

**WEST WILLIAMSON COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 2**

**YEAR ENDED SEPTEMBER 30, 2020**

**FINANCIAL STATEMENTS,  
SUPPLEMENTARY INFORMATION  
AND  
INDEPENDENT AUDITOR'S REPORT**

**WEST WILLIAMSON COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 2**

**FINANCIAL STATEMENTS,  
SUPPLEMENTARY INFORMATION  
AND  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED  
SEPTEMBER 30, 2020**

# WEST WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 2

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# **ANNUAL FILING AFFIDAVIT**

# ANNUAL FILING AFFIDAVIT

STATE OF TEXAS  
COUNTY OF WILLIAMSON

I, Justin Lange of the  
(Name of Duly Authorized District Representative)

**WEST WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 2**  
(Name of District)

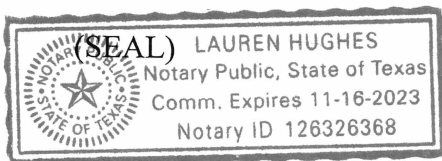
hereby swear, or affirm, that the District above has reviewed and approved at a meeting of the District's Board of Directors on the **5th day of February, 2021** its annual audit report for the fiscal year ended **September 30, 2020** and that copies of the annual audit report have been filed in the District's office, located at:

**901 South MoPac Expy, Suite 225 Austin, TX 78746.**  
(Address of District's Office)

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

Date: February 5, 2021 By: [Signature]  
(Signature of District Representative)  
Justin Lange, President  
(Typed Name and Title of District Representative)

Sworn to and subscribed to before me this 5th day of February, 2021.



[Signature]  
(Signature of Notary)

My Commission Expires On: November 16, 2023.  
Notary Public in the State of Texas

# **INDEPENDENT AUDITOR'S REPORT**

# **McCALL GIBSON SWEDLUND BARFOOT PLLC**

*Certified Public Accountants*

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Board of Directors  
West Williamson County Municipal Utility District No. 2  
Williamson County, Texas

## **Independent Auditor's Report**

We have audited the accompanying financial statements of the governmental activities and each major fund of West Williamson County Municipal Utility District No. 2 (the "District"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

## **Management's Responsibility for the Financial Statements**

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

## **Auditor's Responsibility**

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

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

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

## Opinions

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

## 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 Budgetary Comparison Schedule – 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 Texas 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 Texas 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  
Certified Public Accountants  
Houston, Texas

February 5, 2021



# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# **WEST WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 2 MANAGEMENT’S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2020**

In accordance with Governmental Accounting Standards Board Statement No. 34 (“GASB 34”), the management of West Williamson County Municipal Utility District No. 2 (the “District”) offers the following discussion and analysis to provide an overview of the District’s financial activities for the fiscal year ended September 30, 2020. Since this information is designed to focus on current period activities, resulting changes, and currently known facts, it should be read in conjunction with the District’s financial statements that follow.

## **FINANCIAL HIGHLIGHTS**

- *General Fund:* At the end of the current fiscal year, the General Fund had a fund balance of \$282,464. For the year ended September 30, 2020, General Fund revenues were \$129,341 and expenditures were \$65,693.
- *Debt Service Fund:* Fund balance restricted for debt service decreased to \$126,836 in the current fiscal year. The District received \$40,056 of property tax revenues and paid \$87,521 of interest on outstanding bonded debt.
- *Capital Projects Fund:* Fund balance restricted for capital projects decreased to \$75,116 in the current fiscal year. The District paid \$1,135 of bond-related expenditures during the current fiscal year.
- *Governmental Activities:* On a government-wide basis for governmental activities, the District had expenses net of revenues of \$31,059. Net position decreased from a prior year deficit balance of \$452,089 to a deficit balance of \$483,148 at the end of the current fiscal year.

## **OVERVIEW OF THE DISTRICT**

The District, a political subdivision of the State of Texas, was created by order of the Texas Commission on Environmental Quality (the “TCEQ” or the “Commission”), effective April 27, 2015, and confirmed pursuant to an election held within the District on November 3, 2015. The District was created for the purpose of providing, operating, and maintaining facilities to control storm water, distribute potable water, and to collect and treat wastewater and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended, and Article XVI, Section 59 of the Texas Constitution. The District contains approximately 437.049 acres.

# **WEST WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 2 MANAGEMENT’S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2020**

## **USING THIS ANNUAL REPORT**

This annual report consists of five parts:

1. *Management’s Discussion and Analysis* (this section)
2. *Basic Financial Statements* (including Notes to the Financial Statements)
3. *Required Supplementary Information*
4. *Texas Supplementary Information* (required by the Texas Commission on Environmental Quality (the TSI section))
5. *Other Supplementary Information* (the OSI section)

For purposes of GASB 34, the District is considered a special purpose government. This allows the District to present the required funds 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 Position and the Statement of Activities.

## **OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

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. This method measures cash and all other financial assets that can be readily converted to cash. The adjustments column converts those balances to a balance sheet that more closely reflects a private-sector business. Over time, increases or decreases in the District’s net position will indicate financial health.

The *Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances* includes a column (titled “Governmental Funds Total”) that derives the change in fund balance 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 Financial Statements* provide additional information that is essential to a full understanding of the information presented in the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances*.

The *Required Supplementary Information* presents a comparison statement between the District’s adopted budget and its actual results.

**WEST WILLIAMSON COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 2  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Statement of Net Position:**

The following table reflects the condensed Statement of Net Position:

<u>Summary Statement of Net Position</u>			
	Governmental Activities		Change Increase (Decrease)
	2020	2019	
Current and other assets	\$ 493,619	\$ 474,406	\$ 19,213
Capital and non-current assets	1,647,512	1,695,150	(47,638)
Total Assets	2,141,131	2,169,556	(28,425)
Current Liabilities	85,781	13,699	72,082
Long-term Liabilities	2,538,498	2,607,946	(69,448)
Total Liabilities	2,624,279	2,621,645	2,634
Net Investment in Capital Assets	(864,898)	(816,262)	(48,636)
Restricted	119,929	166,329	(46,400)
Unrestricted	261,821	197,844	63,977
Total Net Position	\$ (483,148)	\$ (452,089)	\$ (31,059)

As of September 30, 2020, the District had total assets of \$2,141,131 and total liabilities of \$2,624,279 resulting in a deficit in net position of \$483,148.

