



# Montemayor Britton Bender PC

CERTIFIED PUBLIC ACCOUNTANTS

## **HURST CREEK MUNICIPAL UTILITY DISTRICT**

### INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

30 SEPTEMBER 2024

# HURST CREEK MUNICIPAL UTILITY DISTRICT

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# Montemayor Britton Bender PC

CERTIFIED PUBLIC ACCOUNTANTS

Arturo Montemayor III CPA, President & CEO | Stacy Britton CPA, Shareholder | Sean Bender CPA, Shareholder  
Danielle Guerrero, Shareholder | Sara Carey CPA, Shareholder

Board of Directors and Management  
Hurst Creek Municipal Utility District

## INDEPENDENT AUDITOR'S REPORT

### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund and the aggregate remaining fund information of the Hurst Creek Municipal Utility District (District), as of and for the year ended 30 September 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the 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 District, as of 30 September 2024, 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.

### Basis for Opinions

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

### Responsibilities of Management for the Financial Statements

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in the net pension liability and related ratios, the schedule of employer contributions, and budgetary comparison schedule presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information required by the Texas Commission on Environmental Quality (TCEQ) listed in the table of contents is presented for purposes of additional analysis and



is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information required by the TCEQ is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Montemayor Britton Bender PC*

10 December 2024  
Austin, Texas

**HURST CREEK MUNICIPAL UTILITY DISTRICT**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**FISCAL YEAR ENDED 30 SEPTEMBER 2024**

Our discussion and analysis of the financial performance of Hurst Creek Municipal Utility District (District) provides an overview and analysis of the financial activities of the District for the fiscal year ended 30 September 2024. Please read it in conjunction with the independent auditor’s report on pages 1-3 and the District’s basic financial statements which follow this section.

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

**Overview of the Financial Statements**

This report consists of three parts - management’s discussion and analysis (this section), the basic financial statements, and required supplementary information.

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

The *Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances* includes a column (“Governmental Funds”) that derives the change in fund balance resulting from current year’s 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 represent the income statement of a private-sector business.

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

The *Notes to 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 Fund Balance*.

**Overview of the District’s Financial Position and Operations**

The District’s total net position increased by \$103,943 in the year ended 30 September 2024. The District has sufficient funds to meet its obligations. Our analysis below focuses on the District’s net position (Table 1) and the District’s changes in net position (Table 2) for activities on pages 5 and 6.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements was \$1,332,441 at 30 September 2024. The District has sufficient funds at present and is anticipated in the future to have sufficient funds to pay the expenses of the District.

**Sources of Revenues**

The District relies on service revenues and property tax revenues to fund its activities. Service revenues are generated by the sale of water and wastewater service to District residents and the provision of irrigation water, primarily to the golf course. In fiscal year 2024 the District received \$1,178,156 in utility revenues, \$1,753,999 in

**HURST CREEK MUNICIPAL UTILITY DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FISCAL YEAR ENDED 30 SEPTEMBER 2024**

property taxes, \$32,209 in tap fees and drainage deposits and \$340,499 from the sale of irrigation water to the golf course. Other income received was \$139,039 resulting in total revenues for the fiscal year of \$3,443,902.

Utility water revenues are composed of the minimum base monthly charges and the per thousand gallon rate. All connections pay the minimum bill which produces a reliable income stream. The per thousand gallon rate component of overall service revenues is influenced by weather conditions; a dry summer will result in increased water sales compared to a wet summer. The property tax revenues are dependant on the overall tax assessed valuation (AV) of taxable property in the District, and tax rate. The District's AV increased approximately \$64,738,000 over the prior year.

**Expenditures**

Major expenditure components include payroll expenses, the cost of raw water from the Lower Colorado River Authority, repairs and maintenance, and debt service. The cost of purchasing and pumping raw water approximates prior year. Overall operational costs increased slightly and were approximately the same as amounts budgeted.

Hurst Creek Municipal Utility District's Net Position (Table 1)

	Governmental Activities	
	<u>2024</u>	<u>2023</u>
Current assets	\$1,640,733	\$1,589,168
Capital assets	<u>8,336,586</u>	<u>8,612,428</u>
Total assets	<u>9,977,319</u>	<u>10,201,596</u>
Deferred outflows- pension plan	<u>127,925</u>	<u>123,463</u>
Current liabilities	500,625	482,533
Long-term debt outstanding	1,745,000	2,065,000
Net pension liability	<u>250,227</u>	<u>271,183</u>
Total liabilities	<u>2,495,852</u>	<u>2,818,716</u>
Deferred inflows- pension plan	<u>5,365</u>	<u>6,259</u>
Net position:		
Invested in capital assets, net of debt	6,271,586	6,237,428
Unrestricted	<u>1,332,441</u>	<u>1,262,656</u>
Total net position	<u>\$7,604,027</u>	<u>\$7,500,084</u>

Hurst Creek Municipal Utility District's Change in Net Position (Table 2)

	Governmental Activities	
	<u>2024</u>	<u>2023</u>
Revenues		
<u>Program revenues:</u>		
Charges for utility services	\$1,178,156	\$1,393,910
Charges for raw water, tap and drainage	372,708	352,076
Other charges for service	62,337	161,302
<u>General revenues:</u>		
Property taxes	1,753,999	1,856,361
Interest income	<u>76,702</u>	<u>70,853</u>
	<u>3,443,902</u>	<u>3,834,502</u>

**HURST CREEK MUNICIPAL UTILITY DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FISCAL YEAR ENDED 30 SEPTEMBER 2024**

Expenses		
Payroll and benefits	1,423,055	1,316,294
Repairs and maintenance	438,478	515,231
Purchased water and utilities	336,670	359,725
General and administrative	254,934	244,652
Consumable supplies	134,700	178,143
Interest	73,371	87,500
Lab analysis	61,997	75,398
Professional and contracted services	69,592	61,097
Directors fees	15,028	9,600
Depreciation	446,139	402,807
Other	<u>85,995</u>	<u>65,472</u>
Total expenses	<u>3,339,959</u>	<u>3,315,919</u>
Change in net position	103,943	518,583
Net position- beginning	<u>7,500,084</u>	<u>6,981,501</u>
Net position- ending	<u>\$7,604,027</u>	<u>\$7,500,084</u>

**General Fund Budgetary Highlights**

The District prepares an annual operating budget in August and September for the coming fiscal year beginning in October. The draft budget is prepared by the General Manager and reviewed by the Budget Committee prior to action by the board. Anticipated expenditures and revenues are based on a number of factors, driven primarily by the number of active customers, their average utility consumption, the costs of raw water, electricity, and equipment maintenance and repairs.

General Fund revenues were less than the budgeted amounts by \$94,100, or 3%, and expenditures were \$2,466, or 0.09%, less than the budgeted amount. Transfers from the General Fund were \$182,198 over budget. Additional transfers were made to the Capital Reserve Fund to pay for additional effluent pond and water tower upgrades, and unbudgeted repairs and maintenance costs.

