

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

**DENTON COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**FEBRUARY 28, 2019**



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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	16-32
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND	34
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	36-38
GENERAL FUND EXPENDITURES	39
INVESTMENTS	40
TAXES LEVIED AND RECEIVABLE	41-42
LONG-TERM DEBT SERVICE REQUIREMENTS	43-53
CHANGES IN LONG-TERM BOND DEBT	54-56
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS	57-60
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	61-62



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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 28, 2019, 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 28, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

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

### *Other Information*

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



McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

June 25, 2019



**FRISCO WEST WATER CONTROL AND IMPROVEMENT  
DISTRICT OF DENTON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED FEBRUARY 28, 2019**

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 28, 2019. 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 28, 2019**

**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, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$42,367 as of February 28, 2019.

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 28, 2019**

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

	Summary of Changes in the Statement of Net Position		
	2019	2018	Change Positive (Negative)
Current and Other Assets	\$ 10,699,498	\$ 11,411,081	\$ (711,583)
Capital Assets (Net of Accumulated Depreciation)	33,971,839	36,101,334	(2,129,495)
Total Assets	<u>\$ 44,671,337</u>	<u>\$ 47,512,415</u>	<u>\$ (2,841,078)</u>
Deferred Outflows of Resources	\$ 431,963	\$ 465,617	\$ (33,654)
Due to Developer	\$ 46,750	\$ 2,898,019	\$ 2,851,269
Long-Term Liabilities	40,461,067	39,132,113	(1,328,954)
Other Liabilities	1,575,757	3,801,270	2,225,513
Total Liabilities	<u>\$ 42,083,574</u>	<u>\$ 45,831,402</u>	<u>\$ 3,747,828</u>
Deferred Inflows of Resources	\$ 3,062,093	\$ 3,225,870	\$ 163,777
Net Position:			
Net Investment in Capital Assets	\$ (3,774,742)	\$ (5,195,221)	\$ 1,420,479
Restricted	1,431,433	1,163,093	268,340
Unrestricted	2,300,942	2,952,888	(651,946)
Total Net Position	<u>\$ (42,367)</u>	<u>\$ (1,079,240)</u>	<u>\$ 1,036,873</u>

\*

The following table provides a summary of the District's operations for the years ending February 28, 2019, and February 28, 2018.

	Summary of Changes in the Statement of Activities		
	2019	2018	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 4,282,422	\$ 3,628,651	\$ 653,771
Charges for Services	1,843,994	1,651,324	192,670
Other Revenues	522,215	245,659	276,556
Total Revenues	<u>\$ 6,648,631</u>	<u>\$ 5,525,634</u>	<u>\$ 1,122,997</u>
Expenses for Services	5,611,758	4,546,768	(1,064,990)
Change in Net Position	\$ 1,036,873	\$ 978,866	\$ 58,007
Net Position, Beginning of Year	(1,079,240)	(2,058,106)	978,866
Net Position, End of Year	<u>\$ (42,367)</u>	<u>\$ (1,079,240)</u>	<u>\$ 1,036,873</u>

\* As adjusted, see Note 15

\*

**FRISCO WEST WATER CONTROL AND IMPROVEMENT  
DISTRICT OF DENTON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED FEBRUARY 28, 2019**

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

The District's total fund balances as of February 28, 2019, was \$7,020,972, an increase of \$1,490,351 from the prior year.

The General Fund fund balance decreased by \$636,883, primarily due to operating expenditures and capital outlay exceeding property tax revenues and service revenues for the year.

The Debt Service Fund fund balance increased by \$273,224, primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund fund balance increased by \$1,854,010 due to the sale of its Series 2018 Utility Bonds.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Directors amended the budget during the current year. Actual revenues were \$23,671 less than budgeted revenues, primarily due to lower than anticipated permit fees and service revenues. Actual expenditures were \$473,895 more than budgeted expenditures, primarily due to higher than anticipated repairs and maintenance and contracted services.

**CAPITAL ASSETS**

The District's capital assets as of February 28, 2019, total \$33,971,839 (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			
	2019	2018	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 920,680	\$ 915,680	\$ 5,000
Construction in Progress	107,346	2,936,585	(2,829,239)
Capital Assets, Net of Accumulated Depreciation:			
Roads	14,227,924	14,323,882	(95,958)
Water System	6,702,807	7,146,794	(443,987)
Wastewater System	6,979,756	5,649,958	1,329,798
Drainage System	4,179,201	4,237,351	(58,150)
Wastewater Service Fee-Town of Little Elm Certificate of Convenience and Necessity	725,121	757,574	(32,453)
	<u>129,004</u>	<u>133,510</u>	<u>(4,506)</u>
Total Net Capital Assets	<u>\$ 33,971,839</u>	<u>\$ 36,101,334</u>	<u>\$ (2,129,495)</u>

**FRISCO WEST WATER CONTROL AND IMPROVEMENT  
DISTRICT OF DENTON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED FEBRUARY 28, 2019**

**LONG-TERM DEBT ACTIVITY**

As of February 28, 2019, the District had total bond debt payable of \$40,791,079. The changes in the debt position of the District during the year ended February 28, 2019, are summarized as follows:

Bond Debt Payable, March 1, 2018	\$ 39,468,277
Add: Bond Sale - Series 2018 Utility Bonds	2,770,000
Less: Bond Redemption and Principal Paid	<u>1,447,198</u>
Bond Debt Payable, February 28, 2019	<u>\$ 40,791,079</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 28, 2019.

**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 28, 2019**

	General Fund	Debt Service Fund
<b>ASSETS</b>		
Cash	\$ 144,665	\$ 705,648
Investments	2,109,853	4,215,698
Cash with Fiscal Agent		197,619
Receivables:		
Property Taxes	24,603	71,108
Service Accounts	149,112	
Accrued Interest	302	903
Other	15,737	
Due from Other Funds	336,687	
Prepaid Costs	33,440	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
<b>TOTAL ASSETS</b>	2,814,399	5,190,976
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Charges on Refunding Bonds	\$ -0-	\$ -0-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	\$ 2,814,399	\$ 5,190,976

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



Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 24,983	\$ 875,296	\$	\$ 875,296
2,985,635	9,311,186		9,311,186
	197,619		197,619
	95,711		95,711
	149,112		149,112
682	1,887		1,887
	15,737		15,737
17,719	354,406	(354,406)	
	33,440	19,510	52,950
		920,680	920,680
		107,346	107,346
		32,943,813	32,943,813
<u>3,029,019</u>	<u>11,034,394</u>	<u>\$ 33,636,943</u>	<u>44,671,337</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 431,963</u>	<u>\$ 431,963</u>
<u>\$ 3,029,019</u>	<u>\$ 11,034,394</u>	<u>\$ 34,068,906</u>	<u>\$ 45,103,300</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 28, 2019**

