FERN BLUFF
MUNICIPAL UTILITY DISTRICT

FISCAL YEAR ENDED SEPTEMBER 30, 2020

AUDITED FINANCIAL STATEMENTS, SUPPLEMENTAL INFORMATION AND INDEPENDENT AUDITOR'S REPORT

FERN BLUFF
MUNICIPAL UTILITY DISTRICT

FISCAL YEAR ENDED SEPTEMBER 30, 2020

AUDITED FINANCIAL STATEMENTS, SUPPLEMENTAL INFORMATION AND INDEPENDENT AUDITOR'S REPORT

Prepared by:

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FERN BLUFF
MUNICIPAL UTILITY DISTRICT

TABLE OF CONTENTS

Annual Filing Affidavit 1

Independent Auditors' Report 2

Management's Discussion and Analysis 4

Basic Financial Statements

Statement of Net Position and Governmental Funds Balance Sheet..... 9

Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Net Position..... 10

Notes to the Basic Financial Statements..... 11 - 30

Required Supplemental Information

Budgetary Comparison Schedule..... 32
Schedule of Changes in Net Pension Liability and Related Ratios 33
Schedule of Contributions 34

Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 35

Texas Supplemental Information (TSI)

Services and Rates..... TSI-1
General Fund Expenditures..... TSI-2
Temporary Investments..... TSI-3
Taxes Levied and Receivable..... TSI-4
Long-Term Debt Service Requirements – By Years..... TSI-5
Changes in Long-Term Bonded Debt..... TSI-6
Comparative Schedule of Revenues and Expenditures
General Fund and Debt Service Fund – Five Years..... TSI-7
Board Members, Key Personnel and Consultants..... TSI-8

Other Supplemental Information (OSI)

Principal Taxpayers..... OSI-1
Assessed Value by Classification..... OSI-2

ANNUAL FILING AFFIDAVIT

ANNUAL FILING AFFIDAVIT

STATE OF TEXAS
COUNTY OF TRAVIS

I, George Sabatino of the
(Name of Duly Authorized District Representative)

FERN BLUFF MUNICIPAL UTILITY DISTRICT
(Name of District)

hereby swear, or affirm, that the District above has reviewed and approved at a meeting of the District's Board of Directors on the 9th day of **February, 2021,** its annual audit report for the fiscal period ended **September 30, 2020** and that copies of the annual audit report have been filed in the District's office, located at:

7320 Wyoming Springs, Round Rock, TX 78681
(Address of District's Office)

This filing affidavit and the attached copy of the audit report will be submitted to the Texas Commission on Environmental Quality to satisfy the annual filing requirements of Texas Water Code Section 49.194.

Date: February 9, 2021 By: _____
(Signature of District Representative)

George Sabatino, President
(Typed Name and Title of District Representative)

Sworn to and subscribed to before me this 9th day of February, 2021.

SEAL
JANEY MILLER
Notary ID #2216177
My Commission Expires
March 1, 2022

_____
(Signature of Notary)

My Commission Expires On: March 1, 2022.
Notary Public in the State of Texas

Form TCEQ-0723 (Revised 10/2003)

INDEPENDENT AUDITOR'S REPORT

D L A
The Accounting Firm of Donald L. Allman, CPA

Donald L. Allman, CPA, PC
4749 Williams Drive, Ste. 322
Georgetown, Texas 78633

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Fern Bluff Municipal Utility District
Round Rock, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fern Bluff Municipal Utility 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.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Fern Bluff Municipal Utility District as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof 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, budgetary comparison information, schedule of changes in net pension liability and related ratios, and the schedule of contributions on pages 4 – 8 and 32 - 34 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2021, on our consideration of the Fern Bluff Municipal Utility District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fern Bluff Municipal Utility District's internal control over financial reporting and compliance

Donald L. Allman, CPA, PC
Georgetown, TX 78633

February 2, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

FERN BLUFF MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER, 30, 2020

In accordance with Governmental Accounting Standards Board Statement 34 ("GASB 34"), the management of Fern Bluff Municipal Utility District (the "District") offers the following narrative on the financial performance of the District for the year ended September 30, 2019. 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 "Governmental Funds Total" 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 Assets and the Statement of Activities.

OVERVIEW OF THE DISTRICT

The District is a political subdivision of the State of Texas, created by order of the Texas Water Commission (predecessor to the Texas Natural resource Conservation Commission) on June 10, 1986, under Article XVI, Section 59 of the Texas Constitution, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District consists of approximately 689 acres of land.

The district is located approximately 16 miles north of the central downtown business district of the City of Austin and 3 miles west of the City of Round Rock, Texas and lies wholly within the exclusive extraterritorial jurisdiction of the City of Round Rock and within the Round Rock Independent School District. The District is comprised of two non-contiguous parcels of land. Access to the Fern Bluff and Stone Canyon subdivisions is provided by Interstate highway 35 from Austin to Ranch Road 620 to Wyoming Springs Road and access to Oak Brook subdivision is provided by Ranch Road 620 to Great Oaks Drive. The District was created to provide retail water, wastewater and drainage services to the lands within the District.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The District's reporting is comprised of five parts:

- Management's Discussion and Analysis (this section)
- Basic Financial Statements
  - Statement of Net Position and Governmental Fund Balance Sheet
  - Statement of Activities and governmental Fund Revenues, Expenditures, and Changes in Net Position
  - Notes to the Basic Financial Statements
- Required Supplemental Information
- Texas Supplemental Information
- Other Supplemental Information

FERN BLUFF MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER, 30, 2020

The *Statement of Net Position and Governmental Funds Balance Sheet* includes a column (titled "Governmental Funds Total") 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 Fund Revenues, Expenditures and Changes in Net Position* includes a column (titles "Governmental Funds Total") 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 *Notes to the 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 Fund Revenues, Expenditures, and Changes in Net Position.*

The *Required Supplemental Information* presents a comparison statement between the District's adopted budget to its actual results.

COMPARATIVE FINANCIAL STATEMENTS

Statement of Net Position

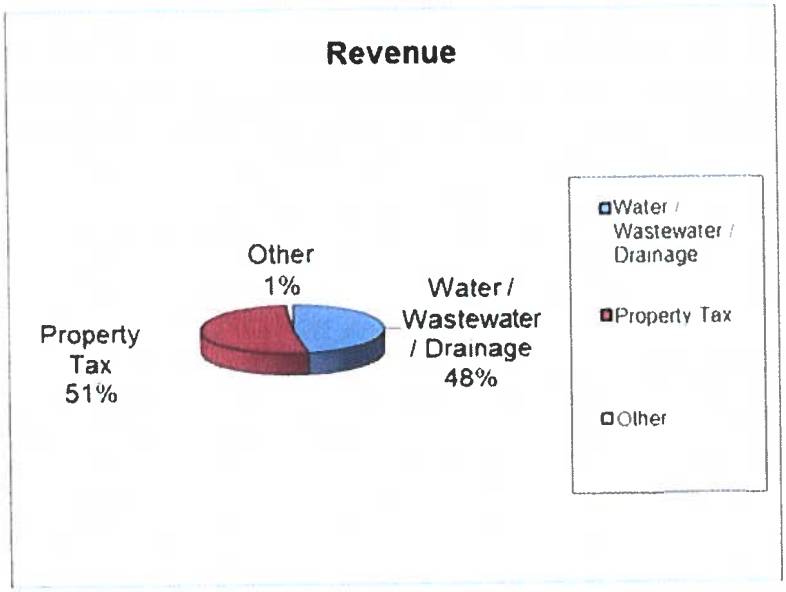
FERN BLUFF MUD PAGE 5

	GOVERNMENTAL ACTIVITIES	
	2020	**2019**
Current and Other Assets	$ 5,569,752	$ 5,296,569
Capital and Non-Current Assets	$ 14,617,266	$ 14,884,049
Total Assets	**$ 20,187,018**	**$ 20,180,618**
Deferred Outflows of Resources	$ (1,675)	$ (14,246)
Current Liabilities	$ 598,621	$ 1,805,735
Long-term Liabilities	$ 68,641	$ 12,082
Total Liabilities	**$ 667,262**	**$ 1,817,817**
Deferred Inflows of Resources	$ 45,001	$ 4,196
Net Investment in Capital Assets	$ 14,568,612	$ 13,574,215
Restricted	$ 317,747	$ 1,532,747
Unrestricted	$ 4,586,721	$ 3,265,889
Total Net Position	**$ 19,473,080**	**$ 18,372,851**

The District's total assets were approximately $20 million as of September 30, 2020. Of this amount, approximately $ 15 million is accounted for by capital assets. The District had outstanding liabilities of approximately $667 thousand. $0 represent bonds payable.