**Capital Assets**

The District's investment in capital assets for its government-wide activities was \$8,336,586 (net of accumulated depreciation) as of 30 September 2024. This investment in capital assets includes land, construction in progress, organizational costs, water and wastewater systems, and machinery and equipment.

**Debt Service**

Debt service refers to the annual payments required on the District's bonded indebtedness. The District issues tax-exempt bonds and uses the proceeds to build utility and drainage facilities. Debt service payments during the year totaled \$310,000 in principal and \$73,371 in interest for the Debt Service Fund.

Debt service requirements are met via the Debt Service tax rate, which is levied on all taxable property in the District. Due to steady increases in taxable values, the debt service tax rate has been declining for several years since 2005, when the issuance of additional bonds required a small increase in the rate:

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Debt Service Tax Rate					
Per \$100 valuation	\$0.05	\$0.07	\$0.08	\$0.09	\$0.08

**HURST CREEK MUNICIPAL UTILITY DISTRICT**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**FISCAL YEAR ENDED 30 SEPTEMBER 2024**

Tax collection rates remain consistently high, with approximately 97% of the tax levied collected.

Taxable property valuations in the District have experienced annual increases. Total District property tax valuations by year were (in millions):

<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
\$745.0	\$680.3	\$569.4	\$520.9	\$519.8

The District offers the maximum homeowner’s exemption allowed by State law, over 65, and disabled veterans exemptions.

### **Regulatory Environment**

The District’s activities as a public water supplier and operator of a wastewater system are governed by the Texas Commission on Environmental Quality (TCEQ). The District enjoys excellent relations with TCEQ and has a good compliance history. The District’s drinking water system is recognized as a “Superior” system by the State.

### **Relevant Economic Factors**

The District considered many factors when setting the fiscal year 2025 budget and tax rates. Anticipated expenditures and revenues are based on a number of factors, driven primarily by the number of active customers, their average utility consumption, the costs of raw water, electricity and maintenance and repairs of equipment.

### **Requests for Information**

This financial report is designed to provide a general overview of the District’s finances for all those interested in the District’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Earl Wood  
District Manager  
Hurst Creek Municipal Utility District  
102 Trophy Drive, The Hills, TX 78738  
(512) 261-6281

**HURST CREEK MUNICIPAL UTILITY DISTRICT**  
Statement of Net Position and Governmental Funds Balance Sheet  
30 September 2024

	General Fund	Debt Service Fund	Capital Reserve Fund	Drainage Fund	Total Governmental Funds	Adjustments Note 10	Total Net Position
<b>Assets</b>							
Cash and short-term investments	\$1,102,540	\$94,989	\$293	\$63,447	\$1,261,269		\$1,261,269
Property taxes receivable	74,061	26,864	-	-	100,925		100,925
Service fees receivable	278,539	-	-	-	278,539		278,539
<b>Capital assets</b>							
Land and construction in progress	-	-	-	-	-	51,500	51,500
Other capital assets, net of depreciation	-	-	-	-	-	8,285,086	8,285,086
	<u>1,455,140</u>	<u>121,853</u>	<u>293</u>	<u>63,447</u>	<u>1,640,733</u>	<u>8,336,586</u>	<u>9,977,319</u>
<b>Deferred Outflows of Resources</b>							
Net difference actual and projected	-	-	-	-	-	14,884	14,884
Difference expected and actual	-	-	-	-	-	26,138	26,138
Change in assumptions	-	-	-	-	-	21,919	21,919
Contributions	-	-	-	-	-	64,984	64,984
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>127,925</u>	<u>127,925</u>
	<u>\$1,455,140</u>	<u>\$121,853</u>	<u>\$293</u>	<u>\$63,447</u>	<u>\$1,640,733</u>		
<b>Liabilities</b>							
Accounts payable	\$147,201	\$ -	\$ -	\$ -	\$147,201		147,201
Payroll liabilities	33,424	-	-	-	33,424		33,424
<b>Long term liabilities</b>							
Due within 1 year	-	-	-	-	-	320,000	320,000
Due in more than 1 year	-	-	-	-	-	1,745,000	1,745,000
Net pension liability	-	-	-	-	-	250,227	250,227
	<u>180,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>180,625</u>	<u>2,315,227</u>	<u>2,495,852</u>
<b>Deferred Inflows of Resources</b>							
Difference actual and expected	-	-	-	-	-	2,800	2,800
Changes of assumptions	-	-	-	-	-	2,565	2,565
Unavailable revenue-property taxes	74,061	26,864	-	-	100,925	(100,925)	-
	<u>74,061</u>	<u>26,864</u>	<u>-</u>	<u>-</u>	<u>100,925</u>	<u>(95,560)</u>	<u>5,365</u>
<b>Fund balance/Net position</b>							
Fund balance - unassigned	1,200,454	-	-	-	1,200,454	(1,200,454)	
Assigned - debt service	-	94,989	-	-	94,989	(94,989)	
Assigned - capital reserve	-	-	293	-	293	(293)	
Assigned - drainage	-	-	-	63,447	63,447	(63,447)	
	<u>1,455,140</u>	<u>121,853</u>	<u>293</u>	<u>63,447</u>	<u>1,640,733</u>		
<b>Net position</b>							
Net investment in capital assets							6,271,586
Unrestricted							1,332,441
							<u>\$7,604,027</u>

The accompanying notes are an integral part of this financial statement presentation

# **HURST CREEK MUNICIPAL UTILITY DISTRICT**

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

	General Fund	Debt Service Fund	Capital Reserve Fund	Drainage Fund	Total Governmental Funds	Adjustments Note 10	Statement of Activities
<b>Expenditures/expenses</b>							
Payroll and benefits	\$1,449,367	\$ -	\$ -	\$ -	\$1,449,367	(26,312)	\$1,423,055
Repairs and maintenance	361,468	-	77,010	-	438,478		438,478
Purchased water and utilities	336,670	-	-	-	336,670		336,670
General and administrative	244,097	-	-	10,837	254,934		254,934
Consumable supplies	127,741	-	6,959	-	134,700		134,700
Professional and contract services	69,592	-	-	-	69,592		69,592
Lab analysis	61,997	-	-	-	61,997		61,997
Directors fees	15,028	-	-	-	15,028		15,028
Other expenses	85,995	-	-	-	85,995		85,995
Debt service - principal	-	310,000	-	-	310,000	(310,000)	-
Debt service - interest	-	73,371	-	-	73,371		73,371
Depreciation	-	-	-	-	-	446,139	446,139
Capital outlay	-	-	170,297	-	170,297	(170,297)	-
Total expenditure/expenses	<u>2,751,955</u>	<u>383,371</u>	<u>254,266</u>	<u>10,837</u>	<u>3,400,429</u>	<u>(60,470)</u>	<u>3,339,959</u>
<b>Revenues</b>							
<b>Program revenues:</b>							
Charges for utility service	1,178,156	-	-	-	1,178,156		1,178,156
Raw water	340,499	-	-	-	340,499		340,499
Tap fees and drainage deposits	32,209	-	-	-	32,209		32,209
Other	62,337	-	-	-	62,337		62,337
<b>General revenues:</b>							
Property taxes	1,368,119	385,880	-	-	1,753,999		1,753,999
Interest income	68,085	8,617	-	-	76,702		76,702
Total revenues	<u>3,049,405</u>	<u>394,497</u>	<u>-</u>	<u>-</u>	<u>3,443,902</u>		<u>3,443,902</u>
Revenue over/(under) expenditures	297,450	11,126	(254,266)	(10,837)	43,473		103,943
Transfers In/Out	(314,198)	-	254,198	60,000	-		-
Beginning fund balance/net position	1,217,202	83,863	361	14,284	1,315,710		7,500,084
Ending fund balance/net position	<u>\$1,200,454</u>	<u>\$94,989</u>	<u>\$293</u>	<u>\$63,447</u>	<u>\$1,359,183</u>		<u>\$7,604,027</u>

