SONTERRA MUNICIPAL UTILITY DISTRICT

YEAR ENDED SEPTEMBER 30, 2020

FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORT

SONTERRA MUNICIPAL UTILITY DISTRICT

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ANNUAL FILING AFFIDAVIT

ANNUAL FILING AFFIDAVIT

STATE OF TEXAS
COUNTY OF WILLIAMSON

I, John Faske of the
(Name of Duly Authorized District Representative)

SONTERRA MUNICIPAL UTILITY DISTRICT
(Name of District)

hereby swear, or affirm, that the District above has reviewed and approved at a meeting of the District's Board of Directors on the **19th day of April, 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:

100 Congress Avenue, Suite 1300
Austin, Texas 78701
(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 the annual filing requirements of Texas Water Code Section 49.194.

Date: 4/22, 2021 By: _____
(Signature of Representative)

President
(Typed Name and Title of District Representative)

Sworn to and subscribed to before me this 22nd day of April, 2021.

(SEAL)

_____
(Signature of Notary)

My Commission Expires On: Oct. 9th, 2022.
Notary Public in the State of Texas

Form TCEQ-0723 (Revised 7/2012)

NOTARY PUBLIC STATE OF TEXAS
STEPHANIE GARCIA
Notary ID #131752977
My Commission Expires
October 9, 2022

INDEPENDENT AUDITOR'S REPORT

McCALL GIBSON SWEDLUND BARFOOT PLLC

Certified Public Accountants

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Board of Directors
Sonterra Municipal Utility District
Williamson County, Texas

Independent Auditor's Report

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

Member of
American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants

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

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

April 19, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

SONTERRA MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2020

In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34 the management of Sonterra Municipal Utility District (the "District") offers the following discussion and analysis to provide an overview of the District's financial activities for the year ended September 30, 2020. Since this information is designed to focus on the current year's 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 fund balance in the General Fund was $4,250,496, an increase of $1,507,513 from the previous fiscal year. General Fund revenues increased from $4,890,879 in the previous fiscal year to $6,691,816 in the current fiscal year due to an increase in service revenues, contract reservation fees and property taxes resulting from an increase in the property valuation of the District.
- *Debt Service Fund*: Fund balance restricted for debt service increased from $2,528,247 at the end of the previous fiscal year to $2,593,861 in the current fiscal year. Debt Service Fund revenues increased from $2,899,257 in the previous fiscal year to $3,497,259 in the current fiscal year due to an increase in the District's assessed valuation. The District made bond principal payments of $1,791,329 and bond interest payments of $1,588,037 during the current fiscal year. The District also received proceeds from the Series 2020 Unlimited Tax Refunding Bonds of $3,764,997 to refund $3,765,000 of outstanding debt.
- *Capital Projects Fund*: Fund balance restricted for capital projects decreased from $1,287,890 in the previous fiscal year to $588,275 in the current fiscal year. The Capital Projects Fund issued $14,450,000 of Series 2020 Unlimited Tax and Revenue Bonds and expended $13,337,747 for the purchase of infrastructure, $552,023 to fund developer interest and $1,677,208 for the costs of bond issuance.
- *Governmental Activities*: On a government-wide basis for governmental activities, the District had expenses net of revenues of $345,657 during the current fiscal year. Net position decreased from $1,128,891 at September 30, 2019 to $783,234 at September 30, 2020.

OVERVIEW OF THE DISTRICT

The District was created by an Act of the 79th Texas Legislature effective September 1, 2005. The District operates under Chapters 49 and 54 of the Texas Water Code, as amended. The District, which consists of approximately 1,300 acres of land, is located along the eastern boundary of IH-35 and runs south of FM 487 to north of CR315 near the City of Jarrell and approximately 10 miles north of the City of Georgetown.

USING THIS ANNUAL REPORT

This annual report consists of five parts:

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

For purposes of GASB Statement No. 34, the District is considered a special purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the "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.

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

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 balances resulting from current year revenues, expenditures, and other financing sources or uses. These amounts are prepared using the modified accrual basis of accounting. The adjustments column converts those activities to full accrual, a basis that more closely represents the income statement of a private-sector business.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued) -

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.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

Summary Statement of Net Position

	Governmental Activities		Change Increase
	2020	2019	(Decrease)
Current and Other Assets	$ 9,966,864	$ 7,726,774	$ 2,240,090
Capital and Intangible Assets	78,722,104	66,591,333	12,130,771
Total Assets	88,688,968	74,318,107	14,370,861
Deferred Outflows of Resources	705,615	918,048	(212,433)
Current Liabilities	6,242,614	5,087,936	1,154,678
Long-term Liabilities	82,368,735	69,019,328	13,349,407
Total Liabilities	88,611,349	74,107,264	14,504,085
Net Investment in Capital Assets	(4,173,307)	(2,428,072)	(1,745,235)
Restricted	670,679	810,227	(139,548)
Unrestricted	4,285,862	2,746,736	1,539,126
Total Net Position	$ 783,234	$ 1,128,891	$ (345,657)

The District's net position decreased from $1,128,891 in the previous fiscal year to $783,234 in the current fiscal year. The District's unrestricted net position at September 30, 2020, which can be used to finance day to day operations, totaled $4,285,862.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued) -

Revenues and Expenses:

Summary Statement of Activities

	Governmental Activities		Change Increase
	2020	2019	(Decrease)
Property taxes	$ 3,980,712	$ 3,219,878	$ 760,834
Service revenues	5,093,766	3,612,225	1,481,541
Parks & recreation fees	962,422	767,088	195,334
Other	174,874	207,517	(32,643)
Total Revenues	10,211,774	7,806,708	2,405,066
Expenses for Services	10,557,431	6,606,122	3,951,309
Change in Net Position	(345,657)	1,200,586	(1,546,243)
Beginning Net Position	1,128,891	(71,695)	1,200,586
Ending Net Position	$ 783,234	$ 1,128,891	$ (345,657)

Revenues were $10,211,774 for the fiscal year ended September 30, 2020 while expenses were $10,557,431. Net position decreased by $345,657 during the current fiscal year.

Property taxes totaled $3,980,712 in the current fiscal year. Included in these taxes are real and personal property taxes which are assessed October 1 and payable before the following January 31.

The District's assessed value in fiscal year 2020 (the 2019 tax year) was approximately $418 million compared to $339 million in fiscal year 2019 (the 2018 tax year). The tax rate is set after reviewing the operating and debt service requirements and appraised values determined by Williamson Central Appraisal District. The ad valorem tax rate both for fiscal years 2020 and 2019 was $0.9475 per $100 of assessed valuation. The District's primary revenue sources are service account fees and property taxes.

ANALYSIS OF GOVERNMENTAL FUNDS

For the fiscal year ended September 30, 2020, the District's governmental funds reflected combined fund balances of $7,432,632, an increase of $873,512 from last year.

The General Fund fund balance increased by $1,507,513 due to property tax and service revenues exceeding operating expenditures.

The Debt Service Fund reflects an increase of $65,614 in fund balance during fiscal year 2020. The Debt Service Fund remitted bond principal of $1,791,329 and interest of $1,588,037 during fiscal year 2020. The District also received proceeds from the Series 2020 Unlimited Tax Refunding Bonds of $3,764,997 to refund $3,765,000 of outstanding debt. More detailed information about the District's debt is presented in the *Notes to the Financial Statements*.

The Capital Projects Fund purchases the District's infrastructure. The Capital Projects Fund had a $699,615 decrease in fund balance for fiscal year 2020. The Capital Projects Fund received $14,450,000 from the issuance of Series 2020 Unlimited Tax and Revenue Bonds and expended $13,337,747 for the purchase of infrastructure, $552,023 to fund developer interest and $1,677,208 for the costs of bond issuance.

BUDGETARY HIGHLIGHTS

The General Fund pays for daily operating expenditures. The Board of Directors initially adopted a budget on September 16, 2019 and finally amended the budget on March 16, 2020. The final amended budget included revenues of $5,487,734 as compared to expenditures of $5,408,458 for the current fiscal year. When comparing actual results to the amended budget, the District had a positive variance of $962,229 that was primarily attributable to service revenues in excess of the budget and budgeted capital outlay delayed until a subsequent fiscal year. More detailed information about the District's budgetary comparison is presented in the *Required Supplementary Information.*

CAPITAL ASSETS

As of September 30, 2020, the District's governmental activities had invested $47,689,763 in infrastructure. The detail is reflected in the following schedule:

Summary of Capital Assets, net

	9/30/2020	9/30/2019
Capital Assets Not Being Depreciated:		
Land and land improvements	$ 857,053	$ 417,017
Construction in progress	1,038,132	209,140
Capital Assets, Net of Accumulated Depreciation:		
Water and Wastewater System	44,990,822	33,867,813
Office building	309,957	325,457
Pool & Clubhouse	481,791	420,141
Furniture, Fixtures & Equipment	12,008	19,178
Total Net Capital Assets	$ 47,689,763	$ 35,258,746

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

LONG TERM DEBT

As of September 30, 2020, the District had total bond debt payable of $49,799,914. The changes in the bonded debt position of the District during the fiscal year ended September 30, 2020, is summarized as follows:

Bonded debt payable, October 1, 2019	$ 36,452,686
Add: bond sale	14,450,000
Add: refunding bond sale	3,764,997
Less: refunded bonds	(3,765,000)
Less: bond principal paid	(1,791,329)
Bond premium/discount, net	688,560
Bonded debt payable, September 30, 2019	$ 49,799,914

LONG TERM DEBT (continued) -

The District's underlying rating is "Baa1" by Moody's Investor Service. The District's Series 2013 Refunding bonds are uninsured. The District's Series 2014, Series 2015, Series 2019, Series 2020 and Series 2020 Refunding bonds carry an insured rating of "AA" by virtue of bond insurance issued by Assured Guaranty Municipal Corporation. The District's Series 2015 Refunding and Series 2018 bonds carry an insured rating of "AA" by virtue of bond insurance issued by Build America Mutual Assurance Company. The District's Series 2016 bonds carry an insured rating of "Baa2" by virtue of bond insurance issued by National Public Finance Guarantee Corporation. The ratio of the District's long-term debt to the total taxable assessed valuation ($417,663,259) is 11.9%. The District's estimated population as provided by the District is 9,191.