# WEST WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 2 MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2020

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

The following table reflects the condensed Statement of Activities:

	<u>Summary Statement of Activities</u>		Change
	Governmental		Increase
	Activities		(Decrease)
	2020	2019	
Property taxes	\$ 167,700	\$ 72,222	\$ 95,478
Drainage fees	1,400	171,500	(170,100)
Other	3,406	2,325	1,081
<b>Total Revenues</b>	<b>172,506</b>	<b>246,047</b>	<b>(73,541)</b>
District operations	12,000	5,150	6,850
Professional fees	43,913	47,079	(3,166)
Other	10,368	9,305	1,063
Developer interest	-	194,172	(194,172)
Debt service	89,646	370,225	(280,579)
Amortization	47,638	19,850	27,788
<b>Total Expenses</b>	<b>203,565</b>	<b>645,781</b>	<b>(442,216)</b>
<b>Change in Net Position</b>	<b>(31,059)</b>	<b>(399,734)</b>	<b>368,675</b>
<b>Beginning Net Position</b>	<b>(452,089)</b>	<b>(52,355)</b>	<b>(399,734)</b>
<b>Ending Net Position</b>	<b>\$ (483,148)</b>	<b>\$ (452,089)</b>	<b>\$ (31,059)</b>

Revenues were \$172,506 for the year ended September 30, 2020, while expenses were \$203,565 resulting in a decrease in net position of \$31,059.

Property tax revenue in the current period was \$167,700. Property tax revenue is derived from taxes being levied based upon the assessed value of real and personal property within the District. Property taxes levied for the 2019 tax year were based upon a current adjusted assessed value of \$17,602,711 and a tax rate of \$0.95 per \$100 of assessed valuation. Property taxes levied for the 2018 tax year were based upon a current adjusted assessed value of \$7,602,363 and a tax rate of \$0.95 per \$100 of assessed valuation.

# WEST WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 2 MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2020

## ANALYSIS OF GOVERNMENTAL FUNDS

	<u>Governmental Funds by Year</u>	
	2020	2019
Cash and cash equivalents	\$ 443,788	\$ 299,714
Receivables and other	97,906	174,692
Total Assets	541,694	474,406
Accounts payable	8,770	6,726
Other payables	48,075	-
Total Liabilities	56,845	6,726
Deferred Inflows of Resources	433	-
Nonspendable	3,289	3,192
Restricted	201,952	248,864
Unassigned	279,175	215,624
Total Fund Balance	484,416	467,680
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 541,694	\$ 474,406

For the fiscal year ended September 30, 2020, the District's General Fund reflects a nonspendable and unassigned fund balance of \$282,464, an increase of \$63,648 from the previous fiscal year.

The Debt Service Fund reflects a decrease of \$46,466 in fiscal year 2020. The District received \$40,056 of property tax revenues and paid \$87,521 of interest on outstanding bonded debt. More detailed information about the District's debt is presented in the *Notes to the Financial Statements*.

The Capital Project Fund purchases the District's infrastructure. The Capital Projects Fund had a \$446 decrease in fund balance for fiscal year 2020. The District paid \$1,135 of bond-related expenditures during the current fiscal year.

## BUDGETARY HIGHLIGHTS

The *General Fund* pays for daily operating costs of the District. On September 11, 2019, the Board of Directors adopted a budget that included revenues of \$177,033 as compared to expenditures of \$119,470. When comparing actual to budget, the District had a positive variance of \$6,085. More detailed information about the District's budgetary comparison is presented in the *Required Supplementary Information*.

**WEST WILLIAMSON COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 2  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

**INTANGIBLE ASSETS**

The District is located within the City of Leander (the “City”). In accordance with the Consent Agreement entered into by the District, the developer and the City, the City is the retail water and wastewater service provider. The City of Georgetown (“Georgetown”) provides wastewater service to the City for sewer service for projects as detailed in the Consent Agreement. The offsite wastewater improvements constructed by the developer and the District required for Georgetown to provide wholesale wastewater service to the City were dedicated to Georgetown. The remaining water and wastewater improvements required for water and wastewater service from the City are conveyed to the City for service to the District. As a result, the District has recognized intangible assets, consisting of the right to receive service, in the government-wide column in the Statement of Net Position. Intangible assets are valued at the cost of facilities conveyed to the City or Georgetown and amortized over the term of the Consent Agreement, which is approximately 40 years from the effective date of such agreement. The balance of the intangible asset, net of accumulated amortization, was \$1,647,512 as of September 30, 2020. More detailed information about the District’s intangible assets is presented in the *Notes to the Financial Statements*.

**LONG TERM DEBT**

As of September 30, 2020, the District has the following balances outstanding on unlimited tax bonds:

	Bonds Payable
Series 2019	\$ 2,600,000
Total	\$ 2,600,000

As of September 30, 2020, the District owes \$2.6 million to bond holders. As of September 30, 2020, the ratio of the District’s long-term debt to the total 2020 taxable assessed valuation (\$46,367,626) is 5.6%. The District’s population as provided by the District, as of August 1, 2020, was 760. More detailed information about the District’s long-term debt is presented in the *Notes to the Financial Statements*.

**CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS**

For the 2020 tax year (fiscal year 2021), the District has adopted a tax rate of \$0.95 per \$100 of assessed valuation of which 61% is allocated to the General Fund and 39% is allocated to the Debt Service Fund. The adopted budget for fiscal year 2021 projects a \$236,105 increase in General Fund fund balance.

**WEST WILLIAMSON COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 2  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

**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 McLean & Howard, LLP, 901 South MoPac Expressway, Suite 225, Austin, TX 78746.



