

BLOCK HOUSE MUNICIPAL UTILITY DISTRICT

WILLIAMSON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2020

BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
WILLIAMSON COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2020

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ANNUAL FILING AFFIDAVIT

STATE OF TEXAS
COUNTY OF WILLIAMSON

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

BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
(Name of District)

hereby swear, or affirm, that the district named above has reviewed and approved at a meeting of the District's Board of Directors on **January 27, 2021**, its annual audit report for the fiscal year or period ended **September 30, 2020** and that copies of the annual audit report have been filed in the District's office, located at

100 Congress Avenue, Suite 1300
Austin, Texas 78701
(Address of District's Office)

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

Date: _____.

By: _____
(Signature of District Representative)

(Typed Name and Title District Representative)

Sworn to and subscribed to before me this the _____ day of _____, 2021.

(Seal)

(Signature of Notary)

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

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

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Suite 235
Houston, Texas 77065-5610
(713) 462-0341
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Block House Municipal Utility District
Williamson County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Block House Municipal Utility District (the "District"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Board of Directors
Block House Municipal
Utility District

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* and the other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information and the other supplementary information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

January 27, 2021

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

Management’s discussion and analysis of Block House Municipal Utility District’s (the “District”) financial performance provides an overview of the District’s financial activities for the fiscal year ended September 30, 2020. Please read it in conjunction with the District’s financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting debt service taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

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

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by \$10,433,771 as of September 30, 2020. This compares with assets and deferred outflows of resources exceeding liabilities by \$9,180,480 in the prior fiscal year.

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

The following is a comparative analysis of the Statement of Net Position as of September 30, 2020, and September 30, 2019:

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2020	2019	Change Positive (Negative)
Current and Other Assets	\$ 6,804,702	\$ 6,022,697	\$ 782,005
Capital Assets (Net of Accumulated Depreciation)	13,854,123	14,373,837	(519,714)
Total Assets	\$ 20,658,825	\$ 20,396,534	\$ 262,291
Deferred Outflows of Resources	\$ 126,571	\$ 203,716	(77,145)
Long -Term Liabilities	\$ 9,477,093	\$ 10,611,201	\$ 1,134,108
Other Liabilities	874,532	808,569	(65,963)
Total Liabilities	\$ 10,351,625	\$ 11,419,770	\$ 1,068,145
Net Position:			
Net Investment in Capital Assets	\$ 4,560,387	\$ 4,022,923	\$ 537,464
Restricted	550,592	556,602	(6,010)
Unrestricted	5,322,792	4,600,955	721,837
Total Net Position	\$ 10,433,771	\$ 9,180,480	\$ 1,253,291

The District net position increased by \$1,253,291, accounting for a 13.7% increase in net position. The following table provides a comparative analysis of the District's operations for the years ending September 30, 2020, and September 30, 2019:

	Summary of Changes in the Statement of Activities		
	2020	2019	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 3,983,485	\$ 3,706,939	\$ 276,546
Charges for Services	2,605,895	2,510,790	95,105
Other Revenues	123,724	181,404	(57,680)
Total Revenues	\$ 6,713,104	\$ 6,399,133	\$ 313,971
Expenses for Services	5,459,813	5,275,969	(183,844)
Change in Net Position	\$ 1,253,291	\$ 1,123,164	\$ 130,127
Net Position, Beginning of Year	9,180,480	8,057,316	1,123,164
Net Position, End of Year	\$ 10,433,771	\$ 9,180,480	\$ 1,253,291

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

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of September 30, 2020, were \$5,969,588, an increase of \$709,211 from the prior year.

The General Fund fund balance increased by \$727,837, primarily due to property tax and service revenues exceeding operating and capital costs.

The Debt Service Fund fund balance decreased by \$18,841, primarily due to the structure of the District's long-term debt.

The Capital Projects Fund fund balance increased by \$215.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal year. Actual excess revenues over expenditures were \$463,468 more than budgeted.

CAPITAL ASSETS

The District's capital assets as of September 30, 2020, amount to \$13,854,123 (net of accumulated depreciation). These capital assets include land, as well as the water, wastewater and drainage systems and recreational facilities. Significant capital projects completed during the current fiscal year included the secondary sanitation system installation for Tumlinson pool, pool backwash pump and discharge pipe, polaris system, pool pump room rebuilding project and drinking and pet fountains.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2020	2019	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 306,291	\$ 306,291	\$
Construction in Progress	13,771		13,771
Capital Assets, Net of Accumulated Depreciation:			
Common Recreational Areas	1,279,794	1,299,376	(19,582)
Water, Wastewater and Drainage System	10,244,952	10,617,741	(372,789)
Capital Recovery Fees	2,009,315	2,150,429	(141,114)
Total Net Capital Assets	<u>\$ 13,854,123</u>	<u>\$ 14,373,837</u>	<u>\$ (519,714)</u>

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

LONG-TERM DEBT ACTIVITY

As of September 30, 2020, the District had total bond debt payable of \$8,895,000. The changes in the debt position of the District during the fiscal year ended September 30, 2020, are summarized as follows:

Bond Debt Payable, October 1, 2019	\$ 10,275,000
Add: Refunding Bonds Issued - Series 2020	3,310,000
Less: Bond Principal Paid and Refunded	<u>4,690,000</u>
Bond Debt Payable, September 30, 2020	<u>\$ 8,895,000</u>

The District's bonds have an underlying rating of "A1". The Series 2014 Refunding bonds and Series 2016 Refunding bonds have an insured rating of "AA" by virtue of bond insurance issued by Build America Mutual Assurance Company. The Series 2020 Refunding bonds have an insured rating of "AA" by virtue of bond insurance issued by Assured Guaranty Municipal Corp. The ratings above include all rating changes of bond insurers through September 30, 2020.

The ratio of the District's long-term debt to the total taxable assessed valuation (\$492,843,293) is 1.80%. The District's estimated population, as provided by the District's operator, as of September 30, 2020, is 7,539.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Block House Municipal Utility District, c/o Armbrust & Brown, PLLC, 100 Congress Avenue, Suite 1300, Austin, TX 78701.

