



Brushy Creek Municipal Utility District

**Financial Statements and
Supplemental Information
as of and for the
Year Ended September 30, 2024 and
Independent Auditors' Report**

MAXWELL LOCKE & RITTER LLP | Accounting & Advisory

AUSTIN 401 Congress Avenue, Suite 1100, Austin, TX 78701

ROUND ROCK 411 West Main Street, Suite 300, Round Rock, TX 78664

MLRPC.COM

Brushy Creek Municipal Utility District

Table of Contents

	<u>Page</u>
Annual Filing Affidavit	1
Independent Auditors' Report	2-5
Management's Discussion and Analysis	6-11
Basic Financial Statements:	
Statement of Net Position and Governmental Funds Balance Sheet	12-13
Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances	14
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	15
Notes to Basic Financial Statements	16-42
Required Supplementary Information:	
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios	43
Schedule of District Contributions to TCDRS	44
Notes to Required Supplementary Information	45-46
Supplemental Information:	
Index of Supplemental Schedules Required by the Texas Commission on Environmental Quality	47
Supplemental Schedules Required by Texas Commission on Environmental Quality	48-65
Other Supplemental Information-	
Other Supplemental Schedules	66-69

Annual Filing Affidavit

The State of Texas

County of Williamson

I, Michael Tucker
(Name of Duly Authorized District Representative)

of the Brushy Creek Municipal Utility District

hereby swear, or affirm, that the District named above has reviewed and approved at a meeting of the Board of Directors of the District on the 23 day of January, 20 25, its annual audit report for the fiscal year ended September 30, 2024 and that copies of the annual audit report have been filed in the District office, located at 16318 Great Oaks Drive, Round Rock, Texas 78681.

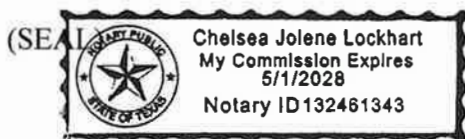
The annual filing affidavit and the attached copy of the annual audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of all annual filing requirements within Section 49.194 of the Texas Water Code.

Date: January 23, 20 25. By: Michael Tucker
(Signature of District Representative)

Michael Tucker Board President
(Typed Name and Title of above District Representative)

Sworn to and subscribed to before me this 23 day of January, 20 25.

Chelsea Lockhart
(Signature of Notary)



Chelsea Lockhart
(Printed Name of Notary)

My Commission Expires On: 5/1/2028
Notary Public in and for the State of Texas.

Independent Auditors' Report

To the Board of Directors of
Brushy Creek Municipal Utility District:

Opinions

We have audited the 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, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2024, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 (asset) and related ratios, the schedule of district contributions to TCDRS, and the notes to the required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information required by the Texas Commission on Environmental Quality (the "TCEQ") listed in the table of contents 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 information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information required by the TCEQ listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the other information listed in the table of contents but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Maxwell Locke + Ritter LLP

Austin, Texas
January 23, 2025

Brushy Creek Municipal Utility District

Management's Discussion and Analysis for the Year Ended September 30, 2024

In accordance with Governmental Accounting Standards Board Statement No. 34 ("GASB 34"), the management of Brushy Creek Municipal Utility District (the "District") offers the following narrative on the financial performance of the District as of and for the year ended September 30, 2024. Please read it in connection with the District's financial statements that follow.

For purposes of GASB 34, the District is considered a special purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the "Total Governmental Funds" column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the Statement of Net Position and the Statement of Activities.

Overview of the Basic Financial Statements

The District's reporting is comprised of two parts:

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

The report also includes required supplementary information and other supplemental information.

The *Statement of Net Position and Governmental Funds Balance Sheet* includes a column (titled "Total Governmental Funds") that represents a balance sheet prepared using the modified accrual basis of accounting. The adjustments column converts those balances to a balance sheet that more closely reflects a private-sector business. Over time, increases or decreases in the District's net position will indicate financial health.

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

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

The *Notes to Basic Financial Statements* provide additional information that is essential to a full understanding of the information presented in the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances*.

Required supplementary information related to the District's participation in the Texas County and District Retirement System pension plan, schedules required by the Texas Commission on Environmental Quality, and other supplemental information are presented immediately following the *Notes to Basic Financial Statements*.

Comparative Financial Statements

Statement of Net Position

	Governmental Activities		
	2024	2023	% Change
Current and other assets	\$ 42,722,041	\$ 38,491,240	11%
Capital assets, net	48,424,635	49,461,906	(2%)
Total assets	<u>91,146,676</u>	<u>87,953,146</u>	<u>4%</u>
Deferred outflows of resources	702,659	998,149	(30%)
Current liabilities	6,800,612	7,051,762	(4%)
Long-term liabilities	20,442,152	24,567,931	(17%)
Total liabilities	<u>27,242,764</u>	<u>31,619,693</u>	<u>(14%)</u>
Deferred inflows of resources	976,681	1,179,708	(17%)
Net investment in capital assets	26,860,950	24,287,825	11%
Restricted	3,993,894	3,799,981	5%
Unrestricted	<u>32,775,046</u>	<u>28,064,088</u>	<u>17%</u>
Total net position	<u>\$ 63,629,890</u>	<u>\$ 56,151,894</u>	<u>13%</u>

The District's total assets were approximately \$91.1 million as of September 30, 2024. Of this amount, approximately \$48.4 million is accounted for by capital assets. The District had outstanding liabilities of approximately \$27.2 million of which \$23.5 million represent bonds payable.

Statement of Activities

	Governmental Activities		
	2024	2023	% Change
Water, wastewater and garbage	\$ 8,902,450	\$ 8,783,344	1%
Property taxes	13,076,526	13,094,564	(<1%)
Parks and recreation fees	2,616,917	2,414,578	8%
Investment earnings	2,205,910	1,461,659	51%
Grant revenue	321,461	-	100%
Other	469,624	636,967	(26%)
Total Revenues	27,592,888	26,391,112	5%
Water, wastewater and garbage	3,475,089	3,223,211	8%
Salary and related expenditures	7,158,783	6,434,561	11%
Administrative	422,933	460,981	(8%)
Repairs and maintenance	1,120,808	1,004,808	12%
Utilities	660,444	615,908	7%
Professional fees	705,070	693,985	2%
Contracted services	966,505	868,070	11%
Other	1,207,859	1,184,494	2%
Debt service	611,200	717,983	(15%)
Depreciation	3,786,201	3,709,186	2%
Total Expenses	20,114,892	18,913,187	6%
Change in net position	7,477,996	7,477,925	<1%
Beginning net position	56,151,894	48,673,969	15%
Ending net position	\$ 63,629,890	\$ 56,151,894	13%

Sources of Revenue	Percentage
Property taxes	47%
Water, wastewater, and garbage	32%
Parks and recreation fees	10%
Investment earnings	8%
Other	2%
Grant revenue	1%

The District's net property tax assessed values decreased by approximately \$7.8 million or <1% from approximately \$2.93 billion to approximately \$2.92 billion for District-wide and increased approximately \$46.3 million or 7% from approximately \$677.6 million to approximately \$723.9 million 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 \$0.419543 per \$100 of assessed value while the Defined Area decreased from \$0.1275 to \$0.1150 per \$100 of assessed value.

Operating revenues increased by approximately \$1.2 million to approximately \$27.6 million for the fiscal year ended September 30, 2024. Water, wastewater and garbage provided approximately \$8.9 million, and property taxes generated approximately \$13.1 million in revenues. Total expenses increased approximately \$1.2 million to approximately \$20.1 million for the fiscal year ended September 30, 2024. Net position increased approximately \$7.5 million for both fiscal years ended September 30, 2024 and 2023.

Analysis of Governmental Funds

Government Funds by Year

	<u>2024</u>	<u>2023</u>
Cash	\$ 850,817	\$ 1,495,040
Investments	38,651,838	34,468,258
Receivables	1,634,737	1,258,423
Due from other funds	57,352	35,206
Prepays and other assets	<u>95,613</u>	<u>113,684</u>
Total assets	<u>\$ 41,290,357</u>	<u>\$ 37,370,611</u>
Accounts payable	\$ 1,256,157	\$ 1,690,066
Customer deposits	689,266	686,784
Other liabilities	457,504	392,712
Due to other funds	57,352	35,206
Unearned revenue	186,258	111,983
Retainage payable	<u>32,146</u>	<u>89,960</u>
Total liabilities	<u>2,678,683</u>	<u>3,006,711</u>
Deferred inflows of resources	<u>178,195</u>	<u>69,343</u>
Nonspendable	95,613	113,684
Restricted	6,590,084	6,819,810
Committed	2,612,500	4,770,000
Assigned	13,745,810	7,100,964
Unassigned	<u>15,389,472</u>	<u>15,490,099</u>
Total fund balances	<u>38,433,479</u>	<u>34,294,557</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 41,290,357</u>	<u>\$ 37,370,611</u>

The *General Fund* pays for daily operating expenditures. When comparing actual to final budget, actual revenues were more than the final budgeted revenues primarily due to park and recreation center fees and investment earnings being higher than budgeted. Expenditures were less than budgeted primarily due to less capital outlay and repairs and maintenance expenditures than budgeted. More detailed information about the District's budgetary comparison is presented in the *Basic Financial Statements*.

The Board of Directors (the “Board”) committed \$2,612,500 and assigned \$13,745,810 of General Fund fund balance for specific future projects, of which most are expected to occur after fiscal year 2025. This is a \$4.5 million increase from the amount of projects committed and assigned for specific future projects at the end of fiscal year 2023. Included in the assigned fund balance is \$8,048,942 that is reported as *Subsequent fiscal year budget deficit* which represents management’s commitment to utilize funds set aside in prior years for the next fiscal cycle.

The Board has approved a resolution for a six-month operating reserve and a revenue protection reserve, which are reported within unassigned fund balance at year-end. Unassigned fund balance is comprised of the following as of September 30, 2024:

Unassigned Fund Balance	
Operating reserve	\$ 10,914,184
Revenue protection reserve	4,307,051
Remaining unassigned fund balance	168,237
Total unassigned fund balance	\$ 15,389,472

The *Debt Service Fund* remitted bond principal of approximately \$3.3 million and interest of approximately \$0.7 million during the year ended September 30, 2024. More detailed information about the District’s debt is presented in the *Notes to Basic Financial Statements*.

The *Capital Projects Fund* primarily purchases the District’s infrastructure. There was approximately \$0.6 million in expenditures for the year ended September 30, 2024.