FERN BLUFF MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER, 30, 2020

The District's assessed value in 2020 was approximately $643 million compared to $663 million in 2019. The tax rate is set after reviewing tax rate projections, operation and maintenance requirements, and debt service requirements. The District's primary revenue sources are property taxes, and water / wastewater / garbage service fees.



Revenues were approximately $ 5.2 million dollars for the fiscal year ended September 30, 2020. Property taxes revenue provided approximately $ 2.7 million dollars, and service revenue was approximately $2.5 million dollars. Total expenses were approximately $4.1 million dollars for the fiscal year ended September 30, 2020. Net position increased approximately $1.1 million dollars.

Statement of Activities

FERN BLUFF MUD PAGE 6

	GOVERNMENTAL ACTIVITIES	
	2020	**2019**
Property Tax	$ 2,666,724	$ 2,673,918
Water / Wastewater / Garbage	$ 2,465,640	$ 2,282,098
Refunding Bond revenue	$ -	$ -
Other	$ 69,093	$ 178,033
Total Revenues	**$ 5,201,457**	**$ 5,134,049**
Water / Wastewater / Garbage	$ 1,764,355	$ 1,743,788
Other	$ 1,616,713	$ 1,568,437
Debt Service	$ 53,800	$ 95,800
Depreciation	$ 620,180	$ 642,901
Amortization	$ 46,180	$ 46,180
Total Expenses	**$ 4,101,228**	**$ 4,097,106**
Excess / (deficiency)	**$ 1,100,229**	**$ 1,036,943**
Beginning Net Position	$ 18,372,851	$ 17,335,908
Deferred Charges adjustment	$ -	$ -
Ending Net Position	**$ 19,473,080**	**$ 18,372,851**

FERN BLUFF MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER, 30, 2020

ANALYSIS OF GOVERNMENT FUNDS

Government Funds by Year

	2020	2019	2018	2017	2016
Cash	$1,746,370	$1,327,652	$1,312,493	$1,507,720	$950,211
Investments	$3,548,932	$3,673,519	$3,578,432	$3,480,068	$4,817,351
Receivables	$274,450	$295,398	$236,746	$237,800	$181,980
Deposits/Prepaids	$0	$0	$0	$0	$0
Total Assets	**$5,569,752**	**$5,296,569**	**$5,127,671**	**$5,225,588**	**$5,949,542**
Accounts Payable	$286,957	$274,036	$222,380	$245,233	$179,211
Refundable Deposits	$277,350	$273,300	$271,175	$270,955	$269,030
Deferred Revenue	$5,520	$5,643	$2,738	$1,939	$1,166
Other Payables	$28,794	$37,756	$37,891	$37,465	$25,159
Total Liabilities	**$598,621**	**$590,735**	**$534,184**	**$555,592**	**$474,566**
Restricted	$317,747	$1,532,747	$1,588,547	$1,567,309	$1,337,064
Unassigned	$4,653,384	$3,173,087	$3,004,940	$3,102,687	$4,137,912
Total Fund Balances	**$4,971,131**	**$4,705,834**	**$4,593,487**	**$4,669,996**	**$5,474,976**
Total Liabilities and Fund Balances	**$5,569,752**	**$5,296,569**	**$5,127,671**	**$5,225,588**	**$5,949,542**

The General Operating Fund pays for daily operating expenses. When comparing actual to budget, wastewater revenue varied from budget due to lower wastewater averages. Water expense varied from the budget because park irrigation water was not included in demand projections. More detailed information about the District's budgetary comparison is presented in the Notes to the Basic Financial Statements. The *Debt Service Fund* remitted bond principal of $1,215,000 and interest of $48,800. More detailed information about the District's debt is presented in the Notes to the Basic Financial Statements. The *Capital Project Fund* purchases the District's infrastructure.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

Capital Assets (net)

	9/30/2020	9/30/2019
Water/Wastewater/Drainage	$10,031,548	$10,394,217
Park Land & Improvements	$3,272,967	$3,112,523
Land	$1,248,242	$1,248,242
Furniture, fixtures, office equipment	$15,855	$34,233
Total	$14,568,612	$14,789,215

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

Long Term Debt

	Bonds Payable
Series 2004	$0
Series 2009	$0
Series 2011	$0
	$0

The District owes approximately $0 dollars to bond holders. During the year, the principal balance was reduced by $1,215,000. More detailed information about the District's long -term debt is presented in the Notes to the Basic Financial Statements.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The property tax base for 2020 is approximately $643 million dollars. The tax rate is $.40 on each $100.00 of taxable value. Approximately 100% of the property tax will fund general operating expenses, and about 0% of the property tax will be set aside for debt service.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District in care of McGinnis Lochridge, LLP 600 Congress Avenue, Suite 2100, Austin, Texas 78701.

BASIC FINANCIAL STATEMENTS

FERN BLUFF MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER, 30, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Park and Capital Improv.	Govern. Funds Total	Adjust. Note 2	Government-wide Statement of Net Position
ASSETS							
Cash	$ 894,195			$ 852,175	$ 1,746,370		$ 1,746,370
Investments	$ 3,545,350	$ 3,582	$ -	$ -	$ 3,548,932		$ 3,548,932
Receivables -							
Service, net of allowance for doubtful accounts	$ 267,543				$ 267,543		$ 267,543
Taxes	$ 4,059	$ 2,848			$ 6,907		$ 6,907
Interfund	$ 701,275				$ 701,275	$ (701,275)	
Other	$ -				$ -		$ -
Deferred charges, net of accumulated amortization		$ -			$ -	$ 48,654	$ 48,654
Capital assets, net of accumulated depreciation -							
Land						$ 1,248,242	$ 1,248,242
Common and recreation areas	$ -					$ 3,272,967	$ 3,272,967
Furniture, fixtures and office equipment						$ 15,855	$ 15,855
Water, wastewater and drainage facilities						$ 10,031,548	$ 10,031,548
TOTAL ASSETS	$ 5,412,422	$ 6,430	$ -	$ 852,175	$ 6,271,027	$ 13,915,991	$ 20,187,018
LIABILITIES							
Accounts Payable	$ 286,957				$ 286,957		$ 286,957
Deferred revenues -	$ -				$ -		$ -
Taxes	$ 3,452	$ 2,068			$ 5,520		$ 5,520
Refundable deposits	$ 277,350				$ 277,350		$ 277,350
Payroll liabilities	$ 14,616				$ 14,616		$ 14,616
Interfund payables		$ 64,736	$ 356,539	$ 280,000	$ 701,275	$ (701,275)	
Accrued expenses & other payables	$ 14,178				$ 14,178		$ 14,178
Net Pension Liability	$ 68,641				$ 68,641		$ 68,641
Bonds payable-current						$ -	$ -
Bonds payable-long term						$ -	$ -
TOTAL LIABILITIES	$ 665,194	$ 66,804	$ 356,539	$ 280,000	$ 1,368,537	$ (701,275)	$ 667,262
FUND BALANCE / NET POSITION							
Fund balances							
Reserved for -							
Debt Service		$ -			$ -	$ -	
Capital Projects			$ 39,491		$ 39,491	$ (39,491)	
Designated for Park Improvements				$ 278,256	$ 278,256	$ (278,256)	
Unreserved	$ 4,700,552	$ (60,374)	$ (396,030)	$ 293,919	$ 4,538,067	$ (4,538,067)	
TOTAL FUND BALANCES	$ 4,700,552	$ (60,374)	$ (356,539)	$ 572,175	$ 4,855,814	$ (4,855,814)	
TOTAL LIABILITIES AND FUND BALANCES	$ 5,365,746	$ 6,430	$ -	$ 852,175	$ 6,224,351		
Net Position							
Net Investment in Capital Assets						$ 14,568,612	$ 14,568,612
Restricted for debt service						$ -	$ -
Restricted for Park and Capital Improv						$ 278,256	$ 278,256
Restricted for capital projects						$ 39,491	$ 39,491
Unrestricted						$ 4,586,721	$ 4,586,721
TOTAL NET POSITION						$ 19,473,080	$ 19,473,080
TOTAL LIABILITIES AND NET POSITION						$ 13,915,991	$ 20,140,342
Deferred Outflows of Resources	$ (1,675)				$ (1,675)		$ (1,675)
Deferred Inflows of Resources	$ 45,001				$ 45,001		$ 45,001

The accompanying notes are an integral part of these financial statements.

