

BACLIFF MUNICIPAL UTILITY DISTRICT
GALVESTON COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Bacliff Municipal Utility District
Galveston County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Bacliff Municipal Utility District (the "District"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 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, the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of District Contributions – Pension, the Schedule of Changes in Total Other Postemployment Benefits Liability and Related Ratios, and the Schedule of District Contributions – Other Postemployment Benefits 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 supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide any assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

May 10, 2021

**BACLIFF MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Management's discussion and analysis of Bacliff Municipal Utility District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2020. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes the District's assets, liabilities, deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

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, operating 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.

**BACLIFF MUNICIPAL UTILITY DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

FUND FINANCIAL STATEMENTS (Continued)

Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the District’s governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explains the differences between the two presentations and assists in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information (“RSI”). A budgetary comparison schedule is included as RSI for the General Fund. In addition, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of District Contributions – Pension, the Schedule of Changes in Total Other Postemployment Benefits Liability and Related Ratios, and the Schedule of District Contributions – Other Postemployment Benefits are included as RSI.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District’s assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$14,002,282 as of December 31, 2020. A portion of the District’s net position reflects its net investment in capital assets (land as well as buildings, vehicles, equipment and water and wastewater systems, less any debt used to acquire those assets that is still outstanding). A comparative analysis of government-wide changes in net position is presented below.

BACLIFF MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2020	2019	Change Positive (Negative)
Current and Other Assets	\$ 5,183,667	\$ 5,233,644	\$ (49,977)
Capital Assets (Net of Accumulated Depreciation)	22,200,181	22,499,834	(299,653)
Total Assets	\$ 27,383,848	\$ 27,733,478	\$ (349,630)
Deferred Outflows of Resources	\$ 103,238	\$ 272,415	\$ (169,177)
Bonds Payable	\$ 11,509,362	\$ 11,900,000	\$ 390,638
Other Liabilities	834,806	983,902	149,096
Total Liabilities	\$ 12,344,168	\$ 12,883,902	\$ 539,734
Deferred Inflows of Resources	\$ 1,140,636	\$ 1,061,418	\$ (79,218)
Net Position:			
Net Investment in Capital Assets	\$ 11,727,614	\$ 11,597,676	\$ 129,938
Restricted	492,671	455,431	37,240
Unrestricted	1,781,997	2,007,466	(225,469)
Total Net Position	\$ 14,002,282	\$ 14,060,573	\$ (58,291)

The following table provides a summary of the District's operations for the years ending December 31, 2020, and December 31, 2019.

	Summary of Changes in the Statement of Activities		
	2020	2019	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 1,045,671	\$ 1,087,557	\$ (41,886)
Charges for Services	3,050,471	2,976,546	73,925
Other Revenues	145,740	155,050	(9,310)
Total Revenues	\$ 4,241,882	\$ 4,219,153	\$ 22,729
Expenses for Services	4,300,173	4,056,001	(244,172)
Change in Net Position	\$ (58,291)	\$ 163,152	\$ (221,443)
Net Position, Beginning of Year	14,060,573	13,897,421	163,152
Net Position, End of Year	\$ 14,002,282	\$ 14,060,573	\$ (58,291)

**BACLIFF MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of December 31, 2020, were \$3,407,035, a decrease of \$93,641 from the prior year.

The General Fund fund balance decreased by \$101,431, primarily due to operating and capital expenditures exceeding service revenues during the year.

The Debt Service Fund fund balance increased by \$4,056, primarily due to the structure of the District's outstanding debt and the sale of the Series 2020 Refunding Bonds.

The Capital Projects Fund fund balance increased by \$3,734 due to investment revenues received during the current year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors amended the budget during the current year to make minor adjustments to revenues and expenditures based on expectations. Actual revenues were \$182,419 less than budgeted revenues and actual expenditures were \$480,937 less than budgeted expenditures which resulted in a positive variance of \$298,518. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of December 31, 2020, total \$22,200,181 (net of accumulated depreciation) and include land, buildings, and equipment as well as the water and wastewater systems. Current year construction in progress relates to the water supply improvements program. Completed projects included the Collection System Rehabilitation, Phase 19 and the purchase of a submersible pump.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2020	2019	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 335,899	\$ 335,899	\$
Construction in Progress	1,349,250	1,351,074	(1,824)
Capital Assets, Net of Accumulated Depreciation:			
Buildings, Vehicles, and Equipment	1,102,626	1,166,897	(64,271)
Water System	6,951,075	7,126,062	(174,987)
Wastewater System	12,461,331	12,519,902	(58,571)
Total Net Capital Assets	\$ 22,200,181	\$ 22,499,834	\$ (299,653)

**BACLIFF MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

LONG-TERM DEBT ACTIVITY

As of December 31, 2020, the District had total bond debt payable of \$11,345,000. The changes in the debt position of the District during the fiscal year ended December 31, 2020, are summarized as follows:

Bond Debt Payable, January 1, 2020	\$ 11,900,000
Add: Bond Sale - Series 2020	4,245,000
Less: Bond Principal Paid	<u>4,800,000</u>
Bond Debt Payable, December 31, 2020	<u>\$ 11,345,000</u>

The District's bonds have been assigned an "A-" underlying rating. The Series 2013 Bonds and the Series 2020 Refunding Bonds carry an insured rating of "AA" by virtue of bond insurance issued by Build America Mutual Assurance Company. These ratings reflect all changes, if any, for the fiscal year ending December 31, 2020.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Bacliff Municipal Utility District, P. O. Box 8717, Bacliff, Texas 77518.

**BACLIFF MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2020**

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 1,774,949	\$ 514,160
Investments	514,896	206,918
Cash with Galveston County Tax Office		38,975
Receivables:		
Property Taxes		823,976
Penalty and Interest on Delinquent Taxes		
Service Accounts	232,851	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 2,522,696	\$ 1,584,029
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension Plan Charges	\$	\$
Deferred Other Postemployment Benefits Plan Charges		
Deferred Charges on Refunding Bonds		
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ -0-	\$ -0-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 2,522,696	\$ 1,584,029

The accompanying notes to the financial
statements are an integral part of this report.

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 1,001,576	\$ 3,290,685	\$	\$ 3,290,685
	721,814		721,814
	38,975		38,975
	823,976		823,976
		75,366	75,366
	232,851		232,851
		335,899	335,899
		1,349,250	1,349,250
		20,515,032	20,515,032
<u>\$ 1,001,576</u>	<u>\$ 5,108,301</u>	<u>\$ 22,275,547</u>	<u>\$ 27,383,848</u>
\$	\$	\$ 26,081	\$ 26,081
		4,083	4,083
		73,074	73,074
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 103,238</u>	<u>\$ 103,238</u>
<u>\$ 1,001,576</u>	<u>\$ 5,108,301</u>	<u>\$ 22,378,785</u>	<u>\$ 27,487,086</u>

The accompanying notes to the financial statements are an integral part of this report.

**BACLIFF MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2020**

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 123,064	\$
Accrued Interest Payable		
Security Deposits	445,260	
Accrued Interest Payable on Compound Interest Bonds		
Net Pension Liability		
Net Other Postemployment Benefits Liability		
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 568,324	\$ -0-
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$	\$ 1,132,942
Deferred Pension Plan Charges		
Deferred Other Postemployment Benefits Plan Charges		
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ -0-	\$ 1,132,942
FUND BALANCES/NET POSITION		
FUND BALANCES		
Restricted for Authorized Construction	\$	\$
Restricted for Debt Service		451,087
Unassigned	1,954,372	
TOTAL FUND BALANCES	\$ 1,954,372	\$ 451,087
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,522,696	\$ 1,584,029
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

The accompanying notes to the financial
statements are an integral part of this report.