# **FINANCIAL STATEMENTS**

**WEST WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 2**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**SEPTEMBER 30, 2020**

	General Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds Total	Adjustments Note 2	Government - Wide Statement of Net Position
<b><u>ASSETS</u></b>						
Cash	\$ 11,230	\$ -	\$ -	\$ 11,230	\$ -	\$ 11,230
Cash equivalents	228,640	127,667	76,251	432,558	-	432,558
Receivables:						
Property taxes	329	104	-	433	-	433
Interfund	48,075	-	-	48,075	(48,075)	-
Prepaid expenditures	3,289	-	46,109	49,398	-	49,398
Intangible assets, net of accumulated amortization	-	-	-	-	1,647,512	1,647,512
<b>TOTAL ASSETS</b>	<b>\$ 291,563</b>	<b>\$ 127,771</b>	<b>\$ 122,360</b>	<b>\$ 541,694</b>	<b>1,599,437</b>	<b>2,141,131</b>
<b><u>LIABILITIES</u></b>						
Accounts payable	8,770	-	-	8,770	-	8,770
Accrued bond interest payable	-	-	-	-	7,011	7,011
Interfund payables	-	831	47,244	48,075	(48,075)	-
Long-term liabilities -						
Due to developer	-	-	-	-	20,972	20,972
Bonds payable:						
Due within one year	-	-	-	-	70,000	70,000
Due after one year	-	-	-	-	2,517,526	2,517,526
<b>TOTAL LIABILITIES</b>	<b>8,770</b>	<b>831</b>	<b>47,244</b>	<b>56,845</b>	<b>2,567,434</b>	<b>2,624,279</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>						
Deferred revenue - property taxes	329	104	-	433	(433)	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>329</b>	<b>104</b>	<b>-</b>	<b>433</b>	<b>(433)</b>	<b>-</b>
<b><u>FUND BALANCES / NET POSITION</u></b>						
Fund balances:						
Nonspendable	3,289	-	-	3,289	(3,289)	-
Restricted for debt service	-	126,836	-	126,836	(126,836)	-
Restricted for authorized construction	-	-	75,116	75,116	(75,116)	-
Unassigned	279,175	-	-	279,175	(279,175)	-
<b>TOTAL FUND BALANCES</b>	<b>282,464</b>	<b>126,836</b>	<b>75,116</b>	<b>484,416</b>	<b>(484,416)</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 291,563</b>	<b>\$ 127,771</b>	<b>\$ 122,360</b>	<b>\$ 541,694</b>		
Net position:						
Net investment in capital assets					(864,898)	(864,898)
Restricted for debt service					119,929	119,929
Unrestricted					261,821	261,821
<b>TOTAL NET POSITION</b>					<b>\$ (483,148)</b>	<b>\$ (483,148)</b>

*The accompanying notes are an integral part of this statement.*

**WEST WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 2**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT**  
**OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**YEAR ENDED SEPTEMBER 30, 2020**

	General Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds Total	Adjustments Note 2	Government - Wide Statement of Activities
<b><u>REVENUES</u></b>						
Property taxes	\$ 127,211	\$ 40,056	\$ -	\$ 167,267	\$ 433	\$ 167,700
Drainage fees	1,400	-	-	1,400	-	1,400
Interest and other	730	1,987	689	3,406	-	3,406
<b>TOTAL REVENUES</b>	<u>129,341</u>	<u>42,043</u>	<u>689</u>	<u>172,073</u>	<u>433</u>	<u>172,506</u>
<b><u>EXPENDITURES / EXPENSES</u></b>						
Pond maintenance	12,000	-	-	12,000	-	12,000
Legal fees	14,496	-	-	14,496	-	14,496
Engineering fees	4,907	-	-	4,907	-	4,907
Bookkeeping fees	14,350	-	-	14,350	-	14,350
Audit fees	8,750	-	-	8,750	-	8,750
Director fees, including payroll taxes	3,875	-	-	3,875	-	3,875
Insurance	4,836	-	-	4,836	-	4,836
Financial advisor fees	1,072	338	-	1,410	-	1,410
Tax appraisal/collection fees	793	250	-	1,043	-	1,043
Other	614	-	-	614	-	614
Debt service:						
Interest	-	87,521	-	87,521	590	88,111
Fiscal agent fees	-	400	-	400	-	400
Bond issuance costs	-	-	1,135	1,135	-	1,135
Amortization	-	-	-	-	47,638	47,638
<b>TOTAL EXPENDITURES / EXPENSES</b>	<u>65,693</u>	<u>88,509</u>	<u>1,135</u>	<u>155,337</u>	<u>48,228</u>	<u>203,565</u>
<b>NET CHANGE IN FUND BALANCES</b>	63,648	(46,466)	(446)	16,736	(16,736)	-
<b>CHANGE IN NET POSITION</b>					(31,059)	(31,059)
<b><u>FUND BALANCES / NET POSITION</u></b>						
Beginning of the year	218,816	173,302	75,562	467,680	(919,769)	(452,089)
End of the year	<u>\$ 282,464</u>	<u>\$ 126,836</u>	<u>\$ 75,116</u>	<u>\$ 484,416</u>	<u>\$ (967,564)</u>	<u>\$ (483,148)</u>

*The accompanying notes are an integral part of this statement.*

# **NOTES TO THE FINANCIAL STATEMENTS**

# WEST WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 2

## NOTES TO THE FINANCIAL STATEMENTS

### SEPTEMBER 30, 2020

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#### 1. SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of West Williamson County Municipal Utility District No. 2 (the “District”) relating to the funds included in the accompanying financial statements conform to generally accepted accounting principles (“GAAP”) as applied to governmental entities. GAAP 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** - The District, a political subdivision of the State of Texas, was created by order of the Texas Commission on Environmental Quality (the “TCEQ” or the “Commission”), effective April 27, 2015, and confirmed pursuant to an election held within the District on November 3, 2015. The District was created for the purpose of providing, operating, and maintaining facilities to control storm water, distribute potable water, and to collect and treat wastewater and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended, and Article XVI, Section 59 of the Texas Constitution. The District contains approximately 437.049 acres. The reporting entity of the District encompasses those activities and functions over which the District’s officials exercise significant oversight or control. The District is governed by a five member Board of Directors (the “Board”), who have been elected by District residents or appointed by the Board. The District is not included in any other governmental “reporting entity” as defined by GASB standards since the majority of 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 by GASB standards which are included in the District’s reporting entity.

**Basis of Presentation - Government-wide and Fund Financial Statements** - These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”).

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

- **Net Investment in Capital Assets** – This component of net position consists of capital and intangible assets, including restricted capital assets, net of accumulated depreciation and amortization 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.

