas that may request utility services.

The UTRWD will look solely to the District to fulfill the obligations of the contracts. This agreement establishes the pro rata allocation of the costs to be incurred under the 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 District and District 8-B.

On January 13, 2005, the District and District No. 8-B executed an Amended and Restated Joint Utility Contract. The agreement provides that for wastewater treatment purposes, the total reserved capacity for wastewater is 0.360 MGD, of which the District was entitled to 0.110 MGD and District No. 8-B was entitled to 0.250 MGD. Effective March 1, 2011, the District and District No. 8-B executed the First Amendment to Amended and Restated Joint Utility Contract. Pursuant to this amendment, completed improvements to the UTRWD Riverbend Plant resulted in the allocation of an additional 0.094 MGD in wastewater treatment capacity to the District so that the District was entitled to 0.204 MGD of wastewater treatment capacity and District No. 8-B remained entitled to 0.250 MGD (See Note 10). For potable water purposes the Districts have reserved a total of 1.87 MGD of water capacity in the UTRWD water contract as of fiscal year-end. The Contract makes provision for the purchase of wastewater services and water supply from UTRWD, expansion of the systems, the pledge of contract tax revenues if needed to meet obligations and the possibility of oversizing requirements by the UTRWD wastewater contract.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 12. JOINT UTILITY CONTRACT (Continued)

The agreement provides for each party to pay its pro rata share of usage, operation and maintenance for the UTRWD systems. The share of fixed cost payable by each party holding reserved capacity will be in the same proportion as the party's reserved capacity bears to the total capacity reserved for the Districts. Both Districts will pay variable costs based upon actual metered usage within each respective district. The Boards of the Districts will meet at least once annually to review the prior year's budget and to establish the following year's budget for each respective district.

The term of the contract is 40 years from the date of its execution. The contract is renewable for 20-year periods. During the current fiscal year, the District recorded purchased water and purchased wastewater costs of \$559,357 and \$372,083, respectively, in accordance with the contract.

Effective April 17, 2012, the District and District No. 8-B executed the Second Amendment to Amended and Restated Joint Utility Contract. The share of the fixed costs, including Demand Charges and Joint Facilities Charges under the UTRWD Contracts, shall be paid based upon the reserved capacity each district holds in comparison to the total capacity reserved for both districts. This Second Amendment provides that relative to charges under the UTRWD Water Contract, each district will pay variable costs, including Volume Charges, in proportion to their 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 of the two districts. Relative to charges under the UTRWD Wastewater Contract, each District will pay variable costs, including Volume Charges, in proportion to their 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 both districts.

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

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 12. JOINT UTILITY CONTRACT (Continued)

Effective June 1, 2017, the District and District No. 8-B entered into a Third Amendment to Amended and Restated Joint Utility Contract. Under this Third Amendment, the District is allocated 0.228 MGD of wastewater treatment capacity and District No. 8-B is allocated 0.226 of wastewater treatment capacity.

Effective March 1, 2019, the District and District No. 8-B entered into a Fourth Amendment to Amended and Restated Joint Utility Contract. Under this Fourth Amendment, the District is allocated 0.939 MGD and District No. 8-B is allocated 0.931 MGD of reserved water capacity. The reserved wastewater allocations did not change under the Fourth Amendment.

NOTE 13. 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 of the District and there have been no settlements of claims exceeding coverage in the last three years.

NOTE 14. FIRE PROTECTION SERVICES AGREEMENT

The District, 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 which was subsequently annexed by the Town of Providence Village), Denton County Fresh Water Supply District No. 10, Denton County Fresh Water Supply District No. 11-A, Denton County Fresh Water Supply District No. 11-B and Denton County Fresh Water Supply District No. 11-C have entered into a Fire Protection Services Agreement with the City of Aubrey, Texas (the "City"), dated December 19, 2007. 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; and the number of connections is to be reassessed on at least a quarterly basis. During the current fiscal year, the District incurred \$146,350 in relation to this agreement.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 14. 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 15. PEACE OFFICER SERVICES AGREEMENTS