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$	\$ 123,064	\$	\$ 123,064
		141,848	141,848
	445,260		445,260
		37,855	37,855
		68,397	68,397
		18,382	18,382
		590,000	590,000
		<u>10,919,362</u>	<u>10,919,362</u>
<u>\$ -0-</u>	<u>\$ 568,324</u>	<u>\$ 11,775,844</u>	<u>\$ 12,344,168</u>
\$	\$ 1,132,942	\$ (108,066)	\$ 1,024,876
		110,038	110,038
		<u>5,722</u>	<u>5,722</u>
<u>\$ -0-</u>	<u>\$ 1,132,942</u>	<u>\$ 7,694</u>	<u>\$ 1,140,636</u>
\$ 1,001,576	\$ 1,001,576	\$ (1,001,576)	\$
	451,087	(451,087)	
	<u>1,954,372</u>	<u>(1,954,372)</u>	
<u>\$ 1,001,576</u>	<u>\$ 3,407,035</u>	<u>\$ (3,407,035)</u>	<u>\$ -0-</u>
<u>\$ 1,001,576</u>	<u>\$ 5,108,301</u>		
		\$ 11,727,614	\$ 11,727,614
		492,671	492,671
		<u>1,781,997</u>	<u>1,781,997</u>
		<u>\$ 14,002,282</u>	<u>\$ 14,002,282</u>

The accompanying notes to the financial statements are an integral part of this report.

**BACLIFF MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2020**

Total Fund Balances - Governmental Funds \$ 3,407,035

Amounts reported for governmental activities in the Statement of Net Position are different because:

Portions of the change in net pension liability and net other postemployment benefits liability that are not immediately recognized as revenue or expense are recorded as deferred outflows and inflows of resources. (85,596)

Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the new debt or the old debt, whichever is shorter. 73,074

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 22,200,181

Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2019 and prior tax levies became part of recognized revenue in the governmental activities of the District. 183,432

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Accrued Interest Payable	\$ (179,703)	
Net Pension Liability	(68,397)	
Net Other Postemployment Benefits Liability	(18,382)	
Bonds Payable	<u>(11,509,362)</u>	<u>(11,775,844)</u>

Total Net Position - Governmental Activities \$ 14,002,282

The accompanying notes to the financial statements are an integral part of this report.

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BACLIFF MUNICIPAL UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$	\$ 1,038,744
Water Service	1,052,993	
Wastewater Service	1,087,056	
Solid Waste Disposal	648,371	
Street Lighting	80,238	
Penalty and Interest	53,739	21,891
Tap Connection and Inspection Fees	101,100	
Investment and Miscellaneous Revenues	139,984	2,001
TOTAL REVENUES	\$ 3,163,481	\$ 1,062,636
EXPENDITURES/EXPENSES		
Service Operations:		
Personnel	\$ 1,018,247	\$
Professional Fees and Contracted Services	35,831	17,582
Solid Waste Disposal	632,937	
Purchased Water Service	376,127	
Utilities	176,941	
Repairs and Maintenance	255,101	
Street Lighting	59,597	
Depreciation		
Other	395,734	40
Capital Outlay	314,397	
Debt Service:		
Transfer to Refunding Bond Paying Agent		75,853
Bond Issuance Costs		203,778
Bond Principal		555,000
Bond Interest		413,215
TOTAL EXPENDITURES/EXPENSES	\$ 3,264,912	\$ 1,265,468
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	\$ (101,431)	\$ (202,832)
OTHER FINANCING SOURCES (USES)		
Bond Premium	\$	\$ 205,624
Transfer to Refunded Bond Paying Agent		(4,243,736)
Proceeds from Issuance of Long-Term Debt		4,245,000
TOTAL OTHER FINANCING SOURCES (USES)	\$ -0-	\$ 206,888
NET CHANGE IN FUND BALANCES	\$ (101,431)	\$ 4,056
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JANUARY 1, 2020	2,055,803	447,031
FUND BALANCES/NET POSITION - DECEMBER 31, 2020	\$ 1,954,372	\$ 451,087

The accompanying notes to the financial statements are an integral part of this report.

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 1,038,744	\$ 6,927	\$ 1,045,671
	1,052,993		1,052,993
	1,087,056		1,087,056
	648,371		648,371
	80,238		80,238
	75,630	5,083	80,713
	101,100		101,100
3,755	145,740		145,740
<u>\$ 3,755</u>	<u>\$ 4,229,872</u>	<u>\$ 12,010</u>	<u>\$ 4,241,882</u>
\$	\$ 1,018,247	\$ 124,038	\$ 1,142,285
	53,413		53,413
	632,937		632,937
	376,127		376,127
	176,941		176,941
	255,101		255,101
	59,597		59,597
		614,050	614,050
21	395,795		395,795
	314,397	(314,397)	
	75,853	(75,853)	
	203,778		203,778
	555,000	(555,000)	
	413,215	(23,066)	390,149
<u>\$ 21</u>	<u>\$ 4,530,401</u>	<u>\$ (230,228)</u>	<u>\$ 4,300,173</u>
<u>\$ 3,734</u>	<u>\$ (300,529)</u>	<u>\$ 242,238</u>	<u>\$ (58,291)</u>
\$	\$ 205,624	\$ (205,624)	\$
	(4,243,736)	4,243,736	
	4,245,000	(4,245,000)	
<u>\$ -0-</u>	<u>\$ 206,888</u>	<u>\$ (206,888)</u>	<u>\$ -0-</u>
\$ 3,734	\$ (93,641)	\$ 93,641	\$
		(58,291)	(58,291)
997,842	3,500,676	10,559,897	14,060,573
<u>\$ 1,001,576</u>	<u>\$ 3,407,035</u>	<u>\$ 10,595,247</u>	<u>\$ 14,002,282</u>

The accompanying notes to the financial
statements are an integral part of this report.

BACLIFF MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Net Change in Fund Balances - Governmental Funds	\$ (93,641)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	6,927
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.	5,083
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(614,050)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and decreased by disposals and the Statement of Activities is not affected.	314,397
Governmental funds report the bond premium as an other financing sources in the year paid. However, in the Statement of Net Position, bond premiums are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	(205,624)
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.	555,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	23,066
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	(4,245,000)
The changes in the net pension liability, other postemployment benefits liability, and the related deferred inflows and outflows of resources are recorded in the government-wide financial statements.	(124,038)
Governmental funds report the payment to the refunded bond escrow agent as an other financing use or as an expenditure if paid from District funds. The refunding of outstanding bonds decreases long-term liabilities in the Statement of Net Position.	<u>4,319,589</u>
Change in Net Position - Governmental Activities	<u>\$ (58,291)</u>

The accompanying notes to the financial statements are an integral part of this report.

BACLIFF MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1. CREATION OF DISTRICT

The District is a political subdivision of the State of Texas created by an Act of the 58th Legislature of the State of Texas, Regular Session, 1963 (compiled as Article 8280-286, Vernon's Texas Civil Statutes). The rights, powers, privileges, authority and functions of the District are established by the general laws of the State of Texas pertaining to utility districts, particularly Article XVI, Section 59 of the Texas Constitution, and Chapters 49 and 51 of the Texas Water Code, as amended. The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District is also authorized to develop parks and recreation facilities, including the issuance of bonds payable from taxes for such purposes. The District is also empowered to establish, operate, and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts, after approval by the voters of the District. Additionally, the District may, subject to certain limitations, develop and finance roads.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB"). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Texas Commission on Environmental Quality (the "Commission").

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local 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 statement as component units.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting ("GASB Codification"). The 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:

BACLIFF MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- 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.

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

Fund Financial Statements

As discussed above, the District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

BACLIFF MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

The District has three governmental funds and considers each to be a major fund.

General Fund – To account for resources not required to be accounted for in another fund, customer service revenues, operating costs and general expenditures.

Debt Service Fund – To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

Capital Projects Fund - To account for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both “measurable and available.” Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenues reported in governmental funds to be available if they are collectable within 60 days after year end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Property taxes considered available by the District and included in revenue include 2019 tax levy collections during the period October 1, 2019, to December 31, 2020, and taxes collected from January 1, 2020, to December 31, 2020, for the 2018 and prior tax levies. The 2020 tax levy has been fully deferred to meet planned operating expenditures for the 2021 fiscal year.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis.

Capital Assets

Capital assets which include property, plant, equipment, and infrastructure assets 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

BACLIFF MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

fair market 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.

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. Buildings are depreciated over a term of 40 years, water and wastewater systems are depreciated over terms ranging from 10 to 45 years, and vehicles and equipment are depreciated over terms ranging from 3 to 20 years.