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

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 334,144	\$
Investments	5,124,967	537,283
Cash with Paying Agent		146,100
Receivables:		
Property Taxes	27,175	18,060
Service Accounts (Net of Allowance for Uncollectible Accounts of \$2,500)	457,117	
Accrued Interest	9,958	92
Other	4,622	
Due from Other Funds	4,843	
Prepaid Costs	26,951	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 5,989,777	\$ 701,535
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	\$ -0-	\$ -0-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 5,989,777	\$ 701,535

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$	\$	\$	\$
56,786	334,144		334,144
	5,719,036		5,719,036
	146,100		146,100
	45,235		45,235
	457,117		457,117
	10,050		10,050
	4,622		4,622
	4,843	(4,843)	
	26,951	61,447	88,398
		306,291	306,291
		13,771	13,771
		13,534,061	13,534,061
<u>\$ 56,786</u>	<u>\$ 6,748,098</u>	<u>\$ 13,910,727</u>	<u>\$ 20,658,825</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 126,571</u>	<u>\$ 126,571</u>
<u>\$ 56,786</u>	<u>\$ 6,748,098</u>	<u>\$ 14,037,298</u>	<u>\$ 20,785,396</u>

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

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

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 381,929	\$
Accrued Interest Payable		
Due to Other Funds		4,843
Security Deposits	346,503	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 728,432	\$ 4,843
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 27,175	\$ 18,060
FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 26,951	\$
Restricted for Authorized Construction		
Restricted for Debt Service		678,632
Assigned to 2021 Budget Deficit	153,952	
Unassigned	5,053,267	
TOTAL FUND BALANCES	\$ 5,234,170	\$ 678,632
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 5,989,777	\$ 701,535
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$	\$ 381,929	\$	\$ 381,929
		146,100	146,100
	4,843	(4,843)	
	346,503		346,503
		1,155,000	1,155,000
		8,322,093	8,322,093
<u>\$ -0-</u>	<u>\$ 733,275</u>	<u>\$ 9,618,350</u>	<u>\$ 10,351,625</u>
<u>\$ -0-</u>	<u>\$ 45,235</u>	<u>\$ (45,235)</u>	<u>\$ -0-</u>
\$	\$ 26,951	\$ (26,951)	\$
56,786	56,786	(56,786)	
	678,632	(678,632)	
	153,952	(153,952)	
	5,053,267	(5,053,267)	
<u>\$ 56,786</u>	<u>\$ 5,969,588</u>	<u>\$ (5,969,588)</u>	<u>\$ - 0 -</u>
<u>\$ 56,786</u>	<u>\$ 6,748,098</u>		
		\$ 4,560,387	\$ 4,560,387
		550,592	550,592
		5,322,792	5,322,792
		<u>\$ 10,433,771</u>	<u>\$ 10,433,771</u>

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

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

Total Fund Balances - Governmental Funds \$ 5,969,588

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

Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the new debt or the old debt, whichever is shorter. 126,571

Prepaid bond insurance costs are amortized over the term of the debt in governmental activities. 61,447

Land, construction in progress and capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 13,854,123

Deferred inflows of resources related to property tax revenues on delinquent taxes for the 2019 and prior tax levies became part of recognized revenue in the governmental activities of the District. 45,235

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Accrued Interest Payable	\$ (146,100)	
Bonds Payable	<u>(9,477,093)</u>	<u>(9,623,193)</u>

Total Net Position - Governmental Activities \$ 10,433,771

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

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BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 2,560,689	\$ 1,413,395
Water Service	760,601	
Wastewater Service	434,103	
Park Fee	258,297	
Basic Services	1,117,835	
Penalty and Interest	28,913	3,834
Tap Connection and Inspection Fees	2,312	
Investment Revenues	72,522	17,121
Miscellaneous Revenues	33,539	27
	<u>\$ 5,268,811</u>	<u>\$ 1,434,377</u>
TOTAL REVENUES		
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 241,643	\$
Contracted Services	1,880,746	1,200
Purchased Water Service	657,851	
Purchased Wastewater Service	302,512	
Utilities	42,636	
Park/Pool	851,587	
Repairs and Maintenance	230,978	
Depreciation		
Other	185,816	
Capital Outlay	147,205	
Debt Service:		
Bond Issuance Costs		176,339
Bond Principal		1,170,000
Bond Interest		282,018
	<u>\$ 4,540,974</u>	<u>\$ 1,629,557</u>
TOTAL EXPENDITURES/EXPENSES		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	<u>\$ 727,837</u>	<u>\$ (195,180)</u>
OTHER FINANCING SOURCES (USES)		
Refunding Bonds	\$	\$ 3,310,000
Transfer to Refunding Bond Escrow Agent		(3,567,567)
Bond Premium		433,906
	<u>\$ -0-</u>	<u>\$ 176,339</u>
TOTAL OTHER FINANCING SOURCES (USES)		
NET CHANGE IN FUND BALANCES	\$ 727,837	\$ (18,841)
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - OCTOBER 1, 2019	<u>4,506,333</u>	<u>697,473</u>
FUND BALANCES/NET POSITION - SEPTEMBER 30, 2020	<u>\$ 5,234,170</u>	<u>\$ 678,632</u>

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 3,974,084	\$ 9,401	\$ 3,983,485
	760,601		760,601
	434,103		434,103
	258,297		258,297
	1,117,835		1,117,835
	32,747		32,747
	2,312		2,312
515	90,158		90,158
	33,566		33,566
\$ 515	\$ 6,703,703	\$ 9,401	\$ 6,713,104
\$	\$ 241,643	\$	\$ 241,643
	1,881,946		1,881,946
	657,851		657,851
	302,512		302,512
	42,636		42,636
	851,587		851,587
300	231,278		231,278
		666,919	666,919
	185,816		185,816
	147,205	(147,205)	
	176,339		176,339
	1,170,000	(1,170,000)	
	282,018	(60,732)	221,286
\$ 300	\$ 6,170,831	\$ (711,018)	\$ 5,459,813
\$ 215	\$ 532,872	\$ 720,419	\$ 1,253,291
\$	\$ 3,310,000	\$ (3,310,000)	\$
	(3,567,567)	3,567,567	
	433,906	(433,906)	
\$ -0-	\$ 176,339	\$ (176,339)	\$ -0-
\$ 215	\$ 709,211	\$ (709,211)	\$
		1,253,291	1,253,291
56,571	5,260,377	3,920,103	9,180,480
\$ 56,786	\$ 5,969,588	\$ 4,464,183	\$ 10,433,771

