

Brushy Creek Municipal Utility District

Annual Financial Report

For the Fiscal Year Ended September 30, 2017

Brushy Creek Municipal Utility District
 Annual Financial Report
 For the Fiscal Year Ended September 30, 2017
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Texas Commission on Environmental Quality

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Introductory Section

Annual Filing Affidavit

The State of Texas}

County of _____}

I, _____
(Name of Duly Authorized District Representative)

of the _____
Brushy Creek Municipal Utility District
(Name of District)

hereby swear, or affirm, that the district named above has reviewed and approved at a meeting of the Board of Directors of the District on the ____ day of _____, 20__ its annual audit report for the fiscal year ended September 30, 2017, and that copies of the annual audit report have been filed in the District office located at 16318 Great Oaks Drive, Round Rock, Texas 78681.

The annual filing affidavit and the attached copy of the annual audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of all annual filing requirements within Section 49.194 of the Texas Water Code and to the Texas Comptroller of Public Accounts in satisfaction of the annual filing requirements of Section 140.008 of the Texas Local Government Code.

Date: _____, 20__.

By: _____
(Signature of District Representative)

Mike Petter, General Manager
(Typed Name & Title of Above District Representative)

Sworn to and subscribed to before me this ____ day of _____, 20__.

(Signature of Notary)

(SEAL)

My Commission Expires on: _____, _____, Notary Public in and for the State of Texas.

(Annual Filing Affidavit Revised 8/95, effective on 9/1/95)

Financial Section

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Independent Auditor's Report

To the Board of Directors
Brushy Creek Municipal Utility District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Brushy Creek Municipal Utility District (the District), as of and for the year ended September 30, 2017, 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 entity'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 Brushy Creek Municipal Utility District as of September 30, 2017, and the respective changes in financial position, and the respective budgetary comparison for the General Fund 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 changes in net pension liability and related ratios, and the schedule of District contributions on pages 5 through 12, 60, and 61, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Texas Commission on Environmental Quality supplementary information and other supplementary information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Texas Commission on Environmental Quality supplementary information listed in the table of contents 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Texas Commission on Environmental Quality supplementary information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other supplementary information listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
January 24, 2018

Brushy Creek Municipal Utility District
Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2017

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, the management of Brushy Creek Municipal Utility District (the District) offers the following narrative on the financial performance of the District for the year ended September 30, 2017. Please read it in connection with the District's financial statements that follow.

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

Financial Highlights:

The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent period by \$30,693,278 (net position). Of this amount, \$12,407,211 (unrestricted net position) may be used to meet the government's ongoing obligations.

The District's net property tax values increased by approximately \$181 million or 11.22% from \$1,614,574,091 to \$1,795,727,604 for District-wide and approximately \$70 million or 21.7% for the Defined Area. The District-wide and Defined Area tax rates decreased from \$0.47 to \$0.465 and \$0.27 to \$0.225, respectively, per \$100 of assessed value. Total tax revenue increased by approximately \$744,000.

Overview of the Basic Financial Statements:

The District's reporting is comprised of two parts:

- *Management's Discussion and Analysis (this section)*
- *Basic Financial Statements*
 - *Statement of Net Position and Governmental Funds Balance Sheet*
 - *Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances*
 - *Statement of Revenues, Expenditures, and Changes in Fund Balance –Budget and Actual – General Fund*
 - *Notes to Basic Financial Statements*

Other supplementary information is also included.

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

The *Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances* includes a column (titled "Total Governmental Funds") that derives the change in fund balances resulting from current year revenues, expenditures, and other financing sources or uses. These amounts are prepared using the modified accrual basis of accounting. The adjustments column converts those activities to full accrual, a basis that more closely represents the income statement of a private-sector business.

The *Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund* presents a comparison statement between the District's adopted budget to its actual results. The *Notes to Basic Financial Statements* provide additional information that is essential to a full understanding of the information presented in the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances*. Schedules required by the Texas Commission on Environmental Quality, other information, and other required supplementary information related to pensions are presented immediately following the *Notes to Basic Financial Statements*.

Comparative Financial Statements:

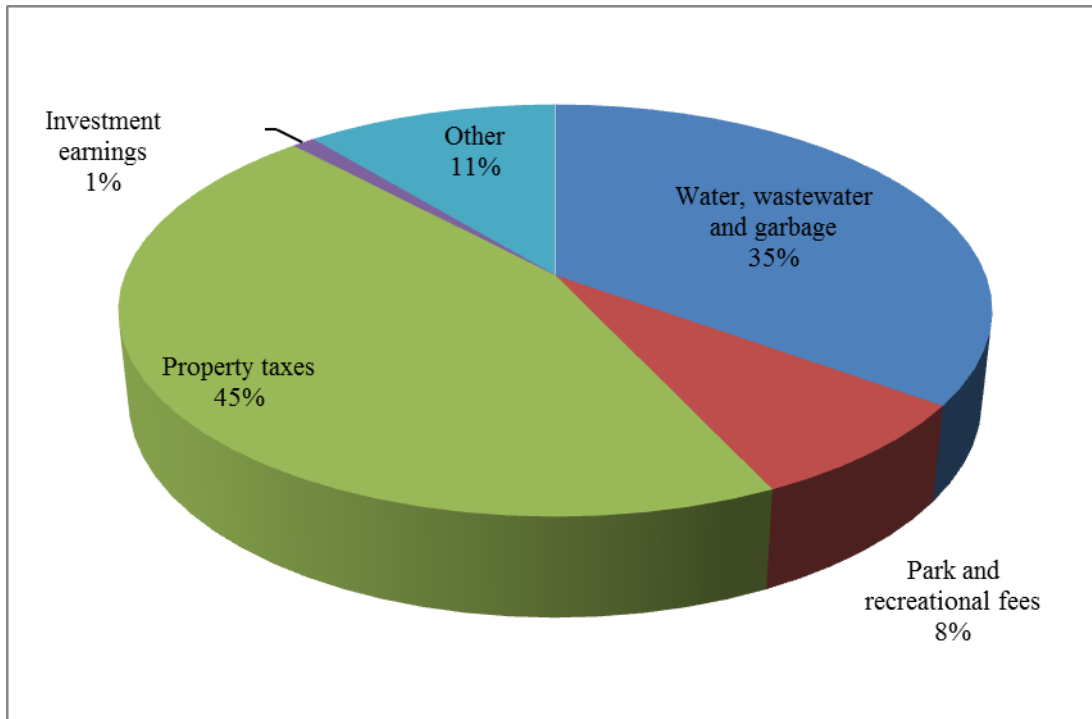
Statement of Net Position:

	Governmental Activities		
	2017	2016	% Change
Current and other assets	\$ 25,879,153	\$ 28,843,485	-10%
Capital assets	56,122,768	52,453,890	7%
Total Assets	82,001,921	81,297,375	1%
Deferred outflow of resources	529,611	614,712	-14%
Current liabilities	6,111,926	5,728,297	7%
Long-term liabilities	45,667,002	48,799,935	-6%
Total liabilities	51,778,928	54,528,232	-5%
Deferred inflow of resources	59,326	89,080	-33%
Net investment in capital assets	12,825,180	5,965,625	115%
Restricted	5,963,007	5,630,145	6%
Unrestricted	11,905,091	15,699,005	-24%
Total net position	\$ 30,693,278	\$ 27,294,775	12%

The District's total assets were approximately \$82.0 million as of September 30, 2017. Of this amount, approximately \$56.1 million is accounted for by capital assets. The District had outstanding liabilities of approximately \$51.8 million of which approximately \$48.7 million represent bonds payable.