Budgeting

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. The original General Fund budget for the current year was amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original and revised budget amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions and Other Postemployment Benefits

The District has 11 full time employees. Payments are made into the social security system for them. The Internal Revenue Service has determined that the District's directors are considered "employees" for federal payroll tax purposes only. See Notes 10 and 11 for more information on the District's pension plan and other postemployment benefits plan.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position.

BACLIFF MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. 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 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 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 expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds.

Accounting Estimates

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

BACLIFF MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3. LONG-TERM DEBT

	Series 2002	Series 2004	Series 2013
Amounts Outstanding – December 31, 2020	\$ 295,000	\$ 280,000	\$ 6,525,000
Interest Rates	3.30%	3.20%	4.50% - 4.75%
Maturity Dates – Serially Beginning/Ending	September 1, 2021	September 1, 2021	September 1, 2024/2037
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2012*	September 1 2014*	September 1 2022*
	Series 2020 Refunding		
	Current Interest Bonds	Capital Appreciation Bonds	
Amounts Outstanding – December 31, 2020	\$ 4,120,000	\$ 125,000	
Interest Rates	2.00% - 3.00%	1.20%	
Maturity Dates – Serially Beginning/Ending	September 1, 2021/2025, 2027/2037	September 1, 2026	
Interest Payment Dates	March 1/ September 1	At Maturity	
Callable Dates	September 1 2026*	N/A	

* In whole or in part, in inverse numerical order on any interest payment date thereafter at a price equal to the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption. Series 2013 term bonds maturing September 1, 2031, September 1, 2033 and September 1, 2037 are subject to mandatory redemption beginning September 1, 2030, September 1, 2032, and September 1, 2034, respectively. Series 2020 term bonds maturing September 1, 2028, September 1, 2030, and September 1, 2032, are subject to mandatory redemption beginning September 1, 2027, September 1, 2029, and September 1, 2031, respectively.

**The Refunding Series 2020 Capital Appreciation Bond (CAB) is non-callable. The par value of the outstanding CAB is \$125,000 and the maturity value is \$175,000. Interest will be paid at maturity. Accrued interest of \$37,855 has been recorded as a liability in the Statement of Net Position.

The Series 2013 Bonds are private placement bonds with the Texas Water Development Board.

BACLIFF MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3. LONG-TERM DEBT (Continued)

The following is a summary of transactions regarding bonds payable for the year ended December 31, 2020:

	January 1, 2020	Additions	Retirements	December 31, 2020
Bonds Payable	\$ 11,900,000	\$ 4,245,000	\$ 4,800,000	\$ 11,345,000
Unamortized Premium		167,769	3,407	164,362
Bonds Payable, net	\$ 11,900,000	\$ 4,412,769	\$ 4,803,407	\$ 11,509,362
		Amount Due Within One Year		\$ 590,000
		Amount Due After One Year		10,919,362
		Bonds Payable		\$ 11,509,362

As of December 31, 2020, the District had authorized but unissued bonds in the amount of \$706,000. As of December 31, 2020, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2021	\$ 590,000	\$ 422,728	\$ 1,012,728
2022	600,000	402,450	1,002,450
2023	610,000	384,450	994,450
2024	610,000	366,150	976,150
2025	625,000	344,100	969,100
2026-2030	2,955,000	1,455,225	4,410,225
2031-2035	3,670,000	788,400	4,458,400
2036-2037	1,685,000	102,875	1,787,875
	\$ 11,345,000	\$ 4,266,378	\$ 15,611,378

The bonds are payable from an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount. During the year ended December 31, 2020, the District levied an ad valorem debt service tax rate of \$0.269991 per \$100 of assessed valuation, which resulted in a tax levy of \$1,024,876 on the adjusted taxable valuation of \$379,136,694 for the 2020 tax year. The bond orders require the District to levy and collection an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes.

All property values and exempt status, if any, are determined by the 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.

BACLIFF MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4. SIGNIFICANT BOND ORDERS AND LEGAL REQUIREMENTS

The bond orders state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data with respect to the District to certain information repositories. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of Section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on the five-year anniversary of each issue.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year-end, the carrying amount of the District's deposits was \$3,290,685 and the bank balance was \$3,302,039. The District was exposed to \$228,177 in custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at December 31, 2020, as listed below:

	Cash
GENERAL FUND	\$ 1,774,949
DEBT SERVICE FUND	514,160
CAPITAL PROJECTS FUND	1,001,576
TOTAL DEPOSITS	\$ 3,290,685

BACLIFF MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Directors.

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in the Texas Short Term Asset Reserve Program ("TexSTAR"), an external public funds investment pool that is not SEC-registered. J. P. Morgan Investment Management Inc. provides investment management and Hilltop Securities Inc., provides participant services and marketing under an agreement with the TexSTAR Board of Directors. Custodial, fund accounting and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary J.P. Morgan Investors Services Co. Investments held by TexSTAR are marked to market daily. The investments are considered Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District's position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from TexSTAR.

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

BACLIFF MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of December 31, 2020, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexSTAR	\$ 111,910	\$ 111,910
LOGIC	402,986	402,986
<u>DEBT SERVICE FUND</u>		
TexSTAR	5,425	5,425
LOGIC	201,493	201,493
TOTAL INVESTMENTS	\$ 721,814	\$ 721,814

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District manages this risk by limiting investments to the safest types of investments and pre-qualifying the financial institution and broker/dealers with which the District will do business. At December 31, 2020, the District's investments in TexSTAR and LOGIC were rated AAAM by Standard and Poor's.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in TexSTAR and LOGIC to have maturities of less than one year due to the fact the share positions can usually be redeemed each day at the discretion of the District, unless there have been significant changes in values.

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

BACLIFF MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 is as follows:

	January 1, 2020	Increases	Decreases	December 31, 2020
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 335,899	\$	\$	\$ 335,899
Construction in Progress	<u>1,351,074</u>	<u>314,397</u>	<u>316,221</u>	<u>1,349,250</u>
Total Capital Assets Not Being Depreciated	<u>\$ 1,686,973</u>	<u>\$ 314,397</u>	<u>\$ 316,221</u>	<u>\$ 1,685,149</u>
Capital Assets Subject to Depreciation				
Buildings, Vehicles, and Equipment	\$ 2,175,512	\$	\$ 59,041	\$ 2,116,471
Water System	9,213,401	21,137		9,234,538
Wastewater System	<u>17,365,239</u>	<u>295,084</u>		<u>17,660,323</u>
Total Capital Assets Subject to Depreciation	<u>\$ 28,754,152</u>	<u>\$ 316,221</u>	<u>\$ 59,041</u>	<u>\$ 29,011,332</u>
Less Accumulated Depreciation				
Buildings, Vehicles, and Equipment	\$ 1,008,615	\$ 64,271	\$ 59,041	\$ 1,013,845
Water System	2,087,339	196,124		2,283,463
Wastewater System	<u>4,845,337</u>	<u>353,655</u>		<u>5,198,992</u>
Total Accumulated Depreciation	<u>\$ 7,941,291</u>	<u>\$ 614,050</u>	<u>\$ 59,041</u>	<u>\$ 8,496,300</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 20,812,861</u>	<u>\$ (297,829)</u>	<u>\$ -0-</u>	<u>\$ 20,515,032</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 22,499,834</u>	<u>\$ 16,568</u>	<u>\$ 316,221</u>	<u>\$ 22,200,181</u>

NOTE 7. SURFACE WATER SUPPLY CONTRACT

The District and the Gulf Coast Water Authority ("GCWA") are parties to a Water Supply Contract pursuant to which the GCWA agrees to supply the District up to a maximum capacity of 1.19 million gallons per day of treated surface water, which is the primary source of water for the District. Charges to the District include its prorata share of raw water charges, capital charges, operating and maintenance charges. The District's purchased water costs for the current year totaled \$376,127.

NOTE 8. STREET LIGHTING

The District assesses the cost of installation, operating and maintaining the street lighting as an additional charge on the monthly billings of the District's customers. The current street lighting charge is \$2.00 per month. During the current year, the District recorded \$80,238 in revenues and \$59,597 in costs related to street lighting.