In addition to the bonded debt discussed above, the District has $637,046 of capital leases payable at September 30, 2020 related to lease purchase agreements for a pool and the District office building. The District also has $2,720,000 of long-term debt payable to the Lone Star Regional Water Authority (the "Authority") for use in acquiring, by purchase and construction, certain water storage and transmission facilities to serve the District. Finally, the District has $31,032,341 of long-term financing obligations payable to the Authority to help finance construction of the water supply system to serve the District; the District has a corresponding, offsetting $31,032,341 intangible asset for the right to receive water service from the Authority.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The property tax assessed value for fiscal year 2021 (the 2020 tax year) is approximately $521 million. The fiscal year 2020 tax rate is $0.9475 on each $100 of taxable value. Approximately 14% of the property tax will fund general operating expenses and approximately 86% of the property tax will be set aside for debt service.

The adopted budget for fiscal year 2021 projects an operating fund balance increase of $15,687.

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 Armbrust & Brown, PLLC, 100 Congress Avenue, Suite 1300, Austin, Texas 78701.

FINANCIAL STATEMENTS

SONTERRA MUNICIPAL UTILITY DISTRICT
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
ASSETS						
Cash	$ 953,064	$ -	$ 155,205	$ 1,108,269	$ -	$ 1,108,269
Investments	3,381,475	2,603,268	1,607,858	7,592,601	-	7,592,601
Receivables:						
Property taxes	5,223	32,104	-	37,327	-	37,327
Service accounts, net of allowance for uncollectible accounts of $10,947	744,252	-	-	744,252	-	744,252
Accrued interest	11,139	1,830	-	12,969	-	12,969
Other	365,775	-	-	365,775	-	365,775
Due from other funds	170,706	-	-	170,706	(170,706)	-
Prepaid costs	19,291	-	56,237	75,528	30,143	105,671
Intangible assets (net of accumulated amortization) - Right to receive water service	-	-	-	-	31,032,341	31,032,341
Capital assets (net of accumulated depreciation):						
Land	-	-	-	-	857,053	857,053
Construction in progress	-	-	-	-	1,038,132	1,038,132
Water and wastewater system	-	-	-	-	44,990,822	44,990,822
Office building	-	-	-	-	309,957	309,957
Pool & clubhouse	-	-	-	-	481,791	481,791
Furniture, fixtures and equipment	-	-	-	-	12,008	12,008
TOTAL ASSETS	$ 5,650,925	$ 2,637,202	$ 1,819,300	$ 10,107,427	78,581,541	88,688,968
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charges on refunding bonds	-	-	-	-	705,615	705,615
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 5,650,925	$ 2,637,202	$ 1,819,300	$ 10,107,427	79,287,156	89,394,583
LIABILITIES						
Accounts payable	$ 902,350	$ -	$ 155,205	$ 1,057,555	-	1,057,555
Accrued interest payable	-	-	-	-	1,955,286	1,955,286
Due to developer	-	-	916,351	916,351	-	916,351
Due to other funds	-	11,237	159,469	170,706	(170,706)	-
Review fee deposits	8,702	-	-	8,702	-	8,702
Security deposits	484,154	-	-	484,154	-	484,154
Long-term liabilities:						
Facility financing obligation - Lone Star Regional Authority, due within one year	-	-	-	-	348,677	348,677
Facility financing obligation - Lone Star Regional Authority, due after one year	-	-	-	-	30,683,664	30,683,664
Debt payable - Lone Star Regional Water Authority, due within one year	-	-	-	-	95,000	95,000
Debt payable - Lone Star Regional Water Authority, due after one year	-	-	-	-	2,625,000	2,625,000
Capital leases payable, due within one year	-	-	-	-	26,105	26,105
Capital leases payable, due after one year	-	-	-	-	610,941	610,941
Bonds payable, due within one year	-	-	-	-	1,350,784	1,350,784
Bonds payable, due after one year	-	-	-	-	48,449,130	48,449,130
TOTAL LIABILITIES	1,395,206	11,237	1,231,025	2,637,468	85,973,881	88,611,349
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue - property taxes	5,223	32,104	-	37,327	(37,327)	-
FUND BALANCES / NET POSITION						
Fund balances:						
Nonspendable	19,291	-	-	19,291	(19,291)	-
Restricted for:						
Debt service	-	2,593,861	-	2,593,861	(2,593,861)	-
Capital projects	-	-	588,275	588,275	(588,275)	-
Unassigned	4,231,205	-	-	4,231,205	(4,231,205)	-
TOTAL FUND BALANCES	4,250,496	2,593,861	588,275	7,432,632	(7,432,632)	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 5,650,925	$ 2,637,202	$ 1,819,300	$ 10,107,427		
Net position:						
Net investment in capital assets					(4,173,307)	(4,173,307)
Restricted for debt service					670,679	670,679
Unrestricted					4,285,862	4,285,862
TOTAL NET POSITION					$ 783,234	$ 783,234

The accompanying notes are an integral part of this statement.

SONTERRA MUNICIPAL UTILITY DISTRICT
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
REVENUES:						
Property taxes, including penalties and interest	$ 517,381	$ 3,452,315	$ -	$ 3,969,696	$ 11,016	$ 3,980,712
Water service	2,117,230	-	-	2,117,230	-	2,117,230
Wastewater service	1,406,073	-	-	1,406,073	-	1,406,073
Contract reservation fees	511,142	-	-	511,142	-	511,142
Penalty and interest	26,051	-	-	26,051	-	26,051
Inspection and tap fees	1,033,270	-	-	1,033,270	-	1,033,270
Park and recreation fees	962,422	-	-	962,422	-	962,422
Investment revenues	43,324	44,944	11,683	99,951	-	99,951
Miscellaneous revenues	74,923	-	-	74,923	-	74,923
TOTAL REVENUES	6,691,816	3,497,259	11,683	10,200,758	11,016	10,211,774
EXPENDITURES / EXPENSES:						
Service operations:						
Parks and recreation salaries, repairs and maintenance expenditures	510,749	-	-	510,749	-	510,749
Professional fees	315,950	-	14,487	330,437	-	330,437
Contracted services	991,548	28,808	-	1,020,356	-	1,020,356
Purchased water service	497,512	-	-	497,512	-	497,512
Purchased wastewater service	1,144,324	-	-	1,144,324	-	1,144,324
Utilities	150,044	-	-	150,044	-	150,044
Repair and maintenance	322,510	-	-	322,510	-	322,510
Depreciation and amortization	-	-	-	-	1,257,335	1,257,335
Developer interest	-	-	552,023	552,023	-	552,023
Other	626,477	1,504	-	627,981	-	627,981
Capital outlay	50,359	-	13,337,747	13,388,106	(13,388,106)	-
Debt service:						
Principal	208,391	1,791,329	-	1,999,720	(1,999,720)	-
Interest	357,590	1,588,037	-	1,945,627	301,004	2,246,631
Bond issuance costs	-	251,096	1,677,208	1,928,304	(30,775)	1,897,529
TOTAL EXPENDITURES / EXPENSES	5,175,454	3,660,774	15,581,465	24,417,693	(13,860,262)	10,557,431
Excess (deficit) of revenues over (under) expenditures / expenses	1,516,362	(163,515)	(15,569,782)	(14,216,935)	13,871,278	(345,657)
OTHER FINANCING SOURCES (USES):						
Transfers in (out)	(8,849)	27,193	(18,344)	-	-	-
Proceeds from issuance of long-term debt	-	-	14,450,000	14,450,000	(14,450,000)	-
Refunding bonds	-	3,764,997	-	3,764,997	(3,764,997)	-
Payment to refunded bond escrow agent	-	(3,857,293)	-	(3,857,293)	3,857,293	-
Bond premium	-	294,232	613,265	907,497	(907,497)	-
Bond discount	-	-	(174,754)	(174,754)	174,754	-
TOTAL OTHER FINANCING SOURCES (USES)	(8,849)	229,129	14,870,167	15,090,447	(15,090,447)	-
CHANGE IN FUND BALANCES/ NET POSITION	1,507,513	65,614	(699,615)	873,512	(1,219,169)	(345,657)
FUND BALANCES / NET POSITION:						
Beginning of the year	2,742,983	2,528,247	1,287,890	6,559,120	(5,430,229)	1,128,891
End of the year	$ 4,250,496	$ 2,593,861	$ 588,275	$ 7,432,632	$ (6,649,398)	$ 783,234

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

SONTERRA MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

1. SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of Sonterra Municipal Utility District (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 was created by an Act of the 79th Texas Legislature effective September 1, 2005. The District was created and organized for the purpose of constructing water, sewer and drainage facilities and providing water, sewer, drainage and solid waste services to residential and commercial establishments within the District. The District is also authorized to provide park and recreational facilities. The reporting entity of the District encompasses those activities and functions over which the District's elected officials exercise significant oversight or control. The District is governed by a five member Board of Directors (the "Board") which has been elected by District residents or appointed by the Board. The District is not included in any other governmental "reporting entity" as defined by GASB, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units 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 assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

Basis of Presentation - Government-wide and Fund Financial Statements (continued) -

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

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. In addition, the government-wide Statement of Activities column reflects depreciation expense on the District's capital 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. All of the District's funds are reported as major funds.

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

Governmental Fund Types (continued) -

- **Debt Service Fund** - The Debt Service Fund is used to account for 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 restricted, committed or assigned 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.

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 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

Basis of Accounting (continued) -

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.

Budgets and Budgetary Accounting - An unappropriated budget was adopted on September 16, 2019, for the General Fund on a basis consistent with generally accepted accounting principles. The District's Board of Directors utilizes the budget as a management tool for planning and cost control purposes. The budget was amended on March 16, 2020. The Budgetary Comparison Schedule – General Fund presents the original and amended budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Cash, Cash Equivalents and Investments - Cash and cash equivalents include cash on deposit as well as investments with original maturities of three months or less. The investments, consisting of external investment pools and certificates of deposit, are recorded at amortized cost. The trust account is recorded at fair value.