	General Fund	Debt Service Fund
<b>LIABILITIES</b>		
Accounts Payable	\$ 403,327	\$
Accrued Interest Payable		
Due to Other Governmental Units	1,450	
Due to Developers		
Due to Other Funds		29,951
Security Deposits	128,190	
Accrued Interest at Time of Sale		6,142
Accrued Interest on Compound Interest Bonds		
Long-Term Liabilities:		
Due Within One Year		
Due After One Year		
<b>TOTAL LIABILITIES</b>	<b>\$ 532,967</b>	<b>\$ 36,093</b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	\$ 24,603	\$ 3,095,116
 <b>FUND BALANCES</b>		
Nonspendable:		
Prepaid Costs	\$ 33,440	\$
Assigned for 2020 Budget Deficit	545,321	
Restricted for Authorized Construction		
Restricted for Debt Service		2,059,767
Restricted for Little Elm Sewer Reserve	646,129	
Unassigned	1,031,939	
<b>TOTAL FUND BALANCES</b>	<b>\$ 2,256,829</b>	<b>\$ 2,059,767</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 2,814,399</b>	<b>\$ 5,190,976</b>
 <b>NET POSITION</b>		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
<b>TOTAL NET POSITION</b>		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 188	\$ 403,515	\$	\$ 403,515
		667,499	667,499
	1,450		1,450
324,455	354,406	46,750	46,750
	128,190	(354,406)	
	6,142	(6,142)	128,190
		375,103	375,103
		926,079	926,079
		39,534,988	39,534,988
<u>\$ 324,643</u>	<u>\$ 893,703</u>	<u>\$ 41,189,871</u>	<u>\$ 42,083,574</u>
<u>\$ -0-</u>	<u>\$ 3,119,719</u>	<u>\$ (57,626)</u>	<u>\$ 3,062,093</u>
\$	\$ 33,440	\$ (33,440)	\$
	545,321	(545,321)	
2,704,376	2,704,376	(2,704,376)	
	2,059,767	(2,059,767)	
	646,129	(646,129)	
	1,031,939	(1,031,939)	
<u>\$ 2,704,376</u>	<u>\$ 7,020,972</u>	<u>\$ (7,020,972)</u>	<u>\$ -0-</u>
<u>\$ 3,029,019</u>	<u>\$ 11,034,394</u>		
		\$ (3,774,742)	\$ (3,774,742)
		1,431,433	1,431,433
		2,300,942	2,300,942
		<u>\$ (42,367)</u>	<u>\$ (42,367)</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 28, 2019**

Total Fund Balances - Governmental Funds	\$	7,020,972
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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.		19,510
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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.		431,963
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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.		33,971,839
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Deferred inflows of resources related to property tax revenues for the 2017 and prior debt service tax levies and the 2018 and prior maintenance tax levies became part of recognized revenue in the governmental activities of the District.		57,626
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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	(1,036,460)	
Bonds Payable	<u>(40,461,067)</u>	<u>(41,544,277)</u>
Total Net Position - Governmental Activities		<u>\$ (42,367)</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 28, 2019**

	General Fund	Debt Service Fund
<b>REVENUES</b>		
Property Taxes	\$ 1,076,221	\$ 3,214,096
Water Service	839,110	
Wastewater Service	643,203	
Solid Waste Revenue	264,906	
Penalty and Interest	43,754	15,321
Permit Fees	37,700	
Investment Revenues	21,920	39,197
Sales Tax Receipts	19,723	
Miscellaneous Revenues	14,406	
<b>TOTAL REVENUES</b>	\$ 2,960,943	\$ 3,268,614
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Professional Fees	\$ 429,573	\$
Contracted Services	987,516	28,494
Purchased Water Service	359,116	
Purchased Wastewater Service	685,207	
Utilities	91,147	
Repairs and Maintenance	559,108	
Depreciation		
Other	201,815	
Capital Outlay	283,719	
Debt Service:		
Bond Issuance Costs	625	
Bond Principal		1,447,198
Bond Interest		1,519,698
<b>TOTAL EXPENDITURES/EXPENSES</b>	\$ 3,597,826	\$ 2,995,390
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES</b>	\$ (636,883)	\$ 273,224
<b>OTHER FINANCING SOURCES (USES)</b>		
Long-Term Debt Issued	\$	\$
Bond Discount		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	\$ -0-	\$ -0-
<b>NET CHANGE IN FUND BALANCES</b>	\$ (636,883)	\$ 273,224
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION - MARCH 1, 2018, AS ADJUSTED</b>	2,893,712	1,786,543
<b>FUND BALANCES/NET POSITION - FEBRUARY 28, 2019</b>	\$ 2,256,829	\$ 2,059,767

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 4,290,317	\$ (7,895)	\$ 4,282,422
	839,110		839,110
	643,203		643,203
	264,906		264,906
	59,075		59,075
	37,700		37,700
23,172	84,289		84,289
	19,723		19,723
	14,406	403,797	418,203
<u>\$ 23,172</u>	<u>\$ 6,252,729</u>	<u>\$ 395,902</u>	<u>\$ 6,648,631</u>
\$ 82,470	\$ 512,043	\$	\$ 512,043
	1,016,010		1,016,010
	359,116		359,116
	685,207		685,207
	91,147		91,147
	559,108		559,108
67,163	268,978	567,179	567,179
601,437	885,156	(885,156)	268,978
178,452	179,077		179,077
	1,447,198	(1,447,198)	
	1,519,698	(145,805)	1,373,893
<u>\$ 929,522</u>	<u>\$ 7,522,738</u>	<u>\$ (1,910,980)</u>	<u>\$ 5,611,758</u>
<u>\$ (906,350)</u>	<u>\$ (1,270,009)</u>	<u>\$ 2,306,882</u>	<u>\$ 1,036,873</u>
\$ 2,770,000	\$ 2,770,000	\$ (2,770,000)	\$
<u>(9,640)</u>	<u>(9,640)</u>	<u>9,640</u>	
<u>\$ 2,760,360</u>	<u>\$ 2,760,360</u>	<u>\$ (2,760,360)</u>	<u>\$ -0-</u>
\$ 1,854,010	\$ 1,490,351	\$ (1,490,351)	\$
		1,036,873	1,036,873
<u>850,366</u>	<u>5,530,621</u>	<u>(6,609,861)</u>	<u>(1,079,240)</u>
<u>\$ 2,704,376</u>	<u>\$ 7,020,972</u>	<u>\$ (7,063,339)</u>	<u>\$ (42,367)</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 28, 2019**

