

**CROSSWINDS MUNICIPAL
UTILITY DISTRICT**

HAYS COUNTY, TEXAS

FINANCIAL REPORT

September 30, 2020

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Independent Auditors' Report

Board of Directors

Crosswinds Municipal Utility District
Crosswinds Municipal Utility District
Utility District

Hays County, Texas

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

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 basic 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 basic financial statements are free of material misstatement.

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

***Board of Directors
Crosswinds Municipal Utility District
Hays County, Texas***

Opinion

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 Crosswinds Municipal Utility District, as of September 30, 2020, and the respective changes in financial position thereof for the year then ended in conformity 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 budgetary comparison information 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 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Texas Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied to the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

WCG & Co, PLLC

Houston, Texas
January 14, 2021

Management's Discussion and Analysis

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***Crosswinds Municipal Utility District
Management's Discussion and Analysis
September 30, 2020***

Using this Annual Report

Within this section of the financial report of Crosswinds Municipal Utility District (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended September 30, 2020. This analysis should be read in conjunction with the independent auditors' report and the basic financial statements that follow this section.

In addition to this discussion and analysis, this annual report consists of:

- The District's basic financial statements;
- Notes to the basic financial statements, which provide additional information essential to a full understanding of the data provided in the financial statements;
- Supplementary information required by the Governmental Accounting Standards Board (GASB) concerning the District's budget; and
- Other Texas supplementary information required by the District's state oversight agency, the Texas Commission on Environmental Quality (TCEQ).

Overview of the Financial Statements

The District prepares its basic financial statements using a format that combines fund financial statements and government-wide statements onto one financial statement. The combined statements are the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. Each statement contains an adjustments column which quantifies the differences between the government-wide and fund level statements. Additional details of the adjustments are provided in Note 2 to the basic financial statements.

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District, both long-term and short-term. The District's government-wide financial statements consist of the *Statement of Net Position* and the *Statement of Activities*, which are prepared using the accrual basis of accounting. The *Statement of Net Position* includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual reported as net position. Over time, changes in net position may provide a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

Accounting standards establish three components of net position. The net investment in capital assets component represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets. Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The restricted component of net position consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties. The unrestricted component of net position represents resources not included in the other components.

***Crosswinds Municipal Utility District
Management’s Discussion and Analysis
September 30, 2020***

The *Statement of Activities* reports how the District’s net position has changed during the fiscal year. All revenues and expenses are included on this statement, regardless of whether cash has been received or paid.

Fund Financial Statements

The fund financial statements include the *Governmental Funds Balance Sheet* and the *Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. The focus of fund financial statements is on specific activities of the District rather than the District as a whole, reported using modified accrual accounting. These statements report on the District’s use of available financial resources and the balances of available financial resources at the end of the year. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties, governmental statutes or regulations.

For further discussion on the government-wide and fund financial statements, please refer to Note 1 in the financial statements.

Financial Analysis of the District as a Whole

The District’s net position at September 30, 2020, was negative \$17,910,597. The District’s net position is negative because the District incurs debt to construct water and sewer facilities which will be conveyed to the City of Kyle upon completion of construction. Additionally, the District incurs debt to construct public road improvements which are conveyed to Hays County. A comparative summary of the District’s overall financial position, as of September 30, 2020 **and 2019**, is as follows:

	2020	2019
Current and other assets	\$ 2,004,352	\$ 878,470
Capital assets	32,652	34,012
Total assets	2,037,004	912,482
Current liabilities	270,378	2,140,539
Long-term liabilities	19,677,223	16,277,248
Total liabilities	19,947,601	18,417,787
Net position		
Net investment in capital assets	(7,996)	(5,288)
Restricted	149,545	48,322
Unrestricted	(18,052,146)	(17,548,339)
Total net position	\$ (17,910,597)	\$ (17,505,305)

***Crosswinds Municipal Utility District
Management's Discussion and Analysis
September 30, 2020***

The total net position of the District decreased during the current fiscal year by \$405,292. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	<u>2020</u>	<u>2019</u>
Revenues		
Service availability fees	\$ 828,000	\$ 207,000
Permit fees	184,000	46,000
Property taxes	356,080	162,132
Other	10,965	11,852
Total revenues	<u>1,379,045</u>	<u>426,984</u>
Expenses		
Operating and administrative	319,957	297,771
Debt interest and fees	216,548	158,800
Developer interest	280,933	
Debt issuance costs	227,378	305,000
Amortization	1,360	1,360
Total expenses	<u>1,046,176</u>	<u>762,931</u>
Change in net position before other item	332,869	(335,947)
Other item		
Transfers to other governments	<u>(738,161)</u>	<u>(5,515,021)</u>
Change in net position	(405,292)	(5,850,968)
Net position, beginning of year	<u>(17,505,305)</u>	<u>(11,654,337)</u>
Net position, end of year	<u>\$ (17,910,597)</u>	<u>\$ (17,505,305)</u>

Financial Analysis of the District's Funds

The District's combined fund balances, as of September 30, 2020, were \$1,733,787, which consists of \$1,584,341 in the General Fund, \$149,443 in the Debt Service Fund and \$3 in the Capital Projects Fund.

***Crosswinds Municipal Utility District
Management’s Discussion and Analysis
September 30, 2020***

General Fund

A comparative summary of the General Fund’s financial position as of September 30, 2020 **and 2019** is as follows:

	2020	2019
Total assets	\$ 1,853,601	\$ 827,990
Total liabilities	\$ 269,175	\$ 109,703
Total deferred inflows	85	11,000
Total fund balance	1,584,341	707,287
Total liabilities, deferred inflows and fund balance	\$ 1,853,601	\$ 827,990

A comparative summary of the General Fund’s activities for the current and prior fiscal year is as follows:

	2020	2019
Total revenues	\$ 1,194,729	\$ 578,445
Total expenditures	(317,675)	(276,228)
Revenues over expenditures	877,054	302,217
Other changes in fund balance		(30,000)
Net change in fund balance	\$ 877,054	\$ 272,217

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District’s primary financial resources in the General Fund are from a property tax levy and service availability and permit fees charged to homebuilders in the District. Financial resources are influenced by a variety of factors each year:

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. Property tax revenues in the District have remained fairly consistent from year to year.
- The District imposes a water and wastewater service available fee of \$4,500 per platted lot and a separate permit fee of \$1,000 per platted lot to homebuilders within the District. These fees are intended to defray the costs of service availability and connection to the water and wastewater system within the District and will fluctuate with homebuilding activity.