Accounts Receivable - The District provides for uncollectible accounts receivable using the allowance method of accounting for bad debts. Under this method of accounting, a provision for uncollectible accounts is charged to earnings. The allowance account is increased or decreased based on past collection history and management’s evaluation of accounts receivable. All amounts considered uncollectible are charged against the allowance account, and recoveries of previously charged off accounts are added to the allowance. The District had an allowance for uncollectible accounts of $10,947 at September 30, 2020.

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

Ad Valorem Property Taxes - Property taxes, penalties, and interest are reported as revenue in the fiscal year in which they become available to finance expenditures of the District. Allowances for uncollectible property taxes are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

1. SIGNIFICANT ACCOUNTING POLICIES (continued) -

Intangible Assets - Intangible assets, which consists of the right to receive water service, are reported in the government-wide column in the Statement of Net Position. Intangible assets are valued at the same amount as the outstanding facility financing obligation due to Lone Star Regional Water Authority and will be amortized down corresponding to principal and interest payments made to the Authority on the facility financing obligation. See Note 11 for information concerning the facility financing obligation and corresponding right to receive water service from Lone Star Regional Water Authority.

Capital Assets - Capital assets, which include land and land improvements, construction in progress, the water and wastewater system, the District office building, pool and clubhouse, and furniture, fixtures and equipment, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated acquisition value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. In accordance with GASB Statement No. 89, interest costs, including developer interest, are not capitalized as part of the asset. Impact fees are amortized over the life of the applicable contract.

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

	Years
Water and Wastewater System	40-50
Office Building	30
Pool and Clubhouse	10-30
Furniture, Fixtures and Equipment	7-10

Long-Term Debt - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and original issue discounts are deferred over the life of the bonds. Bonds payable are reported net of the applicable bond premiums or discounts.

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 received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued) -

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.

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

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.

- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.

- Level 3 inputs are unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

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

- Market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities

- Cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost)

- Income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations

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.

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued) -

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

- *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

Recently Issued Accounting Pronouncements - In June 2017, GASB issued GASB Statement No. 87, *Leases*, effective for fiscal years beginning after June 15, 2021. The objective of GASB Statement No. 87 is to improve accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. Management is evaluating the effects that the full implementation of GASB Statement No. 87 will have on its financial statements for the year ended September 30, 2022.

2. RECONCILIATION OF THE GOVERNMENTAL FUNDS

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

Fund Balances - Total Governmental Funds		$ 7,432,632
Capital assets and intangible assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Intangible assets	$ 31,332,587	
Less: Accumulated amortization	(300,246)	31,032,341
Capital assets	52,495,758	
Less: Accumulated depreciation	(4,805,995)	47,689,763
Revenue is recognized when earned in the government-wide statements, regardless of availability. Governmental funds report deferred inflows of resources for revenues earned but not available.		37,327
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Facility financing obligation - Lone Star Regional Water Authority	(31,032,341)	
Debt payable - Lone Star Regional Water Authority	(2,720,000)	
Capital leases	(637,046)	
Bonds payable, net	(49,799,914)	
Bond insurance premium, net	30,143	
Deferred charges on refundings, net	705,615	
Accrued bond interest payable	(1,955,286)	(85,408,829)
Net Position - Governmental Activities		$ 783,234

2. RECONCILIATION OF THE GOVERNMENTAL FUNDS (continued) -

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		$ 873,512
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report:		
Capital expenditures in year paid	$ 13,388,106	
Principal payments on long-term debt, bonds and capital leases in year paid	1,999,720	
Interest expenditures in year paid	(301,004)	
Tax revenue when collected	11,016	
Bond insurance premium in year paid	30,775	
Bond sales and refunding activity and related bond discounts/premiums	(15,090,447)	38,166
Governmental funds do not report -		
Depreciation/amortization		(1,257,335)
Change in Net Position - Governmental Activities		$ (345,657)

3. CASH, CASH EQUIVALENTS AND 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; and securities collateralizing time deposits must be held by independent third party trustees.

Cash and Deposits - At September 30, 2020, the carrying amount of the District's deposits was $4,426,666 and the bank balance was $4,630,556. Of the bank balance, $2,714,306 was covered by FDIC insurance and the remaining balance was covered by collateral pledged in the name of the District held in a third-party depository.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued) -

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; or
- Public funds investment pools rated AAA or AAAm by a nationally recognized rating agency.

At September 30, 2020, the District held the following cash equivalents and investments:

Investment	Fair Value at 9/30/2020	Weighted Average Maturity (Days)	Investment Rating	
			Rating	Rating Agency
TexPool	$ 4,274,204	1	AAAm	Standard & Poors
Certificates of Deposits	2,401,865	Various	Various	Various
Escrow Account	916,532	1	Various	Various
	$ 7,592,601			

3. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued) -

The Comptroller of Public Accounts is the sole officer and director of the Texas Treasury Safekeeping Trust Company, which is authorized to operate the Texas Local Government Investment Pool ("TexPool"). Although TexPool is not registered with the SEC as an investment company, they operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. TexPool also has an advisory board to advise on TexPool's investment policy. This board is made up equally of participants and nonparticipants who do not have a business relationship with TexPool. Federated Investors is the investment manager for the pool and manages daily operations of TexPool under a contract with the Comptroller. TexPool's investment policy stipulates that it must invest in accordance with the Public Funds Investment Act. 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.

The escrow funds are restricted investments in the Capital Projects Fund and consist of the remaining proceeds of the Series 2020 Unlimited Tax Bonds, which can only be released from escrow upon written authorization from the Texas Commission on Environmental Quality (the "Commission"), See Note 17 for release and subsequent use of these monies. The escrow account funds are valued using Level 1 inputs and are based on market data obtained from independent sources. The investments are reported by the District at fair value in accordance with GASB Statement No. 72.

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2020, the District's investment in TexPool was rated AAAm by Standard & Poor's Rating Agency. The District also manages credit risk by investing in certificates of deposit with balances below FDIC coverage.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in TexPool to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value. The District also manages interest rate risk by investing in certificates of deposit with maturities of one year or less.

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 establish appraised 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 set the tax rates for the 2020 fiscal year (2019 tax year) on September 16, 2019.

4. PROPERTY TAXES (continued) -

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 2019 tax rate, based on total taxable assessed valuation of $417,663,259, was $0.9475 on each $100 valuation and was allocated to the General Fund and Debt Service Fund at $0.1235 and $0.8240, respectively. The voters of the District approved the levy and collection of a maintenance tax on November 8, 2005.

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

	General Fund	Debt Service Fund	Total
Current year levy	$ 2,515	$ 16,779	$ 19,294
Prior years' levies	2,708	15,325	18,033
	$ 5,223	$ 32,104	$ 37,327

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

5. INTERFUND ACCOUNTS

A summary of interfund accounts, which resulted from the time lag between dates that payments are made between funds, is as follows at September 30, 2020:

	Interfund	
	Receivables	Payables
General Fund:		
Debt Service Fund	$ 11,237	$ -
Capital Projects Fund	159,469	-
Debt Service Fund -		
General Fund	-	11,237
Capital Projects Fund -		
General Fund	-	159,469
	$ 170,706	$ 170,706

During the year ended September 30, 2020, the Capital Projects Fund transferred $18,344 to the General Fund to reimburse the General Fund for construction costs approved for reimbursement from bond proceeds, and the General Fund transferred $27,193 to the Debt Service Fund pertaining to the allocated debt service portion of the contract payment received from Cool Water MUD to purchase capacity in the District's water and wastewater systems (see Note 15).

6. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance 9/30/2019	Additions	Deletions	Balance 9/30/2020
Capital assets not being depreciated:				
Land	$ 417,017	$ 440,036	$ -	$ 857,053
Construction in progress	209,140	935,777	(106,785)	1,038,132
Total capital assets not being depreciated	$ 626,157	$ 1,375,813	$ (106,785)	$ 1,895,185
Capital assets being depreciated:				
Water and Wastewater System	37,318,507	12,012,293	-	49,330,800
Office Building	465,000	-	-	465,000
Pool & Clubhouse	643,258	106,785	-	750,043
Furniture, Fixtures and Equipment	54,730	-	-	54,730
Total capital assets being depreciated	38,481,495	12,119,078	-	50,600,573
Less accumulated depreciation for:				
Water and Wastewater System	(3,450,694)	(889,284)	-	(4,339,978)
Office Building	(139,543)	(15,500)	-	(155,043)
Pool & Clubhouse	(223,117)	(45,135)	-	(268,252)
Furniture, Fixtures and Equipment	(35,552)	(7,170)	-	(42,722)
Total accumulated depreciation	(3,848,906)	(957,089)	-	(4,805,995)
Capital assets being depreciated, net	34,632,589	11,161,989	-	45,794,578
Total capital assets, net of accumulated depreciation	$35,258,746	$12,537,802	$ (106,785)	$47,689,763

7. DEFERRED OUTFLOWS OF RESOURCES

The following is a summary of changes in deferred outflows of resources for the year ended September 30, 2020:

Deferred charges on refundings - September 30, 2019	$ 918,048
Additions from Series 2020 refunding	92,293
Retirements from Series 2013, 2015 and 2020 refundings	(304,726)
Deferred charges on refundings - September 30, 2020	$ 705,615

8. LONG-TERM DEBT

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

	Unlimited Tax and Refunding Bonds
Bonds payable at September 30, 2019	$ 36,452,686
Bonds issued	18,214,997
Bonds refunded	(3,765,000)
Bonds retired	(1,791,329)
Bond premium/discount, net of accumulated amortization	688,560
Bonds payable at September 30, 2020	$ 49,799,914

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

Unlimited Tax Bonds:

$6,915,000 - 2014 Unlimited Tax Bonds payable serially through the year 2039 at interest rates which range from 2.50% to 4.00%. Bonds maturing on or after August 15, 2023 are callable prior to maturity beginning on August 15, 2022. Bonds maturing August 15, 2028, 2036 and 2039 are term bonds and are subject to mandatory sinking fund redemption.

