

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-B**

**DENTON COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**FEBRUARY 28, 2021**



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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Denton County Fresh Water  
Supply District No. 8-B  
Denton County, Texas

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

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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





## Opinions

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

## Other Matters

### *Required Supplementary Information*

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

### *Other Information*

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



McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

June 16, 2021



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

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

**USING THIS ANNUAL REPORT**

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

The Statement of Net Position includes 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 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-B  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED FEBRUARY 28, 2021**

**FUND FINANCIAL STATEMENTS (Continued)**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

**OTHER INFORMATION**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$4,958,239 as of February 28, 2021. A portion of the District's net position reflects its net investment in capital assets (land, roads and the water, wastewater and drainage facilities, less any debt issued 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-B  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED FEBRUARY 28, 2021**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

	Summary of Changes in the Statement of Net Position		
	2021	2020	Change Positive (Negative)
Current and Other Assets	\$ 3,817,240	\$ 5,984,472	\$ (2,167,232)
Capital Assets (Net of Accumulated Depreciation)	8,335,064	8,567,310	(232,246)
Total Assets	\$ 12,152,304	\$ 14,551,782	\$ (2,399,478)
Deferred Outflow of Resources	\$ 57,314	\$ -0-	\$ 57,314
Bonds Payable	\$ 6,109,098	\$ 8,418,288	\$ 2,309,190
Other Liabilities	461,718	442,066	(19,652)
Total Liabilities	\$ 6,570,816	\$ 8,860,354	\$ 2,289,538
Deferred Inflows of Resources	\$ 680,563	\$ 938,886	\$ 258,323
Net Position:			
Net Investment in Capital Assets	\$ 2,376,705	\$ 242,011	\$ 2,134,694
Restricted	501,448	447,894	53,554
Unrestricted	2,080,086	4,062,637	(1,982,551)
Total Net Position	\$ 4,958,239	\$ 4,752,542	\$ 205,697

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	\$ 1,725,003	\$ 1,445,915	\$ 279,088
Charges for Services	1,401,140	1,289,354	111,786
Other Revenues	161,005	332,475	(171,470)
Total Revenues	\$ 3,287,148	\$ 3,067,744	\$ 219,404
Expenses for Services	3,081,451	2,978,287	(103,164)
Change in Net Position	\$ 205,697	\$ 89,457	\$ 116,240
Net Position, Beginning of Year	4,752,542	4,663,085	89,457
Net Position, End of Year	\$ 4,958,239	\$ 4,752,542	\$ 205,697

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

**FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS**

The District's combined fund balances as of February 28, 2021, total \$2,740,871, a decrease of \$1,890,376 from the prior year.

The General Fund fund balance decreased by \$1,895,846. Operating costs exceeded service revenues and property tax revenues. The District also used General Fund resources to retire a portion of the Series 2012 Refunding Bonds.

The Debt Service Fund fund balance increased by \$5,034, primarily due to the structure of the District's outstanding debt and the sale of Series 2020 Unlimited Tax Road Refunding Bonds.

The Capital Projects Fund fund balance increased by \$436.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Directors adopted an unappropriated budget during the current fiscal year. This budget was amended to make adjustments to anticipated service and property tax revenues as well as operating expenditures and planning capital outlay (which was delayed due to the pandemic). Actual revenues were \$55,064 more than budgeted revenues and actual expenditures were \$1,766,450 more than budgeted expenditures which resulted in a negative variance of \$1,711,386. The variance in expenditures was due to the payment of debt service (see Note 20).

**CAPITAL ASSETS**

Capital assets as of February 28, 2021, total \$8,335,064 (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	\$ 901,159	\$ 901,159	\$
Construction in Progress		13,952	(13,952)
Capital Assets, Net of Accumulated Depreciation:			
Roads	2,541,951	2,629,244	(87,293)
Water System	1,700,748	1,719,336	(18,588)
Wastewater System	1,433,506	1,484,410	(50,904)
Drainage System	1,757,700	1,819,209	(61,509)
Total Net Capital Assets	\$ 8,335,064	\$ 8,567,310	\$ (232,246)

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

**LONG-TERM DEBT ACTIVITY**

At year-end, the District had total bond debt payable of \$5,925,000. The changes in the debt position of the District during the fiscal year ended February 28, 2021, are summarized as follows:

Bond Debt Payable, March 1, 2020	\$ 8,375,000
Add: Refunding Bond Sale	2,240,000
Less: Bond Principal Paid/Refunded	<u>4,690,000</u>
Bond Debt Payable, February 28, 2021	<u>\$ 5,925,000</u>

The District’s bonds carry underlying ratings of “BBB+” or “A3”. The District’s bonds carry insured ratings of “AA” by virtue of bond insurance issued by Assured Guaranty Municipal or Build America Mutual Assurance Company. The bond ratings were the same for the current and prior fiscal years.

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

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

	General Fund	Debt Service Fund
<b>ASSETS</b>		
Cash	\$ 179,907	\$ 62,724
Investments	2,177,723	1,108,242
Cash with Fiscal Agent/Tax Collector		95,694
Receivables:		
Property Taxes	11,358	11,045
Service Accounts	60,473	
Accrued Interest	548	
Prepaid Costs		
Land		
Capital Assets (Net of Accumulated Depreciation)		
<b>TOTAL ASSETS</b>	<b>\$ 2,430,009</b>	<b>\$ 1,277,705</b>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Charges on Refunding Bonds	\$ -0-	\$ -0-
<b>TOTAL ASSETS AND DEFERRED</b>		
<b>OUTFLOWS OF RESOURCES</b>	<b>\$ 2,430,009</b>	<b>\$ 1,277,705</b>

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



<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 1,151	\$ 243,782	\$	\$ 243,782
92,274	3,378,239		3,378,239
	95,694		95,694
	22,403		22,403
	60,473		60,473
	548		548
		16,101	16,101
		901,159	901,159
		7,433,905	7,433,905
\$ 93,425	\$ 3,801,139	\$ 8,351,165	\$ 12,152,304
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 57,314</u>	<u>\$ 57,314</u>
<u>\$ 93,425</u>	<u>\$ 3,801,139</u>	<u>\$ 8,408,479</u>	<u>\$ 12,209,618</u>