Net Change in Fund Balances - Governmental Funds	\$ 1,490,351
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.	(7,895)
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.	(567,179)
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.	1,288,953
Governmental funds report bond discounts as other financing uses in the year paid. However, in the Statement of Net Position, bond discounts are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	9,640
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.	1,447,198
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.	145,805
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	<u>(2,770,000)</u>
Change in Net Position - Governmental Activities	<u><u>\$ 1,036,873</u></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 28, 2019**

**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 28, 2019. 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 28, 2019**

**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 28, 2019**

**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 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 2018 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 28, 2019, the Debt Service Fund owes the General Fund \$12,232

**FRISCO WEST WATER CONTROL AND IMPROVEMENT  
DISTRICT OF DENTON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FEBRUARY 28, 2019**

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

Basis of Accounting (Continued)

for debt service tax collections and owes the Capital Projects Fund \$17,719 for bond issuance costs. In addition, the Capital Projects Fund owes the General Fund \$3,500 for bond issuance costs and owes the General Fund \$320,955 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. Interest costs, including developer interest, 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

In compliance with governmental accounting principles, the Board of Directors annually adopts an unappropriated budget for the General Fund. The budget was amended during the current fiscal 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 28, 2019**

**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 not adopted a formal policy, however they have adopted a fiscal year 2020 budget with a \$545,321 deficit. This amount of the fund balance is assigned.

*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 28, 2019**

**NOTE 3. LONG-TERM DEBT**

	<u>Series 2012</u>	<u>Series 2013</u>	<u>Series 2013A</u>
Amounts Outstanding – February 28, 2019	\$ 3,050,000	\$ 2,770,000	\$ 2,845,000
Interest Rates	3.25% - 3.80%	3.00% - 4.00%	3.00% - 4.85%
Maturity Dates – Serially Beginning/Ending	September 1, 2019/2032	September 1, 2019/2033	September 1, 2019/2035
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</u>	<u>Series 2014B</u>	
Amounts Outstanding – February 28, 2019	\$ 2,460,000	\$ 4,146,079	
Interest Rates	2.00% - 3.00%	3.00% - 3.125%	
Maturity Dates – Serially Beginning/Ending	September 1, 2019/2026	September 1, 2019/2031	
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.

\*\* Or any date thereafter at a price equal to the principal amount plus accrued interest to the date fixed for redemption. The par value of the Capital Appreciation Bonds is \$1,079 and the maturity value is \$380,000. Interest on these bonds will be paid at maturity. At February 28, 2019, the accreted value of these bonds is approximately \$376,182. Accrued interest of \$375,103 has been recorded in the Statement of Net Position.

**FRISCO WEST WATER CONTROL AND IMPROVEMENT  
DISTRICT OF DENTON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FEBRUARY 28, 2019**

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

	<u>Series 2015 Utility</u>	<u>Series 2015 Road</u>	<u>Series 2016 Utility</u>
Amounts Outstanding – February 28, 2019	\$ 5,325,000	\$ 4,050,000	\$ 6,255,000
Interest Rates	2.00% - 3.75%	2.00% - 4.00%	2.00% - 3.00%
Maturity Dates – Serially Beginning/Ending	September 1, 2019/2039	September 1, 2019/2040	September 1, 2019/2041
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 28, 2019	\$ 7,120,000	\$ 2,770,000	
Interest Rates	2.00% - 5.00%	2.00% - 3.25%	
Maturity Dates – Serially Beginning/Ending	September 1, 2019/2041	September 1, 2019/2033	
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 28, 2019**

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

The following is a summary of transactions regarding long-term liabilities for the year ended February 28, 2019:

	March 1, 2018	Additions	Retirements	February 28, 2019
Bonds Payable	\$ 39,468,277	\$ 2,770,000	\$ 1,447,198	\$ 40,791,079
Unamortized Discounts	(417,098)	(9,640)	(23,470)	(403,268)
Unamortized Premiums	80,934		7,678	73,256
Total Long-Term Liabilities	<u>\$ 39,132,113</u>	<u>\$ 2,760,360</u>	<u>\$ 1,431,406</u>	<u>\$ 40,461,067</u>
		Amount Due Within One Year		\$ 926,079
		Amount Due After One Year		<u>39,534,988</u>
		Total Long-Term Liabilities		<u>\$ 40,461,067</u>

The bonds of the District are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount. As of February 28, 2019, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2020	\$ 926,079	\$ 1,715,775	\$ 2,641,854
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
2025-2029	7,905,000	5,293,241	13,198,241
2030-2034	9,260,000	3,940,053	13,200,053
2035-2039	10,165,000	2,191,079	12,356,079
2040-2042	6,985,000	448,487	7,433,487
	<u>\$ 40,791,079</u>	<u>\$ 18,602,205</u>	<u>\$ 59,393,284</u>

During current year, the District levied an ad valorem debt service tax rate of \$0.5565 per \$100 of assessed valuation, which resulted in a tax levy of \$3,062,093 on the adjusted taxable valuation of \$550,240,894 for the 2018 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. The District's tax calendar is as follows:

Levy Date	-	October 1, as soon thereafter as practicable.
Lien Date	-	January 1.
Due Date	-	Upon receipt but not later than January 31.
Delinquent Date	-	February 1, at which time the taxpayer is liable for penalty and interest.



**FRISCO WEST WATER CONTROL AND IMPROVEMENT  
DISTRICT OF DENTON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FEBRUARY 28, 2019**

**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 \$3,495,224 and the bank balance was \$3,699,961. 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 28, 2019**

**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 28, 2019, as listed below:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
GENERAL FUND	\$ 144,665	\$ 1,014,461	\$ 1,159,126
DEBT SERVICE FUND	705,648	1,605,467	2,311,115
CAPITAL PROJECTS FUND	<u>24,983</u>	<u>                    </u>	<u>24,983</u>
TOTAL DEPOSITS	<u>\$ 875,296</u>	<u>\$ 2,619,928</u>	<u>\$ 3,495,224</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 28, 2019**

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

Investments (Continued)

As of February 28, 2019, 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	\$ 1,095,392	\$ 1,095,392	\$
Certificates of Deposit	1,014,461	1,014,461	
<u>DEBT SERVICE FUND</u>			
LOGIC	2,610,231	2,610,231	
Certificates of Deposit	1,605,467	1,605,467	
<u>CAPITAL PROJECTS FUND</u>			
LOGIC	2,575,012	2,575,012	
Money Market Mutual Fund	410,623	410,623	
<b>TOTAL INVESTMENTS</b>	<b>\$ 9,311,186</b>	<b>\$ 9,311,186</b>	<b>\$ - 0 -</b>