The accompanying notes are an integral part of this financial statement presentation

# HURST CREEK MUNICIPAL UTILITY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1: REPORTING ENTITY

The Hurst Creek Municipal Utility District (District) is a municipal utility governed by an elected five member Board. The accompanying financial statements present the District, and entities for which the District is considered to be financially accountable. Based on the criteria for reporting component units, discretely presented or blended, the District has no component units.

The Hurst Creek Municipal Utility District was created on 5 October 1979, by an order of the Texas Commission on Environmental Quality (TCEQ) (formerly the Texas Water Commission) under Chapter 54 of the Texas Water Code. In an election held on 6 October 1979 its voters confirmed creation. The Board of Directors held its first meeting on 12 November 1979, with the District's operating period beginning 1 January 1982.

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the District conform to U.S. generally accepted accounting principles applicable to state and local governments promulgated by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA). The following is a summary of the significant accounting policies.

#### GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The District is considered a special purpose government under GASB Statement No. 34. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements to be prepared on the modified accrual basis of accounting is met with the "Governmental Funds" columns. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements.

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District's activities. The District services are supported primarily by charges for service and property taxes. The Statement of Activities demonstrates how the District used revenue. Expenses are primarily payroll and benefits, purchased water and utilities, repairs and maintenance, general and administrative expenses, depreciation and debt service.

Net position represents the difference between assets, deferred outflows, liabilities, and deferred inflows. Net position invested in capital assets consists of capital assets, net of accumulated depreciation and debt. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and then unrestricted resources as they are needed.

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

#### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Charges to customers for services are recognized as program revenues as the related services are provided. Internally dedicated resources are reported as general revenues rather than program revenues. Taxes are reported as general revenues in the year for which they are levied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized in the period in which they are both measurable and available. Revenues are considered to be available

# HURST CREEK MUNICIPAL UTILITY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

when they are collectible, within the current period or soon enough thereafter to pay liabilities of the current period (defined by the District as collected within 30 days of year end). Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, debt service expenditures are recorded when payment is due. Capital outlay expenditures are reported as expenditures in the governmental funds. The reported fund balance of governmental funds is considered a measure of available spendable resources. The revenues susceptible to accrual are property taxes, charges for services, and interest income. All other governmental revenues are recognized when cash is received.

The District segregates transactions related to certain functions or transactions in separate funds in order to aid financial management. Separate statements are presented for governmental activities. The District reports the following major governmental funds:

**General Fund-** includes financial resources used for general operation of the District. This is a budgeted fund, and any fund balances are considered resources available for current operations.

**The Debt Service Fund-** is used to account for debt service taxes and other revenues collected to retire bond principal and to pay interest due.

**Capital Reserve Fund-** used to account for financial resources designated to be used for authorized construction and other capital asset acquisitions.

**Drainage Fund-** accounts for all storm water related activities in Village of The Hills.

### ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

### FUND BALANCES

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District can establish limitations of the use of resources through either a commitment or an assignment. When both unassigned and committed or assigned funds are available for expenditure, committed or assigned funds are used first.

### DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

The statement of net position and governmental funds balance sheet may report a separate section for deferred outflows of resources representing a consumption of net position that applies to a future period and is not recognized as an outflow of resources in the current period. The District's pension related items qualify for reporting in this category in the government-wide financial statements. See Note 9 for more information.

The statement of net position and governmental funds balance sheet may report a separate section for deferred inflows of resources representing an acquisition of net position that applies to a future period and is not recognized as an inflow of resources or revenue until that time. The governmental funds report unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow in the period that they become available.

# **HURST CREEK MUNICIPAL UTILITY DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **PENSION PLAN**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and the pension expense, information about the pension plan's fiduciary net position of the Texas County & District Retirement System (TCDRS) and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by TCERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments of TCERS are reported at fair value.

#### **BUDGET**

The District establishes the fiscal year as the twelve-month period beginning October 1. The District's departments submit a budget of estimated expenditures for the coming fiscal year to the District Manager. The District Manager subsequently submits a budget of estimated total District revenues and expenditures to the Board of Directors for approval. Budgeted amounts are as originally adopted by the Board. The Budgetary Comparison Schedule presents a comparison of budgetary data to actual results for the General Fund.

#### **CASH AND CASH EQUIVALENTS**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term highly liquid investments that are readily convertible to known amounts of cash and so near maturity that there is no significant risk of changes in value due to changes in interest rates.

#### **SHORT-TERM INVESTMENTS**

All investments at year end were held in the Texas Local Government Investment Pool (TexPool). All short-term investments are carried at amortized cost, which approximates fair value.

#### **RECEIVABLES**

Service fees receivable pertain to water and sewer services. Taxes receivable pertain to uncollected real property taxes and interest. All receivables are considered fully collectible; accordingly, no allowance for doubtful accounts is required.

#### **COMPENSATED ABSENCES**

The District allows employees to accumulate vacation and sick leave, however, upon termination, no benefits are payable. The District's policy is that unused accrued vacation at year end is carried over to sick leave. The District does not accrue sick leave benefits as these are nonvesting.

#### **CAPITAL ASSETS**

All capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at their estimated fair value at the date of the donation. Repairs and maintenance are recorded as expenditures, and renewals and betterments are capitalized.

Capital assets are defined by the District as assets with an initial, individual cost of more than \$50,000 and an estimated useful life of more than one year. Land and construction in progress are not depreciated. The District does not possess any infrastructure assets. Depreciation is provided on the straight-line method over the following estimated useful lives:

# HURST CREEK MUNICIPAL UTILITY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

<u>Capital asset classes:</u>	<u>Lives:</u>
Organizational costs	30 years
Water and wastewater systems	50 years
Machinery and equipment	7-10 years

### NOTE 3: DEPOSITS AND INVESTMENTS

At year end, the carrying amount of the District's cash deposits was \$80,588 and the bank balance was \$122,010. All of the District's deposits were fully collateralized by FDIC or with securities held by the pledging financial institution.

The District has a formal investment policy in place. Cash and cash equivalents are invested in instruments such as certificate of deposit, money market funds, and interest-bearing checking accounts.