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

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

NOTE 16. STRATEGIC PARTNERSHIP AGREEMENT

Effective March 3, 2015, the District entered into a Strategic Partnership Agreement with the Town and Denton County Fresh Water Supply District No. 8-B (“District No. 8-B”) for the limited purpose annexation by the Town of certain tracts of land, including portions of Navo Road and an existing elementary school site, located within the District and District No. 8-B. Such tracts were annexed by the Town for limited purposes of providing road maintenance and public safety services, as well as certain other regulatory authority permissions granted to the Town, in the areas to be annexed. In addition, this agreement further provides for the acknowledgment and acceptance by the District and District No. 8-B of a proposed road alignment of Navo Road and Union Park Boulevard, and for the provision of sidewalks and street lighting by the Town along portions of Navo Road.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

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

Effective May 1, 2016, the District and District 11-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-B, 11-A, 11-B and 11-C (Paloma Creek Districts). See also Notes 9, 10 and 12.

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

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. UNREIMBURSED DEVELOPER COSTS

The District entered into agreements with the Developer which call for the Developer to fund costs associated with the construction of water, wastewater, drainage and road facilities and non-construction costs, as well as operating advances in order for the District to meet its ongoing financial obligations. Reimbursement to the Developer is expected to be made from the proceeds of future bond sales, surplus funds or other lawfully available funds. The District recorded a balance due to the Developer of \$1,559,216. This balance remained unchanged from the prior fiscal year.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2021

NOTE 19. 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.

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DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A

REQUIRED SUPPLEMENTARY INFORMATION

FEBRUARY 28, 2021

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED FEBRUARY 28, 2021**

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 895,095	\$ 944,993	\$ 49,898
Water Service	655,005	686,884	31,879
Wastewater Service	582,735	588,272	5,537
Fire Protection Service Revenues	93,984	121,498	27,514
Franchise Fees	87,807	87,161	(646)
Penalty and Interest	22,690	11,822	(10,868)
Investment and Miscellaneous Revenues	<u>37,980</u>	<u>25,534</u>	<u>(12,446)</u>
TOTAL REVENUES	<u>\$ 2,375,296</u>	<u>\$ 2,466,164</u>	<u>\$ 90,868</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 109,600	\$ 123,219	\$ (13,619)
Contracted Services	1,001,238	1,181,803	(180,565)
Purchased Water Service	656,054	559,357	96,697
Purchased Wastewater Service	388,630	372,083	16,547
Other	<u>42,818</u>	<u>76,537</u>	<u>(33,719)</u>
TOTAL EXPENDITURES	<u>\$ 2,198,340</u>	<u>\$ 2,312,999</u>	<u>\$ (114,659)</u>
NET CHANGE IN FUND BALANCE	\$ 176,956	\$ 153,165	\$ (23,791)
FUND BALANCE - MARCH 1, 2020	<u>1,731,506</u>	<u>1,731,506</u>	<u>_____</u>
FUND BALANCE - FEBRUARY 28, 2021	<u>\$ 1,908,462</u>	<u>\$ 1,884,671</u>	<u>\$ (23,791)</u>

See accompanying independent auditor's report.

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DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
SUPPLEMENTARY INFORMATION – REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE
FEBRUARY 28, 2021

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
SERVICES AND RATES
FOR THE YEAR ENDED FEBRUARY 28, 2021

1. SERVICES PROVIDED BY THE DISTRICT DURING THE FISCAL YEAR:

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

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order dated December 15, 2020.

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

District employs winter averaging for wastewater usage? 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. 8-A
SERVICES AND RATES
FOR THE YEAR ENDED FEBRUARY 28, 2021**

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤¾"	969	969	x 1.0	969
1"	9	9	x 2.5	23
1½"			x 5.0	
2"	7	7	x 8.0	56
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u>985</u>	<u>985</u>		<u>1,048</u>
Total Wastewater Connections	<u>964</u>	<u>964</u>	x 1.0	<u>964</u>

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

Gallons billed to customers: 102,046,000 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-B, 11-A, 11-B and 11-C. The districts purchase water from the Upper Trinity Regional Water District.