***Crosswinds Municipal Utility District
Management’s Discussion and Analysis
September 30, 2020***

Debt Service Fund

A comparative summary of the Debt Service Fund’s financial position as of September 30, 2020 **and 2019** is as follows:

	2020	2019
Total assets	<u>\$ 150,748</u>	<u>\$ 48,334</u>
Total liabilities	\$ 1,203	\$ 12
Total deferred inflows	102	
Total fund balance	<u>149,443</u>	<u>48,322</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 150,748</u>	<u>\$ 48,334</u>

A comparative summary of the Debt Service Fund’s activities for the current and prior fiscal year is as follows:

	2020	2019
Total revenues	\$ 195,129	\$ 2,535
Total expenditures	<u>(186,028)</u>	<u>(119,526)</u>
Revenues over/(under) expenditures	9,101	(116,991)
Other changes in fund balance	<u>92,020</u>	<u>165,313</u>
Net change in fund balance	<u>\$ 101,121</u>	<u>\$ 48,322</u>

The District’s financial resources in the Debt Service Fund in the current year are from property tax revenues and capitalized interest from the sale of bonds. During the previous fiscal year, financial resources were from capitalized interest from the sale of bonds. The difference between these financial resources and debt service requirements resulted in changes in fund balance each year. It is important to note that the District sets its annual debt service tax rate as recommended by its financial advisor, who monitors projected cash flows in the Debt Service Fund to ensure that the District will be able to meet its future debt service requirements.

Capital Projects Fund

A comparative summary of the Capital Projects Fund’s financial position as of September 30, 2020 **and 2019** is as follows:

	2020	2019
Total assets	<u>\$ 3</u>	<u>\$ 2,146</u>
Total fund balance	<u>\$ 3</u>	<u>\$ 2,146</u>

***Crosswinds Municipal Utility District
Management’s Discussion and Analysis
September 30, 2020***

A comparative summary of activities in the Capital Projects Fund for the current and prior fiscal year is as follows:

	<u>2020</u>	<u>2019</u>
Total revenues	\$ -	\$ 4
Total expenditures	<u>(1,211,324)</u>	<u>(2,912,545)</u>
Revenues under expenditures	(1,211,324)	(2,912,541)
Other changes in fund balance	<u>1,209,181</u>	<u>2,914,687</u>
Net change in fund balance	<u>\$ (2,143)</u>	<u>\$ 2,146</u>

The District has had considerable capital asset activity in the last two years, which was financed with proceeds from the issuance of its Series 2020 Unlimited Tax Road Bonds in the current year and issuance of its Series 2018 Unlimited Tax Road Bonds and Series 2019 Bond Anticipation Note in the prior year.

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board did not amend the budget during the fiscal year.

Since the District’s budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$641,627 greater than budgeted. The *Budgetary Comparison Schedule* on page 34 of this report provides variance information per financial statement line item.

Capital Assets

The District has entered into financing agreements with its developer for the financing of the construction of capital assets within the District. The developer will be reimbursed from proceeds of future bond issues or other lawfully available funds. These developer funded capital assets are recorded on the District’s financial statements upon completion of construction.

Capital assets held by the District at September 30, 2020 **and 2019** are summarized as follows:

	<u>2020</u>	<u>2019</u>
Impact fees for irrigation meters	\$ 38,092	\$ 38,092
Less accumulated amortization	<u>(5,440)</u>	<u>(4,080)</u>
Capital assets, net	<u>\$ 32,652</u>	<u>\$ 34,012</u>

The District and the City of Kyle (the “City”) have entered into an agreement which obligates the District to construct water and wastewater facilities to serve the District and, when completed, to convey title to the facilities to the City. Additionally, Hays County assumes responsibility for roads and storm sewer systems constructed within the county’s public right-of-way. Consequently, these projects conveyed to the City of Kyle and Hays County are not recorded as capital assets on the District’s financial statements, but are recorded as transfers to other governments upon completion

***Crosswinds Municipal Utility District
Management’s Discussion and Analysis
September 30, 2020***

of construction. The value of these assets is trued-up when the developer is reimbursed. For the year ended September 30, 2020, the District reported transfers to other governments in the amount of \$738,161 for adjustments to the value of projects completed in previous fiscal years. Additional information is presented in Note 11.

Long-Term Debt and Related Liabilities

As of September 30, 2020, the District owes approximately \$13,124,993 to its developer for completed projects and operating advances. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District’s financial statements upon completion of construction. The District intends to reimburse the developer from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developer is trued up when the developer is reimbursed.

At September 30, 2020 **and 2019**, the District had total bonded debt outstanding as shown below:

Series	2020	2019
2018 Road	\$ 3,250,000	\$ 3,250,000
2020 Road	3,330,000	
	<u>\$ 6,580,000</u>	<u>\$ 3,250,000</u>

During the current year, the District issued \$3,330,000 in unlimited tax road bonds. At September 30, 2020, the District had \$90,000,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and \$90,000,000 for the refunding of such bonds; and \$28,720,000 for road improvements and \$45,890,000 for the refunding of such bonds.

Next Year’s Budget

In establishing the budget for the next fiscal year, the Board considered various economic factors that may affect the District, most notably projected revenues from property taxes and service availability and permit fees and the projected cost of operating the District. A comparison of next year’s budget to current year actual amounts for the General Fund is as follows:

	2020 Actual	2021 Budget
Total revenues	\$ 1,194,729	\$ 645,800
Total expenditures	(317,675)	(501,420)
Revenues over expenditures	877,054	144,380
Beginning fund balance	707,287	1,584,341
Ending fund balance	<u>\$ 1,584,341</u>	<u>\$ 1,728,721</u>

*Crosswinds Municipal Utility District
Management's Discussion and Analysis
September 30, 2020*

Property Taxes

The District's property tax base increased approximately \$21,919,409 for the 2020 tax year from \$39,424,702 to \$61,344,111. This increase was primarily due to new construction in the District and increased property values. For the 2020 tax year, the District has levied a maintenance tax rate of \$0.40 per \$100 of assessed value and a debt service tax rate of \$0.50 per \$100 of assessed value, for a total combined tax rate of \$0.90 per \$100. Tax rates for the 2019 tax year were \$0.41 per \$100 for maintenance and operations and \$0.49 per \$100 for debt service for a combined total of \$0.90 per \$100 of assessed value.

Infectious Disease Outlook (COVID-19)

As further discussed in Note 14, the World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory virus currently affecting many parts of the world, including the United States and Texas. The pandemic has negatively affected the economic growth and financial markets worldwide and within Texas. While the potential impact of COVID-19 on the District cannot be quantified at this time, the continued outbreak could have an adverse effect on the District's operations and financial condition by negatively affecting property taxes and ad valorem tax revenues within the District.