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

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

	General Fund	Debt Service Fund
<b>LIABILITIES</b>		
Accounts Payable	\$ 275,404	\$
Accrued Interest Payable		
Security Deposits	90,620	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
<b>TOTAL LIABILITIES</b>	<b>\$ 366,024</b>	<b>\$ -0-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	\$ 11,358	\$ 682,886
<b>FUND BALANCES</b>		
Restricted for Authorized Construction	\$	\$
Restricted for Debt Service		594,819
Assigned to 2022 Budget Deficit	925,212	
Unassigned	1,127,415	
<b>TOTAL FUND BALANCES</b>	<b>\$ 2,052,627</b>	<b>\$ 594,819</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 2,430,009</b>	<b>\$ 1,277,705</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
<b>TOTAL NET POSITION</b>		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$	\$ 275,404	\$	\$ 275,404
	90,620	95,694	95,694
		525,000	525,000
		<u>5,584,098</u>	<u>5,584,098</u>
<u>\$ -0-</u>	<u>\$ 366,024</u>	<u>\$ 6,204,792</u>	<u>\$ 6,570,816</u>
<u>\$ -0-</u>	<u>\$ 694,244</u>	<u>\$ (13,681)</u>	<u>\$ 680,563</u>
\$ 93,425	\$ 93,425	\$ (93,425)	\$
	594,819	(594,819)	
	925,212	(925,212)	
	<u>1,127,415</u>	<u>(1,127,415)</u>	
<u>\$ 93,425</u>	<u>\$ 2,740,871</u>	<u>\$ (2,740,871)</u>	<u>\$ -0-</u>
<u>\$ 93,425</u>	<u>\$ 3,801,139</u>		
		\$ 2,376,705	\$ 2,376,705
		501,448	501,448
		<u>2,080,086</u>	<u>2,080,086</u>
		<u>\$ 4,958,239</u>	<u>\$ 4,958,239</u>

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

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

Total Fund Balances - Governmental Funds \$ 2,740,871

Amounts reported for governmental activities in the Statement of Net Position are different because:

Interest paid in advance as part of a refunding bond sale is recorded as 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. 57,314

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 8,335,064

Bond insurance premiums are amortized over the term of the bonds in governmental activities. 16,101

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. 13,681

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Accrued Interest Payable	\$ (95,694)	
Bonds Payable	<u>(6,109,098)</u>	<u>(6,204,792)</u>
Total Net Position - Governmental Activities		<u><u>\$ 4,958,239</u></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-B**  
**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
<b>REVENUES</b>		
Property Taxes	\$ 782,394	\$ 938,637
Water Service	680,434	
Wastewater Service	609,290	
Fire Protection Service	95,740	
Franchise Fees	99,565	
Penalty and Interest	15,676	
Sales Tax Revenues	23,552	
Investment and Miscellaneous Revenues	29,353	8,099
<b>TOTAL REVENUES</b>	<b>\$ 2,336,004</b>	<b>\$ 946,736</b>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Professional Fees	\$ 114,161	\$
Contracted Services	1,346,291	9,004
Purchased Water Service	552,848	
Purchased Wastewater Service	371,332	
Repairs and Maintenance	20,066	
Depreciation		
Other	41,887	
Conveyance of Assets		
Capital Outlay	44,968	
Debt Service:		
Payment to Refunded Bond Escrow Agent		17,500
Bond Issuance Costs	6,218	103,763
Bond Principal	1,730,000	685,000
Bond Interest	4,079	233,288
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>\$ 4,231,850</b>	<b>\$ 1,048,555</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER</b>		
<b>EXPENDITURES/EXPENSES</b>	<b>\$ (1,895,846)</b>	<b>\$ (101,819)</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Proceeds from the Issuance of Refunding Bonds	\$	\$ 2,240,000
Transfer to Refunded Bond Escrow Agent		(2,274,575)
Bond Premium		141,428
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ -0-</b>	<b>\$ 106,853</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (1,895,846)</b>	<b>\$ 5,034</b>
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION - MARCH 1, 2020</b>	<b>3,948,473</b>	<b>589,785</b>
<b>FUND BALANCES/NET POSITION - FEBRUARY 28, 2021</b>	<b>\$ 2,052,627</b>	<b>\$ 594,819</b>

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 1,721,031	\$ 3,972	\$ 1,725,003
	680,434		680,434
	609,290		609,290
	95,740		95,740
	99,565		99,565
	15,676		15,676
	23,552		23,552
436	37,888		37,888
<u>\$ 436</u>	<u>\$ 3,283,176</u>	<u>\$ 3,972</u>	<u>\$ 3,287,148</u>
\$	\$ 114,161	\$	\$ 114,161
	1,355,295		1,355,295
	552,848		552,848
	371,332		371,332
	20,066		20,066
		259,278	259,278
	41,887		41,887
		17,936	17,936
	44,968	(44,968)	
	17,500	(17,500)	
	109,981		109,981
	2,415,000	(2,415,000)	
	237,367	1,300	238,667
<u>\$ -0-</u>	<u>\$ 5,280,405</u>	<u>\$ (2,198,954)</u>	<u>\$ 3,081,451</u>
<u>\$ 436</u>	<u>\$ (1,997,229)</u>	<u>\$ 2,202,926</u>	<u>\$ 205,697</u>
\$	\$ 2,240,000	\$ (2,240,000)	\$
	(2,274,575)	2,274,575	
	141,428	(141,428)	
<u>\$ -0-</u>	<u>\$ 106,853</u>	<u>\$ (106,853)</u>	<u>\$ -0-</u>
\$ 436	\$ (1,890,376)	\$ 1,890,376	\$
		205,697	205,697
92,989	4,631,247	121,295	4,752,542
<u>\$ 93,425</u>	<u>\$ 2,740,871</u>	<u>\$ 2,217,368</u>	<u>\$ 4,958,239</u>

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

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

Net Change in Fund Balances - Governmental Funds \$ (1,890,376)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied. 3,972

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. (259,278)

Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected. 27,032

In the Statement of Net Position, bond premiums are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities. (141,428)

Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities. 2,415,000

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. (1,300)

Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position. (2,240,000)

Governmental funds report the payment to the refunded bond escrow agent as an other financing use. However, the refunding of outstanding bonds decreases long-term liabilities in the Statement of Net Position. 2,292,075

Change in Net Position - Governmental Activities \$ 205,697

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



**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-B**  
**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 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-B (“Initial District No. 8-B”) was one. Initial District No. 8-B held its first meeting on June 27, 2001. At an election held within Initial District No. 8-B on November 5, 2002, the voters approved the division of Initial District No. 8-B into two districts, including the new Denton County Fresh Water Supply District No. 8-B (the “District”). Pursuant to the provisions of Chapters 49, 51 and 53 of the Texas Water Code, and Senate Bill No. 1444, Acts of the 77<sup>th</sup> 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. The District sold its first series of bonds on July 7, 2004.

**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-B**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FEBRUARY 28, 2021**

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

Financial Statement Presentation

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

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

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

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

Government-Wide Financial Statements

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

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

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

Government-Wide Financial Statements (Continued)

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.

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

Fund Financial Statements

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

Governmental Funds

The District has three governmental funds and considers each to be a major fund.

