

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY**

DENTON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FEBRUARY 29, 2020

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TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT	1-2
MANAGEMENT’S DISCUSSION AND ANALYSIS	3-7
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	8-11
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	12
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	13-14
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	15
NOTES TO THE FINANCIAL STATEMENTS	16-31
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND	33
SUPPLEMENTARY INFORMATION – REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE	
NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE (Included in the notes to the financial statements)	
SERVICES AND RATES	35-37
GENERAL FUND EXPENDITURES	38
INVESTMENTS	39
TAXES LEVIED AND RECEIVABLE	40-41
LONG-TERM DEBT SERVICE REQUIREMENTS	42-52
CHANGES IN LONG-TERM BOND DEBT	53-55
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS	56-59
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	60-61

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Frisco West Water Control and Improvement District
of Denton County
Denton County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Frisco West Water Control and Improvement District of Denton County (the "District"), as of and for the year ended February 29, 2020, 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.

Board of Directors
Frisco West Water Control and Improvement District
of Denton County

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 29, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

June 16, 2020

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED FEBRUARY 29, 2020**

Management's discussion and analysis of Frisco West Water Control and Improvement District of Denton County's (the "District") financial performance provides an overview of the District's financial activities for the year ended February 29, 2020. 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 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 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.

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED FEBRUARY 29, 2020**

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,048,887 as of February 29, 2020.

A portion of the District's net position reflects its net investment in capital assets (water, wastewater and drainage facilities less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide water and wastewater services.

The following is a comparative analysis of government-wide changes in net position:

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED FEBRUARY 29, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	<u>Summary of Changes in the Statement of Net Position</u>		
	<u>2020</u>	<u>2019</u>	<u>Change Positive (Negative)</u>
Current and Other Assets	\$ 8,336,294	\$ 10,699,498	\$ (2,363,204)
Capital Assets (Net of Accumulated Depreciation)	34,824,978	33,971,839	853,139
Total Assets	<u>\$ 43,161,272</u>	<u>\$ 44,671,337</u>	<u>\$ (1,510,065)</u>
Deferred Outflows of Resources	<u>\$ 398,218</u>	<u>\$ 431,963</u>	<u>\$ (33,745)</u>
Due to Developer	\$ 46,750	\$ 46,750	\$
Long-Term Liabilities	39,551,171	40,461,067	909,896
Other Liabilities	<u>1,120,464</u>	<u>1,575,757</u>	<u>455,293</u>
Total Liabilities	<u>\$ 40,718,385</u>	<u>\$ 42,083,574</u>	<u>\$ 1,365,189</u>
Deferred Inflows of Resources	<u>\$ 792,218</u>	<u>\$ 3,062,093</u>	<u>\$ 2,269,875</u>
Net Position:			
Net Investment in Capital Assets	\$ (2,271,337)	\$ (3,774,742)	\$ 1,503,405
Restricted	1,904,858	1,431,433	473,425
Unrestricted	<u>2,415,366</u>	<u>2,300,942</u>	<u>114,424</u>
Total Net Position	<u>\$ 2,048,887</u>	<u>\$ (42,367)</u>	<u>\$ 2,091,254</u>

The following table provides a summary of the District's operations for the years ending February 29, 2020, and February 28, 2019.

	<u>Summary of Changes in the Statement of Activities</u>		
	<u>2020</u>	<u>2019</u>	<u>Change Positive (Negative)</u>
Revenues:			
Property Taxes	\$ 6,239,698	\$ 4,282,422	\$ 1,957,276
Charges for Services	2,241,553	1,843,994	397,559
Other Revenues	<u>262,726</u>	<u>522,215</u>	<u>(259,489)</u>
Total Revenues	<u>\$ 8,743,977</u>	<u>\$ 6,648,631</u>	<u>\$ 2,095,346</u>
Expenses for Services	<u>6,652,723</u>	<u>5,611,758</u>	<u>(1,040,965)</u>
Change in Net Position	\$ 2,091,254	\$ 1,036,873	\$ 1,054,381
Net Position, Beginning of Year	<u>(42,367)</u>	<u>(1,079,240)</u>	<u>1,036,873</u>
Net Position, End of Year	<u>\$ 2,048,887</u>	<u>\$ (42,367)</u>	<u>\$ 2,091,254</u>

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED FEBRUARY 29, 2020**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's total fund balances as of February 29, 2020, was \$6,970,767, a decrease of \$50,205 from the prior year.

The General Fund fund balance increased by \$82,398, primarily due to property tax revenues and service revenues exceeding operating expenditures and capital outlay for the year.

The Debt Service Fund fund balance increased by \$468,385, primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund fund balance decreased by \$600,988 due to the use of proceeds received in prior fiscal years.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors amended the budget during the current year. Actual revenues were \$345,713 less than budgeted revenues, primarily due to a lower property tax levy than budgeted. Actual expenditures were \$1,105,902 more than budgeted expenditures, primarily due to the unbudgeted Tax Anticipation Note payoff.

CAPITAL ASSETS

The District's capital assets as of February 29, 2020, total \$34,824,978 (net of accumulated depreciation). These capital assets include roads, land and the water, wastewater and drainage systems.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2020	2019	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 920,680	\$ 920,680	\$
Construction in Progress	1,973,848	107,346	1,866,502
Capital Assets, Net of Accumulated Depreciation:			
Roads	13,694,509	14,227,924	(533,415)
Water System	6,491,397	6,702,807	(211,410)
Wastewater System	6,755,699	6,979,756	(224,057)
Drainage System	4,062,501	4,179,201	(116,700)
Wastewater Service Fee-Town of Little Elm	692,667	725,121	(32,454)
General Assets	109,179		109,179
Certificate of Convenience and Necessity	124,498	129,004	(4,506)
Total Net Capital Assets	\$ 34,824,978	\$ 33,971,839	\$ 853,139

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED FEBRUARY 29, 2020**

LONG-TERM DEBT ACTIVITY

As of February 29, 2020, the District had total bond debt payable of \$39,865,000. The changes in the debt position of the District during the year ended February 29, 2020, are summarized as follows:

Bond Debt Payable, March 1, 2019	\$ 40,791,079
Less: Principal Paid	<u>926,079</u>
Bond Debt Payable, February 29, 2020	<u>\$ 39,865,000</u>

All outstanding bonds, except for the Series 2012 Bonds, carry an underlying rating of “BBB” by Standard and Poor’s. The Series 2012 Bonds do not carry an insured rating. The Series 2013, Series 2013A, and Series 2018 Bonds carry insured ratings of “AA” by virtue of bond insurance issued by Assured Guaranty Municipal. The Series 2014A, Series 2014B, Series 2015, Series 2015 Road, Series 2016 and Series 2016 Road Bonds carry an insured rating of “AA” by virtue of bond insurance issued by Build America Mutual. The above ratings reflect all changes, if any, through the fiscal year ended February 29, 2020.

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 Frisco West Water Control and Improvement District of Denton County, c/o Winstead PC, 2728 N. Harwood Street, Suite 500, Dallas, Texas 75201.

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
FEBRUARY 29, 2020**

	<u>General Fund</u>	<u>Debt Service Fund</u>
ASSETS		
Cash	\$ 242,412	\$ 837,027
Investments	1,717,664	2,374,534
Receivables:		
Property Taxes	58,486	43,517
Service Accounts	154,685	
Accrued Interest	308	684
Due from Other Funds	623,857	96,324
Prepaid Costs	65,756	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)	<u> </u>	<u> </u>
TOTAL ASSETS	<u>2,863,168</u>	<u>3,352,086</u>
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	<u>\$ -0-</u>	<u>\$ -0-</u>
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 2,863,168</u>	<u>\$ 3,352,086</u>

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 141,996	\$ 1,221,435	\$	\$ 1,221,435
2,681,573	6,773,771		6,773,771
	102,003		102,003
	154,685		154,685
	992		992
	720,181	(720,181)	
	65,756	17,652	83,408
		920,680	920,680
		1,973,848	1,973,848
		<u>31,930,450</u>	<u>31,930,450</u>
<u>2,823,569</u>	<u>9,038,823</u>	<u>\$ 34,122,449</u>	<u>43,161,272</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 398,218</u>	<u>\$ 398,218</u>
<u>\$ 2,823,569</u>	<u>\$ 9,038,823</u>	<u>\$ 34,520,667</u>	<u>\$ 43,559,490</u>