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

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

Net Change in Fund Balances - Governmental Funds	\$ 709,211
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	9,401
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(666,919)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	147,205
Governmental funds report bond premiums as other financing sources in the year received. However, in the Statement of Net Position, bond premiums are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	(433,906)
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.	1,170,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	60,732
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	(3,310,000)
Governmental funds report the payment to the refunded bond escrow agent as an other financing use. However, the refunding of outstanding bonds decreases long-term liabilities in the Statement of Net Position.	<u>3,567,567</u>
Change in Net Position - Governmental Activities	<u>\$ 1,253,291</u>

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

BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1. CREATION OF DISTRICT

Block House Municipal Utility District, located in Williamson County, Texas (the “District”) was created effective January 12, 1978 by an Order of the Texas Water Commission, presently known as the Texas Commission on Environmental Quality (the “Commission”). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on October 9, 1979, and the first bonds were issued on November 13, 1986.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether or not an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statement as component units.

Financial Statement Presentation

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

BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

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

Government-Wide Financial Statements

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

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

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

Governmental Funds

The District has three governmental funds and considers each to be a major fund.

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

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

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

Basis of Accounting

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

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of September 30, 2020, the Debt Service Fund owes the General Fund \$4,843 for a maintenance tax collections.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Common and Recreational Areas	5-50
Water System	10-45
Wastewater System	10-45
Drainage System	10-40
All Other Equipment	3-20

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District’s Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Directors are considered to be wages subject to federal income tax withholding for payroll tax purposes only.

BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

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

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

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

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

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

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has assigned \$153,952 of the General Fund fund balance for a projected budget deficit for the year ending September 30, 2021.

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 3. LONG – TERM DEBT

	<u>Refunding Series 2014</u>		
Amounts Outstanding - September 30, 2020	\$ 1,170,000		
Interest Rates	3.00%		
Maturity Dates - Serially Beginning/Ending	April 1, 2021/2023		
Interest Payment Dates	October 1/April 1		
Callable Dates	April 1, 2020*		
		<u>Refunding Series 2016</u>	<u>Refunding Series 2020</u>
Amounts Outstanding - September 30, 2020	\$ 4,415,000	\$ 3,310,000	
Interest Rates	2.00% - 3.00%	4.00%	
Maturity Dates - Serially Beginning/Ending	April 1, 2021/2026	April 1, 2024/2027	
Interest Payment Dates	October 1/April 1	October 1/April 1	
Callable Dates	April 1, 2022*	Non-Callable	

* Bonds maturing on or after this date are subject to being called at par value plus accrued interest date to the date fixed for redemption.

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

	<u>October 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>September 30, 2020</u>
Bonds Payable	\$ 10,275,000	\$ 3,310,000	\$ 4,690,000	\$ 8,895,000
Unamortized Discounts	(1,486)		(1,486)	
Unamortized Premiums	337,687	433,906	189,500	582,093
Bonds Payable, Net	<u>\$ 10,611,201</u>	<u>\$ 3,743,906</u>	<u>\$ 4,878,014</u>	<u>\$ 9,477,093</u>
		Amount Due Within One Year		\$ 1,155,000
		Amount Due After One Year		8,322,093
		Bonds Payable, Net		<u>\$ 9,477,093</u>

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 3. LONG - TERM DEBT (Continued)

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

Fiscal Year	Principal	Interest	Total
2021	\$ 1,155,000	\$ 292,200	\$ 1,447,200
2022	1,190,000	265,300	1,455,300
2023	1,235,000	229,600	1,464,600
2024	1,220,000	192,550	1,412,550
2025	1,275,000	152,400	1,427,400
2026-2027	2,820,000	168,950	2,988,950
	<u>\$ 8,895,000</u>	<u>\$ 1,301,000</u>	<u>\$ 10,196,000</u>

As of September 30, 2020, the District has authorized but unissued tax bonds in the amount of \$8,520,000 and available refunding bonds authorization of \$24,011,988. On November 3, 2020, subsequent to year end, voters of the District authorized the issuance of \$3,150,000 of bonds for park and trail improvements. The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

During the year ended September 30, 2020, the District levied an ad valorem debt service tax rate of \$0.2875 per \$100 of assessed valuation, which resulted in a tax levy of \$1,416,974 on the adjusted taxable valuation of \$492,843,293 for the 2019 tax year. The bond order and bond resolution require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

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

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

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

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District’s deposits was \$2,734,144 and the bank balance was \$2,741,298. The District was not exposed to custodial risk at year-end.

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

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 334,144	\$ 2,160,000	\$ 2,494,144
DEBT SERVICE FUND		240,000	240,000
TOTAL DEPOSITS	\$ 334,144	\$ 2,400,000	\$ 2,734,144

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District’s financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District’s investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.” No person may invest District funds without express written authority from the Board of Directors.

BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool meets the criteria established in GASB Statement No. 79 and measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool. As of September 30, 2019, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 year
<u>GENERAL FUND</u>		
TexPool	\$ 2,964,967	\$ 2,964,967
Certificates of Deposit	2,160,000	2,160,000
<u>DEBT SERVICE FUND</u>		
TexPool	297,283	297,283
Certificate of Deposit	240,000	240,000
<u>CAPITAL PROJECTS FUND</u>		
TexPool	56,786	56,786
TOTAL INVESTMENTS	<u><u>\$ 5,719,036</u></u>	<u><u>\$ 5,719,036</u></u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2020, the District's investment in TexPool was rated AAAM by Standard and Poor's. The District also invests in certificates of deposit which are fully covered by federal depository insurance.

BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Interest rate risk is the risk the changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in TexPool to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District. The District also typically invests in certificates of deposit with maturities of less than one year.