BACLIFF MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, error and omission and natural disasters. The District carries commercial insurance for its fidelity bonds and participates in the Texas Municipal League Intergovernmental Risk Pool (TML) to provide property, general liability, automobile, boiler and machinery, errors and omissions and workers compensation coverage. The District, along with other participating entities, contributes annual amounts determined by TML’s management. As claims arise they are submitted and paid by TML. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 10. PENSION PLAN

Plan Description

The District provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (“TCDRS”). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of approximately 800 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P. O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 10 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after 10 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee’s contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the District within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the District’s commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee’s accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act. At December 31, 2019, the most recent valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled but not yet receiving benefits	5
Active employees	11

BACLIFF MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 10. PENSION PLAN (Continued)

Funding Policy

The employer has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually.

The employer contributed using the actuarially determined rate of 7.15% for calendar year 2020. The deposit rate payable by the employee members for calendar year 2020 is 7.00% as adopted by the governing body of the District. The employee deposit rate and the employer contribution rate may be changed by the governing body of the District within the options available in the TCDRS Act.

Annual Pension Cost

For the District's accounting year ended December 31, 2020, the annual pension cost for the TCDRS plan for its employees was \$50,669 and the actual contributions were \$50,669. The employees contributed \$49,606 to the plan for the 2020 fiscal year. The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees and were in compliance with GASB parameters based on the actuarial valuations as of December 31, 2019, the basis for determining the contribution rates for calendar year 2020. The December 31, 2019 actuarial valuation is the most recent valuation.

	Actuarial Valuation Information
Actuarial valuation date	12/31/19
Actuarial cost method	entry age normal
Amortization method	Straight-line method over expected working life
Asset Valuation Method:	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Actuarial Assumptions:	
Investment return, gross of administrative expenses	8.10%
Projected salary increases	4.85%
Inflation	2.75%
Cost-of-living adjustments (no assumption included)	0.00%

BACLIFF MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 10. PENSION PLAN (Continued)

Net Pension Liability

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions above, except as noted. The discount rate reflects the long-term rate of return funding valuation assumption of 8.00%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB 68. The plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active, inactive, and retired members. The actuarial assumptions that determined the total pension liability as of December 31, 2019 were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB 68.

Mortality rates were based on the following:

Depositing members – 90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after that.

Service retirees, beneficiaries and non-depositing members – 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2104 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after that.

Disabled retirees – 130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MO-2014 Ultimate scale after that.

Sensitivity Analysis – The following presents the net pension liability of the District, calculated using the discount rate of 8.10%, as well as what the District net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1%	Current	1%
	Decrease	Discount Rate	Increase
	7.1%	8.1%	9.1%
Total pension liability	\$ 3,167,013	\$ 2,799,650	\$ 2,485,876
Fiduciary net position	2,731,253	2,731,253	2,731,253
Net pension liability/(asset)	\$ 435,760	\$ 68,397	\$ (245,377)

BACLIFF MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 10. PENSION PLAN (Continued)

Net Pension Liability (Continued)

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The numbers shown are based on April 2020 information for a 10-year time horizon. The valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a 30-year time horizon. The most recent analysis was performed in 2017. Events subsequent to this date such as the decline in investment markets in 2020 are not reflected in the actuary report.

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	14.50 %	5.20 %
Private Equity	20.00	8.20
Global Equities	2.50	5.50
International Equities-Developed Markets	7.00	5.20
International Equities-Emerging Markets	7.00	5.70
Investment-Grade Bonds	3.00	(0.20)
Strategic Credit	12.00	3.14
Direct Lending	11.00	7.16
Distressed Debt	4.00	6.90
REIT Equities	3.00	4.50
Master Limited Partnerships (MLPs)	2.00	8.40
Private Real Estate Partnerships	6.00	5.50
Hedge Funds	8.00	2.30
	100.00 %	

As of December 31, 2020, the deferred inflows and outflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,065	\$ 5,023
Changes of assumptions	7,016	
Net differences between projected and actual earnings		54,346
Contributions subsequent to the measurement date		50,669
Total	\$ 26,081	\$ 110,038

BACLIFF MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 10. PENSION PLAN (Continued)

Net Pension Liability (Continued)

The changes in net pension liability is as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a)-(b)
Balances of December 31, 2018	\$ 2,528,385	\$ 2,231,762	\$ 296,623
Changes for the year:			
Service Costs	62,690		62,690
Interest on total pension liability	209,477		209,477
Effect of economic/demographic gains or losses	9,174		9,174
Benefit payments	(10,076)	(10,076)	
Administrative Expense		(2,081)	2,081
Member contributions		49,262	(49,262)
Net investment income		366,367	(366,367)
Employer contributions		91,177	(91,177)
Other		4,842	(4,842)
Balances of December 31, 2019	<u>\$ 2,799,650</u>	<u>\$ 2,731,253</u>	<u>\$ 68,397</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$50,669 will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2020	\$ (3,367)
2021	(6,247)
2022	9,160
2023	(34,363)
2024	1,529
Thereafter	-0-

BACLIFF MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS

The District participates in a cost-sharing multiple-employer defined benefit group term life insurance plan operated by the TCDRS. This plan is referred to as the Group Term Life Fund (GTL). This optional plan provides group term life insurance coverage to current eligible employees and, if elected by employers, to retired employees. Contributions made to the retiree GTL Program are held in the GTL fund. The GTL fund does not meet the requirements of a trust under Paragraph 4b of GASB 75, as the assets of the GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit (OPEB) and is a fixed amount of \$5,000. The GTL covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 and as such the GTL is considered an unfunded OPEB plan. TCDRS issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information. This report is available at TCDRS' website at www.TCDRS.org.

The District contributes to the GTL fund at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the GTL fund program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during the employee's entire career.

Each participating employer contributes to the GTL fund at a contractually required rate. An annual actuarial valuation is performed, and the contractual rate is determined using the unit credit method for providing one-year term life insurance. The District's actuarially determined contributions for the year ending December 31, 2020 were \$1,548 and the District's actual contributions for the year ending December 31, 2020 were \$1,843. At December 31, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled but not yet receiving benefits	-0-
Active employees	11

BACLIFF MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions Used for GASB Calculations

All actuarial assumptions and methods that determined the total OPEB liability as of December 31, 2019 were based on the results of an actuarial experience study for the period January 1, 2013 - December 31, 2016, except where required to be different by GASB 75.

Valuation Timing - Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Actuarial Cost - Method Entry Age Normal

Amortization Method - Recognition of economic/demographic gains or losses straight-line amortization over expected working life

Recognition of assumptions changes or inputs - Straight-line amortization over expected working life

Asset Valuation Method - Does not apply

Inflation - Does not apply

Salary Increases - Does not apply

Investment Rate of Return (Discount Rate) – 2.74% 20 Year Bond GO Index published by bondbuyer.com as of December 26, 2019

Cost-of-Living Adjustment - Does not apply

Mortality rates were based on the following:

Depositing members – 90% of the RP-2014 active employee mortality table for males and 90% of the RP-2014 active employee mortality table for females, projected with 110% of the MP-2014 ultimate scale after 2014.

Service retirees – 130% of the RP-2014 healthy annuitant mortality table for males and 110% of the RP-2014 healthy annuitant mortality table for females, both projected with 110% of the MP-2014 ultimate scale after 2014.

Disabled retirees – 130% of the RP-2014 healthy annuitant mortality table for males and 115% of the RP-2014 healthy annuitant mortality table for females, both projected with 110% of the MP-2014 ultimate scale after 2014.

BACLIFF MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Discount Rate

The total OPEB liability was determined by an actuarial valuation as of the measurement date, calculated based on the discount rate and actuarial assumptions discussed below. The discount rate reflects the long-term rate of return funding valuation assumption of 2.74%. The TCDRS GTLF is treated as an unfunded OPEB plan because the GTLF covers both actives and retirees and the assets are not segregated for these groups. Under GASB 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 2.74% based on an index of tax exempt 20-year municipal bond rates rated as AA or higher is used as of the measurement date of December 31, 2019. As of December 31, 2019, the discount rate used in the development of the Total OPEB Liability was 2.74% compared to 4.10% as of December 31, 2018.