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

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
FEBRUARY 29, 2020**

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 337,869	\$
Accrued Interest Payable		
Due to Developers		
Due to Other Funds		
Security Deposits	127,585	
Long-Term Liabilities:		
Due Within One Year		
Due After One Year		
TOTAL LIABILITIES	\$ 465,454	\$ -0-
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 58,487	\$ 823,934
FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 65,756	\$
Assigned for 2021 Budget Deficit	424,011	
Restricted for Authorized Construction		
Restricted for Debt Service		2,528,152
Restricted for Little Elm Sewer Reserve	657,627	
Unassigned	1,191,833	
TOTAL FUND BALANCES	\$ 2,339,227	\$ 2,528,152
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,863,168	\$ 3,352,086
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$	\$ 337,869	\$	\$ 337,869
		655,010	655,010
		46,750	46,750
720,181	720,181	(720,181)	
	127,585		127,585
		1,330,000	1,330,000
		38,221,171	38,221,171
<u>\$ 720,181</u>	<u>\$ 1,185,635</u>	<u>\$ 39,532,750</u>	<u>\$ 40,718,385</u>
<u>\$ -0-</u>	<u>\$ 882,421</u>	<u>\$ (90,203)</u>	<u>\$ 792,218</u>
\$	\$ 65,756	\$ (65,756)	\$
	424,011	(424,011)	
2,103,388	2,103,388	(2,103,388)	
	2,528,152	(2,528,152)	
	657,627	(657,627)	
	1,191,833	(1,191,833)	
<u>\$ 2,103,388</u>	<u>\$ 6,970,767</u>	<u>\$ (6,970,767)</u>	<u>\$ -0-</u>
<u>\$ 2,823,569</u>	<u>\$ 9,038,823</u>		
		\$ (2,271,337)	\$ (2,271,337)
		1,904,858	1,904,858
		2,415,366	2,415,366
		<u>\$ 2,048,887</u>	<u>\$ 2,048,887</u>

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

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FEBRUARY 29, 2020**

Total Fund Balances - Governmental Funds		\$ 6,970,767
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Prepaid bond insurance costs are amortized over the term of the debt in governmental activities.		17,652
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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.		398,218
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Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		34,824,978
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Deferred inflows of resources related to property tax revenues for the 2018 and prior debt service tax levies and the 2019 and prior maintenance tax levies became part of recognized revenue in the governmental activities of the District.		90,203
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Due to Developer	\$ (46,750)	
Accrued Interest Payable	(655,010)	
Bonds Payable	<u>(39,551,171)</u>	<u>(40,252,931)</u>
Total Net Position - Governmental Activities		<u>\$ 2,048,887</u>

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

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**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED FEBRUARY 29, 2020**

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 3,145,794	\$ 3,061,327
Water Service	907,746	
Wastewater Service	907,498	
Solid Waste Revenue	315,516	
Franchise Fees	9,484	
Penalty and Interest	74,354	4,905
Permit Fees	22,050	
Investment Revenues	52,142	76,348
Sales Tax Receipts	8,088	
Miscellaneous Revenues	63,867	
	<u>\$ 5,506,539</u>	<u>\$ 3,142,580</u>
TOTAL REVENUES		
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 531,213	\$ 38,483
Contracted Services	1,366,181	
Purchased Water Service	417,152	
Purchased Wastewater Service	726,902	
Utilities	100,891	
Repairs and Maintenance	279,861	
Depreciation		
Other	159,652	
Capital Outlay	1,774,619	
Debt Service:		
Bond Principal		926,079
Bond Interest		1,709,633
Tax Anticipation Note Principal	1,450,000	
Tax Anticipation Note Issuance Costs	36,000	
Tax Anticipation Note Interest	31,670	
	<u>\$ 6,874,141</u>	<u>\$ 2,674,195</u>
TOTAL EXPENDITURES/EXPENSES		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	<u>\$ (1,367,602)</u>	<u>\$ 468,385</u>
OTHER FINANCING SOURCES (USES)		
Tax Anticipation Note Proceeds	<u>\$ 1,450,000</u>	<u>\$ -0-</u>
NET CHANGE IN FUND BALANCES	<u>\$ 82,398</u>	<u>\$ 468,385</u>
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - MARCH 1, 2019	<u>2,256,829</u>	<u>2,059,767</u>
FUND BALANCES/NET POSITION - FEBRUARY 29, 2020	<u>\$ 2,339,227</u>	<u>\$ 2,528,152</u>

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 6,207,121	\$ 32,577	\$ 6,239,698
	907,746		907,746
	907,498		907,498
	315,516		315,516
	9,484		9,484
	79,259		79,259
	22,050		22,050
62,281	190,771		190,771
	8,088		8,088
	63,867		63,867
<u>\$ 62,281</u>	<u>\$ 8,711,400</u>	<u>\$ 32,577</u>	<u>\$ 8,743,977</u>
\$	\$ 531,213	\$	\$ 531,213
	1,404,664		1,404,664
	417,152		417,152
	726,902		726,902
	100,891		100,891
	279,861		279,861
		1,205,857	1,205,857
378,892	538,544		538,544
284,377	2,058,996	(2,058,996)	
	926,079	(926,079)	
	1,709,633	(329,664)	1,379,969
	1,450,000	(1,450,000)	
	36,000		36,000
	31,670		31,670
<u>\$ 663,269</u>	<u>\$ 10,211,605</u>	<u>\$ (3,558,882)</u>	<u>\$ 6,652,723</u>
<u>\$ (600,988)</u>	<u>\$ (1,500,205)</u>	<u>\$ 3,591,459</u>	<u>\$ 2,091,254</u>
<u>\$ -0-</u>	<u>\$ 1,450,000</u>	<u>\$ (1,450,000)</u>	<u>\$ -0-</u>
\$ (600,988)	\$ (50,205)	\$ 50,205	\$
		2,091,254	2,091,254
<u>2,704,376</u>	<u>7,020,972</u>	<u>(7,063,339)</u>	<u>(42,367)</u>
<u>\$ 2,103,388</u>	<u>\$ 6,970,767</u>	<u>\$ (4,921,880)</u>	<u>\$ 2,048,887</u>

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

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED FEBRUARY 29, 2020**

Net Change in Fund Balances - Governmental Funds	\$ (50,205)
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, revenues are recorded in the accounting period for which the taxes are levied.	32,577
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.	(1,205,857)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	2,058,996
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.	926,079
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.	<u>329,664</u>
Change in Net Position - Governmental Activities	<u>\$ 2,091,254</u>

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

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 29, 2020**

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 “District”). As a result of another election held on November 7, 2000, the voters approved the District’s assumption of certain rights, authority, privileges and functions of a road district and approved for the 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 District approved the conversion of the District to a Water Control and Improvement District and conversion to 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 District on May 5, 2001, voters approved the division of the District into two new districts of which Denton County Fresh Water Supply District No. 8-B was one. At an election held within the boundaries of District No. 8-B on November 5, 2002, voters approved the division of the District into two new districts of which Denton County FWSD No. 8-C was one. The District held its first meeting on December 3, 2002. The District’s name was changed to Frisco West WCID of Denton County by an order of the TCEQ dated February 29, 2020. Pursuant to the provisions of Chapters 49, 51 and 53 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, roads, solid waste collection and disposal, including recycling, 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 and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic 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.

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 29, 2020**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation

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

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

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

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

Government-Wide Financial Statements

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

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

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense.

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 29, 2020**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 a Statement of Revenues, Expenditures and Changes in Fund Balances.

Governmental Funds - The District has three major governmental funds.

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

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

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

Basis of Accounting

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

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 revenues for the 2019 debt service tax levied in the current fiscal year has been deferred until 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. As of February 29, 2020, the Debt Service Fund owes the General Fund \$14,276,

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 29, 2020**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

for debt service tax collections and recorded a receivable from the Capital Projects Fund in the amount of \$110,600 due to transfer between the funds in error. In addition, the Capital Projects Fund owes the General Fund \$3,500 for bond issuance costs and owes the General Fund \$606,081 for reimbursable capital costs.

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. The District chose to early implement GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. Interest costs will no longer be capitalized as part of the asset but will be shown as an expenditure in the fund financial statements and as an expense in the government-wide financial statements. 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 \$10,000 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
Buildings	40
Water System	10-45
Wastewater System	10-45
Drainage System	10-45
All Other Equipment	3-20

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.

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 29, 2020**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

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

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

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

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

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

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 assigned \$424,011 of its General Fund fund balance to cover a budgeted shortfall in 2021.

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.

