

**Williamson-Travis Counties
Municipal Utility District
No. 1**

**Financial Statements and
Supplemental Information
as of and for the Year Ended
September 30, 2020 and
Independent Auditors' Report**



Williamson-Travis Counties Municipal Utility District No. 1

Table of Contents

| | <u>Page</u> |
|--|-------------|
| Annual Filing Affidavit | 1 |
| Independent Auditors' Report | 2-4 |
| Management's Discussion and Analysis | 5-11 |
| Basic Financial Statements: | |
| Statement of Net Position and Governmental Funds Balance Sheet | 12 |
| Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances | 13 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund | 14 |
| Notes to Basic Financial Statements | 15-26 |
| Supplemental Information: | |
| Index of Supplemental Schedules Required by Texas Commission on Environmental Quality | 27 |
| Supplemental Schedules Required by Texas Commission on Environmental Quality | 28-40 |
| Other Supplementary Information: | |
| Principal Taxpayers | 41 |
| Assessed Value by Classification | 42 |

Annual Filing Affidavit

The State of Texas

County of Travis

I, Catherine Franke
(Name of Duly Authorized District Representative)

of the Williamson-Travis Counties Municipal Utility District No. 1

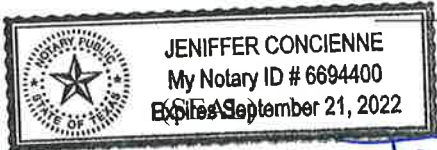
hereby swear, or affirm, that the District named above has reviewed and approved at a meeting of the Board of Directors of the District on the 3RD day of February, 2021, its annual audit report for the fiscal year ended September 30, 2020 and that copies of the annual audit report have been filed in the District office, located at 12912 Hill Country Blvd., Suite F-232 Austin, Texas 78738.

The annual filing affidavit and the attached copy of the audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of all annual filing requirements within Section 49.194 of the Texas Water Code and to the Texas Comptroller of Public Accounts in satisfaction of the annual filing requirements of Section 140.008 of the Texas Local Government Code.

Date: Feb. 11, 2021 By: Catherine Franke
(Signature of District Representative)

Catherine Franke, Board President
(Typed Name and Title of above District Representative)

Sworn to and subscribed to before me this 11th day of Feb., 2021



Jeniffer Concienne
(Signature of Notary)

Jeniffer Concienne
(Printed Name of Notary)

My Commission Expires On: 9.21.22
Notary Public in and for the State of Texas.



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Accountants and Consultants

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Round Rock, TX 78664

Independent Auditors' Report

To the Board of Directors of
Williamson-Travis Counties Municipal Utility District No. 1:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Williamson-Travis Counties Municipal Utility District No. 1 (the "District"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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.

Affiliated Company

ML&R WEALTH MANAGEMENT LLC

"A Registered Investment Advisor"

This firm is not a CPA firm

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2020, and the respective changes in financial position, and the respective budgetary comparison for the General Fund 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 on pages 5 through 11 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 supplemental information required by the Texas Commission on Environmental Quality (the "TCEQ") and other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental information required by the TCEQ listed in the table of contents 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. Such information 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 supplemental information required by the TCEQ listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other supplemental information listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Maxwell Locke + Ritter LLP

Austin, Texas
February 3, 2021

Williamson-Travis Counties Municipal Utility District No. 1

Management’s Discussion and Analysis For the Year Ended September 30, 2020

As management of the Williamson-Travis Counties Municipal Utility District No. 1 (the “District”), we provide readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2020. We encourage readers to consider the information presented here in conjunction with the District’s financial statements that follow.

For purposes of Governmental Accounting Standards Board (“GASB”) Statement No. 34, the District is considered a special purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the “Total Governmental Funds” column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the Statement of Net Position and the Statement of Activities.

Financial Highlights

- The assets of the District at September 30, 2020 were approximately \$15 million and exceeded its liabilities by approximately \$13.7 million.
- Total net position increased by approximately \$263,000 for the year ended September 30, 2020. Of total net position at September 30, 2020, approximately \$2.6 million is considered unrestricted and may be used to meet the District’s ongoing obligations.
- New investment in capital assets during fiscal year 2020 totaled approximately \$193,000.

Overview of the Basic Financial Statements

The District’s reporting is comprised of two parts:

- *Management’s Discussion and Analysis (this section)*
- *Basic Financial Statements*
 - *Statement of Net Position and Governmental Funds Balance Sheet*
 - *Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances*
 - *Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund*
 - *Notes to Basic Financial Statements*

Other supplementary information is also included.

The *Basic Financial Statements* are designed to provide readers with an overview of the District’s finances, in a manner similar to a private sector business.

The *Statement of Net Position and Governmental Funds Balance Sheet* presents information on all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the net difference reported as net position. The statement of net position can be found on page 1 of the report and includes a column (titled "Total Governmental Funds") that represents a balance sheet prepared using the modified accrual basis of accounting. The adjustments column converts those balances to a balance sheet that more closely reflects a private-sector business. Over time, increases or decreases in the District's net position will indicate financial health.

The *Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances* represents information showing how the District's net position changed during the most recent fiscal year and includes a column (titled "Total Governmental Funds") that derives the change in fund balances resulting from current year revenues, expenditures, and other financing sources or uses. These amounts are prepared using the modified accrual basis of accounting. The adjustments column converts those activities to full accrual, a basis that more closely represents the income statement of a private-sector business.

The *Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund* presents a comparison statement between the District's adopted budget to its actual results.

The *Notes to Basic Financial Statements* provide additional information that is essential to a full understanding of the information presented in the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances*. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods and some expenses are resulting from cash flows from prior periods. The increase or decrease in net position may serve as an indicator of the effect of the District's current year operations on its financial position. The *Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances* can be found on page 13 of this report.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by approximately \$13.7 million at the close of the most recent fiscal year.

A large portion of the District's net position reflects its investment in capital assets (water system, sewer system, drainage system, buildings and park facilities) less any related debt used to acquire those assets that is still outstanding. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be liquidated to pay these liabilities. The resource to pay the liability is the future income stream from property taxes levied on the property owners in the District. Management feels that the resources that property taxes provide are a certainty (through actual collection or liquidation of taxpayer property in the event of default) and the true *Net Investment in Capital Assets* should reflect the net present value of a future property tax revenue stream.

The District has total liquid assets available amounting to approximately \$3.4 million. Of this, approximately \$196,000 was specifically set aside for paying debt. Since the bonded indebtedness is approximately \$710,000, future property taxes levied in the District will be used to pay the debt.

Schedules required by the Texas Commission on Environmental Quality (the "TCEQ") and other supplemental information are presented immediately following the *Notes to Basic Financial Statements*.

Comparative Financial Statements

Statement of Net Position

| | Governmental Activities | | |
|----------------------------------|-------------------------|---------------|----------|
| | 2020 | 2019 | % Change |
| Current assets | \$ 3,448,869 | \$ 3,383,277 | 1.9% |
| Capital assets | 11,559,117 | 11,971,660 | (3.4%) |
| Total assets | \$ 15,007,986 | \$ 15,354,937 | (2.3%) |
| Current liabilities | \$ 980,534 | \$ 1,240,973 | (21.0%) |
| Long-term liabilities | 364,660 | 714,319 | (48.9%) |
| Total liabilities | 1,345,194 | 1,955,292 | (31.2%) |
| Net investment in capital assets | 10,849,457 | 10,702,341 | 1.4% |
| Restricted | 223,696 | 216,879 | 3.1% |
| Unrestricted | 2,589,639 | 2,480,425 | 4.4% |
| Total net position | \$ 13,662,792 | \$ 13,399,645 | 2.0% |

The District's total assets were approximately \$15 million as of September 30, 2020. Of this amount, approximately \$11.6 million is accounted for by capital assets. The District had outstanding liabilities of approximately \$1.3 million of which approximately \$710,000 represents bonds payable.