The District's property tax assessed value in fiscal year 2017 (which was based on the 2016 tax levy) for the District-wide area was approximately \$1,796 million compared to approximately \$1,615 million in fiscal year 2016, and for the Defined Area was approximately \$391 million compared to approximately \$321 million in fiscal year 2016. The tax rate is set after reviewing operations and maintenance requirements, interest and sinking fund requirements, and proposed water and wastewater rates. The District's main revenue sources are utility services, property taxes, and recreational fees.

Sources of Revenue:



Statement of Activities:

	Governmental Activities		
	2017	2016	% Change
Water, wastewater and garbage	\$ 6,584,599	\$ 6,572,070	0.2%
Property taxes	9,204,401	8,460,777	8.8%
Park and recreational fees	1,546,489	1,506,143	2.7%
Investment earnings	220,999	121,132	82.4%
Contributed assets	1,710	19,275	-91.1%
Other	427,668	789,939	-45.9%
Total revenues	17,985,866	17,469,336	3.0%
Water, wastewater and garbage	2,450,527	2,811,709	-12.8%
Salary and related expenditures	3,980,555	3,566,693	11.6%
Administrative	943,326	887,623	6.3%
Repairs and maintenance	1,122,722	989,729	13.4%
Utilities	536,614	551,664	-2.7%
Professional fees	269,419	213,116	26.4%
Contracted services	378,744	233,267	62.4%
Other	356,166	375,014	-5.0%
Debt service	1,657,671	1,799,315	-7.9%
Depreciation	2,746,605	2,159,234	27.2%
Total expenses	14,442,349	13,587,364	6.3%
Loss on disposal of capital assets	(145,014)	-	0.0%
Change in net position	3,398,503	3,881,972	-12.5%
Beginning net position	27,294,775	22,838,297	19.5%
Prior period adjustment	-	574,506	-100.0%
Ending net position	\$ 30,693,278	\$ 27,294,775	12.5%

Revenues increased by approximately \$567,000 to approximately \$18.0 million for the fiscal year ended September 30, 2017. Water, wastewater and garbage service provided approximately \$6.6 million, and property taxes, including penalties and interest, generated approximately \$9.2 million in revenues. Total expenses increased approximately \$1.0 million to approximately \$14.5 million for the fiscal year ended September 30, 2017. The increase in expenditures was driven by the cost of the Community Center expansion. Net position increased approximately \$3.4 million for the fiscal years ended September 30, 2017 compared to September 30, 2016.

Analysis of Governmental Funds:

	2017	2016
Cash and cash equivalents	\$ 2,286,070	\$ 1,123,965
Investment	22,565,304	26,865,389
Receivables	712,214	731,758
Interfund receivable	2,657,628	978,213
Prepays and other assets	228,421	52,632
Total assets	\$ 28,449,637	\$ 29,751,957
Accounts payable	\$ 837,426	\$ 951,823
Refundable deposits	666,118	674,378
Other liabilities	169,160	102,604
Interfund payable	2,657,628	978,213
Unearned revenue	87,003	82,681
Retainage payable	516,151	228,870
Total liabilities	4,933,486	3,018,569
Deferred inflows of resources - property taxes	43,097	41,102
Nonspendable fund balance	61,344	52,064
Restricted fund balance	8,009,508	12,950,931
Committed fund balance	4,587,522	4,865,888
Unassigned fund balance	10,814,680	8,823,403
Total fund balances	23,473,054	26,692,286
Total liabilities, deferred inflows of resources and fund balances	\$ 28,449,637	\$ 29,751,957

The *General Fund* pays for daily operating expenditures. Fiscal year 2017 revenues exceeded the budget by 2%. The increase in revenues was across the board in operations and seen in utilities, investments, recreation, fees, and services. Growth in recreation revenue was driven primarily by two factors: opening of the expanded community center and recreation programs. New development growth has slowed due to the District reaching near build out status which resulted in lower builder fees. There are no further developments that will be contributed to the District. Investment income was higher due to the improving economic conditions.

Fiscal year 2017 expenditures were under budget by 7%. This was primarily due to the Board Contingency not being spent and replacement of the Pepper Rock Park playground equipment being delayed until fiscal year 2018.

For the year ended September 30, 2017, the District came in under the budget for the General Fund by approximately \$1,663,000. More detailed information about the District's budgetary comparison is presented in the *Basic Financial Statements*.

In addition to the General Fund commitments noted above, the Board of Directors has approved a resolution to set aside \$5,948,764 for a 6-month Operating Reserve and \$2,346,060 for a Revenue Protection Reserve. These amounts are included in unassigned fund balance at year-end.

The *Debt Service Fund* includes property taxes collected to retire bond principal and to pay interest due.

The *Capital Projects Fund* primarily purchases the District's infrastructure.

Capital Assets:

	2017	2016
Land	\$ 3,211,879	\$ 3,211,879
Construction in process	964,979	4,317,968
Water, wastewater and drainage systems	84,804,820	83,212,304
Easements and rights-of-way	901,890	901,890
Buildings and improvements	6,410,050	4,286,270
Furniture and equipment	1,116,986	686,156
Parks and recreational facilities	12,232,384	7,304,670
Automobiles and trucks	496,840	488,428
Subtotal	110,139,828	104,409,565
Accumulated depreciation	(54,017,060)	(51,955,675)
Total	\$ 56,122,768	\$ 52,453,890

The last infrastructure acquired from a developer occurred in fiscal year 2015. There are no future acquisitions from a developer planned.

The District's \$3 million waterline replacement project in Brushy Creek North that began in fiscal year 2015 was substantially complete by the end of fiscal year 2016 with final completion in fiscal year 2017. Two parks projects were completed in fiscal year 2017, the \$400,000 Creekside Pool improvements and the \$150,000 Pepper Rock Park parking lot. Two new park projects were started in fiscal year 2017 that will be completed in fiscal year 2018, the \$400,000 Sendero Springs trail improvements and the \$750,000 playground improvements in Sendero Springs, Pepper Rock Park, and Highland Horizon Park.

The \$8 million Community Center expansion also was begun in May 2016 with final completion in December 2017.

The District also began the construction of Ground Well #6 in 2017 that will be finished in 2018. This \$500,000 project is expected to add over a million gallons a day to the District's raw water supply.

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

Long-term Debt Activity:

	2017	2016
District-wide:		
Series 2005 Bonds	\$ 1,165,000	\$ 1,165,000
Series 2009 Refunding Bonds	1,600,000	2,135,000
Series 2010 Refunding Bonds	9,995,000	11,125,000
Series 2011 Refunding Bonds	2,055,000	2,060,000
Series 2012 Refunding	8,230,000	8,620,000
Series 2013 Refunding	6,025,000	6,040,000
Series 2015 Refunding	3,475,000	3,585,000
Series 2016 Revenue Note	6,210,000	6,605,000
Total District-wide	38,755,000	41,335,000
Defined Area:		
Series 2009 Bonds	225,000	290,000
Series 2011 Bonds	2,030,000	2,105,000
Series 2013 Bonds	3,165,000	3,255,000
Series 2015 Bonds	3,355,000	3,450,000
Total Defined Area	8,775,000	9,100,000
Total	\$ 47,530,000	\$ 50,435,000

District-wide:

Fiscal Year	Principal	Interest	Total Requirement
2018	\$ 2,665,000	\$ 1,292,679	\$ 3,957,679
2019	2,765,000	1,206,669	3,971,669
2020	2,870,000	1,115,928	3,985,928
2021	3,060,000	1,015,249	4,075,249
2022	3,175,000	907,735	4,082,735
2023-2027	17,885,000	2,837,436	20,722,436
2028-2032	6,160,000	364,040	6,524,040
2033	175,000	6,563	181,563
Total	\$ 38,755,000	\$ 8,746,299	\$ 47,501,299

Defined Area:

Fiscal Year	Principal	Interest	Total Requirement
2018	\$ 345,000	\$ 351,939	\$ 696,939
2019	350,000	340,488	690,488
2020	370,000	328,776	698,776
2021	300,000	316,276	616,276
2022	315,000	306,426	621,426
2023-2027	1,805,000	1,353,878	3,158,878
2028-2032	2,360,000	965,256	3,325,256
2033-2037	2,260,000	415,070	2,675,070
2038-2039	670,000	36,438	706,438
Total	\$ 8,775,000	\$ 4,414,547	\$ 13,189,547

The District owes approximately \$47.5 million to bond holders. Overall, the principal balance of outstanding bonds decreased by \$2.9 million during the year. More detailed information about the District's long-term debt is presented in the *Notes to Basic Financial Statements*.

