

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT**

WILLIAMSON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2020

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT**

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ANNUAL FILING AFFIDAVIT

ANNUAL FILING AFFIDAVIT

STATE OF TEXAS

COUNTY OF WILLIAMSON

I, _____ of the
(Name of Duly Authorized District Representative)

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

(Name of District)

hereby swear, or affirm, that the District above has reviewed and approved at a meeting of the District's Board of Directors on the **28th day of January, 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's office, located at:

16318 Great Oaks Drive
Round Rock, Texas 78681
(Address of District's Office)

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 the annual filing requirements of Texas Water Code 49.194.

Date: _____, _____ By: _____
(Signature of District Representative)

(Typed Name and Title of District Representative)

Sworn to and subscribed to before me this _____ day of _____, _____.

(Signature of Notary)

(SEAL)

(Printed Name of Notary)

My Commission Expires On: _____,
Notary Public in the State of Texas

INDEPENDENT AUDITOR'S REPORT

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Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Brushy Creek Municipal
Utility District
Williamson County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Brushy Creek Municipal Utility District (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.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Board of Directors
Brushy Creek Municipal
Utility District

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of District Contributions 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* and other supplementary information 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

January 28, 2021

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Management’s discussion and analysis of Brushy Creek Municipal Utility District’s (the “District”) financial performance provides an overview of the District’s financial activities for the fiscal year ended September 30, 2020.

USING THIS ANNUAL REPORT

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 Statement of Revenues, Expenditures, and Changes in Fund Balances
 - Notes to the Financial Statements

This report also includes required supplementary information and other supplementary information.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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.

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 the 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”). The budgetary comparison schedule is included as RSI for the General Fund and the schedule of changes in net pension liability and related ratios as well as the schedule of District contributions is included as RSI. There is also Supplementary Information Required by the Water District Financial Management Guide and Other Supplementary Information related to property taxes.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$42,162,486 as of September 30, 2020. Of this amount, \$21,542,300 (unrestricted net position) may be used to meet the District's ongoing obligations.

A portion of the District's net position reflects its net investment in capital assets (e.g. water, wastewater and drainage facilities, as well as land, construction in progress, buildings, and furniture, fixtures and equipment, less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide various services to District residents.

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

	Summary of Changes in the Statement of Net Position		
	2020	2019	Change Positive (Negative)
Current and Other Assets	\$ 33,219,975	\$ 30,558,766	\$ 2,661,209
Capital Assets (Net of Accumulated Depreciation)	51,484,113	51,707,169	(223,056)
Total Assets	\$ 84,704,088	\$ 82,265,935	\$ 2,438,153
Deferred Outflows of Resources	\$ 618,304	\$ 687,975	\$ (69,671)
Current Liabilities	\$ 5,895,614	\$ 5,302,169	\$ (593,445)
Long -Term Liabilities	37,128,152	38,627,188	1,499,036
Total Liabilities	\$ 43,023,766	\$ 43,929,357	\$ 905,591
Deferred Inflows of Resources	\$ 136,140	\$ 17,975	\$ (118,165)
Net Position:			
Net Investment in Capital Assets	\$ 15,547,661	\$ 12,536,093	\$ 3,011,568
Restricted	5,072,525	4,463,518	609,007
Unrestricted	21,542,300	22,006,967	(464,667)
Total Net Position	\$ 42,162,486	\$ 39,006,578	\$ 3,155,908

The District's total assets were approximately \$84.7 million as of September 30, 2020. Of this amount, approximately \$51.5 million was accounted for by capital assets. The District had outstanding liabilities of approximately \$43.0 million of which approximately \$39.0 million represents bonds payable.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following table provides a summary of the District's operations for the years ended September 30, 2020, and September 30, 2019. The District's net position increased by \$3,155,908.

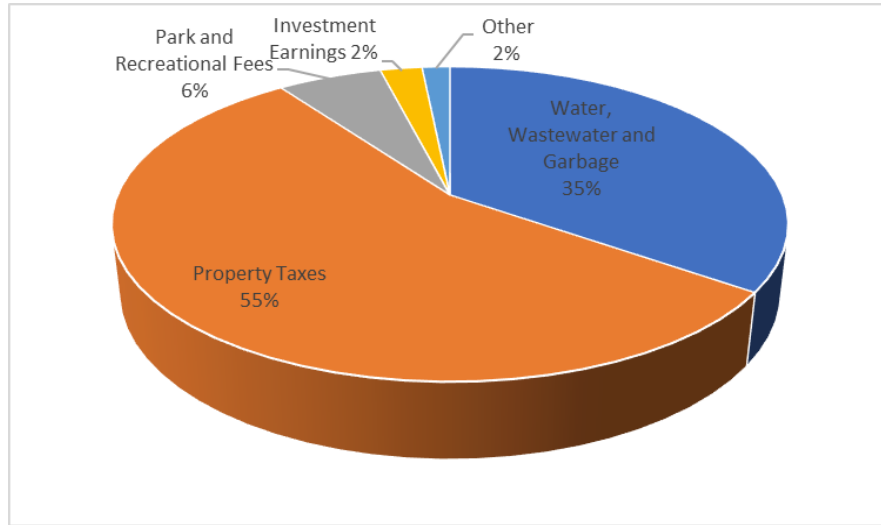
	Summary of Changes in the Statement of Activities		
	2020	2019	Change Positive (Negative)
Revenues:			
Water, Wastewater and Garbage	\$ 6,796,924	\$ 6,581,364	\$ 215,560
Property Taxes	10,828,335	10,470,264	358,071
Park and Recreational Fees	1,165,846	1,969,615	(803,769)
Investment Earnings	467,944	825,234	(357,290)
Contributed Assets	350	200	150
Other	311,026	384,774	(73,748)
Total Revenues	19,570,425	20,231,451	(661,026)
Expenses:			
Water, Wastewater and Garbage	2,805,730	2,762,311	(43,419)
Salary and Related Expenditures	4,780,671	4,669,446	(111,225)
Administrative	345,785	1,120,396	774,611
Repairs and Maintenance	1,276,114	1,117,540	(158,574)
Utilities	611,657	580,259	(31,398)
Professional Fees	687,494	434,287	(253,207)
Contracted Services	747,105	400,696	(346,409)
Other	710,576	336,065	(374,511)
Debt Service	1,081,740	1,295,680	213,940
Depreciation	3,367,645	3,924,775	557,130
Total Expenses	16,414,517	16,641,455	226,938
Gain (Loss) on Sale of Capital Assets		138,995	(138,995)
Change in Net Position	\$ 3,155,908	\$ 3,728,991	\$ (573,083)
Net Position, Beginning of Year	39,006,578	35,277,587	3,728,991
Net Position, End of Year	\$ 42,162,486	\$ 39,006,578	\$ 3,155,908

The District's net property tax values increased by approximately \$84.4 million or 4% from \$2,086,616,021 to \$2,171,065,972 for District-wide and approximately \$21.7 million or 4% from \$493,992,503 to \$515,650,174 for the Defined Area. The tax rate is set after reviewing operations and maintenance requirements, interest and sinking fund requirements, and proposed water and wastewater rates. The District-wide rate remained the same at \$0.460 per \$100 of assessed value while the Defined Area rate decreased from \$0.175 to \$0.165 per \$100 of assessed value. Total tax revenue increased by approximately \$358,000 year-over-year.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The District's main revenue sources are property taxes, utility services, and recreational fees.



FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

	2020	2019
Cash and Cash Equivalents	\$ 1,805,161	\$ 913,770
Investments	30,320,919	28,619,979
Receivables	799,765	964,956
Interfund Receivables	4,293,588	489,108
Prepays and Other Assets	65,476	60,061
Total Assets	\$ 37,284,909	\$ 31,047,874
Accounts Payable	\$ 974,590	\$ 528,352
Refundable Deposits	657,095	667,588
Other Liabilities	256,373	212,856
Intefund Payables	4,293,588	489,108
Unearned Revenue	22,354	127,994
Bond Interest Payable	29,280	18,096
Total Liabilities	6,233,280	2,043,994
Deferred Inflows of Resources -		
Property Taxes	93,960	68,955
Nonspendable	61,254	55,840
Restricted	9,663,248	7,255,280
Committed	6,643,547	8,216,400
Unassigned	14,589,620	13,407,405
Total Fund Balance	30,957,669	28,934,925
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 37,284,909	\$ 31,047,874

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

FINANCIAL ANALYSIS OF THE DISTRICT’S GOVERNMENTAL FUNDS (Continued)

The District’s combined fund balances as of September 30, 2020, were \$30,957,669, an increase of 7.0% from the prior year.

The General Fund fund balance increased by \$211,659, primarily due to general and program revenues exceeding operating, debt service and capital expenditures. Utilities revenue saw an increase of about 4% primarily due to an increase in water rates in March 2020. A steep decline of about 41% in parks and recreation revenue was driven by reduced memberships, participation, and rentals which has been attributed to COVID-19. Future impacts on unemployment and consumer spending due to the pandemic have also cautioned the District to prepare for a decrease in revenue in this category. Investment earnings also took a deep dive of about 43% due to the pandemic as federal interest rates dropped significantly in March 2020. The Federal Reserve expects rates to remain low through 2023. New development growth has slowed due to the District reaching build-out status for individual residential properties. There are no further planned developments that will be contributed to the District.

Unassigned Fund Balance	
Operating Reserve	\$ 8,389,938
Revenue Protection Reserve	3,309,545
Remaining Unassigned Fund Balance	2,890,137
Total Unassigned Fund Balance	\$ 14,589,620

The Board committed \$6,643,547 of General Fund fund balance for specific future projects, of which most are expected to occur in fiscal year 2021. This is a \$1.57 million decrease from the amount of projects committed at the end of fiscal year 2019. In addition to these committed funds, the Board of Directors has approved a resolution to set aside \$8,389,938 for a 6-month Operating Reserve and \$3,309,545 for a Revenue Protection Reserve. In accordance with GASB Statement No. 54, these amounts are included in unassigned fund balance at year-end.

The Debt Service Fund fund balance decreased by \$60,289, primarily due to the structure of the District’s bonds offset by the issuance of the Series 2020 Refunding, Series 2020A Refunding and Series 2020 Defined Area Refunding bonds.

The Capital Projects Fund fund balance increased by \$1,871,374, primarily due to the issuance of the Series 2020 bonds, the proceeds of which will be used to fund the zebra mussel abatement project.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

GENERAL FUND BUDGETARY HIGHLIGHTS

In compliance with governmental accounting principles, the Board of Directors adopted an unappropriated budget for the General Fund during the current fiscal year, which was amended during the year. Actual revenues, including other financing sources, were \$216,825 less than budgeted revenues primarily from less than expected recreation revenues and rental income. Actual expenditures were \$428,484 less than budgeted expenditures primarily from lower than expected administrative, contracted services, salary and benefits and water and wastewater purchase expenditures offset by higher than expected capital outlay and repairs and maintenance expenditures.

CAPITAL ASSETS

Capital assets as of September 30, 2020, totaled \$51,484,113 (net of accumulated depreciation). These capital assets include land, construction in progress, buildings, furniture, fixtures, and equipment, park and recreational facilities as well as the water, wastewater and drainage systems.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2020	2019	Change Positive (Negative)
Capital Assets:			
Depreciation:			
Land	2,676,333	2,676,333	
Construction in Process	506,083	551,896	(45,813)
Waster, Wastewater and Drainage Systems	84,627,607	85,227,118	(599,511)
Easements and Rights-of-Way	883,890	883,890	
Buildings and Improvements	14,380,137	12,209,055	2,171,082
Furniture and Equipment	2,201,731	1,221,065	980,666
Parks and Recreational Facilities	9,012,434	8,602,725	409,709
Automobiles and Trucks	646,310	554,307	92,003
Accumulated Depreciation	(63,450,412)	(60,219,220)	(3,231,192)
Total Net Capital Assets	\$ 51,484,113	\$ 51,707,169	\$ (223,056)

The last infrastructure acquired from a developer occurred in fiscal year 2015. There are no future acquisitions from a developer planned. The District issued bonds in 2020 to fund zebra mussel abatement and air compressors for the water treatment facility.

Significant improvements included a \$2.1 million addition of a maintenance yard, \$166,000 worth of updates to the SCADA software, and improvements to the Cat Hollow pool with the addition of restrooms. Design and engineering continued on several large projects that have started or are expected to start in fiscal year 2021. This includes a \$2 million expansion of Community Park playground, construction of a turnaround in the Community Center parking lot, expansion of the pool building at Sendero Springs Pool, and improvements to the Community

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

CAPITAL ASSETS (Continued)

Center garden which is expected to be significantly completed in fiscal year 2021, costing less than \$500,000.

Certain amounts reported in prior year in the financial statements have been reclassified to confirm to current year's presentation. This included approximately \$600,000 of assets reclassified from water, wastewater and drainage systems to buildings and improvements.