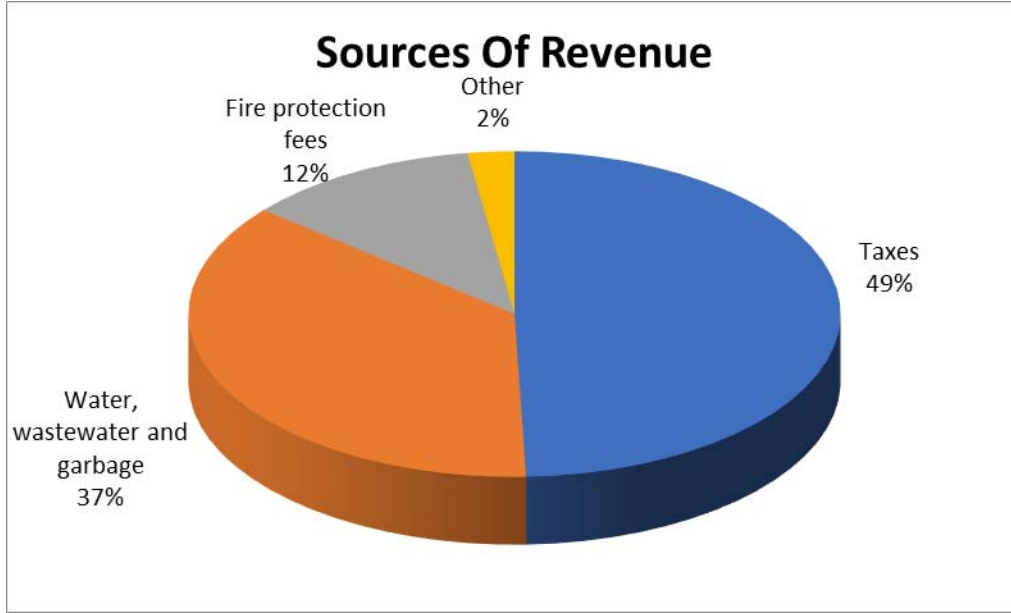
The District's primary revenue sources are utility service fees, property taxes, and fire protection fees. Water revenue is driven very much by the weather - more rainfall means less water is used for landscaping. In response to the continuing pressure on the available water supplies in Central Texas, the District has adopted a tiered water pricing policy model. In addition, the District has a drought restriction policy in place. The District's records show that the water system is 107.5% accountable, which is favorable.

Wastewater and the District's other revenue sources are not weather dependent. The District charges a base service fee and collects revenue from water and wastewater customers.

Operating and maintenance taxes are also levied. The taxes are a function of assessed property values 21 months prior to the fiscal year end and tax rates imposed by the District. The District's property tax assessed value on January 1, 2019 was approximately \$613.0 million compared to approximately \$579.8 million on January 1, 2018. The tax rate is set after reviewing operations and maintenance requirements, interest and sinking fund requirements, and proposed water and wastewater rates.

The existence of fire protection by a funded fire department provides the District residents a savings on their homeowners insurance to offset the charge for the fire protection. The District does not benefit financially from the arrangement since the District acts as a conduit only. In past years, the District absorbed a portion of this cost using other sources of funds. Beginning with the 2019 fiscal year, those other sources of funds were not available, and the full cost of the service was billed to District residents. The contract for fire protection has normal annual cost of living escalators.

Sources of Revenue
For the Fiscal Year Ended September 30, 2020



Statement of Activities

| | Governmental Activities | | |
|---------------------------------------|-------------------------|----------------------|-------------|
| | 2020 | 2019 | % Change |
| Taxes | \$ 2,407,432 | \$ 2,389,277 | 0.8% |
| Water, wastewater and garbage | 1,859,473 | 1,768,482 | 5.1% |
| Fire protection fees | 590,712 | 564,364 | 4.7% |
| Other | 50,395 | 111,377 | (54.8%) |
| Total revenues | 4,908,012 | 4,833,500 | 1.5% |
| Water, wastewater and garbage | 1,394,297 | 1,377,423 | 1.2% |
| Contracted services | 1,023,274 | 960,508 | 6.5% |
| Fire protection | 590,712 | 564,364 | 4.7% |
| Repairs and maintenance | 630,749 | 599,406 | 5.2% |
| Security | 61,690 | 53,586 | 15.1% |
| Directors' fees and expenses | 43,379 | 45,506 | (4.7%) |
| Utilities | 12,413 | 13,336 | (6.9%) |
| Other | 240,463 | 186,519 | 28.9% |
| Debt service (including amortization) | 41,916 | 66,336 | (36.8%) |
| Depreciation | 605,972 | 624,374 | (2.9%) |
| Total expenses | 4,644,865 | 4,491,358 | 3.4% |
| Change in net position | 263,147 | 342,142 | (23.1%) |
| Beginning net position | 13,399,645 | 13,057,503 | 2.6% |
| Ending net position | \$ 13,662,792 | \$ 13,399,645 | 2.0% |

Total revenues increased by approximately \$75,000 to approximately \$4.9 million for the fiscal year ended September 30, 2020. Water, wastewater and garbage services provided approximately \$1.9 million and property taxes generated approximately \$2.4 million in revenues during fiscal year 2020. Total expenses increased by approximately \$154,000 from fiscal year 2019 to approximately \$4.6 million for the fiscal year ended September 30, 2020. Net position increased approximately \$263,000 for the fiscal year ended September 30, 2020 compared to an increase of approximately \$342,000 for the fiscal year ended September 30, 2019.

The District's expenses include:

Maintenance and Repairs: As the District continues to age, maintenance and repairs of the facilities normally cost more and take more time and attention of the consultants and the Board of Directors. To offset the financial effects of this in the past, the District applied for and received permission from the TCEQ to transfer money from the Capital Projects Fund to pay for maintenance of items purchased with bond proceeds. As of September 30, 2020, there are no remaining bond proceeds available for transfer from the Capital Projects Fund to the General Fund, meaning that future repairs and maintenance will be funded through District operations.

Solid Waste Pickup: The District is one of two districts in Texas to contract with one solid waste hauler for the entire district. The contract runs through January 31, 2025.

Depreciation: Depreciation expense decreased slightly in 2020 due to fewer assets being put into service during fiscal year 2020 than in fiscal year 2019. Depreciation expense for the year ended September 30, 2020 totaled approximately \$606,000 compared to approximately \$624,000 for the year ended September 30, 2019, a decrease of 2.9%.

Analysis of Governmental Funds

| | 2020 | 2019 |
|--|--------------|--------------|
| Cash equivalents and investments | \$ 2,993,532 | \$ 2,880,077 |
| Receivables | 452,455 | 444,258 |
| Prepaid items | 2,882 | 58,942 |
| Interfund receivable | 6,271 | 3,611 |
| Total assets | \$ 3,455,140 | \$ 3,386,888 |
| Accounts payable and other liabilities | \$ 329,974 | \$ 373,080 |
| Refundable deposits | 303,287 | 308,865 |
| Interfund payable | 6,271 | 3,611 |
| Total liabilities | 639,532 | 685,556 |
| Deferred property taxes | 108,287 | 45,663 |
| Deferred inflows of resources | 108,287 | 45,663 |
| Nonspendable | - | 58,274 |
| Restricted for debt service | 192,355 | 202,202 |
| Assigned fund balance | 531,759 | 454,575 |
| Unassigned | 1,983,207 | 1,940,618 |
| Total fund balances | 2,707,321 | 2,655,669 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 3,455,140 | \$ 3,386,888 |

In 2020, the District budgeted a decrease in operating fund balance of approximately \$429,000. The operating fund reflected an increase in fund balance of approximately \$61,000, due in large part to lower than budgeted expenditures.

The *General Fund* pays for daily operating expenditures. When comparing actual to budget, overall revenues were approximately \$157,000 higher than budgeted due to growth in the District. Expenditures were approximately \$333,000 less than budget due to lower than anticipated bulk water, wastewater, and garbage collection, repairs and maintenance and capital outlay expenditures, which was partially offset by higher than anticipated open records request and contracted services expenditures. More detailed information about the District's budgetary comparison is presented in the basic financial statements on page 14 of this report.

The *Debt Service Fund* remitted bond principal of \$555,000 and interest of \$48,330 during fiscal year 2020. More detailed information about the District's debt is presented in the *Notes to Basic Financial Statements*.

Capital Assets

| | 2020 | 2019 |
|---|----------------------|----------------------|
| Land | \$ 84,052 | \$ 84,052 |
| Construction in progress | 524,699 | 504,246 |
| Water, wastewater collection, and distribution facilities | 17,513,768 | 17,513,768 |
| Park and detention facilities | 4,655,672 | 4,482,696 |
| District fences | 1,741,657 | 1,741,657 |
| Capital recovery fees | 1,112,422 | 1,112,422 |
| Subtotal | 25,632,270 | 25,438,841 |
| Accumulated depreciation | (14,073,153) | (13,467,181) |
| Total | <u>\$ 11,559,117</u> | <u>\$ 11,971,660</u> |

More detailed information about the District's capital assets is presented in the *Notes to Basic Financial Statements*.