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

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

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

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectable within 60 days after the year. 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-B**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FEBRUARY 28, 2021**

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

Basis of Accounting (Continued)

Property taxes considered available by the District and included in revenue include 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 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.

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 \$20,000 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 System	10-45
Wastewater System	10-45
Drainage System	10-45

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

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

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original and revised 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. Fund balances in governmental funds are classified using the following hierarchy:

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

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

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

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

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

Measurement Focus (Continued)

*Assigned:* amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances. As of February 28, 2021, the District has assigned \$925,212 of the General Fund fund balance to be used for a budgeted General Fund deficit during the year ending February 28, 2022.

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

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 fiscal year ended February 28, 2021:

	March 1, 2020	Additions	Retirements	February 28, 2021
Bonds Payable	\$ 8,375,000	\$ 2,240,000	\$ 4,690,000	\$ 5,925,000
Unamortized Discounts	(33,269)		(33,269)	
Unamortized Premiums	76,557	141,428	33,887	184,098
Bonds Payable, Net	\$ 8,418,288	\$ 2,381,428	\$ 4,690,618	\$ 6,109,098
			Amount Due Within One Year	\$ 525,000
			Amount Due After One Year	5,584,098
			Bonds Payable, Net	\$ 6,109,098

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

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

	<u>Road Refunding – Series 2012</u>	<u>Refunding – Series 2014</u>
Amounts Outstanding - February 28, 2021	\$ 550,000	\$ 1,480,000
Interest Rates	3.00%	3.00% - 4.00%
Maturity Dates – Serially Beginning/Ending	September 1, 2021/2022	September 1, 2021/2031
Interest Payment Dates	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2019*	September 1, 2023*
	<u>Road Refunding – Series 2014</u>	<u>Road Refunding – Series 2020</u>
Amounts Outstanding - February 28, 2021	\$ 1,655,000	\$ 2,240,000
Interest Rates	3.00% - 4.00%	3.00%
Maturity Dates – Serially Beginning/Ending	September 1, 2021/2032	September 1, 2023/2029
Interest Payment Dates	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2023*	N/A

\* Or any date thereafter at a price of par plus unpaid accrued interest to the date fixed for redemption. For the Series 2014 Refunding Bond issue, the bonds maturing on September 1, 2025, 2029, and 2031, are term bonds and subject to mandatory redemption beginning September 1, 2024, 2026, and 2030, respectively. For the Series 2014 Road Refunding Bond issue, the bonds maturing September 1, 2026, 2028, 2030 and 2032 are term bonds and subject to mandatory redemption beginning September 1, 2025, 2027, 2029 and 2031, respectively.

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

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

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

Fiscal Year	Principal	Interest	Total
2022	\$ 525,000	\$ 191,387	\$ 716,387
2023	540,000	175,637	715,637
2024	550,000	159,438	709,438
2025	560,000	141,638	701,638
2026	570,000	122,238	692,238
2027-2031	2,725,000	320,396	3,045,396
2032-2033	455,000	37,313	492,313
	<u>\$ 5,925,000</u>	<u>\$ 1,148,047</u>	<u>\$ 7,073,047</u>

The bonds of the District are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount. As of February 28, 2021, the District had authorized but unissued bonds in the amount of \$19,005,000 for utilities, \$7,300,000 for roads, and \$25,434,376 for refunding previously issued utility bonds. The District also has the authority to issue \$19,919,240 of road refunding road bonds.

The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. During the fiscal year ended February 28, 2021, the District levied a total ad valorem debt service tax rate of \$0.265 per \$100 of assessed valuation (comprised of \$0.055 for utility and \$0.21 for roads), which resulted in a tax levy of \$680,563 on the adjusted taxable valuation of \$256,816,338, for the 2020 tax year. See Note 7 for the maintenance tax levy and Note 8 for the contract tax levy.

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

**NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS**

The 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.



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

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

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

**NOTE 5. DEPOSITS AND INVESTMENTS**

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At year end, the carrying amount of the District’s deposits was \$714,339 and the bank balance was \$772,018. The District was not exposed to custodial credit risk at year end.

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

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 179,907	\$ 470,557	\$ 650,464
DEBT SERVICE FUND	62,724		62,724
CAPITAL PROJECTS FUND	1,151		1,151
TOTAL DEPOSITS	\$ 243,782	\$ 470,557	\$ 714,339

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-B**  
**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 and, therefore, the District measures its investments in LOGIC at amortized cost. There are no limitations or restrictions on withdrawals from LOGIC.

The District invests in TexPool, an external investment pool that is not SEC-registered. The Texas Comptroller of Public Accounts has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

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

**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-B**  
**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>		
Certificates of Deposit	\$ 470,557	\$ 470,557
LOGIC	872,126	872,126
TexPool	835,040	835,040
<u>DEBT SERVICE FUND</u>		
LOGIC	499,058	499,058
TexPool	609,184	609,184
<u>CAPITAL PROJECTS FUND</u>		
LOGIC	<u>92,274</u>	<u>92,274</u>
<b>TOTAL INVESTMENTS</b>	<b><u>\$ 3,378,239</u></b>	<b><u>\$ 3,378,239</u></b>

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

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in LOGIC and TexPool to have maturities of less than one year due to the fact that the share positions can usually be redeemed each day at the discretion of the District unless there have been significant changes in values. The District also manages interest rate risk by investing in certificates of deposit with maturities of 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-B**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FEBRUARY 28, 2021**

**NOTE 6. CAPITAL ASSETS**

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

	March 1, 2020	Increases	Decreases	February 28, 2021
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 901,159	\$	\$	\$ 901,159
Construction in Progress	<u>13,952</u>	<u></u>	<u>13,952</u>	<u></u>
<b>Total Capital Assets Not Being Depreciated</b>	<u>\$ 915,111</u>	<u>\$ -0-</u>	<u>\$ 13,952</u>	<u>\$ 901,159</u>
<b>Capital Assets Subject to Depreciation</b>				
Roads	\$ 3,917,481	\$	\$	\$ 3,917,481
Water System	2,622,034	40,984		2,663,018
Wastewater System	2,284,414			2,284,414
Drainage System	<u>2,760,358</u>	<u></u>	<u></u>	<u>2,760,358</u>
<b>Total Capital Assets Subject to Depreciation</b>	<u>\$ 11,584,287</u>	<u>\$ 40,984</u>	<u>\$ -0-</u>	<u>\$ 11,625,271</u>
<b>Less Accumulated Depreciation</b>				
Roads	\$ 1,288,237	\$ 87,293	\$	\$ 1,375,530
Water System	902,698	59,572		962,270
Wastewater System	800,004	50,904		850,908
Drainage System	<u>941,149</u>	<u>61,509</u>	<u></u>	<u>1,002,658</u>
<b>Total Accumulated Depreciation</b>	<u>\$ 3,932,088</u>	<u>\$ 259,278</u>	<u>\$ -0-</u>	<u>\$ 4,191,366</u>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 7,652,199</u>	<u>\$ (218,294)</u>	<u>\$ -0-</u>	<u>\$ 7,433,905</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 8,567,310</u>	<u>\$ (218,294)</u>	<u>\$ 13,952</u>	<u>\$ 8,335,064</u>