FERN BLUFF MUNICIPAL UTILITY DISTRICT
STATEMENT OF ACTIVITIES
SEPTEMBER, 30, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Park and Capital Improv.	Govern. Funds Total	Adjust Note 2	Govern-wide Statement of Net Assets
REVENUES							
Water, wastewater and garbage service, including penalties	$ 2,465,640				$ 2,465,640		$ 2,465,640
Property taxes, including penalties	$ 1,666,900	$ 999,824			$ 2,666,724		$ 2,666,724
Interest	$ 32,576	$ 6,922	$ -	$ 2,733	$ 42,231		$ 42,231
Refunding Bond revenue		$ -			$ -		$ -
Community Center Fees	$ 25,403				$ 25,403		$ 25,403
Miscellaneous	$ 1,459				$ 1,459	$ -	$ 1,459
TOTAL REVENUES	$ 4,191,978	$ 1,006,746	$ -	$ 2,733	$ 5,201,457	$ -	$ 5,201,457
Expenditures / expenses:							
Current							
Water, wastewater and garbage purchases	$ 1,764,355				$ 1,764,355		$ 1,764,355
Repairs and Maintenance	$ 39,051				$ 39,051		$ 39,051
Utilities	$ 49,072				$ 49,072		$ 49,072
Park Maintenance	$ 365,673				$ 365,673		$ 365,673
District Manager & other salaries & pr taxes	$ 604,818				$ 604,818		$ 604,818
Operations Management Fees	$ 32,151				$ 32,151		$ 32,151
Legal Fees	$ 44,213				$ 44,213		$ 44,213
Engineering Fees	$ 1,550				$ 1,550		$ 1,550
Audit Fees	$ 11,000				$ 11,000		$ 11,000
Tax appraisal / collection	$ 10,385	$ 5,922			$ 16,307		$ 16,307
Director Fees, Including Payroll Fees	$ 28,800				$ 28,800		$ 28,800
Insurance	$ 19,081				$ 19,081		$ 19,081
Security services	$ 55,561				$ 55,561		$ 55,561
Community Center	$ 28,754				$ 28,754		$ 28,754
Pension Expense	$ 84,793				$ 84,793	$ -	$ 84,793
Other	$ 207,397	$ -			$ 207,397	$ 28,492	$ 235,889
Debt service							
Bond principal		$ 1,215,000			$ 1,215,000	$ (1,215,000)	
Bond interest		$ 53,800			$ 53,800	$ -	$ 53,800
Advance refunding bond escrow agent		$ -			$ -		$ -
Fiscal agent fees and other		$ -			$ -		$ -
Capital outlay	$ 399,577				$ 399,577	$ (399,577)	$ -
Depreciation						$ 620,180	$ 620,180
Amortization						$ 46,180	$ 46,180
TOTAL EXPENDITURES / EXPENSES	$ 3,746,231	$ 1,274,722			$ 5,020,953	$ (919,725)	$ 4,101,228
Excess / (deficiency) of revenues over expenditures	$ 445,747	$ (267,976)	$ -	$ 2,733	$ 180,504	$ (919,725)	$ 1,100,229
OTHER FINANCING SOURCES / (USES)							$ -
Bond proceeds							
Developer contribution							
Transfers - internal activities	$ -	$ -	$ -	$ -	$ -	$ -	$ -
TOTAL OTHER FINANCING SOURCES / (USES)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Excess / (deficiency) of revenues and other financing sources over expenditures and other financing uses	$ 445,747	$ (267,976)	$ -	$ 2,733	$ 180,504	$ (919,725)	$ 1,100,229
FUND BALANCE / NET POSITION							
Beginning of the year	$ 4,254,805	$ 207,602	$ (356,539)	$ 569,442	$ 4,675,310	$ 13,640,555	$ 18,372,851
						$ -	$ -
End of the year	$ 4,700,552	$ (60,374)	$ (356,539)	$ 572,175	$ 4,855,814	$ 14,560,280	$ 19,473,080

The accompanying notes are an integral part of these financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

FERN BLUFF MUNICIPAL UTILITY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER, 30, 2020

1. SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the District relating to the funds and account groups included in the accompanying financial statements conform to generally accepted accounting principles (GAAP) as applied to governmental entities. Generally accepted accounting principles for local governments include those principles prescribed by the *Governmental Accounting Standards Board* (GASB), which constitutes the primary source of GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

Reporting Entity – District was created, organized and established on June 10, 1986, by the Texas Commission on Environmental Quality (formerly the Texas Natural Resource Conservation Commission) 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. A five member Board of Directors governs the District which has been elected by District residents or appointed by the Board of Directors. The District is not included in any other governmental "reporting entity" as defined by Statement No. 14 of the Governmental Accounting Standards Board, 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 as defined in Governmental Accounting Standards Board Statement No. 14 which are included in the District's reporting entity.

Implementation of New Accounting Principles – The District's basic financial statements for the fiscal year ended September 30, 2007 include certain financial statement disclosures required by GASB Statement No. 40, *Deposit and Investment Risk Disclosures.*

Basis of Presentation – Government-wide and Fund Financial Statements – The basic financial statements are prepared in conformity with GASB Statement No. 34 and include a column for government-wide (based upon the District as a whole) and fund financial statement presentation. Statement No. 34 also requires as supplementary information Management's Discussion and Analysis, which includes an analytical overview of the District's financial activities. In addition a budgetary comparison schedule is presented that compares the adopted and amended General Fund budget with actual results.

- **Government-wide Statements:**

  The District's statement of net assets includes both non-current assets and non-current liabilities of the district, which were previously recorded in the General Fixed Assets Account Group and the General Long-Term Debt Account Group. In addition, the government-wide statement of activities column reflects depreciation expense on the District's capital assets, including infrastructure.

1. **SIGNIFICANT ACCOUNT POLICIES (continued) –**

- **Government-wide Statements (continued):**
The government-wide focus is more on the sustainability of the District as an entity and the change in aggregate financial position resulting from financial activities of the fiscal period. The focus of the fund financial statements is on the individual funds of the governmental categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

- **Fund Financial Statements:** Fund based financial statement columns are provided for governmental funds. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures of either fund category) for the determination of major funds. All of the District's funds are reported as major funds.

Governmental Fund Types – The accounts of the District are organized and operated on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a self-balancing set of accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. The various funds are grouped by category and type in the financial statements. The District maintains the following fund types:

- **General Fund** – The General Fund accounts for financial resources in use for general types of operations which are not encompassed within other funds. This fund is established to account for resources devoted to financing the general services that the District provides for its residents. Tax revenues and other sources of revenue used to finance the fundamental operations of the District are included in this fund.

- **Debt Service Fund** – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

- **Capital Projects Fund** – The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Non-current Governmental Assets and Liabilities – GASB Statement No. 34 eliminates the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the government-wide financial statement column in the Statement of Net Assets.

1. **SIGNIFICANT ACCOUNT POLICIES (continued) –**

Basis of Accounting

- *Government-wide Statements* – The government-wide financial statement column is 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 the related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

- *Fund Financial Statements* – The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in the net current assets. Governmental funds are accounted for on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e. both measurable and available).

  "Measurable" means that the amount of the transaction can be determined and "available" means the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

  Expenditures, if measurable, are generally recognized on the accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include the unmatured principal and interest on general obligation long-term debt which is recognized when due. This exception is in conformity with generally accepted accounting principles.

  Property tax revenues are recognized when they become available. In this case, available means when due, or past due and receivable within the current period and collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days. Tax collections expected to be received subsequent to the 60-day availability period are reported as deferred revenue. Al other revenues of the District are recorded on the accrual basis in all funds.

  The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when revenue recognition criteria are met the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

1. **SIGNIFICANT ACCOUNT POLICIES (continued) –**

Budgets and Budgetary Accounting – A budget was adopted on September 10, 2020 for the General Fund on a basis consistent with generally accepted accounting principles. The District's Board of Directors utilizes the budget as a management tool for planning and cost control purposes. All annual appropriations lapse at fiscal year end.

Investments – Investments, consisting of United States treasury instruments and obligations in the State Treasurer's Investment Pool are recorded at cost, which approximates fair market value.

Capital Assets – Capital assets, which include Administrative Facilities and Equipment, Common and Recreation Areas, Water Production / Distribution system, Wastewater Collection system, Water Quality Ponds and Organizational Costs are reported in the government-wide column in the Statement of Net Assets. Public domain ("infrastructure") capital assets including water, wastewater and drainage systems, are capitalized. Items purchased or acquired are reported at historical cost or estimated historical cost. Contributed fixed assets are recorded as capital assets at estimated fair market value at the time received. Interest incurred during construction of capital facilities is not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Asset	Years
Administrative Facilities and Equipment	5 - 30
Common and Recreation Areas	5 - 30
Water Production / Distribution System	10 - 50
Wastewater Collection System	5 - 50
Water Quality Ponds	25
Organizational Costs	5

Interfund Transactions – Transfers from one fund to another fund are reported as Interfund receivables and payables if there is intent to repay that amount and if the debtor fund has the ability to repay the advance on a timely basis. Operating transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Long-Term Debt – Combination unlimited tax and revenue bonds, which have been issued to fund capital projects, are to be repaid from tax revenues of the District.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method.