Long-Term Debt Activity

| | 2020 | 2019 |
|-----------------------------|-------------------|---------------------|
| Bonds payable | \$ 705,000 | \$ 1,260,000 |
| Premiums on refunding bonds | 4,660 | 9,319 |
| Total | <u>\$ 709,660</u> | <u>\$ 1,269,319</u> |

The District owes approximately \$705,000 to bond holders. During the year ended September 30, 2020, the principal balance was reduced by \$555,000. More detailed information about the District's long-term debt is presented in the *Notes to Basic Financial Statements*.

Currently Known Facts, Decisions, or Conditions

The tax rate has been set at \$0.3479 per \$100 of assessed valuation for tax year 2020 based on taxable valuation of approximately \$646 million. 86% of the estimated property tax collections will fund general operating expenditures, and 14% of the estimated property tax collections will be set aside for debt service. The adopted budget for 2020-21 projects a General Fund fund balance decrease of approximately \$500,000.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. While the disruption is expected to be temporary, there is uncertainty around the severity and duration. Therefore, while this issue may negatively impact the District's results of operations and financial position, the related financial impact cannot be reasonably estimated at this time. The District is actively managing its operations to maintain its cash flow and management believes that the District has adequate liquidity.

Requests for Information

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District at 12912 Hill Country Blvd., Suite F-232 Austin, Texas 78738.

Williamson-Travis Counties Municipal Utility District No. 1

Statement of Net Position and Governmental Funds Balance Sheet September 30, 2020

| | General Fund | Debt Service Fund | Capital Projects Fund | Total Governmental Funds | Adjustments (Note 2) | Statement of Net Position |
|---|---------------------|-------------------------|-----------------------------|--------------------------------|-------------------------|---------------------------------|
| Assets | | | | | | |
| Cash and cash equivalents | \$ 543,129 | \$ - | \$ - | \$ 543,129 | \$ - | \$ 543,129 |
| Investments | 2,254,659 | 195,744 | - | 2,450,403 | - | 2,450,403 |
| Receivables: | | | | | | |
| Service accounts | 343,840 | - | - | 343,840 | - | 343,840 |
| Taxes | 74,673 | 33,614 | - | 108,287 | - | 108,287 |
| Other | 328 | - | - | 328 | - | 328 |
| Prepaid items | - | - | 2,882 | 2,882 | - | 2,882 |
| Due from other funds | 6,271 | - | - | 6,271 | (6,271) | - |
| Capital assets (net of accumulated depreciation): | | | | | | |
| Land | - | - | - | - | 84,052 | 84,052 |
| Construction in progress | - | - | - | - | 524,699 | 524,699 |
| Water, wastewater collection, and distribution facilities | - | - | - | - | 7,884,410 | 7,884,410 |
| Park and detention facilities | - | - | - | - | 2,855,837 | 2,855,837 |
| District fences | - | - | - | - | 77,146 | 77,146 |
| Capital recovery fees | - | - | - | - | 132,973 | 132,973 |
| Total assets | <u>\$ 3,222,900</u> | <u>\$ 229,358</u> | <u>\$ 2,882</u> | <u>\$ 3,455,140</u> | 11,552,846 | 15,007,986 |
| Liabilities | | | | | | |
| Accounts payable | \$ 317,628 | \$ - | \$ - | \$ 317,628 | - | 317,628 |
| Refundable deposits | 303,287 | - | - | 303,287 | - | 303,287 |
| Other liabilities | 12,346 | - | - | 12,346 | - | 12,346 |
| Due to other funds | - | 3,389 | 2,882 | 6,271 | (6,271) | - |
| Bond interest payable | - | - | - | - | 2,273 | 2,273 |
| Long-term liabilities: | | | | | | |
| Due within one year | - | - | - | - | 345,000 | 345,000 |
| Due after one year | - | - | - | - | 364,660 | 364,660 |
| Total liabilities | <u>633,261</u> | <u>3,389</u> | <u>2,882</u> | <u>639,532</u> | <u>705,662</u> | <u>1,345,194</u> |
| Deferred Inflows of Resources | | | | | | |
| Property taxes | 74,673 | 33,614 | - | 108,287 | (108,287) | - |
| Total deferred inflows of resources | <u>74,673</u> | <u>33,614</u> | <u>-</u> | <u>108,287</u> | <u>(108,287)</u> | <u>-</u> |
| Fund Balances/Net Position | | | | | | |
| Fund balances: | | | | | | |
| Restricted for- | | | | | | |
| Debt service | - | 192,355 | - | 192,355 | (192,355) | - |
| Assigned for: | | | | | | |
| 2020-21 budget deficit | 500,001 | - | - | 500,001 | (500,001) | - |
| HOA beautification projects | 31,758 | - | - | 31,758 | (31,758) | - |
| Unassigned | 1,983,207 | - | - | 1,983,207 | (1,983,207) | - |
| Total fund balances | <u>2,514,966</u> | <u>192,355</u> | <u>-</u> | <u>2,707,321</u> | <u>(2,707,321)</u> | <u>-</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 3,222,900</u> | <u>\$ 229,358</u> | <u>\$ 2,882</u> | <u>\$ 3,455,140</u> | | |
| Net position: | | | | | | |
| Net investment in capital assets | | | | | 10,849,457 | 10,849,457 |
| Restricted for debt service | | | | | 223,696 | 223,696 |
| Unrestricted | | | | | 2,589,639 | 2,589,639 |
| Total net position | | | | | <u>\$ 13,662,792</u> | <u>\$ 13,662,792</u> |

The notes to financial statements are an integral part of this statement.

Williamson-Travis Counties Municipal Utility District No. 1

Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances Year Ended September 30, 2020

| | General Fund | Debt Service Fund | Capital Projects Fund | Total Governmental Funds | Adjustments (Note 2) | Statement of Activities |
|--|-----------------|-------------------------|-----------------------------|--------------------------------|-------------------------|-------------------------------|
| Expenditures/Expenses: | | | | | | |
| Service operations: | | | | | | |
| Bulk water, wastewater and garbage collection | \$ 1,394,297 | \$ - | \$ - | \$ 1,394,297 | \$ - | \$ 1,394,297 |
| Contracted services | 1,022,005 | 1,269 | - | 1,023,274 | - | 1,023,274 |
| Fire protection | 590,712 | - | - | 590,712 | - | 590,712 |
| Repairs and maintenance | 630,749 | - | - | 630,749 | - | 630,749 |
| Security | 61,690 | - | - | 61,690 | - | 61,690 |
| Directors' fees and expenses | 43,379 | - | - | 43,379 | - | 43,379 |
| Tax appraisal/collection fees | 9,990 | 5,626 | - | 15,616 | - | 15,616 |
| Insurance | 3,517 | - | - | 3,517 | - | 3,517 |
| Utilities | 12,413 | - | - | 12,413 | - | 12,413 |
| Open records request | 148,150 | - | - | 148,150 | - | 148,150 |
| Other | 73,180 | - | - | 73,180 | - | 73,180 |
| Capital outlay | 193,429 | - | - | 193,429 | (193,429) | - |
| Debt service: | | | | | | |
| Principal payments | - | 555,000 | - | 555,000 | (555,000) | - |
| Interest payments | - | 48,330 | - | 48,330 | (6,414) | 41,916 |
| Depreciation | - | - | - | - | 605,972 | 605,972 |
| Total expenditures/expenses | 4,183,511 | 610,225 | - | 4,793,736 | (148,871) | 4,644,865 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Water, wastewater and garbage, including penalties | 1,859,473 | - | - | 1,859,473 | - | 1,859,473 |
| Fire protection fees | 590,712 | - | - | 590,712 | - | 590,712 |
| Total program revenues | 2,450,185 | - | - | 2,450,185 | - | 2,450,185 |
| Net program expense | | | | | | (2,194,680) |
| General revenues: | | | | | | |
| Property taxes, including penalties and interest | 1,750,801 | 594,007 | - | 2,344,808 | 62,624 | 2,407,432 |
| Interest | 24,137 | 6,371 | - | 30,508 | - | 30,508 |
| Other | 19,887 | - | - | 19,887 | - | 19,887 |
| Total general revenues | 1,794,825 | 600,378 | - | 2,395,203 | 62,624 | 2,457,827 |
| Total revenues | 4,245,010 | 600,378 | - | 4,845,388 | 62,624 | 4,908,012 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 61,499 | (9,847) | - | 51,652 | (51,652) | - |
| Change in net position | | | | | 263,147 | 263,147 |
| Fund Balances/Net Position: | | | | | | |
| Beginning of year | 2,453,467 | 202,202 | - | 2,655,669 | 10,743,976 | 13,399,645 |
| End of year | \$ 2,514,966 | \$ 192,355 | \$ - | \$ 2,707,321 | \$ 10,955,471 | \$ 13,662,792 |

The notes to financial statements are an integral part of this statement.