# WEST WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 2

## NOTES TO THE FINANCIAL STATEMENTS

### SEPTEMBER 30, 2020

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#### 1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

The 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 presentations. GASB 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 statement is presented that compares the adopted General Fund budget with actual results.

- **Government-wide Statements:** The District's statement of net position 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 and amortization expense on the District's capital and intangible assets, including infrastructure.

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. 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 resources restricted, committed or assigned for the payment of 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 Position.

**WEST WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 2**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

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**1. SIGNIFICANT ACCOUNTING 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 the 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 fund balances. 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 inflows of resources. All other revenues of the District are recorded on the accrual basis in all funds.

The District reports unearned revenue on its balance sheet. Unearned 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 unearned revenue is removed from the balance sheet and revenue is recognized.

**WEST WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 2**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

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

***Budgets and Budgetary Accounting*** - An unappropriated budget was adopted on September 11, 2019, for the General Fund on a basis consistent with generally accepted accounting principles. The District's Board utilizes the budget as a management tool for planning and cost control purposes. The budget was not amended during the current fiscal year. The Budgetary Comparison Schedule – 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 Directors are considered to be “employees” for federal payroll tax purposes only.

***Cash and Cash Equivalent Investments*** - Includes cash on deposit as well as investments with maturities of three months or less. The investments, consisting of obligations in the State Treasurer’s Investment Pool, are recorded at amortized cost.

***Intangible Assets*** - The District is located within the City of Leander (the “City”). In accordance with the Consent Agreement entered into by the District, the developer and the City, the City is the retail water and wastewater service provider. The City of Georgetown (“Georgetown”) provides wastewater service to the City for sewer service for projects as detailed in the Consent Agreement. The offsite wastewater improvements constructed by the developer and the District required for Georgetown to provide wholesale wastewater service to the City were dedicated to Georgetown. The remaining water and wastewater improvements required for water and wastewater service from the City are conveyed to the City for service to the District. As a result, the District has recognized intangible assets, consisting of the right to receive service, in the government-wide column in the Statement of Net Position. Intangible assets are valued at the cost of facilities conveyed to the City or Georgetown and amortized over the term of the Consent Agreement, which is approximately 40 years from the effective date of such agreement. See Note 10 for information concerning the construction and conveyance of certain assets to the City and Georgetown.

***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*** - Unlimited tax 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 are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

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



**WEST WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 2**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

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

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

**Fund Balance** - 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 does not have any assigned fund balances.
- *Unassigned*: all other spendable amounts in the General Fund.

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

**Accounting Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

**WEST WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 2**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

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**2. RECONCILIATION OF THE GOVERNMENTAL FUNDS**

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

Fund balance - total governmental funds		\$ 484,416
Intangible assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		
Intangible assets	1,715,000	
Less: Accumulated depreciation	<u>(67,488)</u>	1,647,512
Revenue is recognized when earned in the government-wide statements, regardless of availability. Governmental funds report deferred inflows for revenues earned but not available.		433
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund:		
Bonds payable	(2,600,000)	
Issuance premium/discount, net	12,474	
Due to developer	(20,972)	
Accrued interest	<u>(7,011)</u>	<u>(2,615,509)</u>
Net position of governmental activities		<u><u>\$ (483,148)</u></u>

Adjustments to convert the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities are as follows:

Net Change in Fund Balances - Governmental Funds		\$ 16,736
Amounts reported for governmental activities in the Statement of Activities are different because -		
Governmental funds report:		
Interest expenditures in year paid	(38)	
Tax revenue when collected	<u>433</u>	395
Governmental funds do not report:		
Amortization of bond discount		(552)
Amortization		<u>(47,638)</u>
Change in Net Position - Governmental Activities		<u><u>\$ (31,059)</u></u>

**WEST WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 2**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

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**3. CASH AND CASH EQUIVALENT INVESTMENTS**

The investment policies of the District are governed by Section 2256 of the Texas Government Code (the “Public Funds Investment Act”) and an adopted District investment policy that includes depository contract provisions and custodial contract provisions. Major provisions of the District’s investment policy, which complies with the Public Funds Investment Act, include: depositories must be Federal Deposit Insurance Corporation (“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 cash was \$11,230 and the bank balance was \$11,507. The bank balance was covered by federal depository insurance.

**Cash Equivalents and 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.

*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 nationally recognized rating agency;
- 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 AAAm by a nationally recognized rating agency.

**WEST WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 2**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**3. CASH AND CASH EQUIVALENT INVESTMENTS (continued) –**

**Cash Equivalents and Investments (continued) -**

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

Investment	Fair Value at 9/30/2020	Governmental Fund			Investment Rating	
		General	Debt Service	Capital Projects		
		Unrestricted	Restricted (1)	Restricted (2)	Rating	Rating Agency
TexPool	\$ 432,558	\$ 228,640	\$ 127,667	\$ 76,251	AAAm	Standard & Poors
	<u>\$ 432,558</u>	<u>\$ 228,640</u>	<u>\$ 127,667</u>	<u>\$ 76,251</u>		

(1) Restricted for payment of debt service and cost of assessing and collecting taxes.

(2) Restricted for purchase of capital assets.

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

*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.

*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 fully covered by FDIC insurance.

**WEST WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 2**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

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**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 Central Appraisal District establishes 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 11, 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 \$17,602,711 was \$0.95 on each \$100 valuation and was allocated \$0.7225 to the General Fund and \$0.2275 to the Debt Service Fund. The maximum allowable maintenance tax of \$1.00 was established by the voters at an election held on November 3, 2015.

Property taxes of \$329 for the General Fund and \$104 for the Debt Service Fund were receivable at September 30, 2020.