Utility projects in fiscal year 2020 included design and engineering for the zebra mussel abatement (temporary and permanent designs), 12'' and 24'' water line relocation associated with the Hairy Man Road expansion and GOE bridge, revitalization to Pasada Pond, and the redesign for the Woods lift station. Engaged utility projects include a temporary chemical feed for the zebra mussel abatement and air compressors for the water treatment facility.

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

LONG-TERM DEBT ACTIVITY

At year-end, the District had total bond debt payable of \$38,980,000. The long-term debt of the District consisted of the following during the fiscal year ended September 30, 2020 and 2019, respectively:

	<u>2020</u>	<u>2019</u>
District-wide:		
Series 2005 Bonds	\$ -	\$ 595,000
Series 2009 Refunding Bonds	-	215,000
Series 2010 Refunding Bonds	-	1,270,000
Series 2011 Refunding Bonds	-	1,870,000
Series 2012 Refunding Bonds	660,000	7,435,000
Series 2013 Refunding Bonds	-	5,995,000
Series 2016 Revenue Note	4,955,000	5,385,000
Series 2019 Refunding Bonds	6,605,000	6,605,000
Series 2020 Refunding Bonds	8,140,000	-
Series 2020 Bonds	2,100,000	-
Series 2020A Refunding Bonds	5,600,000	-
Total District-wide	<u>28,060,000</u>	<u>29,370,000</u>
Defined Area:		
Series 2009 Bonds	-	80,000
Series 2011 Bonds	85,000	1,870,000
Series 2013 Bonds	2,875,000	2,975,000
Series 2015 Refunding Bonds	3,115,000	3,240,000
Series 2015 Bonds	3,050,000	3,155,000
Series 2020 Refunding Bonds	1,795,000	-
Total Defined Area	<u>10,920,000</u>	<u>11,320,000</u>
Total	<u>\$ 38,980,000</u>	<u>\$ 40,690,000</u>

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

LONG-TERM DEBT ACTIVITY (Continued)

The District's district-wide and defined area bonds have the following future payment requirements:

District-wide:			
Fiscal Year	Principal	Interest	Total Requirement
2021	\$ 2,980,000	\$ 796,275	\$ 3,776,275
2022	3,065,000	733,457	3,798,457
2023	3,160,000	647,072	3,807,072
2024	3,200,000	562,793	3,762,793
2025	3,290,000	463,800	3,753,800
2026-2030	12,365,000	848,649	13,213,649
	\$ 28,060,000	\$ 4,052,046	\$ 32,112,046

Defined Area:			
Fiscal Year	Principal	Interest	Total Requirement
2021	\$ 525,000	\$ 387,034	\$ 912,034
2022	550,000	366,894	916,894
2023	570,000	350,121	920,121
2024	590,000	332,444	922,444
2025	615,000	313,544	928,544
2026-2030	3,425,000	1,254,395	4,679,395
2031-2035	3,140,000	632,751	3,772,751
2036-2039	1,505,000	147,054	1,652,054
	\$ 10,920,000	\$ 3,784,237	\$ 14,704,237

The District's Series 2012 Refunding, Series 2019 Refunding, Series 2020 Refunding, Series 2020, and Series 2020A Refunding carry an underlying rating of "AA-". The District's other bonds are not rated. The Series 2020 and Series 2020A Refunding bonds carry an insured rating of "AA" by virtue of bond insurance issued by Build America Mutual and Assured Guaranty Municipal Corp., respectively. The ratings above are based on ratings as of September 30, 2020.

More detailed information about the District's long-term debt is presented in the Notes to the Financial Statements.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The amount of assessed value of property within the District-wide area for the 2020 tax year (September 30, 2021 fiscal year) is approximately \$2.2 billion and the tax rate levied was \$0.46 per \$100 of assessed valuation consisting of \$0.32 per \$100 of assessed valuation for maintenance and operations and \$0.14 per \$100 of assessed valuation for debt service. The amount of assessed value of property within the Defined Area for the 2020 tax year is approximately \$535 million and the tax rate levied was \$0.16 per \$100 of assessed valuation for debt service.

The adopted budget for fiscal year 2021 projects the General Fund balance to remain the same with revenues and transfers offsetting expenditures.

Construction of homes in the last residential development in the District was completed in 2017. As the District reached residential build out, the last remaining commercial properties are also being developed in the RR 620 corridor. All commercial property in the FM 1431 corridor has been developed. The slowdown and eventual stop to new development will have an impact on revenue growth in the District.

Brushy Creek Regional Wastewater System

Brushy Creek Municipal Utility District is a wholesale customer of Round Rock, which is an owner of the Brushy Creek Regional Wastewater System. The District is contractually obligated to pay to Round Rock a pro rata share of costs of “Required Improvements”, which are generally defined as expansions, repairs, improvements, replacements or modifications as necessary for regulatory requirements or for proper and efficient operation of the System.

A \$122.5 million project is underway by the City of Round Rock (the “City”) and other owners of the System. The Project includes both Required Improvements and an expansion component. The District is not responsible for the expansion costs but has been allocated \$1.355 million in costs of the Project representing its pro rata share of the Required Improvement costs. The entire \$1.355 million allocated to the District would be paid out over a significant number of years as part of the District’s obligation to pay a share of Debt Service. The City has presented alternative maturity terms and interest rates to the District for payment of the Required Improvement costs.

The project consists of increased TCEQ Treatment permit requirements and associated Make-up Capacity for treatment capacity taken out of service because of the conversion of a 1.5 MGD treatment train to a sludge holding basin. The existing plant can treat 21.5 MGD, with no daily phosphorous discharge limits. New TCEQ requirements permit a daily phosphorous discharge limit of 0.5 mg/l. The plant is also being expanded to treat 30 MGD of wastewater. The new TCEQ treatment permit levels are independent of the expansion and would be imposed regardless of the plant’s expansion to 30 MGD.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS (Continued)

Brazos River Authority

In October 2020, the BRA refunded \$12,615,536 of open market debt associated with the Williamson County Regional Raw Water Line (WCRRWL), which resulted in a total savings of \$195,745 to the District.

The savings from the bond refunding more than offset estimated costs associated with the installation of a Copper Ion Generator at the WCRRWL, which will provide for zebra mussel control at the intake structure on Lake Stillhouse Hollow. As part of the bond refunding, new Series 2020 WCRRWL debt totaling \$2,165,000 was issued for the Copper Ion Generator project. The net savings to the District following the refunding and new debt issuance is \$46,584. The District will be responsible for payment of 6.54 percent of the new debt. Design, acquisition, and installation of the Copper Ion Generator is expected to take place in Brazos River Authority (BRA) fiscal year 2021 and 2022.

Another upcoming project associated with the WCRRWL is installation of the final phase of pumps (Phase 3) that will bring the system up to its ultimate capacity. This is expected to be a four-year project with engineering design beginning in BRA fiscal year 2021 and construction being completed in fiscal year 2025. The total project cost is currently estimated at approximately \$12.2 million with the District being responsible for 6.54 percent of the ultimate costs. This project will be funded by debt to be issued at a later date.

Senate Bill 2

Senate Bill 2 and its effect on property taxes impacted the District as it became subject to a Voter Approval Tax rate limitation of 3.5% (for maintenance & operations tax), similar to cities and other taxing units. The prior voter approval rate, previously known as the rollback rate, was set at 8%. If the 3.5% is exceeded, the District must hold a mandatory election whereas under the old law, a petition was required.

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 Brushy Creek Municipal Utility District, 16318 Great Oaks Drive, Round Rock, Texas 78681.

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FINANCIAL STATEMENTS

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2020**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
ASSETS						
Cash and Investments:						
Cash	\$ 925,946	\$	\$	\$ 925,946	\$	\$ 925,946
Investments	18,127,716	7,096,455	4,418,063	29,642,234		29,642,234
Cash with Paying Agent		879,215		879,215		879,215
Receivables:						
Service Accounts (Net of Allowance for Uncollectible Accounts of \$96,970)	653,167			653,167		653,167
Taxes	55,431	38,529		93,960		93,960
Accrued Interest	30,809			30,809		30,809
Other	21,829			21,829		21,829
Due from Other Funds	4,165,461		128,127	4,293,588	(4,293,588)	
Prepaid Items	61,254	3,969	253	65,476		65,476
Investments Held for Customer Deposits	678,685			678,685		678,685
Net Pension Asset					228,654	228,654
Capital Assets (Net of Accumulated Depreciation):						
Land					2,676,333	2,676,333
Construction in Progress					506,083	506,083
Water, Wastewater and Drainage Systems					31,149,855	31,149,855
Building and Improvements					11,593,072	11,593,072
Furniture and Equipment					857,871	857,871
Park and Recreational Facilities					4,529,456	4,529,456
Automobiles and Trucks					171,443	171,443
TOTAL ASSETS	<u>\$ 24,720,298</u>	<u>\$ 8,018,168</u>	<u>\$ 4,546,443</u>	<u>\$ 37,284,909</u>	<u>\$ 47,419,179</u>	<u>\$ 84,704,088</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Charges on Refunding Bonds	\$	\$	\$	\$	\$ 431,237	\$ 431,237
Pension					187,067	187,067
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 618,304</u>	<u>\$ 618,304</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 24,720,298</u>	<u>\$ 8,018,168</u>	<u>\$ 4,546,443</u>	<u>\$ 37,284,909</u>	<u>\$ 48,037,483</u>	<u>\$ 85,322,392</u>

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

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET - Continued
SEPTEMBER 30, 2020**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
LIABILITIES						
Current Liabilities:						
Accounts Payable	\$ 974,590	\$	\$	\$ 974,590	\$	\$ 974,590
Customer Deposits	657,095			657,095		657,095
Other Liabilities	256,373			256,373		256,373
Due to Other Funds		4,012,608	280,980	4,293,588	(4,293,588)	
Unearned Revenue	22,354			22,354		22,354
Bonds Interest Payable		29,280		29,280	363,789	393,069
Accrued Vacation Payable					87,133	87,133
Noncurrent Liabilities:						
Due Within One Year					3,505,000	3,505,000
Due After One Year					37,128,152	37,128,152
TOTAL LIABILITIES	<u>\$ 1,910,412</u>	<u>\$ 4,041,888</u>	<u>\$ 280,980</u>	<u>\$ 6,233,280</u>	<u>\$ 36,790,486</u>	<u>\$ 43,023,766</u>
DEFERRED INFLOWS OF RESOURCES						
Property Taxes	\$ 55,431	\$ 38,529	\$	\$ 93,960	\$ (93,960)	\$
Pension					136,140	136,140
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 55,431</u>	<u>\$ 38,529</u>	<u>\$ -0-</u>	<u>\$ 93,960</u>	<u>\$ 42,180</u>	<u>\$ 136,140</u>
FUND BALANCES						
Nonspendable-						
Prepaid Items	\$ 61,254	\$	\$	\$ 61,254	\$ (61,254)	\$
Restricted for:						
Debt Service	575,000	3,937,751		4,512,751	(4,512,751)	
Capital Projects			4,265,463	4,265,463	(4,265,463)	
Park Capital Fees	885,034			885,034	(885,034)	
Committed for -						
Repair and Replacement of Capital Assets	6,643,547			6,643,547	(6,643,547)	
Unassigned	14,589,620			14,589,620	(14,589,620)	
TOTAL FUND BALANCES	<u>\$ 22,754,455</u>	<u>\$ 3,937,751</u>	<u>\$ 4,265,463</u>	<u>\$ 30,957,669</u>	<u>\$ (30,957,669)</u>	<u>\$ - 0 -</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 24,720,298</u>	<u>\$ 8,018,168</u>	<u>\$ 4,546,443</u>	<u>\$ 37,284,909</u>		
NET POSITION						
Net Investment in Capital Assets					\$ 15,547,661	\$ 15,547,661
Restricted for Debt Service					4,187,491	4,187,491
Restricted for Park Capital Fees					885,034	885,034
Unrestricted					21,542,300	21,542,300
TOTAL NET POSITION					<u>\$ 42,162,486</u>	<u>\$ 42,162,486</u>

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

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

Total Fund Balances - Governmental Funds	\$	30,957,669
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Land, construction in progress and capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		51,484,113
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Deferred charges on refunding bonds are not an expenditure of the current period.		431,237
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Pension related amounts are not recorded in the governmental funds. These consist of:

Net Pension Asset		228,654
Deferred Outflows of Resources		187,067
Deferred Inflows of Resources		(136,140)

Deferred tax revenues for the 2019 and prior tax levies became part of recognized revenue in the governmental activities of the District.		93,960
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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:

Accrued Interest Payable	\$	(363,789)	
Accrued Vacation Payable		(87,133)	
Long-Term Liabilities Due Within One Year		(3,505,000)	
Long-Term Liabilities Due After One Year		<u>(37,128,152)</u>	<u>(41,084,074)</u>