Capital Assets and Long-Term Debt Activity

	Capital Assets	
	2024	2023
Land	\$ 2,676,333	\$ 2,676,333
Construction in progress	1,996,709	2,348,614
Water, wastewater, and drainage systems	87,424,226	87,332,860
Easements and rights-of-way	883,890	883,890
Buildings and improvements	14,381,422	14,375,787
Furniture and office equipment	3,475,345	2,963,012
Parks and recreational amenities	13,178,994	11,051,095
Vehicles and equipment	968,474	876,662
Subtotal	124,985,393	122,508,253
Accumulated depreciation	(76,560,758)	(73,046,347)
Total	\$ 48,424,635	\$ 49,461,906

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

	Long-Term Debt Activity	
	2024	2023
Current portion	\$ 3,915,000	\$ 3,800,000
Long term portion	19,585,000	23,500,000
Total	\$ 23,500,000	\$ 27,300,000

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

Currently Known Facts, Decisions, or Conditions

The adopted budget for fiscal year 2025 projects an increase in revenue of approximately \$5.1 million compared to the fiscal year 2024 final operating budget and an increase in expenditures of approximately \$6.9 million from the fiscal year 2024 final operating budget.

The amount of assessed value of property within the District-wide area for the 2024 tax year (September 30, 2025 fiscal year) is approximately \$3.1 billion and the tax rate levied was \$0.401653 per \$100 of assessed valuation consisting of \$0.301653 per \$100 of assessed valuation for maintenance and operations and \$0.100000 per \$100 of assessed valuation for debt service. The amount of assessed value of property within the Defined Area for the 2024 tax year is approximately \$774.4 million and the tax rate levied was \$0.100000 per \$100 of assessed valuation.

Brazos River Authority

The Williamson County Regional Raw Water Line (WCRRWL) is undergoing a comprehensive inspection and preliminary Phase III pump engineering design to prepare for the installation of the final phase of pumps (Phase 3) that will bring the system up to its ultimate capacity. Construction is anticipated to be completed by the end of 2026. The total project cost is estimated at approximately \$12.2 million with the District responsible for 6.54% of the ultimate costs. This project will be funded by debt to be issued at a later date.

Texas Property Tax Reform and Transparency Act of 2019

The Texas Property Tax Reform and Transparency Act of 2019 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 and 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.

American Rescue Plan Act Funding

During 2022, the District and Williamson County entered into a subrecipient agreement related to funding received by Williamson County from the American Rescue Plan Act. The subrecipient agreement provides for funding of water projects with a maximum funding amount to the District of \$4,000,000. The eligible projects were 1) Clean Water: Centralized Wastewater Collection and Conveyance; 2) Drinking Water: Treatment; and 3) Drinking Water: Source. The District is responsible for funding the entire design cost and any and all construction project costs in excess of \$4,000,000. The District has entered into contracts for construction before December 31, 2024 as required by the subrecipient agreement. The District did not incur costs subject to reimbursement from the subrecipient agreement that exceeded the threshold to require a Single Audit for the year ended September 30, 2024, but anticipates exceeding the threshold for the years ended September 30, 2025 and 2026.

Requests for Information

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Brushy Creek Municipal Utility District, 16318 Great Oaks Drive, Round Rock, Texas 78681 or PublicInformation@bcmud.org.

Brushy Creek Municipal Utility District

Statement of Net Position and Governmental Funds Balance Sheet September 30, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds	Adjustments (Note 3)	Statement of Net Position
Assets:						
Cash and investments:						
Cash	\$ 850,817	-	-	850,817	-	850,817
Investments	32,914,107	2,606,674	2,446,710	37,967,491	-	37,967,491
Receivables:						
Service accounts, net of allowance for uncollectible accounts of \$24,352	1,002,873	-	-	1,002,873	-	1,002,873
Taxes	125,671	52,524	-	178,195	-	178,195
Leases:						
Due within one year	-	-	-	-	60,210	60,210
Due after one year	-	-	-	-	1,024,813	1,024,813
Grant	321,461	-	-	321,461	-	321,461
Other	132,208	-	-	132,208	-	132,208
Due from other funds	57,352	-	-	57,352	(57,352)	-
Prepaid items	95,613	-	-	95,613	12,958	108,571
Investments held for customer deposits	684,347	-	-	684,347	-	684,347
Capital assets (net of accumulated depreciation):						
Land	-	-	-	-	2,676,333	2,676,333
Construction in progress	-	-	-	-	1,996,709	1,996,709
Water, wastewater and drainage systems	-	-	-	-	25,117,283	25,117,283
Buildings and improvements	-	-	-	-	10,221,477	10,221,477
Furniture and office equipment	-	-	-	-	1,435,736	1,435,736
Park and recreational amenities	-	-	-	-	6,732,191	6,732,191
Vehicles and equipment	-	-	-	-	244,906	244,906
Net pension asset	-	-	-	-	391,055	391,055
Total assets	\$ 36,184,449	2,659,198	2,446,710	41,290,357	49,856,319	91,146,676
Deferred outflows of resources:						
Deferred charges on bond refundings	-	-	-	-	272,064	272,064
Pension contributions after measurement date	-	-	-	-	314,199	314,199
Deferred outflows related to pension asset	-	-	-	-	116,396	116,396
Total deferred outflows of resources	-	-	-	-	702,659	702,659
Total assets and deferred outflows of resources	\$ 36,184,449	2,659,198	2,446,710	41,290,357	50,558,978	91,849,335

(Continued)

Brushy Creek Municipal Utility District

Statement of Net Position and Governmental Funds Balance Sheet (Continued) September 30, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds	Adjustments (Note 3)	Statement of Net Position
Liabilities:						
Accounts payable	\$ 1,256,157	-	-	1,256,157	-	1,256,157
Retainage payable	32,146	-	-	32,146	-	32,146
Customer deposits	689,266	-	-	689,266	-	689,266
Payroll accruals	378,208	-	-	378,208	-	378,208
Other liabilities	79,296	-	-	79,296	-	79,296
Due to other funds	-	26,381	30,971	57,352	(57,352)	-
Unearned revenue	186,258	-	-	186,258	-	186,258
Bond interest payable	-	-	-	-	232,975	232,975
Long-term liabilities:						
Due within one year	-	-	-	-	3,946,306	3,946,306
Due after one year	-	-	-	-	20,442,152	20,442,152
Total liabilities	2,621,331	26,381	30,971	2,678,683	24,564,081	27,242,764
Deferred inflows of resources:						
Property taxes	125,671	52,524	-	178,195	(178,195)	-
Lease revenues	-	-	-	-	976,681	976,681
Total deferred inflows of resources	125,671	52,524	-	178,195	798,486	976,681
Fund balances/net position:						
Fund balances:						
Nonspendable-						
Prepaid items	95,613	-	-	95,613	(95,613)	-
Restricted for:						
Debt service	575,000	2,580,293	-	3,155,293	(3,155,293)	-
Capital projects	-	-	2,415,739	2,415,739	(2,415,739)	-
Park capital fees	1,019,052	-	-	1,019,052	(1,019,052)	-
Committed for-						
Repair and replacement of capital assets	2,612,500	-	-	2,612,500	(2,612,500)	-
Assigned for:						
Repair and replacement of capital assets	5,696,868	-	-	5,696,868	(5,696,868)	-
Subsequent fiscal year budget deficit (See Note 11)	8,048,942	-	-	8,048,942	(8,048,942)	-
Unassigned	15,389,472	-	-	15,389,472	(15,389,472)	-
Total fund balances	33,437,447	2,580,293	2,415,739	38,433,479	(38,433,479)	-
Total liabilities, deferred inflows of resources and fund balances	\$ 36,184,449	2,659,198	2,446,710	41,290,357		
Net position:						
Net investment in capital assets					26,860,950	26,860,950
Restricted for debt service					2,974,842	2,974,842
Restricted for park capital fees					1,019,052	1,019,052
Unrestricted					32,775,046	32,775,046
Total net position					\$ 63,629,890	63,629,890

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

Brushy Creek Municipal Utility District

Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances Year Ended September 30, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds	Adjustments (Note 3)	Statement of Activities
Revenues:						
Program revenues:						
Water and wastewater services	\$ 7,347,600	-	-	7,347,600	-	7,347,600
Parks and recreation fees*	2,616,917	-	-	2,616,917	-	2,616,917
Garbage collection	1,554,850	-	-	1,554,850	-	1,554,850
Capital recovery fees	-	-	63,723	63,723	-	63,723
Inspection fees	47,170	-	-	47,170	-	47,170
Tap and other connection fees	26,471	-	-	26,471	-	26,471
General revenues:						
Property taxes, including penalties and interest	9,098,312	3,869,362	-	12,967,674	108,852	13,076,526
Investment earnings	1,785,698	272,186	148,026	2,205,910	-	2,205,910
Rental income	93,453	-	-	93,453	32,210	125,663
Grant revenue	321,461	-	-	321,461	-	321,461
Other**	206,597	-	-	206,597	-	206,597
Total revenues	23,098,529	4,141,548	211,749	27,451,826	141,062	27,592,888
Expenditures/Expenses:						
Service operations:						
Salary and benefits	7,353,348	-	-	7,353,348	(230,565)	7,122,783
Water and wastewater purchases	1,646,922	-	568,944	2,215,866	-	2,215,866
Garbage fees	1,259,223	-	-	1,259,223	-	1,259,223
Repairs and maintenance	1,120,808	-	-	1,120,808	-	1,120,808
Administrative	422,933	-	-	422,933	-	422,933
Utilities	660,444	-	-	660,444	-	660,444
Contracted services	957,980	8,525	-	966,505	-	966,505
Legal fees	163,060	-	-	163,060	-	163,060
Insurance	178,835	-	-	178,835	-	178,835
Engineering fees	343,955	-	-	343,955	-	343,955
Tax appraisal/collection fees	-	81,351	-	81,351	-	81,351
Audit fees	47,000	-	-	47,000	-	47,000
Financial advisor	20,000	-	-	20,000	-	20,000
Director's fees	36,000	-	-	36,000	-	36,000
Security fees	131,055	-	-	131,055	-	131,055
Other	947,673	-	-	947,673	-	947,673
Capital outlay	2,748,717	-	213	2,748,930	(2,748,930)	-
Debt service:						
Principal payments	475,000	3,325,000	-	3,800,000	(3,800,000)	-
Interest and fiscal charges	94,680	721,238	-	815,918	(204,718)	611,200
Depreciation	-	-	-	-	3,786,201	3,786,201
Total expenditures/expenses	18,607,633	4,136,114	569,157	23,312,904	(3,198,012)	20,114,892
Excess (deficiency) of revenues over (under) expenditures	4,490,896	5,434	(357,408)	4,138,922	(4,138,922)	-
Change in net position	-	-	-	-	7,477,996	7,477,996
Fund balances/net position:						
Beginning of year	28,946,551	2,574,859	2,773,147	34,294,557	21,857,337	56,151,894
End of year	\$ 33,437,447	2,580,293	2,415,739	38,433,479	25,196,411	63,629,890

* Parks and recreation fees includes income from rental of pool, recreation and park facilities.