**5. CHANGES IN INTANGIBLE ASSETS**

A summary of changes in intangible assets follows:

	Balance 10/1/2019	Additions	Deletions	Balance 9/30/2020
Intangible assets being amortized -				
Right to receive wastewater				
service	\$ 1,715,000	\$ -	\$ -	\$ 1,715,000
Total intangible assets being amortized	1,715,000	-	-	1,715,000
Less accumulated amortization for -				
Right to receive wastewater				
service	(19,850)	(47,638)	-	(67,488)
Total accumulated amortization	(19,850)	(47,638)	-	(67,488)
Total intangible assets being amortized, net of accumulated amortization	1,695,150	(47,638)	-	1,647,512
Total intangible assets, net	\$ 1,695,150	\$ (47,638)	\$ -	\$ 1,647,512

**WEST WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 2**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

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**6. BONDED DEBT**

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

	Unlimited Tax and Revenue Bonds
Bonds payable at October 1, 2019	\$ 2,600,000
Bonds issued	-
Bonds retired	-
Bond discount, net	(12,474)
Bonds payable at September 30, 2020	<u>\$ 2,587,526</u>

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

**Unlimited Tax Bonds:**

\$2,600,000 – 2019 Unlimited Tax Bonds payable serially through the year 2043 at interest rates which range from 2.2% to 4.0%. Bonds maturing on or after September 1, 2026 are callable prior to maturity beginning September 1, 2025, or any date thereafter. Bonds maturing September 1, 2033 and 2038 are term bonds and are subject to mandatory sinking fund redemption.

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

Year Ended September 30,	Annual Requirements for All Series		
	Principal	Interest	Total
2021	\$ 70,000	\$ 87,522	\$ 157,522
2022	70,000	85,982	155,982
2023	75,000	84,372	159,372
2024	75,000	82,572	157,572
2025	80,000	80,622	160,622
2026-2030	460,000	367,328	827,328
2031-2035	575,000	288,270	863,270
2036-2040	700,000	176,430	876,430
2041-2043	495,000	39,188	534,188
	<u>\$ 2,600,000</u>	<u>\$ 1,292,286</u>	<u>\$ 3,892,286</u>

**WEST WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 2**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

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**6. BONDED DEBT (continued) -**

Bonds authorized but not issued as of September 30, 2020, are as follows:

<u>Type</u>	<u>Amount</u>
Unlimited Tax Bonds	\$ 96,100,000
Park and Recreational Facilities	\$ 18,610,000
Road Bonds	\$ 8,745,000
Refunding Bonds	\$ 189,082,500

\$126,836 is available in the Debt Service Fund to service the bonded debt.

The existing outstanding bonds of the District 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.

**7. COMMITMENTS AND CONTINGENCIES**

The developer of the land within the District has incurred costs related to construction of facilities. Such costs may be reimbursable to the developer by the District from proceeds of future District bond issues, subject to approval by the Texas Commission on Environmental Quality. The District, as of September 30, 2020, has recorded no liability pertaining to such costs. As of September 30, 2020 the District owed \$20,972 to the developer for advances used to fund operating activities.

**8. RISK MANAGEMENT**

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

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

**WEST WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 2**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

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**9. NET POSITION**

The District had a deficit net position of \$483,148 at September 30, 2020. This negative balance represents cumulative expenditures that exceeded revenues due to the District being in early development. Management believes that this negative balance will be resolved with overall District growth, future proceeds from bond issuances, and with future property tax revenues.

**10. CONSENT AGREEMENT**

Pursuant to the Consent Agreement entered into by the District, the developer and the City, effective April 24, 2015, the District and the developer will design, finance and construct all water and wastewater facilities required to serve the District in accordance with the applicable City requirements and design standards. These facilities include the internal onsite and offsite facilities required for the City to provide retail services to the District, and the offsite wastewater facilities required for Georgetown to provide wholesale wastewater service to the City for the District. Upon completion of the construction of water and wastewater facilities constructed by or on behalf of the District, the facilities will be conveyed to the City (or to Georgetown with respect to the wholesale wastewater service facilities), as outlined in the Consent Agreement. In exchange for the conveyance of the water and wastewater facilities to serve the District, the City agrees to operate and maintain all water and wastewater facilities conveyed and to provide retail water and wastewater services to customers within the District at the City's standard water and wastewater rates and Georgetown agrees to provide wholesale water treatment and disposal services to the City. The Consent Agreement will continue in effect for 40 years from the effective date.

**11. SUBSEQUENT EVENT**

On October 14, 2020, the District issued \$4,000,000 of Unlimited Tax Bonds, Series 2020. Proceeds of the bonds were used to reimburse a developer within the District for certain water, wastewater and drainage facilities and fund bond issue costs and future interest costs. The Series 2020 bonds were sold with interest rates ranging from 2.25% to 4.25% and principal maturities through September 2045.

**12. UNCERTAINTIES**

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



# **REQUIRED SUPPLEMENTARY INFORMATION**

**WEST WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 2**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**YEAR ENDED SEPTEMBER 30, 2020**

	<u>Actual</u>	<u>Original and Final Budget</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Property taxes	\$ 127,211	\$ 127,033	\$ 178
Drainage fees	1,400	50,000	(48,600)
Interest and other	730	-	730
<b>TOTAL REVENUES</b>	<u>129,341</u>	<u>177,033</u>	<u>(47,692)</u>
<b>EXPENDITURES</b>			
Pond maintenance	12,000	48,000	36,000
Legal fees	14,496	24,000	9,504
Engineering fees	4,907	9,200	4,293
Bookkeeping fees	14,350	16,150	1,800
Audit fees	8,750	8,000	(750)
Director fees, including payroll taxes	3,875	6,520	2,645
Insurance	4,836	4,000	(836)
Financial advisor fees	1,072	1,500	428
Tax appraisal/collection fees	793	200	(593)
Public notice	-	500	500
Other	614	1,400	786
<b>TOTAL EXPENDITURES</b>	<u>65,693</u>	<u>119,470</u>	<u>53,777</u>
<b>NET CHANGE IN FUND BALANCE</b>	63,648	<u><u>\$ 57,563</u></u>	<u><u>\$ 6,085</u></u>
<b>FUND BALANCE:</b>			
Beginning of the year	<u>218,816</u>		
End of the year	<u><u>\$ 282,464</u></u>		

# **TEXAS SUPPLEMENTARY INFORMATION**

**WEST WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 2**  
**TSI-1. SERVICES AND RATES**  
**SEPTEMBER 30, 2020**