Currently Known Facts, Decisions, or Conditions

The District-wide 2017 tax rate has been reduced to \$0.46 per \$100 of assessed valuation. The Sendero Springs/Cornerstone Defined Area 2017 tax rate has been reduced to \$0.19 per \$100 of assessed valuation. The adopted budget for 2018 indicates the General Fund balance will increase by approximately \$480,000.

Construction of homes in the last residential development in the District completed in 2017. As the District reached residential build out, the last remaining commercial properties are also being developed in the RR 620 and FM 1431 corridors. The slowdown and eventual stop to new development will have an impact on revenue growth in the District.

In January 2017, the District sold the Brushy Bend water system. This sale will only slightly reduce overall water revenues because the purchaser is now buying water from the District under a wholesale contract. The sale of the system will reduce operating costs as District staff are no longer maintaining the system.

Effective March 1, 2018 the District will be increasing water rates. The increase was approved following completion of a rate study by an independent contractor. This is the first water rate increase since 2004.

Requests for Information

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District at 16318 Great Oaks Drive, Round Rock, Texas 78681.

Basic Financial Statements

Brushy Creek Municipal Utility District
Statement of Net Position and
Governmental Funds Balance Sheet
For the Fiscal Year Ended September 30, 2017

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds	Adjustments (Note 2)	Statement of Net Position
ASSETS						
Cash and cash equivalents	\$ 750,960	\$ 1,535,110	\$ -	\$ 2,286,070	\$ -	\$ 2,286,070
Investments	14,625,364	4,654,415	2,783,440	22,063,219	-	22,063,219
Receivables						
Service accounts, net	647,549	-	-	647,549	-	647,549
Taxes	22,933	20,164	-	43,097	-	43,097
Other	21,568	-	-	21,568	-	21,568
Due from other funds	1,525,988	-	1,131,640	2,657,628	(2,657,628)	-
Other assets	568	-	-	568	-	568
Prepaid items	57,122	3,969	253	61,344	-	61,344
Investments held for customer deposits	668,594	-	-	668,594	-	668,594
Net pension asset	-	-	-	-	87,144	87,144
Capital assets (net of accumulated depreciation)						
Land	-	-	-	-	3,211,879	3,211,879
Construction in progress	-	-	-	-	964,979	964,979
Easements and rights-of-way	-	-	-	-	607,218	607,218
Water, wastewater and drainage systems	-	-	-	-	37,023,818	37,023,818
Building and improvements	-	-	-	-	4,540,656	4,540,656
Furniture and equipment	-	-	-	-	772,692	772,692
Park and recreational facilities	-	-	-	-	8,776,786	8,776,786
Automobiles and trucks	-	-	-	-	224,740	224,740
Total assets	18,320,646	6,213,658	3,915,333	28,449,637	53,552,284	82,001,921
DEFERRED OUTFLOWS						
OF RESOURCES						
Deferred charges on bond refundings	-	-	-	-	162,744	162,744
Pension	-	-	-	-	366,867	366,867
Total deferred outflows of resources	-	-	-	-	529,611	529,611

The Notes to the Basic Financial Statements are an integral part of this statement.

Brushy Creek Municipal Utility District
Statement of Net Position and
Governmental Funds Balance Sheet – Continued
For the Fiscal Year Ended September 30, 2017

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds	Adjustments (Note 2)	Statement of Net Position
LIABILITIES						
Current liabilities						
Accounts payable	\$ 837,426	\$ -	\$ -	\$ 837,426	\$ -	\$ 837,426
Customer deposits	666,118	-	-	666,118	-	666,118
Other liabilities	169,160	-	-	169,160	-	169,160
Due to other funds	-	1,916,256	741,372	2,657,628	(2,657,628)	-
Unearned revenue	87,003	-	-	87,003	-	87,003
Bonds interest payable	-	-	-	-	752,500	752,500
Bonds payable	-	-	-	-	3,010,000	3,010,000
Accrued vacation payable	-	-	-	-	73,568	73,568
Retainage payable	165,577	-	350,574	516,151	-	516,151
Noncurrent liabilities						
Bonds payable	-	-	-	-	45,667,002	45,667,002
Total liabilities	<u>1,925,284</u>	<u>1,916,256</u>	<u>1,091,946</u>	<u>4,933,486</u>	<u>46,845,442</u>	<u>51,778,928</u>
DEFERRED INFLOWS OF RESOURCES						
Property taxes	22,933	20,164	-	43,097	(43,097)	-
Pension	-	-	-	-	59,326	59,326
Total deferred inflows of resources	<u>22,933</u>	<u>20,164</u>	<u>-</u>	<u>43,097</u>	<u>16,229</u>	<u>59,326</u>
FUND BALANCES/NET POSITION						
Fund balances						
Nonspendable-						
Prepaid items	57,122	3,969	253	61,344	(61,344)	-
Restricted for						
Debt service	-	4,273,269	-	4,273,269	(4,273,269)	-
Capital projects	-	-	2,823,134	2,823,134	(2,823,134)	-
Parks capital fees	913,105	-	-	913,105	(913,105)	-
Committed for repair and replacement of capital assets	4,587,522	-	-	4,587,522	(4,587,522)	-
Unassigned	10,814,680	-	-	10,814,680	(10,814,680)	-
Total fund balances	<u>16,372,429</u>	<u>4,277,238</u>	<u>2,823,387</u>	<u>23,473,054</u>	<u>(23,473,054)</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 18,320,646</u>	<u>\$ 6,213,658</u>	<u>\$ 3,915,333</u>	<u>\$ 28,449,637</u>		
NET POSITION						
Net investments in capital assets					12,825,180	12,825,180
Restricted for debt service					5,049,902	5,049,902
Restricted for parks capital fees					913,105	913,105
Unrestricted					11,905,091	11,905,091
TOTAL NET POSITION					<u>\$ 30,693,278</u>	<u>\$ 30,693,278</u>

Brushy Creek Municipal Utility District

Statement of Activities And Governmental Funds Revenues, Expenditures, and Changes in Fund Balances For the Fiscal Year Ended September 30, 2017