**NOTE 7. MAINTENANCE TAX**

On November 6, 2001, voters of the Initial District No. 8-B approved the levy and collection of a maintenance tax in an unlimited amount per \$100 of assessed valuation of taxable property within such district. The maintenance tax is for maintenance purposes including planning, maintaining, repairing and operating all necessary plants, properties, owned or contracted facilities and improvements of the District and for proper services, engineering and legal fees, and operational and administrative costs in accordance with Section 49.107 of the Texas Water Code. The District did not levy an ad valorem maintenance tax during the current fiscal year.

**NOTE 8. CONTRACT TAX**

On November 6, 2001, the voters within the Initial District No. 8-B approved the levy and collection of an annual contract tax imposed on all taxable property within the boundaries of the District at an unlimited amount per \$100 of assessed valuation for purposes of making payments pursuant to a joint utility contract (the "Joint Utility Contract") with District 8-A relating to the

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

**NOTE 8. CONTRACT TAX (Continued)**

allocation and cost of water supply and wastewater treatment capacity and service from Upper Trinity Regional Water District. By Order dated January 30, 2006, the Texas Commission on Environmental Quality approved the levy of a contract tax by the District in a sufficient amount to make payments related to the Joint Utility Contract (see Notes 9, 10, and 12). During the fiscal year ended February 28, 2021, the District levied an ad valorem contract tax rate of \$0.305 per \$100 of assessed valuation, which resulted in a tax levy of \$783,290 on the adjusted taxable valuation of \$256,816,338 for the 2020 tax year.

**NOTE 9. WATER SUPPLY AGREEMENT**

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

On August 29, 2001 Denton County Fresh Water Supply District No. 8-A (District No. 8-A) executed an agreement with the Upper Trinity Regional Water District (the “UTRWD”) to provide treated water to District No. 8-A as a Participating Customer of the UTRWD for a service area that includes 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 District No. 8-A and the District.

The UTRWD is governed by a Board of directors that are appointed by the governing bodies of members and by the County. District No. 8-A, as a Participating Customer, is not entitled to appoint a representative to the Board; however, District No. 8-A 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 has decreased from 2.17 to 1.87 million gallons of water per day (MGD). District No. 8-A is required to take or pay for the minimum amount of water to assure adequate funds to the UTRWD to fulfill its obligations under the contract. After one year of operating experience, District No. 8-A may adjust the regular service amount upon mutual agreement with the UTRWD. A determination of demand on an annual basis that takes into account actual usage for the most recent five water years and projected needs for the next water year will be made. 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. District No. 8-A 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-B**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FEBRUARY 28, 2021**

**NOTE 10. SEWAGE TREATMENT SERVICE AGREEMENT**

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

On August 29, 2001 Denton County Fresh Water Supply District No. 8-A executed an agreement UTRWD with the UTRWD to provide wastewater treatment service to District No. 8-A as a Participating Customer of the UTRWD, as well as a service area that includes 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 year, the District and District No. 8-A's Developer advanced monies on behalf of the Districts to the UTRWD for the District's share of the construction cost of the Riverbend Wastewater Treatment Plant.

The UTRWD is governed by a Board of directors that are appointed by the governing bodies of members and by the County. District No. 8-A, as a Participating Customer, is not entitled to appoint a representative to the Board; however, District 8-A 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, District No. 8-A, and the District, were 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 District No. 8-A, and the District, were 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, District No. 8-A and the District are entitled to capacity of 0.13 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-A pursuant to the Joint Utility Contract (see Note 12). District No. 8-A is required to pay based on the minimum flow basis of wastewater, whether or not District No. 8-A 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. District No. 8-A 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 agreement is 25 years or as long as the bonds issued remain outstanding. The agreement further has a 20-year extension provision.

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

On March 19, 2002, the Initial District No. 8-B approved a Water Service Agreement and a Sewer Service Agreement with Mustang Water Supply Corporation, now known as Mustang Special Utility District ("Mustang"). These agreements were later assigned to the District. 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

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

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

which area the District is located. In addition, Denton County Fresh Water Supply District No. 8-A holds CCN Nos. 13019 and 20921 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-B**  
**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 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 Initial District No. 8-B and Denton County Fresh Water Supply District No. 8-A ("District No. 8-A") 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. District No. 8-A has entered into the UTRWD contracts, see Notes 9 and 10, on behalf of itself and the District and any additional contract service areas that may request utility services. The UTRWD will look solely to District No. 8-A 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 No. 8-A.

Effective January 13, 2005, the District and District No. 8-A 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, District No. 8-A was entitled to 0.110 MGD and the District was entitled to 0.250 MGD. Effective March 1, 2011, the District and District No. 8-A executed the First Amendment to Amended and Restated Joint Utility Contract. Pursuant to this amendment, completion of improvements to the UTRWD Riverbend Plant resulted in the allocation of an additional 0.094 MGD in wastewater treatment capacity to District No. 8-A so that District No. 8-A is entitled to 0.204 MGD of wastewater treatment capacity and the District remains 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 the 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. 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 costs 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



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

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

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 years.

Effective April 17, 2012, the District and District No. 8-A 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 proportion 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 its relative wholesale water usage on a monthly basis as approximated by the proportion of each District's retail customer water billings during any monthly period to the total retail customer water billings of the two districts. Relative to charges under the UTRWD Wastewater Contract, each District will pay variable costs, including Volume Charges, in proportion to its relative wholesale wastewater usage on a monthly basis as approximated by the proportion of equivalent single-family connections (ESFCs) in each District to the total number of ESFCs in both districts.

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

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

The District recorded expenditures of \$552,848 and \$371,332, respectively, related to purchased water and purchased wastewater costs billed by the UTRWD during the current fiscal year.

**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 from the prior year and there have been no settlements of claims exceeding coverage in the past three years.

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

**NOTE 14. UNREIMBURSED DEVELOPER COSTS**

On August 21, 2001, the District executed an Agreement for the Construction and Purchase of Utility Facilities and an Amendment to Agreement for the Construction and Purchase of Utility Facilities with a Developer within the District. On the same date, the District also executed an Agreement for the Reimbursement on Non-Construction Costs with the Developer. These agreements were restated on September 21, 2001. The Amended Agreement was replaced with Amendment No. 2 to Agreement for the Construction and Purchase of Utility Facilities on November 12, 2001. The agreements call for the Developer to fund costs associated with water, sanitary sewer, drainage and road facilities and non-construction costs, as well as deposits and advances to be made to the District which in turn will be paid to the UTRWD to ensure the availability of water and wastewater facilities to serve the District, until such time as the District can sell bonds or until such time as the deposits and advances are reimbursed by the UTRWD. The Developer has been reimbursed substantially all of the amounts due from the District under the terms of these agreements.