** Other revenue includes income from regulatory compliance fees and miscellaneous income.

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

Brushy Creek Municipal Utility District

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund Year Ended September 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Program revenues:				
Water and wastewater services	\$ 7,237,074	7,237,074	7,347,600	110,526
Parks and recreation fees	2,208,932	2,208,932	2,616,917	407,985
Garbage collection	1,531,589	1,531,589	1,554,850	23,261
Inspection fees	22,000	22,000	47,170	25,170
Tap and other connection fees	500	500	26,471	25,971
General revenues:				
Property taxes, including penalties and interest	9,112,102	9,112,102	9,098,312	(13,790)
Investment earnings	280,000	280,000	1,785,698	1,505,698
Rental income	111,852	111,852	93,453	(18,399)
Grant revenue	-	-	321,461	321,461
Other	516,503	516,503	206,597	(309,906)
Total revenues	<u>21,020,552</u>	<u>21,020,552</u>	<u>23,098,529</u>	<u>2,077,977</u>
Expenditures:				
Service operations:				
Salary and benefits	7,885,003	7,885,003	7,353,348	531,655
Water and wastewater purchases	1,851,523	1,851,523	1,646,922	204,601
Garbage fees	1,255,401	1,255,401	1,259,223	(3,822)
Repairs and maintenance	2,408,192	2,436,491	1,120,808	1,315,683
Administrative	428,722	429,422	422,933	6,489
Utilities	674,017	734,017	660,444	73,573
Contracted services	1,217,740	1,281,690	957,980	323,710
Legal fees	291,000	291,000	163,060	127,940
Insurance	177,512	177,512	178,835	(1,323)
Engineering fees	175,000	175,000	343,955	(168,955)
Audit fees	154,000	154,000	47,000	107,000
Financial advisor	20,000	20,000	20,000	-
Director's fees	36,000	36,000	36,000	-
Security fees	143,540	143,540	131,055	12,485
Other*	1,840,847	1,491,944	947,673	544,271
Capital outlay	5,810,902	8,355,542	2,748,717	5,606,825
Debt service:				
Principal payments	475,000	475,000	475,000	-
Interest and fiscal charges	94,680	94,680	94,680	-
Total expenditures	<u>24,939,079</u>	<u>27,287,764</u>	<u>18,607,633</u>	<u>8,680,131</u>
Excess (deficiency) of revenues over (under) expenditures	(3,918,527)	(6,267,212)	4,490,896	10,758,108
Fund balances:				
Beginning of year	28,946,551	28,946,551	28,946,551	-
End of year	<u>\$ 25,028,024</u>	<u>22,679,339</u>	<u>33,437,447</u>	<u>10,758,108</u>

* Includes expenditures related to community activities, recruiting, cell/phone/cable, postage, and printing as well as other miscellaneous expenditures.

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

Brushy Creek Municipal Utility District

Notes to Basic Financial Statements Year Ended September 30, 2024

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

2. Summary of Significant Accounting Policies

Government-Wide and Fund Financial Statements

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

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

The District reports the following major governmental funds:

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

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

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

Budgets and Budgetary Accounting

An annual unappropriated budget is adopted for the General Fund by the Board. 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.

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

Investments - Investments throughout the year consisted of investments in external local government investment pools, commercial paper, U.S. government agency securities, and U.S. Treasuries. The external local government investment pools are recognized at amortized cost as permitted by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The District’s deposits and investments are invested pursuant to the investment policy, which is approved annually by the Board. The District’s investment policies and types of investments are governed by Section 2256 of the Texas Government Code (“Public Funds Investment Act”). The District’s management believes that it complied with the requirements of the Public Funds Investment Act and the District’s investment policy. The District accrues interest on temporary investments based on the terms and effective interest rates of the specific investments.

Accounts Receivable - The District provides for uncollectible accounts receivable using the allowance method of accounting for bad debts. Under this method of accounting, a provision for uncollectible accounts is charged to earnings. The allowance account is increased or decreased based on past collection history and management’s evaluation of accounts receivable. All amounts considered uncollectible are charged against the allowance account, and recoveries of previously charged off accounts are added to the allowance. As of September 30, 2024, the allowance for uncollectible accounts totaled \$24,352.

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

Capital Assets - Capital assets, which include land, construction in progress, water, wastewater, and drainage systems, easements and rights-of-way, buildings and improvements, furniture and office equipment, park and recreational amenities, and vehicles and equipment, are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of at least \$10,000 and a useful life of at least two years. Such assets are recorded at historical cost if purchased or estimated acquisition value at the date of donation if donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets’ lives are not capitalized. Capital asset additions, improvements and preservation costs that extend the useful 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.

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

Asset	Years
Water, wastewater, and drainage systems	7-50
Easements and rights-of-way	40
Buildings and improvements	10-40
Furniture and office equipment	5-10
Park and recreational amenities	5-22
Vehicles and equipment	5-7

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

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

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. The District's 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. This liability is generally liquidated through the General Fund.

Pensions - 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 (asset), 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.

Leases - The District is a lessor for noncancellable leases of land. The District recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term and the lease receivable is reduced by the principal portion of lease payments when received. The deferred inflow of resources is initially measured at the initial amount of the lease receivable and is recognized as revenue over the life of the lease term.

The key estimates and judgments related to leases include how the District determines the discount rate used to discount the expected lease receipts to present value, lease term, and lease receipts. The District uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease and lease receipts included in the measurement of the lease receivable are comprised of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Ad Valorem Property Taxes - Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

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

The District complies with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. See Note 7 and Note 12 for additional information on deferred outflows of resources.

Fund Equity - The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. See Note 11 for additional information on those fund balance classifications.

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

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

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

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

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

3. Reconciliation of Government-Wide and Fund Financial Statements

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

Governmental funds total fund balance	\$ 38,433,479
Prepaid bond insurance costs are recorded as expenditures in the funds, but are amortized over the life of the related bonds in the statement of net position.	12,958
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	48,424,635
Net pension asset is not recoverable in the current period and, therefore, is not reported in the funds.	391,055
Leases receivable are not available financial resources and, therefore, are not reported in the funds.	1,085,023
Deferred tax revenue is not available to pay for current period expenditures and, therefore, is deferred in the funds.	178,195
Deferred lease revenue is not available to pay for current period expenditures and, therefore, is not reported in the funds.	(976,681)
The following liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable and revenue note, including premiums and discounts	(24,251,488)
Less: Deferred charges on bond refundings	272,064
Bond interest payable	(232,975)
Vacation payable	(136,970)
The following liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Pension contributions after measurement date	314,199
Deferred outflows related to pension asset	116,396
Total net position	<u>\$ 63,629,890</u>

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

Change in fund balances	\$ 4,138,922
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:	
Capital outlay	2,748,930
Depreciation expense	(3,786,201)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Change in deferred tax revenue	108,852
Change in deferred lease revenue	32,210
Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position-	
Repayment of bond and revenue note principal	3,800,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Change in bond interest payable	38,998
Change in vacation payable	(31,306)
Amortization of deferred charges on bond refunding	(51,259)
Amortization of bond premium	221,332
Amortization of original issue discount	(2,269)
Amortization of bond insurance costs	(2,084)
Pension contributions made before measurement date	110,130
Pension contributions made after measurement date	314,199
Adjustments for ending deferred inflows and outflows related to net pension asset	(162,458)
Change in net position	<u>\$ 7,477,996</u>

4. Cash and Investments

The District's deposits are required to be secured in the manner provided by law for the security of the funds. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of September 30, 2024, the District's bank deposits were entirely covered by Federal Deposit Insurance Corporation ("FDIC") insurance or secured by collateral pledged by the depository.

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

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, fully collateralized repurchase agreements, prime domestic bankers' acceptances, commercial paper with a stated maturity of 270 days or less from the date of its issuance, no-load money market mutual funds regulated by the United States Securities and Exchange Commission ("SEC"), and eligible public funds investment pools.

Investments held at September 30, 2024 consisted of the following:

Type	Fair Value	Weighted Average Maturity (Days)	Standard & Poor's Rating
Local Governmental Investment Pools:			
TexPool	\$ 1,588,344	1	AAAm
LOGIC	14,951,428	1	AAAm
U.S. Treasuries	4,489,980	329	AA+
U.S. Government Agency Securities:			
Federal Home Loan Bank	3,070,380	1,004	AA+
Federal Farm Credit Bank	11,058,356	854	AA+
Federal Agriculture Mortgage Corp.	3,493,350	171	AA+
Total	<u>\$ 38,651,838</u>		

The District had investments in two external local government investment pools, Texas Local Governmental Investment Pool ("TexPool") and Local Government Investment Cooperative ("LOGIC"). Although TexPool and LOGIC are not registered with the SEC as an investment company, they operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. These investments are stated at amortized cost, in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

TexPool is an external investment pool offered to local governments. TexPool is overseen by the Texas State Comptroller of Public Accounts, who is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company which is authorized to operate TexPool. TexPool also has an advisory board to advise on TexPool’s investment policy; this board is made up equally of participants and nonparticipants who do not have a business relationship with TexPool. Federated Hermes, Inc. manages daily operations of TexPool under a contract with the Comptroller and is the investment manager for the pool. TexPool uses amortized cost rather than market value to report net assets to compute share prices. TexPool’s investment policy stipulates that it must invest in accordance with the Public Funds Investment Act.

LOGIC is 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. 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.

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

The District also invests in U.S. government agency securities and U.S. Treasuries. The U.S. government agency securities and U.S. Treasuries are valued using Level 1 inputs that are based on market data obtained from independent sources. The fair value of these investments at September 30, 2024 are detailed below:

	Level 1	Level 2	Level 3	Total
U.S. Government				
Agency Securities	\$ 17,622,086	\$ -	\$ -	\$ 17,622,086
U.S. Treasuries	4,489,980	-	-	4,489,980
Total Fair Value	\$ 22,112,066	\$ -	\$ -	\$ 22,112,066
Investments not subject to fair value leveling				16,539,772
Total Investments				<u>\$ 38,651,838</u>

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 - At September 30, 2024, investments were comprised of external local governmental investment pools, U.S. government agency securities, and U.S. Treasuries with ratings from Standard & Poor’s in compliance with the District’s investment policy.