Credit risk is the risk that the issuer or other counter party to an investment will not fulfill its obligation. As of February 28, 2019, 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 28, 2019**

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the year ended February 28, 2019 is as follows:

	March 1, 2018	Increases	Decreases	February 28, 2019
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 915,680	\$ 5,000	\$	\$ 920,680
Construction in Progress	<u>2,936,585</u>	<u>561,378</u>	<u>3,390,617</u>	<u>107,346</u>
<b>Total Capital Assets Not Being Depreciated</b>	<u>\$ 3,852,265</u>	<u>\$ 566,378</u>	<u>\$ 3,390,617</u>	<u>\$ 1,028,026</u>
<b>Capital Assets Subject to Depreciation</b>				
Roads	\$ 16,817,535	\$ 37,680	\$	\$ 16,855,215
Water System	8,919,011		386,089	8,532,922
Wastewater System	6,672,085	1,557,847		8,229,932
Drainage System	4,921,624	52,485		4,974,109
Wastewater Service Fee-Town of Little Elm	1,202,995			1,202,995
Certificate of Convenience and Necessity	<u>180,227</u>			<u>180,227</u>
<b>Total Capital Assets Subject to Depreciation</b>	<u>\$ 38,713,477</u>	<u>\$ 1,648,012</u>	<u>\$ 386,089</u>	<u>\$ 39,975,400</u>
<b>Less Accumulated Depreciation</b>				
Roads	\$ 2,493,653	\$ 133,638	\$	\$ 2,627,291
Water System	1,772,217	57,898		1,830,115
Wastewater System	1,022,127	228,049		1,250,176
Drainage System	684,273	110,635		794,908
Wastewater Service Fee-Town of Little Elm	445,421	32,453		477,874
Certificate of Convenience and Necessity	<u>46,717</u>	<u>4,506</u>		<u>51,223</u>
<b>Total Accumulated Depreciation</b>	<u>\$ 6,464,408</u>	<u>\$ 567,179</u>	<u>\$ -0-</u>	<u>\$ 7,031,587</u>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 32,249,069</u>	<u>\$ 1,080,833</u>	<u>\$ 386,089</u>	<u>\$ 32,943,813</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 36,101,334</u>	<u>\$ 1,647,211</u>	<u>\$ 3,776,706</u>	<u>\$ 33,971,839</u>

**FRISCO WEST WATER CONTROL AND IMPROVEMENT  
DISTRICT OF DENTON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FEBRUARY 28, 2019**

**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 \$0.1935 per \$100 of assessed valuation, which resulted in a tax levy of \$1,064,717 on the adjusted taxable valuation of \$550,240,894 for the 2018 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 28, 2019**

**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 28, 2019, the District has restricted \$646,129 of its General Fund fund balance to meet this requirement. 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 \$685,207 for wastewater service in connection with this agreement.

**FRISCO WEST WATER CONTROL AND IMPROVEMENT  
DISTRICT OF DENTON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FEBRUARY 28, 2019**

**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; \$116,532.75 quarterly) and a new fully equipped vehicle (\$57,700 one-time cost). As of February 28, 2019, the Town of Little Elm had not purchased the vehicle. Subsequent to year-end, on March 22, 2019, Little Elm billed the District for 5 months under the new contract. During the current fiscal year, the District paid \$307,032 under the terms of the contract.

**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

**FRISCO WEST WATER CONTROL AND IMPROVEMENT  
DISTRICT OF DENTON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FEBRUARY 28, 2019**

**NOTE 12. WATER SUPPLY AGREEMENT (Continued)**

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 28, 2019, the current rate being billed per 1,000 gallons of usage is \$3.68. During the current fiscal year, the District recorded expenditures of \$359,116 for purchased water.

**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 \$19,723 in relation to this agreement.

The original agreement expired this fiscal year.



**FRISCO WEST WATER CONTROL AND IMPROVEMENT  
DISTRICT OF DENTON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FEBRUARY 28, 2019**

**NOTE 14. BOND SALE AND CASH REDEMPTION**

On August 22, 2018, the District redeemed the remaining portion of outstanding Series 2006 bonds in the amount of \$685,000 by utilizing surplus Debt Service funds.

On September 13, 2018, the District issued \$2,770,000 of Series 2018 Unlimited Tax Utility Bonds. Proceeds from the bonds were used to reimburse the Developers for a portion of the construction and engineering costs of the water, wastewater and drainage facilities in Frisco Hills, Phases 2A, 2B, 5A and 5B, and Frisco Hills Lift Station. Additional proceeds were used for a 14-inch force main and redemption of the District's Series 2018 Bond Anticipation Note. Additional proceeds were used to pay issuance costs of the bonds.

**NOTE 15. PRIOR PERIOD ADJUSTMENT**

During the current fiscal year, it was determined that utility deposits held on hand were overstated. The effect of the adjustment resulted in an increase to the District's General Fund fund balance and Net Position balance in the amount of \$129,660 as of March 1, 2018.

**NOTE 16. SUBSEQUENT EVENT – ISSUANCE OF TAX ANTICIPATION NOTE**

Subsequent to year-end, 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 plans on using the proceeds to complete the construction of their administration building.

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**FEBRUARY 28, 2019**



**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 28, 2019**

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 767,278	\$ 1,070,125	\$ 1,076,221	\$ 6,096
Water Service	876,197	868,470	839,110	(29,360)
Wastewater Service	666,628	630,089	643,203	13,114
Solid Waste Revenues	274,255	263,472	264,906	1,434
Penalty and Interest	32,400	34,139	43,754	9,615
Permit Fees	112,500	56,790	37,700	(19,090)
Investment Revenues	9,500	10,496	21,920	11,424
Sales Tax Receipts	24,000	25,863	19,723	(6,140)
Miscellaneous Revenues	<u>20,301</u>	<u>25,170</u>	<u>14,406</u>	<u>(10,764)</u>
<b>TOTAL REVENUES</b>	<u>\$ 2,783,059</u>	<u>\$ 2,984,614</u>	<u>\$ 2,960,943</u>	<u>\$ (23,671)</u>
<b>EXPENDITURES</b>				
Services Operations:				
Professional Fees	\$ 178,050	\$ 333,816	\$ 429,573	\$ (95,757)
Contracted Services	839,509	846,449	987,516	(141,067)
Purchased Water Service	340,907	356,066	359,116	(3,050)
Purchased Wastewater Service	426,747	613,618	685,207	(71,589)
Utilities	76,575	83,750	91,147	(7,397)
Repairs and Maintenance	367,058	381,520	559,108	(177,588)
Other	48,455	227,912	202,440	25,472
Capital Outlay		<u>280,800</u>	<u>283,719</u>	<u>(2,919)</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,277,301</u>	<u>\$ 3,123,931</u>	<u>\$ 3,597,826</u>	<u>\$ (473,895)</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 505,758	\$ (139,317)	\$ (636,883)	\$ (497,566)
<b>FUND BALANCE - MARCH 1, 2018</b>	<u>2,893,712</u>	<u>2,893,712</u>	<u>2,893,712</u>	
<b>FUND BALANCE - FEBRUARY 28, 2019</b>	<u>\$ 3,399,470</u>	<u>\$ 2,754,395</u>	<u>\$ 2,256,829</u>	<u>\$ (497,566)</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 28, 2019**