Change in Total OPEB Liability for measurement year ended December 31, 2019 are as follows:

	Changes in Total OPEB Liability
Balances of December 31, 2018	\$ 12,906
Changes for the year:	
Service Costs	717
Interest on total OPEB liability	557
Effect of economic/demographic gains or losses	319
Effect of assumption changes or inputs	3,953
Benefit payments	(70)
Balances of December 31, 2019	\$ 18,382

Sensitivity Analysis – The following presents the net OPEB liability of the District, calculated using the discount rate of 2.74%, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.74%) or 1 percentage point higher (3.74%) than the current rate.

	1% Decrease 1.74%	Current Discount Rate 2.74%	1% Increase 3.74%
Total OPEB liability	\$ 22,158	\$ 18,382	\$ 15,364

BACLIFF MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

As of December 31, 2019, the deferred inflows and outflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 279	\$ 2,653
Changes of assumptions	3,804	1,226
Contributions subsequent to the measurement date		1,843
Total	\$ 4,083	\$ 5,722

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB benefits, excluding contributions made subsequent to the measurement date, will be recognized in OPEB expense as follows:

Year ended December 31:		
2020	\$	(55)
2021		(55)
2022		(55)
2023		(55)
2024		(55)
Thereafter		479

NOTE 12. ECONOMIC 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.

NOTE 13. BOND SALE

On August 27, 2020, the District closed on the sale of its \$4,245,000 Series 2020 Unlimited Tax Refunding Bonds. Proceeds were used to refund: \$620,000 of the Series 2002 Bonds with interest rates of 3.35% to 3.40%, maturity dates of 2022-2023, and a redemption date of August 27, 2020; \$1,200,000 of the Series 2004 Bonds with interest rates of 3.25% to 3.50%, maturity dates of 2022-2025 and a redemption date of August 27, 2020; and \$2,425,000 of the Series 2012 Bonds with interest rates of 3.00% to 4.00%, maturity dates of 2024-2037 and a redemption date of August 27, 2020. The refunding resulted in gross debt service savings of \$509,534 and net present value savings of \$447,555.

BACLIFF MUNICIPAL UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2020

BACLIFF MUNICIPAL UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Water and Wastewater Service, Other	\$ 3,151,300	\$ 3,148,100	\$ 2,982,143	\$ (165,957)
Street Lighting	75,500	75,500	80,238	4,738
Tap Connection and Inspection Fees	122,300	122,300	101,100	(21,200)
TOTAL REVENUES	<u>\$ 3,349,100</u>	<u>\$ 3,345,900</u>	<u>\$ 3,163,481</u>	<u>\$ (182,419)</u>
EXPENDITURES				
Service Operations:				
Personnel	\$ 1,193,700	\$ 1,069,400	\$ 1,018,247	\$ 51,153
Professional Fees	54,500	52,500	35,831	16,669
Solid Waste Disposal	590,000	608,500	632,937	(24,437)
Purchased Water Service	436,000	416,000	376,127	39,873
Utilities	203,700	197,700	176,941	20,759
Repairs and Maintenance/Capital Outlay	790,460	943,149	569,498	373,651
Street Lighting	71,500	65,500	59,597	5,903
Other	409,100	393,100	395,734	(2,634)
TOTAL EXPENDITURES	<u>\$ 3,748,960</u>	<u>\$ 3,745,849</u>	<u>\$ 3,264,912</u>	<u>\$ 480,937</u>
NET CHANGE IN FUND BALANCE	\$ (399,860)	\$ (399,949)	\$ (101,431)	\$ 298,518
FUND BALANCE - JANUARY 1, 2020	<u>2,055,803</u>	<u>2,055,803</u>	<u>2,055,803</u>	
FUND BALANCE - DECEMBER 31, 2020	<u>\$ 1,655,943</u>	<u>\$ 1,655,854</u>	<u>\$ 1,954,372</u>	<u>\$ 298,518</u>

See accompanying independent auditor's report.

BACLIF MUNICIPAL UTILITY DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
DECEMBER 31, 2020

	Year Ended December 31,		
	2014	2015	2016
Total Pension Liability			
Service Cost	\$ 42,514	\$ 50,566	\$ 62,985
Interest on total pension liability	121,092	135,815	153,814
Effect of plan changes		5,251	
Effect of economic/demographic (gains) or losses	22,607	37,614	(1,302)
Effect of assumption changes or inputs		13,994	
Benefit payments/refunds of contributions	<u>(10,287)</u>	<u>(25,672)</u>	<u>(9,376)</u>
Net change in total pension liability	\$ 175,926	\$ 217,568	\$ 206,121
Total pension liability, beginning	<u>1,479,158</u>	<u>1,655,084</u>	<u>1,872,652</u>
Total pension liability, ending (a)	<u>\$ 1,655,084</u>	<u>\$ 1,872,652</u>	<u>\$ 2,078,773</u>
Fiduciary Net Position			
Employer contributions	\$ 40,424	\$ 42,969	\$ 49,027
Member contributions	35,254	39,365	47,077
Investment income net of investment expenses	94,885	(32,734)	118,167
Benefit payments/refunds of contributions	(10,287)	(25,672)	(9,376)
Administrative Expense	(1,150)	(1,141)	(1,284)
Other	<u>(210)</u>	<u>(178)</u>	<u>4,051</u>
Net change in fiduciary net position	\$ 158,916	\$ 22,609	\$ 207,662
Fiduciary net position, beginning	<u>1,411,497</u>	<u>1,570,413</u>	<u>1,593,022</u>
Fiduciary net position, ending (b)	<u>\$ 1,570,413</u>	<u>\$ 1,593,022</u>	<u>\$ 1,800,684</u>
Net pension liability/(asset), ending = (a) - (b)	<u>\$ 84,671</u>	<u>\$ 279,630</u>	<u>\$ 278,089</u>
Fiduciary net position as a percentage of total pension liability	94.88%	85.07%	86.62%
Pensionable covered payroll	\$ 587,559	\$ 656,087	\$ 672,524
Net pension liability as a percentage of covered payroll	14.41%	42.62%	41.35%

See accompanying independent auditor's report.

	2017	2018	2019
\$	64,036	\$ 61,120	\$ 62,690
	172,925	190,163	209,477
	(8,932)	1,008	9,174
	6,032		
	<u>(16,189)</u>	<u>(20,551)</u>	<u>(10,076)</u>
\$	217,872	\$ 231,740	\$ 271,265
	<u>2,078,773</u>	<u>2,296,645</u>	<u>2,528,385</u>
\$	<u>2,296,645</u>	\$ <u>2,528,385</u>	\$ <u>2,799,650</u>
\$	97,473	\$ 48,326	\$ 91,177
	48,777	47,445	49,262
	264,929	(40,070)	366,367
	(16,189)	(20,551)	(10,076)
	(1,460)	(1,793)	(2,081)
	<u>1,729</u>	<u>2,462</u>	<u>4,842</u>
\$	395,259	\$ 35,819	\$ 499,491
	<u>1,800,684</u>	<u>2,195,943</u>	<u>2,231,762</u>
\$	<u>2,195,943</u>	\$ <u>2,231,762</u>	\$ <u>2,731,253</u>
\$	<u>100,702</u>	\$ <u>296,623</u>	\$ <u>68,397</u>
	95.62%	88.27%	97.56%
\$	696,808	\$ 677,780	\$ 703,739
	14.45%	43.76%	9.72%

See accompanying independent auditor's report.

BACLIFF MUNICIPAL UTILITY DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION
DECEMBER 31, 2020

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll ⁽¹⁾	Actual Contribution as a Percentage of Covered Payroll
2010	\$ 29,498	\$ 29,600	\$ (102)	\$ 510,347	5.8%
2011	\$ 25,956	\$ 31,895	\$ (5,939)	\$ 549,921	5.8%
2012	\$ 30,166	\$ 29,002	\$ 1,164	\$ 496,156	5.8%
2013	\$ 34,409	\$ 34,409	\$ - 0 -	\$ 523,733	6.6%
2014	\$ 40,424	\$ 40,424	\$ - 0 -	\$ 587,559	6.9%
2015	\$ 42,969	\$ 42,969	\$ - 0 -	\$ 656,087	6.5%
2016	\$ 49,027	\$ 49,027	\$ - 0 -	\$ 672,524	7.3%
2017	\$ 49,473	\$ 97,473	\$ (48,000)	\$ 696,808	14.0%
2018	\$ 48,326	\$ 48,326	\$ - 0 -	\$ 677,780	7.1%
2019	\$ 46,447	\$ 91,177	\$ (44,730)	\$ 703,739	13.0%

⁽¹⁾ Payroll is calculated based on contributions as reported to TCDRS.