Basic Financial Statements

Crosswinds Municipal Utility District
Statement of Net Position and Governmental Fund Balance Sheet
September 30, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 95,627	\$ -	\$ 3	\$ 95,630	\$ -	\$ 95,630
Investments	1,459,314	151,721		1,611,035		1,611,035
Taxes receivable	85	102		187		187
Service availability fees receivable	243,500			243,500		243,500
Internal balances	1,075	(1,075)				
Permit fees receivable	54,000			54,000		54,000
Capital assets, net					32,652	32,652
Total Assets	<u>\$ 1,853,601</u>	<u>\$ 150,748</u>	<u>\$ 3</u>	<u>\$ 2,004,352</u>	<u>32,652</u>	<u>2,037,004</u>
Liabilities						
Accounts payable	\$ 103,877	\$ -	\$ -	\$ 103,877		103,877
Other payables	298	1,203		1,501		1,501
Builder overpayments	165,000			165,000		165,000
Due to developer					13,124,993	13,124,993
Long-term debt						
Due after one year					6,552,230	6,552,230
Total Liabilities	<u>269,175</u>	<u>1,203</u>		<u>270,378</u>	<u>19,677,223</u>	<u>19,947,601</u>
Deferred Inflows of Resources						
Deferred property taxes	85	102		187	(187)	
Fund Balance/Net Position						
Fund Balance						
Restricted		149,443	3	149,446	(149,446)	
Unassigned	1,584,341			1,584,341	(1,584,341)	
Total Fund Balance	<u>1,584,341</u>	<u>149,443</u>	<u>3</u>	<u>1,733,787</u>	<u>(1,733,787)</u>	
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 1,853,601</u>	<u>\$ 150,748</u>	<u>\$ 3</u>	<u>\$ 2,004,352</u>		
Net Position						
Net investment in capital assets					(7,996)	(7,996)
Restricted for debt service					149,545	149,545
Unrestricted					(18,052,146)	(18,052,146)
Total Net Position					<u>\$(17,910,597)</u>	<u>\$(17,910,597)</u>

See notes to basic financial statements.

Crosswinds Municipal Utility District
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance
For the Year Ended September 30, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Service availability fees	\$ 837,000	\$ -	\$ -	\$ 837,000	\$ (9,000)	\$ 828,000
Permit fees	186,000			186,000	(2,000)	184,000
Property taxes	161,422	193,079		354,501	187	354,688
Penalties and interest	634	758		1,392		1,392
Miscellaneous	1,687			1,687		1,687
Investment earnings	7,986	1,292		9,278		9,278
Total Revenues	1,194,729	195,129		1,389,858	(10,813)	1,379,045
Expenditures/Expenses						
Operating and administrative						
Professional fees	153,321	817		154,138		154,138
Contracted services	30,614	1,465		32,079		32,079
Repairs and maintenance	102,593			102,593		102,593
Utilities	8,604			8,604		8,604
Administrative	21,560			21,560		21,560
Other	983			983		983
Capital outlay			640,416	640,416	(640,416)	
Debt service						
Interest and fees		183,746	62,597	246,343	(29,795)	216,548
Developer interest			280,933	280,933		280,933
Debt issuance costs			227,378	227,378		227,378
Amortization					1,360	1,360
Total Expenditures/Expenses	317,675	186,028	1,211,324	1,715,027	(668,851)	1,046,176
Revenues Over/(Under)						
Expenditures/Expenses	877,054	9,101	(1,211,324)	(325,169)	658,038	332,869
Other Financing Sources/(Uses)						
Proceeds from sale of bonds		89,875	3,240,125	3,330,000	(3,330,000)	
Repayment of bond anticipation note			(2,000,000)	(2,000,000)	2,000,000	
Bond discount			(28,799)	(28,799)	28,799	
Internal transfers		2,145	(2,145)			
Other Item						
Transfers to other governments					(738,161)	(738,161)
Net Change in Fund Balance	877,054	101,121	(2,143)	976,032	(976,032)	
Change in Net Position					(405,292)	(405,292)
Fund Balance/Net Position						
Beginning of the year	707,287	48,322	2,146	757,755	(18,263,060)	(17,505,305)
End of the year	\$ 1,584,341	\$ 149,443	\$ 3	\$ 1,733,787	\$ (19,644,384)	\$ (17,910,597)

See notes to basic financial statements.

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Crosswinds Municipal Utility District
Notes to Basic Financial Statements
September 30, 2020

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Crosswinds Municipal Utility District (the “District”) conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). The following is a summary of the most significant policies:

Creation

The District was organized, created and established pursuant to Senate Bill 1862, 83rd (R) Session of the Texas Legislature, dated June 14, 2013, and operates in accordance with the Texas Water Code, Chapters 49 and 54. The District added additional Road Powers pursuant to House Bill 2401, 84th (R) Session on June 16, 2015. The Board of Directors held its first meeting on August 26, 2013 and the first bonds were issued on November 13, 2018.

The District is responsible for providing water, sewer and drainage facilities within the District. As further discussed in Note 11, the District transfers water and sewer facilities to the City of Kyle for operation and maintenance upon completion of construction. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

Reporting Entity

The District is a political subdivision of the State of Texas governed by an elected five-member board. The GASB has established the criteria for determining the reporting entity for financial statement reporting purposes. To qualify as a primary government, a government must have a separately elected governing body, be legally separate, and be fiscally independent of other state and local governments, while a component unit is a legally separate government for which the elected officials of a primary government are financially accountable. Fiscal independence implies that the government has the authority to adopt a budget, levy taxes, set rates, and/or issue bonds without approval from other governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statements as component units.

Government-Wide and Fund Financial Statements

Government-wide financial statements display information about the District as a whole. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Interfund activity, if any, has been removed from these statements. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities*.

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. Most governments typically have many funds; however, governmental financial statements focus on the most important or “major” funds with non-major funds aggregated in a single column. The District has three governmental funds, which are all considered major funds.

The following is a description of the various funds used by the District:

- The General Fund is used to account for the operations of the District and all other financial transactions not reported in other funds. The principal sources of revenue are property taxes and service availability and permit fees. Expenditures include costs associated with the daily operations of the District.
- The Debt Service Fund is used to account for the payment of interest and principal on the District’s general long-term debt. The primary source of revenue for debt service is property taxes. During the current year, financial resources consisted of capitalized interest from the sale of bonds. Expenditures include costs incurred in assessing and collecting these taxes.
- The Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the District’s water, sewer, drainage, and road facilities.

As a special-purpose government engaged in a single governmental program, the District has opted to combine its government-wide and fund financial statements in a columnar format showing an adjustments column for reconciling items between the two.