Williamson-Travis Counties Municipal Utility District No. 1

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund Year Ended September 30, 2020

| | Budgeted Amounts | Actual Amounts | Variance With Final Budget |
|--|---------------------|---------------------|----------------------------------|
| Revenues: | | | |
| Water, wastewater and garbage, including penalties | \$ 1,680,887 | \$ 1,859,473 | \$ 178,586 |
| Property taxes, including penalties and interest | 1,765,937 | 1,750,801 | (15,136) |
| Fire protection fees | 575,515 | 590,712 | 15,197 |
| Interest | 40,000 | 24,137 | (15,863) |
| Other | 25,329 | 19,887 | (5,442) |
| Total Revenues | 4,087,668 | 4,245,010 | 157,342 |
| Expenditures: | | | |
| Service operations: | | | |
| Bulk water, wastewater and garbage collection | 1,551,159 | 1,394,297 | 156,862 |
| Contracted services | 940,988 | 1,022,005 | (81,017) |
| Fire protection | 575,515 | 590,712 | (15,197) |
| Repairs and maintenance | 906,160 | 630,749 | 275,411 |
| Security | 61,480 | 61,690 | (210) |
| Directors' fees and expenses | 55,456 | 43,379 | 12,077 |
| Tax appraisal/collection fees | 10,000 | 9,990 | 10 |
| Insurance | 15,000 | 3,517 | 11,483 |
| Utilities | 6,500 | 12,413 | (5,913) |
| Open records request | 50,000 | 148,150 | (98,150) |
| Other | 105,282 | 73,180 | 32,102 |
| Capital outlay | 238,942 | 193,429 | 45,513 |
| Total Expenditures | 4,516,482 | 4,183,511 | 332,971 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (428,814) | 61,499 | 490,313 |
| Fund Balance: | | | |
| Beginning of year | 2,453,467 | 2,453,467 | - |
| End of year | <u>\$ 2,024,653</u> | <u>\$ 2,514,966</u> | <u>\$ 490,313</u> |

The notes to financial statements are an integral part of this statement.

Williamson-Travis Counties Municipal Utility District No. 1

Notes to Basic Financial Statements Year Ended September 30, 2020

1. Summary of Significant Accounting Policies

Williamson-Travis Counties Municipal Utility District No. 1 (the “District”) was created, organized and established on March 27, 1985, pursuant to the provisions of Chapter 54 of the Texas Water Code.

The reporting entity of the District encompasses those activities and functions over which the District’s elected officials exercise significant oversight or control. The District is governed by a five member Board of Directors (the “Board”) which has been elected by District residents or appointed by the Board. The District is not included in any other governmental “reporting entity” as defined by the Governmental Accounting Standards Board (“GASB”) since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units included in the District’s reporting entity.

Government-Wide and Fund Financial Statements

For purposes of GASB Statement No. 34, the District is considered a special purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the “Total Governmental Funds” column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the statement of net position and the statement of activities.

The government-wide financial statements report information on all of the activities of the District. The effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the expenses are offset by program revenues. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the District. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Amounts reported as program revenues include charges to customers or applicants for goods, services, or privileges provided. Internally dedicated resources are reported as general revenues rather than as program revenues. As a result, general revenues include all taxes. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Major revenue sources considered susceptible to accrual include interest income. No accrual for property taxes collected within sixty days of year end has been made as such amounts are deemed immaterial; delinquent property taxes at year end are reported as deferred inflows of resources.

The District reports the following major governmental funds:

The General Fund includes financial resources used for general operations. It is a budgeted fund, and any unassigned fund balance is considered resources available for current operations.

The Debt Service Fund includes debt service taxes and other revenues collected to retire bond principal and to pay interest due.

The Capital Projects Fund is used to account for financial resources restricted for authorized construction and other capital asset acquisitions.

Budgets and Budgetary Accounting

Formal budgetary integration is employed as a management control device for the General Fund. Formal budgetary integration is not employed for the Debt Service Fund and the Capital Projects Fund. The budget is proposed by the District Manager for the fiscal year commencing the following October 1, and is adopted on the modified accrual basis, which is consistent with generally accepted accounting principles.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

Cash and cash equivalents - The District's cash and cash equivalents are considered to be cash-on-hand and short-term investments with original maturities of three months or less from the date of acquisition.

Investments - Temporary investments throughout the year consisted of investments in an external local government investment pool and certificates of deposit. The external local government investment pool is recognized at amortized cost as permitted by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The District is entitled to invest any and all of its funds in certificates of deposit, direct debt securities of the United States of America or the State of Texas, certain federal agency securities and other types of municipal bonds, fully collateralized repurchase agreements, commercial paper and local government investment pools. The District’s investment policies and types of investments are governed by Section 2256 of the Texas Government Code (“Public Funds Investment Act”). The District’s management believes that it complied with the requirements of the Public Funds Investment Act and the District’s investment policies. The District accrues interest on temporary investments based on the terms and effective interest rates of the specific investments.

Accounts Receivable - The District provides for uncollectible accounts receivable using the allowance method of accounting for bad debts. Under this method of accounting, a provision for uncollectible accounts is charged to earnings. The allowance account is increased or decreased based on past collection history and management’s evaluation of accounts receivable. All amounts considered uncollectible are charged against the allowance account, and recoveries of previously charged off accounts are added to the allowance. The District believes all accounts were collectible at September 30, 2020.

Prepaid Items - Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid assets in both the government-wide and fund financial statements. Prepaid assets are charged to expenditures when consumed.

Capital Assets - Capital assets, which include land, construction in progress, water, wastewater collection and distribution facilities (purchased, constructed, or donated), park and detention facilities, district fences, and capital recovery fees are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of at least \$5,000. Such assets are recorded at historical cost if purchased or estimated acquisition value at the date of donation if donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Capital assets (other than land and construction in progress) are depreciated using the straight-line method over the following estimated useful lives:

| Asset | Years |
|--|-------|
| Water, wastewater collection and distribution facilities | 50 |
| Park and detention facilities: | |
| Park improvements and pavilion | 30 |
| District office | 30 |
| Office furniture | 10 |
| Detention ponds | 30 |
| District fences | 15 |
| Capital recovery fees | 33 |

Long-Term Debt - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Ad Valorem Property Taxes - Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. The District is prohibited from writing off uncollected real property taxes without specific statutory authority from the Texas Legislature.

Deferred Outflows and Inflows of Resources - The District complies with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent the consumption of the District's net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District's acquisition of net position applicable to a future reporting period.

The District complies with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Fund Equity - The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. See Note 9 for additional information on those fund balance classifications.

Fair Value Measurements - The District complies with GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.
- Level 3 inputs are unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

- Market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities.
- Cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost).
- Income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations.

Use of Estimates - The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, 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.

Recently Issued Accounting Pronouncements

In June 2017, the GASB issued GASB Statement No. 87, *Leases*, effective for fiscal years beginning after June 15, 2021. The objective of GASB Statement No. 87 is to improve accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. Management is evaluating the effects that the full implementation of GASB Statement No. 87 will have on its financial statements for the year ended September 30, 2022.

2. Reconciliation of Government-Wide And Fund Financial Statements

Amounts reported for governmental activities in the statement of net position are different because:

| | |
|---|----------------------|
| Governmental funds total fund balances | \$ 2,707,321 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | |
| Capital assets, net of accumulated depreciation | 11,559,117 |
| Deferred tax revenue is not available to pay for current period expenditures and, therefore, is deferred in the funds. | 108,287 |
| The following liabilities are not due and payable in the current period and, therefore, are not reported in the funds: | |
| Bonds payable, including premiums | (709,660) |
| Bond interest payable | (2,273) |
| Total net position | <u>\$ 13,662,792</u> |

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

| | |
|--|-------------------|
| Change in fund balances | \$ 51,652 |
| Governmental funds report capital outlays as expenditures. | |
| However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. | |
| Capital outlay | 193,429 |
| Depreciation expense | (605,972) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | |
| Change in deferred tax revenue | 62,624 |
| Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. | |
| Repayment of bond principal | 555,000 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | |
| Change in interest payable | 1,755 |
| Amortization of bond premiums | 4,659 |
| Change in net position | <u>\$ 263,147</u> |

3. Cash and Cash Equivalents and Temporary Investments

The District's deposits are required to be secured in the manner provided by law for the security of the funds. At September 30, 2020, such deposits were entirely covered by Federal Deposit Insurance Corporation ("FDIC") insurance or secured by collateral pledged by the depository.