At year end the District had \$1,180,681 invested in TexPool. The State Comptroller oversees TexPool, with Federated Investors managing the daily operations of the pool under a contract with the State Comptroller. TexPool allows shareholders the ability to deposit or withdraw funds on a daily basis. Such funds seek to maintain a constant net asset value of \$1.00, although this cannot be fully guaranteed. TexPool investments are rated AAAM (the highest rating a local government investment pool can achieve) and must maintain a dollar weighted average maturity not to exceed 60 days, which is the limit. At year-end, the TexPool portfolio had a weighted average maturity of 31 days. The District considers the holdings in these funds to have a one day weighted average maturity because the share position can usually be redeemed each day at the discretion of the shareholder, unless there has been a significant change in value.

### NOTE 4: RISK MANAGEMENT

The District is exposed to various risks of loss including torts, general liability, property damage, and errors and omissions. The District insures against risk through the purchase of commercial insurance products. The District pays premiums for its general liability, property, auto and workers' compensation coverage. The District's risk is limited to the amount of premiums paid unless the pool should fail, in which case, the District would be liable for its ratable share of the pool deficit.

### NOTE 5: PROPERTY TAXES

The District is required by its bond resolutions to levy taxes annually on taxable property in the District for the purpose of retiring principal and interest on outstanding bonds. This tax is designated for the Debt Service Fund. Property taxes are levied each October 1 on the assessed valuation of all taxable property as of the prior January 1 for all real and business personal property located within the District. Taxes receivable are due January 1 and are delinquent if received after January 31. The combined tax rate for the 1 October 2023 levy was \$0.2392 per \$100 of assessed value to finance operating expenditures and debt service requirements. The maintenance tax rate and the debt service tax rate were \$0.1874 and \$0.0518, respectively. Taxes are billed and collected by the Travis County Tax Assessor-Collector.

### NOTE 6: BUDGET VARIANCES

The District adopts an annual budget for the General Fund. The District amends the budget as needed during the year. During the year there was one amendment. Certain revenue and expenses, as well as transfers, was different than budgeted, resulting in a lower than budgeted fund balance. Revenues were \$94,100, or 3% less than budget and expenditures were \$2,466, or 0.09%, under budget. Transfers

# HURST CREEK MUNICIPAL UTILITY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6: BUDGET VARIANCES

of \$314,198 from the General Fund to the Capital Reserve Fund and Drainage Fund were \$182,198 more than budget, primarily due to additional transfers made for effluent pond and water tower upgrades and unexpected repair and maintenance costs.

### NOTE 7: CAPITAL ASSETS

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$51,500	\$0	\$0	\$51,500
Construction in progress	<u>124,244</u>	<u>0</u>	<u>124,244</u>	<u>0</u>
	<u>175,744</u>	<u>0</u>	<u>124,244</u>	<u>51,500</u>
Capital assets being depreciated:				
Organization costs	336,618	0	0	336,618
Machinery and equipment	932,005	0	0	932,005
Water and wastewater systems	<u>19,663,795</u>	<u>294,541</u>	<u>0</u>	<u>19,958,336</u>
	<u>20,932,418</u>	<u>294,541</u>	<u>0</u>	<u>21,226,959</u>
Accumulated depreciation:				
Organization costs	(336,618)	0	0	(336,618)
Machinery and equipment	(820,264)	(44,229)	0	(864,493)
Water and wastewater systems	<u>(11,338,852)</u>	<u>(401,910)</u>	<u>0</u>	<u>(11,740,762)</u>
	<u>(12,495,734)</u>	<u>(446,139)</u>	<u>0</u>	<u>(12,941,873)</u>
	<u>8,436,684</u>	<u>(151,598)</u>	<u>0</u>	<u>8,285,086</u>
	<u>\$8,612,428</u>	<u>(\$151,598)</u>	<u>\$124,244</u>	<u>\$8,336,586</u>

### NOTE 8: LONG-TERM LIABILITIES

<u>Bonds</u>	<u>Original Issue</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>
Unlimited tax bonds, 2005	\$2,000,000	4/2027	4-5%	\$500,000	\$0	\$130,000	\$370,000
Unlimited tax bonds, 2012	<u>3,350,000</u>	4/2032	2.25-3.25%	<u>1,875,000</u>	<u>0</u>	<u>180,000</u>	<u>1,695,000</u>
Total	<u>\$5,350,000</u>			<u>\$2,375,000</u>	<u>\$0</u>	<u>\$310,000</u>	2,065,000
Less: current portion							<u>(320,000)</u>
							<u>\$1,745,000</u>

## HURST CREEK MUNICIPAL UTILITY DISTRICT

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 8: LONG-TERM LIABILITIES

Maturities of long-term debt for years ending 30 September are as follows:

<u>Bonds:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$320,000	\$25,944	\$345,944
2026	325,000	46,188	371,188
2027	315,000	40,338	355,338
2028	220,000	34,188	254,188
2029	230,000	27,588	257,588
2030-2032	<u>655,000</u>	<u>39,376</u>	<u>694,376</u>
	<u>\$2,065,000</u>	<u>\$213,622</u>	<u>\$2,278,622</u>

#### NOTE 9: RETIREMENT PLANS

##### TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM (TCDRS)

###### Plan Description

The District provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide TCERS, an agent multiple-employer public employee retirement system. TCERS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TCERS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by TCERS. This report may be obtained by calling TCERS at 800-823-7782; in addition, the report is available on TCERS' website at [www.tcders.org](http://www.tcders.org). Plan provisions for the District were as follows:

###### Benefits Provided

The plan provisions that have been adopted by the Board of the District are within the options available in the governing state statutes of TCERS. TCERS provides retirement benefits that are calculated based on age, average compensation and service credit as follows:

Employee deposit rate	6%
District contribution rate	9%
Years required for vesting	8
Service retirement eligibility (expressed as age/years of service)	60/10, any/20, rule of 80

###### Employees Covered

As of the 31 December 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	2
Active employees	11

## HURST CREEK MUNICIPAL UTILITY DISTRICT

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 9: RETIREMENT PLANS

##### Contributions

Under the state law governing TCDRS, the contribution rate for each District is determined annually by the actuary, using the Entry Age actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees of the District were required to contribute 6% of their annual salary during the year, and the District was required to contribute at the actuarially determined rate of 9%. The District's contributions to TCDRS for the year ended 30 September 2024 were \$91,240, which equaled the required contribution.

##### Net Pension Liability/(Asset)

The District's net pension liability (asset) of \$250,227 for TCDRS at 30 September 2024 was measured as of 31 December 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

##### Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the District, calculated using the discount rate of 7.60%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (6.60%)	Discount Rate (7.60%)	1% Increase (8.60%)
District's net pension liability (asset)	<u>\$402,180</u>	<u>\$250,227</u>	<u>\$126,640</u>

##### Pension Actuarial Assumptions

The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date:	12/31/2023
Actuarial cost method:	Entry age normal
Investment rate of return (7.50% rate of return plus 0.10% adjustment gross of administrative expenses):	7.60%
Inflation:	2.50%
Projected Salary Increases:	4.7% average
Mortality rates	135% and 120% of Pub-2010 General Retirees Tables for males and females, respectively, both projected with 100% of MP-2021 Scale after 2010

Actuarial assumptions used in the 31 December 2023 valuation were based on the results of an actuarial study over the years 2017-2020.