$4,360,000 – 2015 Unlimited Tax Bonds payable serially through the year 2040 at interest rates which range from 2.50% to 4.00%. Bonds maturing on or after August 15, 2023 are callable prior to maturity beginning on August 15, 2022. Bonds maturing August 15, 2026, 2028, 2030, 2038 and 2040 are term bonds and are subject to mandatory sinking fund redemption.

$5,255,000 - 2016 Unlimited Tax Bonds payable serially through the year 2041 at interest rates which range from 2.00% to 3.50%. Bonds maturing on or after August 15, 2025 are callable prior to maturity beginning on August 15, 2023. Bonds maturing August 15, 2025, 2027, 2030, 2033 and 2041 are term bonds and are subject to mandatory sinking fund redemption.

$6,335,000 - 2018 Unlimited Tax Bonds payable serially through the year 2042 at interest rates which range from 3.00% to 3.375%. Bonds maturing on or after August 15, 2025 are callable prior to maturity beginning on August 15, 2024. Bonds maturing August 15, 2030, 2039 and 2042 are term bonds and are subject to mandatory sinking fund redemption.

$5,830,000 - 2019 Unlimited Tax Bonds payable serially through the year 2043 at interest rates which range from 2.00% to 3.25%. Bonds maturing on or after August 15, 2025 are callable prior to maturity beginning on August 15, 2024.

8. LONG-TERM DEBT (continued) -

$14,450,000 - 2020 Unlimited Tax Bonds payable serially through the year 2044 at interest rates which range from 3.625% to 6.50%. Bonds maturing on or after August 15, 2026 are callable prior to maturity beginning on August 15, 2025. Bonds maturing August 15, 2035, 2037, 2039 and 2044 are term bonds and are subject to mandatory sinking fund redemption.

Unlimited Tax Refunding Bonds:

$1,128 - 2013 Unlimited Tax Refunding Bonds payable serially through the year 2024 at an interest rates of 4.50% to 5.00%. Bonds maturing on or after August 15, 2026 are callable prior to maturity beginning on August 15, 2020. Bonds maturing August 15, 2026, 2028, 2030 and 2033 are term bonds and are subject to mandatory sinking fund redemption.

$2,200,229 - 2015 Unlimited Tax Refunding Bonds payable serially through the year 2034 at interest rates which range from 2.40% to 3.20%. Bonds maturing on or after August 15, 2024 are callable prior to maturity beginning on August 15, 2022.

$3,764,997 – 2020A Unlimited Tax Refunding Bonds payable serially through the year 2036 at interest rates which range from 2.00% to 4.00%. Bonds maturing on or after August 15, 2026 are callable prior to maturity beginning on August 15, 2025.

On April 22, 2020, the District issued $14,450,000 of Series 2020 Unlimited Tax and Revenue Bonds (the "Bonds") with interest rates ranging from 3.625% to 6.50%. The net proceeds of $13,223,659 (after payment of $1,226,341 in underwriter's fees, insurance, and bond issuance costs) were used as follows: $10,850,394 was paid to the Developer to reimburse the construction of water, wastewater and drainage facilities that serve the District, and the remaining portion was deposited in the District's investment accounts to finance (i) additional costs of the acquisition of land and construction of water, wastewater and drainage facilities that serve the District and (ii) finance subsequent costs related to the issuance of the Bonds.

On June 2, 2020, the District issued $3,764,996.90 of Series 2020 Unlimited Tax Refunding Bonds with interest ranging from 2.00% to 4.00% to currently refund $1,215,000 and $2,550,000 of its previously issued Series 2011 and Series 2013 bonds, respectively. The net proceeds of $3,878,450 (after a $70,000 contribution to the refunding agent by the District and payment of underwriting fees, insurance and other bond issuance costs) were used for the following: $3,857,293 was deposited with an escrow agent to provide the debt service payment on the portion of bonds refunded and $21,157 was deposited in the General Fund for future bond issuance costs. As a result, $3,765,000 of bond principal is considered defeased and the liability for these bonds was removed from the basic financial statements. The reacquisition price exceeded the net carrying amount of the old debt by $92,293; this amount is considered a deferred outflow of resources and amortized over the life of the refunded debt which is shorter than or equal to the life of the new debt issued. The advance refunding resulted in an economic gain of $398,592 and an overall debt service savings to the District of $521,887.

8. LONG-TERM DEBT (continued) -

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	$ 1,350,784	$ 2,151,524	$ 3,502,308
2022	1,355,350	2,106,808	3,462,158
2023	1,410,158	2,049,100	3,459,258
2024	1,536,749	1,917,233	3,453,982
2025	1,623,313	1,832,295	3,455,608
2026 - 2030	10,660,000	6,530,443	17,190,443
2031 - 2035	12,245,000	4,608,543	16,853,543
2036 - 2040	13,050,000	2,427,776	15,477,776
2041 - 2044	5,880,000	443,771	6,323,771
	$ 49,111,354	$ 24,067,493	$ 73,178,847

A portion of the Series 2013, Series 2015 and Series 2020 Unlimited Tax and Revenue Refunding Bonds are capital appreciation bonds, commonly referred to as "premium compound interest bonds". These bonds were issued at a discount to their par or maturity value and will accrete interest until maturity. The interest shown above includes the interest to be paid on the bonds maturing in the respective years and does not include accrued interest on bonds not maturing in those years. The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount. At September 30, 2020, accreted interest payable on these premium compound interest bonds totaled $1,738,748.

$2,593,861 is available in the Debt Service Fund to service the bonded debt as of September 30, 2020. As of September 30, 2020, the District has authorized but unissued unlimited tax bonds in the amount of $16,265,000 which can be issued for water, sewer and drainage facilities. The District may also issue refunding bonds. The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

9. GROUNDWATER SUPPLY CONTRACT

On June 16, 2005 LSARGP, LLC, and Sonterra Development LLC entered into a Lease of Right to Pump and Use Groundwater (the "Groundwater Lease") granting Sonterra Development LLC the right to pump and use groundwater from certain property owned by LSARGP, LLC. Sonterra Development LLC subsequently assigned its rights, as lessee, under the Groundwater Lease, to the District.

By Amendment No. 1 to Lease of Right to Pump and Use Groundwater dated effective May 19, 2008, LSARGP, LLC and the District amended the Groundwater Lease to, among other things, add additional acreage to the property subject to and extend the term of the Groundwater Lease. In exchange for the right to access the surface of LSARGP's property to drill, operate and maintain wells on the property and to produce groundwater from the property, the District agreed to pay LSARGP quarterly lease payments based on the greater of (i) the actual amount of groundwater pumped from the wells or (ii) the minimum annual amount lease payments provided in the table below. The term of the Groundwater Lease began September 1, 2005 and extends for a period of forty years through December 31, 2045. During the year ended September 30, 2020, the District paid LSARGP $154,869 for groundwater pumped from the wells on LSARGP's property. As of September 30, 2020, the future minimum payment requirements related to the groundwater lease were as follows:

Fiscal Year	Payment
2021	$ 8,000
2022	8,000
2023	8,000
2024	8,000
2025	8,000
2026-2030	43,800
2031-2035	56,825
2036-2040	59,875
2041-2045	62,375
2046	3,125
	$ 266,000

10. WASTEWATER SERVICE AGREEMENT

Effective December 23, 2008, the District entered into an Agreement for Wholesale Wastewater Service (the "Wastewater Agreement") with the City of Jarrell. The Wastewater Agreement has been amended by the First Amendment to the Agreement for Wholesale Wastewater Service dated effective September 23, 2009, the Second Amendment to Agreement for Wholesale Wastewater Service dated effective as of November 23, 2009, the Third Amendment to Agreement for Wholesale Wastewater Service dated effective as of February 20, 2018, the Fourth Amendment to Agreement for Wholesale Wastewater Service dated effective as of July 25, 2019, and the Fifth Amendment to Agreement for Wholesale Wastewater Service dated effective as of October 23, 2020.

10. WASTEWATER SERVICE AGREEMENT (continued) -

In accordance with the Wastewater Agreement, as amended, the City has committed to accept and treat up to 3,000,000 gallons per day of wastewater from development within the District. Under the Wastewater Agreement, as amended, the District pays the City a one-time wastewater treatment access fee, currently $1,720 per living unit equivalent, and a monthly volume charge, currently $7.60 per 1,000 gallons. Prior to October 2019, monthly volume charges were calculated based on metered wastewater flows, but the monthly volume charges are now calculated based on winter-average water usage within the District, in accordance with the Fourth Amendment. During the current fiscal year, the District paid the City $1,144,324 for volume charges in relation to actual wastewater flows.

11. WATER SUPPLY AND FACILITIES FINANCING CONTRACT – LONE STAR REGIONAL WATER AUTHORITY

Water Supply Agreement

On September 1, 2015, the District entered into a Water Supply Agreement with the Lone Star Regional Water Authority (the "Authority"), the City of Jarrell (the "City"), and Jarrell-Schwertner Water Supply Corporation ("JSWSC") for the purchase and delivery of treated water obtained by the Authority from the Brazos River Authority's (the "BRA") Granger Lake Treatment Facility pursuant to a Water Supply Agreement with the BRA (the "BRA Contract") under which the BRA agreed to provide treated water to the Authority. The Water Supply Agreement has been amended by a First Amendment to Water Supply Agreement dated effective March 18, 2019. Under the Water Supply Agreement, as amended, the District, the City and JSWSC (the "Participants") share in the fixed operating costs of the Authority based on each participant's percentage of shared capacity on an annual basis. In addition, on a monthly basis, each Participant is to pay water supply expenses to the Authority based on its proportionate share of the minimum annual payment payable by the Authority to the BRA for the minimum amount of treated water required to be taken by the Authority under the BRA Contract plus the charge for any water delivered to it in excess of its proportionate share. The Authority agrees to deliver treated water from BRA to the Participants up to the maximum quantities under the amended pro rata capacity allocations as follows:

The District	5.7 MGD	54.2857%
City of Jarrell	3.3 MGD	31.4286%
Jarrell-Schwertner Water Supply Corporation	1.5 MGD	14.2857%

During the year ended September 30, 2020, the District paid the Authority $342,643 for operating costs pertaining to the receipt of treated water from the Authority.