Total Net Position - Governmental Activities	\$	<u>42,162,486</u>
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The accompanying notes to the financial statements are an integral part of this report.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
REVENUES						
Program Revenue:						
Water and Wastewater Services	\$ 5,405,598	\$	\$	\$ 5,405,598	\$	\$ 5,405,598
Park and Recreation Center Fees	1,165,846			1,165,846		1,165,846
Garbage Collection	1,391,326			1,391,326		1,391,326
Capital Recovery Fees			19,495	19,495		19,495
Inspection Fees	31,700			31,700		31,700
Tap and Other Connection Fees	6,214			6,214		6,214
Contributions	350			350		350
General Revenue:						
Property Taxes	6,922,703	3,880,627		10,803,330	25,005	10,828,335
Investment Earnings	342,725	93,065	32,154	467,944		467,944
Rental Income	105,636			105,636		105,636
Other	147,981			147,981		147,981
TOTAL REVENUES	\$ 15,520,079	\$ 3,973,692	\$ 51,649	\$ 19,545,420	\$ 25,005	\$ 19,570,425
EXPENDITURES/EXPENSES						
Service Operations:						
Salary and Benefits	\$ 4,652,172	\$	\$	\$ 4,652,172	\$ 96,099	\$ 4,748,271
Water and Wastewater Purchases	1,373,447		32,683	1,406,130		1,406,130
Garbage Fees	1,399,600			1,399,600		1,399,600
Repairs and Maintenance	1,276,114			1,276,114		1,276,114
Administrative	345,785			345,785		345,785
Utilities	611,657			611,657		611,657
Contracted Services	731,530	15,575		747,105		747,105
Legal Fees	210,593			210,593		210,593
Insurance	98,534			98,534		98,534
Engineering Fees	291,120			291,120	4,284	295,404
Tax Appraisal/Collection Fees		66,799		66,799		66,799
Audit Fees	41,750			41,750		41,750
Financial Advisor	20,000			20,000		20,000
Director's Fees	32,400			32,400		32,400
Security Fees	119,747			119,747		119,747
Other	545,199	33	11	545,243		545,243
Capital Outlay	2,987,146		161,727	3,148,873	(3,148,873)	
Debt Service:						
Principal Payments	430,000	2,810,000		3,240,000	(3,240,000)	
Interest and Fiscal Charges	141,626	1,014,149		1,155,775	(716,470)	439,305
Bond Issuance Costs		541,840	100,595	642,435		642,435
Depreciation					3,367,645	3,367,645
TOTAL EXPENDITURES/EXPENSES	\$ 15,308,420	\$ 4,448,396	\$ 295,016	\$ 20,051,832	\$ (3,637,315)	\$ 16,414,517
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/ EXPENSES	\$ 211,659	\$ (474,704)	\$ (243,367)	\$ (506,412)	\$ 3,662,320	\$ 3,155,908
OTHER FINANCING SOURCES (USES)						
Proceeds of Bonds	\$	\$	\$ 2,100,000	\$ 2,100,000	\$ (2,100,000)	\$
Proceeds of Refunding Bonds		15,535,000		15,535,000	(15,535,000)	
Payment to Refunding Escrow Agent		(16,373,412)		(16,373,412)	16,373,412	
Bond Premium		1,252,827	14,741	1,267,568	(1,267,568)	
TOTAL OTHER FINANCING SOURCES (USES)	\$ -0-	\$ 414,415	\$ 2,114,741	\$ 2,529,156	\$ (2,529,156)	\$ -0-
NET CHANGE IN FUND BALANCES	\$ 211,659	\$ (60,289)	\$ 1,871,374	\$ 2,022,744	\$ (2,022,744)	\$
CHANGE IN NET POSITION					3,155,908	3,155,908
FUND BALANCES/NET POSITION - OCTOBER 1, 2019	22,542,796	3,998,040	2,394,089	28,934,925	10,071,653	39,006,578
FUND BALANCES/NET POSITION - SEPTEMBER 30, 2020	\$ 22,754,455	\$ 3,937,751	\$ 4,265,463	\$ 30,957,669	\$ 11,204,817	\$ 42,162,486

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

Net Change in Fund Balances - Governmental Funds \$ 2,022,744

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

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied. 25,005

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. (3,367,645)

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. 3,144,589

Governmental funds report bond discounts, bond premiums and deferred charges on refunding bonds as other financing sources/uses in the year paid. However, in the Statement of Net Position, the bond discounts, bond premiums and deferred charges on refunding bonds are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities. 652,406

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. 3,240,000

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 the governmental funds.

Change in accrued vacation (7,703)

Change in pension related accounts (88,396)

Change in bond interest payable 64,064

Governmental funds report bond proceeds, premiums and the payment to the refunded bond escrow agent as other financing sources and uses. However, these change long-term liabilities in the Statement of Net Position. (2,529,156)

Change in Net Position - Governmental Activities \$ 3,155,908

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

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**NOTES TO THE
FINANCIAL STATEMENTS**

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1. CREATION OF DISTRICT

Brushy Creek Municipal Utility District (the “District”), formerly known as Williamson County Municipal Utility District No. 2, was created, organized and established on October 27, 1977, pursuant to the provisions of Chapter 54 of the Texas Water Code.

The District, as a reporting entity, encompasses those activities and functions over which the District’s elected officials exercise significant oversight or control. The District is a political subdivision of the State of Texas governed by a five-member Board of Directors 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 it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. In addition, there are no component units included in the District’s reporting entity.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the GASB. In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Texas Commission on Environmental Quality (the “Commission”).

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”).

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:

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- 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. Internal activities between governmental funds, if any, are eliminated to obtain net total revenues and expenses in the government-wide Statement of Activities.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

Governmental Funds

The District has three governmental funds and considers all of these funds to be major funds:

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

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.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

The District provides for uncollectible service 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 had an allowance for uncollectible accounts at September 30, 2020 of \$96,970.

Capital Assets

Capital assets, which include land, construction in progress, infrastructure assets, easements and rights-of-way, buildings and improvements, furniture and equipment, park and recreational facilities, and automobiles and trucks 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 to the District are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs, if any, are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost of \$5,000 or more and a useful life of at least five years. Depreciation is calculated on each class of depreciable property using no salvage value and the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Easements and Rights-of-Way	40
Buildings and Improvements	10-40
Water, Wastewater and Drainage Systems	7-50
Park and Recreational Facilities	5-22
Furniture and Equipment	5-10
Automobiles and Trucks	5-7

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term Debt

Long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums and discounts on debt issuances are reported as other financing sources and uses.

Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures in both the government-wide and the fund financial statements.

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original and revised budget amounts compared to the actual amounts of revenues and expenditures for the current year.

Compensated Absences

Accrued paid time off is earned by each full-time employee at a rate of between 13.30 and 17.97 hours per month depending on length of employment. District policy allows for a maximum carry-over from the previous fiscal year. The full amount of accrued paid time off, subject to the maximum accrual limits, is paid upon discontinuance of employment with the District. The District's liability for accrued paid time off at September 30, 2020 was \$87,133. This liability is generally liquidated through the General Fund.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions

The District participates in an agent multiple-employer defined benefit pension plan. The fiduciary net position of the Texas County and District Retirement System (“TCDRS”) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TCDRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Measurement Focus

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

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

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

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. As of September 30, 2020, the General Fund included \$575,000 of restricted fund balance for debt service related to the bond reserve required for the Series 2016 Term Note.

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. See further discussion of committed fund balance at Note 10.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District authorized the General Manager to have the authority to assign any amount of funds which may occur subsequent to fiscal year end. The District has no assigned fund balances.

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

Fair Value Measurements

The District follows 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 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.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

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

NOTE 3. LONG-TERM DEBT

The following is a summary of transactions regarding bonds payable for the year ended September 30, 2020:

	Balance September 30, 2019	Additions	Retirements	Balance September 30, 2020
Bonds Payable and Revenue Note	\$ 40,690,000	\$ 17,635,000	\$ (19,345,000)	\$ 38,980,000
Premium on Bond Issuances	1,103,066	1,267,568	(678,729)	1,691,905
Discount on Bond Issuances	(41,029)		2,276	(38,753)
Total	<u>\$ 41,752,037</u>	<u>\$ 18,902,568</u>	<u>\$ (20,021,453)</u>	<u>\$ 40,633,152</u>

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 3. LONG-TERM DEBT (Continued)

Long-term debt as of September 30, 2020, is comprised of the following:

	Balance September 30, 2020	Due Within One Year
\$2,370,000 Series 2011 Sendero Springs/Cornerstone Defined Area serial bonds due in a final annual installment of \$85,000 on June 1, 2021. Interest is 4.00% and is payable June 1 and December 1.	85,000	85,000
\$9,260,000 Series 2012 refunding bonds due in a final annual installment of \$660,000 on June 1, 2021. Interest is 3.00% and is payable June 1 and December 1.	660,000	660,000
\$3,500,000 Series 2013 Sendero Springs/Cornerstone Defined Area serial bonds due in annual installments of \$105,000 to \$230,000 through June 1, 2038. Interest varies from 3.00% to 5.00% and is payable June 1 and December 1 each year.	2,875,000	105,000
\$3,625,000 Series 2015 Sendero Springs/Cornerstone Defined Area refunding bonds due in annual installments of \$165,000 to \$300,000 through June 1, 2033. Interest varies from 3.00% to 3.75% and is payable June 1 and December 1 each year.	3,115,000	210,000
\$3,530,000 Series 2015 Sendero Springs/Cornerstone Defined Area serial bonds due in annual installments of \$110,000 to \$225,000 through June 1, 2039. Interest varies from 3.00% to 3.75% and is payable June 1 and December 1 each year.	3,050,000	110,000
\$6,605,000 Series 2016 Term Note (Community Center) is due in annual installments of \$440,000 to \$555,000 through June 1, 2030. Interest is 2.63% and is payable June 1 and December 1 each year.	4,955,000	440,000
\$6,605,000 Series 2019 refunding bonds due in annual installments of \$200,000 to \$1,900,000 through June 1, 2026. Interest varies from 3.00% to 4.00% and is payable June 1 and December 1 each year.	6,605,000	1,535,000
\$8,140,000 Series 2020 refunding bonds due in annual installments of \$150,000 to \$1,770,000 through June 1, 2028. Interest varies from 3.00% to 4.00% and is payable June 1 and December 1 each year.	8,140,000	150,000
\$2,100,000 Series 2020 bonds due in annual installments of \$10,000 to \$645,000 through June 1, 2029. Interest varies from 1.00% to 1.50% and is payable June 1 and December 1 each year.	2,100,000	195,000
\$5,600,000 Series 2020A refunding bonds due in annual installments of \$615,000 to \$1,750,000 through June 1, 2028. Interest varies from 2.00% to 4.00% and is payable June 1 and December 1 each year.	5,600,000	
\$1,795,000 Series 2020 Sendero Springs/Cornerstone Defined Area refunding bonds due in annual installments of \$15,000 to \$290,000 through June 1, 2033. Interest varies from 2.00% to 3.00% and is payable June 1 and December 1 each year.	1,795,000	15,000
Total Long-Term Debt	<u>\$ 38,980,000</u>	<u>\$ 3,505,000</u>

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 3. LONG-TERM DEBT (Continued)

On July 2, 2020, the District issued \$2,100,000 of Unlimited Tax Bonds, Series 2020, with interest rates ranging from 1.00% to 1.50%. The net proceeds of \$2,014,215 (after payment of the underwriting fees and other issuance costs) are to be used for the following: \$2,014,146 was deposited in the Capital Projects Fund to pay subsequent bond issue costs and fund the zebra mussels remediation project and \$69 was deposited in the Debt Service Fund for future interest costs.

On May 20, 2020, the District issued Unlimited Tax Refunding Bonds, Series 2020, of \$8,140,000 with interest rates ranging from 3.00% to 4.00% to currently refund \$1,695,000 of its previously issued Series 2011 Refunding Bonds and \$6,730,000 of its previously issued Series 2012 Refunding Bonds in order to lower its overall debt service requirements. The net proceeds of \$8,572,317 (after a \$91,000 contribution to the refunding agent by the District and payment of the underwriting fees and other issuance costs) were used for the following: \$8,558,494 was deposited with an escrow agent to provide the debt service payment on the portion of bonds refunded and \$13,822 was deposited in the Debt Service Fund for future interest costs. As a result, \$8,425,000 of bond principal is considered defeased and the liability for these bonds was removed from the basic financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$133,494; this amount is considered a deferred outflow of resources and amortized over the life of the refunded debt which is shorter than or equal to the life of the new debt issued. The current refunding resulted in an economic gain of \$325,015 and an overall debt service savings to the District of \$353,824.