##### Discount Rate

The discount rate used to measure the total TCDRS pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that contributions will be made at the rates specified in the funding policy. Based on that assumption, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. The discount rate for calculating the total pension liability is equal to the long-term expected rate of return on pension plan investments applied to all periods of projected benefit payments to determine the total pension liability.

# HURST CREEK MUNICIPAL UTILITY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9: RETIREMENT PLANS

The long-term expected rate of return on the TCDRS pension plan investments was determined to be 7.60% using a building-block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

#### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued TCDRS financial report.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Geometric Real Rate of Return</u>
Cash Equivalents	2.00%	0.20%
U.S. Equities	11.50%	4.95%
Private Equity	25.00%	7.95%
Global Equities	2.50%	4.95%
International Equities-Developed	5.00%	4.95%
International Equities-Emerging	6.00%	4.95%
Investment-Grade Bonds	3.00%	2.40%
Strategic Credit	9.00%	3.39%
Direct Lending	16.00%	6.95%
Distressed Debt	4.00%	7.60%
REIT Equities	2.00%	4.15%
Master Limited Partnerships	2.00%	5.30%
Private Real Estate Partnerships	6.00%	5.70%
Hedge Funds	6.00%	2.90%

#### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended 30 September 2024, the District recognized pension expense of \$64,929. At 30 September 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$2,800	\$26,138
Changes in assumptions	\$2,565	\$21,919
Net difference between projected and actual earnings	\$0	\$14,884
Contributions subsequent to the measurement date	\$0	\$64,984

# HURST CREEK MUNICIPAL UTILITY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9: RETIREMENT PLANS

\$64,984 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the District's fiscal year ending 30 September 2025. Other amounts reported as deferred outflows of resources and deferred outflows of resources related to pensions will be recognized as pension expense as follows:

For the year ended December 31:

2024	\$10,113
2025	\$9,351
2026	\$15,412
2027	\$3,904
2028	\$5,974
Thereafter	\$12,822

Changes in Net Pension Liability/(Asset)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (a)-(b)
Balance at 31 December 2022	<u>\$693,169</u>	<u>\$421,986</u>	<u>\$271,183</u>
Changes for the year:			
Service cost	97,056	0	97,056
Interest on total pension liability	59,645	0	59,645
Effect of plan changes	0	0	0
Effect of economic/demographic gains or losses	23,170	0	23,170
Effect of assumption changes or inputs	0	0	0
Refunds of contributions	0	0	0
Benefit payments	(11,051)	(11,051)	0
Administrative expenses	0	(319)	319
Member contributions	0	58,127	(58,127)
Net investment income	0	47,717	(47,717)
Employer contributions	0	88,353	(88,353)
Other	<u>0</u>	<u>6,949</u>	<u>(6,949)</u>
Balance at 31 December 2023	<u>\$861,989</u>	<u>\$611,762</u>	<u>\$250,227</u>

# HURST CREEK MUNICIPAL UTILITY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9: RETIREMENT PLANS

#### SIMPLIFIED EMPLOYEE PENSION (SEP) PLAN

The District has a defined contribution benefit SEP plan covering all its employees. The District contributes 12.4% to the SEP individual retirement accounts in lieu of social security taxes. The District's contribution to the plan in fiscal 2024 was \$125,917. Employees made no contributions.

### NOTE 10: ADJUSTMENTS TO CONVERT FUND STATEMENTS TO GOVERNMENT -WIDE

Fund balance - governmental funds	\$1,359,183
Increase net position for capital assets not reported in the fund financial statements	8,336,586
Taxes receivables deferred in the fund financial statements and not in the government-wide financial statements	100,925
Long-term liabilities not reported in the fund financial statements	(2,065,000)
Deferred outflows and inflows of resources related to pensions, net, are applicable to future reporting periods and are not reported in the fund financial statements	122,560
Net pension liability not reported in the fund financial statements	<u>(250,227)</u>
Net position - government-wide	<u>\$7,604,027</u>
Net change in fund balance - governmental funds	\$43,473
Depreciation expense not recognized in the fund financial statements	(446,139)
Long-term debt principal payments recognized as expenditures in the fund financial statements	310,000
Pension contributions are reported as expenditures in the governmental fund when made. Adjustments to the net pension liability and pension expense resulting from changes in deferred outflows and inflows of resources are not recognized in the fund financial statements.	26,312
Capital outlays recognized as expenditures in the fund financial statements	<u>170,297</u>
Change in net position - governmental activities	<u>\$103,943</u>

**HURST CREEK MUNICIPAL UTILITY DISTRICT**

## Required Supplementary Information

## Budgetary Comparison Schedule - General Fund

For the Year Ended 30 September 2024

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Program revenues:</b>				
Charges for utility service	\$1,243,235	\$1,243,235	\$1,178,156	(\$65,079)
Raw water	358,834	358,834	340,499	(18,335)
Tap fees and drainage deposits	17,083	17,083	32,209	15,126
Other charges for service	56,195	56,195	62,337	6,142
<b>General revenues:</b>				
Property taxes	1,404,158	1,404,158	1,368,119	(36,039)
Interest income	64,000	64,000	68,085	4,085
Total revenues	<u>3,143,505</u>	<u>3,143,505</u>	<u>3,049,405</u>	<u>(94,100)</u>
<b>Expenditures/expenses:</b>				
Payroll and benefits	1,417,914	1,417,914	1,449,367	(31,453)
Repairs and maintenance	298,925	338,925	361,468	(22,543)
Purchased water and utilities	378,947	378,947	336,670	42,277
General and administrative	243,115	243,115	244,097	(982)
Consumable supplies	152,900	152,900	127,741	25,159
Professional and contract services	62,700	62,700	69,592	(6,892)
Lab analysis	79,000	79,000	61,997	17,003
Directors fees	13,260	13,260	15,028	(1,768)
Other	67,660	67,660	85,995	(18,335)
Total expenditure/expenses	<u>2,714,421</u>	<u>2,754,421</u>	<u>2,751,955</u>	<u>2,466</u>
Revenue over/(under) expenditures	<u>429,084</u>	<u>389,084</u>	<u>297,450</u>	<u>(91,634)</u>
<b>Other Financing Sources/(Uses):</b>				
Transfers In/Out	<u>(132,000)</u>	<u>(132,000)</u>	<u>(314,198)</u>	<u>(182,198)</u>
Change in fund balance	297,084	257,084	(16,748)	(273,832)
Net position-beginning of year	<u>1,217,202</u>	<u>1,217,202</u>	<u>1,217,202</u>	<u>-</u>
Net position- end of year	<u><u>\$1,514,286</u></u>	<u><u>\$1,474,286</u></u>	<u><u>\$1,200,454</u></u>	<u><u>(\$273,832)</u></u>