**FRISCO WEST WATER CONTROL AND IMPROVEMENT  
DISTRICT OF DENTON COUNTY  
SERVICES AND RATES  
FOR THE YEAR ENDED FEBRUARY 28, 2019**

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

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

**2. RETAIL SERVICE PROVIDERS**

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

Based on the rate order approved August 20, 2015.

	<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:	\$ 14.00	-0-	N	\$ 3.00	0,001 and up
WASTEWATER:	\$ 30.00		Y		
SURCHARGE:					
Solid Waste/ Garbage	\$12.75 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: \$44.00 Wastewater: \$30.00 Surcharge: \$ 13.12

See accompanying independent auditor's report

**FRISCO WEST WATER CONTROL AND IMPROVEMENT  
DISTRICT OF DENTON COUNTY  
SERVICES AND RATES  
FOR THE YEAR ENDED FEBRUARY 28, 2019**

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

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

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤ <sup>3</sup> / <sub>4</sub> "	1,750	1,750	x 1.0	1,750
1"	8	8	x 2.5	20
1½"	4	4	x 5.0	20
2"	13	13	x 8.0	104
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u>1,775</u>	<u>1,775</u>		<u>1,894</u>
Total Wastewater Connections	<u>1,752</u>	<u>1,752</u>	x 1.0	<u>1,752</u>

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

Gallons pumped into system:	92,324,000	Water Accountability Ratio: 92% (Gallons billed/Gallons pumped and purchased)
Gallons billed to customers:	180,480,000	
Gallons purchased:	103,776,000	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 28, 2019**

**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 28, 2019**

PROFESSIONAL FEES:	
Auditing	\$ 17,500
Engineering	55,345
Legal	<u>356,728</u>
TOTAL PROFESSIONAL FEES	\$ <u>429,573</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	\$ 359,116
Purchased Wastewater Service	<u>685,207</u>
TOTAL PURCHASED SERVICES FOR RESALE	\$ <u>1,044,323</u>
CONTRACTED SERVICES:	
Appraisal District	\$ 6,312
Bookkeeping	59,815
Operations and Billing	365,222
Security	307,032
Rate Study	19,000
Tax Collector	<u>494</u>
TOTAL CONTRACTED SERVICES	\$ <u>757,875</u>
UTILITIES - Electricity	\$ <u>91,147</u>
REPAIRS AND MAINTENANCE	\$ <u>559,108</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 27,900
Dues	1,000
Insurance	16,047
Lease Payments	4,500
Office Supplies and Postage	12,771
Payroll Taxes	2,669
Accounting/Billing Software	51,166
Travel and Meetings	1,020
Marketing	71,550
Other	<u>12,027</u>
TOTAL ADMINISTRATIVE EXPENDITURES	\$ <u>200,650</u>
TOTAL CAPITAL OUTLAY	\$ <u>283,719</u>
TAP CONNECTIONS	\$ <u>1,790</u>
SOLID WASTE DISPOSAL	\$ <u>229,641</u>
TOTAL EXPENDITURES	<u>\$ 3,597,826</u>

See accompanying independent auditor's report

**FRISCO WEST WATER CONTROL AND IMPROVEMENT  
DISTRICT OF DENTON COUNTY  
INVESTMENTS  
FEBRUARY 28, 2019**

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
LOGIC	XXXX4001	Varies	Daily	\$ 1,095,392	\$
Certificate of Deposit	XXXX6188	2.40%	03/24/19	197,807	52
Certificate of Deposit	XXXX0641	2.30%	12/21/19	508,266	224
Certificate of Deposit	XXXX6588	1.00%	05/25/19	<u>308,388</u>	<u>25</u>
TOTAL GENERAL FUND				<u>\$ 2,109,853</u>	<u>\$ 302</u>
<u>DEBT SERVICE FUND</u>					
LOGIC	XXXX4002	Varies	Daily	\$ 2,610,231	\$
Certificate of Deposit	XXXX4008	2.60%	01/31/20	247,500	
Certificate of Deposit	XXXX0714	1.60%	04/06/19	304,048	293
Certificate of Deposit	XXXX7021	0.90%	04/14/19	112,757	161
Certificate of Deposit	XXXX7022	0.90%	04/14/19	99,944	143
Certificate of Deposit	XXXX7023	0.90%	04/14/19	94,818	136
Certificate of Deposit	XXXX1869	1.19%	04/12/19	248,241	129
Certificate of Deposit	XXXX2354	0.60%	05/24/19	166,731	14
Certificate of Deposit	XXXX2355	0.60%	05/24/19	119,964	10
Certificate of Deposit	XXXX2356	0.60%	05/24/19	155,548	13
Certificate of Deposit	XXXX2353	0.60%	05/24/19	<u>55,916</u>	<u>5</u>
TOTAL DEBT SERVICE FUND				<u>\$ 4,215,698</u>	<u>\$ 903</u>
<u>CAPITAL PROJECTS FUND</u>					
LOGIC	XXXX4003	Varies	Daily	\$ 2,575,012	\$
Money Market Mutual Fund	XXXX8071	Varies	Daily	<u>410,623</u>	<u>682</u>
TOTAL CAPITAL PROJECTS FUND				<u>\$ 2,985,635</u>	<u>\$ 682</u>
TOTAL - ALL FUNDS				<u>\$ 9,311,186</u>	<u>\$ 1,887</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 28, 2019**