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
SERVICES AND RATES
FOR THE YEAR ENDED FEBRUARY 28, 2021

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

Does the District have Debt Service standby fees? Yes No

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes No

County in which District is located:

Denton County, Texas

Is the District located within a city?

Entirely Partly Not at all

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

Entirely Partly Not at all

ETJ in which District is located:

Town of Little Elm, Texas

Are Board Members appointed by an office outside the District?

Yes No

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED FEBRUARY 28, 2021

PROFESSIONAL FEES:	
Auditing and Related Services	\$ 19,000
Engineering	21,006
Legal	83,213
	123,219
TOTAL PROFESSIONAL FEES	\$ 123,219
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	\$ 559,357
Purchased Wastewater Service	372,083
	931,440
TOTAL PURCHASED SERVICES FOR RESALE	\$ 931,440
CONTRACTED SERVICES:	
Bookkeeping	\$ 33,289
Operations and Billing	328,366
Solid Waste Disposal	196,868
Security	476,930
Fire Fighting	146,350
	1,181,803
TOTAL CONTRACTED SERVICES	\$ 1,181,803
UTILITIES	\$ 2,898
REPAIRS AND MAINTENANCE	\$ 30,349
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes	\$ 11,015
Consulting	12,962
Insurance	6,463
Legal Notices	1,265
Other	5,557
	37,262
TOTAL ADMINISTRATIVE EXPENDITURES	\$ 37,262
OTHER EXPENDITURES:	
Regulatory Assessment	\$ 6,028
	6,028
TOTAL EXPENDITURES	\$ 2,312,999

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
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>					
Certificate of Deposit	XXXX4400	0.55%	09/03/21	\$ 240,000	\$ 644
LOGIC	XXXX8001	Varies	Daily	<u>1,162,672</u>	
TOTAL GENERAL FUND				<u>\$ 1,402,672</u>	<u>\$ 644</u>
<u>DEBT SERVICE FUND</u>					
Certificate of Deposit	XXXX4706	1.049%	03/25/21	\$ 230,227	\$
LOGIC	XXXX8002	Varies	Daily	<u>1,516,590</u>	
TOTAL DEBT SERVICE FUND				<u>\$ 1,746,817</u>	<u>\$ -0-</u>
<u>CAPITAL PROJECTS FUND</u>					
LOGIC	XXXX8003	Varies	Daily	<u>\$ 369,110</u>	<u>\$ -0-</u>
TOTAL - ALL FUNDS				<u>\$ 3,518,599</u>	<u>\$ 644</u>

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED FEBRUARY 28, 2021

	Maintenance Taxes		Debt Service Taxes - Utility		Debt Service Taxes - Road	
TAXES RECEIVABLE - MARCH 1, 2020	\$ 15,707		\$ 10,469		\$ 13,170	
Adjustments to Beginning Balance	<u>(283)</u>	\$ 15,424	<u>(192)</u>	\$ 10,277	<u>(241)</u>	\$ 12,929
Original 2020 Tax Levy	\$ 945,377		\$ 595,717		\$ 712,270	
Adjustment to 2020 Tax Levy	<u>(190)</u>	<u>945,187</u>	<u>(119)</u>	<u>595,598</u>	<u>(143)</u>	<u>712,127</u>
TOTAL TO BE ACCOUNTED FOR		\$ 960,611		\$ 605,875		\$ 725,056
TAX COLLECTIONS:						
Prior Years	\$ 14,565		\$ 9,713		\$ 12,218	
Current Year	<u>930,428</u>	<u>944,993</u>	<u>586,297</u>	<u>596,010</u>	<u>701,007</u>	<u>713,225</u>
TAXES RECEIVABLE - FEBRUARY 28, 2021		<u>\$ 15,618</u>		<u>\$ 9,865</u>		<u>\$ 11,831</u>
TAXES RECEIVABLE BY YEAR:						
2020		\$ 14,759		\$ 9,301		\$ 11,120
2019		<u>859</u>		<u>564</u>		<u>711</u>
TOTAL		<u>\$ 15,618</u>		<u>\$ 9,865</u>		<u>\$ 11,831</u>