The Public Funds Investment Act authorizes the District to invest in funds under a written investment policy. The District's deposits and investments are invested pursuant to the investment policy, which is approved annually by the Board. The primary objectives of the District's investment strategy, in order of priority, are safety, liquidity, and yield.

Investments held at September 30, 2020 consisted of the following:

| Type | Fair Value | Weighted Average Maturity (Days) | Standard & Poor's Rating |
|--|---------------------|----------------------------------|--------------------------|
| Public funds investment pool- TexPool | \$ 2,337,635 | 1 | AAAm |
| Certificate of deposit | 112,768 | 189 | Various |
| Total | <u>\$ 2,450,403</u> | | |

At September 30, 2020, the District had investments in one external local governmental investment pool, Texas Local Governmental Investment Pool ("TexPool"), and a certificate of deposit with a banking institution.

Although TexPool is not registered with the SEC as an investment company, it operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. This investment is stated at amortized cost in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

TexPool is overseen by the Texas State Comptroller of Public Accounts, who is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company which is authorized to operate TexPool. TexPool also has an advisory board to advise on TexPool's investment policy. This board is made up equally of participants and nonparticipants who do not have a business relationship with TexPool. Federated Investors manages daily operations of TexPool under a contract with the Comptroller and is the investment manager for the pool. TexPool's investment policy stipulates that it must invest in accordance with the Public Funds Investment Act.

In accordance with GASB Statement No. 79, the external local government investment pool does not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. This pool does not impose any liquidity fees or redemption gates.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At September 30, 2020, investments were included in an external local governmental investment pool and a certificate of deposit with ratings from Standard and Poor's in compliance with the District's investment policy.

Interest Rate Risk - The District considers the holdings in the external local governmental investment pool to have a one day weighted average maturity due to the fact that the share position can usually be redeemed each day at the discretion of the shareholders, unless there has been a significant change in value. Certificates of deposit held by the District have set interest rates.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributable to the magnitude of investments in a single issuer. Information regarding investments in any one issuer that represents five percent or more of the District’s total investments must be disclosed under GASB Statement No. 40, excluding investments issued or explicitly guaranteed by the U.S. government.

4. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds.” The composition of interfund balances as of September 30, 2020 is as follows:

| Receivable Fund | Payable Fund | Amount |
|-----------------|------------------|-----------------|
| General | Capital Projects | \$ 2,882 |
| General | Debt Service | 3,389 |
| Total | | <u>\$ 6,271</u> |

5. Property Taxes

The Texas Water Code authorizes the District to levy a tax each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located within its boundaries. Assessed values are established annually by the Williamson and Travis Central Appraisal Districts. District property tax revenues are recognized when levied to the extent that they are collected in the current year. The uncollected balance is reported as deferred revenue. Taxes receivable are due January 1 and are delinquent if received after January 31 and are subject to penalty and interest charges.

In September 2019, the District levied a combined tax rate of \$0.3850 per \$100 of assessed valuation to finance operating expenditures and debt service requirements. The maintenance tax rate and the debt service tax rate were \$0.2877 and \$0.0973, respectively. The total 2019 tax levy was \$2,401,755 based on a taxable valuation as of January 1, 2019 of \$612,970,809.

6. Capital Assets

Capital assets activity for the year ended September 30, 2020 was as follows:

| | Balance September 30, 2019 | Additions | Retirements and Transfers | Balance September 30, 2020 |
|--|----------------------------------|--------------|---------------------------------|----------------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 84,052 | \$ - | \$ - | \$ 84,052 |
| Construction in progress | 504,246 | 180,493 | (160,040) | 524,699 |
| Total capital assets not being depreciated | 588,298 | 180,493 | (160,040) | 608,751 |
| Capital assets being depreciated: | | | | |
| Water, wastewater collection and distribution facilities | 17,513,768 | - | - | 17,513,768 |
| Park and detention facilities | 4,482,696 | 12,936 | 160,040 | 4,655,672 |
| District fences | 1,741,657 | - | - | 1,741,657 |
| Capital recovery fees | 1,112,422 | - | - | 1,112,422 |
| Total capital assets being depreciated | 24,850,543 | 12,936 | 160,040 | 25,023,519 |
| Less accumulated depreciation for: | | | | |
| Water, wastewater collection and distribution facilities | (9,261,960) | (367,398) | - | (9,629,358) |
| Park and detention facilities | (1,596,286) | (203,549) | - | (1,799,835) |
| District fences | (1,649,295) | (15,216) | - | (1,664,511) |
| Capital recovery fees | (959,640) | (19,809) | - | (979,449) |
| Total accumulated depreciation | (13,467,181) | (605,972) | - | (14,073,153) |
| Total capital assets being depreciated, net | 11,383,362 | (593,036) | 160,040 | 10,950,366 |
| Capital assets, net | \$ 11,971,660 | \$ (412,543) | \$ - | \$ 11,559,117 |

7. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended September 30, 2020:

| | Balance September 30, 2019 | Additions/ Refundings | Retirements | Balance September 30, 2020 |
|-----------------------------|----------------------------------|--------------------------|---------------------|----------------------------------|
| Series 2003 | \$ 690,000 | \$ - | \$ (160,000) | \$ 530,000 |
| Series 2005 | 395,000 | - | (305,000) | 90,000 |
| Series 2011 | 175,000 | - | (90,000) | 85,000 |
| General obligation bonds | 1,260,000 | - | (555,000) | 705,000 |
| Premiums on refunding bonds | 9,319 | - | (4,659) | 4,660 |
| Total | <u>\$ 1,269,319</u> | <u>\$ -</u> | <u>\$ (559,659)</u> | <u>\$ 709,660</u> |

At September 30, 2020, bonds payable were comprised of the following individual issues:

Unlimited Tax and Revenue Bonds

\$2,070,000 - 2003 Combination Unlimited Tax and Revenue Bonds payable serially through the year 2023 at interest rates which range from 3.0% to 4.75%.

Unlimited Tax and Refunding Bonds

\$4,320,000 - 2005 Unlimited Tax and Revenue Refunding Bonds payable serially through the year 2021 at interest rates which range from 2.5% to 4.1%.

\$2,310,000 - 2011 Unlimited Tax and Revenue Refunding Bonds payable serially through the year 2021 at interest rates which range from 2.0% to 3.0%.

Debt service requirements to maturity for District's bonds are summarized as follows:

| Fiscal Year | Principal | Interest | Total Requirement |
|-------------|-------------------|------------------|----------------------|
| 2021 | \$ 345,000 | \$ 27,270 | \$ 372,270 |
| 2022 | 175,000 | 14,400 | 189,400 |
| 2023 | 185,000 | 7,400 | 192,400 |
| Total | <u>\$ 705,000</u> | <u>\$ 49,070</u> | <u>\$ 754,070</u> |

The bonds are payable from the proceeds of ad valorem taxes and are secured by a pledge of the net revenues of the District's water, wastewater and drainage system. At September 30, 2020, unlimited tax bonds of \$5,813,671 were authorized by the District, but unissued.

8. Commitments and Contingencies

The District has entered into an agreement with the City of Cedar Park, Texas for wholesale water and wastewater services. The City of Cedar Park, Texas is sole supplier of these services to the District. The current agreement was signed on September 22, 2015 and will expire on February 1, 2045.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. While the disruption is expected to be temporary, there is uncertainty around the severity and duration. Due to the nature of the District's services, the pandemic may negatively impact the District's business, results of operations, and financial position; however, the related financial impact cannot be reasonably estimated at this time. The District is actively managing its operations to maintain its cash flow and management believes that the District has adequate liquidity.

9. Fund Balances

The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Those fund balance classifications are described below.

Nonspendable - Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board.

Assigned - For the General Fund, the Board may appropriate amounts that are to be used for a specific purpose. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

Unassigned - Amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

The detail of the fund balances is included in the Governmental Funds Balance Sheet on page 12. Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board has the authority to assign fund balance for a specific purpose. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

10. Risk Management

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained coverage from commercial insurance companies and the Texas Municipal League Intergovernmental Risk Pool (“TML Pool”) to effectively manage its risk. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

The TML Pool was established by various political subdivisions in Texas to provide self-insurance for its members and to obtain lower costs for insurance. TML Pool members pay annual contributions to obtain the insurance. Annual contribution rates are determined by the TML Pool board. Rates are estimated to include all claims expected to occur during the policy including claims incurred but not reported. The TML Pool has established claims reserves for each of the types of insurance offered. Although the TML Pool is a self-insured risk pool, members are not contingently liable for claims filed above the amount of the fixed annual contributions. If losses incurred are significantly higher than actuarially estimated, the TML Pool adjusts the contribution rate for subsequent years. Members may receive returns of contributions if actual results are more favorable than estimated.