Measurement Focus and Basis of Accounting

The government-wide financial statements use the economic resources measurement focus and the full 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 revenue in the year for which they are levied.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, interest earned on investments and service availability and permit fees. Property taxes receivable at the end of the fiscal year are treated as deferred inflows because they are not considered available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

Crosswinds Municipal Utility District
Notes to Basic Financial Statements
September 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

Note 2 further details the adjustments from the governmental fund presentation to the government-wide presentation.

Use of Restricted Resources

When both restricted and unrestricted resources are available for use, the District uses restricted resources first, then unrestricted resources as they are needed.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At September 30, 2020, an allowance for uncollectible accounts was not considered necessary.

Interfund Activity

During the course of operations, transactions occur between individual funds. This can include internal transfers, payables and receivables. This activity is combined as internal balances and is eliminated in both the government-wide and fund financial statement presentation.

Capital Assets

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciable capital assets, which consist of impact fees paid to the City of Kyle, are amortized using the straight-line method over the remaining life of the District's contract with the City (maximum 30 years).

Note 1 – Summary of Significant Accounting Policies (continued)

Deferred Inflows and Outflows of Financial Resources

A deferred inflow of financial resources is the acquisition of resources in one period that is applicable to a future period, while a deferred outflow of financial resources is the consumption of financial resources in one period that is applicable to a future period. A deferred inflow results from the acquisition of an asset without a corresponding revenue or assumption of a liability. A deferred outflow results from the use of an asset without a corresponding expenditure or reduction of a liability.

At the fund level, property taxes receivable not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources.

Net Position – Governmental Activities

Governmental accounting standards establish the following three components of net position:

Net investment in capital assets – represents the District’s investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets.

Restricted – consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties.

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

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. The District does not have any nonspendable fund balances.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District’s restricted fund balances consist of unspent bond proceeds in the Capital Projects Fund and capitalized interest from the sale of bonds and property taxes levied for debt service in the Debt Service Fund.

Crosswinds Municipal Utility District
Notes to Basic Financial Statements
September 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds (continued)

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District does not have any committed fund balances.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances and does not have any assigned fund balances.

Unassigned - all other spendable amounts in the General Fund.

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectability of receivables; the useful lives and impairment of capital assets; the value of amounts due to developer; the value of capital assets transferred to the City of Kyle and Hays County, and the value of capital assets for which the developer has not been fully reimbursed. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

Crosswinds Municipal Utility District
Notes to Basic Financial Statements
September 30, 2020

Note 2 – Adjustment from Governmental to Government-wide Basis

Reconciliation of the *Governmental Fund Balance Sheet* to the *Statement of Net Position*

Total fund balance, governmental fund	\$	1,733,787
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental fund.</p>		
Historical cost	\$	38,092
Less accumulated amortization		<u>(5,440)</u>
Change due to capital assets		32,652
<p>The District's long-term bonds payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.</p>		
		(6,552,230)
<p>Amounts due to the District's developer for prefunded construction and developer advances are recorded as a liability in the <i>Statement of Net Position</i>.</p>		
		(13,124,993)
<p>Property taxes receivable have been levied and are due, but are not available soon enough to pay current period expenditures and, therefore, are deferred in the funds.</p>		
		187
Total net position - governmental activities	<u>\$</u>	<u>(17,910,597)</u>

***Crosswinds Municipal Utility District
Notes to Basic Financial Statements
September 30, 2020***

Note 2 – Adjustment from Governmental to Government-wide Basis (continued)

Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities

Net change in fund balance - total governmental fund \$ 976,032

Governmental fund do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference consists of:

Service availability and permit fees	\$ (11,000)	
Property taxes	<u>187</u>	(10,813)

Governmental funds report capital outlays for developer reimbursements and construction costs as expenditures in the funds; however, in the *Statement of Activities*, the cost of capital assets is charged to expense over the estimated useful life of the asset.

Capital outlays	640,416	
Amortization expense	<u>(1,360)</u>	639,056

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal uses current financial resources. However, neither transaction has any effect on net assets. Other elements of debt financing are reported differently between the fund and government wide statements.

Issuance of long-term debt	(3,330,000)	
Repayment of bond anticipation note	2,000,000	
Bond discount	28,799	
Interest expense accrual	<u>29,795</u>	(1,271,406)

The District conveys its water, sewer, and storm drainage facilities to the City of Kyle upon completion of construction. Additionally, Hays County assumes responsibility for the maintenance of public roads constructed within the boundaries of the District. Accordingly, these facilities are considered to be capital assets of the City of Kyle and Hays County, not the District. Since these improvements are funded by the developer, financial resources are not expended in the fund financial statements; however, in the *Statement of Activities*, these amounts are reported as transfers to other governments.

(738,161)

Change in net position of governmental activities \$ (405,292)

Crosswinds Municipal Utility District
Notes to Basic Financial Statements
September 30, 2020

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits (i.e. cash) is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities. The *Public Funds Collateral Act* (Chapter 2257, Texas Government Code) requires that all of the District’s deposits with financial institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third-party custodian. The act further specifies the types of securities that can be used as collateral. The District’s written investment policy establishes additional requirements for collateralization of deposits.

Investments

The District is authorized by the *Public Funds Investment Act* (Chapter 2256, Texas Government Code) to invest in the following: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including Federal Home Loan Banks, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies or instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) certain A rated or higher obligations of states and political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) certain insured or collateralized certificates of deposit and share certificates, (8) certain fully collateralized repurchase agreements, (9) bankers’ acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds, with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

The District has adopted a written investment policy to establish the principles by which the District’s investment program should be managed. This policy further restricts the types of investments in which the District may invest.

As of September 30, 2020, the District’s investments consist of the following:

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
TexPool	General	\$ 1,459,314	AAAm	38 days
	Debt Service	151,721		
		<u>\$ 1,611,035</u>		

Crosswinds Municipal Utility District
Notes to Basic Financial Statements
September 30, 2020

Note 3 – Deposits and Investments (continued)

TexPool

The District participates in TexPool, the Texas Local Government Investment Pool. The State Comptroller of Public Accounts exercises oversight responsibility of TexPool, which includes (1) the ability to significantly influence operations, (2) designation of management and (3) accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

As permitted by GAAP, TexPool uses amortized cost (which excludes unrealized gains and losses) rather than market value to compute share price and seeks to maintain a constant dollar value per share. Accordingly, the fair value of the District’s position in TexPool is the same as the value of TexPool shares. Investments in TexPool may be withdrawn on a same day basis, as long as the transaction is executed by 3:30 p.m.