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	5.0 years (based on contribution rate calculated in 12/31/2019 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale of 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: Employer contributions reflect that a 2% flat COLA was adopted. 2016: Employer contributions reflect that a 1% flat COLA was adopted. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018 and 2019: No changes in plan provisions were reflected in the schedule.

*Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to Schedule.

See accompanying independent auditor's report.

BACLIFF MUNICIPAL UTILITY DISTRICT
SCHEDULE OF CHANGES IN TOTAL OTHER POSTEMPLOYMENT BENEFITS
LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017
Total OPEB Liability			
Service Cost	\$ 717	\$ 839	\$ 795
Interest (on the Total OPEB Liability)	557	491	614
Economic/demographic gains or losses	319	(166)	(3,792)
Changes of assumptions or other inputs	3,953	(1,634)	516
Benefit payments	<u>(70)</u>	<u>(136)</u>	<u>(139)</u>
Net change in total OPEB liability	\$ 5,476	\$ (606)	\$ (2,006)
Total OPEB liability, beginning	<u>12,906</u>	<u>13,512</u>	<u>15,518</u>
Total OPEB liability, ending	<u>\$ 18,382</u>	<u>\$ 12,906</u>	<u>\$ 13,512</u>
OPEB Covered-employee payroll	\$ 703,739	\$ 677,780	\$ 696,808
Net OPEB liability as a percentage of covered employee payroll	2.61%	1.90%	1.94%

See accompanying independent auditor's report.

BACLIFF MUNICIPAL UTILITY DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS –
OTHER POSTEMPLOYMENT BENEFITS
DECEMBER 31, 2020

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	OPEB Covered Payroll ⁽¹⁾	Actual Contribution as a Percentage of Covered Payroll
2017	\$ 1,696	\$ 1,696	\$ - 0 -	\$ 696,808	0.24%
2018	\$ 1,619	\$ 1,619	\$ - 0 -	\$ 677,780	0.24%
2019	\$ 1,548	\$ 1,843	\$ (295)	\$ 703,739	0.26%

⁽¹⁾ Payroll is calculated based on contributions as reported to TCDRS.

All actuarial methods and assumptions used for this analysis were the same as those used in the December 31, 2019 funding valuation. Following are the key assumptions and methods used in this analysis.

Valuation Timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal
Amortization Method	Straight-line method over expected working life
Asset Valuation Method	Does not apply
Inflation	Does not apply
Salary Increases	Does not apply
Investment Rate of Return	2.74%; 20-year Bond GO Index published by bondbuyer.com as of December 26, 2019
Cost-of-Living Adjustments	Does not apply
Retirement, Disability, Termination	Same as funding valuation
Mortality	Same as funding valuation, See Note 11

See accompanying independent auditor's report.

BACLIFF MUNICIPAL UTILITY DISTRICT
SUPPLEMENTARY INFORMATION – REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE
DECEMBER 31, 2020

**BACLIFF MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2020**

1. SERVICES PROVIDED BY THE DISTRICT DURING THE FISCAL YEAR:

<u> X </u>	Retail Water	<u> </u>	Wholesale Water	<u> </u>	Drainage
<u> X </u>	Retail Sewer	<u> </u>	Wholesale Wastewater	<u> </u>	Irrigation
<u> </u>	Parks/Recreation	<u> X </u>	Fire Protection	<u> </u>	Security
<u> X </u>	Solid Waste/Garbage	<u> </u>	Flood Control	<u> </u>	Roads
<u> </u>	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
<u> X </u>	Other (specify): <u>Street Lights</u>				

2. RETAIL SERVICE PROVIDERS

a. RETAIL RATES FOR A 5/8" METER (OR EQUIVALENT):

Based on the rate order effective June 6, 2020.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$ 16.00	2,000	N	\$ 3.50	2,001 and up
WASTEWATER:	\$ 17.00	2,000	N	\$ 3.25	2,001 and up
SURCHARGE:					
Commission					
Regulatory Assessments	0.50% of water and sewer bill				
Other – Street Lights	\$ 2.00				
VFD	\$ 7.00				
Solid Waste Disposal	\$ 16.75				

District employs winter averaging for wastewater usage? X
Yes No

Total monthly charges per 10,000 gallons usage: Water: \$44.00 Wastewater: \$43.00 Surcharge: \$26.19

See accompanying independent auditor's report.

**BACLIFF MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2020**

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered	_____	_____	x 1.0	_____
≤¾"	<u>4,000</u>	<u>3,344</u>	x 1.0	<u>3,344</u>
1"	<u>23</u>	<u>23</u>	x 2.5	<u>58</u>
1½"	<u>6</u>	<u>6</u>	x 5.0	<u>30</u>
2"	<u>23</u>	<u>21</u>	x 8.0	<u>168</u>
3"	<u>1</u>	<u>1</u>	x 15.0	<u>15</u>
4"	<u>1</u>	<u>1</u>	x 25.0	<u>25</u>
6"	_____	_____	x 50.0	_____
8"	_____	_____	x 80.0	_____
10"	_____	_____	x 115.0	_____
Total Water Connections	<u>4,054</u>	<u>3,396</u>		<u>3,696</u>
Total Wastewater Connections	<u>4,326</u>	<u>3,668</u>	x 1.0	<u>3,668</u>

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (Unaudited):

Gallons billed to customers:	195,944,000	Water Accountability Ratio: 90.6% (Gallons billed/Gallons purchased)
Gallons purchased:	216,224,000	From: <u>Gulf Coast Water Authority</u>

See accompanying independent auditor's report.

BACLIF MUNICIPAL UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2020

PERSONNEL EXPENDITURES (Including Benefits)	
Salaries, Including Payroll Taxes	\$ 763,882
Pension, Insurance and Other Benefits	<u>254,365</u>
TOTAL PERSONNEL EXPENDITURES	<u>\$ 1,018,247</u>
PROFESSIONAL FEES:	
Auditing	\$ 19,750
Legal	12,581
Financial Advisor	<u>3,500</u>
TOTAL PROFESSIONAL FEES	<u>\$ 35,831</u>
PURCHASED WATER	<u>\$ 376,127</u>
UTILITIES:	
Electricity	\$ 163,047
Telephone	<u>13,894</u>
TOTAL UTILITIES	<u>\$ 176,941</u>
REPAIRS AND MAINTENANCE	<u>\$ 255,101</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 6,000
Insurance	45,489
Office Supplies and Postage	108,132
Other	<u>5,101</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 164,722</u>
CAPITAL OUTLAY	<u>\$ 314,397</u>
SOLID WASTE DISPOSAL	<u>\$ 632,937</u>
STREET LIGHTING	<u>\$ 59,597</u>
OTHER EXPENDITURES:	
Equipment Rental	\$ 17,454
Fuel, Supplies, Tools, Chemicals	109,954
Laboratory Fees	44,027
Permit Fees	33,556
Sludge Hauling	<u>26,021</u>
TOTAL OTHER EXPENDITURES	<u>\$ 231,012</u>
TOTAL EXPENDITURES	<u>\$ 3,264,912</u>

Number of persons employed by the District 11 Full-Time -0- Part-Time

See accompanying independent auditor's report.

BACLIF MUNICIPAL UTILITY DISTRICT
INVESTMENTS
DECEMBER 31, 2020

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
TexSTAR	XXXX3500	Varies	Daily	\$ 5,425	\$
TexSTAR	XXXX2990	Varies	Daily	106,485	
LOGIC	XXXX1001	Varies	Daily	201,493	
LOGIC	XXXX1003	Varies	Daily	<u>201,493</u>	
TOTAL GENERAL FUND				<u>\$ 514,896</u>	<u>\$ - 0 -</u>
<u>DEBT SERVICE FUND</u>					
TexSTAR	XXXX3330	Varies	Daily	\$ 5,425	\$
LOGIC	XXXX1002	Varies	Daily	<u>201,493</u>	
TOTAL DEBT SERVICE FUND				<u>\$ 206,918</u>	<u>\$ - 0 -</u>
TOTAL - ALL FUNDS				<u><u>\$ 721,814</u></u>	<u><u>\$ - 0 -</u></u>

See accompanying independent auditor's report.