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 29, 2020**

NOTE 3. LONG-TERM DEBT

	<u>Series 2012 Utility</u>	<u>Series 2013 Road</u>	<u>Series 2013A Road</u>
Amounts Outstanding – February 29, 2020	\$ 3,020,000	\$ 2,725,000	\$ 2,805,000
Interest Rates	3.25% - 3.80%	4.00%	3.50% - 4.85%
Maturity Dates – Serially Beginning/Ending	September 1, 2020/2032	September 1, 2020/2033	September 1, 2020/2035
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2022*	September 1, 2023*	September 1, 2023*
	<u>Series 2014A Utility Refunding</u>	<u>Series 2014B Road Refunding</u>	
Amounts Outstanding – February 29, 2020	\$ 2,200,000	\$ 4,145,000	
Interest Rates	2.00% - 3.00%	3.00% - 3.125%	
Maturity Dates – Serially Beginning/Ending	September 1, 2020/2026	September 1, 2020/2031	
Interest Payment Dates	March 1/ September 1	March 1/ September 1	
Callable Dates	September 1, 2024*	September 1, 2024**	

* Or any date thereafter at a price of par plus unpaid accrued interest to the date fixed for redemption. For the Series 2012 bond issue, the bonds maturing on September 1, 2026, 2028, 2030 and 2032, are term bonds and are subject to mandatory redemption beginning September 1, 2025. For the Series 2013 road bond issue, the bonds maturing on September 1, 2028, are term bonds and are subject to mandatory redemption beginning September 1, 2023. For the Series 2013A road bond issue, the bonds maturing on September 1, 2027, 2030, and 2033, are term bonds and are subject to mandatory redemption on September 1, 2023, 2028 and 2031, respectively. For the Series 2014B bond issue, the bonds maturing on September 1, 2028 are term bonds and are subject to mandatory redemption on September 1, 2027.

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 29, 2020**

NOTE 3. LONG-TERM DEBT (Continued)

	<u>Series 2015 Utility</u>	<u>Series 2015 Road</u>	<u>Series 2016 Utility</u>
Amounts Outstanding – February 29, 2020	\$ 5,235,000	\$ 3,925,000	\$ 6,150,000
Interest Rates	2.00% - 3.75%	2.00% - 4.00%	2.00% - 3.00%
Maturity Dates – Serially Beginning/Ending	September 1, 2020/2039	September 1, 2020/2040	September 1, 2020/2041
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2023*	September 1, 2023*	September 1, 2024*
	<u>Series 2016 Road</u>	<u>Series 2018 Utility</u>	
Amounts Outstanding – February 29, 2020	\$ 7,025,000	\$ 2,635,000	
Interest Rates	2.00% - 5.00%	2.00% - 3.25%	
Maturity Dates – Serially Beginning/Ending	September 1, 2020/2041	September 1, 2020/2033	
Interest Payment Dates	March 1/ September 1	March 1/ September 1	
Callable Dates	September 1, 2024*	September 1, 2024*	

* Or any date thereafter at a price of par plus unpaid accrued interest to the date fixed for redemption. For the Series 2015 utility bond issue, the bonds maturing on September 1, 2025, 2029, 2033 and 2039, are term bonds and are subject to mandatory redemption beginning September 1, 2024, 2026, 2030 and 2038, respectively. For the Series 2015 road bond issue, the bonds maturing on September 1, 2027, 2030, 2032, 2038 and 2040, are term bonds and are subject to mandatory redemption beginning September 1, 2026, 2028, 2031, 2037 and 2039, respectively. For the Series 2016 utility bond issue, the bonds maturing on September 1, 2026, 2028, 2030, 2032, 2034, 2036, 2038 and 2041, are term bonds and are subject to mandatory redemption beginning September 1, 2025, 2027, 2029, 2031, 2033, 2035, 2037 and 2039, respectively. For the Series 2016 road bond issue, the bonds maturing on September 1, 2028, 2030, 2034 and 2036, are term bonds and are subject to mandatory redemption beginning September 1, 2027, 2029, 2031 and 2035, respectively.

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 29, 2020**

NOTE 3. LONG-TERM DEBT (Continued)

The following is a summary of transactions regarding long-term liabilities for the year ended February 29, 2020:

	March 1, 2019	Additions	Retirements	February 29, 2020
Bonds Payable	\$ 40,791,079	\$	\$ 926,079	\$ 39,865,000
Unamortized Discounts	(403,268)		(23,882)	(379,386)
Unamortized Premiums	73,256		7,699	65,557
Total Long-Term Liabilities	<u>\$ 40,461,067</u>	<u>\$ -0-</u>	<u>\$ 909,896</u>	<u>\$ 39,551,171</u>
		Amount Due Within One Year		\$ 1,330,000
		Amount Due After One Year		<u>38,221,171</u>
		Total Long-Term Liabilities		<u>\$ 39,551,171</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 29, 2020, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2021	\$ 1,330,000	\$ 1,310,221	\$ 2,640,221
2022	1,365,000	1,274,995	2,639,995
2023	1,405,000	1,234,884	2,639,884
2024	1,450,000	1,193,470	2,643,470
2025	1,490,000	1,150,336	2,640,336
2026-2030	8,145,000	5,053,972	13,198,972
2031-2035	9,415,000	3,612,131	13,027,131
2036-2040	10,530,000	1,833,446	12,363,446
2041-2042	4,735,000	222,975	4,957,975
	<u>\$ 39,865,000</u>	<u>\$ 16,886,430</u>	<u>\$ 56,751,430</u>

During current year, the District levied an ad valorem debt service tax rate of \$0.1376 per \$100 of assessed valuation, which resulted in a tax levy of \$792,218 on the adjusted taxable valuation of \$575,738,909 for the 2019 tax year. 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. See Note 7 for the maintenance tax levy.

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

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 29, 2020**

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The bond orders state that the Board may place money in any fund created by the bond order in time or demand deposits or invest such monies as authorized by law at the time of deposit. Interest earnings derived from the investment of proceeds from the sale of bonds shall be used along with other bond proceeds for the purpose for which bonds are issued after completion of such purpose. If any of such interest earnings remain on hand, such interest earnings shall be deposited in the Debt Service Fund.

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

The bond orders state, so long as any of the bonds or the additional bonds remain outstanding, the District covenants that it will, at all times, maintain the system or within the limits of its authority cause the same to be maintained, in good condition and working order and will operate the same, or cause the same to be operated, in an efficient and economical manner at a reasonable cost and in accordance with sound management principles. In operating and maintaining the system, the District will comply with all contractual provisions and agreements entered into by it and with all valid rules, regulations, directions or orders of any governmental, administrative or judicial body having jurisdiction over the District. The bond orders state that the District will maintain insurance in the system of a kind and in an amount, which usually would be carried by municipal corporations and political subdivisions in Texas engaged in a similar type of business but considering any governmental immunities to which the District may be entitled.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was \$2,953,398 and the bank balance was \$2,817,981. The District was not exposed to custodial credit risk at year-end.

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 29, 2020**

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at February 29, 2020, as listed below:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
GENERAL FUND	\$ 242,412	\$ 1,172,938	\$ 1,415,350
DEBT SERVICE FUND	837,027	559,025	1,396,052
CAPITAL PROJECTS FUND	<u>141,996</u>	<u> </u>	<u>141,996</u>
TOTAL DEPOSITS	<u>\$ 1,221,435</u>	<u>\$ 1,731,963</u>	<u>\$ 2,953,398</u>

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 its portfolio assets at amortized cost for financial reporting purposes. The District measures its investments in LOGIC and certificates of deposit at amortized cost. There are no limitations or restrictions on withdrawals from LOGIC.

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 29, 2020**

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of February 29, 2020, the District had the following investments and maturities:

<u>Fund and Investment Type</u>	<u>Fair Value</u>	<u>Maturities in Years</u>	
		<u>Less Than 1</u>	<u>1-5</u>
<u>GENERAL FUND</u>			
LOGIC	\$ 544,726	\$ 544,726	\$
Certificates of Deposit	1,172,938	653,475	519,463
<u>DEBT SERVICE FUND</u>			
LOGIC	1,815,509	1,815,509	
Certificates of Deposit	559,025	559,025	
<u>CAPITAL PROJECTS FUND</u>			
LOGIC	2,262,789	2,262,789	
Money Market Mutual Fund	418,784	418,784	
TOTAL INVESTMENTS	\$ 6,773,771	\$6,254,308	\$ 519,463

Credit risk is the risk that the issuer or other counter party to an investment will not fulfill its obligation. As of February 29, 2020, the District's investment in LOGIC was rated AAAM by Standard and Poor's. The District manages credit risk by investing in certificates of deposit with balances that are covered by either the FDIC or pledged securities.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in LOGIC to have a maturity of less than one year due to the fact that the share position can usually be redeemed each day at the discretion of the District unless there has been a significant change in value. The District manages interest rate risk by usually investing in certificates of deposit with maturities of less than three years.

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.