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2020:

	October 1, 2019	Increases	Decreases	September 30, 2020
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 306,291	\$	\$	\$ 306,291
Construction in Progress		147,205	133,434	13,771
Total Capital Assets Not Being Depreciated	<u>\$ 306,291</u>	<u>\$ 147,205</u>	<u>\$ 133,434</u>	<u>\$ 320,062</u>
Capital Assets Subject to Depreciation				
Common Recreational Areas	\$ 6,261,720	\$ 133,434		\$ 6,395,154
Water, Wastewater and Drainage System	18,106,223			18,106,223
Capital Recovery Fees	4,613,743			4,613,743
Total Capital Assets Subject to Depreciation	<u>\$ 28,981,686</u>	<u>\$ 133,434</u>	<u>\$ -0-</u>	<u>\$ 29,115,120</u>
Less Accumulated Depreciation				
Common Recreational Areas	\$ 4,962,344	\$ 153,016		\$ 5,115,360
Water, Wastewater and Drainage System	7,488,482	372,789		7,861,271
Capital Recovery Fees	2,463,314	141,114		2,604,428
Total Accumulated Depreciation	<u>\$ 14,914,140</u>	<u>\$ 666,919</u>	<u>\$ -0-</u>	<u>\$ 15,581,059</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 14,067,546</u>	<u>\$ (533,485)</u>	<u>\$ -0-</u>	<u>\$ 13,534,061</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 14,373,837</u>	<u>\$ (386,280)</u>	<u>\$ 133,434</u>	<u>\$ 13,854,123</u>

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 7. MAINTENANCE TAX

On April 4, 1981, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$1.00 of assessed valuation of taxable property within the District. During the year ended September 30, 2020, the District levied an ad valorem maintenance tax rate of \$0.3841 per \$100 of assessed valuation, which resulted in a tax levy of \$1,893,078 on the adjusted taxable valuation of \$492,843,293 for the 2019 tax year. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and sanitary sewer system.

NOTE 8. CONTRACT TAX

On May 12, 2007, the voters within the District approved a fire protection plan and contract with the City of Cedar Park, Texas for fire protection services including the funding of a service fee payable to Cedar Park through (a) tax revenues generated by a contract tax, (b) a user fee, (c) any other funds lawfully available to the District; or (d) a combination of these. During the year ended September 30, 2020, the District levied a contract tax rate of \$0.1369, which resulted in a tax levy of \$674,726 on the adjusted taxable valuation of \$492,843,293 for the 2019 tax year.

NOTE 9. WATER SUPPLY AGREEMENT

Effective March 10, 1995, the District and the City of Cedar Park, Texas (the "City") entered into a water supply contract (the "Water Agreement"). Under the terms of the Water Agreement, the City agreed to sell and the District agreed to purchase capacity in the City's water treatment and distribution system, and the City agreed to provide the District with a wholesale water supply. The Water Agreement establishes a wholesale rate for water provided by the City to the District and provides a mechanism for calculating increases in the rate based upon a cost of service study. The current rate being charged by the City is \$2.90 per 1,000 gallons purchased. During the current fiscal year, the District recorded an expenditure of \$657,851 for purchased water services.

NOTE 10. WHOLESALE WASTEWATER SERVICE AGREEMENT

Effective September 25, 2002, the District and the City entered into a wholesale wastewater service contract (the "Wastewater Agreement"). Under the terms of the Wastewater Agreement, the District agreed to purchase capacity in the City's wastewater collection and treatment system and the City agreed to provide the District with wholesale wastewater treatment services for its existing and future development. The Wastewater Agreement established a wholesale rate for wastewater service provided by the City to the District and provides that the City can change the rate periodically by action of the City Council after giving at least 30 day notice to the District to review and comment on the proposed change. The Wastewater Agreement was amended on April 10, 2008 to change how wastewater flow was to be measured. The current rate being charged by the City is \$2.01 per 1,000 gallons purchased. During the current fiscal year, the District recorded an expenditure of \$302,512 for purchased wastewater services.

BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District carries commercial insurance for its fidelity bonds and participates in the Texas Municipal League Intergovernmental Risk Pool (TML) to provide property, general liability, automobile, boiler and machinery, errors and omissions and law enforcement liability coverage. The District, along with other participating entities, contributes annual amounts determined by TML's management. As claims arise they are submitted and evaluated and denied or allowed by TML. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 12. REFUNDING BOND SALE

On January 7, 2020, the District issued \$3,310,000 of Unlimited Tax Refunding Bonds, Series 2020. The net proceeds of \$3,567,567 were used to call and refund \$3,520,000 of Series 2014 Unlimited Tax Refunding Bonds. The refunded bonds are considered to be defeased and have been removed as a liability in the Statement of Net Position. The effect of the refunding obtained gross debt service savings of \$170,557 and net present value savings of \$154,371.

NOTE 13. UNCERTAINTIES

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

BLOCK HOUSE MUNICIPAL UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2020

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

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Property Taxes	\$ 2,503,416	\$ 2,560,689	\$ 57,273
Water Service	713,000	760,601	47,601
Wastewater Service	443,000	434,103	(8,897)
Park Fee	260,000	258,297	(1,703)
Basic Services	1,070,000	1,117,835	47,835
Penalty and Interest	44,500	28,913	(15,587)
Tap Connection and Inspection Fees	1,500	2,312	812
Investment Revenues	60,060	72,522	12,462
Miscellaneous Revenues	<u>23,800</u>	<u>33,539</u>	<u>9,739</u>
TOTAL REVENUES	<u>\$ 5,119,276</u>	<u>\$ 5,268,811</u>	<u>\$ 149,535</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 267,000	\$ 241,643	\$ 25,357
Contracted Services	1,868,807	1,880,746	(11,939)
Purchased Water Service	620,000	657,851	(37,851)
Purchased Wastewater Service	300,000	302,512	(2,512)
Utilities	51,500	42,636	8,864
Park/Pool	1,051,500	851,587	199,913
Repairs and Maintenance	311,000	230,978	80,022
Other	250,800	185,816	64,984
Capital Outlay	<u>134,300</u>	<u>147,205</u>	<u>(12,905)</u>
TOTAL EXPENDITURES	<u>\$ 4,854,907</u>	<u>\$ 4,540,974</u>	<u>\$ 313,933</u>
NET CHANGE IN FUND BALANCE	<u>\$ 264,369</u>	<u>\$ 727,837</u>	<u>\$ 463,468</u>
FUND BALANCE - OCTOBER 1, 2019	<u>4,506,333</u>	<u>4,506,333</u>	<u></u>
FUND BALANCE - SEPTEMBER 30, 2020	<u>\$ 4,770,702</u>	<u>\$ 5,234,170</u>	<u>\$ 463,468</u>

See accompanying independent auditor's report.