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

- |   |   |  |
|---|---|--|
| <input type="checkbox"/> Retail Water   | <input type="checkbox"/> Wholesale Water      | <input checked="" type="checkbox"/> Drainage |
| <input type="checkbox"/> Retail Wastewater  | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Irrigation          |
| <input type="checkbox"/> Parks/Recreation   | <input type="checkbox"/> Fire Protection      | <input type="checkbox"/> Security            |
| <input type="checkbox"/> Solid Waste/Garbage  | <input type="checkbox"/> Flood Control        | <input type="checkbox"/> Roads               |
| <input type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) |   |  |
| <input type="checkbox"/> 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:	(1)	(1)	(1)	(1)	(1)
WASTEWATER:	(1)	(1)	(1)	(1)	(1)
SURCHARGE:	(1)	(1)	(1)	(1)	(1)

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

Total charges per 10,000 gallons usage:    Water      (1)      Wastewater      (1)

**b. Water and Wastewater Retail Connections:**

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC's
Unmetered			1.0	
< 3/4"			1.0	
1"			2.5	
1 1/2"			5.0	
2"			8.0	
3"			15.0	
4"			25.0	
6"			50.0	
8"			80.0	
10"			115.0	
Total Water	(1)	(1)		(1)
Total Wastewater	(1)	(1)	1.0	(1)

<sup>(1)</sup> Water and wastewater service is provided to District customers by the City of Leander, Texas.

**WEST WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 2**  
**TSI-1. SERVICES AND RATES (continued)**  
**SEPTEMBER 30, 2020**

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

Gallons pumped into system: \_\_\_\_\_ (1)

Gallons billed to customers: \_\_\_\_\_ (1)

**Water Accountability Ratio**

(Gallons billed / Gallons Pumped)

N/A

**4. Standby Fees** (authorized only under TWC 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 County, Texas

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: \_\_\_\_\_

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

Entirely ☒ Partly ☐ Not at all ☐

ETJ's in which district is located: \_\_\_\_\_ City of Leander, Texas

Are Board members appointed by an office outside the district?

Yes ☐ No ☒

If Yes, by whom? \_\_\_\_\_

(1) Water and wastewater service is provided to District customers by the City of Leander, Texas.

**WEST WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 2**  
**TSI-2. GENERAL FUND EXPENDITURES**  
**SEPTEMBER 30, 2020**

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Personnel Expenditures (including benefits)	\$ -
Professional Fees:	
Auditing	8,750
Legal	14,496
Engineering	4,907
Financial Advisor	1,072
Purchased Services For Resale -	
Bulk Water and Wastewater Purchases	-
Contracted Services:	
Bookkeeping	14,350
General Manager	-
Appraisal District/Tax Collector	793
Other Contracted Services	-
Utilities	-
Repairs and Maintenance	12,000
Chemicals	-
Administrative Expenditures:	
Directors' Fees	3,875
Office Supplies	-
Insurance	4,836
Other Administrative Expenditures	614
Capital Outlay:	
Capitalized Assets	-
Expenditures not Capitalized	-
Bad Debt	-
Parks and Recreation	-
Other Expenditures	-
<b>TOTAL EXPENDITURES</b>	<u><u>\$ 65,693</u></u>

Number of persons employed by the District:

☐ Full-Time

☐ Part-Time

**WEST WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 2**  
**TSI-3. TEMPORARY INVESTMENTS**  
**SEPTEMBER 30, 2020**

<b>Funds</b>	<b>Identification or Certificate Number</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Balance at End of Year</b>	<b>Accrued Interest Receivable at End of Year</b>
<b>General Fund -</b>					
TexPool	XXX001	Varies	N/A	\$ 228,640	\$ -
Total - General Fund				228,640	-
<b>Debt Service Fund:</b>					
TexPool	XXX002	Varies	N/A	2,347	-
TexPool	XXX003	Varies	N/A	125,320	-
Total - Debt Service Fund				127,667	-
<b>Capital Projects Fund -</b>					
TexPool	XXX004	Varies	N/A	76,251	-
Total - Capital Projects Fund				76,251	-
Total - All Funds				\$ 432,558	\$ -

**WEST WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 2**  
**TSI-4. TAXES LEVIED AND RECEIVABLE**  
**SEPTEMBER 30, 2020**

	Maintenance Taxes	Debt Service Taxes	
Taxes Receivable, Beginning of Year	\$ -	\$ -	
2019 Original Tax Levy, less abatements	127,019	39,996	
Adjustments:			
Current year	490	154	
Total to be accounted for	127,509	40,150	
Tax collections:			
Current year	127,180	40,046	
Prior years	-	-	
Total collections	127,180	40,046	
Taxes Receivable, End of Year	<u>\$ 329</u>	<u>\$ 104</u>	
Taxes Receivable, By Years			
2018 and before	\$ -	\$ -	
2019	329	104	
Taxes Receivable, End of Year	<u>\$ 329</u>	<u>\$ 104</u>	
Property Valuations:	2019	2018	2017
Land and improvements	<u>\$ 17,602,711</u> (a)	<u>\$ 7,602,363</u> (a)	<u>\$ 2,718,652</u> (a)
Total Property Valuations	<u>\$ 17,602,711</u>	<u>\$ 7,602,363</u>	<u>\$ 2,718,652</u>
Tax Rates per \$100 Valuation:			
Debt Service tax rates	\$ 0.2275	\$ -	\$ -
Maintenance tax rates	<u>0.7225</u>	<u>0.9500</u>	<u>0.9500</u>
Total Tax Rates per \$100 Valuation:	<u>\$ 0.9500</u>	<u>\$ 0.9500</u>	<u>\$ 0.9500</u>
Adjusted Tax Levy	<u>\$ 167,659</u>	<u>\$ 72,222</u>	<u>\$ 25,827</u>
Percent of Taxes Collected to Taxes Levied *	<u>99.7%</u>	<u>100.0%</u>	<u>100.0%</u>

**Maximum Tax Rate Approved by Voters:** \$ 1.00 on 11/3/2015.

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

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



**WEST WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 2**  
**TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS**  
**SEPTEMBER 30, 2020**