1. **SIGNIFICANT ACCOUNT POLICIES (continued) –**

Long-Term Debt (continued) –

Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges 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 on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance / Net Position – Fund Balance and net position represent the difference between assets and liabilities. Fund balance reservations represent those portions of fund equity legally segregated for a specific future use. Designated fund balances represent tentative plans for future uses of financial resources. Unreserved fund balances represent fund equity available for use in future periods.

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

2. EXPLANATION OF ADJUSTMENTS TO THE GOVERNMENTAL FUNDS BALANCE SHEET TO DERIVE THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

Adjustments to convert the Governmental Funds Balance Sheet to the Statement of Net Position are as follows:

Fund balances - total governmental funds		$4,971,131
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds -		
Capital assets	27,911,945	
Less Accumulated depreciation	(13,343,333)	14,568,612
Revenue is recognized when earned in the government statements, regardless of availability. Governmental funds report deferred revenue for revenues earned but not available Deferred Inflows and Deferred Outflows		(46,676)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds -		
Bonds payable	0	
Deferred charges, net of accumulated amortization	48,654	
Net Pension Liability	(68,641)	
Accrued Interest adjustment	0	(19,987)
Net position of governmental activities		$19,473,080

3. CASH AND INVESTMENTS

The investment policies of the District are governed by State statute and an adopted District Investment Policy that includes depository contract provisions and custodial contract provisions. Major provisions of the District's investment policy include: depositories must be FDIC-insured Texas banking institutions; depositories must fully insure or collateralize all demand and time deposits; securities collateralizing time deposits are held by independent third party trustees.

Cash – At September 30, 2020, the carrying amount of the District's deposits was $1,443,088 and the bank balance was $1,443,088. The bank balance was covered by federal depository insurance and other pledged collateral.

Investments –

Interest rate risk. In accordance with its investment policy, the District manages its exposure to declines in fair values through investment diversification and limiting investments as follows:

- Money market mutual funds are required to have weighted average maturities of 90 days or fewer; and
- Other mutual fund investments are required to have weighted average maturities of less than two years.

3. CASH AND INVESTMENTS (continued)

Credit risk. The District's investment policy requires the application of the prudent – person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, and considering the probable safety of their capital as well as the probable income to be derived. The District's investment policy requires that District funds be invested in:

- Obligations of the United States government and/or its agencies and instrumentalities;
- Money market mutual funds with investment objectives of maintaining a stable net asset value of $1 per share;
- Mutual funds rated in one of the three highest categories by a national recognized rating agency; and
- Securities issued by a State or local government or any instrumentality or agency thereof, in the United States, and rated in one of the three highest categories by a nationally recognized rating agency; and
- Public funds investment pools rated AAA or AAA-m by a nationally recognized rating agency.

At September 30, 2020, the District held the following investments:

		Investment Rating	
Investment	Fair Market Value at 09/30/20	Rating	Rating Agency
Texpool Investment Pool	$ 3,548,932	AAAm	Standard & Poors
	$3,548,932		

The Texas Comptroller of Public Accounts is the sole officer and director of the Texas Safekeeping Trust Company, which is authorized to operate the state investment pool. The Comptroller maintains oversight of all operations of the pool.

Concentration of credit risk. In accordance with the District's investment policy, investments in individual securities are to be limited to ensure that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. As of September 30, 2020, the district did not own any investments in individual securities.

3. CASH AND INVESTMENTS (continued)

Custodial credit risk-deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The government's investment policy requires that the District's deposits be fully insured by FDIC insurance or collateralized with Obligations of the United States or its agencies and instrumentalities. As of September 30, 2020, the District's bank deposits were covered as follows:

	Balance
FDIC insured deposits	$250,000
Collateralized deposits:	
Collateral held by pledging bank's trust department in the District's name	1,496,370
Collateral held by pledging bank's trust department, not in the District's name	
Uninsured and uncollateralized deposits	0
Total deposits	$1,746,370

4. PROPERTY TAXES

Property taxes attach as an enforceable lien on January 1. Taxes are levied on or about October 1, are due on November 1, and are past due the following February 1. The Williamson County Appraisal District established appraisal values in accordance with requirements of the Texas Legislature. The District levies taxes based upon the appraised values. The Williamson County Tax Assessor Collector bills and collects the District's property taxes. The Board of Directors set current tax rates on September 10, 2019.

The property tax rates, established in accordance with state law, were based on 100% of the net assessed valuation of real property within the District on the 2019 tax roll. The tax rate, based on total taxable assessed valuation of $643 million was $0.40 on each $100 valuation and was allocated to the General Fund and Debt Service Fund at $0.25 and $0.15, respectively. The maximum allowable maintenance tax of $1.50 was established by the voters on June 30, 1986.

Property taxes receivable at September 30, 2020, consisted of the following:

	General Fund	Debt Service Fund	Total
Current year levy	$ 1,769	$ 1,061	$ 2,830
Prior years' levies	$ 2,290	$ 1,787	$ 4,077
	$ 4,059	$ 2,848	$ 6,907

4. PROPERTY TAXES (continued) –

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

5. INTERFUND ACCOUNTS

A summary of interfund accounts at September 30, 2020, is as follows:

	Interfund	
	Receivables	Payables
General Fund -		
Debt Service Fund	$64,736	
Capital Projects Fund	356,539	
Park and Capital Improvements	280,000	
Debt Service Fund -		
General Fund		64,736
Capital Projects Fund		
Capital Projects Fund -		
General Fund		356,539
Park and Capital Improvements		280,000
	$701,275	$701,275

6. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance 10/01/19	Additions	Deletions	Balance 09/30/20
Capital assets not being depreciated:				
Land	$1,248,242			$1,248,242
Total capital assets not being depreciated	$1,248,242	$0	$0	$1,248,242
Capital assets being depreciated:				
Common and Recreation Areas	7,525,007	399,577		7,924,584
Furniture, Vehicles and Office Equipment	460,824	0		460,824
Water, Wastewater and Drainage Facilities	18,278,295			18,278,295
Total capital assets being depreciated	26,264,126	399,577	0	26,663,703
Less accumulated depreciation for:				
Common and Recreation Areas	(4,412,484)	(239,133)		(4,651,617)
Furniture, Vehicles and Office Equipment	(426,591)	(18,378)		(444,969)
Water, Wastewater and Drainage Facilities	(7,884,078)	(362,669)		(8,246,747)
Total accumulated depreciation	(12,723,153)	(620,180)	0	(13,343,333)
Total capital assets being depreciated net of accumulated depreciation	13,540,973	(220,603)	0	13,320,370
Total capital assets, net	$14,789,215	($220,603)	$0	$14,568,612

7. BONDED DEBT

The following is a summary of bond transactions of the District for the year ended September 30, 2020.

	Combination Unlimited Tax and Revenue
Bonds payable at October 1, 2019	$1,215,000
Bonds issued	0
Bonds retired	(1,215,000)
Bond premium amortization	0
Bond discount amortization	0
Bonds payable at September 30, 2020	$0

7. BONDED DEBT (continued)

Bonds payable at September 30, 2020, were comprised of the following individual issues.

Unlimited Tax and Revenue Refunding Bonds:

$3,390,000 – 2004 Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds payable serially through the year 2018 at interest rates which range from 2.500% to 3.875%

$4,435,000 – 2009 Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds payable serially through the year 2020 at interest rates which range from 3.00% to 4.00%

$2,730,000 – 2011 Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds payable serially through the year 2020 at interest rates which range from 2.00% to 4.00%

The annual requirements to amortize all bonded debt at September 30, 2020, including interest, are as follows:

	Annual Requirements for All Series		
Year Ended September 30, 2018	Principal	Interest	Total
2020	1,215,000	43,800	1,258,800
	$1,215,000	$43,800	$1,258,800

$1,258,800 is available to service the bonded debt. Bonds authorized but not issued amounted to $20,520,000 at September 30, 2017.

8. INTERFUND TRANSFERS

During the year, transfers of $0 were transferred from the Debt Service, Park & Capital Improvements, and Capital Projects Fund to the General Operating Fund. This transfer of surplus funds was for general operating expenses of the District.

9. COMMITMENTS AND CONTINGENCIES

On July 2, 1986, the District entered into an Agreement Concerning Creation and Operation of Fern Bluff Municipal Utility District with the City of Austin and Bill Milburn, Inc. The Creation Agreement provides initial authority for the District to issue its bonds and notes for the purposes of constructing the waterworks, sanitary sewer and storm systems for the District. The Agreement also provides for the provision of both temporary and permanent water and wastewater service to the District.

The District entered into a Water Supply Agreement with the City of Round Rock on August 22, 1991, whereby the City agreed to furnish water to the District. The District agreed to pay the City per month $1.76 per thousand gallons plus $10.485 times the number of water meter connections within the District.