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds	Adjustments (Note 2)	Statement of Activities
REVENUES						
Program revenue						
Water and wastewater services	\$ 5,215,431	\$ -	\$ -	\$ 5,215,431	\$ -	\$ 5,215,431
Recreation center	1,397,361	-	-	1,397,361	-	1,397,361
Garbage collection	1,369,168	-	-	1,369,168	-	1,369,168
Capital recovery fees	-	-	150,112	150,112	-	150,112
Park and recreation fees	149,128	-	-	149,128	-	149,128
Inspection fees	60,520	-	-	60,520	-	60,520
Tap and other connection fees	47,079	-	-	47,079	-	47,079
Contributions	1,710	-	-	1,710	-	1,710
General revenue						
Property taxes	5,281,267	3,921,140	-	9,202,407	1,994	9,204,401
Investment earnings	97,894	50,324	72,781	220,999	-	220,999
Other	219,957	-	-	219,957	(50,000)	169,957
Total revenues	13,839,515	3,971,464	222,893	18,033,872	(48,006)	17,985,866
EXPENDITURES/EXPENSES						
Service operations						
Salary and benefits	3,908,287	-	-	3,908,287	44,593	3,952,880
Water and wastewater purchases	1,265,881	-	-	1,265,881	-	1,265,881
Garbage fees	1,184,646	-	-	1,184,646	-	1,184,646
Repairs and maintenance	1,122,722	-	-	1,122,722	-	1,122,722
Administrative	943,326	-	-	943,326	-	943,326
Utilities	536,614	-	-	536,614	-	536,614
Contracted services	378,744	-	-	378,744	-	378,744
Other consulting	214,143	-	-	214,143	-	214,143
Legal fees	143,750	-	-	143,750	-	143,750
Insurance	71,806	-	-	71,806	-	71,806
Engineering fees	83,326	-	-	83,326	-	83,326
Tax appraisal/collection fees	-	63,732	-	63,732	-	63,732
Audit fees	33,500	-	-	33,500	-	33,500
Directors' fees	27,675	-	-	27,675	-	27,675
Security fees	8,843	-	-	8,843	-	8,843
Other	6,376	31	78	6,485	-	6,485
Capital outlay	1,865,489	-	4,745,006	6,610,495	(6,610,495)	-
Debt service						
Principal payments	395,000	2,510,000	-	2,905,000	(2,905,000)	-
Interest and fiscal charges	173,711	1,563,843	-	1,737,554	(86,458)	1,651,096
Bond issuance costs	-	6,575	-	6,575	-	6,575
Depreciation	-	-	-	-	2,746,605	2,746,605
Loss on disposal	-	-	-	-	145,014	145,014
Total expenditures/expenses	12,363,839	4,144,181	4,745,084	21,253,104	(6,665,741)	14,587,363
CHANGE IN FUND BALANCES/ NET POSITION	1,475,676	(172,717)	(4,522,191)	(3,219,232)	6,617,735	3,398,503
FUND BALANCES/NET POSITION, beginning of year	14,896,753	4,449,955	7,345,578	26,692,286	602,489	27,294,775
FUND BALANCES/NET POSITION, end of year	<u>\$ 16,372,429</u>	<u>\$ 4,277,238</u>	<u>\$ 2,823,387</u>	<u>\$ 23,473,054</u>	<u>\$ 7,220,224</u>	<u>\$ 30,693,278</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Brushy Creek Municipal Utility District

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund For the Fiscal Year Ended September 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
REVENUES				
Program revenue				
Water and wastewater services	\$ 5,128,860	\$ 5,150,060	\$ 5,215,431	\$ 65,371
Recreation center	1,320,098	1,321,098	1,397,361	76,263
Garbage collection	1,348,696	1,348,696	1,369,168	20,472
Park and recreation fees	146,850	152,350	149,128	(3,222)
Inspection fees	54,500	54,500	60,520	6,020
Tap and other connection fees	44,200	44,200	47,079	2,879
Contributed capital assets	-	-	1,710	1,710
General revenues				
Property taxes, including penalties and interest	5,283,448	5,283,448	5,281,267	(2,181)
Investment earnings	35,000	35,000	97,894	62,894
Other	130,558	153,358	219,957	66,599
Total revenues	<u>13,492,210</u>	<u>13,542,710</u>	<u>13,839,515</u>	<u>296,805</u>
EXPENDITURES				
Service operations				
Salary and benefits	3,927,665	3,934,570	3,908,287	26,283
Water and wastewater purchases	1,501,765	1,501,765	1,265,881	235,884
Garbage fees	1,151,201	1,151,201	1,184,646	(33,445)
Repairs and maintenance	1,501,026	1,311,731	1,122,722	189,009
Administrative	2,259,451	1,704,449	943,326	761,123
Utilities	656,537	629,537	536,614	92,923
Contracted services	298,120	320,520	378,744	(58,224)
Other consulting	37,186	37,186	214,143	(176,957)
Legal fees	125,218	136,000	143,750	(7,750)
Insurance	62,050	62,050	71,806	(9,756)
Engineering fees	82,000	72,000	83,326	(11,326)
Audit fees	45,320	33,500	33,500	-
Directors' fees	-	-	27,675	(27,675)
Security fees	23,000	10,000	8,843	1,157
Other	7,500	7,500	6,376	1,124
Capital outlay	831,000	1,835,000	1,865,489	(30,489)
Debt service				
Principal payments	395,000	395,000	395,000	-
Interest and fiscal charges	180,818	180,818	173,711	7,107
Total expenditures	<u>13,084,857</u>	<u>13,322,827</u>	<u>12,363,839</u>	<u>958,988</u>
EXCESS OF REVENUES OVER EXPENDITURES	407,353	219,883	1,475,676	1,255,793
OTHER FINANCING SOURCES				
Transfers in (out)	(407,353)	(407,353)	-	407,353
Total other financing uses	<u>(407,353)</u>	<u>(407,353)</u>	<u>-</u>	<u>407,353</u>
CHANGE IN FUND BALANCE	-	(187,470)	1,475,676	1,663,146
FUND BALANCE, beginning of year	<u>14,896,753</u>	<u>14,896,753</u>	<u>14,896,753</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ 14,896,753</u>	<u>\$ 14,709,283</u>	<u>\$ 16,372,429</u>	<u>\$ 1,663,146</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

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Brushy Creek Municipal Utility District

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies

Brushy Creek Municipal Utility District (the District), formerly known as Williamson County Municipal Utility District No. 2, was created, organized and established on October 27, 1977, pursuant to the provisions of Chapter 54 of the Texas Water Code.

The District, as a reporting entity, encompasses those activities and functions over which the District's elected officials exercise significant oversight or control. The District is governed by a five member Board of Directors (the Board) which has been elected by District residents or appointed by the Board. The District is not included in any other governmental reporting entity as defined by the Governmental Accounting Standards Board (GASB). In addition, there are no component units included in the District's reporting entity.

Government-Wide and Fund Financial Statements

The District is considered a special purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the Total Governmental Funds column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the statement of net position and the statement of activities.

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

The statement of activities demonstrates the degree to which the expenses are offset by program revenues. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the District. Taxes and other items not properly included among program revenues are reported instead as general revenues. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Amounts reported as program revenues include charges to customers or applicants for goods, services, or privileges provided. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Brushy Creek Municipal Utility District

Notes to Basic Financial Statements

Major revenue sources considered susceptible to accrual include interest income. No accrual for property taxes collected within 60 days of year-end has been made as such amounts are deemed immaterial; delinquent property taxes at year end are reported as deferred inflows of resources.

The District reports the following major governmental funds:

The *General Fund* includes financial resources used for general operations. It is a budgeted fund, and any unassigned fund balances are considered resources available for current operations.

The *Debt Service Fund* includes debt service taxes and other revenues collected to retire bond principal and to pay interest due.

The *Capital Projects Fund* is used to account for financial resources restricted for authorized construction and other capital asset acquisitions.

Budgets and Budgetary Accounting

Formal budgetary integration is employed as a management control device for the General Fund. Formal budgetary integration is not employed for the Debt Service Fund and the Capital Projects Fund. The budget is proposed by the District Manager for the fiscal year commencing the following October 1, and is adopted on the modified accrual basis, which is consistent with generally accepted accounting principles.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash-on-hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

The District is entitled to invest any and all of its funds in certificates of deposit, direct debt securities of the United States of America or the State of Texas, certain Federal agency securities and other types of municipal bonds, fully collateralized repurchase agreements, commercial paper and local government investment pools. The District's investment policies and types of investments are governed by the Public Funds Investment Act. The District's management believes that it complied with the requirements of the Public Funds Investment Act and the District's investment policies. The District accrues interest on temporary investments based on the terms and effective interest rates of the specific investments, and records investments at either cost, amortized cost, or fair value.