Fiscal Year Ending	Unlimited Tax Bonds Series 2019			Annual Requirements for All Series		
	Principal Due 9/01	Interest Due 3/01, 9/01	Total	Principal Due 9/01	Interest Due 3/01, 9/01	Total
2021	\$ 70,000	\$ 87,522	\$ 157,522	\$ 70,000	\$ 87,522	\$ 157,522
2022	70,000	85,982	155,982	70,000	85,982	155,982
2023	75,000	84,372	159,372	75,000	84,372	159,372
2024	75,000	82,572	157,572	75,000	82,572	157,572
2025	80,000	80,622	160,622	80,000	80,622	160,622
2026	85,000	78,462	163,462	85,000	78,462	163,462
2027	90,000	76,124	166,124	90,000	76,124	166,124
2028	90,000	73,604	163,604	90,000	73,604	163,604
2029	95,000	70,994	165,994	95,000	70,994	165,994
2030	100,000	68,144	168,144	100,000	68,144	168,144
2031	105,000	65,144	170,144	105,000	65,144	170,144
2032	110,000	61,732	171,732	110,000	61,732	171,732
2033	115,000	57,882	172,882	115,000	57,882	172,882
2034	120,000	53,856	173,856	120,000	53,856	173,856
2035	125,000	49,656	174,656	125,000	49,656	174,656
2036	130,000	45,282	175,282	130,000	45,282	175,282
2037	135,000	40,568	175,568	135,000	40,568	175,568
2038	140,000	35,506	175,506	140,000	35,506	175,506
2039	145,000	30,256	175,256	145,000	30,256	175,256
2040	150,000	24,818	174,818	150,000	24,818	174,818
2041	160,000	19,194	179,194	160,000	19,194	179,194
2042	165,000	13,194	178,194	165,000	13,194	178,194
2043	170,000	6,800	176,800	170,000	6,800	176,800
	<u>\$ 2,600,000</u>	<u>\$ 1,292,286</u>	<u>\$ 3,892,286</u>	<u>\$ 2,600,000</u>	<u>\$ 1,292,286</u>	<u>\$ 3,892,286</u>

**WEST WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 2**  
**TSI-6. CHANGES IN LONG-TERM BONDED DEBT**  
**SEPTEMBER 30, 2020**

	<b>Bond Issue Series 2019</b>	<b>Total</b>
Interest Rate	2.20% - 4.00%	
Dates Interest Payable	3/01 , 9/01	
Maturity Dates	9/1/2043	
Bonds Outstanding at Beginning of Current Fiscal Year	\$ 2,600,000	\$ 2,600,000
Bonds Sold During the Current Fiscal Year	-	-
Retirements During the Current Fiscal Year:		
Principal	-	-
Refunded	-	-
Bonds Outstanding at End of Current Fiscal Year	<u>\$ 2,600,000</u>	<u>\$ 2,600,000</u>
Interest Paid During the Current Fiscal Year	<u>\$ 87,521</u>	<u>\$ 87,521</u>
Paying Agent's Name & Address:	UMB Bank Austin, TX	
Bond Authority:	Unlimited Tax Bonds*	Recreational Facilities*
Amount Authorized by Voters	\$ 98,700,000	\$ 18,610,000
Amount Issued	(2,600,000)	-
Remaining To Be Issued	<u>\$ 96,100,000</u>	<u>\$ 18,610,000</u>
	Road Bonds*	Refunding Bonds*
	\$ 8,745,000	\$ 189,082,500
	<u>\$ 8,745,000</u>	<u>\$ 189,082,500</u>
* 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:		<u>\$ 127,667</u>
Average Annual Debt Service Payment (Principal & Interest) for the remaining term of all debt:		<u>\$ 169,230</u>

**WEST WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 2**  
**TSI-7. COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS**  
**SEPTEMBER 30, 2020**

	Amounts					Percent of Fund Total Revenues				
	2020	2019	2018	2017*	2016*	2020	2019	2018	2017*	2016*
<b>REVENUES:</b>										
Property taxes	\$ 127,211	\$ 72,222	\$ 52,288	\$ 893	\$ -	98.3%	29.6%	82.5%	2.9%	-
Drainage fees	1,400	171,500	-	-	-	1.1%	70.3%	-	-	-
Developer advances	-	-	11,100	30,300	47,322	-	-	17.5%	97.1%	100.0%
Interest and other	730	261	-	-	-	0.6%	0.1%	-	-	-
<b>TOTAL REVENUES</b>	<b>129,341</b>	<b>243,983</b>	<b>63,388</b>	<b>31,193</b>	<b>47,322</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>EXPENDITURES:</b>										
Pond maintenance	12,000	5,150	-	-	-	9.3%	2.1%	-	-	-
Director fees, including payroll taxes	3,875	3,230	2,261	1,776	3,714	3.0%	1.3%	3.6%	5.6%	7.8%
Legal fees	14,496	22,308	9,656	9,935	12,911	11.2%	9.2%	15.2%	31.8%	27.3%
Engineering fees	4,907	9,071	9,032	8,483	2,956	3.8%	3.7%	14.2%	27.2%	6.2%
Bookkeeping fees	14,350	9,750	3,400	2,700	4,100	11.1%	4.0%	5.4%	8.7%	8.7%
Audit fees	8,750	5,950	-	-	-	6.8%	2.4%	-	-	-
Financial advisor fees	1,072	1,240	1,240	1,220	-	0.8%	0.5%	2.0%	3.9%	-
Tax appraisal/collection fees	793	433	8	8	-	0.6%	0.2%	-	-	-
Insurance	4,836	4,386	1,395	3,822	3,822	3.7%	1.8%	2.2%	12.3%	8.1%
Public notice	-	-	-	212	-	-	-	-	0.7%	-
Other	614	16	7	243	1,520	0.5%	-	-	0.8%	3.2%
<b>TOTAL EXPENDITURES</b>	<b>65,693</b>	<b>61,534</b>	<b>26,999</b>	<b>28,399</b>	<b>29,023</b>	<b>50.8%</b>	<b>25.2%</b>	<b>42.6%</b>	<b>91.0%</b>	<b>61.3%</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$ 63,648</b>	<b>\$ 182,449</b>	<b>\$ 36,389</b>	<b>\$ 2,794</b>	<b>\$ 18,299</b>	<b>49.2%</b>	<b>74.8%</b>	<b>57.4%</b>	<b>9.0%</b>	<b>38.7%</b>
<b>DEBT SERVICE FUND REVENUES:</b>										
Interest	\$ 1,987	\$ 1,475	\$ -	\$ -	\$ -	4.7%	0.8%	-	-	-
Property taxes, including penalties	40,056	-	-	-	-	95.3%	-	-	-	-
Bond proceeds	-	194,194	-	-	-	-	99.2%	-	-	-
<b>TOTAL DEBT SERVICE FUND REVENUES</b>	<b>42,043</b>	<b>195,669</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DEBT SERVICE FUND EXPENDITURES:</b>										
Bond interest	87,521	22,367	-	-	-	208.2%	11.4%	-	-	-
Fiscal agent fees and other	988	-	-	-	-	2.3%	-	-	-	-
<b>TOTAL DEBT SERVICE FUND EXPENDITURES</b>	<b>88,509</b>	<b>22,367</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>210.5%</b>	<b>11.4%</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF DEBT SERVICE FUND REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ (46,466)</b>	<b>\$ 173,302</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-110.5%</b>	<b>88.6%</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>					
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>					

\* Unaudited.