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**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
SUPPLEMENTARY INFORMATION REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE
SEPTEMBER 30, 2020**

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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

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

2. RETAIL SERVICE PROVIDERS

a. RETAIL RATES FOR A 3/4" METER (OR EQUIVALENT):

Based on the rate order effective May 22, 2019.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$ 52.66*	N/A	N	\$ 3.88 \$ 4.12 \$ 4.55 \$ 5.00	0,001 to 7,000 7,001 to 14,000 14,001 to 20,000 20,001 and up
WASTEWATER:		N/A	N	\$ 4.00	0,001 and up
SURCHARGE:	\$0.05% of water and wastewater bill				
Regulatory Assessment Fee					

District employs winter averaging for wastewater usage? X
Yes
No

Total monthly charges per 10,000 gallons usage: Water: \$92.18 Wastewater: \$40.00 Surcharge: \$0.66

* Includes base fee of \$52.66.

See accompanying independent auditor's report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤ ³ / ₄ "	<u>2,154</u>	<u>2,154</u>	x 1.0	<u>2,154</u>
1"	<u>1</u>	<u>1</u>	x 2.5	<u>3</u>
1½"	<u>32</u>	<u>32</u>	x 5.0	<u>160</u>
2"	<u>1</u>	<u>1</u>	x 8.0	<u>8</u>
3"	<u>1</u>	<u>1</u>	x 15.0	<u>15</u>
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u><u>2,189</u></u>	<u><u>2,189</u></u>		<u><u>2,340</u></u>
Total Wastewater Connections	<u><u>2,154</u></u>	<u><u>2,154</u></u>	x 1.0	<u><u>2,154</u></u>

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

Gallons billed to customers:	207,861,000	Water Accountability Ratio: 93.4%
		(Gallons billed/Gallons purchased)
Gallons purchased:	222,658,000	From: <u>City of Cedar Park, Texas</u>

See accompanying independent auditor's report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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

Does the District have Debt Service standby fees? Yes No

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes No

County in which District is located:

Williamson County, Texas

Is the District located within a city?

Entirely Partly Not at all

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

Entirely Partly Not at all

ETJ in which District is located:

City of Cedar Park, Texas

Is the general membership of the Board appointed by an office outside the District?

Yes No

See accompanying independent auditor's report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

PROFESSIONAL FEES:	
Auditing	\$ 17,000
Engineering	45,171
Legal	174,142
Financial Advisor	<u>5,330</u>
TOTAL PROFESSIONAL FEES	<u>\$ 241,643</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	\$ 657,851
Purchased Wastewater Service	<u>302,512</u>
TOTAL PURCHASED SERVICES FOR RESALE	<u>\$ 960,363</u>
CONTRACTED SERVICES:	
Tax Assessor/Appraisal District	\$ 23,845
Bookkeeping	46,638
General Manager	118,886
Operations and Billing	286,980
Solid Waste Disposal	591,815
Security	139,672
Fire Fighting	<u>672,910</u>
TOTAL CONTRACTED SERVICES	<u>\$ 1,880,746</u>
UTILITIES	<u>\$ 42,636</u>
REPAIRS AND MAINTENANCE	<u>\$ 230,978</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 31,950
Election Costs	8,933
Insurance	20,521
Legal Notices	504
Office Supplies and Postage	43,290
Payroll Taxes	2,444
Travel and Meetings	1,209
Other	<u>58,526</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 167,377</u>

See accompanying independent auditor's report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

CAPITAL OUTLAY	\$ <u>147,205</u>
PARKS AND RECREATION	\$ <u>851,587</u>
OTHER EXPENDITURES:	
Permit Fees	\$ 5,505
Regulatory Assessment	<u>12,934</u>
TOTAL OTHER EXPENDITURES	\$ <u>18,439</u>
TOTAL EXPENDITURES	\$ <u><u>4,540,974</u></u>

See accompanying independent auditor's report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
INVESTMENTS
SEPTEMBER 30, 2020**

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 2,606,834	\$
TexPool	XXXX0005	Varies	Daily	358,133	
Certificate of Deposit	XXXX0366	1.15%	12/11/20	240,000	1,505
Certificate of Deposit	XXXX0578	1.75%	11/18/20	240,000	2,888
Certificate of Deposit	XXXX0965	1.70%	10/20/20	240,000	3,521
Certificate of Deposit	XXXX1888	0.75%	07/25/21	240,000	330
Certificate of Deposit	XXXX0059	0.30%	08/27/21	240,000	67
Certificate of Deposit	XXXX3194	0.50%	06/30/21	240,000	302
Certificate of Deposit	XXXX6801	0.45%	09/17/21	240,000	39
Certificate of Deposit	XXXX6937	0.75%	05/31/21	240,000	602
Certificate of Deposit	XXXX4324	0.70%	12/28/20	240,000	704
TOTAL GENERAL FUND				<u>\$ 5,124,967</u>	<u>\$ 9,958</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0002	Varies	Daily	\$ 7,433	\$
TexPool	XXXX0003	Varies	Daily	289,850	
Certificate of Deposit	XXXX2255	0.50%	03/01/21	240,000	92
TOTAL DEBT SERVICE FUND				<u>\$ 537,283</u>	<u>\$ 92</u>
<u>CAPITAL PROJECTS FUND</u>					
TexPool	XXXX0004	Varies	Daily	<u>\$ 56,786</u>	<u>\$ -0-</u>
TOTAL - ALL FUNDS				<u>\$ 5,719,036</u>	<u>\$ 10,050</u>

See accompanying independent auditor's report.