Williamson-Travis Counties Municipal Utility District No. 1

Index of Supplemental Schedules Required by Texas Commission on Environmental Quality Year Ended September 30, 2020

| Schedule Included | | | |
|----------------------|---------------|-------|--|
| Yes | No | | |
| <u> X </u> | <u> </u> | TSI-0 | Notes Required by the Water District Accounting Manual |
| <u> X </u> | <u> </u> | TSI-1 | Schedule of Services and Rates |
| <u> X </u> | <u> </u> | TSI-2 | Schedule of General Fund Expenditures |
| <u> X </u> | <u> </u> | TSI-3 | Schedule of Temporary Investments |
| <u> X </u> | <u> </u> | TSI-4 | Analysis of Taxes Levied and Receivable |
| <u> X </u> | <u> </u> | TSI-5 | Long-Term Debt Service Requirements by Years |
| <u> X </u> | <u> </u> | TSI-6 | Analysis of Changes in Long-Term Bonded Debt |
| <u> X </u> | <u> </u> | TSI-7 | Comparative Schedule of Revenues and Expenditures - General Fund and Debt Service Fund - Five Years |
| <u> X </u> | <u> </u> | TSI-8 | Board Members, Key Personnel and Consultants |

Williamson-Travis Counties Municipal Utility District No. 1

TSI-0 Notes Required by the Water District Accounting Manual Year Ended September 30, 2020

The notes which follow are not necessarily required for fair presentation of the audited basic financial statements of the District which are contained in the preceding section of this report. They are presented in conformity with requirements of the Texas Commission on Environmental Quality to assure disclosure of specifically required facts.

(A) Creation of District

See Note 1 to basic financial statements.

(B) Contingent Liabilities

See Note 8 to basic financial statements.

(C) Pension Coverage

Not applicable.

(D) Pledge of Revenues

See Note 7 to basic financial statements.

(E) Compliance with Debt Service Requirements

The provisions of the bond resolutions as summarized in Note 7 to the basic financial statements relating to debt service requirements have been met.

(F) Redemption of Bonds

See Note 7 to basic financial statements.

Williamson-Travis Counties Municipal Utility District No. 1

TSI-1 Schedule of Services and Rates Year Ended September 30, 2020

1. Services Provided by the District:

- | | | |
|--|---|--|
| <input checked="" type="checkbox"/> Retail Water | <input type="checkbox"/> Wholesale Water | <input checked="" type="checkbox"/> Drainage |
| <input checked="" type="checkbox"/> Retail Wastewater | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Irrigation |
| <input checked="" type="checkbox"/> Parks/Recreation | <input checked="" type="checkbox"/> Fire Protection | <input checked="" type="checkbox"/> Security |
| <input checked="" type="checkbox"/> Solid Waste/Garbage | <input type="checkbox"/> Flood Control | <input type="checkbox"/> Roads |
| <input type="checkbox"/> Participates in joint venture, regional system and or wastewater service (other than emergency interconnect) | | |
| <input checked="" type="checkbox"/> Other (specify): | <u>Deed Enforcement</u> | |

2. Retail Service Providers:

a. Retail Rates for a 5/8" Meter (or equivalent):

| | (1) Minimum Charge | Minimum Usage | Flat Rate Y/N | Rate per 1,000 Gallons Over Minimum | Usage Levels |
|------------|--------------------------|------------------|---------------------|---|---|
| Water | \$ 15.00 | N/A | N | \$ 4.66 5.60 6.71 | 0 to 10,000 10,001 to 15,000 15,001 above |
| Wastewater | \$ 10.00 | N/A | N | \$ 3.62 | 0 to Winter Avg. |
| Surcharge | \$ None | | | | |

District employs winter averaging for wastewater usage? Yes No

(1) Basic charge for residents age 65 or older is \$11.06 for water and \$7.37 for wastewater.

Total charges per 10,000 gallons usage: Water: \$ 61.60 Wastewater: \$ 46.20

(continued)

Williamson-Travis Counties Municipal Utility District No. 1

TSI-1 Schedule Of Services And Rates (Continued)

Year Ended September 30, 2020

b. Water and Wastewater Retail Connections:

| Meter Size | Total Connections | Active Connections | ESFC Factor | Active ESFCs |
|------------------|----------------------|-----------------------|----------------|-----------------|
| ≤3/4" | 1,899 | 1,895 | x 1.0 | 1,895 |
| 1" | 20 | 20 | x 2.5 | 50 |
| 1 1/2" | 10 | 10 | x 5.0 | 50 |
| 2" | 2 | 2 | x 8.0 | 16 |
| 3" | 5 | 4 | x 15.0 | 60 |
| 4" | - | - | x 25.0 | - |
| 6" | - | - | x 50.0 | - |
| 8" | - | - | x 80.0 | - |
| 10" | - | - | x 115.0 | - |
| Total Water | 1,936 | 1,931 | | 2,071 |
| Total Wastewater | 1,935 | 1,928 | x 1.0 | 1,928 |

3. Total Water Consumption during the Fiscal Year (rounded to the nearest thousand):

| | | |
|------------------------------|--------------------|---|
| Gallons pumped into system: | <u>177,082,000</u> | Water Accountability Ratio: (Gallons billed/Gallons pumped) <u>107.5%</u> |
| Gallons billed to customers: | <u>190,337,000</u> | |

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes No

If yes, Date of the most recent Commission Order: N/A

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

If yes, Date of the most recent Commission Order: N/A

(continued)

Williamson-Travis Counties Municipal Utility District No. 1

TSI-1 Schedule Of Services And Rates (Continued)

Year Ended September 30, 2020

5. Location of District:

County(ies) in which district is located: Travis and Williamson

Is the District located entirely within one county? Yes No

Is the District located within a city? Entirely Partly Not at all

City(ies) in which District is located: Cedar Park

Is the District located within a city's extra-territorial jurisdiction (ETJ)? Entirely Partly Not at all

ETJ's in which district is located: Cedar Park

Are Board members appointed by an office outside the District? Yes No

If yes, by whom? N/A

Williamson-Travis Counties Municipal Utility District No. 1

TSI-2 Schedule of General Fund Expenditures Year Ended September 30, 2020

| | | |
|---|----|------------------|
| Personnel Expenditures (including benefits) | \$ | - |
| Professional Fees: | | |
| Legal | | 366,796 |
| Engineering | | 78,398 |
| Auditing | | 16,000 |
| Financial Advisor | | 2,500 |
| Purchased Services For Resale- | | |
| Bulk Water and Wastewater Service Purchases | | 1,025,728 |
| Contracted Services: | | |
| Utility Manager | | 684,570 |
| Bookkeeping | | - |
| Appraisal District | | 9,990 |
| Tax Collector | | - |
| Other Contracted Services | | 61,690 |
| Utilities | | 12,413 |
| Repairs and Maintenance | | 630,749 |
| Administrative Expenditures: | | |
| Directors' Fees | | 43,379 |
| Insurance | | 3,517 |
| Other Administrative Expenses | | 73,180 |
| Capital Outlay: | | |
| Capitalized Assets | | 193,429 |
| Expenditures not Capitalized | | - |
| Solid Waste Disposal | | 368,569 |
| Fire Fighting | | 590,712 |
| Parks and Recreation | | - |
| Other Expenditures | | 21,891 |
| Total Expenditures | \$ | <u>4,183,511</u> |

Number of persons employed by the District: 0 Full-Time 9 Part-Time
(Does not include independent contractors or consultants)

Williamson-Travis Counties Municipal Utility District No. 1

TSI-3 Schedule of Temporary Investments September 30, 2020

| Funds | Identification or Certificate Number | Interest Rate | Maturity Date | Balance at September 30, 2020 | Accrued Interest Receivable at September 30, 2020 |
|---|--|------------------|------------------|-------------------------------------|---|
| <u>General Fund:</u> | | | | | |
| Investment in TexPool | 7935500002 | Variable | N/A | \$ 2,141,891 | \$ - |
| Certificate of deposit - East West Bank | 01-72010764 | 0.42% | 4/7/2021 | 112,768 | 112 |
| Total General Fund investments | | | | 2,254,659 | 112 |
| <u>Debt Service Fund:</u> | | | | | |
| Investment in TexPool | 7935500003 | Variable | N/A | 193,221 | - |
| Investment in TexPool | 7935500004 | Variable | N/A | 2,523 | - |
| Total Debt Service Fund investments | | | | 195,744 | - |
| Total All Funds | | | | \$ 2,450,403 | \$ 112 |