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
MARCH 1, 2018	\$	37,814		\$ 133,716
Adjustments to Beginning				
Balance		<u>(1,707)</u>	\$ 36,107	<u>(6,458)</u> \$ 127,258
Original 2018 Tax Levy	\$	1,066,678		\$ 3,067,732
Adjustment to 2018 Tax Levy		<u>(1,961)</u>	<u>1,064,717</u>	<u>(5,639)</u> <u>3,062,093</u>
TOTAL TO BE				
ACCOUNTED FOR		\$ 1,100,824		\$ 3,189,351
TAX COLLECTIONS:				
Prior Years	\$	24,746		\$ 94,235
Current Year		<u>1,051,475</u>	<u>1,076,221</u>	<u>3,024,008</u> <u>3,118,243</u>
TAXES RECEIVABLE -				
FEBRUARY 28, 2019		<u>\$ 24,603</u>		<u>\$ 71,108</u>
TAXES RECEIVABLE BY				
YEAR:				
2018	\$	13,242		\$ 38,085
2017		1,398		5,320
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>24,603</u>		<u>\$ 71,108</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 28, 2019**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
PROPERTY VALUATIONS:				
Land	\$ 145,487,771	\$ 139,507,795	\$ 122,547,597	\$ 92,226,268
Improvements	416,663,387	344,779,682	280,393,005	205,309,193
Personal Property	3,311,681	2,353,044	2,040,373	1,643,390
Exemptions	<u>(15,221,945)</u>	<u>(13,889,858)</u>	<u>(13,211,253)</u>	<u>(6,582,157)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 550,240,894</u>	<u>\$ 472,750,663</u>	<u>\$ 391,769,722</u>	<u>\$ 292,596,694</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.5565	\$ 0.6821	\$ 0.7106	\$ 0.7463
Maintenance	<u>0.1935</u>	<u>0.1792</u>	<u>0.1868</u>	<u>0.1963</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.7500</u>	<u>\$ 0.8613</u>	<u>\$ 0.8974</u>	<u>\$ 0.9426</u>
ADJUSTED TAX LEVY*	<u>\$ 4,126,810</u>	<u>\$ 4,073,364</u>	<u>\$ 3,515,742</u>	<u>\$ 2,758,319</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED				
	<u>98.76 %</u>	<u>99.84 %</u>	<u>99.89 %</u>	<u>99.86 %</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 28, 2019**

SERIES - 2012 UTILITY

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2020	\$ 30,000	\$ 113,875	\$ 143,875
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>\$ 3,050,000</u>	<u>\$ 1,269,625</u>	<u>\$ 4,319,625</u>

See accompanying independent auditor's report



**FRISCO WEST WATER CONTROL AND IMPROVEMENT  
DISTRICT OF DENTON COUNTY  
LONG-TERM DEBT SERVICE REQUIREMENTS  
FEBRUARY 28, 2019**

SERIES - 2013 ROAD

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2020	\$ 45,000	\$ 110,800	\$ 155,800
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>\$ 2,770,000</u>	<u>\$ 1,419,400</u>	<u>\$ 4,189,400</u>

See accompanying independent auditor's report

**FRISCO WEST WATER CONTROL AND IMPROVEMENT  
DISTRICT OF DENTON COUNTY  
LONG-TERM DEBT SERVICE REQUIREMENTS  
FEBRUARY 28, 2019**

SERIES - 2013 A ROAD

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2020	\$ 40,000	\$ 132,270	\$ 172,270
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>\$ 2,845,000</u>	<u>\$ 1,908,480</u>	<u>\$ 4,753,480</u>

See accompanying independent auditor's report

**FRISCO WEST WATER CONTROL AND IMPROVEMENT  
DISTRICT OF DENTON COUNTY  
LONG-TERM DEBT SERVICE REQUIREMENTS  
FEBRUARY 28, 2019**

SERIES - 2014 A UTILITY REFUNDING

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2020	\$ 260,000	\$ 68,500	\$ 328,500
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>\$ 2,460,000</u>	<u>\$ 342,550</u>	<u>\$ 2,802,550</u>

See accompanying independent auditor's report

**FRISCO WEST WATER CONTROL AND IMPROVEMENT  
DISTRICT OF DENTON COUNTY  
LONG-TERM DEBT SERVICE REQUIREMENTS  
FEBRUARY 28, 2019**

SERIES - 2014B ROAD REFUNDING

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2020	\$ 1,079	\$ 503,571	\$ 504,650
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>\$ 4,146,079</u>	<u>\$ 1,228,221</u>	<u>\$ 5,374,300</u>

See accompanying independent auditor's report

**FRISCO WEST WATER CONTROL AND IMPROVEMENT  
DISTRICT OF DENTON COUNTY  
LONG-TERM DEBT SERVICE REQUIREMENTS  
FEBRUARY 28, 2019**

SERIES - 2015 UTILITY

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2020	\$ 90,000	\$ 180,300	\$ 270,300
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>\$ 5,325,000</u>	<u>\$ 3,009,450</u>	<u>\$ 8,334,450</u>

See accompanying independent auditor's report

**FRISCO WEST WATER CONTROL AND IMPROVEMENT  
DISTRICT OF DENTON COUNTY  
LONG-TERM DEBT SERVICE REQUIREMENTS  
FEBRUARY 28, 2019**

SERIES - 2015 ROAD

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2020	\$ 125,000	\$ 128,744	\$ 253,744
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>\$ 4,050,000</u>	<u>\$ 1,804,012</u>	<u>\$ 5,854,012</u>

See accompanying independent auditor's report

**FRISCO WEST WATER CONTROL AND IMPROVEMENT  
DISTRICT OF DENTON COUNTY  
LONG-TERM DEBT SERVICE REQUIREMENTS  
FEBRUARY 28, 2019**

SERIES - 2016 ROAD

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2020	\$ 95,000	\$ 226,887	\$ 321,887
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>\$ 7,120,000</u>	<u>\$ 3,904,575</u>	<u>\$ 11,024,575</u>

See accompanying independent auditor's report

**FRISCO WEST WATER CONTROL AND IMPROVEMENT  
DISTRICT OF DENTON COUNTY  
LONG-TERM DEBT SERVICE REQUIREMENTS  
FEBRUARY 28, 2019**

SERIES - 2016 UTILITY

<u>Due During Fiscal Years Ending February 28/29</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1/ September 1</u>	<u>Total</u>
2020	105,000	168,350	\$ 273,350
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>\$ 6,255,000</u>	<u>\$ 3,000,288</u>	<u>\$ 9,255,288</u>

See accompanying independent auditor's report



**FRISCO WEST WATER CONTROL AND IMPROVEMENT  
DISTRICT OF DENTON COUNTY  
LONG-TERM DEBT SERVICE REQUIREMENTS  
FEBRUARY 28, 2019**

SERIES - 2018 UTILITY

Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2020	\$ 135,000	\$ 82,478	\$ 217,478
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>\$ 2,770,000</u>	<u>\$ 715,604</u>	<u>\$ 3,485,604</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 28, 2019**