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

Information regarding investments in any one issuer that represents five percent or more of the District’s total investments must be disclosed under GASB Statement No. 40, excluding investments issued or explicitly guaranteed by the U.S. government. As of September 30, 2024, the District’s investments which require disclosure are as follows:

	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
Investments at September 30, 2024:		
Federal Agriculture Mortgage Corp.	\$ 3,493,350	9%
Federal Farm Credit Bank	\$ 11,058,356	29%
Federal Home Loan Bank	\$ 3,070,380	8%

5. **Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds.” The composition of interfund balances as of September 30, 2024, was as follows:

<u>Receivable Fund</u>	<u>Payable Funds</u>	<u>Amount</u>
General Fund	Debt Service Fund	\$ 26,381
General Fund	Capital Projects Fund	30,971
Total		<u>\$ 57,352</u>

6. Capital Assets

Capital assets activity for the year ended September 30, 2024, was as follows:

	Balance 09/30/23	Additions	Retirements and Transfers	Balance 09/30/24
Capital assets not being depreciated:				
Land	\$ 2,676,333	-	-	2,676,333
Construction in progress	2,348,614	995,153	(1,347,058)	1,996,709
Total capital assets not being depreciated	5,024,947	995,153	(1,347,058)	4,673,042
Capital assets being depreciated:				
Water, wastewater, and drainage systems	87,332,860	288,366	(197,000)	87,424,226
Easements and rights-of-way	883,890	-	-	883,890
Buildings and improvements	14,375,787	21,980	(16,345)	14,381,422
Furniture and office equipment	2,963,012	425,516	86,817	3,475,345
Park and recreational amenities	11,051,095	903,213	1,224,686	13,178,994
Vehicles and equipment	876,662	114,702	(22,890)	968,474
Total capital assets being depreciated	117,483,306	1,753,777	1,075,268	120,312,351
Less accumulated depreciation for:				
Water, wastewater, and drainage systems	(60,047,979)	(2,455,964)	197,000	(62,306,943)
Easements and rights-of-way	(883,890)	-	-	(883,890)
Buildings and improvements	(3,831,500)	(344,790)	16,345	(4,159,945)
Furniture and office equipment	(1,788,927)	(276,562)	25,880	(2,039,609)
Park and recreational amenities	(5,832,393)	(624,085)	9,675	(6,446,803)
Vehicles and equipment	(661,658)	(84,800)	22,890	(723,568)
Total accumulated depreciation	(73,046,347)	(3,786,201)	271,790	(76,560,758)
Total capital assets being depreciated, net	44,436,959	(2,032,424)	1,347,058	43,751,593
Capital assets, net	\$ 49,461,906	(1,037,271)	-	48,424,635

7. Deferred Charges on Bond Refundings

The following is a summary of changes in deferred charges on bond refundings for the year ended September 30, 2024:

	Balance 09/30/23	Additions	Retirements	Balance 09/30/24
Deferred charges on bond refundings	\$ 323,323	-	(51,259)	272,064

8. Long-Term Obligations

The following is a summary of changes in long-term obligations for the year ended September 30, 2024:

	Balance 09/30/23	Additions	Retirements	Balance 09/30/24
Bonds payable and revenue note	\$ 27,300,000	-	(3,800,000)	23,500,000
Discount on bonds	(31,945)	-	2,269	(29,676)
Premium on bonds	1,002,496	-	(221,332)	781,164
Vacation payable	105,664	475,829	(444,523)	136,970
Total	\$ 28,376,215	475,829	(4,463,586)	24,388,458

At September 30, 2024, \$31,306 of vacation payable was due within one year.

Long-term debt at September 30, 2024 is comprised of the following:

	Balance September 30, 2024	Due in One Year
	<u> </u>	<u> </u>
\$3,625,000 Series 2015 Sendero Springs/Cornerstone Defined Area Refunding Bonds, maturing annually on June 1 through 2033. Interest varies from 3.00% to 3.75% and is payable on June 1 and December 1 each year.	\$ 2,230,000	\$ 240,000
\$3,530,000 Series 2015 Sendero Springs/Cornerstone Defined Area Unlimited Tax Bonds, maturing annually on June 1 through 2039. Interest varies from 3.00% to 3.75% and is payable on June 1 and December 1 each year.	2,580,000	130,000
\$6,940,000 Series 2016 Term Note (Community Center), maturing annually on June 1 through 2030. Interest at 2.63% and is payable on June 1 and December 1 each year.	3,125,000	490,000
\$6,605,000 Series 2019 Refunding Bonds, maturing annually on June 1 through 2026. Interest varies from 3.00% to 4.00% and is payable on June 1 and December 1 each year.	2,100,000	200,000
\$8,140,000 Series 2020 Refunding Bonds, maturing annually on June 1 through 2028. Interest varies from 3.00% to 4.00% and is payable on June 1 and December 1 each year.	4,515,000	915,000
\$2,100,000 Series 2020 Unlimited Tax Bonds, maturing annually on June 1 through 2029. Interest varies from 1.00% to 1.50% and is payable on June 1 and December 1 each year.	930,000	135,000
\$5,600,000 Series 2020A Refunding Bonds, maturing annually on June 1 through 2028. Interest varies from 2.00% to 4.00% and is payable on June 1 and December 1 each year.	4,985,000	1,550,000
\$1,795,000 Series 2020 Sendero Springs/Cornerstone Defined Area Refunding Bonds, maturing annually on June 1 through 2033. Interest varies from 2.00% to 3.00% and is payable on June 1 and December 1 each year.	1,450,000	120,000
\$1,850,000 Series 2021 Sendero Springs/Cornerstone Defined Area Refunding Bonds, maturing annually on June 1 through 2038. Interest varies from 2.00% to 3.00% and is payable on June 1 and December 1 each year.	1,585,000	135,000
Total long-term debt	<u>\$ 23,500,000</u>	<u>\$ 3,915,000</u>

As of September 30, 2024, the debt service requirements to maturity on the long-term debt outstanding is as follows:

Fiscal Year	Principal	Interest	Total Requirement
2025	\$ 3,915,000	698,924	4,613,924
2026	4,130,000	601,150	4,731,150
2027	4,180,000	463,496	4,643,496
2028	4,315,000	323,849	4,638,849
2029	1,745,000	195,882	1,940,882
2030-2034	3,380,000	525,647	3,905,647
2035-2039	1,835,000	158,185	1,993,185
Total	<u>\$ 23,500,000</u>	<u>2,967,133</u>	<u>26,467,133</u>

The bonds are payable from proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

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, 2024.

At September 30, 2024, unlimited tax bonds of \$10,715,000 were authorized by the District, but unissued, all of which is for the Defined Area water, wastewater, and drainage systems.

9. Leases

The District, as a lessor, has entered into agreements with three outside parties to lease District property for cell tower use. For the year ended September 30, 2024, the District reported lease revenue of \$93,453 and interest revenue of \$40,051 related to lease payments received. These leases are summarized as follows:

	Monthly lease payment range	# of months in FY 2024 and subsequent	Lease term date	Interest rate
AT&T	\$1,293 - \$3,380	376	January 1, 2055	3.6%
Sprint	\$3,064 - \$3,769	83	August 1, 2030	4.0%
Verizon	\$3,214 - \$4,250	130	July 1, 2034	4.0%

The District receives monthly payments and there are no termination clauses within the lease agreements. The District believes the renewal options will be exercised and have been included in the future minimum lease payments.

Future minimum lease payments as of September 30, 2024, are as follows:

Year Ended September 30,	Principal	Interest	Total
2025	\$ 60,210	40,270	100,480
2026	63,862	38,571	102,433
2027	66,567	35,969	102,536
2028	71,662	33,212	104,874
2029	80,770	30,266	111,036
Thereafter	741,952	320,328	1,062,280
Total	<u>\$ 1,085,023</u>	<u>498,616</u>	<u>1,583,639</u>

10. Property Taxes

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

In August 2023, the District levied a district-wide combined tax rate of \$0.419543 per \$100 of assessed valuation to finance operating expenditures and debt service requirements. The maintenance tax rate and the debt service tax rate were \$0.314543 and \$0.1050, respectively. The total fiscal year 2024 tax levy was \$12,237,721 based on a taxable assessed valuation of \$2,923,458,606. The District also levied a defined area debt service tax rate of \$0.1150 per \$100 of assessed valuation to finance debt service requirements. The total fiscal year 2024 tax levy related to the defined area was \$831,403 based on a taxable valuation of \$723,898,971.

11. Fund Balances

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

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

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

Committed - Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board. Commitments may be changed or lifted only by the Board by taking the same formal action that imposed the constraint originally.

The amounts committed for funding the repair and replacement of capital assets as of September 30, 2024 are as follows:

Community Park Playground (Phase I)	\$ 1,000,000
Red Gym Floor Replacement	250,000
Water Treatment Replace CIP Tanks	75,000
Water Treatment Electrical Controls Rehab	450,000
Liberty Walk Lift Station	150,000
Upsize Sewer Line from WTF, Townhomes, SBFD #3	637,500
Racine Woods Park Playscape Replacements	50,000
Total	<u>\$ 2,612,500</u>

Assigned - For the General Fund, amounts that are appropriated by the Board that are to be used for specific purposes. The Board has authorized the General Manager to have the authority to assign an amount of funds. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

Included in the assigned fund balance as of September 30, 2024 is \$8,048,942 that is reported as *Subsequent fiscal year budget deficit* which represents management's commitment to utilize funds set aside in prior years for the next fiscal cycle.

The amounts assigned for funding the repair and replacement of capital assets as of September 30, 2024 are as follows:

ARPA Wastewater Project (CH and HS LS)	\$ 1,953,906
ARPA Drinking Water Source & Treatment	490,245
Raw Water Wyoming Springs Line Relocates	238,855
Water Intake Electrical Controls Rehab	346,562
Community Garden	45,069
BCWF HVAC Replacement	63,548
Post URI Tree Remediation	43,401
Shirley McDonald Park Trail Repairs	13,564
Admin Office Remodel & Furnishings	15,696
EPA Lead and Copper Regulations	28,481
District Trail and Sidewalk Repairs	65,730
Water Pressure and Fire Flow Modeling	70,664
BCWF Truck Replacement	50,000
ER Interconnect BCWF w RR (Eval)	11,655
Vehicle Replacement	50,000
Emergency Response and Hazard Mitigation	50,000
Server Replacement	10,000
Master Plan 2012-2027 - Parks	119,728
General Trail Washouts	60,000
Gym Equipment Reserve	71,744
Community Garden	44,600
HVAC Replacement Fund	50,000
Utility Equipment Replacement	90,000
Required ROW Waterline Relocates	100,000
WCRRWL Regional Raw Water Line Reserve Phase 3	952,000
Future Water Line Replacement	136,122
Drainage Improvements	153,004
Regional WW Improvement Fund	272,294
Membrane Replacement Fund	100,000
	\$ 5,696,868
Total	\$ 5,696,868

Unassigned - Amounts that are available for any purpose; these amounts can be reported only in the District’s General Fund. The Board approved a resolution for a six-month operating reserve and a revenue protection reserve. As these items do not meet the criteria to be classified elsewhere within another fund balance classification, these amounts are reflected within unassigned fund balance in the General Fund as of September 30, 2024 as noted in the table below:

Unassigned Fund Balance	
Operating reserve	\$ 10,914,184
Revenue protection reserve	4,307,051
Remaining unassigned fund balance	168,237
Total unassigned fund balance	\$ 15,389,472

The detail of the fund balances is included in the Governmental Funds Balance Sheet on pages 12-13.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

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 a nontraditional defined benefit pension plan administered by TCDRS. The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of nearly 850 active participating counties and districts throughout Texas. TCDRS in the aggregate issues an annual comprehensive financial report (“ACFR”) on a calendar year basis. The ACFR is available upon written request from the TCDRS, Finance Division, at Barton Oaks Plaza IV, Suite 500, 901 S. Mopac Expressway, Austin, Texas 78746.