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

	Maintenance Tax		Contract Tax		Debt Service Tax	
TAXES RECEIVABLE -						
OCTOBER 1, 2019	\$ 14,789		\$ 6,066		\$ 14,979	
Adjustments to Beginning						
Balance	<u>(577)</u>	\$ 14,212	<u>(218)</u>	\$ 5,848	<u>(498)</u>	\$ 14,481
Original 2019 Tax Levy	\$ 1,893,127		\$ 674,743		\$ 1,417,011	
Adjustment to 2019 Tax Levy	<u>(49)</u>	<u>1,893,078</u>	<u>(17)</u>	<u>674,726</u>	<u>(37)</u>	<u>1,416,974</u>
TOTAL TO BE						
ACCOUNTED FOR		\$ 1,907,290		\$ 680,574		\$ 1,431,455
TAX COLLECTIONS:						
Prior Years	\$ 3,684		\$ 1,385		\$ 3,145	
Current Year	<u>1,884,095</u>	<u>1,887,779</u>	<u>671,525</u>	<u>672,910</u>	<u>1,410,250</u>	<u>1,413,395</u>
TAXES RECEIVABLE -						
SEPTEMBER 30, 2020		<u><u>\$ 19,511</u></u>		<u><u>\$ 7,664</u></u>		<u><u>\$ 18,060</u></u>
TAXES RECEIVABLE BY						
YEAR:						
2019		\$ 8,983		\$ 3,201		\$ 6,724
2018		4,855		1,801		4,040
2017		2,811		1,122		2,668
2016		982		432		1,078
2015		411		187		514
2014		340		175		501
2013		253		169		512
2012		273		190		605
2011 and prior		<u>603</u>		<u>387</u>		<u>1,418</u>
TOTAL		<u><u>\$ 19,511</u></u>		<u><u>\$ 7,664</u></u>		<u><u>\$ 18,060</u></u>

See accompanying independent auditor's report.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
PROPERTY VALUATIONS:				
Land	\$ 118,409,197	\$ 107,570,257	\$ 98,962,089	\$ 98,974,839
Improvements	404,148,991	399,667,187	387,650,823	337,397,503
Personal Property	4,237,889	4,558,473	3,819,943	3,515,700
Exemptions	<u>(33,952,784)</u>	<u>(37,068,924)</u>	<u>(44,396,496)</u>	<u>(28,713,433)</u>
TOTAL PROPERTY VALUATIONS (a)	<u>\$ 492,843,293</u>	<u>\$ 474,726,993</u>	<u>\$ 446,036,359</u>	<u>\$ 411,174,609</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.2875	\$ 0.2950	\$ 0.3238	\$ 0.3465
Maintenance	0.3841	0.3545	0.3411	0.3157
Contract	<u>0.1369</u>	<u>0.1315</u>	<u>0.1361</u>	<u>0.1388</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.8085</u>	<u>\$ 0.7810</u>	<u>\$ 0.8010</u>	<u>\$ 0.8010</u>
ADJUSTED TAX LEVY*	<u>\$ 3,984,778</u>	<u>\$ 3,707,795</u>	<u>\$ 3,572,944</u>	<u>\$ 3,293,699</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED**	<u>99.53 %</u>	<u>99.71 %</u>	<u>99.82 %</u>	<u>99.92 %</u>

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

** Calculated as taxes collected in current and previous years divided by tax levy. Calculated as of time of the original tax levy and may vary from that provided in the District's bond offering documents or the District's annual disclosure filings.

Maintenance Tax – Maximum tax rate of \$1.00 per \$100 of assessed valuation was approved by voters on April 4, 1981.

- (a) Valuations are provided by the appropriate Appraisal District and are current as of the date of the audit. Due to various factors, including tax protests and disputes, such valuations change over time; therefore, they may vary slightly from those disclosed in the District's bond offering documents or the District's annual bond disclosure filings.

See accompanying independent auditor's report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2020**

REFUNDING SERIES - 2014

Due During Fiscal Years Ending September 30	Principal Due April 1	Interest Due October 1/ April 1	Total
2021	\$ 380,000	\$ 35,100	\$ 415,100
2022	395,000	23,700	418,700
2023	395,000	11,850	406,850
2024			
2025			
2026			
2027			
	<u>\$ 1,170,000</u>	<u>\$ 70,650</u>	<u>\$ 1,240,650</u>

See accompanying independent auditor's report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2020**

REFUNDING SERIES - 2016

Due During Fiscal Years Ending September 30	Principal Due April 1	Interest Due October 1/ April 1	Total
2021	\$ 775,000	\$ 124,700	\$ 899,700
2022	795,000	109,200	904,200
2023	840,000	85,350	925,350
2024	865,000	60,150	925,150
2025	895,000	34,200	929,200
2026	245,000	7,350	252,350
2027			
	<u>\$ 4,415,000</u>	<u>\$ 420,950</u>	<u>\$ 4,835,950</u>

See accompanying independent auditor's report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2020**

REFUNDING SERIES - 2020

Due During Fiscal Years Ending September 30	Principal Due April 1	Interest Due October 1/ April 1	Total
2021	\$	\$ 132,400	\$ 132,400
2022		132,400	132,400
2023		132,400	132,400
2024	355,000	132,400	487,400
2025	380,000	118,200	498,200
2026	1,110,000	103,000	1,213,000
2027	1,465,000	58,600	1,523,600
	<u>\$ 3,310,000</u>	<u>\$ 809,400</u>	<u>\$ 4,119,400</u>

See accompanying independent auditor's report.