Investment Credit and Interest Rate Risk

Investment credit risk is the risk that the investor may not recover the value of an investment from the issuer, while interest rate risk is the risk that the value of an investment will be adversely affected by changes in interest rates. The District’s investment policies do not address investment credit and interest rate risk beyond the rating and maturity restrictions established by state statutes

Note 4 – Interfund Balances and Transactions

Amounts due to/from other funds at September 30, 2020, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	\$ 1,075	Maintenance tax collections not remitted as of year end

Amounts reported as internal balances between funds are considered temporary balances and will be paid during the following fiscal year.

A summary of internal transfers for the current fiscal year is as follows:

Transfers Out	Transfers In	Amounts	Purpose
Capital Projects Fund	Debt Service Fund	\$ 2,145	Surplus bond proceeds used to finance a portion of debt service

***Crosswinds Municipal Utility District
Notes to Basic Financial Statements
September 30, 2020***

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended September 30, 2020, is as follows:

	Beginning Balances	Additions	Ending Balances
Impact fees for irrigation meters	\$ 38,092	\$ -	\$ 38,092
Less accumulated amortization	(4,080)	(1,360)	(5,440)
Capital assets, net	<u>\$ 34,012</u>	<u>\$ (1,360)</u>	<u>\$ 32,652</u>

Amortization expense for the current year was \$1,360.

Note 6 – Bond Anticipation Note

The District uses a bond anticipation note (BAN) to provide short-term financing for reimbursements to its developers. Despite its short-term nature, a BAN is not recorded as a fund liability, since it will not be repaid from current financial resources and will be repaid through the issuance of long-term debt or another BAN. It is, however, recorded as a liability at the government-wide level.

At the beginning of the fiscal year, the District had a BAN outstanding in the amount of \$2,000,000. This BAN was repaid on March 19, 2020 with proceeds from the issuance of the District’s Series 2020 Unlimited Tax Road Bonds.

The effect of these transactions on the District’s short-term obligations are as follows:

Beginning balance	\$ 2,200,000
Amounts repaid	(2,200,000)
Ending balance	<u>\$ -</u>

Note 7 – Due to Developer

The District has entered into financing agreements with its developer for the financing of the construction of water, sewer, drainage, facilities and road improvements. Under the agreements, the developers will advance funds for the construction of facilities to serve the District. The developer will be reimbursed from proceeds of future bond issues or other lawfully available funds, subject to approval by TCEQ, as applicable. The District does not record the capital asset and related liability on the government-wide statements until construction of the facilities is complete. The initial cost is estimated based on construction costs plus 10-15% for engineering and other fees. Estimates are trued up when the developer is reimbursed.

The District’s developer has also advanced funds to the District for operating expenses.

Crosswinds Municipal Utility District
Notes to Basic Financial Statements
September 30, 2020

Note 7 – Due to Developer (continued)

Changes in the estimated amounts due to developer during the year are as follows:

Due to developer, beginning of year	\$ 13,027,248
Developer reimbursements	(640,416)
Developer funded construction and adjustments	<u>738,161</u>
Due to developer, end of year	<u><u>\$ 13,124,993</u></u>

Note 8 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	\$ 6,580,000
Unamortized discounts	<u>(27,770)</u>
	<u><u>\$ 6,552,230</u></u>
 Due within one year	 <u><u>\$ -</u></u>

The District’s bonds payable at September 30, 2020, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2018 Road	\$ 3,250,000	\$ 3,250,000	4.00% - 4.375%	April 1, 2022/2046	April 1, October 1	April 1, 2023
2020 Road	3,330,000	3,330,000	2.00% - 3.00%	April 1, 2023/2047	April 1, October 1	April 1, 2025
	<u>\$ 6,580,000</u>					

Payments of principal and interest on all series of bonds are to be provided from taxes levied on all properties within the District. Investment income realized by the Debt Service Fund from investment of idle funds will be used to pay outstanding bond principal and interest. The District is in compliance with the terms of its bond resolutions.

At September 30, 2020, the District had authorized but unissued bonds in the amount of \$90,000,000 for water, sewer and drainage facilities and \$90,000,000 for the refunding of such bonds; and \$28,720,000 for road facilities and \$45,890,000 for the refunding of such bonds.

Crosswinds Municipal Utility District
Notes to Basic Financial Statements
September 30, 2020

Note 8 – Long-Term Debt (continued)

On March 19, 2020, the District issued its \$3,330,000 Series 2020 Unlimited Tax Road Bonds at a net effective interest rate of 2.98148%. Proceeds of the bonds were used to (1) reimburse the developer for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds; (2) to repay a \$2,000,000 BAN issued in the previous fiscal year; and (3) to pay capitalized interest into the Debt Service Fund.

The change in the District’s long-term debt during the year is as follows:

Bonds payable, beginning of year	\$	3,250,000
Bonds issued		<u>3,330,000</u>
Bonds payable, end of year	\$	<u>6,580,000</u>

Crosswinds Municipal Utility District
Notes to Basic Financial Statements
September 30, 2020

Note 8 – Long-Term Debt (continued)

The debt service payment due October 1 was made during the current fiscal year. The following schedule was prepared presuming this practice will continue. As of September 30, 2020, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2021	\$ -	\$ 225,188	\$ 225,188
2022	75,000	223,688	298,688
2023	150,000	219,938	369,938
2024	150,000	215,438	365,438
2025	150,000	210,938	360,938
2026	150,000	206,438	356,438
2027	200,000	201,113	401,113
2028	200,000	194,913	394,913
2029	200,000	188,638	388,638
2030	200,000	182,288	382,288
2031	200,000	175,837	375,837
2032	250,000	168,524	418,524
2033	250,000	160,399	410,399
2034	250,000	152,196	402,196
2035	250,000	143,915	393,915
2036	250,000	135,478	385,478
2037	300,000	126,025	426,025
2038	300,000	115,619	415,619
2039	300,000	105,119	405,119
2040	325,000	93,900	418,900
2041	350,000	81,587	431,587
2042	350,000	68,900	418,900
2043	350,000	56,103	406,103
2044	375,000	42,650	417,650
2045	400,000	28,275	428,275
2046	400,000	13,525	413,525
2047	205,000	3,075	208,075
	\$ 6,580,000	\$ 3,739,707	\$ 10,319,707

Note 9 – Property Taxes

On November 5, 2013, the voters of the District authorized the District’s Board of Directors to levy taxes annually for use in financing general operations limited to \$1.00 per \$100 of assessed value. The District’s bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

***Crosswinds Municipal Utility District
Notes to Basic Financial Statements
September 30, 2020***

Note 9 – Property Taxes (continued)

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

Property taxes are collected based on rates adopted in the year of the levy. The District’s 2020 fiscal year was financed through the 2019 tax levy, pursuant to which the District levied property taxes of \$0.90 per \$100 of assessed value, of which \$0.41 was allocated to maintenance and operations and \$0.49 was allocated to debt service. The resulting tax levy was \$354,822 on the adjusted taxable value of \$39,424,702.