ANNUAL REQUIREMENTS  
FOR ALL SERIES

Due During Fiscal Years Ending February 28/29	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2020	\$ 926,079	\$ 1,715,775	\$ 2,641,854
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>\$ 40,791,079</u>	<u>\$ 18,602,205</u>	<u>\$ 59,393,284</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 28, 2019**

Description	Original Bonds Issued	Bonds Outstanding March 1, 2018
Denton County Fresh Water Supply District No. 8-C Unlimited Tax Road Bonds - Series 2006	\$ 3,500,000	\$ 685,000
Denton County Fresh Water Supply District No. 8-C Unlimited Tax Utility Bonds - Series 2012	3,200,000	3,080,000
Denton County Fresh Water Supply District No. 8-C Unlimited Tax Road Bonds - Series 2013	3,000,000	2,810,000
Denton County Fresh Water Supply District No. 8-C Unlimited Tax Road Bonds - Series 2013A	3,000,000	2,885,000
Denton County Fresh Water Supply District No. 8-C Unlimited Tax Utility Refunding Bonds - Series 2014A	3,240,000	2,710,000
Denton County Fresh Water Supply District No. 8-C Unlimited Tax Road Refunding Bonds - Series 2014B	4,379,985	4,148,277
Denton County Fresh Water Supply District No. 8-C Unlimited Tax Utility Bonds - Series 2015	5,500,000	5,415,000
Denton County Fresh Water Supply District No. 8-C Unlimited Tax Road Bonds - Series 2015	4,415,000	4,170,000
Denton County Fresh Water Supply District No. 8-C Unlimited Tax Utility Bonds - Series 2016	6,455,000	6,350,000
Denton County Fresh Water Supply District No. 8-C Unlimited Tax Road Bonds - Series 2016	7,215,000	7,215,000
Denton County Fresh Water Supply District No. 8-C Unlimited Tax Utility Bonds - Series 2018	<u>2,770,000</u>	<u>                    </u>
<b>TOTAL</b>	<u><u>\$ 50,174,985</u></u>	<u><u>\$ 39,468,277</u></u>

See accompanying independent auditor's report

Current Year Transactions				Bonds Outstanding February 28, 2019	Paying Agent
Bonds Sold	Retirements				
	Principal	Interest			
\$	\$ 685,000	\$ 28,295	\$ - 0 -	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	30,000	114,850	3,050,000	Wells Fargo Bank, N.A. Dallas, TX	
	40,000	112,000	2,770,000	Wells Fargo Bank, N.A. Dallas, TX	
	40,000	133,470	2,845,000	Wells Fargo Bank, N.A. Dallas, TX	
	250,000	73,500	2,460,000	Wells Fargo Bank, N.A. Dallas, TX	
	2,198	342,452	4,146,079	Wells Fargo Bank, N.A. Dallas, TX	
	90,000	182,100	5,325,000	Wells Fargo Bank, N.A. Minneapolis, MN	
	120,000	131,144	4,050,000	Wells Fargo Bank, N.A. Minneapolis, MN	
	95,000	170,250	6,255,000	Wells Fargo Bank, N.A. Minneapolis, MN	
	95,000	231,638	7,120,000	Wells Fargo Bank, N.A. Minneapolis, MN	
<u>2,770,000</u>			<u>2,770,000</u>	Wells Fargo Bank, N.A. Minneapolis, MN	
<u>\$ 2,770,000</u>	<u>\$ 1,447,198</u>	<u>\$ 1,519,698</u>	<u>\$ 40,791,079</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 28, 2019**

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 28, 2019:	<u>\$ 5,118,965</u>
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Average annual debt service payment (principal and interest) for remaining term of all debt:	<u>\$ 2,582,317</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		
	2019	2018	2017
<b>REVENUES</b>			
Property Taxes	\$ 1,076,221	\$ 833,516	\$ 730,472
Water Service	839,110	731,350	663,197
Wastewater Service	643,203	593,134	527,007
Solid Waste Revenue	264,906	238,453	207,817
Penalty and Interest	43,754	38,187	29,993
Permit Fees	37,700	50,200	94,500
Investment Revenues	21,920	21,495	10,444
Sales Tax Receipts	19,723	16,391	17,023
Miscellaneous Revenues	14,406	49,692	18,033
<b>TOTAL REVENUES</b>	\$ 2,960,943	\$ 2,572,418	\$ 2,298,486
<b>EXPENDITURES</b>			
Professional Fees	\$ 429,573	\$ 195,984	\$ 173,138
Contracted Services	987,516	655,108	631,744
Purchase Water Service	359,116	295,556	205,346
Purchase Wastewater Service	685,207	459,467	359,950
Utilities	91,147	79,820	73,482
Repairs and Maintenance	559,108	248,602	133,543
Other	202,440	55,843	48,114
Capital Outlay	283,719	25,270	41,706
<b>TOTAL EXPENDITURES</b>	\$ 3,597,826	\$ 2,015,650	\$ 1,667,023
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	\$ (636,883)	\$ 556,768	\$ 631,463
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In (Out)	\$ - 0 -	\$ - 0 -	\$ 42,626
<b>NET CHANGE IN FUND BALANCE</b>	\$ (636,883)	\$ 556,768	\$ 674,089
<b>PRIOR PERIOD ADJUSTMENT</b>		129,660	
<b>BEGINNING FUND BALANCE</b>	2,893,712	2,207,284	1,533,195
<b>ENDING FUND BALANCE</b>	\$ 2,256,829	\$ 2,893,712	\$ 2,207,284