On May 20, 2020, the District issued Sendero Springs & Cornerstone Defined Area Unlimited Tax Refunding Bonds, Series 2020, of \$1,795,000 with interest rates ranging from 2.00% to 3.00% to currently refund \$1,700,000 of its previously issued Series 2011 Bonds in order to lower its overall debt service requirements. The net proceeds of \$1,739,351 (after a \$35,000 contribution to the refunding agent by the District and payment of the underwriting fees and other issuance costs) were used for the following: \$1,737,110 was deposited with an escrow agent to provide the debt service payment on the portion of bonds refunded and \$2,241 was deposited in the Debt Service Fund for future interest costs. As a result, \$1,700,000 of bond principal is considered defeased and the liability for these bonds was removed from the basic financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$37,110; this amount is considered a deferred outflow of resources and amortized over the life of the refunded debt which is shorter than or equal to the life of the new debt issued. The current refunding resulted in an economic gain of \$236,337 and an overall debt service savings to the District of \$283,365.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 3. LONG-TERM DEBT (Continued)

On September 30, 2020, the District issued Unlimited Tax Refunding Bonds, Series 2020A, of \$5,600,000 with interest rates ranging from 2.00% to 4.00% to currently refund \$5,980,000 of its previously issued Series 2013 Refunding Bonds in order to lower its overall debt service requirements. The net proceeds of \$6,090,955 (after a \$22,000 contribution to the refunding agent by the District and payment of the underwriting fees and other issuance costs) were used for the following: \$6,077,808 was deposited with an escrow agent to provide the debt service payment on the portion of bonds refunded and \$13,147 was deposited in the Debt Service Fund for future interest costs. As a result, \$5,980,000 of bond principal is considered defeased and the liability for these bonds was removed from the basic financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$97,808; this amount is considered a deferred outflow of resources and amortized over the life of the refunded debt which is shorter than or equal to the life of the new debt issued. The current refunding resulted in an economic gain of \$557,565 and an overall debt service savings to the District of \$596,172.

As of September 30, 2020, the debt service requirements on the bonds outstanding were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 3,505,000	\$ 1,183,309	\$ 4,688,309
2022	3,615,000	1,100,351	4,715,351
2023	3,730,000	997,193	4,727,193
2024	3,790,000	895,237	4,685,237
2025	3,905,000	777,344	4,682,344
2026-2030	15,790,000	2,103,044	17,893,044
2031-2035	3,140,000	632,751	3,772,751
2036-2039	1,505,000	147,054	1,652,054
	<u>\$ 38,980,000</u>	<u>\$ 7,836,283</u>	<u>\$ 46,816,283</u>

The bonds 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 September 30, 2020, the District had \$10,715,000 of bonds authorized but unissued of which all \$10,715,000 is for improvements to the Defined Area water, wastewater, and drainage systems.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 3. LONG-TERM DEBT (Continued)

During the year ended September 30, 2020, the District levied an ad valorem District-wide debt service tax rate of \$0.14 per \$100 of assessed valuation, which resulted in a tax levy of \$3,039,706 on the adjusted taxable valuation of \$2,171,065,972 for the 2019 tax year. The District also levied an ad valorem Defined Area debt service tax rate of \$0.165 per \$100 of assessed valuation, which resulted in a tax levy of \$852,495 on the adjusted taxable valuation of \$515,650,174 for the 2019 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS

The bond resolutions require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and cover the cost of assessing and collecting taxes. These provisions have been met, and the cash allocated for these purposes is sufficient to meet debt service requirements through the fiscal year ended September 30, 2020.

The bond resolutions state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data with respect to the District to the Municipal Securities Rulemaking Board. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

For the Bonds 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.

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.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

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 \$925,946 and the bank balance was \$1,009,406. Of the bank balance \$250,000 was covered by federal depository insurance and the remaining balance was covered by collateral pledged in the name of the District and held in a third-party depository.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at September 30, 2020, as listed below:

	Cash	Money Markets	Certificates of Deposit	Total
GENERAL FUND	\$ 925,946	\$ -	\$ -	\$ 925,946
TOTAL DEPOSITS	\$ 925,946	\$ -	\$ -	\$ 925,946

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 circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.” No person may invest District funds without express written authority from the Board of Directors.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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 is entitled to invest in obligations of the United States, the State of Texas and their agencies or any state, county, city and any other political subdivisions of any state rated by a nationally recognized investment rating firm with a rating not less than A or its equivalent, certificates of deposit of state or national banks or savings and loan associations within the State, prime domestic bankers' acceptances, commercial paper with a stated maturity of 270 days or less from the date of its issuance, fully collateralized repurchase agreements, no-load money market mutual funds regulated by the United States Securities and Exchange Commission and eligible public funds investment pools.

The District has recurring fair value measurements as presented in the table below. The District's investment balances and weighted average maturity of such investments are as follows:

	Net Asset Value, Cost or Amortized Cost	Fair Value			Total	Weighted Average Maturity (Days)
		Level 1	Level 2	Level 3		
TexPool (amortized cost)	\$ 5,286,200	\$	\$	\$	\$ 5,286,200	1
LOGIC (amortized cost)	<u>18,512,902</u>				<u>18,512,902</u>	1
Total Investment Pools	23,799,102				23,799,102	
Municipal Bonds		2,022,760			2,022,760	15
Commercial Paper			1,498,088		1,498,088	7
U.S. Government Agency Securities		<u>3,000,969</u>			<u>3,000,969</u>	<u>54</u>
Total Investments	<u>\$ 23,799,102</u>	<u>\$ 5,023,729</u>	<u>\$ 1,498,088</u>	<u>\$ - 0 -</u>	<u>\$ 30,320,919</u>	<u>78</u>

U.S. Government Agency Securities and Municipal Bonds are classified in Level 1 of the fair value hierarchy which are valued using prices quoted in active markets for those securities. Commercial paper are classified in Level 2 which are valued using assumptions market participants would use in pricing the asset based on independent market data.

At September 30, 2020, the investment portfolio weighted average maturity was 78 days.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

The District also invests in Local Government Investment Cooperative (“LOGIC”), a public funds investment pool created pursuant to the Interlocal Cooperation Act of the State of Texas. The District has delegated the authority to hold legal title to LOGIC as custodian and to make investment purchases with the District’s funds. LOGIC is a member-owned, member-governed public funds investment pool. The Board of Trustees, who have governance responsibilities, is comprised of participants in LOGIC and members of the Texas Association of School Business Officials (“TASBO”). LOGIC measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in LOGIC at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from LOGIC.

The investments held for customer deposits in the General Fund consist of deposits received from customers to initiate water services with the District. These deposits are to be refunded to customers upon termination of water service with the District and, therefore, are also included as liabilities by the District.

Credit risk is the risk that the 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, the District’s investments in TexPool and LOGIC were rated “AAAm” by Standard and Poor’s. The District’s investments in municipal bonds, U.S. agencies coupon securities and commercial paper had ratings from Standard and Poor’s in compliance with the District’s investment policy.

Concentration of credit risk is the risk of loss attributable to the magnitude of a government’s investments in a single issuer. At September 30, 2020, the District’s investment portfolio was comprised primarily of the following issuers:

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Issuer	Amount	% of Total Investments	Standard & Poor's Rating
US Agencies - Federal Agriculture Mortgage Corp	\$ 3,000,969	9.9	n/a
2a7-like Local Government Investment Pools:			
TexPool	5,286,200	17.4	AAAm
LOGIC	18,512,902	61.1	AAAm
Municipal Bonds	2,022,760	6.7	AAA
Commercial Paper	1,498,088	4.9	A-1
Total Investments	<u>\$ 30,320,919</u>	<u>100.0</u> %	

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in TexPool and LOGIC to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value. U.S. agencies coupon securities and municipal bonds held by the District have set interest rates.

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.

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Debt Service	\$ 3,884,481
General	Capital Projects	280,980
Capital Projects	Debt Service	128,127
Total		<u>\$ 4,293,588</u>

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 7. MAINTENANCE TAX

The Williamson Central Appraisal District established appraisal values in accordance with requirements of the Texas Legislature. The District levies taxes based upon the appraised values. The Williamson County Tax Assessor Collector bills and collects the District's property taxes. The Board of Directors set current tax rates on September 12, 2019.

During the year ended September 30, 2020, the District levied an ad valorem District-wide maintenance tax rate of \$0.32 per \$100 of assessed valuation, which resulted in a tax levy of \$6,947,900 on the adjusted taxable valuation of \$2,171,065,972 for the 2019 tax year.

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

The District is prohibited from writing off real property taxes without specific authority from the Texas Legislature.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 8. CAPITAL ASSETS

Capital asset 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	\$ 2,676,333	\$	\$	\$ 2,676,333
Construction in Progress	<u>551,896</u>	<u>367,057</u>	<u>(412,870)</u>	<u>506,083</u>
Total Capital Assets, Not Being Depreciated	3,228,229	367,057	(412,870)	3,182,416
Capital Assets, Being Depreciated:				
Water, Wastewater, and Drainage Systems	85,227,118		(599,511)	84,627,607
Easements and Rights-of-Way	883,890			883,890
Buildings and Improvements	12,209,055	1,571,571	599,511	14,380,137
Furniture and Equipment	1,221,065	1,079,052	(98,386)	2,201,731
Park and Recreational Facilities	8,602,725	425,573	(15,864)	9,012,434
Automobiles and Trucks	<u>554,307</u>	<u>114,206</u>	<u>(22,203)</u>	<u>646,310</u>
Total Capital Assets Being Depreciated	108,698,160	3,190,402	(136,453)	111,752,109
Less Accumulated Depreciation For:				
Water, Wastewater, and Drainage Systems	(51,826,403)	(1,651,349)		(53,477,752)
Easements and Rights-of-Way	(883,890)			(883,890)
Buildings and Improvements	(2,467,787)	(319,278)		(2,787,065)
Furniture and Equipment	(512,159)	(930,087)	98,386	(1,343,860)
Park and Recreational Facilities	(4,150,972)	(347,870)	15,864	(4,482,978)
Automobiles and Trucks	<u>(378,009)</u>	<u>(119,061)</u>	<u>22,203</u>	<u>(474,867)</u>
Total Accumulated Depreciation	<u>(60,219,220)</u>	<u>(3,367,645)</u>	<u>136,453</u>	<u>(63,450,412)</u>
Total Capital Assets Being Depreciated, Net	<u>48,478,940</u>	<u>(177,243)</u>	<u>-</u>	<u>48,301,697</u>
Capital Assets, Net	<u>\$ 51,707,169</u>	<u>\$ 189,814</u>	<u>\$ (412,870)</u>	<u>\$ 51,484,113</u>

NOTE 9. AMOUNTS COLLECTED FOR CAPITAL IMPROVEMENTS

By an agreement dated March 29, 1996, the District and developers of property within the District agreed to the payment of a fee by the developers to the District. The fee has been established by contract between the District and the developers. The agreement also establishes the restrictions for the use of the fees. The fees collected under this agreement totaled \$19,495 for the year ended September 30, 2020 and are within the Capital Projects Fund.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 10. FUND BALANCES

The Board committed \$6,643,547 of General Fund fund balance to pay for future repairs, replacements, and purchases of capital. The amounts committed for funding capital projects as of September 30, 2020 are as follows:

Upgrade Meter Reading Software	\$ 18,500
Utility Equipment Replacement	116,723
Utility Equipment Replacement - Vehicles	50,000
Water Facility - Rebuild Cla-valves	9,010
BRA Water Line Reserves	347,075
Replacement of Water Facility Membranes	1,075,000
Future Waterline Replacements	50,000
Regional Waste Water Improvements	364,389
Trailer Mounted Portable Pump at Liberty Walk Lift	15,000
Cat Hollow Lift Station	150,000
Woods Lift Station	920,000
Drainage Improvements	300,000
Pasada Pond Improvements	85,000
F250 to Replace Nissan Pickup	25,000
Community Center Equipment Replacement	45,387
2012 - 2022 Master Plan Reserve	69,728
Cat Hollow Park - Playground	400,000
New Highland Horizon Trail	250,000
Pepper Rock Expansion Phase II	150,000
Community Park Amphitheater	275,000
Community Park Trail Improvements	287,200
Community Park Playground	1,178,241
General Trail Washouts	325,000
Sendero Springs Pool Building	137,294
	<u>\$ 6,643,547</u>

On September 10, 2020, the Board of Directors approved a resolution to set aside \$8,389,938 for a 6-month Operating Reserve and \$3,309,545 for a Revenue Protection Reserve. In accordance with GASB Statement No. 54, these amounts are included in unassigned fund balance at year-end as noted in the following table:

<u>Unassigned Fund Balance</u>	
Operating Reserve	\$ 8,389,938
Revenue Protection Reserve	3,309,545
Remaining Unassigned Fund Balance	2,890,137
Total Unassigned Fund Balance	<u>\$ 14,589,620</u>

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 11. COMMITMENTS

The District has entered into several utility development agreements with developers of property within the District. Under the terms of the agreements, a developer funds the cost of construction for water, wastewater and drainage facilities for a specified project which has been approved by the District. The District agrees to purchase the facilities at a price to be determined by the Texas Commission on Environmental Quality, but not to exceed the amount actually expended by the developer plus interest from the dates of expenditure to the date of payment by the District.