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 29, 2020**

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended February 29, 2020 is as follows:

	March 1, 2019	Increases	Decreases	February 29, 2020
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 920,680	\$	\$	\$ 920,680
Construction in Progress	107,346	1,866,502		1,973,848
Total Capital Assets Not Being Depreciated	<u>\$ 1,028,026</u>	<u>\$ 1,866,502</u>	<u>\$ -0-</u>	<u>\$ 2,894,528</u>
Capital Assets Subject to Depreciation				
Roads	\$ 16,855,215	\$	\$	\$ 16,855,215
Water System	8,532,922			8,532,922
Wastewater System	8,229,932	83,315		8,313,247
Drainage System	4,974,109			4,974,109
Wastewater Service Fee-Town of Little Elm	1,202,995			1,202,995
General Assets Certificate of Convenience and Necessity	180,227	109,179		109,179
Total Capital Assets Subject to Depreciation	<u>\$ 39,975,400</u>	<u>\$ 192,494</u>	<u>\$ -0-</u>	<u>\$ 40,167,894</u>
Less Accumulated Depreciation				
Roads	\$ 2,627,291	\$ 533,415	\$	\$ 3,160,706
Water System	1,830,115	211,410		2,041,525
Wastewater System	1,250,176	307,372		1,557,548
Drainage System	794,908	116,700		911,608
Wastewater Service Fee-Town of Little Elm	477,874	32,454		510,328
Certificate of Convenience and Necessity	51,223	4,506		55,729
Total Accumulated Depreciation	<u>\$ 7,031,587</u>	<u>\$ 1,205,857</u>	<u>\$ -0-</u>	<u>\$ 8,237,444</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 32,943,813</u>	<u>\$ (1,013,363)</u>	<u>\$ -0-</u>	<u>\$ 31,930,450</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 33,971,839</u>	<u>\$ 853,139</u>	<u>\$ -0-</u>	<u>\$ 34,824,978</u>

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 29, 2020**

NOTE 7. MAINTENANCE TAX

On May 3, 2003, voters of the District approved the levy and collection of a maintenance tax in an unlimited amount per \$100 of assessed valuation of taxable property within the District. The maintenance tax will be used for maintenance purposes to include funds for planning, maintaining, repairing and operating all necessary plants, properties, owned or contracted facilities and improvements of the District and for proper services, engineering and legal fees, and operational and administrative costs in accordance with Section 49.107 of the Texas Water Code. During the current year, the District levied an ad valorem maintenance tax rate of \$0.5524 per \$100 of assessed valuation, which resulted in a tax levy of \$3,180,382 on the adjusted taxable valuation of \$575,738,909 for the 2019 tax year.

NOTE 8. SEWER TREATMENT AGREEMENT

On March 13, 2003, the District approved the Assignment, Assumption, Release and Restatement of Sanitary Sewer Extension and Wholesale Waste Water Collection Service Agreement between the District, Denton Fresh Water Supply District No. 8-B (“District No. 8-B”) and the Town of Little Elm (“Little Elm”). This agreement restated the original agreement entered into between District No. 8-B and Little Elm prior to the division of District No. 8-B into two districts. The agreement releases District No. 8-B from all rights and obligations of the original agreement and assigns them to the District.

In accordance with the agreement, the District was responsible for extending Little Elm’s sewer system in order for the District’s sewage to be transported to Little Elm. As part of the extension project, the District installed a master meter in order to determine actual flow of sewage. Upon completion of the extension project, the constructed facilities were dedicated to Little Elm and thereafter will be owned and maintained by Little Elm at its sole expense. As further consideration for the right to connect to and use Little Elm’s wastewater treatment plant and wastewater collection system, the District paid Little Elm \$750,000.

On January 20, 2004, the District and Little Elm entered into Option Agreement No. 1, whereby, the District added land and needed Little Elm to provide wastewater service for an estimated 600 additional residential units. In accordance with the option agreement, the District and Little Elm agreed to amend the service agreement to provide for an additional extension to the sewer system and service to the added land. The total fee for the additional capacity to service the estimated 600 residential units will be \$500,000. The District paid Little Elm, after receipt of the money from the Developer, \$100,000 upon execution of the option agreement and paid Little Elm \$250,000 upon the execution of the amendment to the service agreement. Amendment No. 1 was effective on May 17, 2006, and amended on October 21, 2009, and on March 28, 2011. In accordance with the Second Amendment to Amendment No. 1 of the service agreement, the District agreed to pay Little Elm \$150,000 on or before December 31, 2011. Under the amendment, the District will pay Little Elm impact fees of \$1,200 per residential unit.

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 29, 2020**

NOTE 8. SEWER TREATMENT AGREEMENT (Continued)

Effective March 20, 2012, the Frisco Hills, Frisco Ranch and the Preserve Development Agreement, Interlocal Agreement, and Compromise and Settlement Agreement, as Revised for 2012 (Revised Agreement) was entered into by the District, Little Elm and the developers within the District. In accordance with the provisions of this agreement, the Second Amendment to Amendment No. 1 of the service agreement was cancelled and Little Elm and the District acknowledged that the \$150,000 payment due on December 31, 2011, need not be paid to Little Elm and that such obligation will be considered fully satisfied by the District in light of the other terms and considerations set forth in the Revised Agreement.

On May 17, 2006, the District and Little Elm entered into Option Agreement No. 2, whereby, the District will be adding land and will need Little Elm to provide wastewater service for an estimated 750 additional residential units. The total fee for the additional capacity to service the estimated 750 residential units will be \$500,000. The District paid Little Elm, after receipt of the money from the Developer, \$100,000 upon execution of this option agreement.

The District will pay Little Elm \$250,000 upon the execution of the amendment to the service agreement and will pay \$150,000 on or before the third anniversary of the execution of the amended service agreement. The \$100,000 option payment is non-refundable under any circumstance. Amendment No. 2 became effective December 3, 2008, and provided for impact fees to be paid to Little Elm of \$1,200 per residential unit. Little Elm will bill the District quarterly for sewer service. Little Elm will read the master meter and calculate its billing according to the City Ordinances.

The District established a deposit fund (“Sewer Fund”) and deposited into the sewer fund an amount equal to four quarterly payments for sewer service, as estimated by the District and Little Elm. The District will maintain at all times an amount in the sewer fund equal to the last four quarterly payments (“minimum balance”) owed to Little Elm and shall be authorized to withdraw only the amount that exceeds the minimum balance. As of February 29, 2020, the reserve requirement was \$726,902 and the District had deposited \$657,627 in funds to meet this requirement. The District monitors these funds periodically to ensure adequate coverage and transfers money into the reserve account to make up any shortfalls. As collateral security for the prompt payment and performance in full of the District’s obligation to make quarterly payments, the District will grant to Little Elm a lien and security interest in and to the sewer fund. If the District fails to make a payment on a quarterly bill within 30 days of receipt of the amount owed, Little Elm will be authorized to withdraw the amount owed from the sewer fund and shall immediately notify the District of such withdrawal. The District will have 10 days to deposit into the sewer fund the amount withdrawn by Little Elm. The failure of the District to maintain less than the minimum balance shall be considered a default of the agreement. During the current fiscal year, the District paid Little Elm \$726,902 for wastewater service in connection with this agreement.

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 29, 2020**

NOTE 9. PEACE OFFICER SERVICES AGREEMENT

On June 19, 2018, the District entered an Interlocal Cooperation Agreement for Peace Officer Services with Little Elm, effective October 1, 2018. Under this agreement, Little Elm has agreed to provide certain patrol and law enforcement services to the District. The agreement is for 5 years. The agreement calls for 5 full time officers (\$466,131 annually with an escalation clause) and a new fully equipped vehicle (\$57,700 one-time cost). During the year, the District paid \$533,542 under the terms of the contract, which included the cost of the vehicle. The District also prepaid the March 2020 payment in the amount of \$40,786.

NOTE 10. UNREIMBURSED DEVELOPER COSTS

The District has entered into various agreements which call for Developers within the District to fund costs associated with water, sewer, drainage and road facilities, as well as operating advances, until such time as the District can sell bonds. As reflected in the Statement of Net Position, \$46,750 has been recorded as a liability for engineering costs related to completed facilities financed by Developers which the District now operates and maintains. It is anticipated that reimbursement to the Developers will come from excess proceeds or available General Fund monies.

NOTE 11. RISK MANAGEMENT

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

NOTE 12. WATER SUPPLY AGREEMENT

On December 3, 2008, the District entered into a Wholesale Water Supply Agreement (Agreement) with the Town of Little Elm, Texas. Pursuant to the Agreement, Little Elm will provide to the District wholesale treated water from Little Elm's water supply system. In exchange for the water provided to the District, the District will pay Little Elm a take or pay amount equivalent to 50% of the projected annual treated water volume utilized by the District as determined by the District's previous year usage amount. This initial take or pay amount for the first year of service under the Agreement will be \$1,200 per month, based upon an anticipated minimum use of 500,000 gallons per month at a rate of \$2.40 per 1,000 gallons. The District is required to pay for the take or pay amount regardless of whether the District uses the water. If the District's water usage exceeds the take or pay amount for any given month, the water will be billed at \$2.40 per 1,000 gallons. Each year the take or pay amount will be recalculated based on the previous year's actual water usage. In addition, each District connection receiving water from Little Elm will pay a \$750 connection fee. The term of this agreement is 30 years from the effective date. As of February 29, 2020, the current rate being billed per 1,000 gallons of usage is \$4.03. During the current fiscal year, the District recorded expenditures of \$417,152 for purchased water.