Brushy Creek Municipal Utility District

Notes to Basic Financial Statements

Accounts Receivable

The District provides for uncollectible accounts receivable using the allowance method of accounting for bad debts. A provision for uncollectible accounts is charged to earnings, and the allowance account is increased or decreased based on past collection history and management's evaluation of accounts receivable. All amounts considered uncollectible are charged against the allowance account, and recoveries of previously charged off accounts are added to the allowance. The allowance for uncollectible accounts receivable as of September 30, 2017 was \$118,161.

Capital Assets

Capital assets are defined by the District as assets with an initial, individual cost of at least \$5,000. Such assets are recorded at historical cost if purchased or estimated fair value at the date of donation if donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized.

Capital assets (other than land and construction in process) are depreciated using the straight line method over the following estimated useful lives:

Easements and rights-of-way	40 years
Buildings and improvements	10-40 years
Water, wastewater and drainage systems	7- 50 years
Park and recreational facilities	10-22 years
Furniture and equipment	6-10 years
Automobiles and trucks	5 years

Long-term Debt

Long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures in the period incurred.

Property Taxes

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Compensated Absences

Accrued paid time off is earned by each full-time employee at a rate of between 12 and 16 hours per month depending on length of employment. District policy allows for a maximum carry-over from the previous fiscal year. The full amount of accrued paid time off, subject to the maximum accrual limits, is paid upon discontinuance of employment with the District. The District's liability for accrued paid time off at September 30, 2017 was \$73,568. This liability is generally liquidated through the General Fund.

Brushy Creek Municipal Utility District

Notes to Basic Financial Statements

Prepaid Items

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

Pensions

The District participates in an agent multiple-employer defined benefit pension plan. The fiduciary net position of the Texas County and District Retirement System (TCDRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TCERS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balance

GAAP establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Those fund balance classifications are described below.

Nonspendable – Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed – Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board.

Assigned – For the General Fund, the Board, or an official or body that has been delegated authority by the Board, may appropriate amounts that are to be used for a specific purpose. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

Unassigned – Amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board has delegated authority to the General Manager to assign fund balance for a specific purpose.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

Brushy Creek Municipal Utility District

Notes to Basic Financial Statements

Deferred Outflows and Inflows of Resources

The District reports the financial statement elements of deferred outflows of resources, which represent the consumption of the District's net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District's acquisition of net position applicable to a future reporting period. The District reports deferred outflows of resources on the statement of net position related to deferred charges on the issuance of refunding bonds and pension items, reports deferred inflows of resources on the governmental funds balance sheet related to property tax receivables not expected to be currently available, and deferred inflows of resources on the statement of net position related to pension items.

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

Amounts reported for governmental activities in the statement of net position are different because:

Governmental funds total fund balance:	\$ 23,473,054
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets, net of accumulated depreciation	56,122,768
Deferred tax revenue is not available to pay for current-period expenditures and, therefore, is deferred in the funds.	43,097
The following pension related amounts are not recorded in the governmental funds:	
Deferred outflows of resources	366,867
Deferred inflows of resources	(59,326)
Net pension asset	87,144
The following liabilities and deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued vacation payable	(73,568)
Bonds payable, including premiums and discounts	(48,677,002)
Deferred charge on bond refundings	162,744
Bond interest payable	(752,500)
Total net position	\$ 30,693,278

Brushy Creek Municipal Utility District

Notes to Basic Financial Statements

Amounts reported for governmental activities in the statement of activities are different because:

Excess of expenditures and other financing uses over revenues and other financing sources:	\$ (3,219,232)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Capital outlay, net of disposals	6,415,481
Depreciation	(2,746,605)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in deferred tax revenue	1,994
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Amortization of bond premium and discount	122,933
Amortization of deferred charges on refunding	(10,225)
Repayment of bond principal	2,905,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Change in accrued vacation	(16,877)
Change in bond interest payable	(26,250)
Pension related accounts	(27,716)
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Change in net position	\$ 3,398,503
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Note 3. Cash, Cash Equivalents, and Investments

The District's deposits are required to be secured in the manner provided by law for the security of the funds. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of September 30, 2017, the District's cash balance deposited in banks totaled \$4,797,553 of which \$234,738 was uninsured and uncollateralized, the remaining balances were covered by Federal Deposit Insurance Corporation (FDIC) insurance or secured by collateral pledged by the depository. The District took steps to ensure that all funds were collateralized as of October 2, 2017.

The Public Funds Investment Act authorizes the District to invest in funds under a written investment policy. The District's deposits and investments are invested pursuant to the investment policy, which is approved annually by the Board. The primary objectives of the District's investment strategy, in order of priority, are safety, liquidity, and yield.

Brushy Creek Municipal Utility District

Notes to Basic Financial Statements

The District is entitled to invest in obligations of the United States, the State of Texas and their agencies or any state, county, city and any other political subdivisions of any state rated by a nationally recognized investment rating firm with a rating not less than A or its equivalent, certificates of deposit of state or national banks or savings and loan associations within the State, prime domestic bankers' acceptances, commercial paper with a stated maturity of 270 days or less from the date of its issuance, fully collateralized repurchase agreements, no-load money market mutual funds regulated by the United States Securities and Exchange Commission and eligible public funds investment pools.

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP, which provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The District has recurring fair value measurements as presented in the table below. The District's investment balances and weighted average maturity of such investments are as follows:

	Net Asset Value, Cost or Amortized Cost	Fair Value			Total
		Level 1	Level 2	Level 3	
Money market					
Business Bank of Texas	\$ 657,297	\$ -	\$ -	\$ -	\$ 657,297
	657,297	-	-	-	657,297
Certificates of deposit					
Texas Security	252,481	-	-	-	252,481
East West	2,051,808	-	-	-	2,051,808
	2,304,289	-	-	-	2,304,289
Investment pools					
TexPool (amortized cost)	904,972	-	-	-	904,972
LOGIC (net asset value)	2,862,954	-	-	-	2,862,954
	3,767,926	-	-	-	3,767,926
U.S. government agency securities	-	-	13,004,912	-	13,004,912
Treasury coupon	-	2,997,389	-	-	2,997,389
Total investments	\$ 6,729,512	\$ 2,997,389	\$ 13,004,912	\$ -	\$ 22,731,813

Brushy Creek Municipal Utility District

Notes to Basic Financial Statements

Investment Pools are measured at amortized cost and are exempt for fair value reporting.

U.S. Government Agency Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

U.S. Treasury Bonds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

At September 30, 2017, the investment portfolio weighted averages maturity was 144 days. The TexPool investment pools are external investment pools measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pools transact at a net asset value of \$1.00 per share, have weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. TexPool, has a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

The LOGIC investment pools are external investment pools measured at their net asset value. LOGIC's strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The District has no unfunded commitments related to the investment pools. LOGIC have a redemption notice period of one day and may redeem daily. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

The investments held for customer deposits in the General Fund consist of deposits received from customers to initiate water services with the District. These deposits are to be refunded to customers upon termination of water service with the District and, therefore, are also included as liabilities by the District.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At September 30, 2017, investments were included in local governmental investment pools, municipal bonds, US agencies coupon securities and certificates of deposit with ratings from Standard and Poor's in compliance with the District's investment policy.