Note 10 – Transfers to Other Governments

The District and the City of Kyle (the “City”) have entered into an agreement which obligates the District to construct water and wastewater facilities to serve the District and, when completed, to convey title to the facilities to the City (see Note 11). Additionally, Hays County assumes responsibility for roads and storm sewer systems constructed within the County’s public right-of-way. Accordingly, the District does not record these capital assets in the *Statement of Net Position*, but instead reports the completed projects as transfers to other governments on the *Statement of Activities*. The estimated cost of each project is trued-up when the developer is subsequently reimbursed. For the year ended September 30, 2020, the District reported transfers to other governments in the amount of \$738,161 for adjustments to the value of projects completed in previous fiscal years.

Note 11 – Utility Agreement with the City of Kyle

On July 30, 2015, the District entered into a utility agreement with the City of Kyle (the “City”) for construction and extension of water distribution lines and sanitary sewer collection systems to serve the District. As the system is acquired or constructed, the District shall transfer the system to the City for operation and maintenance but will reserve a security interest in the system. The District has an intangible interest in the capacity in the City’s water and wastewater systems up to the capacity designed for the provision of retail water and wastewater serviced to the District by the City to the extent of the designed capacity of the conveyed systems and payment of associated costs paid by the District. The term of the agreement is 30 years.

Water and sewer rates charged by the City to users in the District, shall be higher than the rates charged to similar users within the City. All revenue derived from these charges belongs to the City.

Note 12 – Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Crosswinds Municipal Utility District
Notes to Basic Financial Statements
September 30, 2020

Note 13 – Concentration of Risk

Approximately 20% of the taxable property within the District is owned by the top 10 taxpayers. Additionally, the water and wastewater service availability and permit fees are collected from three homebuilders within the District. Since these are the primary sources of revenue for the District, the continued ability of these taxpayers to continue to pay their property taxes and homebuilders to pay their service availability and permit fees is an important factor in the District’s ability to meet its future obligations.

Note 14 – Infectious Disease Outlook (COVID-19)

The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (the “Pandemic”), which is currently affecting many parts of the world, including the United States and Texas. Federal, state and local governments have all taken actions to respond to the Pandemic, including disaster declarations by both the President of the United States and the Governor of Texas. On March 31, 2020, the Governor issued an executive order closing all non-essential businesses in the State. This order expired on April 30, 2020. Additionally, all the counties in the greater Houston area adopted various “Work Safe – Stay Home” orders. Such actions are focused on limiting instances where the public can congregate or interact with each other. These precautions resulted in the temporary closure of all non-essential businesses in the State.

Since the disaster declarations were made, the Pandemic has negatively affected travel, commerce, and financial markets locally and globally, and is widely expected to continue negatively affecting the economic growth and financial markets worldwide and within Texas. These negative impacts may reduce or negatively affect property taxes and ad valorem tax revenues within the District.

While the potential impact of the Pandemic on the District cannot be quantified at this time, the continued outbreak of the Pandemic could have an adverse effect on the District’s operations and financial condition.

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Required Supplementary Information

*Crosswinds Municipal Utility District
 Required Supplementary Information - Budgetary Comparison Schedule - General Fund
 For the Year Ended September 30, 2020*

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Service availability fees	\$ 427,500	\$ 837,000	\$ 409,500
Permit fees	95,000	186,000	91,000
Property taxes	156,300	161,422	5,122
Penalties and interest	100	634	534
Miscellaneous		1,687	1,687
Investment earnings	7,200	7,986	786
Total Revenues	<u>686,100</u>	<u>1,194,729</u>	<u>508,629</u>
Expenditures			
Operating and administrative			
Professional fees	172,800	153,321	19,479
Contracted services	26,303	30,614	(4,311)
Repairs and maintenance	225,000	102,593	122,407
Utilities	4,200	8,604	(4,404)
Administrative	21,470	21,560	(90)
Other	900	983	(83)
Total Expenditures	<u>450,673</u>	<u>317,675</u>	<u>132,998</u>
Revenues Over Expenditures	235,427	877,054	641,627
Fund Balance			
Beginning of the year	707,287	707,287	
End of the year	<u>\$ 942,714</u>	<u>\$ 1,584,341</u>	<u>\$ 641,627</u>

Crosswinds Municipal Utility District
Notes to Required Supplementary Information
September 30, 2020

Budgets and Budgetary Accounting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. There were no amendments to the budget during the year.

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Texas Supplementary Information

Crosswinds Municipal Utility District
TSI-1. Services and Rates
September 30, 2020

1. Services provided by the District During the Fiscal Year:

- | | | | |
|--|---|--|-------------------------------------|
| <input type="checkbox"/> Retail Water | <input type="checkbox"/> Wholesale Water | <input type="checkbox"/> Solid Waste / Garbage | <input type="checkbox"/> Drainage |
| <input type="checkbox"/> Retail Wastewater | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Flood Control | <input type="checkbox"/> Irrigation |
| <input type="checkbox"/> Parks / Recreation | <input type="checkbox"/> Fire Protection | <input checked="" type="checkbox"/> Roads | <input type="checkbox"/> Security |
| <input type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) | | | |
| <input checked="" type="checkbox"/> Other (Specify): <u>Water and wastewater accepted by City of Kyle for operation and maintenance.</u> | | | |

2. Retail Service Providers

a. Retail Rates for a 5/8" meter (or equivalent):

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate (Y / N)</u>	<u>Rate per 1,000 Gallons Over Minimum Usage</u>	<u>Usage Levels</u>
Water:	_____	_____	_____	_____	_____ to _____
Wastewater:	_____	_____	_____	_____	_____ to _____
Surcharge:	_____	_____	_____	_____	_____ to _____

District employs winter averaging for wastewater usage? Yes No

Total charges per 10,000 gallons usage: Water _____ Wastewater _____

b. Water and Wastewater Retail Connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC'S</u>
Unmetered	_____	_____	x 1.0	_____
less than 3/4"	_____	_____	x 1.0	_____
1"	_____	_____	x 2.5	_____
1.5"	_____	_____	x 5.0	_____
2"	_____	_____	x 8.0	_____
3"	_____	_____	x 15.0	_____
4"	_____	_____	x 25.0	_____
6"	_____	_____	x 50.0	_____
8"	_____	_____	x 80.0	_____
10"	_____	_____	x 115.0	_____
Total Water	_____	_____	_____	_____
Total Wastewater	_____	_____	x 1.0	_____

See accompanying auditor's report.