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 29, 2020**

NOTE 13. STRATEGIC PARTNERSHIP AGREEMENT

Effective January 20, 2009, the District entered into a Strategic Partnership Agreement with the Town of Little Elm, Texas (the “Town”). The agreement provides that Little Elm may annex a tract of land within the District defined as the Limited Purpose Annexation Area (“Area”) for the limited purposes of collecting revenues from the sales and use tax authorized to be imposed by Little Elm on sales consummated at locations within the Area pursuant to the Act and Chapter 321 of the Texas Tax Code (currently at a rate of one percent).

On December 19, 2017, the agreement was amended to allow for the limited purpose annexation of a certain tract of land, which contains a portion Woodlake Parkway, between FM 423 and Horizon Lane. Prior to the annexation, the road must be brought up to acceptable standards, which the District has agreed to fund a portion of the repairs. The total project cost is estimated at \$160,000, of which the estimated District contribution to the project is \$81,841. The actual repair cost may differ from estimates, and the District will be obligated to pay the Town based upon actual documented costs of repair.

For a period of ten years from the effective Date, Little Elm shall pay to the District an amount equal to 50% of the Sales and Use Tax revenues paid to Little Elm from businesses operating within the Limited Purpose Property (“District Share”) as reflected in sales tax reports provided by the Comptroller to Little Elm. Little Elm shall pay to the District the District Share at the end of each quarter (i.e., March 31, June 30, September 30 and December 31) in which Little Elm receives payment of the Sales and Use Tax revenues from the Comptroller. Any payment of the District Share not made within 90 days of the end of the quarter in which the payment is due shall bear interest calculated in accordance with Section 2251.025 of the Texas Government Code. Little Elm shall retain the remaining 50% of the Sales and Use Tax revenues from within the Limited Purpose Property (“Town Share”) for a period of ten years from the Effective Date. Beginning on the tenth anniversary of the Effective Date, Little Elm shall collect and retain 100% of the Sales and Use Tax revenues paid to Little Elm from business operating within the Limited Purpose Property and shall not be obligated to pay to the District any portion or share of the Sales and Use Tax collected. During the current fiscal year, the District received \$8,088 in relation to this agreement.

The original agreement expired in 2019.

NOTE 14. ISSUANCE OF TAX ANTICIPATION NOTE

On March 28, 2019, the District took out a 364-day Tax Anticipation Note in the amount of \$1,450,000. This note bears an interest rate of 2.58% per annum and is due in full, including interest on March 26, 2020. The District paid this note off on January 21, 2020. The District used the proceeds for the construction of their administration building.

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY**

REQUIRED SUPPLEMENTARY INFORMATION

FEBRUARY 29, 2020

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED FEBRUARY 29, 2020**

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	\$ 1,240,656	\$ 3,660,385	\$ 3,145,794	\$ (514,591)
Water Service	643,660	677,538	907,746	230,208
Wastewater Service	926,670	912,958	907,498	(5,460)
Franchise Fee	8,800	8,935	9,484	549
Solid Waste Revenues	327,060	324,753	315,516	(9,237)
Penalty and Interest	76,063	72,067	74,354	2,287
Permit Fees	54,000	52,350	22,050	(30,300)
Investment Revenues	12,000	38,733	52,142	13,409
Sales Tax Receipts	48,000	38,523	8,088	(30,435)
Miscellaneous Revenues	22,751	66,010	63,867	(2,143)
TOTAL REVENUES	<u>\$ 3,359,660</u>	<u>\$ 5,852,252</u>	<u>\$ 5,506,539</u>	<u>\$ (345,713)</u>
EXPENDITURES				
Service Operations:				
Professional Fees	\$ 335,500	\$ 562,076	\$ 531,213	\$ 30,863
Contracted Services	1,402,436	1,464,303	1,366,181	98,122
Purchased Water Service	427,519	409,778	417,152	(7,374)
Purchased Wastewater Service	806,748	659,958	726,902	(66,944)
Utilities	98,400	104,267	100,891	3,376
Repairs and Maintenance	687,050	568,428	279,861	288,567
Other	147,330	294,089	159,652	134,437
TAN Payoff, Interest Expense & Issuance Costs		36,000	1,517,670	(1,481,670)
Capital Outlay		1,669,340	1,774,619	(105,279)
TOTAL EXPENDITURES	<u>\$ 3,904,983</u>	<u>\$ 5,768,239</u>	<u>\$ 6,874,141</u>	<u>\$ (1,105,902)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (545,323)</u>	<u>\$ 84,013</u>	<u>\$ (1,367,602)</u>	<u>\$ (1,451,615)</u>
OTHER FINANCING SOURCES(USES)				
Tax Anticipation Note Proceeds	\$ -0-	\$ -0-	\$ 1,450,000	\$ 1,450,000
NET CHANGE IN FUND BALANCE	\$ (545,323)	\$ 84,013	\$ 82,398	\$ (1,615)
FUND BALANCE - MARCH 1, 2019	<u>2,256,829</u>	<u>2,256,829</u>	<u>2,256,829</u>	
FUND BALANCE - FEBRUARY 29, 2020	<u>\$ 1,711,506</u>	<u>\$ 2,340,842</u>	<u>\$ 2,339,227</u>	<u>\$ (1,615)</u>

See accompanying independent auditor's report.

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**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY**

**SUPPLEMENTARY INFORMATION – REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

FEBRUARY 29, 2020

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
SERVICES AND RATES
FOR THE YEAR ENDED FEBRUARY 29, 2020**

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

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

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order effective August 1, 2019.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$ 15.00	-0-	N	\$ 3.00	0,001 – 10,000
WASTEWATER:	\$ 42.50		Y	\$ 4.50	10,000 and above
SURCHARGE:					
Solid Waste/ Garbage	\$15.00 per residential connection				
Commission Regulatory Assessment	0.5% of actual water and sewer bill				

District employs winter averaging for wastewater usage? _____ X
Yes No

Total monthly charges per 10,000 gallons usage: Water: \$45.00 Wastewater: \$42.50 Surcharge: \$ 15.44

See accompanying independent auditor's report.

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
SERVICES AND RATES
FOR THE YEAR ENDED FEBRUARY 29, 2020**

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤¾"	1,800	1,800	x 1.0	1,800
1"	9	9	x 2.5	23
1½"	5	5	x 5.0	25
2"	14	14	x 8.0	112
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u>1,828</u>	<u>1,828</u>		<u>1,960</u>
Total Wastewater Connections	<u>1,805</u>	<u>1,805</u>	x 1.0	<u>1,805</u>

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

Gallons pumped into system:	87,833,000	Water Accountability Ratio: 93.38% (Gallons billed/Gallons pumped and purchased)
Gallons billed to customers:	175,925,000	
Gallons purchased:	100,569,000	From: <u>Town of Little Elm, Texas</u>

See accompanying independent auditor's report.

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
SERVICES AND RATES
FOR THE YEAR ENDED FEBRUARY 29, 2020**

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 the 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.

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED FEBRUARY 29, 2020**

PROFESSIONAL FEES:	
Auditing	\$ 32,300
Engineering	151,836
Legal	343,577
Financial Advisor	<u>3,500</u>
TOTAL PROFESSIONAL FEES	<u>\$ 531,213</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	\$ 417,152
Purchased Wastewater Service	<u>726,902</u>
TOTAL PURCHASED SERVICES FOR RESALE	<u>\$ 1,144,054</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 99,737
Operations and Billing	479,335
Security	535,341
Solid Waste Disposal	<u>251,768</u>
TOTAL CONTRACTED SERVICES	<u>\$ 1,366,181</u>
UTILITIES - Electricity	<u>\$ 100,891</u>
REPAIRS AND MAINTENANCE	<u>\$ 279,861</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 25,800
Insurance	18,698
Lease Payments	46,135
Office Supplies and Postage	6,492
Payroll Taxes	1,441
Accounting/Billing Software	28,588
Travel and Meetings	536
Marketing	17,179
Other	<u>14,783</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 159,652</u>
CAPITAL OUTLAY	<u>\$ 1,774,619</u>
TAX ANTICIPATION NOTE PAYOFF, INTEREST & ISSUANCE COSTS	<u>\$ 1,517,670</u>
TOTAL EXPENDITURES	<u>\$ 6,874,141</u>

See accompanying independent auditor's report.

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
INVESTMENTS
FEBRUARY 29, 2020**

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
LOGIC	XXX4001	Varies	Daily	\$ 544,726	\$
Certificate of Deposit	XXX6188	2.40%	03/24/20	201,256	66
Certificate of Deposit	XXX0914	2.40%	06/26/20	452,219	60
Certificate of Deposit	XXX0641	1.60%	12/20/21	<u>519,463</u>	<u>182</u>
TOTAL GENERAL FUND				<u>\$ 1,717,664</u>	<u>\$ 308</u>
<u>DEBT SERVICE FUND</u>					
LOGIC	XXX4002	Varies	Daily	\$ 1,815,509	\$
Certificate of Deposit	XXX0714	2.40%	04/05/20	311,025	470
Certificate of Deposit	XXX4516	2.25%	04/15/20	<u>248,000</u>	<u>214</u>
TOTAL DEBT SERVICE FUND				<u>\$ 2,374,534</u>	<u>\$ 684</u>
<u>CAPITAL PROJECTS FUND</u>					
LOGIC	XXX4003	Varies	Daily	\$ 2,262,789	\$
Money Market Mutual Fund	XXX8071	Varies	Daily	<u>418,784</u>	<u> </u>
TOTAL CAPITAL PROJECTS FUND				<u>\$ 2,681,573</u>	<u>\$ -0-</u>
TOTAL - ALL FUNDS				<u><u>\$ 6,773,771</u></u>	<u><u>\$ 992</u></u>

See accompanying independent auditor's report.