**NOTE 15. DIVISION OF THE DISTRICT**

At an election held on November 5, 2002, the voters of the Initial District No. 8-B elected to divide such district into two separate districts: Denton County Fresh Water Supply District No. 8-B and Denton County Fresh Water Supply District No. 8-C. The District retained all rights and obligations of the Joint Utility Contract with District No. 8-A (see Note 12) and the various reimbursement agreements entered into with Denton 380 Associates, L.P. District No. 8-C retained all rights and obligations of the Sanitary Sewer System Extension and Wholesale Collection Service Agreement with the Town of Little Elm, Texas and the reimbursement agreements related to the Monte Vista Subdivision (now Frisco Ranch Subdivision) entered into with PMR/WMH, Ltd.

**NOTE 16. STRATEGIC PARTNERSHIP AGREEMENTS**

Effective February 5, 2008, the District entered into a Strategic Partnership Agreement with the Town of Little Elm, Texas ("Town"). The agreement provides that the Town may annex a tract of land within the District defined as the Limited Purpose Annexation Area ("Area") for the limited purposes of imposing and collecting sales tax revenues of 1% on eligible commercial activities, pursuant to Chapter 321 of the Texas Tax Code. The Town will pay the District 30% of the sales and use tax revenues collected within the Area. Such limited purpose annexation by the Town has occurred. The Town is required to pay the District's share within 30 days after the town receives the sales tax report reflecting such revenues from the Comptroller of the State of Texas. Any payment not submitted within the 30-day period shall bear interest calculated in accordance with the Texas Government Code. The term of this agreement commences on the effective date and continues until the Town annexes the Area for full purposes or deannexes the Area.

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

**NOTE 16. STRATEGIC PARTNERSHIP AGREEMENTS (Continued)**

Effective March 3, 2015, the District entered into a Strategic Partnership Agreement with the Town and Denton County Fresh Water Supply District No. 8-A (“District No. 8-A”) 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-A. Such tracts were annexed by the Town for the 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-A 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.

**NOTE 17. FIRE PROTECTION SERVICES AGREEMENT**

The District, Denton County Fresh Water Supply District No. 8-A, 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”). The City agrees to provide fire protection services to persons, buildings and property located within the participating districts, including land added to the districts by annexation, in the same manner and to the same extent as it would within the City. The participating districts agree to make monthly payments to the City based on the number of full-time-equivalent employees determined necessary to staff the fire station. Under this agreement, each district’s share of costs will be based on the number of connections within such district in proportion to the total number of connections within the districts. The number of connections is to be reassessed on at least a quarterly basis. The term of this agreement is ten years.

As of May 22, 2019, the Fire Protection Services Agreement has been 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.

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

**NOTE 18. PEACE OFFICER SERVICES AGREEMENT**

Effective August 28, 2018, the District and District Nos. 8-A, 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-A, 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 police services are provided to the residents of Little Elm. Each District has agreed to pay its pro-rata share of any law enforcement costs arising out of this Little Elm Agreement, including vehicles and equipment. Each District’s pro-rata share shall be determined by the District bookkeeper on a quarterly basis and be based on the number of equivalent single-family connections active in each District in proportion to the total number of connections active in all Districts. As of October 1, 2019, Little Elm began providing full law enforcement services to the District, and ALR ceased providing such patrol and security services. Security costs incurred for the current fiscal year totaled \$599,308.

**NOTE 19. AGREEMENT REGARDING ALLOCATION OF WHOLESALE WATER AND WASTEWATER VOLUME CHARGES**

Effective May 1, 2016, District 11-A and District 8-A executed an Agreement Regarding Allocation of Wholesale Water and Wastewater Volume Charges. The agreement is intended to provide for a more effective and accurate allocation of UTRWD’s water and wastewater volume charges to the District and Districts 8-A, 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.

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

**NOTE 20. REFUNDING BOND SALE AND BOND REDEMPTION**

On May 14, 2020, the District closed on the sale of its \$2,240,000 Series 2020 Unlimited Tax Road Refunding Bonds. Proceeds of the bonds were used to refund \$2,275,000 of the Series 2012 Road Refunding Bonds with interest rates of 3.125%-4.00%, maturity dates of 2023-2029, and a redemption date of May 14, 2020. The refunding resulted in gross debt service savings of \$166,701 and net present value savings of \$82,240.

On March 25, 2020, the District redeemed its Unlimited Tax Refunding Bonds, Series 2012, by a cash payment of \$1,894,699. The funds used were comprised of \$1,734,379 from the General Fund and \$160,320 from the Debt Service Fund.

**NOTE 21. 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-B**

**REQUIRED SUPPLEMENTARY INFORMATION**

**FEBRUARY 28, 2021**





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

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 497,356	\$ 756,397	\$ 782,394	\$ 25,997
Water Service	632,336	632,336	680,434	48,098
Wastewater Service	608,855	608,855	609,290	435
Fire Protection Service	95,136	105,600	95,740	(9,860)
Franchise Fees	112,800	103,940	99,565	(4,375)
Penalty and Interest	22,500	7,875	15,676	7,801
Sales Tax Revenues	26,700	20,000	23,552	3,552
Investment and Miscellaneous Revenues	119,496	45,937	29,353	(16,584)
<b>TOTAL REVENUES</b>	<u>\$ 2,115,179</u>	<u>\$ 2,280,940</u>	<u>\$ 2,336,004</u>	<u>\$ 55,064</u>
<b>EXPENDITURES</b>				
Service Operations:				
Professional Fees	\$ 108,060	\$ 114,300	\$ 114,161	\$ 139
Contracted Services	1,299,420	1,324,350	1,346,291	(21,941)
Purchased Water Service	547,124	540,905	552,848	(11,943)
Purchased Wastewater Service	383,899	382,542	371,332	11,210
Repairs and Maintenance	38,620	38,620	20,066	18,554
Other	36,810	37,651	41,887	(4,236)
Capital Outlay	1,205,000	27,032	44,968	(17,936)
Debt Service:				
Bond Principal			1,730,000	(1,730,000)
Bond Interest and Fees			10,297	(10,297)
<b>TOTAL EXPENDITURES</b>	<u>\$ 3,618,933</u>	<u>\$ 2,465,400</u>	<u>\$ 4,231,850</u>	<u>\$ (1,766,450)</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$(1,503,754)	\$ (184,460)	\$ (1,895,846)	\$ (1,711,386)
<b>FUND BALANCE - MARCH 1, 2020</b>	<u>3,948,473</u>	<u>3,948,473</u>	<u>3,948,473</u>	
<b>FUND BALANCE - FEBRUARY 28, 2021</b>	<u>\$ 2,444,719</u>	<u>\$ 3,764,013</u>	<u>\$ 2,052,627</u>	<u>\$ (1,711,386)</u>

See accompanying independent auditor's report.