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED FEBRUARY 28, 2021

	2020	2019	2018	2017
PROPERTY VALUATIONS:				
Land	\$ 65,733,599	\$ 66,228,240	\$ 67,292,899	\$ 53,345,901
Improvements	201,749,826	200,459,661	174,184,794	124,130,967
Personal Property	989,224	1,109,202	1,196,780	1,044,268
Exemptions	(9,517,285)	(8,114,928)	(8,186,956)	(7,351,728)
TOTAL PROPERTY VALUATIONS	\$ 258,955,364	\$ 259,682,175	\$ 234,487,517	\$ 171,169,408
TAX RATES PER \$100 VALUATION:				
Debt Service - Utility	\$ 0.230	\$ 0.230	\$ 0.255	\$ 0.370
Maintenance	0.365	0.350	0.305	0.290
Debt Service - Road	0.275	0.290	0.310	0.310
TOTAL TAX RATES PER \$100 VALUATION	\$ 0.870	\$ 0.870	\$ 0.870	\$ 0.970
ADJUSTED TAX LEVY*	\$ 2,252,912	\$ 2,270,358	\$ 2,040,041	\$ 1,660,344
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	98.44 %	99.90 %	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 approved by voters on January 20, 2001.

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
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	\$ 101,786	\$ 191,786
2023	95,000	99,626	194,626
2024	100,000	97,156	197,156
2025	105,000	94,356	199,356
2026	110,000	91,206	201,206
2027	115,000	87,796	202,796
2028	115,000	84,116	199,116
2029	125,000	80,379	205,379
2030	130,000	76,129	206,129
2031	135,000	71,579	206,579
2032	140,000	66,719	206,719
2033	145,000	61,644	206,644
2034	155,000	56,387	211,387
2035	160,000	50,575	210,575
2036	165,000	44,575	209,575
2037	175,000	38,181	213,181
2038	185,000	31,400	216,400
2039	190,000	24,000	214,000
2040	200,000	16,400	216,400
2041	210,000	8,400	218,400
2042			
2043			
	<u>\$ 2,845,000</u>	<u>\$ 1,282,410</u>	<u>\$ 4,127,410</u>

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 28, 2021

S E R I E S - 2 0 1 6				
Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total	
2022	\$ 155,000	\$ 120,169	\$	275,169
2023	160,000	117,068		277,068
2024	165,000	113,869		278,869
2025	170,000	110,568		280,568
2026	170,000	107,169		277,169
2027	175,000	102,068		277,068
2028	185,000	96,819		281,819
2029	190,000	91,268		281,268
2030	190,000	85,569		275,569
2031	200,000	79,869		279,869
2032	205,000	73,869		278,869
2033	210,000	67,719		277,719
2034	215,000	61,419		276,419
2035	225,000	54,969		279,969
2036	230,000	48,219		278,219
2037	245,000	41,319		286,319
2038	255,000	33,969		288,969
2039	260,000	26,000		286,000
2040	270,000	17,875		287,875
2041	280,000	9,100		289,100
2042				
2043				
	\$ 4,155,000	\$ 1,458,894	\$	5,613,894

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 28, 2021

SERIES - 2016 ROAD REFUNDING

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$ 100,000	\$ 54,550	\$ 154,550
2023	100,000	51,550	151,550
2024	105,000	48,550	153,550
2025	105,000	45,400	150,400
2026	110,000	41,200	151,200
2027	115,000	36,800	151,800
2028	120,000	32,200	152,200
2029	130,000	27,400	157,400
2030	130,000	22,200	152,200
2031	135,000	17,000	152,000
2032	145,000	11,600	156,600
2033	145,000	5,800	150,800
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
	<u>\$ 1,440,000</u>	<u>\$ 394,250</u>	<u>\$ 1,834,250</u>