**HURST CREEK MUNICIPAL UTILITY DISTRICT**  
Required Supplementary Information  
Schedule of Changes in the Net Pension Liability and Related Ratios  
For the Year Ended 30 September 2024  
Texas County & District Retirement System

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Total pension liability</b>					
Service cost	\$97,056	\$97,054	\$94,748	\$83,149	\$264,150
Interest on total pension liability	59,645	49,508	40,189	29,698	21,396
Effect of plan changes	-	-	-	-	-
Effect of assumption changes or inputs	-	-	(3,845)	34,447	-
Effect of economic/demographic (gains) or losses	23,170	(2,120)	(1,816)	9,034	209
Benefit payments/refunds of contributions	<u>(11,051)</u>	<u>(11,077)</u>	<u>(6,933)</u>	<u>(4,622)</u>	<u>-</u>
<b>Net change in total pension liability</b>	168,820	133,365	122,343	151,706	285,755
<b>Total pension liability - beginning</b>	<u>693,169</u>	<u>559,804</u>	<u>437,461</u>	<u>285,755</u>	<u>-</u>
<b>Total pension liability - ending (a)</b>	<u>861,989</u>	<u>693,169</u>	<u>559,804</u>	<u>437,461</u>	<u>285,755</u>
<b>Fiduciary net position</b>					
Employer contributions	88,353	80,706	67,452	71,665	17,156
Member contributions	58,127	51,957	50,526	48,422	11,592
Investment income net of investment expenses	47,717	(28,654)	46,098	3,303	(29)
Benefit payments/refunds of contributions	(11,051)	(11,077)	(6,933)	(4,622)	-
Administrative expenses	(319)	(247)	(169)	(111)	(23)
Other	<u>6,949</u>	<u>17,378</u>	<u>3,188</u>	<u>3,420</u>	<u>988</u>
<b>Net change in fiduciary net position</b>	189,776	110,063	160,162	122,077	29,684
<b>Fiduciary net position - beginning</b>	<u>421,986</u>	<u>311,923</u>	<u>151,761</u>	<u>29,684</u>	<u>-</u>
<b>Fiduciary net position - ending (b)</b>	<u>611,762</u>	<u>421,986</u>	<u>311,923</u>	<u>151,761</u>	<u>29,684</u>
<b>Net pension liability, ending (a) - (b)</b>	<u>\$250,227</u>	<u>\$271,183</u>	<u>\$247,881</u>	<u>\$285,700</u>	<u>\$256,071</u>
Fiduciary net position as a % of the total pension liability	70.97%	60.88%	55.72%	34.69%	10.39%
Covered employee payroll	\$968,787	\$865,946	\$842,101	\$807,034	\$193,201
Net pension liability as percentage of covered-employee payroll	25.83%	31.32%	29.44%	35.40%	132.54%

NOTE:

The District implemented GASB 68 in fiscal year 2020. The information in this schedule is on a calendar year basis.

The beginning Net Pension Liability for 2020 was determined using rollback procedures allowed for initial year of implementation. Fiscal Year 2024 - Valuation Date 12/31/23.

# HURST CREEK MUNICIPAL UTILITY DISTRICT

## Required Supplementary Information Schedule of Employer Contributions For the Year Ended 30 September 2024 Texas County & District Retirement System

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially determined contribution**	\$91,240	\$86,310	\$76,906	\$67,787	\$17,156
Contributions in relation to the actuarially determined contribution	\$91,240	\$86,310	\$76,906	\$67,787	\$17,156
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll**	\$1,000,436	\$940,688	\$860,998	\$820,778	\$193,201
Contributions as a percentage of covered-employee payroll	9.12%	9.18%	8.93%	8.26%	8.88%

### **NOTE:**

The District implemented GASB 68 in fiscal year 2020.

Valuation Date: 31 December 2023. Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.

\*\*TCDRS calculates actuarially determined contributions on a calendar year basis. GASB 68 indicates the employer should report employer contributions and covered employee payroll on a fiscal year basis.

### **Methods and assumptions used to determine contribution rates:**

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	17.1 years (based on contribution rate calculated in 12/31/23 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation
Investment Rate of Return	7.50% net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: No applicable, prior to TCERS participation 2016: No applicable, prior to TCERS participation 2017: No applicable, prior to TCERS participation 2018: No applicable, prior to TCERS participation 2019: No changes in plan provisions were reflected in the Schedule 2020: No changes in plan provisions were reflected in the Schedule 2021: No changes in plan provisions were reflected in the Schedule 2022: No changes in plan provisions were reflected in the Schedule 2023: No changes in plan provisions were reflected in the Schedule

## Year Ended September 30, 2024

**3. Total water consumption (rounded to the nearest 1,000) during the fiscal year:**

Gallons pumped into system:	249,920
Gallons billed to customers:	233,109
Water Accountability Ratio: (Gallons billed/Gallons pumped)	93.27 %

**4. Standby Fees:**

Does the District assess standby fees?	Yes	No <input checked="" type="checkbox"/>
--	-----	--

If yes, Date of the most recent Commission Order:

Does the District have Operation and Maintenance standby fees?	Yes	No <input checked="" type="checkbox"/>
--	-----	--

If yes, Date of the most recent Commission Order:

**5. Location of the District**

County(ies) in which the District is located: TRAVIS COUNTY

Is the District located entirely within one county?	Yes <input checked="" type="checkbox"/>	No
---	---	----

Is the District located within a city?	Entirely	Partly <input checked="" type="checkbox"/>	Not at all
--	----------	--	------------

City(ies) in which the District is located: VILLAGE OF THE HILLS AND CITY OF LAKEWAY

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

Entirely	Partly <input checked="" type="checkbox"/>	Not at all
----------	--	------------

ETJs in which the District is located: VILLAGE OF THE HILLS

Are Board members appointed by an office outside the district?	Yes	No <input checked="" type="checkbox"/>
--	-----	--

If Yes, by whom?