BACLIF MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2020

	Debt Service Taxes	
TAXES RECEIVABLE -		
JANUARY 1, 2020	\$ 569,077	
Adjustments to Beginning Balance	(4,524)	\$ 564,553
Original 2020 Tax Levy	\$ 982,737	
Adjustment to 2020 Tax Levy	42,139	1,024,876
TOTAL TO BE ACCOUNTED FOR		\$ 1,589,429
TAX COLLECTIONS:		
Prior Years	\$ 456,487	
Current Year	308,966	765,453
TAXES RECEIVABLE - DECEMBER 31, 2020		\$ 823,976
TAXES RECEIVABLE BY		
YEAR:		
2020		\$ 715,910
2019		27,895
2018		16,169
2017		11,128
2016		9,068
2015		7,920
2014		6,855
2013		4,552
2012		3,596
2011		3,301
2010		3,206
2009 and Prior		14,376
TOTAL		\$ 823,976

See accompanying independent auditor's report.

BACLIFF MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
PROPERTY VALUATIONS:				
Land	\$ 96,716,513	\$ 89,530,620	\$ 88,231,690	\$ 87,105,981
Improvements	291,088,867	268,816,503	244,057,029	235,188,121
Personal Property	25,379,270	23,719,370	22,571,329	22,158,343
Exemptions	<u>(34,047,956)</u>	<u>(29,511,452)</u>	<u>(25,492,456)</u>	<u>(32,834,038)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 379,136,694</u>	<u>\$ 352,555,041</u>	<u>\$ 329,367,592</u>	<u>\$ 311,618,407</u>
TAX RATES PER \$100 VALUATION:				
Debt Service Tax	<u>\$ 0.269991</u>	<u>\$ 0.297621</u>	<u>\$ 0.331174</u>	<u>\$ 0.331174</u>
ADJUSTED TAX LEVY*	<u>\$ 1,024,876</u>	<u>\$ 1,050,195</u>	<u>\$ 1,091,972</u>	<u>\$ 1,032,683</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>30.15 %</u>	<u>97.34 %</u>	<u>98.52 %</u>	<u>98.92 %</u>

* Based upon the adjusted tax levy at the time of audit for the fiscal year in which the tax was levied.

See accompanying independent auditor's report.

BACLIF MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2020

S E R I E S - 2 0 0 2			
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2021	\$ 295,000	\$ 9,735	\$ 304,735
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
	\$ 295,000	\$ 9,735	\$ 304,735

See accompanying independent auditor's report.

BACLIF MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2020

S E R I E S - 2 0 0 4			
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2021	\$ 280,000	\$ 8,960	\$ 288,960
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
	\$ 280,000	\$ 8,960	\$ 288,960

See accompanying independent auditor's report.

BACLIF MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2020

S E R I E S - 2 0 1 3

Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2021	\$	\$ 300,900	\$ 300,900
2022		300,900	300,900
2023		300,900	300,900
2024	250,000	300,900	550,900
2025	250,000	289,650	539,650
2026	385,000	278,400	663,400
2027	405,000	261,075	666,075
2028	420,000	242,850	662,850
2029	440,000	223,950	663,950
2030	460,000	204,150	664,150
2031	485,000	183,450	668,450
2032	510,000	161,625	671,625
2033	530,000	138,038	668,038
2034	555,000	113,525	668,525
2035	585,000	87,162	672,162
2036	610,000	59,375	669,375
2037	640,000	30,400	670,400
	<u>\$ 6,525,000</u>	<u>\$ 3,477,250</u>	<u>\$ 10,002,250</u>

See accompanying independent auditor's report.

BACLIFF MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2020

SERIES - 2020 REFUNDING

Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2021	\$ 15,000	\$ 103,133	\$ 118,133
2022	600,000	101,550	701,550
2023	610,000	83,550	693,550
2024	360,000	65,250	425,250
2025	375,000	54,450	429,450
2026	125,000	93,200	218,200
2027	175,000	43,200	218,200
2028	175,000	39,700	214,700
2029	185,000	36,200	221,200
2030	185,000	32,500	217,500
2031	195,000	28,800	223,800
2032	195,000	24,900	219,900
2033	200,000	21,000	221,000
2034	205,000	17,000	222,000
2035	210,000	12,900	222,900
2036	215,000	8,700	223,700
2037	220,000	4,400	224,400
	<u>\$ 4,245,000</u>	<u>\$ 770,433</u>	<u>\$ 5,015,433</u>

See accompanying independent auditor's report.

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BACLIFF MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2020

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending December 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2021	\$ 590,000	\$ 422,728	\$ 1,012,728
2022	600,000	402,450	1,002,450
2023	610,000	384,450	994,450
2024	610,000	366,150	976,150
2025	625,000	344,100	969,100
2026	510,000	371,600	881,600
2027	580,000	304,275	884,275
2028	595,000	282,550	877,550
2029	625,000	260,150	885,150
2030	645,000	236,650	881,650
2031	680,000	212,250	892,250
2032	705,000	186,525	891,525
2033	730,000	159,038	889,038
2034	760,000	130,525	890,525
2035	795,000	100,062	895,062
2036	825,000	68,075	893,075
2037	860,000	34,800	894,800
	<u>\$ 11,345,000</u>	<u>\$ 4,266,378</u>	<u>\$ 15,611,378</u>

See accompanying independent auditor's report.

BACLIFF MUNICIPAL UTILITY DISTRICT
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED DECEMBER 31, 2020

Description	Original Bonds Issued	Bonds Outstanding January 1, 2020
Bacliff Municipal Utility District Unlimited Tax Bonds - Series 2002	\$ 4,890,000	\$ 1,200,000
Bacliff Municipal Utility District Unlimited Tax Bonds - Series 2004	4,890,000	1,750,000
Bacliff Municipal Utility District Unlimited Tax Bonds - Series 2012	2,425,000	2,425,000
Bacliff Municipal Utility District Unlimited Tax Bonds - Series 2013	6,525,000	6,525,000
Bacliff Municipal Utility District Unlimited Tax Refunding Bonds - Series 2020	<u>4,245,000</u>	<u> </u>
TOTAL	<u><u>\$ 22,975,000</u></u>	<u><u>\$ 11,900,000</u></u>

Bond Authority:	<u>Tax Bonds</u>
Amount Authorized by Voters	\$ 21,811,000
Amount Issued	<u>21,105,000</u>
Remaining to be Issued	<u><u>\$ 706,000</u></u>

Debt Service Fund cash balances as of December 31, 2020: \$ 760,053

Average annual debt service payment (principal and interest) for remaining term
of all debt: \$ 918,316

See Note 3 for interest rates, interest payment dates and maturity dates.

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding December 31, 2020</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 905,000	\$ 29,461	\$ 295,000	Wells Fargo Bank N.A. Dallas, TX
	1,470,000	37,735	280,000	Wells Fargo Bank N.A. Dallas, TX
	2,425,000	45,119	- 0 -	Wells Fargo Bank N.A. Dallas, TX
		300,900	6,525,000	Wells Fargo Bank N.A. Minneapolis, MN
<u>4,245,000</u>			<u>4,245,000</u>	UMB Bank N.A. Houston, TX
<u>\$ 4,245,000</u>	<u>\$ 4,800,000</u>	<u>\$ 413,215</u>	<u>\$ 11,345,000</u>	

See accompanying independent auditor's report.