11. WATER SUPPLY AND FACILITIES FINANCING CONTRACT - LONE STAR REGIONAL WATER AUTHORITY (continued) -

Water Facilities Acquisition, Construction and Financing Contract

On September 1, 2015, the District entered into a Water Facilities Acquisition, Construction and Financing Contract (the "Water Facilities Financing Contract") with the Authority to facilitate the acquisition, by purchase and construction, of certain water system facilities to render wholesale water services to the District pursuant to the above mentioned Water Supply Agreement. The Water Facilities Financing Contract was amended by the First Amendment to the Water Facilities Acquisition, Construction and Financing Contract dated effective March 18, 2019. Under the Water Facilities Financing Contract, the Authority has issued bonds to construct the East Williamson County Regional Water Transmission System (the "Project") to supply treated water to the District, the City of Jarrell and JSWSC. The District, along with the City of Jarrell and JSWSC, are obligated under the Water Facilities Financing Contract to share in principal and interest payments due on the bonds issued by the Authority specific to the acquisition, construction and financing of the Project pursuant to the pro rata capacity allocations noted above. In exchange, the District and other participants in the Water Facilities Financing Contract have a right to receive water service from the Authority as noted above pursuant to the Water Supply Agreement. At September 30, 2020, the District has recognized an intangible asset of $31,032,341, which corresponds to its outstanding facility financing obligation noted below.

At September 30, 2020, the Authority has $28,830,000 of bond principal outstanding related to the Project. For the year ended September 30, 2020, the District paid $300,245 to the Authority for its proportionate share of principal and interest payments due on the Project bonds. As of September 30, 2020, the District's future facility financing (debt service) obligations due to the Authority for the Project bonds under the Water Facilities Financing Contract are as follows:

Fiscal Year	5.7 MGD Pro Rata Share
2021	$ 348,677
2022	402,326
2023	475,089
2024	553,072
2025	625,440
2026-2030	4,380,593
2031-2035	5,712,676
2036-2040	6,397,952
2041-2045	6,390,632
2046-2050	5,745,884
	$ 31,032,341

12. DEBT PAYABLE – LONE STAR REGIONAL WATER AUTHORITY

On June 1, 2015, the District entered into a Water System Facilities Installment Sale Contract (the "LSRWA Facilities Contract") with the Authority whereby the Authority agreed to sell $3,165,000 in Contract Revenue Bonds and make those proceeds, net of issuance costs, available to the District for its use to acquire, by purchase and construction, certain water storage and transmission facilities to serve the District. Under the terms of the LSRWA Facilities Contract, the District will own the facilities once they are completed and placed into service. In exchange, the District has agreed to make all debt service payments required to repay the bonds. To secure this obligation, the District has pledged all of the gross revenues derived from the operation of its waterworks and sanitary sewer utility system. In the event such gross revenues are not sufficient for making the required payments, the District is obligated to make such payments from other sources of its General Fund.

During the year ended September 30, 2020, the District paid the Authority $198,938 in principal and interest payments on the outstanding debt, of which $90,000 was for principal and $108,938 was for interest.

As of September 30, 2020, the debt service requirements related to the LSRWA Facilities Contract are as follows:

Fiscal Year	Principal	Interest	Total
2021	$ 95,000	$ 106,238	$ 201,238
2022	100,000	103,388	203,388
2023	100,000	100,388	200,388
2024	105,000	97,388	202,388
2025	110,000	93,188	203,188
2026-2030	600,000	403,077	1,003,077
2031-2035	725,000	279,000	1,004,000
2036-2040	885,000	115,601	1,000,601
	$ 2,720,000	$ 1,298,268	$ 4,018,268

13. LEASE OF OFFICE SPACE

In August 2018, the District entered into an agreement to lease 2,500 square feet of office space to the Jarrell Library. The term of the lease agreement is 36 months ending August 31, 2021, and both rent and the library's pro rata share of operating and maintenance expenses of the office space are due monthly to the District. The District, due to the structure of the rental payments in the lease agreement, did not recognize any rental income during the year ended September 30, 2020. Future rental income per this agreement is as follows:

Fiscal Year	Principal
2021	$ 9,174
	$ 9,174

14. CAPITAL LEASES

On November 1, 2010, the District entered into a lease purchase agreement to facilitate the purchase of an office building at a purchase price of $465,000. Under the agreement, the District has agreed to pay equal monthly installments of $2,788, representing both principal and interest, over a period of thirty years to acquire the office building.

On June 1, 2011 (as amended on September 11, 2017), the District entered into a lease purchase agreement to facilitate the purchase of a pool at a purchase price of $350,000. Under the agreement, the District has agreed to pay equal monthly installments of $2,714, representing both principal and interest, through July 8, 2024 at which point all unpaid principal and interest is due in a lump-sum payment of $182,874.

During the year ended September 30, 2020, the District made capital lease principal and interest payments totaling $66,018. As of September 30, 2020, the future payment requirements related to the capital leases are as follows:

Fiscal Year	Principal	Interest	Total
2021	$ 26,105	$ 39,913	$ 66,018
2022	27,882	38,135	66,017
2023	29,781	36,236	66,017
2024	208,636	32,115	240,751
2025	13,134	20,321	33,455
2026-2030	78,866	88,408	167,274
2031-2035	106,379	60,896	167,275
2036-2040	137,982	23,717	161,699
2041	8,281	83	8,364
	$ 637,046	$ 339,824	$ 976,870

15. PROVISION OF RETAIL WATER AND WASTEWATER SERVICES

Effective August 15, 2019, the District entered into an Agreement for the Provision of Retail Water and Wastewater Services, as amended, with Cool Water Municipal Utility District ("Cool Water MUD"), under which the District agrees to provide retail water and wastewater services to property and land within Cool Water MUD. As part of the consideration under this agreement, Cool Water MUD agrees to make certain contract payments to the District, calculated to pay Cool Water MUD's prorata share, based on the approved living unit equivalents of service, of the debt service on certain District facilities required to provide water and wastewater service to Cool Water MUD. During the year ended September 30, 2020, the District billed and received contract payments totaling $271,926 from Cool Water MUD.

Effective September 1, 2020, the District entered into an Agreement for the Provision of Retail Water and Wastewater Services with Eastwood Municipal Utility District ("Eastwood MUD"), under which the District agrees to provide retail water and wastewater services to property and land within Eastwood MUD. As part of the consideration under this agreement, Eastwood MUD agrees to make certain contract payments to the District, calculated to pay Eastwood MUD's prorata share, based on the approved living unit equivalents of service, of the debt service on certain District facilities required to provide water and wastewater service to Eastwood MUD. During the year ended September 30, 2020, the District billed contract payments totaling $239,216 from Eastwood MUD, all of which is receivable as of September 30, 2020.

16. 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.

17. SUBSEQUENT EVENTS

Pursuant to approval received on September 22, 2020 from the Commission to release previously escrowed bond proceeds, on October 19, 2020, the District's Board of Directors authorized reimbursement of $916,351 to the developer for construction costs previously held back from the Series 2020 bond proceeds subject to receipt of deeds and/or easements for certain properties.

On October 21, 2020, the District issued $4,900,000 of Unlimited Tax and Revenue Bonds, Series 2020A. Proceeds of the bonds were used to reimburse a developer within the District for certain water, wastewater and drainage facilities and to fund bond issue costs. The Series 2020A bonds were sold with interest rates ranging from 2.00% to 3.00% and principal maturities through August 2045.

18. 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

SONTERRA MUNICIPAL UTILITY DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2020

	Actual	Original Budget	Final Budget	Variance Positive (Negative)
REVENUES:				
Property taxes, including penalties and interest	$ 517,381	$ 505,697	$ 505,697	$ 11,684
Water service	2,117,230	1,842,200	1,777,467	339,763
Wastewater service	1,406,073	1,090,000	1,344,518	61,555
Contract reservation fees	511,142	1,196,640	271,926	239,216
Penalty and interest	26,051	90,000	90,000	(63,949)
Inspection and tap fees	1,033,270	954,000	535,500	497,770
Park and recreation fees	962,422	887,000	887,000	75,422
Investment revenues	43,324	20,100	20,100	23,224
Miscellaneous revenues	74,923	63,026	55,526	19,397
TOTAL REVENUES	6,691,816	6,648,663	5,487,734	1,204,082
EXPENDITURES:				
Service operations:				
Parks and recreation salaries, repairs and maintenance expenditures	510,749	494,500	494,500	(16,249)
Professional fees	315,950	338,000	338,000	22,050
Contracted services	991,548	960,466	950,822	(40,726)
Purchased water service	497,512	767,273	705,947	208,435
Purchased wastewater service	1,144,324	915,000	1,054,406	(89,918)
Utilities	150,044	146,500	146,500	(3,544)
Repair and maintenance	322,510	175,000	175,000	(147,510)
Other	626,477	661,199	621,200	(5,277)
Capital outlay	50,359	370,000	422,900	372,541
Debt service:				
Principal	208,391	390,245	390,245	181,854
Interest	357,590	108,938	108,938	(248,652)
TOTAL EXPENDITURES	5,175,454	5,327,121	5,408,458	233,004
Excess of revenues over expenditures	1,516,362	1,321,542	79,276	971,078
OTHER FINANCING USES -				
Transfers in (out)	(8,849)	-	-	(8,849)
TOTAL OTHER FINANCING USES	(8,849)	-	-	(8,849)
Excess of revenues over expenditures	1,507,513	$ 1,321,542	$ 79,276	$ 962,229
FUND BALANCE:				
Beginning of the year	2,742,983			
End of the year	$ 4,250,496			

TEXAS SUPPLEMENTARY INFORMATION

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

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

[X]	Retail Water	[ ]	Wholesale Water	[X]	Drainage
[X]	Retail Wastewater	[ ]	Wholesale Wastewater	[ ]	Irrigation
[X]	Parks/Recreation	[ ]	Fire Protection	[X]	Security
[X]	Solid Waste/Garbage	[ ]	Flood Control	[ ]	Roads

[X] Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)

Other (specify): _____

2. Retail Service Providers

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

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1000 Gallons Over Minimum	Usage Levels
WATER:	$ 46.00 (1)	N/A	N	$ 2.75	To 2,000
				$ 3.30	2,001 to 6,000
				$ 3.60	6,001 to 10,000
				$ 5.00	10,001 to 15,000
				$ 6.00	15,001 and up
WASTEWATER:	$ 26.00	N/A	N	$ 3.35	To 2,000
				$ 3.60	2,001 to 6,000
				$ 7.85	6,001 and up

SURCHARGE: Commission Regulatory Assessment 0.5% of actual water and sewer bill

Park and Recreation Operation and Maintenance Fee $24.00

District employs winter averaging for wastewater usage? Yes [X] No [ ]

Total charges per 10,000 gallons usage:

Residential: Water $ 79.10 (1) Wastewater $ 78.50

Surcharge $ 24.79

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC's
Unmetered	-	-	1.0	-
< 3/4"	3,401	3,395	1.0	3,395
1"	6	6	2.5	15
1 1/2"	7	7	5.0	35
2"	4	4	8.0	32
3"	1	1	15.0	15
4"	-	-	25.0	-
6"	-	-	50.0	-
8"	-	-	80.0	-
10"	-	-	115.0	-
Total Water	3,419	3,413		3,492
Total Wastewater	3,358	3,358	1.0	3,358

(1) Includes solid waste pick-up charge.