In August 1998, the Board authorized the District to enter into a contract with the Brazos River Authority (“BRA”) for participation in the Williamson County Raw Water Line Project. The project is for the construction and maintenance of facilities capable of transporting water from Lake Stillhouse Hollow to Lake Georgetown.

In October 2000, the Board authorized the District to enter into a contract with the BRA and the Lower Colorado River Authority (“LCRA”) for participation in the Sub Regional Wastewater Collection, Treatment and Disposal System.

The LCRA utilized its reserved capacity in the system to receive wastewater from the District's wastewater collection system. The cities of Round Rock, Cedar Park, and Austin purchased the wastewater system from the LCRA in December 2009. The District is a customer of the City of Round Rock (the “City”). The BRA will operate and maintain the system in order to receive wastewater from the customers' wastewater collection systems and to treat and dispose of such wastewater. The District will pay charges on the system, their annual estimates for sub-regional operation and maintenance expenses and the resulting estimates of sub-regional capital charges and sub-regional flow charges. The District's capital charge means the portion of the City’s debt necessary to serve the District. Capital charges are included in wastewater purchase expenditures which totaled \$803,528 for fiscal year 2020. The following details the District’s portion of the City’s debt that will be included in future wastewater purchases.

	Principal	Interest	Total
2021	\$ 340,000	\$ 406,800	\$ 746,800
2022	360,000	389,800	749,800
2023	370,000	371,800	741,800
2024	390,000	353,300	743,300
2025	460,000	333,800	793,800
2026-2030	2,600,000	1,377,175	3,977,175
2031-2035	3,020,000	960,850	3,980,850
2036-2039	2,860,000	310,250	3,170,250
	<u>\$ 10,400,000</u>	<u>\$ 4,503,775</u>	<u>\$ 14,903,775</u>

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 11. COMMITMENTS (Continued)

A \$122.5 million project (the “Project”) is underway by the City and other owners of the System. The Project includes both Required Improvements and an expansion component. The District is not responsible for the expansion costs but has been allocated \$1.355 million in costs of the Project representing its pro rata share of the Required Improvement costs. The entire \$1.355 million allocated to the District would be paid out over a significant number of years as part of the District’s obligation to pay a share of Debt Service. The City has presented alternative maturity terms and interest rates to the District for payment of the Required Improvement costs.

NOTE 12. DEFINED BENEFIT PENSION PLAN

Plan Description

The District provides retirement, disability, and death benefits for all of its non-temporary full-time employees through an agent multiple-employer nontraditional defined benefit pension plan administered by the Texas County and District Retirement System (“TCDRS”). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of over 600 active participating counties and districts throughout Texas. TCDRS in the aggregate issues a comprehensive annual financial report (“CAFR”) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas State statutes governing TCDRS (“TCDRS Act”). Members can retire at age 60 and above with eight or more years of service but must leave their accumulated contributions in the plan to receive any employer-finance benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefits Provided

Benefit amounts are determined by the sum of the employee’s contributions to the plan, with interest, and the employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act, so that the resulting benefits can be expected to be adequately financed by the employer’s commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee’s accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 12. DEFINED BENEFIT PENSION PLAN (Continued)

Employee membership data related to the Plan, as of the valuation date of December 31, 2019 was as follows:

Retirees and beneficiaries currently receiving benefits	8
Terminated employees entitled to but not yet receiving benefits	298
Active plan members	<u>131</u>
Total	<u><u>437</u></u>

Contributions

The District has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The District contributed using the actuarially determined rate of 6.38% for 2019 as adopted by the governing body of the District. The employee contribution rate was 6.00%. The employee contribution rate and the employer contribution rate may be changed by the governing body of the District within the options available in the TCDRS Act. The required contribution and actual contributions for the year ended December 31, 2019 were \$205,795 and \$206,110, respectively.

Actuarial Assumptions

The District's net pension liability was measured as of December 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 12. DEFINED BENEFIT PENSION PLAN (Continued)

Valuation Timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	19.1 years (based on contribution rate calculated in 12/31/19 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014

All actuarial assumptions that determined the total pension liability as of December 31, 2019 were based on the results of an actuarial experience study for the period January 1, 2013 - December 31, 2016, except where required to be different by GASB 68.

Long-Term Expected Rate of Return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on April 2020 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a long-term time horizon; the most recent analysis was performed in 2017.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 12. DEFINED BENEFIT PENSION PLAN (Continued)

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (Expected Minus Inflation) (2)
U.S. Equities	Dow Jones U.S. Total Stock Market Index	14.50%	5.20%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (3)	20.00%	8.20%
Global Equities	MSCI World (net) Index	2.50%	5.50%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) Index	7.00%	5.20%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (net) Index	7.00%	5.70%
Investment - Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.20%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	3.14%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.16%
Distressed Debt	Cambridge Associates Distressed Securities Index (4)	4.00%	6.90%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	3.00%	4.50%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	8.40%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (5)	6.00%	5.50%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	8.00%	2.30%

(1) Target asset allocation adopted at the June 2020 TCDRS Board meeting.

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.80%, per Cliffwater's 2020 capital market assumptions.

(3) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

(4) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

(5) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

Discount Rate

The discount rate used to measure the total pension liability was 8.10%. This rate reflects the long-term rate of return funding valuation assumption of 8.00%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB 68. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply.

Changes in net pension asset for the valuation year ended December 31, 2019 are as follows:

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 12. DEFINED BENEFIT PENSION PLAN (Continued)

<u>Changes in Net Pension Liability / (Asset)</u>	<u>Total Pension Liability (a)</u>	<u>Fiduciary Net Position (b)</u>	<u>Net Pension Liability / (Asset) (a) - (b)</u>
Balances as of December 31, 2018	\$ 5,252,027	\$ 5,136,876	\$ 115,151
Changes For the Year:			
Service Cost	416,956		416,956
Interest on Total Pension Liability (1)	456,424		456,424
Effect of Plan Changes (2)			
Effect of Economic/Demographic Gains or Losses	38,542		38,542
Effect of Assumptions Changes or Inputs			
Refund of Contributions	(28,008)	(28,008)	
Benefit Payments	(41,585)	(41,585)	
Administrative Expenses		(4,818)	4,818
Member Contributions		198,835	(198,835)
Net Investment Income		843,237	(843,237)
Employer Contributions		206,110	(206,110)
Other (3)		12,363	(12,363)
Balances as of December 31, 2019	<u>\$ 6,094,356</u>	<u>\$ 6,323,010</u>	<u>\$ (228,654)</u>

(1) Reflects the change in the liability due to the time value of money. TCDRS does not change fees or interest.

(2) No plan changes valued.

(3) Relates to allocation of system-wide items.

Sensitivity Analysis

The following presents the net pension asset of the District, calculated using the discount rate of 8.10%, as well as what the District net pension asset would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 12. DEFINED BENEFIT PENSION PLAN (Continued)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total Pension Liability	\$ 7,043,395	\$ 6,094,356	\$ 5,317,664
Fiduciary Net Position	<u>6,323,009</u>	<u>6,323,010</u>	<u>6,323,009</u>
Net Pension Liability / (Asset)	<u>\$ 720,386</u>	<u>\$ (228,654)</u>	<u>\$ (1,005,345)</u>

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

For the year ended September 30, 2020, the District recognized pension expense of \$88,396. As of September 30, 2020, the deferred outflows and inflows of resources are as follows:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 8,988	\$ 28,906
Net Difference Between Projected and Actual Earnings	127,152	
Contributions Made Subsequent to Measurement Date		158,161
	<u>\$ 136,140</u>	<u>\$ 187,067</u>

The \$158,161 reported as deferred outflows of resources related to pensions resulting from contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2021. The remaining amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Pension Expense Amount</u>
2020	\$ (26,920)
2021	(24,508)
2022	26,899
2023	<u>(82,705)</u>
	<u>\$ (107,234)</u>

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 13. 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.

NOTE 14. LEASE AGREEMENTS

The District entered into agreements with three outside parties to lease District property for cell tower use in fiscal years 2004, 2005 and 2009. During the year ended September 30, 2020, the District recognized rental income of \$87,097 related to these agreements. Future rental income per these agreements is as follows:

2021	\$	88,782
2022		89,823
2023		90,896
2024		92,964
2025		100,474
Thereafter		1,482,434
Total	\$	<u>1,945,373</u>

The District owns a house that it rents to third parties through a management company. During the year ended September 30, 2020, the District recognized rental income of \$17,820 related to this rental property. Future rental income per the lease agreement is on a month to month basis.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 15. SUBSEQUENT EVENT

On October 1, 2020, the District redeemed \$830,000 of the Series 2013 Defined Area Unlimited Tax Bonds prior to their scheduled maturity dates of June 1, 2029, June 1, 2030, June 1, 2031, June 1, 2032 and June 1, 2033. The early redemption resulted in an overall debt service savings to the District of \$392,625.

NOTE 16. UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the COVID-19 virus a global pandemic. As a result, economic uncertainties have arisen which could have an impact on the operations of the District. The District is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty, as the potential financial impact of this pandemic is unknown at this time.

**REQUIRED SUPPLEMENTARY
INFORMATION**

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Program Revenue:				
Water and Wastewater Services	\$ 5,154,974	\$ 5,214,974	\$ 5,405,598	\$ 190,624
Park and Recreation Center Fees	1,593,108	1,810,098	1,165,846	(644,252)
Garbage Collection	1,376,209	1,376,209	1,391,326	15,117
Inspection Fees	6,400	6,400	31,700	25,300
Tap and Other Connection Fees			6,214	6,214
Contributions			350	350
General Revenue:				
Property Taxes	6,901,600	6,936,600	6,922,703	(13,897)
Investment Earnings	175,000	350,000	342,725	(7,275)
Rental Income	302,883	302,883	105,636	(197,247)
Other	165,824	165,824	147,981	(17,843)
TOTAL REVENUES	\$ 15,675,998	\$ 16,162,988	\$ 15,520,079	\$ (642,909)
EXPENDITURES				
Service Operations:				
Salary and Benefits	\$ 4,991,504	\$ 4,835,504	\$ 4,652,172	\$ 183,332
Water and Wastewater Purchases	1,543,550	1,543,550	1,373,447	170,103
Garbage Fees	1,317,436	1,317,436	1,399,600	(82,164)
Repairs and Maintenance	915,989	1,022,989	1,276,114	(253,125)
Administrative	813,749	859,599	345,785	513,814
Utilities	658,500	656,300	611,657	44,643
Contracted Services	611,100	915,600	731,530	184,070
Legal Fees	110,000	210,000	210,593	(593)
Insurance	90,250	90,250	98,534	(8,284)
Engineering Fees	146,000	351,000	291,120	59,880
Audit Fees	41,200	41,200	41,750	(550)
Financial Advisor	20,000	20,000	20,000	
Director's Fees	32,400	32,400	32,400	
Security Fees	108,000	118,000	119,747	(1,747)
Other *	602,760	598,160	545,199	52,961
Capital Outlay	3,869,900	2,553,290	2,987,146	(433,856)
Debt Service:				
Principal Payments	430,000	430,000	430,000	
Interest and Fiscal Charges	141,626	141,626	141,626	
TOTAL EXPENDITURES	\$ 16,443,964	\$ 15,736,904	\$ 15,308,420	\$ 428,484
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (767,966)	\$ 426,084	\$ 211,659	\$ (214,425)
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	\$ 767,966	\$ (426,084)	\$ _____	\$ 426,084
NET CHANGE IN FUND BALANCE	\$ -0-	\$ -0-	\$ 211,659	\$ 211,659
FUND BALANCE - OCTOBER 1, 2019	22,542,796	22,542,796	22,542,796	
FUND BALANCE - SEPTEMBER 30, 2020	\$ 22,542,796	\$ 22,542,796	\$ 22,754,455	\$ 211,659

* This includes expenses related to community activities, recruiting, cell/phone/cable, postage, and printing as well as other miscellaneous expenses.

See accompanying independent auditor's report.

BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
Schedule of Changes in Net Pension Liability and Related Ratios
September 30, 2020

	Year Ended December 31, 2019*	Year Ended December 31, 2018*	Year Ended December 31, 2017*	Year Ended December 31, 2016*	Year Ended December 31, 2015*	Year Ended December 31, 2014*
Total Pension Liability						
Service Cost	\$ 416,956	\$ 364,608	\$ 294,923	\$ 295,387	\$ 267,011	\$ 250,979
Interest on Total Pension Liability	456,424	398,452	342,882	291,308	263,305	230,729
Effect of Plan Changes	-	-	4,376	-	(55,460)	-
Effect of Assumption Changes or Inputs	-	-	512	-	30,086	-
Effect on Economic/Demographic (Gains) or Losses	38,542	(26,962)	44,864	(28,730)	(120,517)	(26,206)
Benefit Payments/Refunds of Contributions	<u>(69,593)</u>	<u>(75,772)</u>	<u>(66,783)</u>	<u>(75,753)</u>	<u>(54,772)</u>	<u>(42,950)</u>
Net Change in Total Pension Asset	842,329	660,326	620,774	482,212	329,653	412,552
Total Pension Liability, Beginning	<u>5,252,027</u>	<u>4,591,701</u>	<u>3,970,927</u>	<u>3,488,715</u>	<u>3,159,062</u>	<u>2,746,511</u>
Total Pension Liability, Ending (a)	\$ 6,094,356	\$ 5,252,027	\$ 4,591,701	\$ 3,970,927	\$ 3,488,715	\$ 3,159,063
Fiduciary Net Position						
Employer Contributions	\$ 206,110	\$ 183,429	\$ 173,616	\$ 142,204	\$ 140,561	\$ 141,860
Member Contributions	198,835	180,126	170,719	147,347	138,711	129,948
Investment Income Net of Investment Expenses	843,237	(88,684)	596,801	264,683	(66,405)	199,976
Benefit Payments/Refunds of Contributions	(69,593)	(75,772)	(66,783)	(75,753)	(54,773)	(42,950)
Administrative Expenses	(4,818)	(4,126)	(3,280)	(2,878)	(2,516)	(2,463)
Other	<u>12,363</u>	<u>9,070</u>	<u>3,689</u>	<u>24,012</u>	<u>2,488</u>	<u>446</u>
Net Change in Fiduciary Net Position	1,186,134	204,043	874,762	499,615	158,066	426,817
Fiduciary Net Position, Beginning	<u>5,136,876</u>	<u>4,932,833</u>	<u>4,058,071</u>	<u>3,558,456</u>	<u>3,400,390</u>	<u>2,973,574</u>
Fiduciary Net Position, Ending (b)	\$ 6,323,010	\$ 5,136,876	\$ 4,932,833	\$ 4,058,071	\$ 3,558,456	\$ 3,400,391
Net Pension Liability / (Asset), Ending = (a) - (b)	\$ (228,654)	\$ 115,151	\$ (341,132)	\$ (87,144)	\$ (69,741)	\$ (241,328)
Fiduciary Net Position as a % of Total Pension Liability	103.75 %	97.81 %	107.43 %	102.19 %	102.00 %	107.64
Pensionable Covered Payroll	\$ 3,313,925	\$ 3,002,106	\$ 2,845,317	\$ 2,450,776	\$ 2,311,858	\$ 2,165,801
Net Pension Liability as a % of Covered Payroll	(6.90) %	3.84 %	(11.99) %	(3.56) %	(3.02) %	(11.14)

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT**
Schedule of District Contributions
September 30, 2020

Year Ending December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll*	Actual Contribution as a % of Covered Payroll
2010	\$ 131,463	\$ 131,463	\$ -	\$ 2,054,117	6.4%
2011	126,935	126,935	-	1,908,800	6.6%
2012	133,973	133,973	-	2,023,768	6.6%
2013	134,120	134,120	-	2,089,097	6.4%
2014	141,860	141,860	-	2,165,801	6.6%
2015	140,561	140,561	-	2,311,858	6.1%
2016	141,900	142,204	(304)	2,450,776	5.8%
2017	168,727	173,616	(4,889)	2,845,317	6.1%
2018	183,429	183,429	-	3,002,106	6.1%
2019	205,795	206,110	(315)	3,313,925	6.2%

* Payroll is calculated based on contributions as reported to TCDRS.

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

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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

<u> X </u>	Retail Water	<u> X </u>	Wholesale Water	<u> X </u>	Drainage
<u> X </u>	Retail Wastewater	<u> </u>	Wholesale Wastewater	<u> </u>	Irrigation
<u> X </u>	Parks/Recreation	<u> </u>	Fire Protection	<u> X </u>	Security
<u> X </u>	Solid Waste/Garbage	<u> </u>	Flood Control	<u> </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 effective March 1, 2020.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:					
In-District	\$ 15.00		Y	\$ 2.25 winter \$ 2.95 summer	Oct to May Jun to Sep
Out-of-District	\$ 39.14		Y	\$ 2.25 winter \$ 2.95 summer	Oct to May Jun to Sep
WASTEWATER:					
In-District	\$ 6.00		N	\$ 2.70	Per 1,000
Out-of-District	\$ 12.00		N	\$ 10.80	Per 1,000
SURCHARGE:	N/A	N/A	N/A	N/A	N/A
District employs winter averaging for wastewater usage?					<u> X </u> Yes <u> </u> No

Total charges per 10,000 gallons usage: In-District: Water: \$37.50-Winter, \$44.50-Summer; Wastewater: \$33.00
Out-of-District: Water: \$61.64-Winter, \$68.64-Summer; Wastewater: \$120.00

See accompanying independent auditor's report.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤ 3/4"	<u>5,550</u>	<u>5,550</u>	x 1.0	<u>5,550</u>
1"	<u>36</u>	<u>36</u>	x 2.5	<u>90</u>
1½"	<u>40</u>	<u>40</u>	x 5.0	<u>200</u>
2"	<u>38</u>	<u>38</u>	x 8.0	<u>304</u>
3"	<u>7</u>	<u>7</u>	x 15.0	<u>105</u>
4"	<u>2</u>	<u>2</u>	x 25.0	<u>50</u>
6"	<u>2</u>	<u>2</u>	x 50.0	<u>100</u>
8"	<u>5</u>	<u>5</u>	x 80.0	<u>400</u>
10"			x 115.0	
Total Water Connections	<u>5,680</u>	<u>5,680</u>		<u>6,799</u>
Total Wastewater Connections	<u>5,563</u>	<u>5,563</u>	x 1.0	<u>5,563</u>

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

Gallons pumped into the System: 1,011,942,000

Water Accountability Ratio: 90%
(Gallons billed /Gallons pumped)

Gallons billed to customers: 911,259,600

The water accountability ratio does not include fire hydrant flushing, water used in fire-fighting, loss due to water leaks identified, or other un-metered loss to the system.

See accompanying independent auditor's report.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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

Does the District have Debt Service standby fees? Yes No

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes No

County in which District is located:

Williamson County

Is the District located within a city?

Entirely Partly Not at all

Cities in which District is located:

N/A

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

Entirely Partly Not at all

ETJ's in which District is located:

City of Round Rock

Are Board Members appointed by an office outside the District?

Yes No

See accompanying independent auditor's report.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
INVESTMENTS
SEPTEMBER 30, 2020**

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
LOGIC	XXXX1002	Varies	Daily	\$ 678,686	\$
LOGIC	XXXX1003	Varies	Daily	846,255	
LOGIC	XXXX1015	Varies	Daily	6,583,367	
TexPool	XXXX0008	Varies	Daily	4,137,497	
TexPool	XXXX0001	Varies	Daily	38,779	
Municipal Bonds	XXXXAJY2	2.052%	05/15/21	2,022,760	15,551
US Agencies	XXXXBXB1	1.020%	04/01/22	3,000,969	15,258
Commerical Paper	XXXXVVE8	n/a	02/26/21	<u>1,498,088</u>	
TOTAL GENERAL FUND				<u>\$ 18,806,401</u>	<u>\$ 30,809</u>
<u>DEBT SERVICE FUND</u>					
LOGIC	XXXX1001	Varies	Daily	\$ 2,472,693	\$
LOGIC	XXXX1013	Varies	Daily	853,487	
LOGIC	XXXX1016	Varies	Daily	3,532,903	
TexPool	XXXX0004	Varies	Daily	<u>237,372</u>	
TOTAL DEBT SERVICE FUND				<u>\$ 7,096,455</u>	<u>\$ - 0 -</u>
<u>CAPITAL PROJECTS FUND</u>					
LOGIC	XXXX1009	Varies	Daily	\$ 1,529,711	\$
LOGIC	XXXX1014	Varies	Daily	2,015,800	
TexPool	XXXX0007	Varies	Daily	<u>872,552</u>	
TOTAL CAPITAL PROJECTS FUND				<u>\$ 4,418,063</u>	<u>\$ - 0 -</u>
TOTAL - ALL FUNDS				<u>\$ 30,320,919</u>	<u>\$ 30,809</u>

See accompanying independent auditor's report.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
OCTOBER 1, 2019	\$	38,775	\$	30,180
Adjustments to Beginning				
Balance		<u>(3,926)</u>		<u>(2,070)</u>
	\$	34,849	\$	28,110
Original 2019 Tax Levy	\$	6,975,427	\$	3,904,608
Adjustment to 2019 Tax Levy		<u>(27,527)</u>	<u>6,947,900</u>	<u>(12,407)</u>
			<u>3,892,201</u>	
TOTAL TO BE				
ACCOUNTED FOR		\$ 6,982,749		\$ 3,920,311
TAX COLLECTIONS:				
Prior Years	\$		\$	143
Current Year		<u>6,927,318</u>		<u>3,881,639</u>
		<u>6,927,318</u>		<u>3,881,782</u>
TAXES RECEIVABLE -				
SEPTEMBER 30, 2020		<u>\$ 55,431</u>		<u>\$ 38,529</u>
TAXES RECEIVABLE BY				
YEAR:				
2019	\$	20,582	\$	10,562
2018		8,351		4,398
2017		6,434		4,242
2016		4,980		3,809
2015		3,859		2,659
2014		3,163		2,958
2013		3,069		3,094
2012 & Prior		<u>4,993</u>		<u>6,807</u>
TOTAL	\$	<u>55,431</u>	\$	<u>38,529</u>

See accompanying independent auditor's report.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
PROPERTY VALUATIONS:				
District-wide	\$ 2,171,065,972	\$ 2,086,616,021	\$ 1,968,553,734	\$ 1,795,727,604
Defined Area	\$ 515,650,174	\$ 493,992,503	\$ 452,999,890	\$ 390,949,120
TAX RATES PER \$100 VALUATION:				
Debt Service Tax Rate	\$ 0.1400	\$ 0.1400	\$ 0.1600	\$ 0.1700
Maintenance Tax Rate	<u>0.3200</u>	<u>0.3200</u>	<u>0.3000</u>	<u>0.2950</u>
District-wide	\$ 0.4600	\$ 0.4600	\$ 0.4600	\$ 0.4650
Defined Area	\$ 0.1650	\$ 0.1750	\$ 0.1900	\$ 0.2250
ADJUSTED TAX LEVY	<u>\$ 10,840,101</u>	<u>\$ 10,464,134</u>	<u>\$ 9,916,640</u>	<u>\$ 9,259,726</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>99.71 %</u>	<u>99.88 %</u>	<u>99.89 %</u>	<u>99.91 %</u>

See accompanying independent auditor's report.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2020**

Due During Fiscal Years Ending September 30	DEFINED AREA SERIES - 2011			REFUNDING SERIES - 2012			DEFINED AREA SERIES - 2013		
	Principal Due June 1	Interest Due December 1/ June 1	Total	Principal Due June 1	Interest Due December 1/ June 1	Total	Principal Due June 1	Interest Due December 1/ June 1	Total
2021	\$ 85,000	\$ 3,400	\$ 88,400	\$ 660,000	\$ 19,800	\$ 679,800	\$ 105,000	\$ 131,370	\$ 236,370
2022							110,000	128,220	238,220
2023							115,000	124,645	239,645
2024							120,000	120,620	240,620
2025							125,000	115,820	240,820
2026							135,000	110,820	245,820
2027							140,000	104,880	244,880
2028							145,000	98,720	243,720
2029							150,000	92,340	242,340
2030							160,000	85,140	245,140
2031							165,000	77,460	242,460
2032							175,000	69,540	244,540
2033							180,000	61,140	241,140
2034							190,000	52,500	242,500
2035							200,000	43,000	243,000
2036							210,000	33,000	243,000
2037							220,000	22,500	242,500
2038							230,000	11,500	241,500
2039									
	<u>\$ 85,000</u>	<u>\$ 3,400</u>	<u>\$ 88,400</u>	<u>\$ 660,000</u>	<u>\$ 19,800</u>	<u>\$ 679,800</u>	<u>\$ 2,875,000</u>	<u>\$ 1,483,215</u>	<u>\$ 4,358,215</u>

See accompanying independent auditor's report.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2020**