BACLIF MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2020	2019	2018
REVENUES			
Water Service	\$ 1,052,993	\$ 1,024,931	\$ 1,047,410
Wastewater Service	1,087,056	1,298,430	1,657,423
Solid Waste Disposal	648,371	356,469	
Street Lighting	80,238	81,706	86,641
Penalty and Interest	53,739	53,757	59,700
Tap Connection and Inspection Fees	101,100	131,825	113,750
Investment and Miscellaneous Revenues	139,984	133,759	175,420
TOTAL REVENUES	\$ 3,163,481	\$ 3,080,877	\$ 3,140,344
EXPENDITURES			
Personnel	\$ 1,018,247	\$ 1,065,841	\$ 982,786
Professional Fees	35,831	38,053	48,926
Solid Waste Disposal	632,937	595,283	592,146
Purchased Water Service	376,127	399,918	364,231
Utilities	176,941	205,854	211,409
Repairs and Maintenance	255,101	177,565	288,790
Street Lighting	59,597	68,156	77,453
Other	395,734	368,906	408,875
Capital Outlay	314,397	41,150	270,543
TOTAL EXPENDITURES	\$ 3,264,912	\$ 2,960,726	\$ 3,245,159
NET CHANGE IN FUND BALANCE	\$ (101,431)	\$ 120,151	\$ (104,815)
BEGINNING FUND BALANCE	2,055,803	1,935,652	2,040,467
ENDING FUND BALANCE	\$ 1,954,372	\$ 2,055,803	\$ 1,935,652

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2017	2016	2020	2019	2018	2017	2016
\$ 1,024,511	\$ 1,001,776	33.3 %	33.3 %	33.3 %	33.3 %	34.1 %
1,633,943	1,630,222	34.4	42.1	52.8	53.0	55.6
		20.5	11.6			
86,190	74,939	2.5	2.7	2.8	2.8	2.6
51,519	58,985	1.7	1.7	1.9	1.7	2.0
169,250	88,200	3.2	4.3	3.6	5.5	3.0
115,412	78,017	4.4	4.3	5.6	3.7	2.7
<u>\$ 3,080,825</u>	<u>\$ 2,932,139</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 1,058,155	\$ 935,784	32.2 %	34.6 %	31.3 %	34.3 %	31.9 %
30,651	26,385	1.1	1.2	1.6	1.0	0.9
549,924	494,686	20.0	19.3	18.9	17.8	16.9
337,687	299,360	11.9	13.0	11.6	11.0	10.2
207,602	222,625	5.6	6.7	6.7	6.7	7.6
101,219	197,909	8.1	5.8	9.2	3.3	6.7
84,315	70,140	1.9	2.2	2.5	2.7	2.4
438,651	437,423	12.5	12.0	13.0	14.2	14.9
60,367	157,084	9.9	1.3	8.6	2.0	5.4
<u>\$ 2,868,571</u>	<u>\$ 2,841,396</u>	<u>103.2 %</u>	<u>96.1 %</u>	<u>103.4 %</u>	<u>93.0 %</u>	<u>96.9 %</u>
\$ 212,254	\$ 90,743	<u>(3.2) %</u>	<u>3.9 %</u>	<u>(3.4) %</u>	<u>7.0 %</u>	<u>3.1 %</u>
<u>1,828,213</u>	<u>1,737,470</u>					
<u>\$ 2,040,467</u>	<u>\$ 1,828,213</u>					

See accompanying independent auditor's report.

BACLIF MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2020	2019	2018
REVENUES			
Property Taxes	\$ 1,038,744	\$ 1,088,890	\$ 1,026,240
Penalty and Interest	21,891	26,985	27,500
Investment and Miscellaneous Revenues	<u>2,001</u>	<u>4,985</u>	<u>842</u>
TOTAL REVENUES	<u>\$ 1,062,636</u>	<u>\$ 1,120,860</u>	<u>\$ 1,054,582</u>
EXPENDITURES			
Tax Collection Expenditures/Bond Related Costs	\$ 295,703	\$ 16,354	\$ 17,169
Debt Service Principal	555,000	535,000	520,000
Debt Service Interest and Fees	<u>414,765</u>	<u>508,712</u>	<u>523,693</u>
TOTAL EXPENDITURES	<u>\$ 1,265,468</u>	<u>\$ 1,060,066</u>	<u>\$ 1,060,862</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (202,832)</u>	<u>\$ 60,794</u>	<u>\$ (6,280)</u>
OTHER FINANCING SOURCES (USES)			
Bond Premium	\$ 205,624	\$	\$
Transfer to Refunded Bond Paying Agent	(4,243,736)		
Proceeds from Issuance of Long-Term Debt	<u>4,245,000</u>		
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 206,888</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
NET CHANGE IN FUND BALANCE	\$ 4,056	\$ 60,794	\$ (6,280)
BEGINNING FUND BALANCE	<u>447,031</u>	<u>386,237</u>	<u>392,517</u>
ENDING FUND BALANCE	<u>\$ 451,087</u>	<u>\$ 447,031</u>	<u>\$ 386,237</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>3,396</u>	<u>3,306</u>	<u>3,303</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>3,668</u>	<u>3,543</u>	<u>3,564</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2017	2016	2020	2019	2018	2017	2016
\$ 1,038,346	\$ 1,029,061	97.7 %	97.2 %	97.3 %	97.3 %	97.4 %
28,840	27,568	2.1	2.4	2.6	2.7	2.6
		0.2	0.4	0.1		
<u>\$ 1,067,186</u>	<u>\$ 1,056,629</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 17,532	\$ 20,698	27.8 %	1.5 %	1.6 %	1.6 %	2.0 %
505,000	490,000	52.2	47.7	49.3	47.3	46.4
<u>537,718</u>	<u>552,314</u>	<u>39.0</u>	<u>45.4</u>	<u>49.7</u>	<u>50.4</u>	<u>52.3</u>
<u>\$ 1,060,250</u>	<u>\$ 1,063,012</u>	<u>119.0 %</u>	<u>94.6 %</u>	<u>100.6 %</u>	<u>99.3 %</u>	<u>100.7 %</u>
<u>\$ 6,936</u>	<u>\$ (6,383)</u>	<u>(19.0) %</u>	<u>5.4 %</u>	<u>(0.6) %</u>	<u>0.7 %</u>	<u>(0.7) %</u>
\$	\$					
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>					
\$ 6,936	\$ (6,383)					
<u>385,581</u>	<u>391,964</u>					
<u>\$ 392,517</u>	<u>\$ 385,581</u>					
<u>3,238</u>	<u>3,185</u>					
<u>3,524</u>	<u>3,412</u>					

See accompanying independent auditor's report.

**BACLIFF MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2020**

District Mailing Address - Bacliff Municipal Utility District
P.O. Box 8717
Bacliff, TX 77518

District's Telephone Number - (281) 339-1634

Board Members	Term of Office (Elected or Appointed)	Fees of office for the year ended <u>December 31, 2020</u>	Expense Reimbursements for the year ended <u>December 31, 2020</u>	<u>Title</u>
Brad Bingham	11/20 05/24 (Elected)	\$ 1,000	\$ -0-	President
Dale Patterson	05/18 05/22 (Elected)	\$ 1,300	\$ -0-	Vice President/ Secretary
Tony Poynor	05/18 05/22 (Elected)	\$ 1,200	\$ -0-	Director
Don Rodgers	05/18 05/22 (Elected)	\$ 1,200	\$ -0-	Director
Victor Medina	11/20 05/24 (Elected)	\$ 1,300	\$ -0-	Director

Note: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developer or with any of the District's consultants.

Submission date of most recent District Registration Form: January 18, 2016

Limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 in accordance with Commission Requirements. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

BACLIF MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2020

	<u>Date Hired</u>	<u>Fees/ Compensation for the fiscal year ended December 31, 2020</u>	<u>Title</u>
Key Administrative Personnel:			
James Wistinghausen	09/11/89	\$ 122,042	General Superintendent
Yvonne Manis	10/09	\$ 76,291	Office Manager/ Investment Officer
Trina Alexander	11/07/88	\$ 63,631	Supervisor
Consultants:			
Reid, Strickland & Gillette	Prior to 1990	\$ 10,742	General Counsel
McCall Gibson Swedlund Barfoot PLLC	07/12/10	\$ 19,750 \$ 1,500	Auditor Bond Related
Freese & Nichols, Inc.	Prior to 1989	\$ 126	Engineer
Hilltop Securities Inc.		\$ 55,623	Financial Advisor
Baker Williams Matthiesen LLP		\$ 69,488	Bond Counsel

See accompanying independent auditor's report.