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 28, 2021

SERIES - 2016 REFUNDING

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$ 70,000	\$ 57,200	\$ 127,200
2023	75,000	55,100	130,100
2024	75,000	52,850	127,850
2025	80,000	50,600	130,600
2026	85,000	47,400	132,400
2027	90,000	44,000	134,000
2028	95,000	40,400	135,400
2029	95,000	36,600	131,600
2030	105,000	32,800	137,800
2031	105,000	28,600	133,600
2032	110,000	24,400	134,400
2033	115,000	20,000	135,000
2034	125,000	15,400	140,400
2035	125,000	10,400	135,400
2036	135,000	5,400	140,400
2037			
2038			
2039			
2040			
2041			
2042			
2043			
	<u>\$ 1,485,000</u>	<u>\$ 521,150</u>	<u>\$ 2,006,150</u>

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
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	\$ 80,000	\$ 86,256	\$ 166,256
2023	80,000	83,056	163,056
2024	85,000	79,856	164,856
2025	85,000	76,456	161,456
2026	90,000	74,331	164,331
2027	90,000	71,631	161,631
2028	95,000	68,933	163,933
2029	100,000	66,083	166,083
2030	100,000	63,081	163,081
2031	105,000	60,081	165,081
2032	110,000	56,669	166,669
2033	115,000	53,094	168,094
2034	115,000	49,356	164,356
2035	120,000	45,618	165,618
2036	125,000	41,418	166,418
2037	130,000	37,044	167,044
2038	135,000	32,494	167,494
2039	140,000	27,768	167,768
2040	145,000	22,694	167,694
2041	150,000	17,438	167,438
2042	155,000	11,813	166,813
2043	160,000	6,000	166,000
	<u>\$ 2,510,000</u>	<u>\$ 1,131,170</u>	<u>\$ 3,641,170</u>

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 28, 2021

S E R I E S - 2 0 1 7			
Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$ 95,000	\$ 97,917	\$ 192,917
2023	95,000	93,406	188,406
2024	100,000	89,606	189,606
2025	105,000	85,606	190,606
2026	105,000	82,456	187,456
2027	110,000	80,094	190,094
2028	115,000	77,344	192,344
2029	120,000	74,325	194,325
2030	125,000	71,025	196,025
2031	130,000	67,588	197,588
2032	130,000	63,688	193,688
2033	135,000	59,788	194,788
2034	140,000	55,738	195,738
2035	145,000	51,538	196,538
2036	150,000	47,006	197,006
2037	155,000	42,132	197,132
2038	160,000	36,900	196,900
2039	170,000	31,500	201,500
2040	175,000	25,550	200,550
2041	180,000	19,425	199,425
2042	185,000	13,125	198,125
2043	190,000	6,650	196,650
	\$ 3,015,000	\$ 1,272,407	\$ 4,287,407

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 28, 2021

S E R I E S - 2 0 1 8 R O A D

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$ 95,000	\$ 95,219	\$ 190,219
2023	95,000	92,369	187,369
2024	100,000	89,519	189,519
2025	105,000	86,519	191,519
2026	110,000	83,369	193,369
2027	110,000	80,069	190,069
2028	115,000	76,769	191,769
2029	120,000	73,319	193,319
2030	125,000	69,718	194,718
2031	130,000	65,968	195,968
2032	135,000	62,068	197,068
2033	135,000	58,018	193,018
2034	140,000	53,968	193,968
2035	145,000	49,768	194,768
2036	150,000	45,418	195,418
2037	155,000	40,732	195,732
2038	165,000	35,694	200,694
2039	170,000	30,332	200,332
2040	175,000	24,806	199,806
2041	180,000	18,900	198,900
2042	185,000	12,826	197,826
2043	195,000	6,582	201,582
	<u>\$ 3,035,000</u>	<u>\$ 1,251,950</u>	<u>\$ 4,286,950</u>