Brushy Creek Municipal Utility District

Notes to Basic Financial Statements

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. At September 30, 2017, the District's investment portfolio was comprised primarily of the following issuers:

Issuer	Amount	% of Total Investments
Federal Home Loan Mortgage Corporation	\$ 4,493,970	20%
Treasury Notes	2,997,389	13%
LOGIC	2,862,954	13%
Federal Agricultural Mortgage Corp	3,003,006	13%
Federal Home Loan Bank	2,744,274	12%
Federal National Mortgage Association	2,763,663	12%
Other	3,866,557	17%
Total	\$ 22,731,813	100%

Interest Rate Risk

The District considers the holdings in the local governmental investment pools to have a one day weighted average maturity due to the fact that the share position can usually be redeemed each day at the discretion of the shareholders, unless there has been a significant change in value. Certificates of deposit, US agencies coupon securities and municipal bonds held by the District have set interest rates.

Note 4. Interfund Receivables, Payables and Transfers

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds". The composition of interfund balances as of September 30, 2017, is as follows:

Receivable Fund	Payable Fund	Amount
General	Capital projects	\$ 741,372
General	Debt Service	784,616
Capital projects	Debt Service	1,131,640
Total		\$ 2,657,628

Brushy Creek Municipal Utility District

Notes to Basic Financial Statements

Note 5. Capital Assets

Capital assets activity for the year ended September 30, 2017 was as follows:

	Balance September 30, 2016	Additions	Retirements and Transfers	Balance September 30, 2017
Capital assets, not being depreciated				
Land	\$ 3,211,879	\$ -	\$ -	\$ 3,211,879
Construction in process	4,317,968	902,066	(4,255,055)	964,979
Total capital assets, not being depreciated	7,529,847	902,066	(4,255,055)	4,176,858
Capital assets, being depreciated				
Water, wastewater, and drainage systems	83,212,304	281,562	1,310,954	84,804,820
Easements and rights-of-way	901,890	-	-	901,890
Buildings and improvements	4,286,270	-	2,123,780	6,410,050
Furniture and equipment	686,156	430,830	-	1,116,986
Park and recreational facilities	7,304,670	4,978,167	(50,453)	12,232,384
Automobiles and trucks	488,428	17,872	(9,460)	496,840
Total capital assets being depreciated	96,879,718	5,708,431	3,374,821	105,962,970
Less accumulated depreciation for				
Water, wastewater and drainage systems	(46,076,767)	(2,065,685)	361,450	(47,781,002)
Easements and rights-of-way	(272,125)	(22,547)	-	(294,672)
Buildings and improvements	(1,839,275)	(109,470)	79,351	(1,869,394)
Furniture and equipment	(241,035)	(103,259)	-	(344,294)
Park and recreational facilities	(3,310,615)	(379,942)	234,959	(3,455,598)
Automobiles and trucks	(215,858)	(65,702)	9,460	(272,100)
Total accumulated depreciation	(51,955,675)	(2,746,605)	685,220	(54,017,060)
Total capital assets, being depreciated, net	44,924,043	2,961,826	4,060,041	51,945,910
Capital assets, net	\$ 52,453,890	\$ 3,863,892	\$ (195,014)	\$ 56,122,768

Brushy Creek Municipal Utility District

Notes to Basic Financial Statements

Note 6. Long-term Debt

The following is a summary of changes in long-term debt for the year ended September 30, 2017:

	Balance September 30, 2016	Additions	Retirements	Balance September 30, 2017
Bonds payable	\$ 50,435,000	\$ -	(2,905,000)	\$ 47,530,000
Premiums	1,317,224	-	(125,835)	1,191,389
Discounts	(47,289)	-	2,902	(44,387)
Total	\$ 51,704,935	\$ -	\$ (3,027,933)	\$ 48,677,002

Bonds payable at September 30, 2017, is comprised of the following:

	Balance 9/30/2017	Due Within One Year
\$9,500,000 Series 2005 serial bonds due in two annual installments of \$570,000 and \$595,000 on June 1, 2019 and 2020. Interest varies from 3.00% to 5.00% and is payable June 1 and December 1 each year.	\$ 1,165,000	\$ -
\$2,365,000 Series 2009 Sendero Springs/Cornerstone Defined Area serial bonds due in annual installments of \$65,000 to \$80,000 through June 1, 2020. Interest varies from 4.38% to 6.00% and is payable June 1 and December 1 each year.	225,000	70,000
\$7,975,000 Series 2009 refunding bonds due in annual installments of \$15,000 to \$1,530,000 through June 1, 2024. Interest varies from 3.00% to 4.63% and is payable June 1 and December 1 each year.	1,600,000	195,000
\$17,190,000 Series 2010 refunding bonds due in annual installments of \$105,000 to \$1,960,000 through June 1, 2026. Interest varies from 2.00% to 4.00% and is payable June 1 and December 1 each year.	9,995,000	1,170,000
\$2,370,000 Series 2011 Sendero Springs/Cornerstone Defined Area serial bonds due in annual installments of \$65,000 to \$305,000 through June 1, 2033. Interest varies from 4.00% to 5.00% and is payable June 1 and December 1 each year.	2,030,000	80,000
\$2,085,000 Series 2011 refunding bonds due in annual installments of \$5,000 to \$245,000 through June 1, 2028. Interest varies from 4.00% to 5.25% and is payable June 1 and December 1 each year.	2,055,000	10,000

Brushy Creek Municipal Utility District

Notes to Basic Financial Statements

<p>\$9,260,000 Series 2012 refunding bonds due in annual installments of \$20,000 to \$1,600,000 through June 1, 2028. Interest varies from 2.00% to 3.00% and is payable June 1 and December 1 each year.</p>	\$ 8,230,000	\$ 755,000
<p>\$6,125,000 Series 2013 refunding bonds due in annual installments of \$10,000 to \$1,840,000 through June 1, 2028. Interest varies from 2.00% to 3.50% and is payable June 1 and December 1 each year.</p>	6,025,000	15,000
<p>\$3,500,000 Series 2013 Sendero Springs/Cornerstone Defined Area serial bonds due in annual installments of \$80,000 to \$230,000 through June 1, 2038. Interest varies from 2.50% to 5.00%, and is payable June 1 and December 1 each year.</p>	3,165,000	95,000
<p>\$3,625,000 Series 2015 refunding bonds due in annual installments of \$40,000 to \$300,000 through June 1, 2033. Interest varies from 2.00% to 3.75% and is payable June 1 and December 1 each year.</p>	3,475,000	115,000
<p>\$3,530,000 Series 2015 Sendero Springs/Cornerstone Defined Area serial bonds due in annual installments of \$80,000 to \$225,000 through June 1, 2039. Interest varies from 2.00% to 3.75% and is payable June 1 and December 1 each year.</p>	3,355,000	100,000
<p>\$6,605,000 Series 2016 Term Note (Community Center) is due in annual installments of \$335,000 to \$555,000 through June 1, 2030. Interest is 2.63% and is payable June 1 and December 1 each year.</p>	6,210,000	405,000
<p>Total long-term debt</p>	<u>\$ 47,530,000</u>	<u>\$ 3,010,000</u>

Brushy Creek Municipal Utility District

Notes to Basic Financial Statements

Debt service requirements to maturity for District's long-term debt are summarized as follows for the years ending September 30:

	Principal	Interest	Total Requirement
2018	\$ 3,010,000	\$ 1,644,618	\$ 4,654,618
2019	3,115,000	1,547,157	4,662,157
2020	3,240,000	1,444,704	4,684,704
2021	3,360,000	1,331,525	4,691,525
2022	3,490,000	1,214,161	4,704,161
2023 - 2027	19,690,000	4,191,315	23,881,315
2028 - 2032	8,520,000	1,329,297	9,849,297
2033 - 2037	2,435,000	421,634	2,856,634
2038 - 2039	670,000	36,438	706,438
Total	\$ 47,530,000	\$ 13,160,848	\$ 60,690,848

The District bonds are secured by the levy of an annual ad valorem tax against all taxable property within the District.