See Independent Auditor's Report

## HURST CREEK MUNICIPAL UTILITY DISTRICT

### TSI-2. Schedule of General Fund Expenditures

For the Year Ended 30 September 2024

System:		
	Personnel (Including Benefits)	\$1,449,367
Professional Fees:		
	Auditing	17,175
	Legal	7,223
	Engineering	45,194
Purchased Services for Resale:		
	Bulk Water and Sewer Service Purchases	177,688
Contracted Services:		
	Lab Analysis	61,997
Utilities		158,982
Consumable Supplies		127,741
Repairs & Maintenance		361,468
Capital Outlay		0
Administrative Expenditures:		
	Directors' Fees	15,028
	Office Supplies	47,290
	Insurance	61,613
	Other Administrative Expenses	221,189
Debt Service		<u>0</u>
	Total Expenditures	<u><u>\$2,751,955</u></u>

Number of Persons Employed by the District:	10	Full-Time
	1	Part-Time

## HURST CREEK MUNICIPAL UTILITY DISTRICT

TSI-3. Temporary Investments  
For the Year Ended 30 September 2024

<u>Funds</u>	<u>Identification/ Certificate #</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at 9/30/24</u>
TexPool	449/2273300003	0.05%	N/A	\$ 1,085,792
TexPool	449/2273300001	0.05%	N/A	<u>94,889</u>
Total				<u><u>\$ 1,180,681</u></u>

See Independent Auditor's Report

# HURST CREEK MUNICIPAL UTILITY DISTRICT

## TSI-4. Taxes Levied and Collected

30 September 2024

	Maintenance <u>Taxes</u>	Debt Service <u>Taxes</u>
Taxes receivable at beginning of year	\$74,061	\$26,864
2023 original levy	1,414,083	390,872
Adjustments	(33,581)	(9,282)
Total to be accounted for	<u>1,380,502</u>	<u>381,590</u>
Tax collections:		
Current year	1,375,620	380,242
Prior years	4,881	1,349
Total collections	<u>1,380,502</u>	<u>381,590</u>
	<u>\$74,061</u>	<u>\$26,864</u>

### Taxes receivable, by year

2012 and prior	\$19,281	\$5,330
2013	3,278	906
2014	4,166	1,152
2015	4,407	1,218
2016	4,477	1,237
2017	4,337	1,199
2018	5,201	1,437
2019	5,330	1,473
2020	6,276	1,735
2021	6,772	1,872
2022	8,228	5,475
2023	2,309	3,829
	<u>\$74,061</u>	<u>\$26,864</u>

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Property Valuations	\$ 745,070,385	\$ 680,333,003	\$ 569,444,686	\$ 520,948,797
Tax rates per \$100 valuations				
Debt service tax rate	\$ 0.05	\$ 0.07	\$ 0.08	\$ 0.09
Maintenance tax rate	<u>\$ 0.19</u>	<u>\$ 0.20</u>	<u>\$ 0.22</u>	<u>\$ 0.23</u>
Total tax rate	\$ 0.24	\$ 0.27	\$ 0.30	\$ 0.32
Original tax levy	\$ 1,804,955	\$ 1,882,763	\$ 1,739,298	\$ 1,686,945
Percent of taxes collected to levy	101.0%	96.8%	99.2%	101.2%

See Independent Auditor's Report

# **HURST CREEK MUNICIPAL UTILITY DISTRICT**

## **TSI-5. Long-Term Debt Service Requirements**

### **All Bonded Debt Series - by Years**

**For the Year Ended 30 September 2024**

Due During Fiscal Years Ending	Annual Requirements for All Series Bonds		
	Principal Due April 1 and October 1	Interest Due April 1 and October 1	Total Annual Requirements
2025	\$ 320,000	\$ 33,954	\$ 353,954
2026	325,000	56,618	381,618
2027	315,000	44,678	359,678
2028	220,000	34,188	254,188
2029	230,000	27,588	257,588
2030	240,000	20,688	260,688
2031	255,000	13,488	268,488
2032	160,000	5,200	165,200
	<u>\$2,065,000</u>	<u>\$236,402</u>	<u>\$2,301,402</u>

See Independent Auditor's Report

**HURST CREEK MUNICIPAL UTILITY DISTRICT**

**TSI-5. Long-Term Debt Service Requirements**

**Unlimited Tax Bonds Series 2012 - by Years**

**For the Year Ended 30 September 2024**

Due During Fiscal Years Ending	Principal Due April 1	Interest Due April 1 and October 1	Total Annual Requirements
2025	\$ 190,000	\$ 25,944	\$ 215,944
2026	195,000	46,188	241,188
2027	205,000	40,338	245,338
2028	220,000	34,188	254,188
2029	230,000	27,588	257,588
2030	240,000	20,688	260,688
2031	255,000	13,488	268,488
2032	160,000	5,200	165,200
	<u>\$1,695,000</u>	<u>\$213,622</u>	<u>\$1,908,622</u>

**HURST CREEK MUNICIPAL UTILITY DISTRICT**

**TSI-5. Long-Term Debt Service Requirements**

**Unlimited Tax Bonds Series 2005 - by Years**

**For the Year Ended 30 September 2024**

Due During Fiscal Years Ending	Principal Due April 1	Interest Due April 1 and October 1	Total Annual Requirements
2025	\$ 130,000	\$ 8,010	\$ 138,010
2026	130,000	10,430	140,430
2027	110,000	4,840	114,840
	<u>\$370,000</u>	<u>\$23,280</u>	<u>\$393,280</u>

# HURST CREEK MUNICIPAL UTILITY DISTRICT

TSI-6. Analysis of Changes in General Long-Term Debt  
For the Year Ended 30 September 2024

Bond Issues			
	Tax Series 2005	Tax Series 2012	Total
Interest Rate	4.0% - 4.5%	2.25%-3.25%	
Dates Interest Payable	Apr 1 & Oct 1	Apr 1 & Oct 1	
Maturity Dates	April 1, 2027	April 1, 2032	
Bonds Outstanding at Beginning of Current Year	\$500,000	\$1,875,000	\$2,375,000
Bonds Sold During the Current Year	-	-	-
Bonds Acquired During the Current Year	-	-	-
Retirements - Principal	<u>130,000</u>	<u>180,000</u>	<u>310,000</u>
Bonds Outstanding at End of Current Year	<u>\$370,000</u>	<u>\$1,695,000</u>	<u>\$2,065,000</u>
Paid During Current Year - Interest	<u>\$18,783</u>	<u>\$54,588</u>	<u>\$73,371</u>
Paying agent's name and address			
Series 2005 Tax		Bank of New York- New York, New York	
Series 2012 Tax		Bank of New York- New York, New York	
Bond Author Tower Marc Plaza		Bank of NY Mellon	
10161 Centurion Parkway		PO Box 392005	
Jacksonville, FL 32256		Pittsburg, PA 15251-9005	
			Tax Bonds
Amount Authorized by Voters			\$21,354,000
Amount Issued			<u>16,755,000</u>
Remaining to be Issued			<u>\$4,599,000</u>
Debt Service Fund Cash and Temporary Investment Balance 9/30/24:			\$94,989
Average Annual Debt Service Payment (Principal and Interest) for remaining term of all Debt:			\$287,738

See Independent Auditor's Report

# HURST CREEK MUNICIPAL UTILITY DISTRICT

TSI 7 - Comparative Schedule of Revenues and Expenditures - 5 Years  
For the Year Ended 30 September 2024