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**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2020**

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending September 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2021	\$ 1,155,000	\$ 292,200	\$ 1,447,200
2022	1,190,000	265,300	1,455,300
2023	1,235,000	229,600	1,464,600
2024	1,220,000	192,550	1,412,550
2025	1,275,000	152,400	1,427,400
2026	1,355,000	110,350	1,465,350
2027	1,465,000	58,600	1,523,600
	<u>\$ 8,895,000</u>	<u>\$ 1,301,000</u>	<u>\$ 10,196,000</u>

See accompanying independent auditor's report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Description	Original Bonds Issued	Bonds Outstanding October 1, 2019
Block House Municipal Utility District Unlimited Tax Refunding Bonds - Series 2012	\$ 2,640,000	\$ 370,000
Block House Municipal Utility District Unlimited Tax Refunding Bonds - Series 2014	5,840,000	5,055,000
Block House Municipal Utility District Unlimited Tax Refunding Bonds - Series 2016	5,800,000	4,850,000
Block House Municipal Utility District Unlimited Tax Refunding Bonds - Series 2020	<u>3,310,000</u>	<u> </u>
TOTAL	<u><u>\$ 17,590,000</u></u>	<u><u>\$ 10,275,000</u></u>

Bond Authority:	<u>Tax Bonds *</u>	<u>Refunding Bonds</u>
Amount Authorized by Voters	\$ 34,325,000	\$ 25,500,000
Amount Issued	<u>25,805,000</u>	<u>1,488,012</u>
Remaining to be Issued	<u><u>\$ 8,520,000</u></u>	<u><u>\$ 24,011,988</u></u>

Debt Service Fund cash, investments and cash with paying agent balances as of September 30, 2020: \$ 683,383

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 1,456,571

See Note 3 for interest rate, interest payment dates and maturity dates.

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

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding September 30, 2020</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 370,000	\$ 11,100	\$ -0-	Bank Of Texas Austin, TX
	3,885,000	106,625	1,170,000	Bank Of Texas Austin, TX
	435,000	133,400	4,415,000	Bank Of Texas Austin, TX
<u>3,310,000</u>		<u>30,893</u>	<u>3,310,000</u>	UMB Bank, N.A. Austin, TX
<u>\$ 3,310,000</u>	<u>\$ 4,690,000</u>	<u>\$ 282,018</u>	<u>\$ 8,895,000</u>	

See accompanying independent auditor's report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS**

	Amounts		
	2020	2019	2018
REVENUES			
Property Taxes	\$ 2,560,689	\$ 2,301,905	\$ 2,121,539
Service Revenues	2,599,749	2,505,529	2,527,206
Tap Connection and Inspection Fees	2,312	1,920	2,034
Investment Revenues	72,522	100,441	47,877
Miscellaneous Revenues	33,539	52,996	38,846
TOTAL REVENUES	\$ 5,268,811	\$ 4,962,791	\$ 4,737,502
EXPENDITURES			
Professional Fees and Contracted Services	\$ 2,122,389	\$ 2,040,511	\$ 1,878,743
Purchased Water and Wastewater Service	960,363	883,690	935,307
Utilities	42,636	45,446	48,359
Park/Pool	851,587	966,558	1,176,281
Repairs and Maintenance	230,978	130,428	130,195
Other	185,816	194,709	175,778
Capital Outlay	147,205	55,138	57,511
TOTAL EXPENDITURES	\$ 4,540,974	\$ 4,316,480	\$ 4,402,174
NET CHANGE IN FUND BALANCE	\$ 727,837	\$ 646,311	\$ 335,328
BEGINNING FUND BALANCE	4,506,333	3,860,022	3,524,694
ENDING FUND BALANCE	\$ 5,234,170	\$ 4,506,333	\$ 3,860,022

See accompanying independent auditor's report.

		Percentage of Total Revenue				
<u>2017</u>	<u>2016</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 1,866,844	\$ 1,693,758	48.7 %	46.4 %	44.9 %	42.0 %	39.7 %
2,521,879	2,531,575	49.3	50.5	53.3	56.8	59.4
3,154	2,171				0.1	0.1
19,951	16,753	1.4	2.0	1.0	0.4	0.4
30,566	16,299	0.6	1.1	0.8	0.7	0.4
<u>\$ 4,442,394</u>	<u>\$ 4,260,556</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 1,819,548	\$ 1,750,121	40.3 %	41.1 %	39.7 %	41.0 %	41.1 %
987,363	932,307	18.2	17.8	19.7	22.2	21.9
47,751	47,866	0.8	0.9	1.0	1.1	1.1
877,699	708,156	16.2	19.5	24.8	19.8	16.6
84,721	63,677	4.4	2.6	2.7	1.9	1.5
186,318	182,257	3.5	3.9	3.7	4.2	4.3
81,310	1,051,958	2.8	1.1	1.2	1.8	24.7
<u>\$ 4,084,710</u>	<u>\$ 4,736,342</u>	<u>86.2 %</u>	<u>86.9 %</u>	<u>92.8 %</u>	<u>92.0 %</u>	<u>111.2 %</u>
\$ 357,684	\$ (475,786)	13.8 %	13.1 %	7.2 %	8.0 %	(11.2) %
<u>3,167,010</u>	<u>3,642,796</u>					
<u>\$ 3,524,694</u>	<u>\$ 3,167,010</u>					

See accompanying independent auditor's report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS**

	Amounts		
	2020	2019	2018
REVENUES			
Property Taxes	\$ 1,417,229	\$ 1,401,036	\$ 1,444,216
Investment Revenues	17,121	26,538	17,311
Miscellaneous Revenues	27	25	
TOTAL REVENUES	\$ 1,434,377	\$ 1,427,599	\$ 1,461,527
EXPENDITURES			
Tax Collection Expenditures	\$	\$	\$ 2
Debt Service Principal	1,170,000	1,120,000	1,105,000
Debt Service Interest and Fees	283,218	340,600	366,750
Bond Issuance Costs	176,339		
TOTAL EXPENDITURES	\$ 1,629,557	\$ 1,460,600	\$ 1,471,752
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (195,180)	\$ (33,001)	\$ (10,225)
OTHER FINANCING SOURCES (USES)			
Refunding Bonds	\$ 3,310,000	\$	\$
Transfer to Refunding Escrow Agent	(3,567,567)		
Bond Premium	433,906		
TOTAL OTHER FINANCING SOURCES (USES)	\$ 176,339	\$ -0-	\$ -0-
NET CHANGE IN FUND BALANCE	\$ (18,841)	\$ (33,001)	\$ (10,225)
BEGINNING FUND BALANCE	697,473	730,474	740,699
ENDING FUND BALANCE	\$ 678,632	\$ 697,473	\$ 730,474
TOTAL ACTIVE RETAIL WATER CONNECTIONS	2,189	2,169	2,165
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	2,154	2,169	2,164