Bond covenants for each outstanding issue require that the District maintain utility rates and property tax rates sufficient to operate and maintain the utility system and pay all indebtedness against the system. Covenants also require the District to maintain adequate insurance of the system. The District believes it is in compliance with all significant covenants contained in the debt agreements.

At September 30, 2017, unlimited tax bonds of \$12,815,000 were authorized by the District but unissued, of which \$10,715,000 is for improvements to the Defined Area water, wastewater, and drainage systems, and \$2,100,000 is for improvements to District-wide water systems.

Note 7. Property Taxes

The Texas Water Code authorizes the District to levy a tax each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located within its boundaries. Assessed values are established annually by the Williamson County Central Appraisal District. Property tax revenues are recognized when levied to the extent that they are collected in the current year. The uncollected balance is reported as deferred inflows of resources. Taxes receivable are due January 1 and are delinquent if received after January 31 and are subject to penalty and interest charges.

The combined tax rate was \$0.4650 per \$100 assessed valuation District-wide, except for the Sendero Springs/Cornerstone Defined Area. The Sendero Springs/Cornerstone Defined Area had an additional tax rate of \$0.2250 per \$100 assessed valuation. The total 2017 tax levy was \$9,259,726 based on a District-wide taxable valuation, which includes the Sendero Springs/Cornerstone Defined Area additional levy of \$880,724.

Brushy Creek Municipal Utility District

Notes to Basic Financial Statements

Note 8. Amounts Collected for Capital Improvements

By an agreement dated March 29, 1996, the District and developers of property within the District agreed to the payment of a fee by the developers to the District. The fee has been established by contract between the District and the developers. The agreement also establishes the restrictions for the use of the fees. The fees collected under this agreement totaled \$150,112 for the year ended September 30, 2017 and are within the Capital Projects Fund.

Note 9. Fund Balances

The Board committed \$4,587,522 of General Fund balance to pay for future repairs, replacements and purchases of capital. The amounts committed for funding capital projects as of September 30, 2017 are:

Utility equipment replacement	\$	120,149
Replacement of water facility membranes		1,075,000
Community center equipment replacement		45,083
Park master plan projects		1,157,969
BRA water line reserves		262,640
Regional waste water improvements fund		501,245
Maintenance yard engineering		250,000
Trail washouts		325,000
Drainage improvements		200,000
Lift station improvements		150,000
Playground projects		205,000
Community center expansion engineering		54,436
Well #6 construction		146,000
Future waterline replacements		50,000
Water treatment plant camera system		45,000
Total committed fund balance	\$	4,587,522

Note 10. Commitments and Contingencies

The District has entered into several utility development agreements with developers of property within the District. Under the terms of the agreements, a developer funds the cost of construction for water, wastewater and drainage facilities for a specified project which has been approved by the District. The District agrees to purchase the facilities at a price to be determined by the Texas Commission on Environmental Quality, but not to exceed the amount actually expended by the developer plus interest from the dates of expenditure to the date of payment by the District.

In August 1998, the Board authorized the District to enter into a contract with the Brazos River Authority (BRA) for participation in the Williamson County Raw Water Line Project. The project is for the construction and maintenance of facilities capable of transporting water from Lake Stillhouse Hollow to Lake Georgetown. The BRA expects to issue approximately \$40,000,000 of debt to finance construction of the project for which total debt service payments are anticipated to be approximately 10%, and the District's average annual payment to cover its share of the debt service will be approximately \$210,000.

In October 2000, the Board authorized the District to enter into a contract with the BRA and the Lower Colorado River Authority (LCRA) for participation in the Sub Regional Wastewater Collection, Treatment and Disposal System.

Brushy Creek Municipal Utility District

Notes to Basic Financial Statements

The LCRA utilized its reserved capacity in the system to receive wastewater from the District's wastewater collection system. The cities of Round Rock, Cedar Park, and Austin purchased the wastewater system from the LCRA in December 2009. The District is a customer of the city of Round Rock. The BRA will operate and maintain the system in order to receive wastewater from the customers' wastewater collection systems and to treat and dispose of such wastewater. The District will pay charges on the system, their annual estimates for sub-regional operation and maintenance expenses and the resulting estimates of sub-regional capital charges and sub-regional flow charges. The District's average annual payment will be approximately \$1,100,000 over the next 30 years.

Note 11. Defined Benefit Pension Plans

Plan Description

The District provides retirement, disability, and death benefits for all of its non-temporary full-time employees through an agent multiple-employer nontraditional defined benefit pension plan administered by the 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 677 active participating counties and districts throughout Texas. 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 age 60 and above with eight or more years of service but must leave their accumulated contributions in the plan to receive any employer-finance benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefits Provided

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and the employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act, so that the resulting benefits can be expected to be adequately financed by the employer'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.

Employee membership data related to the Plan, as of the valuation date of December 31, 2016 was as follows:

Retirees and beneficiaries currently receiving benefits	6
Terminated employees entitled to but not yet receiving benefits	251
Active plan members	80
Total	337

Brushy Creek Municipal Utility District

Notes to Basic Financial Statements

Contributions

The District 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 District contributed using the actuarially determined rate of 5.79% for 2016 as adopted by the governing body of the District. The employee contribution rate was 6.00%. The employee contribution rate and the employer contribution rate may be changed by the governing body of the District within the options available in the TCDRS Act. The required contribution and actual contributions for the year ended December 31, 2016 equaled \$140,561 and \$142,204.

Net Pension Liability

Actuarial Assumptions

The District's net pension liability was measured as of December 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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	Level percentage of payroll, closed
Remaining Amortization period	Straight-lined amortization over expected working life
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	3.00%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.10%
Cost-of-Living Adjustments	Cost-of-Living Adjustments for District are not considered to be automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB 68 calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Mortality	
Depositing members	The RP-2000 Active Employee Mortality Table for males with a two-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-year setback, both projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that.
Service retirees, beneficiaries and non-depositing members	The RP-2000 Combined Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with a one-year set-forward for males and no age adjustment for females.
Disabled retirees	RP-2000 Disabled Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with no age adjustment for males and a two-year set-forward for females.

Brushy Creek Municipal Utility District

Notes to Basic Financial Statements

The actuarial assumptions that determined the total pension liability as of December 31, 2016 were based on the results of an actuarial experience study for the period January 1, 2009 through December 31, 2012, except where required to be different by GAAP.

Long-Term Expected Rate of Return

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 capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2017 information for a 7 - 10 year time horizon.

Note that 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 2013.

Asset Class	Benchmark	Target Allocation ^(a)	Geometric Real Rate of Return (Expected Minus Inflation) ^(b)
US Equities	Dow Jones U.S. Total Stock Market Index	13.50%	4.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ^(c)	16.00%	7.70%
Global Equities	MSCI World (net) Index	1.50%	5.00%
International Equities Developed	MSCI World Ex USA (net)	10.00%	4.70%
International Equities Emerging	MSCI EM Standard (net) Index	7.00%	5.70%
Investment-Grade Bonds	BooImberg Barclays U.S. Aggregate Bond Index	3.00%	0.60%
High-yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.70%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.00%	3.83%
Direct Lending	S&P/LSTA Leveraged Loan Index	10.00%	8.15%
Distressed Debt	Cambridge Associates Distressed Securities Index ^(a)	3.00%	6.70%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	2.00%	3.85%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	5.60%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ^(e)	6.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	20.00%	3.85%

^(a) Target asset allocation adopted at the April 2016 TCDRS Board meeting.

^(b) Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.0%, per Cliffwater's 2017 capital market assumptions.

^(c) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

^(d) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

^(e) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

Brushy Creek Municipal Utility District

Notes to Basic Financial Statements

Discount Rate

The discount rate used to measure the total pension liability was 8.10%. This 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 was projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply.