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 either at age 60 and above with 5 or more years of service, after 20 years of service, or when service time plus age equals 80 but must leave their accumulated contributions in the plan to receive any employer-financed 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.

Employee membership data related to the Plan, as of the valuation date of December 31, 2023, was as follows:

Retirees and beneficiaries currently receiving benefits	21
Terminated employees entitled to but not yet receiving benefits	439
Active plan members	130
Total	590

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 8.61% for 2024 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 September 30, 2024 equaled \$424,329.

Net Pension Asset

Actuarial Assumptions

The District’s net pension asset was measured as of December 31, 2023 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar basis 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 (level percentage of pay)
Amortization method	Level percentage of payroll, closed
Amortization period	17.4 years
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation
Investment Rate of Return	7.50%
Cost-of-Living Adjustments	Cost-of-Living Adjustments for the District are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB 68 calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Between ages 40 and 74 with various rates of service retirement by gender: low of 5.3% for age 40-49 to high of 27.5% for age 65-66 for males and females
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.

Mortality:

Depositing members	135% of the Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% of the Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries and non-depositing members	135% of the Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% of the Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

The actuarial assumptions that determined the total pension liability as of December 31, 2023 were based on the results of an actuarial experience study for the period January 1, 2017 through December 31, 2020, 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 January 2024 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed in detail at a minimum of every four years and is set based on a long-term time horizon; the most recent analysis was performed in March 2021.

Asset Class	Benchmark	Target Allocation (a)	Geometric Real Rate of Return (Expected minus Inflation) (b)
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.75%
Global Equities	MSCI World (net) Index	2.50%	4.75%
International Equities - Developed	MSCI World Ex USA (net) Index	5.00%	4.75%
International Equities - Emerging	MSCI Emerging Markets (net) Index	6.00%	4.75%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.35%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.65%
Direct Lending	Morningstar LSTA US Leveraged Loan Index	16.00%	7.25%
Distressed Debt	Cambridge Associates Distressed Securities Index (c)	4.00%	6.90%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.10%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.20%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (d)	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (e)	25.00%	7.75%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	3.25%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.60%

- a) Target asset allocation adopted at the March 2024 TCDRS Board meeting.
- b) Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.20%, per Cliffwater's 2024 capital market assumptions.
- c) Includes vintage years 2005-present of Quarter Pooled Horizon internal rates of return.
- d) Includes vintage years 2007-present of Quarter Pooled Horizon internal rates of return.
- e) Includes vintage years 2006-present of Quarter Pooled Horizon internal rates of return.

Discount Rate

The discount rate used to measure the total pension liability was 7.60%. This rate reflects the long-term rate of return funding valuation assumption of 7.50%, 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

Changes in the District's net pension liability asset for the valuation year ended December 31, 2023 are as follows:

	Total Pension Liability	Increase (Decrease) Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance as of December 31, 2022	\$ 9,118,990	\$ 9,123,940	\$ (4,950)
Changes for the year:			
Service cost	500,036	-	500,036
Interest on total pension liability (1)	722,802	-	722,802
Effect of plan changes (2)	-	-	-
Effect of economic/demographic gains or losses	62,853	-	62,853
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(58,229)	(58,229)	-
Benefit payments	(162,763)	(162,763)	-
Administrative expenses	-	(5,522)	(5,522)
Member contributions	-	271,209	271,209
Net investment income	-	1,006,931	1,006,931
Employer contributions	-	374,268	374,268
Other (3)	-	24,910	24,910
Balance as of December 31, 2023	<u>\$ 10,183,689</u>	<u>\$ 10,574,744</u>	<u>\$ (391,055)</u>

- 1) Reflects the change in the liability due to the time value of money. TCDRS does not charge 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 7.60%, as well as what the District's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>6.60%</u>	<u>7.60%</u>	<u>8.60%</u>
Total pension liability	\$ 11,886,695	\$ 10,183,689	\$ 8,806,144
Fiduciary net position	<u>10,574,744</u>	<u>10,574,744</u>	<u>10,574,744</u>
Net pension liability / (asset)	<u>\$ 1,311,951</u>	<u>\$ (391,055)</u>	<u>\$ (1,768,600)</u>

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

For the year ended September 30, 2024, the District recognized pension expense of \$162,458. As of September 30, 2024, the deferred outflows and inflows of resources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 31,427	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings	84,969	-
Contributions made subsequent to measurement date	<u>314,199</u>	<u>-</u>
Total	<u>\$ 430,595</u>	<u>\$ -</u>

The \$314,199 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended September 30, 2025. The remaining amounts currently reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Pension Expense Amount</u>
Year ended September 30:	
2025	\$ (9,082)
2026	(14,813)
2027	199,680
2028	<u>(59,389)</u>
	<u>\$ 116,396</u>

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.

14. Amounts Collected for Capital Improvements

By an agreement dated March 26, 1996, the District and developers of property within the District agreed to the payment of a fee by the developers of the District. The fee has been established by contract between the District and its developers. The agreement also establishes the restrictions for the use of the fees. The fees collected under this agreement totaled \$63,723 for the year ended September 30, 2024 and are within the Capital Projects Fund.

15. Commitments and Contingencies

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 Williamson County Raw Water Line 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 service the District. Capital charges are included in wastewater purchase expenditures which totaled \$764,619 for the year ended September 30, 2024. The following details the District’s portion of the City’s debt that will be included in future wastewater purchases:

Fiscal Year	Principal	Interest	Total
2025	\$ 340,000	172,458	512,458
2026	355,000	160,243	515,243
2027	370,000	147,261	517,261
2028	375,000	140,139	515,139
2029	380,000	132,891	512,891
2030-2034	1,805,000	533,001	2,338,001
2035-2039	1,755,000	228,900	1,983,900
Total	\$ 5,380,000	1,514,893	6,894,893

A \$122,500,000 project (the “Project”) is underway by the City and other owners of the wastewater collection system. The Project includes both required improvements and an expansion component. The District is not responsible for the expansion costs but has been allocated \$1,355,000 in costs of the Project representing its pro rata share of the required improvement costs. The District made a lump sum payment towards the Project of \$224,400 during the year ended September 30, 2021. The remaining \$1,130,600 allocated to the District will be paid out annually through 2032 as part of the District’s obligation to pay a share of debt service.

On June 24, 2021, the District entered into an Interlocal Agreement for Emergency Water Service with the City where each party agrees to provide potable water service for a temporary period, as defined in the agreement, and only in the event of and for the duration of an emergency, as defined in the agreement. The rate charged will be the residential customer volume rate for Rate Block Four as set forth in Sec. 44-32(a)(5) Code of Ordinances of the City, as amended from time to time. The agreement is effective until September 30, 2040.

16. Subrecipient Agreement

Effective August 9, 2022, the District entered into a Subrecipient Agreement with Williamson County (the “County”) to receive an amount up to \$4,000,000 to reimburse the District for expenses related to eligible State and Local Fiscal Recovery Funds. These include construction and construction administration for any one or more of the following public infrastructure improvements: 1) centralized wastewater collection and conveyance including Cat Hollow Wastewater Lift Station improvements and Hillside Lift Station removal; 2) drinking water treatment including winterization improvements at the water treatment plant; and 3) drinking water source including emergency power installation at raw water intake facility, emergency power installation for groundwater wells, winterization of raw water intake vault, and winterization improvements for groundwater wells. The Subrecipient Agreement terminates on December 31, 2026 unless terminated earlier in accordance with the Subrecipient Agreement. During the year ended September 30, 2024, \$321,461 was expended under the Subrecipient Agreement and the District recorded related grant revenue and a grant receivable for reimbursements to be received from the County subsequent to September 30, 2024.

Brushy Creek Municipal Utility District

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios September 30, 2024

	Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 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	\$ 500,036	\$ 553,753	\$ 508,147	\$ 448,604	\$ 416,956	\$ 364,608	\$ 294,923	\$ 295,387	\$ 267,011	\$ 250,979
Interest on total pension liability	722,802	629,940	585,706	526,117	456,424	398,452	342,882	291,308	263,305	230,728
Effect of plan changes	-	1,662	-	-	-	-	4,376	-	(55,460)	-
Effect of assumption changes or inputs	-	-	(7,394)	483,993	-	-	512	-	30,086	-
Effect on economic/demographic (gains) or losses	62,853	303,961	(352,599)	(164,748)	38,542	(26,962)	44,864	(28,730)	(120,517)	(26,206)
Benefit payments/refunds of contributions	(220,992)	(206,720)	(188,521)	(97,267)	(69,593)	(75,772)	(66,783)	(75,753)	(54,772)	(42,950)
Net change in total pension liability	1,064,699	1,282,596	545,339	1,196,699	842,329	660,326	620,774	482,212	329,653	412,551
Total pension liability, beginning	9,118,990	7,836,394	7,291,055	6,094,356	5,252,027	4,591,701	3,970,927	3,488,715	3,159,062	2,746,511
Total pension liability, ending (a)	\$10,183,689	\$ 9,118,990	\$ 7,836,394	\$ 7,291,055	\$ 6,094,356	\$ 5,252,027	\$ 4,591,701	\$ 3,970,927	\$ 3,488,715	\$ 3,159,062
Fiduciary Net Position										
Employer contributions	\$ 374,268	\$ 355,166	\$ 251,756	\$ 219,201	\$ 206,110	\$ 183,429	\$ 173,616	\$ 142,204	\$ 140,561	\$ 141,860
Member contributions	271,209	248,079	227,490	206,145	198,835	180,126	170,719	147,347	138,711	129,948
Investment income net of investment expenses	1,006,931	(575,770)	1,639,053	653,880	843,237	(88,684)	596,801	264,683	(66,405)	199,976
Benefit payments/refunds of contributions	(220,992)	(206,720)	(188,521)	(97,267)	(69,593)	(75,772)	(66,783)	(75,753)	(54,772)	(42,950)
Administrative expenses	(5,522)	(5,347)	(5,002)	(5,349)	(4,818)	(4,126)	(3,280)	(2,878)	(2,516)	(2,463)
Other	24,910	63,554	10,248	10,334	12,363	9,070	3,689	24,012	2,487	445
Net change in fiduciary net position	1,450,804	(121,038)	1,935,024	986,944	1,186,134	204,043	874,762	499,615	158,066	426,816
Fiduciary net position, beginning	9,123,940	9,244,978	7,309,954	6,323,010	5,136,876	4,932,833	4,058,071	3,558,456	3,400,390	2,973,574
Fiduciary net position, ending (b)	\$10,574,744	\$ 9,123,940	\$ 9,244,978	\$ 7,309,954	\$ 6,323,010	\$ 5,136,876	\$ 4,932,833	\$ 4,058,071	\$ 3,558,456	\$ 3,400,390
Net pension liability / (asset), ending = (a) - (b)	\$ (391,055)	\$ (4,950)	\$(1,408,584)	\$ (18,899)	\$ (228,654)	\$ 115,151	\$ (341,132)	\$ (87,144)	\$ (69,741)	\$ (241,328)
Fiduciary net position as a % of total pension liability	103.84%	100.05%	117.97%	100.26%	103.75%	97.81%	107.43%	102.19%	102.00%	107.64%
Pensionable covered payroll	\$ 4,520,150	\$ 4,134,647	\$ 3,791,499	\$ 3,435,745	\$ 3,313,925	\$ 3,002,106	\$ 2,845,317	\$ 2,450,776	\$ 2,311,858	\$ 2,165,801
Net pension liability / (asset) as a % of covered payroll	-8.65%	-0.12%	-37.15%	-0.55%	-6.90%	3.84%	-11.99%	-3.56%	-3.02%	-11.14%