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 28, 2021

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending February 28/29	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2022	\$ 685,000	\$ 613,097	\$ 1,298,097
2023	700,000	592,175	1,292,175
2024	730,000	571,406	1,301,406
2025	755,000	549,505	1,304,505
2026	780,000	527,131	1,307,131
2027	805,000	502,458	1,307,458
2028	840,000	476,581	1,316,581
2029	880,000	449,374	1,329,374
2030	905,000	420,522	1,325,522
2031	940,000	390,685	1,330,685
2032	975,000	359,013	1,334,013
2033	1,000,000	326,063	1,326,063
2034	890,000	292,268	1,182,268
2035	920,000	262,868	1,182,868
2036	955,000	232,036	1,187,036
2037	860,000	199,408	1,059,408
2038	900,000	170,457	1,070,457
2039	930,000	139,600	1,069,600
2040	965,000	107,325	1,072,325
2041	1,000,000	73,263	1,073,263
2042	525,000	37,764	562,764
2043	545,000	19,232	564,232
	<u>\$ 18,485,000</u>	<u>\$ 7,312,231</u>	<u>\$ 25,797,231</u>

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED FEBRUARY 28, 2021

Description	Original Bonds Issued	Bonds Outstanding March 1, 2020
Denton County Fresh Water Supply District No. 8-A Unlimited Tax Road Bonds - Series 2015	\$ 3,170,000	\$ 2,930,000
Denton County Fresh Water Supply District No. 8-A Unlimited Tax Bonds - Series 2016	4,765,000	4,310,000
Denton County Fresh Water Supply District No. 8-A Unlimited Tax Refunding Bonds - Series 2016	1,715,000	1,550,000
Denton County Fresh Water Supply District No. 8-A Unlimited Tax Road Refunding Bonds - Series 2016	1,825,000	1,535,000
Denton County Fresh Water Supply District No. 8-A Unlimited Tax Road Bonds - Series 2017	2,775,000	2,585,000
Denton County Fresh Water Supply District No. 8-A Unlimited Tax Bonds - Series 2017	3,190,000	3,105,000
Denton County Fresh Water Supply District No. 8-A Unlimited Tax Road Bonds - Series 2018	<u>3,215,000</u>	<u>3,125,000</u>
TOTAL	<u><u>\$ 20,655,000</u></u>	<u><u>\$ 19,140,000</u></u>

Bond Authority:	Utility Tax Bonds	Utility Refunding Bonds	Road Refunding Bonds	Road Bonds
Amount Authorized by by Voters	\$ 18,950,000	\$ 28,425,000	\$ 53,400,000	\$ 16,650,000
Amount Issued	<u>9,855,000</u>	<u>192,980</u>	<u>130,420</u>	<u>11,560,000</u>
Remaining to be Issued	<u><u>\$ 9,095,000</u></u>	<u><u>\$ 28,232,020</u></u>	<u><u>\$ 53,269,580</u></u>	<u><u>\$ 5,090,000</u></u>

Debt Service Fund cash, investments and cash with paying agent balances as of
February 28, 2021: \$ 2,245,380

Average annual debt service payment (principal and interest) for remaining term
of all debt: \$ 1,172,601

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

See accompanying independent auditor's report.

Current Year Transactions					Paying Agent
Bonds Sold	Retirements		Bonds Outstanding February 28, 2021		
	Principal	Interest			
\$	\$ 85,000	\$ 103,656	\$ 2,845,000	Amegy Bank N.A. Houston, TX	
	155,000	123,269	4,155,000	Amegy Bank N.A. Houston, TX	
	65,000	58,500	1,485,000	Amegy Bank N.A. Houston, TX	
	95,000	56,450	1,440,000	Amegy Bank N.A. Houston, TX	
	75,000	90,006	2,510,000	Amegy Bank N.A. Houston, TX	
	90,000	102,194	3,015,000	Amegy Bank N.A. Houston, TX	
	90,000	97,919	3,035,000	Amegy Bank N.A. Houston, TX	
<u>\$ - 0 -</u>	<u>\$ 655,000</u>	<u>\$ 631,994</u>	<u>\$ 18,485,000</u>		