The district has agreed to reimburse various developers for the cost of certain projects and advances to the extent allowed by the Texas Commission on Environmental Quality. The District is not obligated to reimburse the developers until bonds are issued. At September 30, 2007, the District developers have been substantially reimbursed and no further reimbursements are anticipated.

10. RISK MANAGEMENT

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

The TML Pool was established by various political subdivisions in Texas to provide self-insurance for its members and to obtain lower costs for insurance. TML Pool members pay annual contributions to obtain the insurance. Annual contribution rates are determined by the TML Pool Board. Rates are estimated to include all claims expected to occur during the policy including claims incurred but not reported. The TML Pool has established Claims Reserves for each of the types of insurance offered. Although the TML Pools 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.

11. PENDING LITIGATION

There were no cases of pending litigation that would have a material effect on the financial statements at the fiscal year end of September 30, 2020.

12. Pensions

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, District specific information about its Fiduciary Net Position in the Texas County and District Retirement System (TCDRS) and additions to/deductions from the District's Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the District's Total Pension Liability is obtained from TCDRS through a report prepared for the District by TCDRS consulting actuary, Milliman, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has the following items that qualify for reporting in this category.

- Pension contributions after measurement date – these contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.
- Difference in expected and actual pension experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statements element, deferred inflows or resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and municipal court fines. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The Fern Bluff MUD participates as one of the plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas County and District Retirement System (TCDRS). The funding policy governs how the Texas County & District Retirement System (TCDRS) determines the employer contributions required to ensure that benefits provided to TCDRS members are funded in a reasonable and equitable manner. The goals of TCDRS' funding policy are to fully fund benefits over the course of employees' careers to ensure intergenerational equity, and to balance rate and benefit stability with the need for the plan funding to be reflective of current plan conditions. This policy documents the current

12. Pensions (continued)

funding policies in effect for the Dec. 31, 2018 actuarial valuation as established by state law, administrative rule and action by the TCDRS Board of Trustees (the board). The policy serves as a comprehensive funding overview and complies with the GASB reporting requirements for an agent multiple-employer plan. TCDRS funding overview TCDRS is a model for responsible, disciplined funding. TCDRS does not receive any state funding. As an agent, multiple-employer plan, each participating employer in the system funds its plan independently. A combination of three elements funds each employer's plan: employee deposits, employer contributions and investment income. • The deposit rate for employees is 4%, 5%, 6% or 7% of compensation, as adopted by the employer's governing body. • Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. Employer contribution rates are determined annually and approved by the TCDRS Board of Trustees. • Investment income funds a large part of the benefits employees earn. Pursuant to state law, employers participating in the system must pay 100% of their actuarially determined required contributions on an annual basis. Each employer has the opportunity to make additional contributions in excess of its annual required contribution rate either by adopting an elected rate that is higher than the required rate or by making additional contributions on an ad hoc basis. Employers may make additional contributions to pay down their liabilities faster, pre-fund benefit enhancements and/or buffer against future adverse experience. GASB 68 Disclosure for Measurement Date December 31, 2018. This work product was prepared solely for the TCDRS for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product. In addition, employers annually review their plans and may adjust benefits and costs based on their local needs and budgets. Although accrued benefits may not be reduced, employers may reduce future benefit accruals and immediately reduce costs. Methodology for determining employer contribution rates The board hires independent outside consulting actuaries to conduct an annual valuation to measure the funding status and to determine the required employer contribution rate for each employer plan. In order to calculate the employer contribution rate, the actuary does the following: • Studies each employer's adopted plan of benefits and the profile of its plan participants, and uses assumptions established by the board to estimate future benefit payments. • Discounts the estimate of future benefit payments to the present based on the long-term rate of investment return to determine the present value of future benefits. • Compares the present value of future benefits with the plan's assets to determine the difference that needs to be funded based on the funding policy. The valuation of each employer plan is based on the system funding policy and the assets, benefits and participant profile of each participating employer plan. The four key components in the determination of employer contribution rates are: the actuarial cost method, amortization policy, the asset valuation method and the actuarial assumptions. Actuarial cost method TCDRS has adopted the replacement life entry age cost method, a conservative cost method and an industry standard. The goal of this cost method is to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin. Under this approach, benefits are funded in advance as a level percentage of pay. This portion of the contribution rate is called the normal cost rate and generally remains stable from year to year. Amortization policy The portion of the contribution rate that funds any remaining unfunded amounts for benefits that are not covered by the normal cost is called the unfunded actuarial accrued liability (UAAL) rate. UAAL amounts occur when benefit enhancements are adopted that have not been funded in advance, or when actual investment or demographic experience varies from the actuarial assumptions (actuarial gains and

12. Pensions (continued)

USA 100% Hedged to USD (net) Index 11.00% 5.35% International Equities - Emerging 50% MSCI EM Standard (net) Index + 50% MSCI EM 100% Hedged to USD (net) Index 9.00% 6.35% Investment-Grade Bonds Barclays Capital Aggregate Bond Index 3.00% 0.55% High-Yield Bonds Citigroup High-Yield Cash-Pay Capped Index 3.00% 3.75% Opportunistic Credit Citigroup High-Yield Cash-Pay Capped Index 5.00% 5.54% Direct Lending Citigroup High-Yield Cash-Pay Capped Index 2.00% 5.80% Distressed Debt Citigroup High-Yield Cash-Pay Capped Index 3.00% 6.75% REIT Equities 67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index 2.00% 4.00% Commodities Bloomberg Commodities Index 2.00% -0.20% Master Limited Partnerships (MLPs) Alerian MLP Index 2.00% 5.30% Private Real Estate Partnerships Cambridge Associates Real Estate Index(4) 3.00% 7.20% Hedge Funds Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index 25.00% 5.15%

Fern Bluff MUD

Schedule of Changes in Net Pension Liability and Related Ratios Current Period

September 30, 2020

A.	**Total pension liability**	
	1. Service Cost	$ 35,781
	2. Interest (on the Total Pension Liability)	14,505
	3. Effect of Plan Changes	64,344
	4. Effect of assumption changes or inputs	-
	5. Effect of economic/demographic (gains) or losses	8,101
	6. Benefit payments, including refunds of employee contributions	-
	7. Net change in total pension liability	$ 122,731
	8. Total pension liability - beginning	143,288
	9. Total pension liability - ending	$ 266,019
B.	**Plan fiduciary net position**	
	1. Contributions - employer	$ 25,686
	2. Contributions - member	17,623
	3. Net investment income	21,503
	4. Benefit payments, including refunds of employee contributions	-
	5. Administrative Expense	(150)
	6. Other	1,510
	7. Net change in plan fiduciary net position	$ 66,172
	8. Plan fiduciary net position - beginning	131,206
	9. Plan fiduciary net position - ending	$ 197,378
C.	**Net pension liability [A.9-B.9]**	$ 68,641
D.	**Plan fiduciary net position as a percentage of the total pension liability [B.9 / A.9]**	74.20%
E.	**Covered-employee payroll**	$ 440,576
F.	**Net pension liability as a percentage of covered employee payroll [C / E]**	15.58%

FERN BLUFF MUD
SCHEDULE OF PENSION EXPENSE
SEPTEMBER 30, 2020

1.	Total Service Cost	$ 35,781
2.	Interest on the Total Pension Liability	14,505
3.	Effect of plan changes	64,344
4.	Member Contributions	(17,623)
5.	Expected investment return net of investment expenses	(12,402)
6.	Administrative Expense	150
7.	Recognition of assumption changes or inputs	255
8.	Recognition of Investment gains or losses	88
9.	Recognition of economic/demographic gains or losses	1,205
10.	Other	(1,510)
		-
12.	Total Pension Expense	$ 84,793

FERN BLUFF MUD
SCHEDULE OF OUTFLOWS AND INFLOWS - CURRENT AND FUTURE EXPENSE
SEPTEMBER 30, 2020

	Recognition Period (or amortization yrs)	Total (Inflow) or Outflow of Resources	2019 Recognized in current pension expense	Deferred (Inflow) Outflow in future expense
Due to Liabilities:				
Difference in expected and actual experience [actuarial (gains) or losses]	5.0000	$ -	$ 3,560	$ 12,052
Difference in assumption ch [actuarial (gains) or losses]	5.0000	$ -	$ -	$ 519
			$ 3,560	$ 12,571
Due to Assets:				
Difference in projected and actual earnings on pension plan investments [actuarial (gains) or losses]	9.0000	$ -	$ 1,509	$ -
			$ 1,509	$ -
Total:				$ 16,131

Deferred Outflows and Deferred Inflows of Resources, by year, to be recognized in future pension expense as follows:

	Net deferred outflows (inflows) of resources
2020	$ 1,461
2021	1,166
2022	1,564
2023	(528)
2024	1,289
thereafter	2,550
	$ 7,502