Brushy Creek Municipal Utility District

Schedule of District Contributions to TCDRS September 30, 2024

Year Ending September 30	Actuarially Determined Contribution	Actual Employer Contributions	Contribution Deficiency (Excess)	Pensionable Covered Payroll *	Actual Contribution as a % of Covered Payroll
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%
2020**	219,201	219,201	-	3,435,745	6.4%
2021**	251,756	251,756	-	3,791,499	6.6%
2023	365,063	365,063	-	4,364,979	8.4%
2024	424,329	424,329	-	4,934,058	8.6%

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

** TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report on a fiscal year basis. The District is reporting contributions on a calendar year basis for years 2014-2021 and a fiscal year basis thereafter.

Brushy Creek Municipal Utility District

Notes to Required Supplementary Information Year Ended September 30, 2024

1. Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The following methods and assumptions were used to determine the contributions rates:

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar basis 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 (level percentage of pay)
Amortization method	Level percentage of payroll, closed
Amortization period	17.4 years
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation
Investment Rate of Return	7.50%
Cost-of-Living Adjustments	Cost-of-Living Adjustments for the District are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB 68 calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Between ages 40 and 74 with various rates of service retirement by gender: low of 5.3% for age 40-49 to high of 27.5% for age 65-66 for males and females
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Mortality:	
Depositing members	135% of the Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% of the Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries and non-depositing members	135% of the Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% of the Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Disabled retirees	160% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
-------------------	---

2. Change in Assumptions

The following change was made to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period-

- Amortization period increased from 14.7 years to 17.4 years

Brushy Creek Municipal Utility District

Index of Supplemental Schedules Required by the Texas Commission on Environmental Quality Year Ended September 30, 2024

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

Brushy Creek Municipal Utility District

TSI-0 Notes Required by the Water District Accounting Manual Year Ended September 30, 2024

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

(A) Creation of District

See Note 1 to basic financial statements.

(B) Contingent Liabilities

See Note 15 to basic financial statements

(C) Pension Coverage

See Note 12 to basic financial statements

(D) Pledge of Revenues

See Note 8 to basic financial statements

(E) Compliance with Debt Service Requirements

See Note 8 to basic financial statements

(F) Redemption of Bonds

See Note 8 to basic financial statements.

Brushy Creek Municipal Utility District

TSI-1 Schedule of Services and Rates Year Ended September 30, 2024

1. Services Provided by the District:

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

2. Retail Service Providers:

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

Based on rate order effective September 12, 2024

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons Over Minimum</u>	<u>Usage Levels</u>
Water	\$ 20.00		N	\$ 3.50 4.70	October to May June to September
Wastewater	\$ 9.00		N	\$ 3.20	Per 1,000
Surcharge	N/A	N/A	N	N/A	Per Water & Wastewater Charges

District employs winter averaging for wastewater usage? Yes No

Total charges per 10,000 gallons usage:

Water: \$55.00 - Winter; \$67.00 - Summer
Wastewater: \$41.00

(continued)

Brushy Creek Municipal Utility District

TSI-1 Schedule of Services and Rates (continued) Year Ended September 30, 2024

b. Water and Wastewater Retail Connections:

<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"	5,536	5,536	x 1.5	8,304
1"	42	42	x 2.5	105
1 1/2"	42	42	x 5.0	210
2"	42	42	x 8.0	336
3"	4	4	x 15.0	60
4"	2	2	x 25.0	50
6"	1	1	x 50.0	50
8"	6	6	x 80.0	480
10"			x 115.0	
Total Water	5,675	5,675		9,595
Total Wastewater	5,556	5,556	x 1.0	5,556

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

Gallons pumped into system:	<u>889,465,000</u>	Water Accountability Ratio:
		(Gallons billed/Gallons pumped)
Gallons billed to customers:	<u>811,667,000</u>	<u>91.3% (1)</u>

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

(continued)

Brushy Creek Municipal Utility District

TSI-1 Schedule of Services and Rates (continued) Year Ended September 30, 2024

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

Does the District have Debt Service standby fees? Yes No

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

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

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

5. Location of District:

County(ies) in which district is located: Williamson

Is the District located entirely within one county? Yes No

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

City(ies) in which District is located: N/A

Is the District located within a city's extra territorial 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

If yes, by whom? N/A

Brushy Creek Municipal Utility District

TSI-2 Schedule of General Fund Expenditures Year Ended September 30, 2024

	Parks and Recreation	Utilities	Administrative and Other Services	Total
Personnel expenditures (including benefits)	\$ 3,627,642	1,256,579	2,469,127	7,353,348
Professional fees:				
Auditing	-	-	47,000	47,000
Legal	-	-	163,060	163,060
Engineering	99,644	207,030	37,281	343,955
Financial advisor	-	-	20,000	20,000
Purchased services for resale-				
Bulk water and wastewater service purchases	-	1,646,922	-	1,646,922
Contracted services	513,141	100,427	344,412	957,980
Utilities	175,240	330,161	155,043	660,444
Repairs and maintenance	837,224	230,728	52,856	1,120,808
Administrative expenditures:				
Directors' fees	-	-	36,000	36,000
Insurance	-	-	178,835	178,835
Other administrative expenditures	104,559	60,562	257,812	422,933
Capital outlay-				
Capitalized assets	1,546,007	1,012,690	190,020	2,748,717
Tap connection expenditures	-	71,064	-	71,064
Solid waste disposal	-	-	1,259,223	1,259,223
Security fees	9,379	-	121,676	131,055
Debt service:				
Principal payments	-	-	475,000	475,000
Interest and fiscal charges	-	-	94,680	94,680
Other expenditures	508,718	277,171	90,720	876,609
Total expenditures	<u>\$ 7,421,554</u>	<u>5,193,334</u>	<u>5,992,745</u>	<u>18,607,633</u>

Number of persons employed by the District:
(Does not include independent contractors or consultants)

Full-Time - 64 Part-Time - 136

Brushy Creek Municipal Utility District

TSI-3 Schedule of Temporary Investments September 30, 2024

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at September 30, 2024	Accrued Interest Receivable at September 30, 2024
General Fund:					
LOGIC	XXXX1002	Varies	Daily	\$ 684,347	\$ -
LOGIC	XXXX1003	Varies	Daily	975,953	-
LOGIC	XXXX1015	Varies	Daily	9,528,591	-
TexPool	XXXX0008	Varies	Daily	254,399	-
TexPool	XXXXX001	Varies	Daily	43,098	-
US Govt Agencies	XXXXXXMV1	0.500%	10/04/2024	2,499,100	-
US Govt Agencies	XXXXXPYM1	4.880%	10/13/2027	515,380	-
US Govt Agencies	XXXXXPFT7	3.750%	04/13/2026	1,000,090	-
US Govt Agencies	XXXXXXQJ0	4.140%	12/10/2027	1,547,490	-
US Govt Agencies	XXXXXX2U5	3.625%	05/15/2026	994,250	-
US Govt Agencies	XXXXXNGN4	0.970%	12/09/2024	2,481,525	-
US Govt Agencies	XXXXXPPE9	4.375%	07/06/2026	1,010,440	-
US Govt Agencies	XXXXXH7H0	2.875%	01/18/2028	974,180	-
US Govt Agencies	XXXXXXEL8	4.750%	09/08/2028	519,460	-
US Govt Agencies	XXXXXUU36	4.125%	03/13/2026	1,003,430	-
US Govt Agencies	XXXXXP6K6	4.500%	03/26/2027	2,547,475	-
US Govt Agencies	XXXXXPW84	3.875%	01/18/2029	1,511,986	-
US Govt Agencies	XXXXXP3B9	4.125%	02/13/2029	1,017,280	-
US Treasury	XXXXCEH0	2.625%	04/15/2025	1,486,934	-
US Treasury	XXXXCHD6	4.250%	05/31/2025	1,000,156	-
US Treasury	XXXXCFP1	4.250%	10/15/2025	1,002,969	-
US Treasury	XXXXCGV7	3.750%	04/15/2026	999,922	-
Total General Fund				<u>33,598,454</u>	<u>-</u>
Debt Service Fund:					
LOGIC	XXXX1001	Varies	Daily	1,436,314	-
LOGIC	XXXX1016	Varies	Daily	1,554	-
LOGIC	XXXX1013	Varies	Daily	904,887	-
TexPool	XXXX0004	Varies	Daily	263,919	-
Total Debt Service Fund				<u>2,606,674</u>	<u>-</u>
Capital Projects Fund:					
LOGIC	XXXX1009	Varies	Daily	1,419,782	-
TexPool	XXXX0007	Varies	Daily	1,026,928	-
Total Capital Projects Fund				<u>2,446,710</u>	<u>-</u>
Total - all funds				<u>\$ 38,651,838</u>	<u>\$ -</u>

Brushy Creek Municipal Utility District

TSI-4 Analysis of Taxes Levied and Receivable Year Ended September 30, 2024

	General Fund	Debt Service Fund		
Taxes receivable, September 30, 2023	\$ 44,052	\$ 25,291		
2023 Tax Roll	9,174,958	3,894,166		
Adjustments	(8,341)	(3,118)		
Total to be accounted for	<u>9,210,669</u>	<u>3,916,339</u>		
Tax collections:				
Prior years	686	3		
Current year	9,084,312	3,863,812		
Total collections	<u>9,084,998</u>	<u>3,863,815</u>		
Taxes receivable, September 30, 2024	<u>\$ 125,671</u>	<u>\$ 52,524</u>		
Taxes receivable, by years				
2023	\$ 90,647	\$ 30,353		
2022	5,735	1,866		
2021	4,124	1,586		
2020	3,651	1,597		
2019	2,843	1,244		
2018	2,856	1,250		
2017	2,219	1,183		
2016 and prior	13,596	13,445		
Taxes receivable, September 30, 2024	<u>\$ 125,671</u>	<u>\$ 52,524</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Property valuations:				
District-wide	\$ 2,923,458,606	\$ 2,931,304,495	\$ 2,491,434,408	\$ 2,246,365,598
Defined area	723,898,971	677,572,848	589,413,912	534,966,231
Tax rates per \$100 valuation:				
Debt service tax rate	0.105000	0.103000	0.120000	0.140000
Maintenance tax rate	<u>0.314543</u>	<u>0.316543</u>	<u>0.312059</u>	<u>0.320000</u>
District-wide	0.419543	0.419543	0.432059	0.460000
Defined area	<u>0.115000</u>	<u>0.127500</u>	<u>0.140000</u>	<u>0.160000</u>
Adjusted tax levy	<u>\$ 13,069,124</u>	<u>\$ 13,093,479</u>	<u>\$ 11,591,192</u>	<u>\$ 11,189,256</u>
Percent of taxes collected to taxes levied	<u>99.07%</u>	<u>99.94%</u>	<u>99.95%</u>	<u>99.95%</u>