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED FEBRUARY 29, 2020**

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
MARCH 1, 2019	\$	24,603	\$	71,108
Adjustments to Beginning				
Balance		<u>(704)</u>	\$	<u>23,899</u>
			<u>(2,072)</u>	\$
				69,036
Original 2019 Tax Levy	\$	3,143,064	\$	782,921
Adjustment to 2019 Tax Levy		<u>37,318</u>	<u>3,180,382</u>	<u>9,297</u>
				<u>792,218</u>
TOTAL TO BE				
ACCOUNTED FOR		\$	3,204,281	\$
				861,254
TAX COLLECTIONS:				
Prior Years	\$	12,782	\$	37,320
Current Year		<u>3,133,013</u>	<u>3,145,795</u>	<u>780,417</u>
				<u>817,737</u>
TAXES RECEIVABLE -				
FEBRUARY 29, 2020		<u>\$</u>	<u>58,486</u>	<u>\$</u>
				<u>43,517</u>
TAXES RECEIVABLE BY				
YEAR:				
2019		47,369		11,801
2018		407		1,171
2017		747		2,842
2016		769		2,924
2015		787		2,995
2014		1,035		2,977
2013		1,071		2,941
2012		1,204		2,809
2011		1,365		3,184
2010		1,204		2,809
2009		1,204		2,809
2008		1,040		3,120
2007		<u>284</u>		<u>1,135</u>
TOTAL	\$	<u>58,486</u>	\$	<u>43,517</u>

See accompanying independent auditor's report.

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED FEBRUARY 29, 2020**

	2019	2018	2017	2016
PROPERTY VALUATIONS:				
Land	\$ 149,624,961	\$ 145,487,771	\$ 139,507,795	\$ 122,547,597
Improvements	439,139,560	416,663,387	344,779,682	280,393,005
Personal Property	3,176,975	3,311,681	2,353,044	2,040,373
Exemptions	<u>(16,202,587)</u>	<u>(15,221,945)</u>	<u>(13,889,858)</u>	<u>(13,211,253)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 575,738,909</u>	<u>\$ 550,240,894</u>	<u>\$ 472,750,663</u>	<u>\$ 391,769,722</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.1376	\$ 0.5565	\$ 0.6821	\$ 0.7106
Maintenance	<u>0.5524</u>	<u>0.1935</u>	<u>0.1792</u>	<u>0.1868</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.6900</u>	<u>\$ 0.7500</u>	<u>\$ 0.8613</u>	<u>\$ 0.8974</u>
ADJUSTED TAX LEVY*	<u>\$ 3,972,600</u>	<u>\$ 4,126,810</u>	<u>\$ 4,073,364</u>	<u>\$ 3,515,742</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>98.51 %</u>	<u>99.96 %</u>	<u>99.91 %</u>	<u>99.89 %</u>

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

Maintenance Tax – Maximum tax rate in an unlimited amount per \$100 assessed valuation approved by voters on May 3, 2003.

See accompanying independent auditor's report.

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 29, 2020**

SERIES - 2012 UTILITY

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2021	\$ 30,000	\$ 112,900	\$ 142,900
2022	30,000	111,925	141,925
2023	30,000	110,950	140,950
2024	30,000	109,975	139,975
2025	30,000	109,000	139,000
2026	30,000	107,988	137,988
2027	30,000	106,937	136,937
2028	415,000	105,888	520,888
2029	435,000	90,325	525,325
2030	455,000	74,012	529,012
2031	480,000	56,950	536,950
2032	500,000	38,950	538,950
2033	525,000	19,950	544,950
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
	<u>\$ 3,020,000</u>	<u>\$ 1,155,750</u>	<u>\$ 4,175,750</u>

See accompanying independent auditor's report.

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 29, 2020**

SERIES - 2013 ROAD

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2021	\$ 40,000	\$ 109,000	\$ 149,000
2022	35,000	107,400	142,400
2023	30,000	106,000	136,000
2024	30,000	104,800	134,800
2025	30,000	103,600	133,600
2026	30,000	102,400	132,400
2027	30,000	101,200	131,200
2028	45,000	100,000	145,000
2029	40,000	98,200	138,200
2030	225,000	96,600	321,600
2031	235,000	87,600	322,600
2032	250,000	78,200	328,200
2033	570,000	68,200	638,200
2034	1,135,000	45,400	1,180,400
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
	<u>\$ 2,725,000</u>	<u>\$ 1,308,600</u>	<u>\$ 4,033,600</u>

See accompanying independent auditor's report.

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 29, 2020**

SERIES - 2013 A ROAD

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2021	\$ 40,000	\$ 130,970	\$ 170,970
2022	40,000	129,570	169,570
2023	45,000	128,070	173,070
2024	40,000	126,383	166,383
2025	35,000	124,722	159,722
2026	35,000	123,270	158,270
2027	30,000	121,817	151,817
2028	35,000	120,573	155,573
2029	35,000	119,120	154,120
2030	130,000	117,544	247,544
2031	140,000	111,695	251,695
2032	145,000	105,394	250,394
2033	150,000	98,508	248,508
2034	160,000	91,383	251,383
2035	850,000	83,783	933,783
2036	895,000	43,408	938,408
2037			
2038			
2039			
2040			
2041			
2042			
	<u>\$ 2,805,000</u>	<u>\$ 1,776,210</u>	<u>\$ 4,581,210</u>

See accompanying independent auditor's report.

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 29, 2020**

SERIES - 2014 A UTILITY REFUNDING

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2021	\$ 270,000	\$ 63,300	\$ 333,300
2022	285,000	57,900	342,900
2023	295,000	49,350	344,350
2024	315,000	40,500	355,500
2025	330,000	31,050	361,050
2026	345,000	21,150	366,150
2027	360,000	10,800	370,800
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
	<u>\$ 2,200,000</u>	<u>\$ 274,050</u>	<u>\$ 2,474,050</u>

See accompanying independent auditor's report.

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 29, 2020**

SERIES - 2014B ROAD REFUNDING

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2021	\$ 385,000	\$ 124,650	\$ 509,650
2022	395,000	113,100	508,100
2023	410,000	101,250	511,250
2024	425,000	88,950	513,950
2025	440,000	76,200	516,200
2026	450,000	63,000	513,000
2027	470,000	49,500	519,500
2028	225,000	35,400	260,400
2029	230,000	28,650	258,650
2030	235,000	21,750	256,750
2031	240,000	14,700	254,700
2032	240,000	7,500	247,500
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
	<u>\$ 4,145,000</u>	<u>\$ 724,650</u>	<u>\$ 4,869,650</u>

See accompanying independent auditor's report.

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 29, 2020**

SERIES - 2015 UTILITY

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2021	\$ 90,000	\$ 178,500	\$ 268,500
2022	95,000	176,700	271,700
2023	95,000	174,563	269,563
2024	95,000	172,187	267,187
2025	95,000	169,813	264,813
2026	100,000	166,962	266,962
2027	105,000	163,963	268,963
2028	80,000	160,681	240,681
2029	85,000	158,182	243,182
2030	90,000	155,525	245,525
2031	85,000	152,712	237,712
2032	90,000	149,950	239,950
2033	25,000	147,025	172,025
2034	25,000	146,212	171,212
2035	525,000	145,400	670,400
2036	540,000	127,682	667,682
2037	715,000	109,456	824,456
2038	740,000	85,325	825,325
2039	765,000	58,500	823,500
2040	795,000	29,812	824,812
2041			
2042			
	<u>\$ 5,235,000</u>	<u>\$ 2,829,150</u>	<u>\$ 8,064,150</u>

See accompanying independent auditor's report.

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 29, 2020**

SERIES - 2015 ROAD

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2021	\$ 125,000	\$ 126,244	\$ 251,244
2022	130,000	123,744	253,744
2023	135,000	120,494	255,494
2024	140,000	117,119	257,119
2025	145,000	113,619	258,619
2026	150,000	109,631	259,631
2027	155,000	105,131	260,131
2028	160,000	100,481	260,481
2029	165,000	95,681	260,681
2030	175,000	90,731	265,731
2031	180,000	85,481	265,481
2032	190,000	80,081	270,081
2033	195,000	74,144	269,144
2034	205,000	68,050	273,050
2035	210,000	61,387	271,387
2036	220,000	54,563	274,563
2037	230,000	47,137	277,137
2038	240,000	39,375	279,375
2039	250,000	30,375	280,375
2040	255,000	21,000	276,000
2041	270,000	10,800	280,800
2042			
	<u>\$ 3,925,000</u>	<u>\$ 1,675,268</u>	<u>\$ 5,600,268</u>

See accompanying independent auditor's report.