See accompanying independent auditor's report



		Percentage of Total Revenue				
2016	2015	2019	2018	2017	2016	2015
\$ 581,266	\$ 577,366	36.4 %	32.4 %	31.8 %	29.5 %	32.9 %
580,278	465,874	28.3	28.4	28.9	29.6	26.5
462,482	390,522	21.7	23.1	22.9	23.6	22.2
182,466	148,197	8.9	9.3	9.0	9.3	8.4
37,273	24,837	1.5	1.5	1.3	1.9	1.4
77,850	93,150	1.3	2.0	4.1	4.0	5.3
7,645	4,097	0.7	0.8	0.5	0.4	0.2
23,186	19,582	0.7	0.6	0.7	1.2	1.1
10,484	35,128	0.5	1.9	0.8	0.5	2.0
<u>\$ 1,962,930</u>	<u>\$ 1,758,753</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 189,027	\$ 243,361	14.5 %	7.6 %	7.5 %	9.6 %	13.8 %
382,922	330,091	33.4	25.5	27.5	19.5	18.8
163,529	85,092	12.1	11.5	8.9	8.3	4.8
242,203	202,085	23.1	17.9	15.7	12.3	11.5
78,482	70,264	3.1	3.1	3.2	4.0	4.0
116,908	151,950	18.9	9.7	5.8	6.0	8.6
119,140	46,476	6.8	2.2	2.1	6.1	2.6
420,381	1,009,082	9.6	1.0	1.8	21.4	57.4
<u>\$ 1,712,592</u>	<u>\$ 2,138,401</u>	<u>121.5 %</u>	<u>78.5 %</u>	<u>72.5 %</u>	<u>87.2 %</u>	<u>121.5 %</u>
<u>\$ 250,338</u>	<u>\$ (379,648)</u>	<u>(21.5) %</u>	<u>21.5 %</u>	<u>27.5 %</u>	<u>12.8 %</u>	<u>(21.5) %</u>
<u>\$ 64,869</u>	<u>\$ - 0 -</u>					
\$ 315,207	\$ (379,648)					
<u>1,217,988</u>	<u>1,597,636</u>					
<u>\$ 1,533,195</u>	<u>\$ 1,217,988</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		
	2019	2018	2017
<b>REVENUES</b>			
Property Taxes	\$ 3,214,096	\$ 2,779,069	\$ 2,181,900
Penalty and Interest	15,321		
Investment Revenues	<u>39,197</u>	<u>22,605</u>	<u>13,563</u>
<b>TOTAL REVENUES</b>	<u>\$ 3,268,614</u>	<u>\$ 2,801,674</u>	<u>\$ 2,195,463</u>
<b>EXPENDITURES</b>			
Tax Collection Expenditures	\$ 20,194	\$ 20,007	\$ 18,004
Bond Issuance Costs			
Debt Service Principal	1,447,198	1,025,000	741,708
Debt Service Interest and Fees	<u>1,527,998</u>	<u>1,392,296</u>	<u>1,113,170</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,995,390</u>	<u>\$ 2,437,303</u>	<u>\$ 1,872,882</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 273,224</u>	<u>\$ 364,371</u>	<u>\$ 322,581</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Refunding Bonds Issued	\$	\$	\$
Payment to Refunded Bond Escrow Agent			
Bond Premium	<u></u>	<u></u>	<u></u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 273,224	\$ 364,371	\$ 322,581
<b>BEGINNING FUND BALANCE</b>	<u>1,786,543</u>	<u>1,422,172</u>	<u>1,099,591</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 2,059,767</u>	<u>\$ 1,786,543</u>	<u>\$ 1,422,172</u>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<u>1,775</u>	<u>1,703</u>	<u>1,590</u>
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<u>1,752</u>	<u>1,683</u>	<u>1,575</u>

See accompanying independent auditor's report

		Percentage of Total Revenue				
2016	2015	2019	2018	2017	2016	2015
\$ 1,648,881	\$ 1,238,519	98.3 %	99.2 %	99.4 %	99.8 %	99.1 %
	7,625	0.5				0.6
<u>2,913</u>	<u>4,128</u>	<u>1.2</u>	<u>0.8</u>	<u>0.6</u>	<u>0.2</u>	<u>0.3</u>
\$ <u>1,651,794</u>	\$ <u>1,250,272</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 14,967	\$ 14,558	0.6 %	0.7 %	0.8 %	0.9 %	1.2 %
	105,638					8.4
735,000	470,000	44.3	36.6	33.8	44.5	37.6
<u>595,277</u>	<u>896,850</u>	<u>46.7</u>	<u>49.7</u>	<u>50.7</u>	<u>36.0</u>	<u>71.7</u>
\$ <u>1,345,244</u>	\$ <u>1,487,046</u>	<u>91.6 %</u>	<u>87.0 %</u>	<u>85.3 %</u>	<u>81.4 %</u>	<u>118.9 %</u>
\$ <u>306,550</u>	\$ <u>(236,774)</u>	<u>8.4 %</u>	<u>13.0 %</u>	<u>14.7 %</u>	<u>18.6 %</u>	<u>(18.9) %</u>
\$	\$ 7,406,712					
	(8,032,137)					
	<u>731,065</u>					
\$ <u>- 0 -</u>	\$ <u>105,640</u>					
\$ 306,550	\$ (131,134)					
<u>793,041</u>	<u>924,175</u>					
\$ <u>1,099,591</u>	\$ <u>793,041</u>					
<u>1,368</u>	<u>1,198</u>					
<u>1,368</u>	<u>1,185</u>					

See accompanying independent auditor's report

**FRISCO WEST WATER CONTROL AND IMPROVEMENT  
DISTRICT OF DENTON COUNTY  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
FEBRUARY 28, 2019**

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

<b>Board Members</b>	Term of Office (Elected or <u>Appointed</u> )	Fees of Office for the year ended <u>February 28, 2019</u>	Expense Reimbursements for the year ended <u>February 28, 2019</u>	<u>Title</u>
Jacob Allen Walls	05/18 05/22 (Elected)	\$ 11,700	\$ 510	President
Alison Megan Nugent	05/18 05/22 (Elected)	\$ 9,600	\$ 376	Vice President
Jeffrey Jay Paeth	05/18 05/22 (Elected)	\$ 6,600	\$ 104	Secretary
Billy Logsdon	05/18 05/20 (Appointed)	\$ 3,300	\$ 118	Assistant Secretary
Alfredo Heraldez	09/18 05/20 (Appointed)	\$ 1,200	\$ 35	Assistant Secretary

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

Submission date of most recent District Registration Form (TWC Sections 36.054 and 49.054):  
December 19, 2018.

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. During the current year, two Directors were overpaid due to an accounting error. These Directors will forgo fees in the next fiscal year to repay the overpayment.

See accompanying independent auditor's report

**FRISCO WEST WATER CONTROL AND IMPROVEMENT  
DISTRICT OF DENTON COUNTY  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
FEBRUARY 28, 2019**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees for the year ended February 28, 2019</u>	<u>Title</u>
Winstead PC	09/14/15	\$ 354,228 \$ 75,470	General Counsel/ Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	09/17/03	\$ 17,500 \$ 6,900	Audit Related/ Bond Related
Kathi Dye, CPA, LLC	02/27/08	\$ 60,048 \$ 1,150	Bookkeeper/ Investment Officer Bond Related
Petitt Barraza LLC	12/03/02	\$ 49,254	Prior Engineer
Huitt-Zollars, Inc.	11/15/18	\$ 30,573	Engineer
Hilltop Securities, Inc.	05/18/11	\$ 77,801	Financial Advisor
Arcadia Water Management, LLC	10/19/12	\$ 389,773	Operator
Denton Central Appraisal District	Legislative Action	\$ 24,464	Property Tax Appraisals
Denton County Tax Office	05/07/03	\$ 1,914	Tax Assessor/ Collector

See accompanying independent auditor's report