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

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

Gallons pumped into system: 224,603,000

Gallons billed to customers: 208,508,000

Water Accountability Ratio
(Gallons billed / Gallons Pumped)
92.8%

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

Does the District assess standby fees? Yes [ ] No [X]

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

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

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 [X] No [ ]

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

City(ies) in which district is located: _____

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

Entirely [X] Partly [ ] Not at all [ ]

ETJ's in which district is located: City of Jarrell, Texas

Are Board members appointed by an office outside the district?

Yes [ ] No [X]

If Yes, by whom? N/A

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

Personnel Expenditures (including benefits)	$ -
Professional Fees:	
Auditing	17,250
Legal	138,018
Engineering	135,079
Delinquent Tax Attorney	2,153
Other	23,450
Purchased Services for Resale-	
Bulk Water and Wastewater Purchases	1,641,836
Contracted Services:	
Bookkeeping	57,271
Operations and Billing	463,244
Appraisal District	3,662
Tax Collector	83
Utilities	150,044
Repairs and Maintenance	322,510
Administrative Expenditures:	
Directors' Fees	11,850
Office Supplies	6,732
Insurance	24,321
Other Administrative Expenditures	41,551
Capital Outlay:	
Capitalized Assets	50,359
Expenditures not Capitalized	-
Tap Connection Expenditures	-
Solid Waste Disposal	405,390
Security	61,898
Restrictive Covenant Enforcement	163,465
Parks and Recreation	510,749
Debt Service	565,981
Other Expenditures	378,558
TOTAL EXPENDITURES	$ 5,175,454

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

SONTERRA MUNICIPAL UTILITY DISTRICT
TSI-3. TEMPORARY INVESTMENTS
SEPTEMBER 30, 2020

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
General Fund:					
TexPool	XXXX0003	Varies	Daily	$ 740,532	$ -
TexPool	XXXX0012	Varies	Daily	134,189	-
TexPool	XXXX0013	Varies	Daily	1,019,980	-
TexPool	XXXX0014	Varies	Daily	244,909	-
Certificate of deposit	XXXX5850	0.35%	6/27/2021	101,865	29
Certificate of deposit	XXXX0276	1.85%	10/1/2020	100,000	1,527
Certificate of deposit	XXXX1796	1.80%	11/6/2020	100,000	1,304
Certificate of deposit	XXXX1793	1.75%	11/15/2020	240,000	2,942
Certificate of deposit	XXXX0280	1.60%	11/18/2020	240,000	2,970
Certificate of deposit	XXXX0561	1.35%	11/30/2020	240,000	1,857
Certificate of deposit	XXXX4367	0.75%	5/7/2021	120,000	360
Certificate of deposit	XXXX5317	0.70%	6/9/2021	100,000	150
Total General Fund				3,381,475	11,139
Debt Service Fund:					
TexPool	XXXX0002	Varies	Daily	1,415,344	-
TexPool	XXXX0004	Varies	Daily	27,924	-
Certificate of deposit	XXXX7487	0.45%	1/9/2021	100,000	97
Certificate of deposit	XXXX3892	0.60%	1/7/2021	240,000	319
Certificate of deposit	XXXX1797	1.01%	7/4/2021	240,000	584
Certificate of deposit	XXXX1024	0.60%	7/5/2021	240,000	343
Certificate of deposit	XXXX2208	0.75%	7/5/2021	100,000	176
Certificate of deposit	XXXX0374	0.55%	7/6/2021	240,000	311
Total Debt Service Fund				2,603,268	1,830
Capital Projects Fund:					
TexPool	XXXX0011	Varies	Daily	505,592	-
TexPool	XXXX0015	Varies	Daily	185,734	-
Escrow account	XXXX6016	Varies	Daily	916,532	-
Total Capital Projects Fund				1,607,858	-
Total - All Funds				$ 7,592,601	$ 12,969

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

	Maintenance Taxes	Debt Service Taxes
Taxes Receivable, Beginning of Year	$ 3,753	$ 22,558
2019 Original tax levy, less abatements	515,239	3,437,709
Tax adjustments	694	4,622
Total to be accounted for	519,686	3,464,889
Tax collections:		
Current year	513,450	3,425,773
Prior years	1,013	7,012
Total collections	514,463	3,432,785
Taxes Receivable, End of Year	$ 5,223	$ 32,104
Taxes Receivable, by Years		
2018 and prior	$ 2,708	$ 15,325
2019	2,515	16,779
Taxes Receivable, End of Year	$ 5,223	$ 32,104

Property Valuations:	**2019**	2018	2017	2016
Land and improvements	**$ 417,663,259** (a)	$ 339,363,225 (a)	$ 268,709,574 (a)	$ 219,434,348 (a)
Total Property Valuations	**$ 417,663,259**	$ 339,363,225	$ 268,709,574	$ 219,434,348
Tax Rates per $100 Valuation:				
Maintenance tax rates	**$ 0.1235**	$ 0.1196	$ 0.1198	$ 0.1200
Debt Service tax rates	**0.8240**	0.8279	0.8302	0.8300
Total Tax Rates per $100 Valuation:	**$ 0.9475**	$ 0.9475	$ 0.9500	$ 0.9500
Original Tax Levy	**$ 3,958,517**	$ 3,216,517	$ 2,553,216	$ 2,084,626
Percent of Taxes Collected to Taxes Levied **	**99.5%**	99.8%	99.9%	99.9%

Maximum Maintenance Tax Rate Approved by Voters: $ 1.00 on 11/8/2005.

**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 in the District's bond offering documents or the District's annual bond disclosure filings.

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

Fiscal Year Ending	Unlimited Tax Refunding Bonds Series 2013			Unlimited Tax Bonds Series 2014			Unlimited Tax Refunding Bonds Series 2015			Unlimited Tax Bonds Series 2015		
	Principal Due 8/15	Interest Due 2/15, 8/15	Total	Principal Due 8/15	Interest Due 2/15, 8/15	Total	Principal Due 8/15	Interest Due 2/15, 8/15	Total	Principal Due 8/15	Interest Due 2/15, 8/15	Total
2021	$ 627	$ 254,373	$ 255,000	$ 150,000	$ 237,068	$ 387,068	$ 157	$ 231,863	$ 232,020	$ 135,000	$ 146,013	$ 281,013
2022	296	254,704	255,000	265,000	233,318	498,318	54	236,966	237,020	140,000	142,638	282,638
2023	140	254,860	255,000	275,000	225,368	500,368	18	232,002	232,020	150,000	139,138	289,138
2024	65	249,935	250,000	285,000	217,118	502,118	170,000	67,020	237,020	155,000	135,013	290,013
2025	-	-	-	295,000	208,568	503,568	175,000	61,920	236,920	165,000	130,363	295,363
2026	-	-	-	310,000	199,718	509,718	180,000	56,670	236,670	170,000	125,413	295,413
2027	-	-	-	320,000	190,030	510,030	185,000	51,270	236,270	180,000	120,313	300,313
2028	-	-	-	335,000	180,030	515,030	195,000	45,720	240,720	190,000	114,463	304,463
2029	-	-	-	345,000	169,561	514,561	200,000	39,870	239,870	195,000	108,288	303,288
2030	-	-	-	360,000	158,780	518,780	205,000	33,870	238,870	205,000	101,950	306,950
2031	-	-	-	375,000	147,530	522,530	215,000	27,720	242,720	215,000	95,288	310,288
2032	-	-	-	390,000	135,718	525,718	215,000	21,270	236,270	225,000	88,300	313,300
2033	-	-	-	405,000	123,238	528,238	225,000	14,551	239,551	235,000	80,988	315,988
2034	-	-	-	425,000	110,075	535,075	235,000	7,520	242,520	250,000	73,350	323,350
2035	-	-	-	440,000	95,200	535,200	-	-	-	260,000	65,225	325,225
2036	-	-	-	455,000	77,600	532,600	-	-	-	270,000	56,450	326,450
2037	-	-	-	475,000	59,400	534,400	-	-	-	285,000	47,338	332,338
2038	-	-	-	495,000	40,400	535,400	-	-	-	300,000	36,650	336,650
2039	-	-	-	515,000	20,600	535,600	-	-	-	310,000	25,400	335,400
2040	-	-	-	-	-	-	-	-	-	325,000	13,000	338,000
2041	-	-	-	-	-	-	-	-	-	-	-	-
2042	-	-	-	-	-	-	-	-	-	-	-	-
2043	-	-	-	-	-	-	-	-	-	-	-	-
2044	-	-	-	-	-	-	-	-	-	-	-	-
	$ 1,128	$ 1,013,872	$ 1,015,000	$ 6,915,000	$ 2,829,320	$ 9,744,320	$ 2,200,229	$ 1,128,232	$ 3,328,461	$ 4,360,000	$ 1,845,581	$ 6,205,581