Williamson-Travis Counties Municipal Utility District No. 1

TSI-4 Analysis of Taxes Levied and Receivable Year Ended September 30, 2020

| | Maintenance Taxes | Debt Service Taxes | | |
|---|-----------------------|--------------------------|--------------------|--------------------|
| Taxes receivable, September 30, 2019 | \$ 26,958 | \$ 18,705 | | |
| 2019 Original Tax Levy | 1,794,766 | 606,989 | | |
| Adjustments | (226) | (81) | | |
| Total to be accounted for | <u>1,821,498</u> | <u>625,613</u> | | |
| Tax collections: | | | | |
| Current year | 1,741,849 | 589,093 | | |
| Prior years | 4,976 | 2,906 | | |
| Total collections | <u>1,746,825</u> | <u>591,999</u> | | |
| Taxes receivable, September 30, 2020 | <u>\$ 74,673</u> | <u>\$ 33,614</u> | | |
| Taxes receivable, by years | | | | |
| 2019 | \$ 52,760 | \$ 17,834 | | |
| 2018 | 5,624 | 2,077 | | |
| 2017 | 3,115 | 1,495 | | |
| 2016 | 2,686 | 2,018 | | |
| 2015 | 2,037 | 1,426 | | |
| 2014 and prior | 8,451 | 8,764 | | |
| Taxes receivable, September 30, 2020 | <u>\$ 74,673</u> | <u>\$ 33,614</u> | | |
| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
| Property valuations- | | | | |
| Land improvements and personal property | <u>\$ 612,970,809</u> | <u>579,845,210</u> | <u>532,595,407</u> | <u>494,573,725</u> |
| Tax rates per \$100 valuation: | | | | |
| Maintenance tax rates | 0.2877 | 0.2979 | 0.2916 | 0.2662 |
| Debt service tax rates | 0.0973 | 0.1100 | 0.1400 | 0.2000 |
| Total tax rates per \$100 valuation | | | | |
| Valuation | <u>\$ 0.3850</u> | <u>0.4079</u> | <u>0.4316</u> | <u>0.4662</u> |
| Original tax levy | <u>\$ 2,401,755</u> | <u>2,379,323</u> | <u>2,346,089</u> | <u>2,357,926</u> |
| Percent of taxes collected | | | | |
| To taxes levied | <u>97.1%</u> | <u>99.7%</u> | <u>99.8%</u> | <u>99.8%</u> |

Williamson-Travis Counties Municipal Utility District No. 1

TSI-5 Long-Term Debt Service Requirement By Years September 30, 2020

| Due During Fiscal Years Ending 9/30 | Combination Unlimited Tax and Revenue Bonds, Series 2003 | | | Unlimited Tax and Revenue Refunding Bonds, Series 2005 | | | Unlimited Tax and Revenue Refunding Bonds, Series 2011 | | |
|---|---|-----------------------------|-------------------|---|-----------------------------|------------------|---|-----------------------------|------------------|
| | Principal Due 9/1 | Interest Due 3/1, 9/1 | Total | Principal Due 9/1 | Interest Due 3/1, 9/1 | Total | Principal Due 9/1 | Interest Due 3/1, 9/1 | Total |
| 2021 | \$ 170,000 | \$ 21,030 | \$ 191,030 | \$ 90,000 | \$ 3,690 | \$ 93,690 | \$ 85,000 | \$ 2,550 | \$ 87,550 |
| 2022 | 175,000 | 14,400 | 189,400 | - | - | - | - | - | - |
| 2023 | 185,000 | 7,400 | 192,400 | - | - | - | - | - | - |
| | <u>\$ 530,000</u> | <u>\$ 42,830</u> | <u>\$ 572,830</u> | <u>\$ 90,000</u> | <u>\$ 3,690</u> | <u>\$ 93,690</u> | <u>\$ 85,000</u> | <u>\$ 2,550</u> | <u>\$ 87,550</u> |

(continued)

Williamson-Travis Counties Municipal Utility District No. 1

TSI-5 Long-Term Debt Service Requirements By Years (continued) September 30, 2020

| Due During Fiscal Years Ending 9/30 | Annual Requirements for All Series | | |
|---|------------------------------------|--------------------------|--|
| | Total Principal Due | Total Interest Due | Total Principal and Interest Due |
| 2021 | \$ 345,000 | \$ 27,270 | \$ 372,270 |
| 2022 | 175,000 | 14,400 | 189,400 |
| 2023 | 185,000 | 7,400 | 192,400 |
| | <u>\$ 705,000</u> | <u>\$ 49,070</u> | <u>\$ 754,070</u> |

Williamson-Travis Counties Municipal Utility District No. 1

TSI-6 Analysis of Changes in Long-Term Bonded Debt September 30, 2020

| | Series 2003 | Series 2005 | Series 2011 | Totals |
|---|-----------------------------|-----------------------------|-----------------------------|-------------------|
| Interest rate | 3.0-4.75% | 2.5-4.1% | 2.0-3.0% | |
| Dates interest payable | 3/1; 9/1 | 3/1; 9/1 | 3/1; 9/1 | |
| Maturity dates | 9/1/2023 | 9/1/2021 | 9/1/2021 | |
| Bonds outstanding, beginning of year | \$ 690,000 | \$ 395,000 | \$ 175,000 | \$ 1,260,000 |
| Bonds issued during current year | - | - | - | - |
| Bonds retired during current year | (160,000) | (305,000) | (90,000) | (555,000) |
| Bonds outstanding, end of year | <u>\$ 530,000</u> | <u>\$ 90,000</u> | <u>\$ 85,000</u> | <u>\$ 705,000</u> |
| Interest paid during current year | <u>\$ 27,190</u> | <u>\$ 15,890</u> | <u>\$ 5,250</u> | <u>\$ 48,330</u> |
| Paying agent's name & address: | Chase Bank Dallas, Texas | Chase Bank Dallas, Texas | Chase Bank Dallas, Texas | |
| | <u>Tax Bonds</u> | <u>Other Bonds</u> | <u>Refunding Bonds</u> | |
| Bond authority: | | | | |
| Amount authorized | \$ 25,751,525 | \$ - | \$ - (1) | |
| Amount issued | <u>19,937,854</u> | <u>-</u> | <u>21,466,667</u> | |
| Remaining to be issued | <u>\$ 5,813,671</u> | <u>\$ -</u> | <u>\$ -</u> | |
| Debt Service Fund cash and temporary investments balances as of September 30, 2020: | | | | <u>\$ 195,744</u> |
| Average annual debt service payments (principal & interest) for remaining term of debt: | | | | <u>\$ 251,357</u> |

(1) Voter approval of refunding bonds is not required pursuant to Texas Water Code, Sec. 49.106

Williamson-Travis Counties Municipal Utility District No. 1

TSI-7 Comparative Schedule of Revenues and Expenditures- General Fund and Debt Service Fund Five Years Ended September 30, 2020