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 29, 2020**

SERIES - 2016 ROAD

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2021	\$ 100,000	\$ 222,138	\$ 322,138
2022	100,000	217,137	317,137
2023	100,000	212,138	312,138
2024	100,000	207,137	307,137
2025	105,000	202,138	307,138
2026	105,000	196,888	301,888
2027	105,000	194,787	299,787
2028	105,000	192,425	297,425
2029	110,000	189,800	299,800
2030	110,000	187,050	297,050
2031	110,000	184,025	294,025
2032	110,000	181,000	291,000
2033	115,000	177,700	292,700
2034	115,000	174,250	289,250
2035	120,000	170,800	290,800
2036	120,000	167,200	287,200
2037	790,000	163,600	953,600
2038	825,000	139,900	964,900
2039	860,000	115,150	975,150
2040	900,000	89,350	989,350
2041	940,000	61,225	1,001,225
2042	980,000	31,850	1,011,850
	<u>\$ 7,025,000</u>	<u>\$ 3,677,688</u>	<u>\$ 10,702,688</u>

See accompanying independent auditor's report.

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 29, 2020**

SERIES - 2016 UTILITY

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2021	\$ 110,000	\$ 166,250	\$ 276,250
2022	115,000	164,050	279,050
2023	125,000	161,750	286,750
2024	130,000	159,250	289,250
2025	135,000	156,650	291,650
2026	140,000	153,950	293,950
2027	145,000	151,150	296,150
2028	155,000	148,250	303,250
2029	155,000	145,150	300,150
2030	155,000	142,050	297,050
2031	160,000	138,562	298,562
2032	165,000	134,963	299,963
2033	170,000	130,837	300,837
2034	175,000	126,588	301,588
2035	180,000	121,775	301,775
2036	185,000	116,825	301,825
2037	305,000	111,738	416,738
2038	300,000	103,350	403,350
2039	300,000	94,350	394,350
2040	300,000	85,350	385,350
2041	1,120,000	76,350	1,196,350
2042	1,425,000	42,750	1,467,750
	<u>\$ 6,150,000</u>	<u>\$ 2,831,938</u>	<u>\$ 8,981,938</u>

See accompanying independent auditor's report.

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 29, 2020**

SERIES - 2018 UTILITY

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2021	\$ 140,000	\$ 76,269	\$ 216,269
2022	140,000	73,469	213,469
2023	140,000	70,319	210,319
2024	145,000	67,169	212,169
2025	145,000	63,544	208,544
2026	150,000	59,556	209,556
2027	150,000	55,056	205,056
2028	405,000	50,556	455,556
2029	420,000	38,406	458,406
2030	155,000	25,806	180,806
2031	155,000	20,963	175,963
2032	160,000	15,925	175,925
2033	165,000	10,725	175,725
2034	165,000	5,363	170,363
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
	<u>\$ 2,635,000</u>	<u>\$ 633,126</u>	<u>\$ 3,268,126</u>

See accompanying independent auditor's report.

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**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 29, 2020**

**ANNUAL REQUIREMENTS
FOR ALL SERIES**

Due During Fiscal Years Ending February 28/29	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2021	\$ 1,330,000	\$ 1,310,221	\$ 2,640,221
2022	1,365,000	1,274,995	2,639,995
2023	1,405,000	1,234,884	2,639,884
2024	1,450,000	1,193,470	2,643,470
2025	1,490,000	1,150,336	2,640,336
2026	1,535,000	1,104,795	2,639,795
2027	1,580,000	1,060,341	2,640,341
2028	1,625,000	1,014,254	2,639,254
2029	1,675,000	963,514	2,638,514
2030	1,730,000	911,068	2,641,068
2031	1,785,000	852,688	2,637,688
2032	1,850,000	791,963	2,641,963
2033	1,915,000	727,089	2,642,089
2034	1,980,000	657,246	2,637,246
2035	1,885,000	583,145	2,468,145
2036	1,960,000	509,678	2,469,678
2037	2,040,000	431,931	2,471,931
2038	2,105,000	367,950	2,472,950
2039	2,175,000	298,375	2,473,375
2040	2,250,000	225,512	2,475,512
2041	2,330,000	148,375	2,478,375
2042	2,405,000	74,600	2,479,600
	<u>\$ 39,865,000</u>	<u>\$ 16,886,430</u>	<u>\$ 56,751,430</u>

See accompanying independent auditor's report.

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED FEBRUARY 29, 2020**

Description	Original Bonds Issued	Bonds Outstanding March 1, 2019
Denton County Fresh Water Supply District No. 8-C Unlimited Tax Utility Bonds - Series 2012	3,200,000	3,050,000
Denton County Fresh Water Supply District No. 8-C Unlimited Tax Road Bonds - Series 2013	3,000,000	2,770,000
Denton County Fresh Water Supply District No. 8-C Unlimited Tax Road Bonds - Series 2013A	3,000,000	2,845,000
Denton County Fresh Water Supply District No. 8-C Unlimited Tax Utility Refunding Bonds - Series 2014A	3,240,000	2,460,000
Denton County Fresh Water Supply District No. 8-C Unlimited Tax Road Refunding Bonds - Series 2014B	4,379,985	4,146,079
Denton County Fresh Water Supply District No. 8-C Unlimited Tax Utility Bonds - Series 2015	5,500,000	5,325,000
Denton County Fresh Water Supply District No. 8-C Unlimited Tax Road Bonds - Series 2015	4,415,000	4,050,000
Denton County Fresh Water Supply District No. 8-C Unlimited Tax Utility Bonds - Series 2016	6,455,000	6,255,000
Denton County Fresh Water Supply District No. 8-C Unlimited Tax Road Bonds - Series 2016	7,215,000	7,120,000
Denton County Fresh Water Supply District No. 8-C Unlimited Tax Utility Bonds - Series 2018	<u>2,770,000</u>	<u>2,770,000</u>
TOTAL	<u>\$ 50,174,985</u>	<u>\$ 40,791,079</u>

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				Bonds Outstanding February 29, 2020	Paying Agent
<u>Bonds Sold</u>	<u>Retirements</u>				
	<u>Principal</u>	<u>Interest</u>			
	30,000	113,875	3,020,000		Wells Fargo Bank, N.A. Dallas, TX
	45,000	110,800	2,725,000		Wells Fargo Bank, N.A. Dallas, TX
	40,000	132,270	2,805,000		Wells Fargo Bank, N.A. Dallas, TX
	260,000	68,500	2,200,000		Wells Fargo Bank, N.A. Dallas, TX
	1,079	503,571	4,145,000		Wells Fargo Bank, N.A. Dallas, TX
	90,000	180,300	5,235,000		Wells Fargo Bank, N.A. Minneapolis, MN
	125,000	128,744	3,925,000		Wells Fargo Bank, N.A. Minneapolis, MN
	105,000	168,350	6,150,000		Wells Fargo Bank, N.A. Minneapolis, MN
	95,000	226,888	7,025,000		Wells Fargo Bank, N.A. Minneapolis, MN
	<u>135,000</u>	<u>76,336</u>	<u>2,635,000</u>		Wells Fargo Bank, N.A. Minneapolis, MN
<u>\$ - 0 -</u>	<u>\$ 926,079</u>	<u>\$ 1,709,633</u>	<u>\$ 39,865,000</u>		

See accompanying independent auditor's report.

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**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED FEBRUARY 29, 2020**

Bond Authority:	<u>Tax Bonds*</u>	<u>Road Bonds</u>	<u>Refunding Bonds**</u>
Amount Authorized by Voters	\$ 58,710,000	\$ 43,700,000	\$ 127,140,000
Amount Issued	<u>22,535,000</u>	<u>24,630,000</u>	<u>7,619,985</u>
Remaining to be Issued	<u>\$ 36,175,000</u>	<u>\$ 19,070,000</u>	<u>\$ 119,520,015</u>

* Includes all bonds secured with tax revenues. Bonds in this category may also be secured with other revenues in combination with taxes.

** Includes Refunding Road Bonds authorized of \$56,810,000.

Debt Service Fund cash, investments and cash with paying agent balances as of February 29, 2020:	<u>\$ 3,211,561</u>
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Average annual debt service payment (principal and interest) for remaining term of all debt:	<u>\$ 2,579,610</u>
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See Note 3 for interest rates, interest payment dates and maturity dates.

See accompanying independent auditor's report.