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2017	2016	2020	2019	2018	2017	2016
\$ 1,426,903	\$ 1,478,241	98.8 %	98.1 %	98.8 %	99.5 %	99.7 %
7,677	4,371	1.2	1.9	1.2	0.5	0.3
<u>7</u>	<u>7</u>					
\$ 1,434,587	\$ 1,482,619	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 150	\$	%	%	%	%	%
1,030,000	1,055,000	81.6	78.5	75.6	71.8	71.2
400,800	423,297	19.7	23.9	25.1	27.9	28.6
	<u>248,564</u>	<u>12.3</u>				<u>16.8</u>
\$ 1,430,950	\$ 1,726,861	<u>113.6 %</u>	<u>102.4 %</u>	<u>100.7 %</u>	<u>99.7 %</u>	<u>116.6 %</u>
\$ 3,637	\$ (244,242)	<u>(13.6) %</u>	<u>(2.4) %</u>	<u>(0.7) %</u>	<u>0.3 %</u>	<u>(16.6) %</u>
\$	\$ 5,800,000					
	(5,752,800)					
	<u>201,364</u>					
\$ -0-	\$ 248,564					
\$ 3,637	\$ 4,322					
<u>737,062</u>	<u>732,740</u>					
\$ 740,699	\$ 737,062					
<u>2,204</u>	<u>2,196</u>					
<u>2,163</u>	<u>2,153</u>					

See accompanying independent auditor's report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2020**

District Mailing Address - Block House Municipal Utility District
c/o Armbrust & Brown, PLLC
100 Congress Avenue, Suite 1300
Austin, TX 78701

District Telephone Number - (512) 259-0959

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended September 30, 2020	Expense Reimbursements for the year ended September 30, 2020	Title
Cecilia A. Roberts	11/16 11/20 (Elected)	\$ 5,350	\$ -0-	President
Steve Bennett	11/18 11/22 (Elected)	\$ 7,150	\$ 43	Vice President
Rayan Horak	11/16 11/20 (Elected)	\$ 5,450	\$ -0-	Secretary
Byron Koenig	11/18 11/22 (Elected)	\$ 7,200	\$ -0-	Treasurer
Ursula Logan	11/18 11/22 (Elected)	\$ 6,800	\$ 62	Assistant Secretary

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

Submission Date of most recent District Registration Form: November 28, 2018

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution on July 23, 2003. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2020**

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended September 30, 2020</u>	<u>Title</u>
Armbrust & Brown, PLLC	06/91	\$ 186,478 \$ 30,000	General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	08/11	\$ 17,000 \$ 1,500	Auditor Bond Related
Municipal Accounts & Consulting, L.P.	09/08	\$ 49,138	Bookkeeper
Gray & Associates, Inc.	11/92	\$ 31,932	Engineer
Public Finance Group LLC	03/14	\$ 44,638	Financial Advisor
Crossroads Utility Services	06/09 08/19	\$ 546,135 \$ 118,886	Operator General Manager
Williamson County Tax Assessor/Collector	07/99	\$ 590	Tax Assessor/ Collector

See accompanying independent auditor's report.

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BLOCK HOUSE MUNICIPAL UTILITY DISTRICT

OTHER SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2020

BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
PRINCIPAL TAXPAYERS
SEPTEMBER 30, 2020
(UNAUDITED)

Taxpayers	Tax Roll Year		
	2020	2019	2018
Paver Family Enterprises L.P.	\$ 1,850,000	\$ 1,943,267	\$ 1,889,341
Pedernales Electric Cooperative Inc.	1,068,655	1,199,500	1,199,500
SMK Holdings Series LLC	872,439		
McGetrick, Jacqueline	682,915	879,748	848,584
Arpad, Sheldon & Diana	695,869	687,749	680,657
Staalenburg, Ruben	674,402	651,431	644,372
Roe, Robert R. & Laura A.		472,769	462,910
GCC Properties I L.P.	472,340		448,808
Nicollet Group LLC	470,043		
Tamhane, Sanjit	466,372	466,518	453,171
Cohen, Albert & Debra	487,721	484,765	476,189
Gibson, Leslie M. & Evan E. Pierce			448,386
Garay, Mark & Melissa B. Rodgers		460,333	
Lin, Guo Rong & Chiu Fong Lam		<u>455,602</u>	
Total Principal Taxpayers	<u>\$ 7,740,756</u>	<u>\$ 7,701,682</u>	<u>\$ 7,551,918</u>
Percent of Assessed Valuation	<u>1.62%</u>	<u>1.59%</u>	<u>1.59%</u>

Source: Williamson Central Appraisal District Website

See accompanying independent auditor's report

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BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
ASSESSED VALUE BY CLASSIFICATION
SEPTEMBER 30, 2020
(UNAUDITED)

Type of Property	Tax Roll Year					
	2020		2019		2018	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Single Family	\$ 492,346,212	102.92%	\$ 500,779,961	101.61%	\$ 485,574,747	102.28%
Commercial	1,850,000	0.39	1,943,267	0.39	1,889,341	0.40
Utilities	1,218,528	0.25	247,715	0.05	1,359,469	0.29
Acreage	4,095,666	0.86	4,173,759	0.85	3,990,700	0.84
Vacant Lot	354,681	0.07	269,325	0.05	243,206	0.05
Tangible Personal, Business	4,929,981	1.03	378,403	0.08	576,660	0.12
Less: Adjustments	<u>(26,401,514)</u>	<u>(5.52)</u>	<u>(14,949,137)</u>	<u>(3.03)</u>	<u>(18,907,130)</u>	<u>(3.98)</u>
Total	<u>\$ 478,393,554</u>	<u>100.00%</u>	<u>\$ 492,843,293</u>	<u>100.00%</u>	<u>\$ 474,726,993</u>	<u>100.00%</u>

Source: "Comptrollers Audit Report" located on the Williamson
Central Appraisal District Website

See accompanying independent auditor's report