(1) Water and wastewater service is provided to District customers by the City of Leander, Texas.

**WEST WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 2**  
**TSI-8. BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**SEPTEMBER 30, 2020**

<b>Complete District Mailing Address:</b>	901 South MoPac Expy, Suite 225 Austin, TX 78746
<b>District Business Telephone Number:</b>	(512) 328-2008
<b>Submission Date of the most recent District Registration Form TWC Sections 36.054 &amp; 49.054):</b>	May 4, 2020
<b>Limits on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution TWC Section 49.060)</b>	\$7,200

<b>Name and Address:</b>	<b>Term of Office (Elected or Appointed) or Date Hired</b>	<b>Fees of Office Paid *</b> <b>9/30/2020</b>	<b>Expense Reimbursements</b> <b>9/30/2020</b>	<b>Title at Year End</b>
<b>Board Members:</b>				
<b>JUSTIN LANGE</b>	(Elected) 5/5/2018 - 5/7/2022	\$ 750	\$ -	President
<b>AARON GOOGINS</b>	(Elected) 5/5/2018 - 5/7/2022	\$ 600	\$ -	Vice President
<b>BRAD ZAMZOW</b>	(Elected) 5/5/2018 - 5/7/2022	\$ 750	\$ -	Secretary
<b>KRISTI ALLEN</b>	(Elected) 5/2/2020 - 5/4/2024	\$ 750	\$ -	Assistant Secretary
<b>JOSEPH L. GRAHAM</b>	(Appointed) 5/2/2020 - 5/4/2024	\$ 750	\$ -	Director
<b>Consultants:</b>				
<b>McLean &amp; Howard, LLP</b>	4/4/2017	\$ 14,852	\$ -	Attorney
<b>McCall Parkhurst &amp; Horton LLP</b>	8/7/2015	\$ -	\$ -	Bond Counsel
<b>Jones-Heroy &amp; Associates, Inc.</b>	6/10/2015	\$ 5,258	\$ -	Engineer
		\$ 40,609	\$ -	Bond Related Services
<b>Bott &amp; Douthitt, PLLC</b>	6/10/2015	\$ 14,350	\$ 169	District Accountant
<b>McCall Gibson Swedlund Barfoot PLLC</b>	3/20/2019	\$ 8,750	\$ -	Auditor
<b>Public Finance Group LLC</b>	6/10/2015	\$ 1,410	\$ -	Financial Advisor
<b>Williamson County Tax Assessor/Collector</b>	7/28/2016	\$ 50	\$ -	Tax Collector

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

# **OTHER SUPPLEMENTARY INFORMATION**

**WEST WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 2**  
**OSI-1. PRINCIPAL TAXPAYERS**  
**SEPTEMBER 30, 2020**

Taxpayer	Type of Property	Tax Roll Year		
		2020	2019	2018
Continental Homes of Texas LP	N/A	\$ 7,711,184	\$ 9,749,146	\$ -
Hwy 29 Ventures 2015 LP	N/A	1,678,047	1,899,686	7,051,967
Whitehorn Pipeline LLC	N/A	531,354	531,078	-
Homeowner	N/A	497,629	-	-
Homeowner	N/A	303,831	-	-
Homeowner	N/A	303,831	-	-
Homeowner	N/A	302,455	-	-
Homeowner	N/A	298,902	-	-
Homeowner	N/A	296,509	-	-
Homeowner	N/A	294,784	-	-
Homeowner	N/A	-	297,125	-
Homeowner	N/A	-	294,390	-
Homeowner	N/A	-	270,676	-
Homeowner	N/A	-	257,040	-
Homeowner	N/A	-	256,903	-
Homeowner	N/A	-	236,808	-
Homeowner	N/A	-	236,808	-
Enterprise Crude Pipeline LLC	N/A	-	-	522,896
Hwy 29 Ventures 2015 LP et al	N/A	-	-	27,500
<b>Total</b>		<b>\$ 12,218,526</b>	<b>\$ 14,029,660</b>	<b>\$ 7,602,363</b>
Percent of Assessed Valuation		<b>26.4%</b>	<b>79.7%</b>	<b>100.0%</b>

**WEST WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 2**  
**OSI-2. ASSESSED VALUE BY CLASSIFICATION**  
**SEPTEMBER 30, 2020**

Type of Property	Tax Roll Year					
	2020		2019		2018	
	Amount	%	Amount	%	Amount	%
Single Family Residential	\$ 25,148,350	54.2%	\$ 2,365,241	13.4%	\$ -	-
Vacant Platted Lots/Tracts	71,538	0.2%	184,777	1.0%	-	-
Real Acreage	4,326,977	9.4%	9,363,750	53.2%	9,363,750	123.1%
Farm & Ranch Improvements	1,645,247	3.5%	1,716,225	9.7%	7,067,330	93.0%
Tangible Personal - Business	-	-	2,995	-	-	-
Utilities	531,354	1.1%	531,078	3.0%	522,896	6.9%
Real Inventory	25,520,794	55.1%	17,145,919	97.6%	-	-
Exemptions/Adjustments	(10,876,634)	-23.5%	(13,707,274)	-77.9%	(9,351,613)	-123.0%
Total	<u>\$ 46,367,626</u>	<u>100.0%</u>	<u>\$ 17,602,711</u>	<u>100.0%</u>	<u>\$ 7,602,363</u>	<u>100.0%</u>