| | Amounts | | | | | Percent of Fund Total Revenues | | | | |
|---|--------------|-----------|-----------|-----------|-----------|-----------------------------------|--------|-------|-------|-------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2020 | 2019 | 2018 | 2017 | 2016 |
| General Fund | | | | | | | | | | |
| Revenues: | | | | | | | | | | |
| Property taxes, including penalties and interest | \$ 1,750,801 | 1,744,825 | 1,583,137 | 1,348,089 | 1,391,011 | 41.2 % | 41.8 | 39.7 | 36.3 | 39.1 |
| Water, wastewater and garbage, including penalties | 1,859,473 | 1,768,482 | 1,806,706 | 1,783,010 | 1,606,002 | 43.8 | 42.4 | 45.3 | 48.0 | 45.1 |
| Fire protection fees | 590,712 | 564,364 | 540,066 | 530,624 | 499,895 | 13.9 | 13.5 | 13.5 | 14.3 | 14.1 |
| Interest | 24,137 | 52,795 | 35,052 | 18,248 | 12,354 | 0.6 | 1.3 | 0.9 | 0.5 | 0.3 |
| Other | 19,887 | 39,099 | 24,596 | 34,789 | 48,220 | 0.5 | 1.0 | 0.6 | 0.9 | 1.4 |
| Total revenues | 4,245,010 | 4,169,565 | 3,989,557 | 3,714,760 | 3,557,482 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Expenditures: | | | | | | | | | | |
| Current: | | | | | | | | | | |
| Bulk water, wastewater and garbage collection | 1,394,297 | 1,377,423 | 1,554,324 | 1,482,910 | 1,406,855 | 32.8 | 33.0 | 39.0 | 39.9 | 39.5 |
| Contracted services | 1,022,005 | 960,508 | 652,109 | 605,342 | 560,413 | 24.1 | 23.0 | 16.3 | 16.3 | 15.8 |
| Fire protection | 590,712 | 564,364 | 540,066 | 530,624 | 499,895 | 13.9 | 13.5 | 13.5 | 14.3 | 14.1 |
| Repairs and maintenance | 630,749 | 599,406 | 563,909 | 512,850 | 538,211 | 14.9 | 14.4 | 14.1 | 13.8 | 15.1 |
| Security | 61,690 | 53,586 | 59,182 | 54,529 | 67,363 | 1.5 | 1.3 | 1.5 | 1.5 | 1.9 |
| Directors' fees and expenses | 43,379 | 45,506 | 46,321 | 51,187 | 44,059 | 1.0 | 1.1 | 1.2 | 1.4 | 1.2 |
| Tax appraisal/collection fees | 9,990 | 9,762 | 9,604 | 8,453 | 9,427 | 0.2 | 0.2 | 0.2 | 0.2 | 0.3 |
| Insurance | 3,517 | 14,508 | 15,665 | 14,956 | 11,185 | 0.1 | 0.3 | 0.4 | 0.4 | 0.3 |
| Utilities | 12,413 | 13,336 | 13,351 | 11,661 | 12,142 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Open records request | 148,150 | 87,263 | 10,028 | - | - | 3.5 | 2.1 | 0.3 | - | - |
| Other | 73,180 | 67,993 | 97,494 | 94,845 | 50,541 | 1.7 | 1.6 | 2.4 | 2.6 | 1.4 |
| Capital outlay | 193,429 | 190,265 | 416,478 | 592,746 | 584,011 | 4.6 | 4.6 | 10.4 | 16.0 | 16.4 |
| Total expenditures | 4,183,511 | 3,983,920 | 3,978,531 | 3,960,103 | 3,784,102 | 98.5 | 95.4 | 99.6 | 106.7 | 106.3 |
| Excess (deficiency) of revenues over (under) expenditures | \$ 61,499 | 185,645 | 11,026 | (245,343) | (226,620) | 1.5 % | 4.6 | 0.4 | (6.7) | (6.3) |
| Debt Service Fund | | | | | | | | | | |
| Revenues: | | | | | | | | | | |
| Property taxes, including penalties and interest | \$ 594,007 | 649,705 | 760,975 | 1,012,600 | 973,974 | 98.9 % | 97.1 | 98.2 | 99.3 | 99.6 |
| Interest | 6,371 | 19,483 | 13,888 | 7,336 | 3,930 | 1.1 | 2.9 | 1.8 | 0.7 | 0.4 |
| Total revenues | 600,378 | 669,188 | 774,863 | 1,019,936 | 977,904 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Expenditures: | | | | | | | | | | |
| Principal, interest and fiscal charges | 604,599 | 763,055 | 756,525 | 1,012,575 | 1,012,385 | 100.7 | 114.0 | 97.6 | 99.3 | 103.5 |
| Tax appraisal/collection fees | 5,626 | 6,993 | 7,901 | 9,957 | 10,594 | 0.9 | 1.0 | 1.0 | 1.0 | 1.1 |
| Total expenditures | 610,225 | 770,048 | 764,426 | 1,022,532 | 1,022,979 | 101.5 | 115.0 | 98.6 | 100.3 | 104.6 |
| Excess (deficiency) of revenues over (under) expenditures | \$ (9,847) | (100,860) | 10,437 | (2,596) | (45,075) | (1.5) % | (15.0) | 1.4 | (0.3) | (4.6) |
| Total Active Retail Water Connections | 1,931 | 1,933 | 1,922 | 1,922 | 1,932 | | | | | |
| Total Active Retail Wastewater Connections | 1,928 | 1,930 | 1,904 | 1,922 | 1,927 | | | | | |

Williamson-Travis Counties Municipal Utility District No. 1

TSI-8 Board Members, Key Personnel and Consultants September 30, 2020

Complete District Mailing Address: 12912 Hill Country Blvd., Suite F-232
Austin, Texas 78738

District Business Telephone Number: (512) 476-6604

Submission date of the most recent District Registration Form: November 21, 2018
(TWC Sections 36.054 and 49.054)

Limit on fees of office that a director may receive during a fiscal year: \$7,200
(Set by Board Resolution - TWC Sections 49.060)

| <u>Name and Address</u> | <u>Term of Office Elected & Expires or Date Hired</u> | <u>Fees 9/30/20</u> | <u>Expense Reimbursements 9/30/20</u> | <u>Title at Year End</u> |
|-------------------------|---|-------------------------|---|-----------------------------------|
| <u>Board Members:</u> | | | | |
| Catherine Franke | Elected 11/18 - 11/22 | \$ 7,200 | \$ 55 | President |
| Jana Norton Ramirez | Elected 11/16 - 11/20 | 7,200 | 140 | Vice President |
| Chris W. Rocco | Elected 11/16 - 11/20 | 6,600 | 28 | Secretary |
| Art Medrano | Elected 11/18 - 11/22 | 7,200 | - | Assistant Secretary/ Treasurer |
| Luis Mario Zervigon | Elected 11/18-11/22 | 7,200 | - | Assistant Secretary/ Treasurer |

Note: No director is disqualified from serving on this board under the Texas Water Code.

(continued)

Williamson-Travis Counties Municipal Utility District No. 1

TSI-8 Board Members, Key Personnel and Consultants (continued) September 30, 2020

| <u>Name and Address</u> | <u>Date Hired</u> | <u>Fees and Expense Reimbursements 9/30/20</u> | <u>Title at Year End</u> |
|---------------------------------|-------------------|--|------------------------------|
| <u>Consultants:</u> | | | |
| Inframark, LLC | 1991 | \$ 936,322 | District Manager |
| Willatt & Flickinger, PLLC | 2000 | 276,474 | Attorney |
| Gray Engineering, Inc. | 1992 | 120,815 | Engineer |
| Maxwell Locke & Ritter LLP | 2009 | 16,000 | Auditor |
| Williamson County Tax Collector | N/A | 11,074 | Tax Collector |
| Travis County Tax Collector | N/A | 2,294 | Tax Collector |

Williamson-Travis Counties Municipal Utility District No. 1

OSI-1 Principal Taxpayers Year Ended September 30, 2020

| Taxpayer | Type of Property | Tax Roll Year | |
|---------------------------------------|---------------------|---------------|---------------|
| | | 2020 | 2019 |
| S-K Cedar Park Opportunity II LLC | Land & Improvements | \$ 24,550,521 | \$ 24,034,750 |
| CubSMART LP | Land & Improvements | 5,794,513 | 6,080,432 |
| Builder Homesite Inc. | Land & Improvements | 5,762,349 | 6,049,626 |
| Exchangeright Net Leased Portfolio 24 | Land & Improvements | 2,426,864 | 2,412,543 |
| YOLO Ventures LLC | Land & Improvements | 2,417,815 | 2,388,231 |
| El Salido Medical Building Ltd | Land & Improvements | 1,962,408 | 2,202,743 |
| El Salido Property LP | Land & Improvements | 1,951,500 | 2,002,607 |
| 44 South Munn LLC | Land & Improvements | 1,935,842 | - |
| PRS Salido LLC | Land & Improvements | 1,875,000 | 2,069,297 |
| Circle K Stores Inc | Land & Improvements | 1,832,620 | 1,904,119 |
| LG RR 620 El Salido LLC | Land & Improvements | - | 1,915,480 |

Williamson-Travis Counties Municipal Utility District No. 1

OSI-2 Assessed Value by Classification Year Ended September 30, 2020

| | Tax Roll Years | | | |
|-----------------------------|-----------------------|-------------|-----------------------|-------------|
| | 2020 | | 2019 | |
| | Amount | % | Amount | % |
| Single Family | \$ 557,677,429 | 86% | \$ 556,030,492 | 87% |
| Multi Family | 4,558,734 | 1% | 4,242,780 | 1% |
| Vacant Platted Lots/ Tracts | 9,738 | 0% | 100,123 | 0% |
| Commercial and Industrial | 56,111,146 | 9% | 54,572,379 | 9% |
| Utilities | 1,757,483 | 0% | 1,774,034 | 0% |
| Business | 5,580,781 | 1% | 2,849,879 | 0% |
| Exempt | 20,338,660 | 3% | 19,119,273 | 3% |
| Total | \$ 646,033,971 | 100% | \$ 638,688,960 | 100% |