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2021	2020	2019
REVENUES			
Property Taxes	\$ 944,993	\$ 911,390	\$ 714,798
Water Service	686,884	621,020	634,607
Wastewater Service	588,272	526,736	508,039
Fire Protection Service Revenues	121,498	92,537	91,220
Franchise Fees	87,161	90,835	74,821
Penalty and Interest	11,822	27,202	18,714
Permit Fees		3,150	64,595
Investment and Miscellaneous Revenues	25,534	54,162	49,414
TOTAL REVENUES	\$ 2,466,164	\$ 2,327,032	\$ 2,156,208
EXPENDITURES			
Professional Fees	\$ 123,219	\$ 120,848	\$ 100,612
Contracted Services	1,181,803	948,414	606,238
Purchased Water Service	559,357	494,353	598,892
Purchased Wastewater Service	372,083	304,009	231,566
Other	76,537	46,258	158,951
TOTAL EXPENDITURES	\$ 2,312,999	\$ 1,913,882	\$ 1,696,259
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 153,165	\$ 413,150	\$ 459,949
OTHER FINANCING SOURCES (USES)			
Transfers In(Out)	\$ - 0 -	\$ 46,570	\$ 25,906
NET CHANGE IN FUND BALANCE	\$ 153,165	\$ 459,720	\$ 485,855
BEGINNING FUND BALANCE	1,731,506	1,271,786	785,931
ENDING FUND BALANCE	\$ 1,884,671	\$ 1,731,506	\$ 1,271,786

See accompanying independent auditor's report.

		Percentage of Total Revenues						
2018	2017	2021	2020	2019	2018	2017		
\$ 493,624	\$ 320,301	38.3 %	39.2 %	33.1 %	26.8 %	23.2 %		
523,654	425,058	27.9	26.7	29.4	28.5	30.9		
440,480	332,249	23.9	22.6	23.6	24.0	24.2		
79,556	59,884	4.9	4.0	4.2	4.3	4.4		
54,747	42,921	3.5	3.9	3.5	3.0	3.1		
12,459	5,010	0.5	1.2	0.9	0.7	0.4		
204,000	170,900		0.1	3.0	11.1	12.4		
28,758	18,910	1.0	2.3	2.3	1.6	1.4		
<u>\$ 1,837,278</u>	<u>\$ 1,375,233</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>		
\$ 112,686	\$ 102,000	5.0 %	5.2 %	4.7 %	6.1 %	7.4 %		
500,464	346,641	47.9	40.8	28.1	27.2	25.2		
547,385	452,971	22.7	21.2	27.8	29.8	32.9		
199,793	159,414	15.1	13.1	10.7	10.9	11.6		
98,964	68,856	3.1	2.0	7.4	5.4	5.0		
<u>\$ 1,459,292</u>	<u>\$ 1,129,882</u>	<u>93.8 %</u>	<u>82.3 %</u>	<u>78.7 %</u>	<u>79.4 %</u>	<u>82.1 %</u>		
<u>\$ 377,986</u>	<u>\$ 245,351</u>	<u>6.2 %</u>	<u>17.7 %</u>	<u>21.3 %</u>	<u>20.6 %</u>	<u>17.9 %</u>		
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>							
\$ 377,986	\$ 245,351							
<u>407,945</u>	<u>162,594</u>							
<u>\$ 785,931</u>	<u>\$ 407,945</u>							