REQUIRED SUPPLEMENTAL INFORMATION

FERN BLUFF MUNICIPAL UTILITY DISTRICT
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
SEPTEMBER, 30, 2020

	Actual	Original and Final Budget	Variance Positive (Negative)
REVENUES:			
Water, wastewater and garbage service, including penalties	$2,465,640	$2,361,212	104,428
Property taxes, including penalties	1,666,900	1,654,643	12,257
Interest	32,576	70,281	(37,705)
Lease income	0	0	0
Tap and inspection fees		0	0
Community Center Fees	25,403	60,000	(34,597)
Other	1,459	3,400	(1,941)
TOTAL REVENUES:	4,191,978	4,149,536	42,442
EXPENDITURES:			
Current:			
Water, wastewater and garbage purchases	1,764,355	2,009,266	244,911
Repairs and maintenance	39,051	50,000	10,949
Engineering fees	1,550	33,000	31,450
Operations Management fees	32,151	28,350	(3,801)
Audit fees	11,000	11,000	0
Director fees, including			
including payroll taxes	28,800	36,000	7,200
Insurance	19,081	20,000	919
Tax appraisal / collection	10,385	18,000	7,615
Legal fees	44,213	118,000	73,787
Utilities	49,072	38,000	(11,072)
Park Maintenance	365,673	545,306	179,633
District Manager & other salaries & payroll taxes	604,818	648,500	43,682
Security Services	55,561	60,000	4,439
Community Center	28,754	76,700	47,946
Other	207,397	369,750	162,353
Capital outlay	399,577	876,500	476,923
TOTAL EXPENDITURES	3,661,438	4,938,372	1,276,934
Excess / (deficiency) of revenues over expenditures	530,540	(788,836)	1,319,376
OTHER FINANCING SOURCES / (USES)			
Transfers - internal activities	0	850,000	(850,000)
Excess / (deficiency) of revenues and other financing sources over expenditures and other financing uses	530,540	61,164	$469,376
FUND BALANCE:			
Beginning of the year	4,254,805		
End of the year	$4,785,345		

Fern Bluff MUD
Schedule of Changes in Net Pension Liability and Related Ratios
Last ten years (will ultimately be displayed)

	2019	2018	2017	2016	2015
Total pension liability					
1. Service Cost	$ 35,781	$ 39,808	$ 35,636	$ 38,844	8,618
2. Interest (on the Total Pension Liability)	14,505	11,070	6,754	2,269	341
3. Effect of plan changes	64,344	-	1	-	(148)
4. Effect of assumption changes or inputs	-	-	688	-	118
5. Effect of economic/demographic (gains) or losses	8,101	(3,017)	7,417	(2,334)	39
6. Benefit payments, including refunds of employee contributions	-	(2,816)	-	-	-
7. Net change in total pension liability	$ 122,731	$ 45,045	$ 50,496	$ 38,779	8,968
8. Total pension liability - beginning	143,288	98,243	47,747	8,968	-
9. Total pension liability - ending	$ 266,019	$ 143,288	$ 98,243	$ 47,747	8,968
Plan fiduciary net position					
1. Employer Contributions	$ 25,686	$ 23,973	$ 23,659	$ 20,986	5,272
2. Contributions - members	17,623	16,591	16,603	14,423	3,624
3. Net investment income	21,503	(1,325)	7,318	673	(76)
4. Benefit payments, including refunds of contributions	-	(2,816)	-	-	-
5. Administrative Expense	(150)	(106)	(62)	(7)	(3)
6. Other	1,510	1,134	539	806	-
7. Net change in plan fiduciary net position	$ 66,172	$ 37,451	$ 48,057	$ 36,881	8,817
8. Plan fiduciary net position - beginning	131,206	93,755	45,698	8,817	-
9. Plan fiduciary net position - ending	$ 197,378	$ 131,206	$ 93,755	$ 45,698	8,817
Net pension liability [A.9-B.9]	$ 68,641	$ 12,082	$ 4,488	$ 2,049	151
Plan fiduciary net position as a percentage of the total pension liability [B.9 / A.9]	74.20%	91.57%	95.43%	95.71%	98.31%
Covered-employee payroll	$ 440,576	$ 414,764	$ 415,075	$ 360,579	362,355
Net pension liability as a percentage of covered employee payroll [C / E]	15.58%	2.91%	1.08%	0.57%	0.04%

Fern Bluff MUD

Schedule of Contributions

Last 10 Fiscal Years (will ultimately be displayed)

September 30, 2020

	2019	2018	2017	2016	2015
Actually Determined Contribution	$ 43,309	$ 40,564	$ 40,262	$ 35,409	5,272
Contributions in relation to the actuarially determined contribution	43,309	40,564	40,262	35,409	5,272
Contribution deficiency (excess)	-	-	-	-	-
Covered employee payroll	$ 440,566	$ 414,764	$ 415,075	$ 360,579	362,355
Contributions as a percentage of covered employee payroll	9.83%	9.78%	9.70%	9.82%	1.45%

Noes to Schedule of Contributions

Valuation Date determined	12/31/2019
Notes	

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	19.3 years (based on contribution rate calculated in 12/31/2016 valuation)
Asset Valuation Method	5 year smoothed market
Inflation	3.0%
Salary Increases	Varies by age and service. 4.9% average over career including inflation
Investment Rate of Return	8.00%, net of investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.

Other Information:

Notes	No changes in plan provisions are reflected in the Schedule of Employer Contributions

D L A
The Accounting Firm of Donald L. Allman, CPA

Donald L. Allman, CPA, PC
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Georgetown, Texas 78633
Email: dallman@donallmancpa.com

CERTIFIED PUBLIC ACCOUNTANT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Fern Bluff Municipal Utility District

We have audited the financial statements of Fern Bluff MUD, as of and for the year ended September 30, 2020, which collectively comprise the Fern Bluff MUD' basic financial statements and have issued our report thereon dated February 2, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Fern Bluff MUD, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Fern Bluff MUD's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fern Bluff MUD's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fern Bluff MUD's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fern Bluff MUD' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Board of Directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Donald L. Allman, CPA, PC

Georgetown, TX
February 2, 2021

TEXAS SUPPLEMENTAL INFORMATION

FERN BLUFF MUNICIPAL UTILITY DISTRICT
TSI-1. SERVICES AND RATES
SEPTEMBER, 30, 2020

1. Services Provided by the District during the Fiscal Year:

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

2. Retail Service Providers

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

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1000 Gallons Over Minimum	Usage Levels
WATER	$16.25	0	Y	$3.50	1,000 to 15,000
				3.95	over 15,000
WASTEWATER	$7.00	0	Y	$3.40	
SURCHARGE	None				

District employs winter averaging for wastewater usage? Yes ☒ No ☐

Total charges per 10,000 gallons usage: Water $ 51.25 Wastewater $ 41

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC's
Unmetered			1.0	
≤ 3/4"	1,877.0	1,877.0	1.0	1,877.0
1"	5.0	5.0	2.5	12.5
1 1/2"	2.0	2.0	5.0	10.0
2"	3.0	3.0	8.0	24.0
3"	3.0	3.0	15.0	45.0
4"			25.0	
6"			50.0	
8"			80.0	
10"			115.0	
Total Water	1,890.0	1,877.0		1,968.5
Total Wastewater	1,890.0	1,877.0	1.0	1,877.0

FERN BLUFF MUNICIPAL UTILITY DISTRICT
TSI-1. SERVICES AND RATES
SEPTEMBER, 30, 2020

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

Gallons pumped into system: 310,913,000

Gallons billed to customers: 298,566,000

Water Accountability Ratio
(Gallons billed / Gallons Pumped)
96.03%

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

Does the District assess standby fees? Yes ☐ No ☒

If yes, Date of the most recent Commission Order: _____

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

If yes, Date of the most recent Commission Order: _____

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: Round Rock

Are Board members appointed by an office outside the district?