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





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

**2. RETAIL SERVICE PROVIDERS (Continued)**

**b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)**

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤¾"	997	997	x 1.0	997
1"	21	21	x 2.5	53
1½"			x 5.0	
2"	9	9	x 8.0	72
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u>1,027</u>	<u>1,027</u>		<u>1,122</u>
Total Wastewater Connections	<u>999</u>	<u>999</u>	x 1.0	<u>999</u>

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

Gallons billed to customers: 102,833,000      Water Accountability Ratio: (1)

Gallons purchased: (1)

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

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

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

Does the District have Debt Service standby fees?                      Yes     No

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

**5. LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes                       No

County in which District is located:

Denton County, Texas

Is the District located within a city?

Entirely                       Partly                       Not at all

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

Entirely                       Partly                       Not at all

ETJ in which District is located:

Town of Little Elm, Texas

Are Board Members appointed by an office outside the District?

Yes                       No

See accompanying independent auditor's report.

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

PROFESSIONAL FEES:	
Auditing and Other Services	\$ 18,500
Engineering	24,683
Legal	<u>70,978</u>
TOTAL PROFESSIONAL FEES	<u>\$ 114,161</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	\$ 552,848
Purchased Wastewater Service	<u>371,332</u>
TOTAL PURCHASED SERVICES FOR RESALE	<u>\$ 924,180</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 43,276
Operations and Billing	345,043
Security	599,308
Solid Waste Disposal	206,331
Fire Fighting	<u>152,333</u>
TOTAL CONTRACTED SERVICES	<u>\$ 1,346,291</u>
UTILITIES	<u>\$ 1,235</u>
REPAIRS AND MAINTENANCE	<u>\$ 20,066</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes	\$ 14,429
Insurance	7,271
Legal Notices	2,315
TCEQ Regulatory Assessment	6,391
Website and Other	<u>10,246</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 40,652</u>
CAPITAL OUTLAY	<u>\$ 44,968</u>
DEBT SERVICE:	
Bond Principal	1,730,000
Bond Interest and Fees	<u>10,297</u>
TOTAL DEBT SERVICE	<u>\$ 1,740,297</u>
TOTAL EXPENDITURES	<u>\$ 4,231,850</u>

See accompanying independent auditor's report.



**DENTON COUNTY FRESH WATER SUPPLY DISTRICT NO. 8-B**  
**INVESTMENTS**  
**FEBRUARY 28, 2021**

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
Certificate of Deposit	XXXX1034	1.00%	03/25/21	\$ 232,319	\$ 317
Certificate of Deposit	XXXX2395	1.98%	02/28/21	238,238	231
LOGIC	XXXX6001	Varies	Daily	872,126	
TexPool	XXXX0001	Varies	Daily	<u>835,040</u>	
TOTAL GENERAL FUND				<u>\$ 2,177,723</u>	<u>\$ 548</u>
<u>DEBT SERVICE FUND</u>					
LOGIC	XXXX6002	Varies	Daily	\$ 499,058	\$
TexPool	XXXX0002	Varies	Daily	<u>609,184</u>	
TOTAL DEBT SERVICE FUND				<u>\$ 1,108,242</u>	<u>\$ -0-</u>
<u>CAPITAL PROJECTS FUND</u>					
LOGIC	XXXX6003	Varies	Daily	<u>\$ 92,274</u>	<u>\$ -0-</u>
TOTAL - ALL FUNDS				<u>\$ 3,378,239</u>	<u>\$ 548</u>

See accompanying independent auditor's report.

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

	Contract Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
MARCH 1, 2020	\$	7,924	\$	14,270
Adjustments to Beginning				
Balance		<u>(29)</u>	\$	<u>14,216</u>
Original 2020 Tax Levy	\$	783,290	\$	680,563
Adjustment to 2020 Tax Levy		<u>783,290</u>		<u>680,563</u>
TOTAL TO BE				
ACCOUNTED FOR		\$	791,185	\$
				694,779
TAX COLLECTIONS:				
Prior Years	\$	6,575	\$	11,893
Current Year		<u>773,252</u>		<u>671,841</u>
		<u>779,827</u>		<u>683,734</u>
TAXES RECEIVABLE -				
FEBRUARY 28, 2021		<u>\$</u>	<u>11,358</u>	<u>\$</u>
				<u>11,045</u>
TAXES RECEIVABLE BY				
YEAR:				
2020	\$	10,038	\$	8,722
2019		681		1,260
2017		506		718
2014		80		192
2013		15		36
2012		16		42
2011		12		37
2010		<u>10</u>		<u>38</u>
TOTAL	\$	<u>11,358</u>	\$	<u>11,045</u>

See accompanying independent auditor's report.

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

	2020	2019	2018	2017
<b>PROPERTY VALUATIONS:</b>				
Land	\$ 59,058,085	\$ 59,740,629	\$ 59,721,173	\$ 58,852,571
Improvements	198,450,429	195,238,908	186,164,023	166,390,403
Personal Property	4,498,453	4,747,202	5,279,457	5,406,516
Exemptions	(5,190,629)	(5,973,748)	(9,203,659)	(7,694,102)
<b>TOTAL PROPERTY VALUATIONS</b>	<b>\$ 256,816,338</b>	<b>\$ 253,752,991</b>	<b>\$ 241,960,994</b>	<b>\$ 222,955,388</b>
<b>TAX RATES PER \$100 VALUATION:</b>				
Debt Service	\$ 0.265	\$ 0.37	\$ 0.39	\$ 0.44
Contract	0.305	0.20	0.21	0.31
Maintenance	0.000	0.00	0.00	0.00
<b>TOTAL TAX RATES PER \$100 VALUATION</b>	<b>\$ 0.570</b>	<b>\$ 0.57</b>	<b>\$ 0.60</b>	<b>\$ 0.75</b>
<b>ADJUSTED TAX LEVY*</b>	<b>\$ 1,463,853</b>	<b>\$ 1,446,392</b>	<b>\$ 1,451,716</b>	<b>\$ 1,672,166</b>
<b>PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED</b>				
	<b>98.72 %</b>	<b>99.87 %</b>	<b>100.00 %</b>	<b>99.93 %</b>

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

Maintenance Tax – Maximum tax rate in an unlimited amount per \$100 of assessed valuation approved by voters on November 6, 2001.