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

Fiscal Year Ending	Unlimited Tax Bonds Series 2016			Unlimited Tax Bonds Series 2018			Unlimited Tax Bonds Series 2019			Unlimited Tax Bonds Series 2020		
	Principal Due 8/15	Interest Due 2/15, 8/15	Total	Principal Due 8/15	Interest Due 2/15, 8/15	Total	Principal Due 8/15	Interest Due 2/15, 8/15	Total	Principal Due 8/15	Interest Due 2/15, 8/15	Total
2021	$ 150,000	$ 160,188	$ 310,188	$ 175,000	$ 199,193	$ 374,193	$ 235,000	$ 166,219	$ 401,219	$ 395,000	$ 664,882	$ 1,059,882
2022	100,000	157,188	257,188	180,000	193,944	373,944	150,000	161,519	311,519	410,000	639,206	1,049,206
2023	100,000	155,188	255,188	190,000	188,544	378,544	155,000	158,519	313,519	420,000	612,556	1,032,556
2024	100,000	153,188	253,188	200,000	182,844	382,844	165,000	155,418	320,418	435,000	585,256	1,020,256
2025	100,000	150,688	250,688	210,000	176,843	386,843	170,000	152,118	322,118	450,000	556,982	1,006,982
2026	100,000	148,188	248,188	215,000	170,544	385,544	180,000	148,719	328,719	470,000	527,732	997,732
2027	100,000	145,188	245,188	225,000	164,094	389,094	190,000	145,118	335,118	485,000	497,182	982,182
2028	100,000	142,188	242,188	235,000	157,344	392,344	200,000	140,844	340,844	500,000	465,656	965,656
2029	100,000	139,188	239,188	250,000	150,293	400,293	205,000	135,844	340,844	520,000	433,156	953,156
2030	100,000	136,188	236,188	260,000	142,794	402,794	215,000	130,206	345,206	535,000	399,356	934,356
2031	100,000	133,188	233,188	270,000	134,994	404,994	230,000	123,756	353,756	555,000	377,956	932,956
2032	100,000	130,188	230,188	285,000	126,894	411,894	240,000	116,856	356,856	575,000	355,756	930,756
2033	100,000	127,188	227,188	295,000	118,344	413,344	250,000	109,656	359,656	595,000	332,756	927,756
2034	300,000	124,188	424,188	310,000	109,494	419,494	260,000	102,156	362,156	615,000	308,956	923,956
2035	455,000	115,188	570,188	325,000	99,806	424,806	275,000	94,356	369,356	640,000	284,356	924,356
2036	470,000	101,538	571,538	340,000	89,650	429,650	285,000	86,106	371,106	660,000	258,756	918,756
2037	490,000	87,438	577,438	355,000	78,600	433,600	300,000	77,200	377,200	685,000	232,356	917,356
2038	515,000	72,738	587,738	370,000	67,062	437,062	315,000	67,826	382,826	710,000	204,956	914,956
2039	535,000	57,288	592,288	385,000	55,037	440,037	330,000	57,982	387,982	730,000	176,556	906,556
2040	560,000	39,900	599,900	400,000	42,525	442,525	345,000	47,668	392,668	760,000	147,356	907,356
2041	580,000	20,300	600,300	420,000	29,025	449,025	360,000	36,888	396,888	785,000	119,806	904,806
2042	-	-	-	440,000	14,850	454,850	380,000	25,188	405,188	810,000	91,350	901,350
2043	-	-	-	-	-	-	395,000	12,838	407,838	840,000	61,988	901,988
2044	-	-	-	-	-	-	-	-	-	870,000	31,538	901,538
	$ 5,255,000	$ 2,496,522	$ 7,751,522	$ 6,335,000	$ 2,692,718	$ 9,027,718	$ 5,830,000	$ 2,453,000	$ 8,283,000	$ 14,450,000	$ 8,366,406	$ 22,816,406

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

Fiscal Year Ending	Unlimited Tax Refunding Bonds Series 2020			Annual Requirements for All Series		
	Principal Due 8/15	Interest Due 2/15, 8/15	Total	Principal Due 8/15	Interest Due 2/15, 8/15	Total
2021	$ 110,000	$ 91,725	$ 201,725	$ 1,350,784	$ 2,151,524	$ 3,502,308
2022	110,000	87,325	197,325	1,355,350	2,106,808	3,462,158
2023	120,000	82,925	202,925	1,410,158	2,049,100	3,459,258
2024	26,684	171,441	198,125	1,536,749	1,917,233	3,453,982
2025	58,313	394,813	453,126	1,623,313	1,832,295	3,455,608
2026	370,000	78,125	448,125	1,995,000	1,455,109	3,450,109
2027	380,000	70,725	450,725	2,065,000	1,383,920	3,448,920
2028	375,000	63,125	438,125	2,130,000	1,309,370	3,439,370
2029	380,000	55,625	435,625	2,195,000	1,231,825	3,426,825
2030	395,000	47,075	442,075	2,275,000	1,150,219	3,425,219
2031	395,000	38,188	433,188	2,355,000	1,078,620	3,433,620
2032	405,000	28,312	433,312	2,435,000	1,003,294	3,438,294
2033	405,000	18,188	423,188	2,510,000	924,909	3,434,909
2034	75,000	7,050	82,050	2,470,000	842,789	3,312,789
2035	80,000	4,800	84,800	2,475,000	758,931	3,233,931
2036	80,000	2,400	82,400	2,560,000	672,500	3,232,500
2037	-	-	-	2,590,000	582,332	3,172,332
2038	-	-	-	2,705,000	489,632	3,194,632
2039	-	-	-	2,805,000	392,863	3,197,863
2040	-	-	-	2,390,000	290,449	2,680,449
2041	-	-	-	2,145,000	206,019	2,351,019
2042	-	-	-	1,630,000	131,388	1,761,388
2043	-	-	-	1,235,000	74,826	1,309,826
2044	-	-	-	870,000	31,538	901,538
	$ 3,764,997	$ 1,241,842	$ 5,006,839	$ 49,111,354	$ 24,067,493	$ 73,178,847

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

	Bond Issue										
	Series 2011	**Series 2013 Ref.**	**Series 2014**	**Series 2015 Ref.**	**Series 2015**	**Series 2016**	**Series 2018**	**Series 2019**	**Series 2020**	**Series 2020 Ref.**	**Total**
Interest Rate	4.75% - 5.50%	4.50% - 5.00%	2.50% - 4.00%	2.40% - 3.20%	2.50% - 4.00%	2.00% - 3.50%	3.00% - 3.375%	2.00% - 3.25%	3.625% - 6.50%	2.00% - 4.00%	
Dates Interest Payable	2/15, 8/15	2/15, 8/15	2/15, 8/15	2/15, 8/15	2/15, 8/15	2/15, 8/15	2/15, 8/15	2/15, 8/15	2/15, 8/15	2/15, 8/15	
Maturity Dates	8/15/2020	8/15/2024	8/15/2039	8/15/2034	8/15/2040	8/15/2041	8/15/2042	8/15/2043	8/15/2044	8/15/2036	
Bonds Outstanding at Beginning of Current Fiscal Year	$ 1,260,000	$ 2,552,457	$ 7,050,000	$ 2,365,229	$ 4,490,000	$ 5,405,000	$ 6,500,000	$ 6,830,000	$ -	$ -	$ 36,452,686
Bonds Sold During the Current Fiscal Year	-	-	-	-	-	-	-	-	14,450,000	3,764,997	18,214,997
Retirements During the Current Fiscal Year:											
Refunded	(1,215,000)	(2,550,000)	-	-	-	-	-	-	-	-	(3,765,000)
Principal	(45,000)	(1,329)	(135,000)	(165,000)	(130,000)	(150,000)	(165,000)	(1,000,000)	-	-	(1,791,329)
Bonds Outstanding at End of Current Fiscal Year	$ -	$ 1,128	$ 6,915,000	$ 2,200,229	$ 4,360,000	$ 5,255,000	$ 6,335,000	$ 5,830,000	$ 14,450,000	$ 3,764,997	$ 49,111,354
Interest Paid During the Current Fiscal Year	$ 34,630	$ 313,471	$ 240,105	$ 70,320	$ 149,263	$ 162,587	$ 204,144	$ 186,218	$ 208,699	$ 18,600	$ 1,588,037
Paying Agent's Name & Address:	Bank of Texas Austin, TX	Bank of Texas Austin, TX	Bank of Texas Austin, TX	Bank of Texas Austin, TX	Bank of Texas Austin, TX	Bank of Texas Austin, TX	Bank of Texas Austin, TX	Bank of Texas Austin, TX	Bank of Texas Austin, TX	Bank of Texas Austin, TX	

Bond Authority:	Tax Bonds*	Other Bonds	Refunding Bonds
Amount Authorized by Voters	$ 71,480,000	$ -	$ -
Amount Issued	(55,215,000)	-	9,729,986
Remaining to be Issued	$ 16,265,000	$ -	N/A

* 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:	$ 2,603,268
Average Annual Debt Service Payment (Principal & Interest) for the remaining term of all debt:	$ 3,049,119