Yes ☐ No ☒

If Yes, by whom? _____

FERN BLUFF MUNICIPAL UTILITY DISTRICT
TSI-2. GENERAL FUND EXPENDITURES
SEPTEMBER, 30, 2020

Personnel Expenditures (including benefits)	$604,818
Professional Fees:	
Auditing	11,000
Legal	44,213
Engineering	1,550
Financial Advisor	0
Purchased Services For Resale:	
Bulk Water, Wastewater and Garbage Service Purchases	1,764,355
Contracted Services:	
Bookkeeping	0
Operations	32,151
Appraisal District	
Tax Collector	10,385
Other Contracted Services	
Utilities	49,072
Repairs and Maintenance	39,051
Administrative Expenditures:	
Directors' Fees	28,800
Office Supplies	0
Insurance	19,081
Other Administrative Expenditures	
Capital Outlay:	
Capitalized Assets	399,577
Expenditures not Capitalized	0
Tap Connection Expenditures	0
Community Center	28,754
Security	55,561
Parks and Recreation	365,673
Other Expenditures	207,397
TOTAL EXPENDITURES	$3,661,438

Number of persons employed by the District: [6] Full Time [2] Part-time

FERN BLUFF MUNICIPAL UTILITY DISTRICT
TSI-3. TEMPORARY 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
General Fund -					
Texpool - State Investment Pool	80100002	0.0003%	N/A	$3,545,350	
Park & Capital Improvement					
Texpool - State Investment Pool	80100001	0.0003%	N/A	0	
Total				3,545,350	0
Debt Service Fund -					
Texpool - State Investment Pool	80100004	0.0003%	N/A	3,582	
Texpool - State Investment Pool	80100006	0.0003%	N/A	0	
Total				3,582	0
Total - All Funds				$3,548,932	

FERN BLUFF MUNICIPAL UTILITY DISTRICT
TSI-4. TAXES LEVIED AND RECEIVABLE
SEPTEMBER, 30, 2020

	Maintenance	Debt Service
Taxes Receivable, Beginning Year	$3,181	$2,458
2019 Original Tax Levy, less abatements	1,664,233	998,510
Total to be accounted for	1,667,414	1,000,968
Tax Collections:		
Current year	1,662,622	997,572
Prior years	733	548
Total collections	1,663,355	998,120
Taxes Receivable, End of Year	$4,059	$2,848
Taxes Receivable, By Years		
2009	0	0
2010	4	4
2011	0	0
2012	0	0
2013	0	0
2014	0	0
2015	12	11
2016	704	575
2017	774	601
2018	796	596
2019	1,769	1,061
	$4,059	$2,848

Property Valuations:	**2019**	**2018**	**2017**	**2016**
Land and improvements	$631,686,763	$653,857,182	$628,601,356	$577,178,677
Improvements				
Personal Property				
Total Property Valuations	$631,686,763	$653,857,182	$628,601,356	$577,178,677
Tax Rates per $100 Valuation:				
Debt Service tax rates	$0.1500	$0.1800	$0.2445	$0.2445
Maintenance tax rates	0.2500	0.2400	0.1900	0.1900
Total Tax Rates per $100 Valuation:	$0.4000	$0.4200	$0.4345	$0.4345
Original Tax Levy	$2,663,044	$2,674,861	$2,653,155	$2,553,349
Percent of Taxes Collected to Taxes Levied**	99.9%	99.9%	99.9%	99.9%

Maximum Tax Rate Approved by Voters $ 1.50 on 6/30/1986

*** Calculated as taxes collected in current and previous year divided by tax levy.

FERN BLUFF MUNICIPAL UTILITY DISTRICT
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS
SEPTEMBER 30, 2020

Fiscal Year Ending	Combination Unlimited Tax and Revenue Refunding Bonds Series 2004			Combination Unlimited Tax and Revenue Refunding Bonds Series 2009			Combination Unlimited Tax and Revenue Refunding Bonds Series 2011			Annual Requirements for All Series		
	Principal Due 05/01	Interest Due 05/01, 11/01	Total	Principal Due 05/01	Interest Due 05/01, 11/01	Total	Principal Due 05/01	Interest Due 05/01, 11/01	Total	Principal Due 05/01	Interest Due 05/01, 11/01	Total
2020				250,000	10,000	260,000	965,000	33,800	998,800	1,215,000	43,800	1,258,800
	$0	$0	$0	$250,000	$10,000	$260,000	$965,000	$33,800	$998,800	$1,215,000	$43,800	$1,258,800

FERN BLUFF MUNICIPAL UTILITY DISTRICT
TSI-6 CHANGES IN LONG-TERM BONDED DEBT
SEPTEMBER 30, 2020

	Bond Issues							
	Series 1993	**Series 1996**	**Series 1997**	**Series 2001**	**Series 2004**	**Series 2009**	**Series 2011**	**Totals**
Interest Rate	4.4% - 6.0%	4.5% - 6.0%	4.15% - 5.4%	5.25% - 7.25%	2.5% - 3.875%	3.00% - 4.00%	2.0% - 4.0%	
Dates Interest Payable	05/01; 11/01	05/01; 11/01	05/01; 11/01	05/01; 11/01	05/01; 11/01	05/01; 11/01	05/01; 11/01	
Maturity Dates	05/01/2005	05/01/2008	05/01/2015	05/01/2020	05/01/2018	05/01/2020	05/01/2020	
Bonds Outstanding at Beginning of Current Fiscal Year	$0	$0	$0	$0	$0	$250,000	$965,000	$1,215,000
Bonds Sold During the Current Fiscal Year							0	0
Retirements During the Current Fiscal Year: Principal	0	0	0	0	0	250,000	965,000	1,215,000
Bonds Outstanding at End of Current Fiscal Year	$0	$0	$0	$0	$0	$0	$0	$0
Interest Paid During the Current Fiscal Year	$0	$0	$0	$0	$0	$10,000	$33,800	$43,800

Paying Agent's Name & Address: BankOne, Texas N.A.
Austin, TX 78701

Bond Authority:	Tax Bonds*	Other Bonds	Refunding Bonds
Amount Authorized by Voters	$45,000,000		
Amount Issued	24,480,000		7,330,000
Remaining To Be Issued	$20,520,000		

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

Debt Service Fund Cash and Temporary Investments balances as of September 30, 2020: $ 0
Average Annual Debt Service Payment (Principal & Interest) for the remaining term of all debt: $ 1,259,455

FERN BLUFF MUNICIPAL UTILITY DISTRICT
TSI-7. COMPARATIVE SCHEDULE – REVENUES AND EXPENDITURES
GENERAL AND DEBT SERVICE FUNDS-FIVE YEARS
September 30, 2020

	Amounts				
	2020	**2019**	**2018**	**2017**	**2016**
GENERAL FUND REVENUES					
Water, wastewater and garbage service, including penalties	$ 2,465,640	$ 2,282,098	$ 2,324,774	$ 2,239,965	$ 2,112,907
System connection fees	1,666,900	1,527,896	1,492,148	1,406,292	1,303,269
Property taxes, including penalties	32,576	78,158	49,216	23,715	12,329
Interest	-	-	-	-	-
Lease income	25,403	41,751	62,818	45,202	52,880
Community Center fees	1,459	7,659	20,548	33,161	4,760
Miscellaneous					
Developer contribution					
TOTAL GENERAL FUND REVENUES	$ 4,191,978	$ 3,937,562	$ 3,949,504	$ 3,748,335	$ 3,486,145
GENERAL FUND EXPENDITURES					
Current -					
Water, wastewater and garbage purchases	$ 1,764,355	$ 1,743,788	$ 1,853,401	$ 1,726,677	$ 1,564,080
Repairs and maintenance	39,051	53,315	76,474	62,920	76,619
Utilities	49,072	56,078	51,796	51,527	51,982
Park maintenance	365,673	387,306	412,719	313,891	357,117
Tap connection / inspection	-	-	-	-	-
Operations manager services	32,151	28,607	21,162	2,249	24,142
Legal fees	44,213	75,818	75,772	72,267	68,240
Engineering fees	1,550	4,413	9,813	15,297	1,875
Audit fees	11,000	10,000	10,000	10,000	10,000
Tax appraisal / collection	10,385	11,954	7,536	12,226	9,816
Director fees and related payroll taxes	28,800	28,800	27,750	25,200	31,950
Insurance	19,081	17,199	15,766	14,425	2,778
Security service	55,561	55,908	55,489	73,088	42,535
Community Center	28,754	37,857	37,857	48,126	70,711
District Manager & other salaries & payroll taxes	604,818	547,836	544,343	534,637	428,255
Other	207,397	244,704	218,536	206,585	130,425
Capital Outlay	399,577	417,524	550,617	1,276,764	233,607
TOTAL GENERAL FUND EXPENDITURES	$ 3,661,438	$ 3,721,107	$ 3,969,031	$ 4,445,879	$ 3,104,132
EXCESS (DEFICIENCY) OF GENERAL FUND REVENUES OVER EXPENDITURES	$ 530,540	$ 216,455	$ (19,527)	$ (697,544)	$ 382,013
DEBT SERVICE FUND REVENUES -					
Property taxes, including penalties	999,824	1,146,022	1,160,413	1,150,242	1,172,027
Interest	6,922	16,956	11,688	5,520	2,708
Proceeds of refunding bonds	0	0	0	0	0
Bond premium					
TOTAL DEBT SERVICE FUND REVENUES	1,006,746	1,162,978	1,172,101	1,155,762	1,174,735
DEBT SERVICE FUND EXPENDITURES -					
Tax appraisal / collection	5,922	8,642	5,455	9,788	8,691
Bond principal	1,215,000	1,175,000	1,110,000	1,075,000	1,035,000
Bond interest	53,800	95,800	139,563	180,200	214,925
Advance refunding bond escrow agent					
Fiscal agent fees and other	0	0	0	0	0
Capital outlay					
Payments to refunding bonds escrow agent	0	0	0	0	0
Bond discount					
TOTAL DEBT SERVICE FUND EXPENDITURES	1,274,722	1,279,442	1,255,018	1,264,988	1,258,616
EXCESS (DEFICIENCY OF DEBT SERVICE FUND REVENUES OVER EXPENDITURES	($267,976)	($116,464)	($82,917)	($109,226)	($83,881)
TOTAL ACTIVE RETAIL WATER CONNECTIONS	1,890	1,890	1,890	1,890	1,890
TOTAL ACTIVE RETAIL WASTEWATER CONNECTS	1,877	1,877	1,877	1,877	1,877