Due During Fiscal Years Ending September 30	DEFINED AREA REFUNDING SERIES - 2015			DEFINED AREA SERIES - 2015			UTILITY SYSTEM REVENUE NOTE SERIES - 2016		
	Principal Due June 1	Interest Due December 1/ June 1	Total	Principal Due June 1	Interest Due December 1/ June 1	Total	Principal Due June 1	Interest Due December 1/ June 1	Total
2021	\$ 210,000	\$ 103,800	\$ 313,800	\$ 110,000	\$ 102,456	\$ 212,456	\$ 440,000	\$ 130,317	\$ 570,317
2022	220,000	97,500	317,500	115,000	99,156	214,156	450,000	118,745	568,745
2023	225,000	90,900	315,900	120,000	95,706	215,706	465,000	106,910	571,910
2024	230,000	84,150	314,150	125,000	92,106	217,106	475,000	94,680	569,680
2025	240,000	77,250	317,250	130,000	88,356	218,356	490,000	82,188	572,188
2026	245,000	70,050	315,050	135,000	84,456	219,456	500,000	69,301	569,301
2027	260,000	62,394	322,394	140,000	80,406	220,406	515,000	56,151	571,151
2028	270,000	53,944	323,944	145,000	76,206	221,206	525,000	42,606	567,606
2029	280,000	44,494	324,494	150,000	71,494	221,494	540,000	28,799	568,799
2030	295,000	34,694	329,694	155,000	66,619	221,619	555,000	14,592	569,592
2031	300,000	24,000	324,000	160,000	61,581	221,581			
2032	165,000	12,750	177,750	170,000	56,381	226,381			
2033	175,000	6,562	181,562	175,000	50,431	225,431			
2034				185,000	44,306	229,306			
2035				190,000	37,831	227,831			
2036				200,000	31,181	231,181			
2037				205,000	23,931	228,931			
2038				215,000	16,500	231,500			
2039				225,000	8,442	233,442			
	<u>\$ 3,115,000</u>	<u>\$ 762,488</u>	<u>\$ 3,877,488</u>	<u>\$ 3,050,000</u>	<u>\$ 1,187,545</u>	<u>\$ 4,237,545</u>	<u>\$ 4,955,000</u>	<u>\$ 744,289</u>	<u>\$ 5,699,289</u>

See accompanying independent auditor's report.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2020**

Due During Fiscal Years Ending September 30	REFUNDING SERIES - 2019			REFUNDING SERIES - 2020			SERIES - 2020		
	Principal Due June 1	Interest Due December 1/ June 1	Total	Principal Due June 1	Interest Due December 1/ June 1	Total	Principal Due June 1	Interest Due December 1/ June 1	Total
2021	\$ 1,535,000	\$ 217,150	\$ 1,752,150	\$ 150,000	\$ 283,725	\$ 433,725	\$ 195,000	\$ 22,883	\$ 217,883
2022	1,585,000	171,100	1,756,100	835,000	257,400	1,092,400	195,000	23,012	218,012
2023	1,385,000	123,550	1,508,550	870,000	232,350	1,102,350	440,000	21,062	461,062
2024	-	82,000	82,000	1,770,000	206,250	1,976,250	340,000	16,663	356,663
2025	200,000	82,000	282,000	915,000	135,450	1,050,450	135,000	13,262	148,262
2026	1,900,000	76,000	1,976,000	945,000	108,000	1,053,000	140,000	11,575	151,575
2027				1,305,000	79,650	1,384,650	10,000	9,825	19,825
2028				1,350,000	40,500	1,390,500		9,675	9,675
2029							645,000	9,675	654,675
2030									
2031									
2032									
2033									
2034									
2035									
2036									
2037									
2038									
2039									
	<u>\$ 6,605,000</u>	<u>\$ 751,800</u>	<u>\$ 7,356,800</u>	<u>\$ 8,140,000</u>	<u>\$ 1,343,325</u>	<u>\$ 9,483,325</u>	<u>\$ 2,100,000</u>	<u>\$ 137,632</u>	<u>\$ 2,237,632</u>

See accompanying independent auditor's report.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2020**

Due During Fiscal Years Ending September 30	REFUNDING SERIES - 2020 A			DEFINED AREA REFUNDING SERIES - 2020			ANNUAL REQUIREMENTS FOR ALL SERIES		
	Principal Due June 1	Interest Due December 1/ June 1	Total	Principal Due June 1	Interest Due December 1/ June 1	Total	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2021	\$	\$ 122,400	\$ 122,400	\$ 15,000	\$ 46,008	\$ 61,008	\$ 3,505,000	\$ 1,183,309	\$ 4,688,309
2022		163,200	163,200	105,000	42,018	147,018	3,615,000	1,100,351	4,715,351
2023		163,200	163,200	110,000	38,870	148,870	3,730,000	997,193	4,727,193
2024	615,000	163,200	778,200	115,000	35,568	150,568	3,790,000	895,237	4,685,237
2025	1,550,000	150,900	1,700,900	120,000	32,118	152,118	3,905,000	777,344	4,682,344
2026		119,900	119,900	125,000	28,518	153,518	4,125,000	678,620	4,803,620
2027	1,685,000	119,900	1,804,900	120,000	26,020	146,020	4,175,000	539,226	4,714,226
2028	1,750,000	52,500	1,802,500	125,000	23,618	148,618	4,310,000	397,769	4,707,769
2029				125,000	21,120	146,120	1,890,000	267,922	2,157,922
2030				125,000	18,462	143,462	1,290,000	219,507	1,509,507
2031				135,000	15,806	150,806	760,000	178,847	938,847
2032				285,000	12,938	297,938	795,000	151,609	946,609
2033				290,000	6,525	296,525	820,000	124,658	944,658
2034							375,000	96,806	471,806
2035							390,000	80,831	470,831
2036							410,000	64,181	474,181
2037							425,000	46,431	471,431
2038							445,000	28,000	473,000
2039							225,000	8,442	233,442
	<u>\$ 5,600,000</u>	<u>\$ 1,055,200</u>	<u>\$ 6,655,200</u>	<u>\$ 1,795,000</u>	<u>\$ 347,589</u>	<u>\$ 2,142,589</u>	<u>\$ 38,980,000</u>	<u>\$ 7,836,283</u>	<u>\$ 46,816,283</u>

See accompanying independent auditor's report.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
CHANGES IN LONG-TERM BONDED DEBT
SEPTEMBER 30, 2020**

	<u>Unlimited Tax Series 2005</u>	<u>Defined Area Unlimited Tax Series 2009</u>	<u>Refunding Series 2009</u>	<u>Refunding Series 2010</u>	<u>Defined Area Unlimited Tax Series 2011</u>	<u>Refunding Series 2011</u>
Interest Rate	3.00%	5.25%	4.00%	4.00%	4.00% - 5.00%	3.84%
Dates Interest Payable	6/1; 12/1	6/1; 12/1	6/1; 12/1	6/1; 12/1	6/1; 12/1	6/1; 12/1
Maturity Date	6/1/2020	6/1/2020	6/1/2020	6/1/2020	6/1/2021	6/1/2020
Bonds Outstanding at Beginning of Current Fiscal Year	\$ 595,000	\$ 80,000	\$ 215,000	\$ 1,270,000	\$ 1,870,000	\$ 1,870,000
Bonds Sold During the Current Fiscal Year	-	-	-	-	-	-
Retirements During the Current Fiscal Year:						
Refunded	-	-			(1,700,000)	(1,695,000)
Principal	(595,000)	(80,000)	(215,000)	(1,270,000)	(85,000)	(175,000)
Bonds Outstanding at End of Current Fiscal Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,000</u>	<u>\$ -</u>
Interest Paid During the Current Fiscal Year	<u>\$ 17,850</u>	<u>\$ 4,200</u>	<u>\$ 8,600</u>	<u>\$ 50,800</u>	<u>\$ 46,325</u>	<u>\$ 39,264</u>

See accompanying independent auditor's report.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
CHANGES IN LONG-TERM BONDED DEBT
SEPTEMBER 30, 2020**

	<u>Refunding Series 2012</u>	<u>Refunding Series 2013</u>	<u>Defined Area Unlimited Tax Series 2013</u>	<u>Defined Area Refunding Series 2015</u>	<u>Defined Area Unlimited Tax Series 2015</u>	<u>Utility System Revenue Note Series 2016</u>
Interest Rate	3.00%	2.00% - 3.50%	3.00% - 5.00%	3.00% - 3.75%	3.00% - 3.75%	2.63%
Dates Interest Payable	6/1; 12/1	6/1; 12/1	6/1; 12/1	6/1; 12/1	6/1; 12/1	6/1; 12/1
Maturity Date	6/1/2021	6/1/2020	6/1/2038	6/1/2033	6/1/2039	6/1/2030
Bonds Outstanding at Beginning of Current Fiscal Year	\$ 7,435,000	\$ 5,995,000	\$ 2,975,000	\$ 3,240,000	\$ 3,155,000	\$ 5,385,000
Bonds Sold During the Current Fiscal Year	-	-	-	-	-	-
Retirements During the Current Fiscal Year:						
Refunded	(6,730,000)	(5,980,000)	-	-	-	-
Principal	<u>(45,000)</u>	<u>(15,000)</u>	<u>(100,000)</u>	<u>(125,000)</u>	<u>(105,000)</u>	<u>(430,000)</u>
Bonds Outstanding at End of Current Fiscal Year	<u>\$ 660,000</u>	<u>\$ -</u>	<u>\$ 2,875,000</u>	<u>\$ 3,115,000</u>	<u>\$ 3,050,000</u>	<u>\$ 4,955,000</u>
Interest Paid During the Current Fiscal Year	<u>\$ 122,100</u>	<u>\$ 197,775</u>	<u>\$ 134,170</u>	<u>\$ 107,550</u>	<u>\$ 104,556</u>	<u>\$ 141,626</u>

See accompanying independent auditor's report.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
CHANGES IN LONG-TERM BONDED DEBT
SEPTEMBER 30, 2020**

	Refunding Series 2019	Refunding Series 2020	Series 2020	Refunding Series 2020A	Defined Area Refunding Series 2020
Interest Rate	3.00% - 4.00%	3.00% - 4.00%	1.00% - 1.50%	2.00% - 4.00%	2.00% - 3.00%
Dates Interest Payable	6/1; 12/1	6/1; 12/1	6/1; 12/1	6/1; 12/1	6/1; 12/1
Maturity Date	6/1/2026	6/1/2028	6/1/2029	6/1/2028	6/1/2033
Bonds Outstanding at Beginning of Current Fiscal Year	\$ 6,605,000	\$ -	\$ -	\$ -	\$ -
Bonds Sold During the Current Fiscal Year	-	8,140,000	2,100,000	5,600,000	1,795,000
Retirements During the Current Fiscal Year:					
Refunded	-	-	-	-	-
Principal	-	-	-	-	-
Bonds Outstanding at End of Current Fiscal Year	<u>\$ 6,605,000</u>	<u>\$ 8,140,000</u>	<u>\$ 2,100,000</u>	<u>\$ 5,600,000</u>	<u>\$ 1,795,000</u>
Interest Paid During the Current Fiscal Year	<u>\$ 180,959</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
CHANGES IN LONG-TERM BONDED DEBT
SEPTEMBER 30, 2020**

	<u>Grand Total</u>		
Bonds and Note Outstanding at Beginning of Current Fiscal Year	\$ 40,690,000		
Bond/Note Sold During the Current Fiscal Year	17,635,000		
Retirements During the Current Fiscal Year:			
Refunded	(16,105,000)		
Principal	<u>(3,240,000)</u>		
Bonds and Note Outstanding at End of Current Fiscal Year	<u>\$ 38,980,000</u>		
Interest Paid During the Current Fiscal Year	<u>\$ 1,155,775</u>		
Paying Agent:	Series 2005, 2009, 2010, 2011, 2012, 2013, 2015, 2019, 2020 and 2020A	Wells Fargo Bank Minneapolis, Minnesota 55415	
	Series 2016	BB&I Governmental Finance Charlotte, North Carolina 28217	
Bond Authority:	<u>District Tax Bonds*</u>	<u>Defined Area Tax Bonds</u>	<u>Refunding Bonds</u>
Amount Authorized by Voters	\$ 74,100,000	\$ 24,500,000	\$ 84,074,998
Amount Issued	<u>74,100,000</u>	<u>13,785,000</u>	<u>84,074,998</u>
Remaining to be Issued	<u>\$ - 0 -</u>	<u>\$ 10,715,000</u>	<u>\$ - 0 -</u>
Debt Service Fund cash and investment balances as of September 30, 2020:			<u>\$ 7,975,670</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:			<u>\$ 2,464,015</u>

See accompanying independent auditor's report.