*Crosswinds Municipal Utility District
 TSI-2 General Fund Expenditures
 For the Year Ended September 30, 2020*

Professional fees	
Legal	\$ 114,821
Audit	12,000
Engineering	26,500
	<u>153,321</u>
Contracted services	
Bookkeeping	21,748
Operator	7,640
Appraisal district fees	1,226
	<u>30,614</u>
Repairs and maintenance	<u>102,593</u>
Utilities	<u>8,604</u>
Administrative	
Directors fees	10,921
Printing and office supplies	113
Insurance	8,423
Other	2,103
	<u>21,560</u>
Other	<u>983</u>
Total expenditures	<u>\$ 317,675</u>

See accompanying auditors' report.

Crosswinds Municipal Utility District
TSI-3. Investments
September 30, 2020

Fund	Interest Rate	Maturity Date	Balance at End of Year
General			
TexPool	Variable	N/A	\$ 1,459,314
Debt Service			
TexPool	Variable	N/A	149,799
TexPool	Variable	N/A	1,922
			<u>151,721</u>
Total - All Funds			<u>\$ 1,611,035</u>

See accompanying auditors' report.

Crosswinds Municipal Utility District
TSI-4. Taxes Levied and Receivable
September 30, 2020

	Maintenance Taxes	Debt Service Taxes	Totals	
Taxes Receivable, Beginning of Year	\$ -	\$ -	\$ -	
Adjustments	(134)			
Adjusted Receivable	(134)			
2019 Original Tax Levy	161,216	192,672	353,888	
Adjustments	425	509	934	
Adjusted Tax Levy	161,641	193,181	354,822	
Total to be accounted for	161,507	193,181	354,688	
Tax collections:				
Current year	161,556	193,079	354,635	
Prior years	(134)		(134)	
Total Collections	161,422	193,079	354,501	
Taxes Receivable, End of Year	\$ 85	\$ 102	\$ 187	
Taxes Receivable, By Year				
2019	\$ 85	\$ 102	\$ 187	
	2019	2018	2017	2016
Property Valuations:				
Land	\$ 11,124,110	\$ 6,149,970	\$ 2,071,900	\$ 1,809,090
Improvements	31,534,570	12,750,020		57,160
Personal Property	102,476	165,874	9,465	
Exemptions	(3,336,454)	(2,098,968)	(1,631,770)	(1,476,420)
Total Property Valuations	\$ 39,424,702	\$ 16,966,896	\$ 449,595	\$ 389,830
Tax Rates per \$100 Valuation:				
Maintenance tax rate	\$ 0.41	\$ 0.90	\$ 0.90	\$ 0.90
Debt service tax rate	0.49			
Total Tax Rates per \$100 Valuation	\$ 0.90	\$ 0.90	\$ 0.90	\$ 0.90
Adjusted Tax Levy:	\$ 354,822	\$ 152,702	\$ 4,046	\$ 3,508
Percentage of Taxes Collected to Taxes Levied **	99.95%	100.00%	100.00%	100.00%

* Maximum Maintenance Tax Rate Approved by Voters: \$1.00 on November 5, 2013

** Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

See accompanying auditors' report.

Crosswinds Municipal Utility District
TSI-5. Long-Term Debt Service Requirements
Series 2018 Road--by Years
September 30, 2020

Due During Fiscal Years Ending	Principal Due April 1	Interest Due April 1, October 1	Total
2021	\$ -	\$ 135,313	\$ 135,313
2022	75,000	133,813	208,813
2023	75,000	130,813	205,813
2024	75,000	127,813	202,813
2025	75,000	124,813	199,813
2026	75,000	121,813	196,813
2027	100,000	118,313	218,313
2028	100,000	114,313	214,313
2029	100,000	110,313	210,313
2030	100,000	106,313	206,313
2031	100,000	102,312	202,312
2032	125,000	97,812	222,812
2033	125,000	92,812	217,812
2034	125,000	87,812	212,812
2035	125,000	82,812	207,812
2036	125,000	77,734	202,734
2037	150,000	72,062	222,062
2038	150,000	65,781	215,781
2039	150,000	59,406	209,406
2040	175,000	52,500	227,500
2041	175,000	45,062	220,062
2042	175,000	37,625	212,625
2043	175,000	30,078	205,078
2044	200,000	21,875	221,875
2045	200,000	13,125	213,125
2046	200,000	4,375	204,375
	<u>\$ 3,250,000</u>	<u>\$ 2,166,813</u>	<u>\$ 5,416,813</u>

See accompanying auditors' report.

Crosswinds Municipal Utility District
TSI-5. Long-Term Debt Service Requirements
Series 2020 Road--by Years
September 30, 2020

<u>Due During Fiscal Years Ending</u>	<u>Principal Due April 1</u>	<u>Interest Due April 1, October 1</u>	<u>Total</u>
2021	\$ -	\$ 89,875	\$ 89,875
2022		89,875	89,875
2023	75,000	89,125	164,125
2024	75,000	87,625	162,625
2025	75,000	86,125	161,125
2026	75,000	84,625	159,625
2027	100,000	82,800	182,800
2028	100,000	80,600	180,600
2029	100,000	78,325	178,325
2030	100,000	75,975	175,975
2031	100,000	73,525	173,525
2032	125,000	70,712	195,712
2033	125,000	67,587	192,587
2034	125,000	64,384	189,384
2035	125,000	61,103	186,103
2036	125,000	57,744	182,744
2037	150,000	53,963	203,963
2038	150,000	49,838	199,838
2039	150,000	45,713	195,713
2040	150,000	41,400	191,400
2041	175,000	36,525	211,525
2042	175,000	31,275	206,275
2043	175,000	26,025	201,025
2044	175,000	20,775	195,775
2045	200,000	15,150	215,150
2046	200,000	9,150	209,150
2047	205,000	3,075	208,075
	<u>\$ 3,330,000</u>	<u>\$ 1,572,894</u>	<u>\$ 4,902,894</u>

See accompanying auditors' report.

Crosswinds Municipal Utility District
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
September 30, 2020

<u>Due During Fiscal Years Ending</u>	<u>Principal Due April 1</u>	<u>Interest Due April 1, October 1</u>	<u>Total</u>
2021	\$ -	\$ 225,188	\$ 225,188
2022	75,000	223,688	298,688
2023	150,000	219,938	369,938
2024	150,000	215,438	365,438
2025	150,000	210,938	360,938
2026	150,000	206,438	356,438
2027	200,000	201,113	401,113
2028	200,000	194,913	394,913
2029	200,000	188,638	388,638
2030	200,000	182,288	382,288
2031	200,000	175,837	375,837
2032	250,000	168,524	418,524
2033	250,000	160,399	410,399
2034	250,000	152,196	402,196
2035	250,000	143,915	393,915
2036	250,000	135,478	385,478
2037	300,000	126,025	426,025
2038	300,000	115,619	415,619
2039	300,000	105,119	405,119
2040	325,000	93,900	418,900
2041	350,000	81,587	431,587
2042	350,000	68,900	418,900
2043	350,000	56,103	406,103
2044	375,000	42,650	417,650
2045	400,000	28,275	428,275
2046	400,000	13,525	413,525
2047	205,000	3,075	208,075
	<u>\$ 6,580,000</u>	<u>\$ 3,739,707</u>	<u>\$ 10,319,707</u>

See accompanying auditors' report.