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

ROAD REFUNDING SERIES - 2012

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$ 270,000	\$ 16,500	\$ 286,500
2023	280,000	8,400	288,400
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
	<u>\$ 550,000</u>	<u>\$ 24,900</u>	<u>\$ 574,900</u>

See accompanying independent auditor's report.

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

ROAD REFUNDING SERIES - 2014

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$ 110,000	\$ 57,625	\$ 167,625
2023	115,000	54,325	169,325
2024	120,000	50,875	170,875
2025	125,000	46,675	171,675
2026	125,000	41,675	166,675
2027	135,000	36,675	171,675
2028	140,000	31,275	171,275
2029	145,000	26,725	171,725
2030	155,000	22,013	177,013
2031	155,000	16,781	171,781
2032	165,000	11,550	176,550
2033	165,000	5,775	170,775
	<u>\$ 1,655,000</u>	<u>\$ 401,969</u>	<u>\$ 2,056,969</u>

See accompanying independent auditor's report.

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

REFUNDING SERIES - 2014

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$ 145,000	\$ 50,062	\$ 195,062
2023	145,000	45,712	190,712
2024	140,000	41,363	181,363
2025	135,000	36,463	171,463
2026	135,000	31,063	166,063
2027	135,000	25,663	160,663
2028	135,000	21,275	156,275
2029	130,000	16,888	146,888
2030	130,000	12,663	142,663
2031	125,000	8,438	133,438
2032	125,000	4,219	129,219
2033			
	<u>\$ 1,480,000</u>	<u>\$ 293,809</u>	<u>\$ 1,773,809</u>

See accompanying independent auditor's report.

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

ROAD REFUNDING SERIES - 2020

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2022	\$	\$ 67,200	\$ 67,200
2023		67,200	67,200
2024	290,000	67,200	357,200
2025	300,000	58,500	358,500
2026	310,000	49,500	359,500
2027	320,000	40,200	360,200
2028	330,000	30,600	360,600
2029	340,000	20,700	360,700
2030	350,000	10,500	360,500
2031			
2032			
2033			
	<u>\$ 2,240,000</u>	<u>\$ 411,600</u>	<u>\$ 2,651,600</u>

See accompanying independent auditor's report.

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

ANNUAL REQUIREMENTS  
FOR ALL SERIES

Due During Fiscal Years Ending February 28/29	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2022	\$ 525,000	\$ 191,387	\$ 716,387
2023	540,000	175,637	715,637
2024	550,000	159,438	709,438
2025	560,000	141,638	701,638
2026	570,000	122,238	692,238
2027	590,000	102,538	692,538
2028	605,000	83,150	688,150
2029	615,000	64,313	679,313
2030	635,000	45,176	680,176
2031	280,000	25,219	305,219
2032	290,000	15,769	305,769
2033	165,000	21,544	186,544
	<u>\$ 5,925,000</u>	<u>\$ 1,148,047</u>	<u>\$ 7,073,047</u>

See accompanying independent auditor's report.



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

Description	Original Bonds Issued	Bonds Outstanding March 1, 2020
Denton County Fresh Water Supply District No. 8-B Unlimited Tax Refunding Bonds - Series 2012	\$ 2,690,000	\$ 1,890,000
Denton County Fresh Water Supply District No. 8-B Unlimited Tax Road Refunding Bonds - Series 2012	4,070,000	3,090,000
Denton County Fresh Water Supply District No. 8-B Unlimited Tax Refunding Bonds - Series 2014	2,290,000	1,630,000
Denton County Fresh Water Supply District No. 8-B Unlimited Tax Road Refunding Bonds - Series 2014	2,125,000	1,765,000
Denton County Fresh Water Supply District No. 8-B Unlimited Tax Road Refunding Bonds - Series 2020	<u>2,240,000</u>	<u>                    </u>
<b>TOTAL</b>	<u><u>\$ 13,415,000</u></u>	<u><u>\$ 8,375,000</u></u>

Bond Authority:	Tax Bonds- Utilities	Refunding Bonds- Utilities	Road Bonds*
Amount Authorized by Voters	\$ 25,750,000	\$ 25,750,000	\$ 15,250,000
Amount Issued	<u>6,745,000</u>	<u>315,624</u>	<u>7,950,000</u>
Remaining to be Issued	<u><u>\$ 19,005,000</u></u>	<u><u>\$ 25,434,376</u></u>	<u><u>\$ 7,300,000</u></u>

\* The District also has the authority to issue \$19,919,240 of road refunding bonds.

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding February 28, 2021</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 1,890,000	\$ 37,393	\$ - 0 -	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	2,540,000	65,814	550,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	150,000	53,812	1,480,000	Amegy Bank National Association Houston, TX
	110,000	60,375	1,655,000	Amegy Bank National Association Houston, TX
<u>2,240,000</u>		<u>19,973</u>	<u>2,240,000</u>	Amegy Bank National Association Houston, TX
<u>\$ 2,240,000</u>	<u>\$ 4,690,000</u>	<u>\$ 237,367</u>	<u>\$ 5,925,000</u>	

Debt Service Fund cash, investments and cash with paying agent balances as of February 28, 2021:

\$ 1,266,660

Average annual debt service payment (principal and interest) for remaining term of all debt:

\$ 589,421

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

See accompanying independent auditor's report.