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – FIVE YEARS**

	Amounts		
	2020	2019	2018
REVENUES			
Property Taxes	\$ 3,145,794	\$ 1,076,221	\$ 833,516
Water Service	907,746	839,110	731,350
Wastewater Service	907,498	643,203	593,134
Solid Waste Revenue	315,516	264,906	238,453
Franchise Fees	9,484		
Penalty and Interest	74,354	43,754	38,187
Permit Fees	22,050	37,700	50,200
Investment Revenues	52,142	21,920	21,495
Sales Tax Receipts	8,088	19,723	16,391
Miscellaneous Revenues	63,867	14,406	49,692
TOTAL REVENUES	\$ 5,506,539	\$ 2,960,943	\$ 2,572,418
EXPENDITURES			
Professional Fees	\$ 531,213	\$ 429,573	\$ 195,984
Contracted Services	1,366,181	987,516	655,108
Purchase Water Service	417,152	359,116	295,556
Purchase Wastewater Service	726,902	685,207	459,467
Utilities	100,891	91,147	79,820
Repairs and Maintenance	279,861	559,108	248,602
Other	159,652	202,440	55,843
Capital Outlay	1,774,619	283,719	25,270
Debt Service:			
TAN Payoff, Interest Expense & Issuance Costs	1,517,670		
TOTAL EXPENDITURES	\$ 6,874,141	\$ 3,597,826	\$ 2,015,650
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (1,367,602)	\$ (636,883)	\$ 556,768
OTHER FINANCING SOURCES (USES)			
Tax Anticipation Note Proceeds	\$ 1,450,000	\$	\$
Transfers In (Out)			
TOTAL OTHER FINANCING SOURCES (USES)	\$ 1,450,000	\$ - 0 -	\$ - 0 -
NET CHANGE IN FUND BALANCE	\$ 82,398	\$ (636,883)	\$ 556,768
PRIOR PERIOD ADJUSTMENT			129,660
BEGINNING FUND BALANCE	2,256,829	2,893,712	2,207,284
ENDING FUND BALANCE	\$ 2,339,227	\$ 2,256,829	\$ 2,893,712

See accompanying independent auditor's report

		Percentage of Total Revenues				
2017	2016	2020	2019	2018	2017	2016
\$ 730,472	\$ 581,266	57.1 %	36.4 %	32.4 %	31.8 %	29.5 %
663,197	580,278	16.5	28.3	28.4	28.9	29.6
527,007	462,482	16.5	21.7	23.1	22.9	23.6
207,817	182,466	5.7	8.9	9.3	9.0	9.3
		0.2				
29,993	37,273	1.4	1.5	1.5	1.3	1.9
94,500	77,850	0.4	1.3	2.0	4.1	4.0
10,444	7,645	0.9	0.7	0.8	0.5	0.4
17,023	23,186	0.1	0.7	0.6	0.7	1.2
18,033	10,484	1.2	0.5	1.9	0.8	0.5
<u>\$ 2,298,486</u>	<u>\$ 1,962,930</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 173,138	\$ 189,027	9.6 %	14.5 %	7.6 %	7.5 %	9.6 %
631,744	382,922	24.8	33.4	25.5	27.5	19.5
205,346	163,529	7.6	12.1	11.5	8.9	8.3
359,950	242,203	13.2	23.1	17.9	15.7	12.3
73,482	78,482	1.8	3.1	3.1	3.2	4.0
133,543	116,908	5.1	18.9	9.7	5.8	6.0
48,114	119,140	2.9	6.8	2.2	2.1	6.1
41,706	420,381	32.2	9.6	1.0	1.8	21.4
		27.6				
<u>\$ 1,667,023</u>	<u>\$ 1,712,592</u>	<u>124.8 %</u>	<u>121.5 %</u>	<u>78.5 %</u>	<u>72.5 %</u>	<u>87.2 %</u>
\$ 631,463	\$ 250,338	<u>(24.8) %</u>	<u>(21.5) %</u>	<u>21.5 %</u>	<u>27.5 %</u>	<u>12.8 %</u>
\$ 42,626	\$ 64,869					
<u>\$ 42,626</u>	<u>\$ 64,869</u>					
\$ 674,089	\$ 315,207					
<u>1,533,195</u>	<u>1,217,988</u>					
<u>\$ 2,207,284</u>	<u>\$ 1,533,195</u>					

See accompanying independent auditor's report

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND – FIVE YEARS**

	Amounts		
	2020	2019	2018
REVENUES			
Property Taxes	\$ 3,061,327	\$ 3,214,096	\$ 2,779,069
Penalty and Interest	4,905	15,321	
Investment Revenues	76,348	39,197	22,605
TOTAL REVENUES	\$ 3,142,580	\$ 3,268,614	\$ 2,801,674
EXPENDITURES			
Tax Collection Expenditures	\$ 38,483	\$ 20,194	\$ 20,007
Debt Service Principal	926,079	1,447,198	1,025,000
Debt Service Interest and Fees	1,709,633	1,527,998	1,392,296
TOTAL EXPENDITURES	\$ 2,674,195	\$ 2,995,390	\$ 2,437,303
NET CHANGE IN FUND BALANCE	\$ 468,385	\$ 273,224	\$ 364,371
BEGINNING FUND BALANCE	2,059,767	1,786,543	1,422,172
ENDING FUND BALANCE	\$ 2,528,152	\$ 2,059,767	\$ 1,786,543
TOTAL ACTIVE RETAIL WATER CONNECTIONS	1,828	1,775	1,703
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	1,805	1,752	1,683

See accompanying independent auditor's report

		Percentage of Total Revenues				
2017	2016	2020	2019	2018	2017	2016
\$ 2,181,900	\$ 1,648,881	97.4 %	98.3 %	99.2 %	99.4 %	99.8 %
13,563	2,913	0.2	0.5	0.8	0.6	0.2
<u>\$ 2,195,463</u>	<u>\$ 1,651,794</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 18,004	\$ 14,967	1.2 %	0.6 %	0.7 %	0.8 %	0.9 %
741,708	735,000	29.5	44.3	36.6	33.8	44.5
<u>1,113,170</u>	<u>595,277</u>	<u>54.4</u>	<u>46.7</u>	<u>49.7</u>	<u>50.7</u>	<u>36.0</u>
<u>\$ 1,872,882</u>	<u>\$ 1,345,244</u>	<u>85.1 %</u>	<u>91.6 %</u>	<u>87.0 %</u>	<u>85.3 %</u>	<u>81.4 %</u>
\$ 322,581	\$ 306,550	<u>14.9 %</u>	<u>8.4 %</u>	<u>13.0 %</u>	<u>14.7 %</u>	<u>18.6 %</u>
<u>1,099,591</u>	<u>793,041</u>					
<u>\$ 1,422,172</u>	<u>\$ 1,099,591</u>					
<u>1,590</u>	<u>1,368</u>					
<u>1,575</u>	<u>1,368</u>					

See accompanying independent auditor's report

**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
FEBRUARY 29, 2020**

District Mailing Address - Frisco West Water Control and Improvement
District of Denton County
c/o Winstead PC
2728 N. Harwood Street, Suite 500
Dallas, TX 75201

District Telephone Number - (214) 745-5400

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended February 29, 2020	Expense Reimbursements for the year ended February 29, 2020	Title
Jacob Allen Walls	05/18 05/22 (Elected)	\$ 2,700	\$ 688	President
Alison Megan Nugent	05/18 05/22 (Elected)	\$ 4,800	\$ 2,668	Vice President
Billy Logsdon	05/18 11/20 (Appointed)	\$ 5,100	\$ 98	Secretary
Dean Cardwell	10/19 05/22 (Appointed)	\$ 1,050	\$ 62	Assistant Secretary
Alfredo Heraldez	09/18 11/20 (Appointed)	\$ 900	\$ 44	Assistant Secretary
Jeffrey Jay Paeth	05/18 08/19	\$ 4,350	\$ 35	Resigned

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 (TWC Sections 36.054 and 49.054): October 2019.

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution (TWC Section 49.060) on August 15, 2018. Fees of Office are the amounts actually paid to a Director during the District current fiscal year.

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**FRISCO WEST WATER CONTROL AND IMPROVEMENT
DISTRICT OF DENTON COUNTY
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
FEBRUARY 29, 2020**

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended February 29, 2020</u>	<u>Title</u>
Winstead PC	09/14/15	\$ 343,577 \$ -0-	General Counsel/ Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	09/17/03	\$ 32,300	Audit Related
Dye & Toverly, LLC formerly Kathi Dye, CPA, LLC	02/27/08	\$ 99,643 \$ -0-	Bookkeeper/ Investment Officer
Huitt-Zollars, Inc.	11/15/18	\$ 202,973	Engineer
Hilltop Securities, Inc.	05/18/11	\$ 3,500	Financial Advisor
Arcadia Water Management, LLC	10/19/12	\$ 442,519	Operator
Denton Central Appraisal District	Legislative Action	\$ 24,075	Property Tax Appraisals
Denton County Tax Office	05/07/03	\$ 2,044	Tax Assessor/ Collector

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