Crosswinds Municipal Utility District
TSI-6. Change in Long-Term Bonded Debt
September 30, 2020

	Bond Issue		Totals
	Series 2018 Road	Series 2020 Road	
Interest rate	4.00% - 4.375%	2.00% - 3.00%	
Dates interest payable	4/1; 10/1	4/1; 10/1	
Maturity dates	4/1/22 - 4/1/46	4/1/23 - 4/1/47	
Beginning bonds outstanding	\$ 3,250,000	\$ -	\$ 3,250,000
Bonds issued		3,330,000	3,330,000
Ending bonds outstanding	\$ 3,250,000	\$ 3,330,000	\$ 6,580,000
Interest paid during fiscal year	\$ 135,313	\$ 52,427	\$ 187,740
Paying agent's name and city All Series	UMB Bank, N.A., Austin, Texas		

Bond Authority:	Water, Sewer and Drainage			
	Water, Sewer and Drainage Bonds	Refunding Bonds	Road Bonds	Road Refunding Bonds
Amount Authorized by Voters	\$ 90,000,000	\$ 90,000,000	\$ 35,300,000	\$ 45,890,000
Amount Issued			(6,580,000)	
Remaining To Be Issued	\$ 90,000,000	\$ 90,000,000	\$ 28,720,000	\$ 45,890,000

All bonds are secured with tax revenues. Bonds may also be secured with other revenues in combination with taxes.

Debt Service Fund investment balances as of September 30, 2020:	\$ 151,721
Average annual debt service payment (principal and interest) for remaining term of all debt:	\$ 382,211

See accompanying auditors' report.

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Crosswinds Municipal Utility District

TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund

For the Last Five Fiscal Years

	Amounts				
	2020	2019	2018	2017	2016**
Revenues					
Service availability fees	\$ 837,000	\$ 333,000	\$ 360,000	\$ 344,000	\$ -
Permit fees	186,000	74,000	80,000	74,000	
Property taxes	161,422	161,649	4,216	3508	
Penalties and interest	634	483			
Miscellaneous	1,687				
Investment earnings	7,986	9,313	379	77	2
Total Revenues	<u>1,194,729</u>	<u>578,445</u>	<u>444,595</u>	<u>421,585</u>	<u>2</u>
Expenditures					
Operating and administrative					
Professional fees	153,321	126,957	156,350	87,968	
Contracted services	30,614	25,403	10,502	1,531	1,388
Repairs and maintenance	102,593	99,108	102,331		
Utilities	8,604	3,880	3,864	1,369	
Administrative	21,560	19,980	18,129	13,954	10,044
Other	983	900	900		
Capital outlay				38,092	
Total Expenditures	<u>317,675</u>	<u>276,228</u>	<u>292,076</u>	<u>142,914</u>	<u>11,432</u>
Revenues Over/(Under) Expenditures	<u>\$ 877,054</u>	<u>\$ 302,217</u>	<u>\$ 152,519</u>	<u>\$ 278,671</u>	<u>\$ (11,430)</u>

*Percentage is negligible

** Unaudited

See accompanying auditors' report.

Percent of Fund Total Revenues

2020	2019	2018	2017	2016**
69%	57%	81%	81%	
16%	13%	18%	18%	
14%	28%	1%	1%	
*	*			
*				
1%	2%	*	*	100%
100%	100%	100%	100%	100%
13%	22%	35%	21%	
3%	4%	2%	*	69400%
9%	17%	23%		
1%	1%	1%	*	
2%	3%	4%	3%	502200%
*	*	*		
			9%	
28%	47%	65%	33%	571600%
72%	53%	35%	67%	(571500%)

Crosswinds Municipal Utility District

TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund

For the Last Two Fiscal Years

	Amounts		Percent of Fund Total	
	2020	2019	Revenues 2020	2019
Revenues				
Property taxes	\$ 193,079	\$ -	99%	
Penalties and interest	758		*	
Investment earnings	1,292	2,535	1%	100%
Total Revenues	195,129	2,535	100%	100%
Expenditures				
Tax collection services	1,465		1%	
Other	817		*	
Debt service				
Interest and fees	183,746	119,526	94%	4715%
Total Expenditures	186,028	119,526	95%	4715%
Revenues Over/(Under) Expenditures	\$ 9,101	\$ (116,991)	5%	(4615%)

*Percentage is negligible

See accompanying auditors' report.

Crosswinds Municipal Utility District
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended September 30, 2020

Complete District Mailing Address: 401 Congress Avenue, Suite 2100, Austin, Texas 78701
District Business Telephone Number: (512) 600-3800
Submission Date of the most recent District Registration Form
(TWC Sections 36.054 and 49.054): August 24, 2020
Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200
(Set by Board Resolution -- TWC Section 49.0600)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
Board Members				
Amy Laine	05/20 - 05/24	\$ 1,650	\$ 137	President
Lee Weber	05/18 - 05/22	2,100	420	Vice President
Elizabeth P. Edwards	05/20 - 05/24	2,100	668	Secretary
Anthony Dell'Abate	05/18 - 05/22	1,350	202	Assistant Secretary
Michael Gideon	05/20 - 05/24	2,250	44	Assistant Secretary
Consultants				
		<u>Amounts Paid</u>		
Andy Barrett & Associates, PLLC	2015			Attorney
<i>General legal</i>		\$ 69,480		
<i>Bond counsel</i>		41,625		
Winstead PC	2015			Attorney
<i>General legal</i>		51,180		
<i>Bond counsel</i>		45,955		
Bott & Douhitt, PLLC	2020	6,835		Bookkeeper
Inframark, LLC	2018	40,391		Operator/Former Bookkeeper
Hays County Tax Assessor-Collector	2016	38		Tax Collector
Hays County Central Appraisal District	Legislation	2,615		Property Valuation
Carlson, Brigance & Doering, Inc.	2017	25,800		Engineer
McGrath & Co., PLLC	2017	16,200		Auditor
The GMS Group, LLC	2016	71,085		Financial Advisor

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