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

	Amounts		
	2021	2020	2019
<b>REVENUES</b>			
Property Taxes	\$ 782,394	\$ 501,387	\$ 505,805
Water Service	680,434	619,663	662,208
Wastewater Service	609,290	547,883	538,337
Fire Protection Service	95,740	95,339	95,383
Franchise Fees	99,565	108,465	105,783
Penalty and Interest	15,676	24,713	22,065
Sales Tax Revenues	23,552	21,072	31,225
Investment and Miscellaneous Revenues	29,353	178,535	93,537
<b>TOTAL REVENUES</b>	<b>\$ 2,336,004</b>	<b>\$ 2,097,057</b>	<b>\$ 2,054,343</b>
<b>EXPENDITURES</b>			
Professional Fees	\$ 114,161	\$ 113,284	\$ 101,605
Contracted Services	1,346,291	943,386	681,065
Purchase Water Service	552,848	526,182	586,038
Purchase Wastewater Service	371,332	343,647	297,809
Repairs and Maintenance	20,066	22,496	24,920
Other	41,887	36,195	68,324
Capital Outlay	44,968	427,548	22,250
Debt Service			
Bond Principal	1,730,000		
Bond Interest and Fees	10,297		
<b>TOTAL EXPENDITURES</b>	<b>\$ 4,231,850</b>	<b>\$ 2,412,738</b>	<b>\$ 1,782,011</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (1,895,846)</b>	<b>\$ (315,681)</b>	<b>\$ 272,332</b>
<b>BEGINNING FUND BALANCE</b>	<b>3,948,473</b>	<b>4,264,154</b>	<b>3,991,822</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 2,052,627</b>	<b>\$ 3,948,473</b>	<b>\$ 4,264,154</b>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2018	2017	2021	2020	2019	2018	2017
\$ 710,340	\$ 731,142	33.3 %	23.9 %	24.6 %	33.3 %	33.4 %
619,202	661,907	29.1	29.5	32.2	29.0	30.0
523,888	533,423	26.1	26.1	26.2	24.6	24.7
93,974	95,275	4.1	4.5	4.6	4.4	4.3
92,819	90,879	4.3	5.2	5.1	4.4	4.1
22,302	17,894	0.7	1.2	1.1	1.0	0.8
29,183	26,312	1.0	1.0	1.5	1.4	1.2
40,102	32,748	1.4	8.6	4.7	1.9	1.5
<u>\$ 2,131,810</u>	<u>\$ 2,189,580</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 82,825	\$ 94,830	4.9 %	5.4 %	4.9 %	3.9 %	4.3 %
549,368	523,099	57.6	45.0	33.2	25.8	23.5
589,366	616,395	23.7	25.1	28.5	27.6	27.7
282,953	282,762	15.9	16.4	14.5	13.3	12.7
53,298	59,277	0.9	1.1	1.2	2.5	2.7
35,015	27,676	1.8	1.7	3.3	1.6	1.2
		1.9	20.4	1.1		
		74.1				
		0.4				
<u>\$ 1,592,825</u>	<u>\$ 1,604,039</u>	<u>181.2 %</u>	<u>115.1 %</u>	<u>86.7 %</u>	<u>74.7 %</u>	<u>72.1 %</u>
\$ 538,985	\$ 585,541	<u>(81.2) %</u>	<u>(15.1) %</u>	<u>13.3 %</u>	<u>25.3 %</u>	<u>27.9 %</u>
<u>3,452,837</u>	<u>2,867,296</u>					
<u>\$ 3,991,822</u>	<u>\$ 3,452,837</u>					

See accompanying independent auditor's report.

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

	Amounts		
	2021	2020	2019
<b>REVENUES</b>			
Property Taxes	\$ 938,637	\$ 944,548	\$ 975,737
Investment and Miscellaneous Revenues	8,099	24,147	14,286
<b>TOTAL REVENUES</b>	<b>\$ 946,736</b>	<b>\$ 968,695</b>	<b>\$ 990,023</b>
<b>EXPENDITURES</b>			
Tax Collection and Bond Issuance Costs	\$ 129,767	\$ 9,867	\$ 19,773
Debt Service Principal	685,000	665,000	665,000
Debt Service Interest and Fees	233,788	308,102	322,102
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,048,555</b>	<b>\$ 982,969</b>	<b>\$ 1,006,875</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (101,819)</b>	<b>\$ (14,274)</b>	<b>\$ (16,852)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from the Issuance of Refunding Bonds	\$ 2,240,000	\$	\$
Transfer to Refunded Bond Escrow Agent	(2,274,575)		
Bond Premium	141,428		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ 106,853</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 5,034</b>	<b>\$ (14,274)</b>	<b>\$ (16,852)</b>
<b>BEGINNING FUND BALANCE</b>	<b>589,785</b>	<b>604,059</b>	<b>620,911</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 594,819</b>	<b>\$ 589,785</b>	<b>\$ 604,059</b>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<b>1,027</b>	<b>1,028</b>	<b>1,048</b>
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<b>999</b>	<b>1,000</b>	<b>1,028</b>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2018	2017	2021	2020	2019	2018	2017
\$ 992,163	\$ 908,837	99.1 %	97.5 %	98.6 %	99.6 %	99.6 %
3,901	3,740	0.9	2.5	1.4	0.4	0.4
<u>\$ 996,064</u>	<u>\$ 912,577</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 13,102	\$ 14,962	13.7 %	1.0 %	2.0 %	1.3 %	1.6 %
640,000	570,000	72.4	68.6	67.2	64.3	62.5
332,903	410,203	24.7	31.8	32.5	33.4	44.9
<u>\$ 986,005</u>	<u>\$ 995,165</u>	<u>110.8 %</u>	<u>101.4 %</u>	<u>101.7 %</u>	<u>99.0 %</u>	<u>109.0 %</u>
\$ 10,059	\$ (82,588)	<u>(10.8) %</u>	<u>(1.4) %</u>	<u>(1.7) %</u>	<u>1.0 %</u>	<u>(9.0) %</u>
\$	\$					
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>					
\$ 10,059	\$ (82,588)					
610,852	693,440					
<u>\$ 620,911</u>	<u>\$ 610,852</u>					
<u>1,048</u>	<u>1,048</u>					
<u>1,028</u>	<u>1,028</u>					

See accompanying independent auditor's report.

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

District Mailing Address - Denton County Fresh Water Supply District No. 8-B  
c/o Crawford & Jordan LLP  
19 Briar Hollow Lane, Suite 245  
Houston, TX 77027

District Telephone Number - (713) 621-3707

<b>Board Members</b>	Term of Office (Elected or Appointed)	Fees of Office for the fiscal year ended February 28, 2021	Expense Reimbursements for the fiscal year ended February 28, 2021	Title
David Harrison	05/18 05/22 (Elected)	\$ 1,950	\$ -0-	President
S. Lane Pierce	05/18 05/22 (Elected)	\$ 4,650	\$ 63	Vice President/ Treasurer
Doug Delsanter	05/20 05/24 (Elected)	\$ 1,800	\$ 25	Secretary
Florin Bitea	05/20 05/24 (Elected)	\$ 3,000	\$ -0-	Assistant Secretary
Wesley Roemer	05/20 05/24 (Elected)	\$ 1,950	\$ 19	Assistant Secretary

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

Submission date of most recent District Registration Form: June 24, 2020

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution on March 10, 2005. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.



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

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees for the year ended February 28, 2021</u>	<u>Title</u>
Crawford & Jordan LLP	10/20/03	\$ 74,091	General Counsel
McCall Gibson Swedlund Barfoot PLLC	12/17/02	\$ 18,000 \$ 2,000	Auditor Other Services
Dye & Toverly, LLC	07/19/06	\$ 43,570	Bookkeeper
Petitt & Associates, LLC	06/27/01	\$ 24,550	Engineer
Robert W. Baird & Co.	02/18/15	\$ 24,847	Financial Advisor
Kathi Dye		\$ -0-	Investment Officer
Mustang Special Utility District	03/19/02	\$ 345,043	Operator

See accompanying independent auditor's report.