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2021	2020	2019
REVENUES			
Property Taxes	\$ 1,356,814	\$ 1,326,356	\$ 1,161,834
Investment and Miscellaneous Revenues	<u>16,747</u>	<u>39,082</u>	<u>20,948</u>
TOTAL REVENUES	<u>\$ 1,373,561</u>	<u>\$ 1,365,438</u>	<u>\$ 1,182,782</u>
EXPENDITURES			
Tax Collection Expenditures and Fees	\$ 19,915	\$ 17,571	\$ 19,052
Debt Service Principal	655,000	640,000	450,000
Debt Service Interest	631,994	650,281	582,102
Bond Issuance Costs	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENDITURES	<u>\$ 1,306,909</u>	<u>\$ 1,307,852</u>	<u>\$ 1,051,154</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 66,652</u>	<u>\$ 57,586</u>	<u>\$ 131,628</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from Issuance of Long-Term Debt	\$	\$	\$
Transfer to Refunding Bond Escrow Agent			
Bond Premium			
Transfers In(Out)	<u> </u>	<u>21,132</u>	<u> </u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ - 0 -</u>	<u>\$ 21,132</u>	<u>\$ - 0 -</u>
NET CHANGE IN FUND BALANCE	\$ 66,652	\$ 78,718	\$ 131,628
BEGINNING FUND BALANCE	<u>887,930</u>	<u>809,212</u>	<u>677,584</u>
ENDING FUND BALANCE	<u>\$ 954,582</u>	<u>\$ 887,930</u>	<u>\$ 809,212</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>985</u>	<u>985</u>	<u>983</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>964</u>	<u>964</u>	<u>963</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2018	2017	2021	2020	2019	2018	2017
\$ 831,820	\$ 495,796	98.8 %	97.1 %	98.2 %	99.6 %	99.4 %
<u>3,485</u>	<u>2,906</u>	<u>1.2</u>	<u>2.9</u>	<u>1.8</u>	<u>0.4</u>	<u>0.6</u>
\$ <u>835,305</u>	\$ <u>498,702</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 8,882	\$ 1,995	1.4 %	1.3 %	1.4 %	0.8 %	0.4 %
470,000	120,000	47.7	46.9	38.0	56.3	24.1
360,059	298,551	46.0	47.6	49.5	43.4	59.8
<u> </u>	<u>214,951</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>43.1</u>
\$ <u>838,941</u>	\$ <u>635,497</u>	<u>95.1 %</u>	<u>95.8 %</u>	<u>88.9 %</u>	<u>100.5 %</u>	<u>127.4 %</u>
\$ <u>(3,636)</u>	\$ <u>(136,795)</u>	<u>4.9 %</u>	<u>4.2 %</u>	<u>11.1 %</u>	<u>(0.5) %</u>	<u>(27.4) %</u>
\$ 153,734	\$ 3,540,000					
	(3,612,740)					
	283,400					
<u>153,734</u>	<u>210,660</u>					
\$ 150,098	\$ 73,865					
<u>527,486</u>	<u>453,621</u>					
\$ <u>677,584</u>	\$ <u>527,486</u>					
<u>965</u>	<u>788</u>					
<u>953</u>	<u>778</u>					

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
FEBRUARY 28, 2021

District Mailing Address - Denton County Fresh Water Supply District No. 8-A
 19 Briar Hollow Lane, Suite 245
 Houston, TX 77027

District Telephone Number - (713) 621-3707

Board Members	Term of Office (Elected or <u>Appointed</u>)	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>
Jason Shipley	05/20 05/24 (Elected)	\$ 1,950	\$ 3	President
Teresa Morrow	05/18 05/22 (Elected)	\$ 3,150	\$ 12	Vice President
Jonathan Kleppe	05/20 05/24 (Elected)	\$ 1,800	\$ 3	Treasurer/ Assistant Secretary
Cynthia Webb	05/20 05/24 (Elected)	\$ 1,950	\$ -0-	Assistant Secretary
Monda Lynn Watson	05/18 05/21 (Elected)	\$ 1,800	\$ 1	Former 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 8, 2021

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution on April 14, 2005. Fees of Office are the amounts paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-A
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
FEBRUARY 28, 2021

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended February 28, 2021</u>	<u>Title</u>
Crawford & Jordan, LLP	11/11/03	\$ 81,330	General Counsel
McCall Gibson Swedlund Barfoot PLLC	12/17/02	\$ 19,000	Auditor
Dye & Tovery, LLC	07/27/06	\$ 36,016	Bookkeeper
Petitt & Associates, LLC	12/04/00	\$ 21,006	Engineer
Robert W. Baird & Co. Incorporated	03/17/15	\$ -0-	Financial Advisor
Mustang Special Utility District	03/19/02	\$ 355,935	Operator

See accompanying independent auditor's report.