Brushy Creek Municipal Utility District

TSI-5 Long-Term Debt Service Requirements - By Years September 30, 2024

Due During Fiscal Years Ending 9/30	Defined Area Refunding Series 2015			Defined Area Unlimited Tax Series 2015			Utility System Revenue Note Series 2016		
	Principal Due 6/1	Interest Due 6/1, 12/1	Total	Principal Due 6/1	Interest Due 6/1, 12/1	Total	Principal Due 6/1	Interest Due 6/1, 12/1	Total
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>\$ 2,230,000</u>	<u>386,138</u>	<u>2,616,138</u>	<u>2,580,000</u>	<u>798,121</u>	<u>3,378,121</u>	<u>3,125,000</u>	<u>293,637</u>	<u>3,418,637</u>

(continued)

Brushy Creek Municipal Utility District

TSI-5 Long-Term Debt Service Requirements - By Years (continued) September 30, 2024

Due During Fiscal Years Ending 9/30	Refunding Series 2019			Refunding Series 2020			Unlimited Tax Series 2020		
	Principal Due 6/1	Interest Due 6/1, 12/1	Total	Principal Due 6/1	Interest Due 6/1, 12/1	Total	Principal Due 6/1	Interest Due 6/1, 12/1	Total
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>\$ 2,100,000</u>	<u>158,000</u>	<u>2,258,000</u>	<u>4,515,000</u>	<u>363,600</u>	<u>4,878,600</u>	<u>930,000</u>	<u>54,012</u>	<u>984,012</u>

(continued)

Brushy Creek Municipal Utility District

TSI-5 Long-Term Debt Service Requirements - By Years (continued) September 30, 2024

Due During Fiscal Years Ending 9/30	Refunding Series 2020A			Defined Area Refunding Series 2020			Defined Area Refunding Series 2021		
	Principal Due 6/1	Interest Due 6/1, 12/1	Total	Principal Due 6/1	Interest Due 6/1, 12/1	Total	Principal Due 6/1	Interest Due 6/1, 12/1	Total
2025	\$ 1,550,000	150,900	1,700,900	120,000	32,118	152,118	135,000	37,400	172,400
2026	-	119,900	119,900	125,000	28,518	153,518	140,000	33,350	173,350
2027	1,685,000	119,900	1,804,900	120,000	26,020	146,020	145,000	29,150	174,150
2028	1,750,000	52,500	1,802,500	125,000	23,618	148,618	150,000	24,800	174,800
2029	-	-	-	125,000	21,120	146,120	5,000	20,300	25,300
2030	-	-	-	125,000	18,462	143,462	5,000	20,200	25,200
2031	-	-	-	135,000	15,806	150,806	5,000	20,100	25,100
2032	-	-	-	285,000	12,938	297,938	5,000	20,000	25,000
2033	-	-	-	290,000	6,525	296,525	5,000	19,900	24,900
2034	-	-	-	-	-	-	190,000	19,800	209,800
2035	-	-	-	-	-	-	195,000	16,000	211,000
2036	-	-	-	-	-	-	200,000	12,100	212,100
2037	-	-	-	-	-	-	200,000	8,100	208,100
2038	-	-	-	-	-	-	205,000	4,100	209,100
2039	-	-	-	-	-	-	-	-	-
	<u>\$ 4,985,000</u>	<u>443,200</u>	<u>5,428,200</u>	<u>1,450,000</u>	<u>185,125</u>	<u>1,635,125</u>	<u>1,585,000</u>	<u>285,300</u>	<u>1,870,300</u>

(continued)

Brushy Creek Municipal Utility District

TSI-5 Long-Term Debt Service Requirements - By Years (continued) September 30, 2024

Due During Fiscal Years Ending 9/30	Annual Requirements for All Series		
	Principal Due	Interest Due	Total
2025	\$ 3,915,000	698,924	4,613,924
2026	4,130,000	601,150	4,731,150
2027	4,180,000	463,496	4,643,496
2028	4,315,000	323,849	4,638,849
2029	1,745,000	195,882	1,940,882
2030	1,135,000	154,567	1,289,567
2031	600,000	121,487	721,487
2032	625,000	102,069	727,069
2033	645,000	83,418	728,418
2034	375,000	64,106	439,106
2035	385,000	53,831	438,831
2036	400,000	43,281	443,281
2037	405,000	32,031	437,031
2038	420,000	20,600	440,600
2039	225,000	8,442	233,442
	<u>\$ 23,500,000</u>	<u>2,967,133</u>	<u>26,467,133</u>

Brushy Creek Municipal Utility District

TSI-6 Analysis of Changes in Long-Term Debt September 30, 2024

	Defined Area Refunding Series 2015	Defined Area Tax Series 2015	Utility System Revenue Note Series 2016	Refunding Series 2019	Refunding Series 2020
Interest rate	3.00 to 3.75%	3.00 to 3.75%	2.63%	3.00 to 4.00%	3.00 to 4.00%
Dates interest payable	6/1 ; 12/1	6/1 ; 12/1	6/1 ; 12/1	6/1 ; 12/1	6/1 ; 12/1
Maturity dates	6/1/2033	6/1/2039	6/1/2030	6/1/2026	6/1/2028
Bonds outstanding, beginning of year	\$ 2,460,000	2,705,000	3,600,000	2,100,000	6,285,000
Bonds issued during current year	-	-	-	-	-
Bonds retired during current year	(230,000)	(125,000)	(475,000)	-	(1,770,000)
Bonds outstanding, end of year	<u>\$ 2,230,000</u>	<u>2,580,000</u>	<u>3,125,000</u>	<u>2,100,000</u>	<u>4,515,000</u>
Interest paid during current year	<u>\$ 84,150</u>	<u>92,106</u>	<u>94,680</u>	<u>82,000</u>	<u>206,250</u>

(continued)

Brushy Creek Municipal Utility District

TSI-6 Analysis of Changes in Long-Term Debt (continued) September 30, 2024

	Unlimited Tax Series 2020	Refunding Series 2020A	Defined Area Refunding Series 2020	Defined Area Refunding Series 2021
Interest rate	1.00 to 1.50%	2.00 to 4.00%	2.00 to 3.00%	2.00 to 3.00%
Dates interest payable	6/1 ; 12/1	6/1 ; 12/1	6/1 ; 12/1	6/1 ; 12/1
Maturity dates	6/1/2029	6/1/2028	6/1/2033	6/1/2038
Bonds outstanding, beginning of year	\$ 1,270,000	5,600,000	1,565,000	1,715,000
Bonds issued during current year	-	-	-	-
Bonds retired during current year	(340,000)	(615,000)	(115,000)	(130,000)
Bonds outstanding, end of year	<u>\$ 930,000</u>	<u>4,985,000</u>	<u>1,450,000</u>	<u>1,585,000</u>
Interest paid during current year	<u>\$ 16,663</u>	<u>163,200</u>	<u>35,569</u>	<u>41,300</u>

(continued)

Brushy Creek Municipal Utility District

TSI-6 Analysis of Changes in Long-Term Debt (continued) September 30, 2024

	Grand Totals
Bonds outstanding, beginning of year	\$ 27,300,000
Bonds issued during current year	-
Bonds retired during current year	<u>(3,800,000)</u>
Bonds outstanding, end of year	<u>\$ 23,500,000</u>
Interest paid during current year	<u>\$ 815,918</u>

Paying agent's name & address:

Series 2015, 2019, 2020, 2020A and 2021
Computershare
St. Paul, Minnesota

Series 2016
BB&T Governmental Finance
Charlotte, North Carolina

	District Tax Bonds	Defined Area Tax Bonds	Refunding Bonds
Bond authority:			
Amount authorized	\$ 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>\$ -</u>	<u>10,715,000</u>	<u>-</u>
Debt Service Fund cash and temporary investments balances as of September 30, 2024:			<u>\$ 2,606,674</u>
Average annual debt service payments (principal & interest) for remaining term of debt:			<u>\$ 1,764,476</u>

Brushy Creek Municipal Utility District

TSI-7 Comparative Schedule of Revenues and Expenditures - General Fund and Debt Service Fund Five Years Ended September 30, 2024

	Amounts					Percentage of Fund Total Revenues				
	2024	2023	2022	2021	2020	2024	2023	2022	2021	2020
General Fund										
Revenues:										
Water and wastewater services	\$ 7,347,600	7,385,191	5,731,129	5,408,639	5,405,598	31.9 %	33.8	34.0	33.9	34.8
Parks and recreation fees	2,616,917	2,414,578	2,133,310	1,560,908	1,165,846	11.3	11.0	12.7	9.8	7.5
Garbage collection	1,554,850	1,398,153	1,397,438	1,395,584	1,391,326	6.7	6.4	8.3	8.8	9.0
Inspection fees	47,170	47,060	24,075	21,675	31,700	0.2	0.2	0.1	0.1	0.2
Tap and other connection fees	26,471	50,791	1,325	1,296	6,214	0.1	0.2	0.1	0.1	0.1
Property taxes, including penalties and interest	9,098,312	9,222,308	7,789,171	7,210,360	6,922,703	39.4	42.0	46.1	45.1	44.6
Investment earnings	1,785,698	1,098,828	(607,745)	80,144	342,725	7.7	5.0	(3.6)	0.5	2.2
Grant revenue	321,461	-	-	-	-	1.4	-	-	-	-
Other	300,050	317,495	380,416	264,285	253,967	1.3	1.4	2.3	1.7	1.6
Total revenues	23,098,529	21,934,404	16,849,119	15,942,891	15,520,079	100.0	100.0	100.0	100.0	100.0
Expenditures:										
Current:										
Salary and benefits	7,353,348	6,418,648	5,838,057	5,200,496	4,652,172	31.8	29.3	34.7	32.5	30.1
Purchased services for resale	2,906,145	3,223,211	2,898,572	2,871,703	2,773,047	12.6	14.7	17.2	18.0	17.9
Repairs and maintenance	1,120,808	1,004,808	1,045,010	1,385,387	1,276,114	4.9	4.6	6.2	8.7	8.2
Administrative	458,933	490,017	388,403	370,745	378,185	2.0	2.2	2.3	2.3	2.4
Utilities	660,444	615,908	644,156	585,697	611,657	2.9	2.8	3.8	3.7	3.9
Contracted services	957,980	859,546	780,482	502,558	731,530	4.1	3.9	4.6	3.2	4.7
Professional services and other	1,831,578	1,808,322	1,451,292	1,235,878	1,326,943	7.9	8.2	8.6	7.8	8.5
Capital outlay	2,748,717	4,008,817	1,009,796	2,185,839	2,987,146	11.9	18.3	6.0	13.7	19.2
Debt service:										
Principal payments	475,000	465,000	450,000	440,000	430,000	2.1	2.1	2.7	2.8	2.8
Interest and fiscal charges	94,680	106,909	118,744	130,317	141,626	0.4	0.5	0.7	0.8	0.9
Total expenditures	18,607,633	19,001,186	14,624,512	14,908,620	15,308,420	80.6	86.6	86.8	93.5	98.6
Excess of revenues over expenditures	\$ 4,490,896	2,933,218	2,224,607	1,034,271	211,659	19.4 %	13.4	13.2	6.5	1.4