	2024	2023	2022	2021	2020	2024	2023	2022	2021	2020
General Fund Revenue										
Property Taxes	\$1,368,119	\$1,349,380	\$1,234,405	\$1,190,971	\$1,182,417	44.9%	40.7%	41.7%	44.9%	42.6%
Service Revenue	1,178,156	1,393,910	1,317,300	1,143,257	1,212,897	38.6%	42.0%	44.5%	43.1%	43.7%
Miscellaneous Revenue	435,045	513,278	401,227	314,888	369,001	14.3%	15.5%	13.5%	11.9%	13.3%
Interest on Temporary Investments	68,085	62,213	8,170	509	8,300	2.2%	1.9%	0.3%	0.0%	0.3%
Total Revenue	3,049,405	3,318,781	2,961,102	2,649,625	2,772,615	100.0%	100.0%	100.0%	100.0%	100.0%
General Fund Expenditures										
Purchased Water & Utilities	336,670	359,725	370,786	347,512	345,703	11.0%	10.8%	12.5%	13.1%	12.5%
Payroll Expense	1,449,367	1,344,482	1,248,861	1,167,189	1,374,802	47.5%	40.5%	42.2%	44.1%	49.6%
Directors Fees	15,028	9,600	9,600	10,200	8,700	0.5%	0.3%	0.3%	0.4%	0.3%
Professional & Contracted Services	69,592	61,097	73,173	88,004	72,813	2.3%	1.8%	2.5%	3.3%	2.6%
Lab Analysis	61,997	75,398	73,639	71,647	55,574	2.0%	2.3%	2.5%	2.7%	2.0%
Consumable Supplies	127,741	160,354	159,348	101,685	112,009	4.2%	4.8%	5.4%	3.8%	4.0%
General & Administrative	244,097	237,849	254,038	206,321	194,991	8.0%	7.2%	8.6%	7.8%	7.0%
Other	447,463	354,639	314,598	440,721	287,423	14.7%	10.7%	10.6%	16.6%	10.4%
Capital Outlay	-	-	51,637	-	-	0.0%	0.0%	1.7%	0.0%	0.0%
Total Expenditures	2,751,955	2,603,144	2,555,680	2,433,279	2,452,015	90.2%	78.4%	86.3%	91.8%	88.4%
Excess Revenues (Expenditures)	\$297,450	\$715,637	\$405,422	\$216,346	\$320,600	9.8%	21.6%	13.7%	8.2%	11.6%
Debt Service Revenue										
Property Taxes	\$385,880	\$474,106	\$480,047	\$463,155	\$441,188	97.8%	98.2%	99.9%	100.0%	99.8%
Penalties & Interest on Property Taxes	-	-	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%
Investments on Temporary Investments	8,617	8,640	520	38	667	2.2%	1.8%	0.1%	0.0%	0.2%
Total Revenue	394,497	482,746	480,567	463,193	441,855	100.0%	100.0%	100.0%	100.0%	100.0%
Debt Service Expenditures										
General & Administration	-	-	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%
Debt Service - Interest & Principal	383,371	477,500	484,981	456,154	441,409	97.2%	98.9%	100.9%	98.5%	99.9%
Total Expenditures	383,371	477,500	484,981	456,154	441,409	97.2%	98.9%	100.9%	98.5%	99.9%
Excess Revenues (Expenditures)	\$11,126	\$5,246	(\$4,414)	\$7,039	\$446	2.8%	1.1%	-0.9%	1.5%	0.1%
Total Active Retail Water and/or Wastewater Connections	1,214	1,207	1,206	1,205	1,188					

See Independent Auditor's Report

HURST CREEK MUNICIPAL UTILITY DISTRICT  
TSI 8 - BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
YEAR ENDED **SEPTEMBER 30, 2024**

Complete District Mailing Address: 102 Trophy Drive, The Hills, TX 78738

District Business Telephone Number: (512) 261 - 6281

Limit on fees of office during a fiscal year: \$221 per day - maximum of \$7,200 per year

<u>Name and Address</u>	<u>Term of Office or Hire Date</u>	<u>Fees of Office Sept. 30, 2024</u>	<u>Expenses Reimbursed Sept. 30, 2024</u>	<u>Title at Year end</u>
<b><u>Board Members</u></b>				
William Coskey [REDACTED] The Hills, TX 78738	Nov 2022 - Nov 2026	\$ 3,094	\$ -	<b>President</b>
James Stiles [REDACTED] The Hills, TX 78738	Nov 2022 - Nov 2026	\$ 3,094	\$ -	<b>Treasurer</b>
James M. Wingard [REDACTED] The Hills, TX 78738	Nov 2024 - Nov 2028	\$ 2,873	\$ -	<b>Vice - President</b>
Mike Maroney [REDACTED] The Hills, TX 78738	Nov 2022 - Nov 2026	\$ 2,873	\$ -	<b>Secretary</b>
John Almond [REDACTED] The Hills, TX 78738	Nov 2024 - Nov 2028	\$ 3,094	\$ -	<b>Assistant Secretary</b>
<b><u>Key Personnel</u></b>				
Earl Wood 102 Trophy Drive The Hills, TX 78738	October 27, 1997	\$ 191,563.48	\$ 1,073.10	General Manager
Stacey Johnson 102 Trophy Drive The Hills, TX 78738	February 17, 2006	\$ 131,778.24	\$ 3,484.99	Assist. General Manager Project Dvlpmnt & Sys Controls
Kurt Pendleton 102 Trophy Drive The Hills, TX 78738	July 6, 2009	\$ 130,244.37	\$ 2,098.64	Assist. General Manager Operations
<b><u>Consultants</u></b>				
Lloyd, Gosselink, Blevins, Rochelle, Baldwin & Townsend, P.C. 111 Congress Ave. #1800 Austin, TX 78701		\$ 18,184.50	\$ -	Legal Counsel
Montemayor Britton Bender PC 2110 Boca Raton Dr. Bldg B Ste 102 Austin TX 78747		\$ 17,174.62	\$ -	Auditor
Steger & Bizzell 1978 S. Austin Avenue Georgetown, TX 78626		\$ 51,344.32	\$ -	District Engineer
Specialized Public Finance, Inc. 248 Addie Roy Road Suite B-103 Austin, TX 78746		\$ -	\$ -	Financial Advisor
Orrick, Herrington & Sutcliffe LLP 300 W. 6th Street Suite 1850 Austin, TX 78701		\$ -	\$ -	Bond Counsel

See Independent Auditor's Report

**HURST CREEK MUNICIPAL UTILITY DISTRICT**

## Schedule of Insurance in Force

For the Year Ended 30 September 2024

Name of Company	Policy Period	Details of Coverage	Annual Premium
<b>Arthur J. Gallagher</b>			
CUMIS Insurance Society, Inc.	10/1/23-10/1/24	Property, Eqpt., Gen. Liability Auto, Pollution and Umbrella Liability, Cyber, Excess Liability	\$32,877
CUMIS Insurance Society, Inc.	10/1/23-10/1/24	Hired & Non-Owned Auto Liability	100
Great American Insurance Co.	10/1/23-10/1/24	Directors and Officers Liability	5,370
Texas Mutual Ins. Co.	10/1/23-10/1/24	Workers' Compensation	13,169
Hartford Casualty Insurance Co.	10/1/23-10/1/24	Directors Position Bond	174
Hartford Fire Insurance Co.	10/1/23-10/1/24	Crime Employee & Consultant	120
Agency Fee			5,200
			<u>\$57,010</u>

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