SONTERRA MUNICIPAL UTILITY DISTRICT
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
GENERAL FUND REVENUES:										
Property taxes, including penalties and interest	**$ 517,381**	$ 405,922	$ 328,615	$ 266,307	$ 231,827	**7.7%**	8.3%	8.5%	7.9%	8.3%
Water service	**2,117,230**	1,650,961	1,365,334	1,119,198	955,519	**31.6%**	33.7%	35.3%	33.2%	34.2%
Wastewater service	**1,406,073**	1,071,867	979,724	824,008	710,867	**21.0%**	21.9%	25.4%	24.5%	25.4%
Contract reservation fees	**511,142**	-	-	-	-	**7.6%**	-	-	-	-
Penalty and interest	**26,051**	81,524	56,643	63,283	50,094	**0.4%**	1.7%	1.5%	1.9%	1.8%
Inspection and tap fees	**1,033,270**	807,873	479,702	437,350	385,695	**15.4%**	16.5%	12.4%	13.0%	13.8%
Park and recreation fees	**962,422**	767,088	594,759	625,240	419,465	**14.4%**	15.7%	15.4%	18.6%	15.0%
Investment revenues	**43,324**	44,044	18,205	6,627	5,459	**0.6%**	0.9%	0.5%	0.2%	0.2%
Miscellaneous revenues	**74,923**	61,600	40,285	22,319	35,088	**1.1%**	1.3%	1.0%	0.7%	1.3%
TOTAL GENERAL FUND REVENUES	**6,691,816**	4,890,879	3,863,267	3,364,332	2,794,014	**100.0%**	100.0%	100.0%	100.0%	100.0%
GENERAL FUND EXPENDITURES:										
Parks and recreation salaries, repairs and maintenance expenditures	**510,749**	420,688	365,932	254,097	243,665	**7.6%**	8.6%	9.5%	7.6%	8.7%
Professional fees	**315,950**	481,260	449,569	315,362	205,082	**4.7%**	9.8%	11.6%	9.4%	7.3%
Contracted services	**991,548**	833,450	711,472	709,828	599,535	**14.8%**	17.0%	18.4%	21.1%	21.5%
Purchased water service	**497,512**	184,635	230,443	307,936	237,170	**7.4%**	3.8%	6.0%	9.2%	8.5%
Purchased wastewater service	**1,144,324**	861,456	746,256	799,838	763,866	**17.1%**	17.6%	19.3%	23.8%	27.3%
Utilities	**150,044**	143,100	113,610	80,055	72,296	**2.3%**	2.9%	2.9%	2.4%	2.6%
Repair and maintenance	**322,510**	156,787	177,902	-	-	**4.8%**	3.2%	4.6%	0.0%	0.0%
Other	**626,477**	301,203	265,061	274,809	219,245	**9.4%**	6.2%	6.9%	8.2%	7.8%
Capital outlay	**50,359**	130,611	125,010	234,305	209,346	**0.8%**	2.7%	3.2%	7.0%	7.5%
Principal	**208,391**	209,187	111,428	103,950	113,387	**3.1%**	4.3%	2.9%	3.1%	4.1%
Interest	**357,590**	332,975	157,128	161,305	155,750	**5.4%**	6.8%	4.1%	4.8%	5.6%
Transfers in (out)	**8,849**	(57,630)	-	-	-	**0.1%**	-1.2%	-	-	-
TOTAL GENERAL FUND EXPENDITURES	**5,184,303**	3,997,722	3,453,811	3,241,485	2,819,342	**77.5%**	81.7%	89.4%	96.3%	100.9%
EXCESS (DEFICIT) OF GENERAL FUND REVENUES OVER (UNDER) EXPENDITURES	**$ 1,507,513**	$ 893,157	$ 409,456	$ 122,847	$ (25,328)	**22.5%**	18.3%	10.6%	3.7%	-0.9%
DEBT SERVICE FUND REVENUES & OTHER FINANCING SOURCES:										
Property taxes, including penalties	**$ 3,452,315**	$ 2,809,897	$ 2,277,112	$ 1,840,262	$ 1,461,504	**92.7%**	96.9%	98.2%	99.3%	99.1%
Interest and other	**44,944**	89,360	41,738	13,682	12,807	**1.2%**	3.1%	1.8%	0.7%	0.9%
Other financing sources/(uses), net	**229,129**	-	-	-	-	**6.1%**	-	-	-	-
TOTAL DEBT SERVICE FUND REVENUES & OTHER FINANCING SOURCES	**3,726,388**	2,899,257	2,318,850	1,853,944	1,474,311	**100.0%**	100.0%	100.0%	100.0%	100.0%
DEBT SERVICE FUND EXPENDITURES & OTHER FINANCING USES:										
Principal	**1,791,329**	1,382,537	494,766	645,000	510,000	**48.1%**	47.7%	21.3%	34.8%	34.6%
Interest	**1,588,037**	1,316,943	1,150,476	815,077	702,971	**42.6%**	45.4%	49.6%	44.0%	47.7%
Fiscal agent fees and other	**30,312**	3,355	2,970	2,763	2,750	**0.8%**	0.1%	0.1%	0.1%	0.2%
Bond issuance costs	**251,096**	-	-	-	-	**6.7%**	-	-	-	-
TOTAL DEBT SERVICE FUND EXPENDITURES & OTHER FINANCING USES	**$ 3,660,774**	$ 2,702,835	$ 1,648,212	$ 1,462,840	$ 1,215,721	**98.2%**	93.2%	71.1%	78.9%	82.5%
EXCESS OF DEBT SERVICE FUND REVENUES & OTHER FINANCING SOURCES OVER EXPENDITURES & OTHER FINANCING USES	**$ 65,614**	$ 196,422	$ 670,638	$ 391,104	$ 258,590	**1.8%**	6.8%	28.9%	21.1%	17.5%
TOTAL ACTIVE RETAIL WATER CONNECTIONS	**3,413**	2,143	1,799	1,708	1,699					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	**3,358**	2,073	1,791	1,708	1,699					

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

Complete District Mailing Address:	100 Congress Ave., Suite 1300 Austin, TX 78701
District Business Telephone Number:	(512) 435-2300
Submission Date of the most recent District Registration Form TWC Sections 36.054 & 49.054):	December 14, 2020
Limits on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution TWC Section 49.060)	$7,200

Name and Address:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid * 9/30/2020	Expense Reimbursements 09/30/20	Title at Year End
Board Members **:**				
John Faske	Elected 5/2/2020 - 5/4/2024	$ 2,250	$ -	President
Darrell Goldman	Elected 5/5/2018 - 5/7/2022	$ 3,150	$ -	Vice-President
Camy Lenn Reynolds	Appointed 1/21/2019 - 5/7/2022	$ 2,400	$ -	Secretary
Raven Dunbar	Elected 5/2/2020 - 5/4/2024	$ 900	$ -	Assistant Secretary
Michael Cosimeno	Appointed 12/14/2020 - 5/4/2024	$ -	$ -	Assistant Secretary
Consultants **:**				
Armbrust & Brown, PLLC	4/18/2016	$ 166,886 $ 242,096	$ - $ -	Attorney Bond Related Services
McCall Gibson Swedlund Barfoot PLLC	9/17/2018	$ 17,250 $ 22,200	$ - $ -	Auditor Bond Related Services
Bott & Douthitt PLLC	7/20/2020	$ 6,600	$ 337	Accountant
Joney-Heroy & Associates Inc.	11/11/2013	$ 306,922 $ 60,445	$ - $ -	Engineer Bond Related Services
Specialized Public Finance Inc.	11/10/2008	$ 352,559	$ -	Financial Advisor
Crossroads Utility Services	9/16/2013	$ 712,871	$ -	Operator
Vecindario Management	4/30/2014	$ 371,776	$ -	Manager
Williamson Co. Tax Collector	7/23/2007	$ 639	$ -	Tax Collector
Municipal Accounts & Consulting	10/1/2015	$ 55,360 $ 6,000	$ - $ -	Prior Bookkeeper Bond Related Services

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

OTHER SUPPLEMENTARY INFORMATION

SONTERRA MUNICIPAL UTILITY DISTRICT
OSI-1. TOP TEN TAXPAYERS
SEPTEMBER 30, 2020

Taxpayer	Type of Property	Tax Roll Year 2020	2019	2018
Akiva Holdings LLC	N/A	**$ 19,717,076**	$ -	$ -
Leemak Jarrell LLC	N/A	**9,434,081**	9,246,831	8,479,827
Odbody LP	N/A	**7,455,527**	-	-
Lennar Homes of Texas Land & Construction Ltd.	N/A	**5,083,355**	4,539,061	2,023,801
Sonwest Co.	N/A	**4,979,125**	10,454,358	1,561,018
Rvest LP	N/A	**4,430,455**	4,883,820	8,349,306
LGI Homes - Texas LLC	N/A	**3,399,519**	6,102,462	-
Big Red Barn V Ltd	N/A	**3,269,093**	3,290,987	3,281,213
KB Home Lone Star Inc.	N/A	**3,184,020**	-	-
Sonterra Center Partners	N/A	**2,446,125**	2,166,078	2,165,420
Sonterra Apartments Partners	N/A	**-**	10,468,048	10,390,154
Sonterra Townhome Partners	N/A	**-**	8,635,090	8,167,145
National Retail Properties LP	N/A	**-**	2,105,726	1,914,761
Continental Homes of Texas LP dba DR Horton	N/A	**-**	-	1,773,895
Total		**$ 63,398,376**	$ 61,892,461	$ 48,106,540
Percent of Assessed Valuation		**12.2%**	14.8%	14.2%

SONTERRA MUNICIPAL UTILITY DISTRICT
OSI-2. ASSESSED VALUE BY CLASSIFICATION
SEPTEMBER 30, 2020

	Tax Roll Year					
	2020		2019		2018	
Type of Property	**Amount**	**%**	Amount	%	Amount	%
Single Family	**$ 413,406,803**	**79.3%**	$ 332,800,660	79.7%	$ 278,327,848	82.0%
Multi Family	**25,785,903**	**4.9%**	23,651,331	5.7%	22,939,748	6.8%
Vacant Land	**5,584,673**	**1.1%**	6,179,617	1.5%	5,561,960	1.6%
Acreage	**6,490,570**	**1.2%**	8,172,926	2.0%	6,952,678	2.0%
Farm and Ranch	**12,253,683**	**2.4%**	10,935,196	2.6%	5,749,074	1.7%
Commercial and Industrial	**26,591,902**	**5.1%**	25,724,949	6.2%	24,365,258	7.2%
Tangible/Intangible Personal	**3,916,628**	**0.8%**	4,817,905	1.2%	3,998,799	1.2%
Real Inventory	**55,734,804**	**10.7%**	30,153,348	7.2%	11,234,127	3.3%
Exempt	**(28,598,699)**	**-5.5%**	(24,772,673)	-6.1%	(19,766,267)	-5.8%
Total Taxable Value	**$ 521,166,267**	**100%**	$ 417,663,259	100%	$ 339,363,225	100%