(Continued)

Brushy Creek Municipal Utility District

TSI-7 Comparative Schedule of Revenues and Expenditures - General Fund and Debt Service Fund (Continued) Five Years Ended September 30, 2024

	Amounts					Percentage of Fund Total Revenues				
	2024	2023	2022	2021	2020	2024	2023	2022	2021	2020
Debt Service Fund										
Revenues:										
Property taxes, including penalties and interest	\$ 3,869,362	3,862,275	3,826,408	4,012,812	3,880,627	93.4 %	94.2	99.3	99.8	97.7
Investment earnings and other	272,186	236,899	28,902	6,937	93,065	6.6	5.8	0.7	0.2	2.3
Total revenues	<u>4,141,548</u>	<u>4,099,174</u>	<u>3,855,310</u>	<u>4,019,749</u>	<u>3,973,692</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Expenditures:										
Principal payments	3,325,000	3,275,000	3,175,000	3,895,000	2,810,000	80.3	79.8	82.4	96.9	70.7
Interest and fiscal charges	721,238	810,688	907,226	980,684	1,014,149	17.4	19.8	23.5	24.4	25.5
Tax appraisal and collection	81,351	70,157	63,945	64,653	66,799	2.0	1.7	1.7	1.6	1.7
Bond issuance costs	-	-	-	102,981	541,840	-	-	-	2.6	13.6
Other	8,525	8,524	8,023	13,325	15,608	0.2	0.2	0.2	0.3	0.4
Total expenditures	<u>4,136,114</u>	<u>4,164,369</u>	<u>4,154,194</u>	<u>5,056,643</u>	<u>4,448,396</u>	<u>99.9</u>	<u>101.5</u>	<u>107.8</u>	<u>125.8</u>	<u>111.9</u>
Other financing sources (uses):										
Proceeds of refunding bonds	-	-	-	1,850,000	15,535,000	-	-	-	46.0	390.9
Payment to refunded bond escrow agent	-	-	-	(1,874,403)	(16,373,412)	-	-	-	(46.6)	(412.0)
Premium (discount) on bonds	-	-	-	62,484	1,252,827	-	-	-	1.6	31.5
Total other financing sources, net	-	-	-	38,081	414,415	-	-	-	1.0	10.4
Excess (deficiency) of revenues and other financing sources, net over (under) expenditures	<u>\$ 5,434</u>	<u>(65,195)</u>	<u>(298,884)</u>	<u>(998,813)</u>	<u>(60,289)</u>	<u>0.1 %</u>	<u>(1.5)</u>	<u>(7.8)</u>	<u>(24.8)</u>	<u>(1.5)</u>
Total active retail water connections	<u>5,675</u>	<u>5,685</u>	<u>5,679</u>	<u>5,673</u>	<u>5,680</u>					
Total active retail wastewater connections	<u>5,556</u>	<u>5,606</u>	<u>5,557</u>	<u>5,594</u>	<u>5,563</u>					

Brushy Creek Municipal Utility District

TSI-8 Board Members, Key Personnel and Consultants September 30, 2024

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

District Business Telephone Number: (512) 255-7871

Submission date of the most recent District Registration Form: December 23, 2024
(TWC Sections 36.054 and 49.054)

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

<u>Name and Address</u>	<u>Term of Office Elected & Expires or Date Hired</u>	<u>Fees 9/30/24</u>	<u>Expense Reimbursements 9/30/24</u>	<u>Title at Year End</u>
Board Members:				
Michael Tucker	Elected 11/24 - 11/28	\$ 7,200	-	President
Kim Filiatrault	Elected 11/22 - 11/26	7,200	-	Vice-President
Ken Reifschlager	Elected 11/22 - 11/26	7,200	-	Secretary
Rebecca B. Tullos	Elected 11/22 - 11/26	7,200	-	Treasurer
Tracey O. Calloway	Elected 11/24 - 11/28	7,200	-	Asst. Secretary

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

(continued)

Brushy Creek Municipal Utility District

TSI-8 Board Members, Key Personnel and Consultants (continued) September 30, 2024

Name and Address	Date Hired	Fees and Expense Reimbursements 9/30/24	Title at Year End
Consultants:			
McLean & Howard, LLP	2017	\$ 124,946	Attorney
Maxwell Locke & Ritter LLP	2023	42,000	Auditor
Robert W. Baird & Co.	2015	-	Financial Advisor
MRB Group	2013	243,957	Engineer
Meeder Public Funds, Inc. (fka Patterson & Associates)	2008	20,000	Investment Advisor
Williamson County Tax Assessor-Collector	1981	2,976	Tax Assessor/Collector

Brushy Creek Municipal Utility District

OSI-1 Principal Taxpayers September 30, 2024

District-Wide Area Taxpayer	Tax Roll Year		
	2024	2023	2022
Landing at Round Rock Acquisition LLC	\$ 136,000,000	\$ 163,843,084	\$ 160,011,540
CWS Brushy Creek LP	72,999,956	78,954,775	74,647,167
Atmos Energy/Mid-Tex Distribution	15,753,872	13,883,507	11,616,884
TXMS Real Estate Investments Inc.	14,412,662	14,919,160	13,745,042
Beck Commons Investments LLC	13,637,198	15,000,000	14,000,000
H.E. Butt Inc.	13,000,000	13,700,000	12,936,927
Great American Storage Partners LLC	10,437,060	10,703,411	9,316,343
Airport Storage LLC	9,141,060	9,300,000	6,520,000
Brushy Creek Texas LLC	7,691,366	-	-
Aratow, Henry J	5,978,930	-	-
Oncor Electric Delivery Company	-	10,351,107	6,668,719
Highland 620 Land Investment Ltd.	-	9,573,468	8,117,325
Total	\$ 299,052,104	\$ 340,228,512	\$ 317,579,947
Percent of Assessed Valuation	9.80%	11.64%	10.83%

(continued)

Brushy Creek Municipal Utility District

OSI-1 Principal Taxpayers (continued) September 30, 2024

Defined Area Taxpayer	Tax Roll Year		
	2024	2023	2022
TXMS Real Estate Investments Inc.	\$ 14,412,662	\$ 14,919,160	\$ 13,745,042
Brushy Creek Texas LLC	7,691,366	6,865,000	5,490,000
Cuchara Investment Group Ltd.	5,328,631	5,238,016	4,388,626
Saiba Holdings LLC	5,092,306	5,252,079	4,676,400
Highland 620 Land Investment Ltd.	4,773,228	9,573,468	8,117,325
Hatch House Management Company LLC	4,354,811	4,593,885	4,080,321
Great Oaks Physicians Holding Company LP	4,339,938	4,514,867	4,384,883
RCP 620 Great Oaks LP	3,744,927	3,663,054	-
Harbor Hospice Land Investors of Austin LP	3,534,818	-	-
First Star Bank SSB	3,494,459	3,691,541	4,318,086
TDE Investments LLC	-	3,318,750	3,378,333
LIDL US Operations LLC	-	-	3,679,701
Total	\$ 56,767,146	\$ 61,629,820	\$ 56,258,717
Percent of Assessed Valuation	7.33%	8.51%	8.30%

Brushy Creek Municipal Utility District

OSI-2 Assessed Value by Classification September 30, 2024

District-Wide Area Type of Property	Tax Roll Year					
	2024		2023		2022	
	Amount	%	Amount	%	Amount	%
Single Family	\$ 2,909,670,160	95.3%	\$ 2,830,015,670	96.8%	\$ 3,333,085,211	113.7%
Multi-Family	225,054,564	7.4%	257,819,523	8.8%	252,052,771	8.6%
Vacant Platted Lots/Tracts	12,570,649	0.4%	26,198,790	0.9%	14,845,087	0.5%
Farm and Ranch Improvement	1,623	0.0%	1,923	0.0%	20,063	0.0%
Commercial	202,578,447	6.6%	190,756,299	6.5%	172,370,809	5.9%
Real & Intangible Personal, Utilities	23,441,459	0.8%	26,557,767	0.9%	20,471,155	0.7%
Tangible Personal Business	26,523,505	0.9%	23,407,361	0.8%	20,287,415	0.7%
Exempt	<u>(346,995,506)</u>	<u>(11.4)%</u>	<u>(431,298,727)</u>	<u>(14.7)%</u>	<u>(881,828,016)</u>	<u>(30.1)%</u>
Total	<u>\$ 3,052,844,901</u>	<u>100.0%</u>	<u>\$ 2,923,458,606</u>	<u>100.0%</u>	<u>\$ 2,931,304,495</u>	<u>100.0%</u>

(continued)

Brushy Creek Municipal Utility District

OSI-2 Assessed Value by Classification (continued) September 30, 2024

Defined Area Type of Property	Tax Roll Year					
	2024		2023		2022	
	Amount	%	Amount	%	Amount	%
Single Family	\$ 734,175,029	94.8%	\$ 716,728,904	99.0%	\$ 793,655,042	117.1%
Vacant Platted Lots/Tracts	11,249,166	1.5%	18,505,157	2.6%	13,789,853	2.0%
Farm and Ranch Improvement	-	0.0%	300	0.0%	18,440	0.0%
Commercial	54,940,833	7.1%	48,393,298	6.7%	44,461,691	6.6%
Real & Intangible Personal, Utilities	310,876	0.0%	281,825	0.0%	149,943	0.0%
Tangible Personal Business	5,880,913	0.8%	4,162,254	0.6%	4,023,176	0.6%
Exempt	(32,142,452)	(4.2)%	(64,172,767)	(8.9)%	(178,525,297)	(26.3)%
Total	\$ 774,414,365	100.0%	\$ 723,898,971	100.0%	\$ 677,572,848	100.0%