**BRUSHY CREEK MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS**

	Amounts					Percentage of Total Revenue				
	2020	2019	2018	2017	2016	2020	2019	2018	2017	2016
GENERAL FUND										
REVENUES										
Water and Wastewater Service	\$ 5,405,598	\$ 5,192,564	\$ 5,385,725	\$ 5,215,431	\$ 5,226,780	34.9 %	32.3 %	36.1 %	37.7 %	40.1 %
Garbage Collection	1,391,326	1,388,800	1,385,486	1,369,168	1,345,290	9.0	8.6	9.3	9.9	10.3
Inspection Fees	31,700	29,000	27,685	60,520	77,282	0.2	0.2	0.2	0.4	0.6
Tap and Other Connection Fees	6,214	26,003	3,074	47,079	131,136		0.2		0.3	1.0
Park and Recreation Center Fees	1,165,846	1,969,615	1,673,060	1,546,489	1,506,143	7.5	12.2	11.2	11.2	11.5
Property Taxes, Including Penalties and Interest	6,922,703	6,675,772	5,903,594	5,281,267	4,523,775	44.6	41.5	39.6	38.2	34.7
Investment Earnings	342,725	564,348	284,545	97,894	64,748	2.2	3.5	1.9	0.7	0.5
Other	253,967	248,092	256,933	219,957	153,096	1.6	1.5	1.7	1.6	1.2
Contributed Capital Assets				1,710	19,275					0.1
TOTAL REVENUES	\$ 15,520,079	\$ 16,094,194	\$ 14,920,102	\$ 13,839,515	\$ 13,047,525	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
EXPENDITURES										
Current:										
Personnel (Including Benefits)	\$ 4,652,172	\$ 4,534,771	\$ 4,261,308	\$ 3,908,287	\$ 3,612,231	30.0 %	28.3 %	28.6 %	28.1 %	27.7 %
Purchased Services for Resale	2,773,047	2,762,311	2,586,690	2,450,527	2,811,709	17.9	17.2	17.3	17.7	21.5
Administrative	378,185	1,149,496	1,047,338	971,001	887,623	2.4	7.1	7.0	7.0	6.8
Repairs and Maintenance	1,276,114	1,117,540	876,860	1,122,722	989,729	8.2	6.9	5.9	8.1	7.6
Utilities	611,657	580,259	624,474	536,614	551,664	3.9	3.6	4.2	3.9	4.2
Professional Services	1,326,943	706,177	564,091	561,744	497,795	8.5	4.4	3.8	4.1	3.8
Contracted Services	731,530	393,621	190,618	378,744	233,267	4.7	2.4	1.3	2.7	1.8
Capital Outlay	2,987,146	724,604	2,300,762	1,865,489	3,025,806	19.3	4.5	15.4	13.5	23.2
Principal Payments	430,000	420,000	405,000	395,000	335,000	2.8	2.6	2.7	2.9	2.6
Interest and Fiscal Charges	141,626	152,672	163,323	173,711	69,460	0.9	0.9	1.1	1.3	0.5
TOTAL EXPENDITURES	\$ 15,308,420	\$ 12,541,451	\$ 13,020,464	\$ 12,363,839	\$ 13,014,284	98.6 %	77.9 %	87.3 %	89.3 %	99.7 %
EXCESS OF REVENUES OVER EXPENDITURES	\$ 211,659	\$ 3,552,743	\$ 1,899,638	\$ 1,475,676	\$ 33,241	1.4 %	22.1 %	12.7 %	10.7 %	0.3 %
OTHER FINANCING SOURCES										
Sale of Capital Assets	\$	\$ 685,683	\$ 32,303	\$	\$	%	4.2 %	0.2 %	%	%
NET CHANGE IN FUND BALANCE	\$ 211,659	\$ 4,238,426	\$ 1,931,941	\$ 1,475,676	\$ 33,241	1.4 %	26.3 %	12.9 %	10.7 %	0.3 %

See accompanying independent auditor's report.

**BRUSHY CREEK MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS**

	Amounts					Percentage of Total Revenue				
	2020	2019	2018	2017	2016	2020	2019	2018	2017	2016
DEBT SERVICE FUND										
REVENUES										
Property Taxes, Including Penalties and Interest	\$ 3,880,627	\$ 3,785,126	\$ 4,008,201	\$ 3,921,140	\$ 3,938,204	97.7 %	95.1 %	98.2 %	98.7 %	99.3 %
Investment Earnings and Other	93,065	193,091	72,603	50,324	29,032	2.3	4.9	1.8	1.3	0.7
TOTAL REVENUES	\$ 3,973,692	\$ 3,978,217	\$ 4,080,804	\$ 3,971,464	\$ 3,967,236	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
EXPENDITURES										
Principal Payments	\$ 2,810,000	\$ 3,205,000	\$ 2,605,000	\$ 2,510,000	\$ 2,615,000	70.7 %	80.6 %	63.8 %	63.1 %	66.0 %
Interest and Fiscal Charges	1,014,149	1,378,965	1,481,295	1,563,843	1,648,320	25.5	34.7	36.3	39.4	41.5
Tax Appraisal and Collection	66,799	64,078	64,019	63,732	62,624	1.7	1.6	1.6	1.6	1.6
Bond Issuance Costs	541,840	220,225	6,575	6,575	9,453	13.6	5.5	0.2	0.2	0.2
Other	15,608	7,129	6,630	31	25	0.4	0.2	0.2		
TOTAL EXPENDITURES	\$ 4,448,396	\$ 4,875,397	\$ 4,156,944	\$ 4,144,181	\$ 4,335,422	111.9 %	122.6 %	101.9 %	104.3 %	109.3 %
DEFICIENCY OF REVENUES UNDER EXPENDITURES	\$ (474,704)	\$ (897,180)	\$ (76,140)	\$ (172,717)	\$ (368,186)	(11.9) %	(22.6) %	(1.9) %	(4.3) %	(9.3) %
OTHER FINANCING SOURCES (USES)										
Transfers In	\$	\$	\$ 517,760	\$	\$ 158,505	%	%	12.7 %	%	4.0 %
Proceeds from the Sale of Capital Assets		18,412					0.5			
Proceeds of Refunding Bonds	15,535,000	6,605,000				390.9	166.0			
Payment to Refunded Bond Escrow Agent	(16,373,412)	(6,855,598)				(412.0)	(172.3)			
Premium (Discount) on Bonds	1,252,827	408,548				31.5	10.3			
TOTAL OTHER FINANCING SOURCES	\$ 414,415	\$ 176,362	\$ 517,760	\$ - 0 -	\$ 158,505	10.4 %	4.5 %	12.7 %	%	4.0 %
NET CHANGE IN FUND BALANCE	\$ (60,289)	\$ (720,818)	\$ 441,620	\$ (172,717)	\$ (209,681)	(1.5) %	(18.1) %	10.8 %	(4.3) %	(5.3) %
TOTAL ACTIVE RETAIL WATER CONNECTIONS	5,680	5,685	5,683	5,673	5,574					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	5,563	5,583	5,592	5,615	5,463					

See accompanying independent auditor's report.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2020**

District Mailing Address - 16318 Great Oaks Drive
Round Rock, Texas 78681

District Telephone Number - (512) 255-7871

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended September 30, 2020	Expense Reimbursements for the year ended September 30, 2020	Title
Donna B. Parker	11/20 11/24 (Elected)	\$ 7,050	\$ -	President
Michael Tucker	11/20 11/24 (Elected)	\$ 7,200	\$ -	Vice- President/ Assistant Secretary/ Treasurer
Rebecca B. Tullos	11/18 11/22 (Elected)	\$ 7,200	\$ -	Treasurer
Kim Filiatrault	11/18 11/22 (Elected)	\$ 7,050	\$ -	Secretary
Shean Dalton	11/18 05/20 (Elected)	\$ 3,900	\$ -	Former Director

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 9, 2019.

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

See accompanying independent auditor's report.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2020**

	<u>Date Hired</u>	<u>Fees for the year ended September 30, 2020</u>	<u>Title</u>
Consultants:			
McLean & Howard, LLP	2017	\$ 192,230	Attorney
McCall Gibson Swedlund Barfoot PLLC	2018	\$ 33,250 \$ 4,500	Auditor Bond Related
Robert W. Baird & Co.	2015	\$ 193,405	Financial Advisor
McCall, Parkhurst & Horton LLP	1994	\$ 176,751	Bond Counsel
MRB Group	2013	\$ 497,723	Engineer
Patterson & Associates	2008	\$ 20,000	Investment Advisor
Williamson County Tax Assessor-Collector	1981	\$ 1,915	Tax Assessor/ Collector

See accompanying independent auditor's report.

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**OTHER SUPPLEMENTARY
INFORMATION**

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
PRINCIPAL TAXPAYERS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

<u>District-Wide Area</u>	<u>Tax Roll Year</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Taxpayer</u>			
Landing at Round Rock Acquisition LLC	\$ 87,182,347	\$ 90,284,368	89,491,083
CWS Brushy Creek LP	51,957,360	50,250,000	51,781,360
IVQ Round Rock LP	11,699,881	12,272,768	11,756,288
Beck Commons Investments LLC	11,492,327	-	-
H. E. Butt Inc.	10,024,054	8,566,956	8,393,221
Atmos Energy/Mid-Tex Distribution	8,456,367	8,199,457	7,064,379
Barclay/Texas Holdings XI LP	8,350,448	12,500,258	-
Great American Storage Partners LLC	7,541,310	7,531,026	7,178,870
Highland 620 Land Investment Ltd.	7,522,601	8,457,479	9,130,857
Reshetar Inc.	5,810,289	-	-
Barclay/Texas Holdings 6 LP	-	10,211,336	9,043,666
MGP, XXII LLC	-	5,150,000	5,200,000
Homeowner	-	-	6,897,002
Total	\$ 210,036,984	\$ 213,423,648	\$ 205,936,726
Percent of Assessed Valuation	<u>9.34%</u>	<u>9.83%</u>	<u>9.87%</u>

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
PRINCIPAL TAXPAYERS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

<u>Defined Area</u>	<u>Tax Roll Year</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Taxpayer</u>			
IVQ Round Rock LP	\$ 11,699,881	\$ 12,272,768	11,756,288
Highland 620 Land Investment Ltd.	7,522,601	8,457,479	9,130,857
MHM Brushy Creek FH LLC	4,360,483	953,445	-
Cuchara Investment Group Ltd.	4,301,214	4,102,975	2,520,055
Great Oaks Physicians Holding Company LP	3,760,662	3,435,319	3,435,319
First Star Bank SSB	3,440,747	3,351,025	3,345,774
TDE Investments LLC	2,930,331	2,676,815	2,676,815
Saiba Holdings LLC	2,851,555	2,880,901	2,753,595
LIDL US Operations LLC	2,812,778	3,286,147	3,170,844
Hatch House Management Company LLC	2,403,453	2,383,132	2,303,542
Homeowner	-	-	785,185
Total	<u>\$ 46,083,705</u>	<u>\$ 43,800,006</u>	<u>\$ 41,878,274</u>
Percent of Assessed Valuation	<u>8.61%</u>	<u>8.49%</u>	<u>8.48%</u>

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
ASSESSED VALUE BY CLASSIFICATION
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

District-Wide Area

Tax Roll Year

Type of Property	2020		2019		2018	
	Amount	%	Amount	%	Amount	%
Single Family	\$ 1,840,474,598	81.9%	\$ 1,871,238,253	86.1%	\$ 1,800,055,570	86.2%
Multi-Family	148,523,051	6.6	151,307,534	7.0	150,685,331	7.2
Vacant Platted Lots/Tracts	11,473,690	0.5	14,293,843	0.7	13,701,425	0.7
Acreage (Land Only)	-	0.0	-	0.0	-	0.0
Farm and Ranch Improvement	11,451	0.0	10,723	0.0	10,723	0.0
Commerical	131,028,342	5.8	136,522,768	6.3	118,215,190	5.7
Real & Intangible Personal, Utilities	13,783,956	0.6	11,562,108	0.5	10,527,800	0.5
Tangible Personal Business	19,172,997	0.9	22,822,127	1.1	25,272,197	1.2
Real Inventory	-	0.0	-	0.0	405,000	0.0
Exempt	83,428,481	3.7	(36,691,384)	(1.7)	(32,257,215)	(1.5)
Total	<u>\$ 2,247,896,566</u>	<u>100.0%</u>	<u>\$ 2,171,065,972</u>	<u>100.0%</u>	<u>\$ 2,086,616,021</u>	<u>100.0%</u>

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**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
ASSESSED VALUE BY CLASSIFICATION
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Defined Area	Tax Roll Year					
	2020		2019		2018	
	Amount	%	Amount	%	Amount	%
Type of Property						
Single Family	\$ 460,754,048	86.2%	\$ 473,348,549	91.7%	\$ 454,520,298	92.0%
Vacant Platted Lots/Tracts	10,335,780	1.9	12,699,112	2.5	12,370,189	2.5
Farm and Ranch Improvement	9,910	0.0	9,100	0.0	9,100	0.0
Acreage	-	0.0	-	0.0	-	
Commerical	29,043,659	5.4	31,102,935	6.0	28,791,388	5.8
Real & Intangible Personal, Utilities	264,971	0.0	273,265	0.1	386,986	0.1
Tangible Personal Business	4,734,603	0.9	4,386,902	0.9	4,143,524	0.8
Real Inventory	-	0.0	-		405,000	0.1
Exempt	29,895,618	5.6	(6,169,689)	(1.2)	(6,633,982)	(1.3)
Total	<u>\$ 535,038,589</u>	<u>100.0%</u>	<u>\$ 515,650,174</u>	<u>100.0%</u>	<u>\$ 493,992,503</u>	<u>100.0%</u>