(1) Total Active Water and/or Wastewater Connections reported in prior year

FERN BLUFF MUNICIPAL UTILITY DISTRICT
TSI-7. COMPARATIVE SCHEDULE – REVENUES AND EXPENDITURES
GENERAL AND DEBT SERVICE FUNDS-FIVE YEARS
September 30, 2020

	Fund Total Revenues				
	2020	2019	2018	2017	2016
GENERAL FUND REVENUES					
Water, wastewater and garbage service, including penalties	58.8%	58.0%	58.9%	59.8%	60.6%
System connection fees					
Property taxes, including penalties	39.8%	38.8%	37.8%	37.5%	37.4%
Interest	0.8%	2.0%	1.2%	0.6%	0.4%
Lease income	0.0%	0.0%	0.0%	0.0%	0.0%
Community Center fees	0.6%	1.1%	1.6%	1.2%	1.5%
Miscellaneous	0.0%	0.2%	0.5%	0.9%	0.1%
Developer contribution	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL GENERAL FUND REVENUES	100.0%	100.0%	100.0%	100.0%	100.0%
GENERAL FUND EXPENDITURES					
Current -					
Water, wastewater and garbage purchases	42.1%	44.3%	46.9%	46.1%	44.9%
Repairs and maintenance	0.9%	1.4%	1.9%	1.7%	2.2%
Utilities	1.2%	1.4%	1.3%	1.4%	1.5%
Park maintenance	8.7%	9.8%	10.4%	8.4%	10.2%
Tap connection / inspection					0.0%
Operations manager services	0.8%	0.7%	0.5%	0.1%	0.7%
Legal fees	1.1%	1.9%	1.9%	1.9%	2.0%
Engineering fees	0.0%	0.1%	0.2%	0.4%	0.1%
Audit fees	0.3%	0.3%	0.3%	0.3%	0.3%
Tax appraisal / collection	0.2%	0.3%	0.2%	0.3%	0.3%
Director fees and related payroll taxes	0.7%	0.7%	0.7%	0.7%	0.9%
Insurance	0.5%	0.4%	0.4%	0.4%	0.1%
Security service	1.3%	1.4%	1.4%	1.9%	1.2%
Community Center	0.7%	1.0%	1.0%	1.3%	2.0%
District manager & other salaries & payroll taxes	14.4%	13.9%	13.8%	14.3%	12.3%
Other	4.9%	6.2%	5.5%	5.5%	3.7%
Capital Outlay	9.5%	10.6%	13.9%	34.1%	6.7%
TOTAL GENERAL FUND EXPENDITURES	87.3%	94.5%	100.5%	118.6%	89.0%
EXCESS (DEFICIENCY) OF GENERAL FUND REVENUES OVER EXPENDITURES	12.7%	5.5%	-0.5%	-18.6%	11.0%
DEBT SERVICE FUND REVENUES -					
Property taxes, including penalties	99.3%	98.5%	99.0%	99.5%	99.8%
Interest	0.7%	1.5%	1.0%	0.5%	0.2%
Proceeds of refunding bonds	0.0%	0.0%	0.0%	0.0%	
Bond premium					
TOTAL DEBT SERVICE FUND REVENUES	100.0%	100.0%	100.0%	100.0%	100.0%
DEBT SERVICE FUND EXPENDITURES -					
Tax appraisal / collection	0.6%	0.7%	0.5%	0.8%	0.7%
Bond principal	120.7%	101.0%	94.7%	93.0%	88.1%
Bond interest	5.3%	8.2%	11.9%	15.6%	18.3%
Advance refunding bond escrow agent					
Fiscal agent fees and other	0.0%	0.0%	0.0%	0.0%	0.0%
Capital outlay					
Payments to refunding bonds escrow agent	0.0%	0.0%	0.0%	0.0%	
Bond discount					
TOTAL DEBT SERVICE FUND EXPENDITURES	126.6%	110.0%	107.1%	109.5%	107.1%
EXCESS (DEFICIENCY OF DEBT SERVICE FUND REVENUES OVER EXPENDITURES	-26.6%	-10.0%	-7.1%	-9.5%	-7.1%

FERN BLUFF MUNICIPAL UTILITY DISTRICT
TSI-8. BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER, 30, 2020

Complete District Mailing Address: 7320 Wyoming Springs Drive, Round Rock, TX 78681

District Business Telephone Number: (512) 238-0606

Submission Date of the most recent District Registration Form TWC Sections 36.054 & 49.054): May 27, 2004

Limits on Fees of Office that a Director may receive During a fiscal year: (Set by Board Resolution TWX Section 49.060) $7,200

Name and Address	Appointed) or Date Hired	Fees 09/30/20	Reimbursements 09/30/20	Title at Year End
Board Members				
George Sabatino	Elected 05/02/20	$0		President
Jessica Stempko	(Elected) 05/05/2018	$7,200	$0	Secretary
Joseph F. Teiber	(Elected) 05/02/20	$7,200	$0	Vice President
Kevin Barnes	Elected 05/05/2018	$7,200	$0	Treasurer
Marc Smith	Elected 05/02/20	$7,200	$0	Assistant Sec/Treas
Note: No director is disqualified from serving on this board under the Texas Water Code.				
Consultants:				
McGinnis, Lochridge & Kilgore, LLP	8/12/2009	$57,823		Attorney
CMA Engineering		$1,550		Engineer
Donald L. Allman, CPA	10/1/2007	$11,000		Auditor

* *Fees of Office* are the amounts actually paid to a director during the district's fiscal year.

OTHER SUPPLEMENTAL INFORMATION

FERN BLUFF MUNICIPAL UTILITY DISTRICT
OSI-1. PRINCIPAL TAXPAYERS
SEPTEMBER, 30, 2020

Taxpayer	Type of Property	Tax Roll Year 2020	2019	2018
Oncor Electric Delivery Co	Utilities	1,661,581	1,313,312	-
Wieber, Robin W. & Debra J.	Real Land & Improvements	951,947	926,836	817,160
Martelli, Dean & Shelley	Real Land & Improvements	831,683	821,070	-
Robinson, Harold & Valerie	Real Land & Improvements	736,073	729,144	690,251
Eboreime, Ohiolei K	Real Land & Improvements	716,265	705,632	635,467
Swearingen, Bradley & Terri	Real Land & Improvements	729,278	688,687	548,955
Hartle, C L. & P. R.	Real Land & Improvements	603,377	641,537	582,594
Marguerite Wagner	Real Land & Improvements	605,514	602,581	571,783
McConnell, Brian & Nancy	Real Land & Improvements	-	578,961	-
John W. & Nancy M. Frazier	Real Land & Improvements	572,869	572,869	523,460
Benedict & Melisa Wong BMCW Trust	Real Land & Improvements	-		552,577
Ditore, Dona & Michael	Real Land & Improvements	588,938		521,252
Owens, Michael & Bridgitte	Real Land & Improvements	-		521,190
Miller, Earl J Jr. & Rebecca Jane	Real Land & Improvements	596,043		
Total		$ 8,593,568	$ 7,580,629	$ 5,964,689
Percent of Assessed Valuation		1.34%	1.14%	0.97%

FERN BLUFF MUNICIPAL UTILITY DISTRICT
OSI-1. ASSESSED VALUE BY CLASSIFICATION
SEPTEMBER, 30, 2020

	Tax Roll Year					
	2020		**2019**		**2018**	
Type of Property	Amount	%	Amount	%	Amount	%
Single Family	$ 639,061,515	99.3%	$ 661,236,671	99.8%	$ 610,863,655	99.2%
Vacant Lots	8,811	0.0%	9,447	0.0%	9,520	0.0%
Acreage						
Commercial & Industrial	6,897	0.0%	7,261	0.0%	7,338	0.0%
Real & Intangible Personal Utilities	1,803,624	0.3%	1,472,122	0.2%	1,724,112	0.3%
Exempt Tangible Personal Business	2,040,279	0.0%	250	0.0%	1,202	0.0%
	327,619	0.1%	54,280	0.0%	3,077,288	0.5%
Total	**$643,248,745**	**100%**	**$662,780,031**	**100%**	**$615,683,115**	**100%**