Changes in Net Pension Liability

Changes in the District's net pension liability for the valuation year ended December 31, 2016 are as follows:

	Total Pension Liability (a)	Increase (Decrease) Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
Balance as of December 31, 2015	\$ 3,488,715	\$ 3,558,456	\$ (69,741)
Changes for the year			
Service cost	295,387	-	295,387
Interest on total pension liability ⁽¹⁾	291,308	-	291,308
Effect of plan changes ⁽²⁾	-	-	-
Effect of economic/demographic gains or losses	(28,730)	-	(28,730)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(47,076)	(47,076)	-
Benefit payments	(28,677)	(28,677)	-
Administrative expenses	-	(2,878)	2,878
Member contributions	-	147,347	(147,347)
Net investment income	-	264,683	(264,683)
Employer contributions	-	142,204	(142,204)
Other ⁽³⁾	-	24,012	(24,012)
Balance as of December 31, 2016	\$ 3,970,927	\$ 4,058,071	\$ (87,144)

⁽¹⁾ Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

⁽²⁾ No plan changes valued.

⁽³⁾ Relates to allocation of system-wide items

Brushy Creek Municipal Utility District

Notes to Basic Financial Statements

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's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.10%) or one percentage point higher (9.10%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$ 4,624,194	\$ 3,970,927	\$ 3,446,752
Fiduciary net position	4,058,071	4,058,071	4,058,071
Net pension liability (asset)	\$ 566,123	\$ (87,144)	\$ (611,319)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

For the year ended September 30, 2017, the District recognized pension benefit of \$17,403. As of September 30, 2017, the deferred outflows and inflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 59,326	\$ -
Changes in assumptions	-	10,029
Net difference between projected and actual earnings	-	259,207
Contributions made subsequent to measurement date	-	97,631
Total	\$ 59,326	\$ 366,867

The \$97,631 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. The remaining amounts currently reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	Pension Expense Amount
2017	\$ 47,980
2018	78,124
2019	77,230
2020	6,576
	\$ 209,910

Brushy Creek Municipal Utility District

Notes to Basic Financial Statements

Note 12. Risk Management

The District's risk management program includes coverage through third party insurance providers for commercial general liability, property, boiler and machinery, inland marine, pollution, automobile, public officials' liability, public officials' bond, and workers' compensation. During the year ended September 30, 2017, there were no significant reductions in insurance coverage from coverage in the prior year. Losses in excess of the various deductible levels are covered through traditional indemnity coverage with various insurance firms. Settled claims have not exceeded insurance limits for the past three years.

Texas Commission on Environmental Quality Supplementary Information

Brushy Creek Municipal Utility District
 Supplemental Schedules Required By
 Texas Commission on Environmental Quality
 Year Ended September 30, 2017

Schedule Included		
Yes	No	
X		TSI-0 Notes Required by the Water District Accounting Manual
X		TSI-1 Schedule of Services and Rates
X		TSI-2 Schedule of General Fund Expenditures
X		TSI-3 Schedule of Temporary Investments
X		TSI-4 Analysis of Taxes Levied and Receivable
X		TSI-5 Long- Term Debt Service Requirements by Years
X		TSI-6 Analysis of Changes in Long-Term Bonded Debt
X		TSI-7 Comparative Schedule of Revenues and Expenses - General Fund and Debt Service Fund - Five Years
X		TSI-8 Board Members, Key Personnel, and Consultants

Brushy Creek Municipal Utility District

TSI-0 Notes Required by the Water District Accounting Manual
For the Fiscal Year Ended September 30, 2017

The notes which follow are not necessarily required for fair presentation of the audited basic financial statements of the District which are contained in the preceding section of this report. They are presented in conformity with requirements of the Texas Commission on Environmental Quality to assure disclosure of specifically required facts.

- (A) Creation of District
See Note 1 to Basic Financial Statements.

- (B) Contingent Liabilities
See Note 10 to Basic Financial Statements.

- (C) Pension Coverage
See Note 11 to Basic Financial Statements.

- (D) Pledge of Revenues
See Note 6 to Basic Financial Statements.

- (E) Compliance with Debt Service Requirements
See Note 6 to Basic Financial Statements.

- (F) Redemption of Bonds
See Note 6 to Basic Financial Statements.

Brushy Creek Municipal Utility District
 TSI-1 Schedule of Services and Rates
 For the Fiscal Year Ended September 30, 2017

1. Services Provided by the District:

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

2. Retail Service Providers:

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

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons Over Minimum Usage</u>	<u>Usage Levels</u>
In-District					
Water	\$ 14.00	-	Y	\$ 2.10	October to May
				\$ 2.75	June to September
Out-of-District					
Water	\$ 37.42	-	Y	\$ 2.10	October to May
				\$ 2.75	June to September
In-District					
Wastewater	\$ 6.00	-	N	\$ 2.70	Per 1,000
Out-of-District					
Wastewater	\$ 12.00	-	N	\$ 10.80	Per 1,000
Surcharge	N/A	N/A	N/A	N/A	N/A
District employs winter averaging for wastewater usage?				Yes	<input checked="" type="checkbox"/> No <input type="checkbox"/>
Total charges per 10,000 gallons usage:					
	In-District:	Water:	\$ 35.00	Winter	Wastewater: \$ 33.00
			\$ 41.50	Summer	
	Out-of-District:	Water:	\$ 58.42	Winter	Wastewater: \$ 120.00
			\$ 64.92	Summer	

Brushy Creek Municipal Utility District
 TSI-1 Schedule of Services and Rates – Continued
 For the Fiscal Year Ended September 30, 2017

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
<=3/4"	5,544	5,544	1	5,544
1"	38	38	2.5	95
1 1/2"	35	35	5	175
2"	38	38	8	304
3"	10	10	15	150
4"	1	1	25	25
6"	1	1	50	50
8"	6	6	80	480
10"	-	-	115	-
Total Water	5,673	5,673		6,823
Total Wastewater	5,615	5,615	1	5,615

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

Gallons pumped into system:	<u>968,933,000</u>	Water Accountability Ratio (Gallons billed/Gallons pumped) ⁽¹⁾
Gallons billed to customers:	<u>885,773,000</u>	

⁽¹⁾ The water accountability ratio does not include fire hydrant flushing, water used in fire fighting, loss due to water leaks identified, or other un-metered loss to the system. The District tracks all of those non-billed sources and for FY 2016 the total known consumption was 849,852,808 gallons for an actual ratio of 89.21%.

4. Standby Fees:

Does the District assess standby fees? Yes No

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

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

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

Brushy Creek Municipal Utility District

TSI-1 Schedule of Services and Rates – Continued
 For the Fiscal Year Ended September 30, 2017

5. Location of District

County(ies) in which District is located:

Williamson

Is the District located entirely within one county?

Yes

No

Is the District within a city?

Entirely

Partly

Not at all

City(ies) in which District is located.

N/A

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

Entirely

Partly

Not at all

ETJs in which District is located.

City of Round Rock

Are Board members appointed by an office outside the District?

Yes

No

If Yes, by whom?

N/A

Brushy Creek Municipal Utility District
 TSI-2 Schedule of General Fund Expenditures
 For the Fiscal Year Ended September 30, 2017

	Admin & Other Services	Utilities	Parks & Recreation	Total
Salary and benefits	\$ 1,104,905	\$ 829,903	\$ 1,973,479	\$ 3,908,287
Professional fees				
Auditing	33,500	-	-	33,500
Legal	143,750	-	-	143,750
Engineering	11,052	72,274	-	83,326
Financial advisor				-
Purchased services for resale-				
Bulk water and wastewater service purchases	-	1,265,881	-	1,265,881
Contracted services				
Bookkeeping	-	-	-	-
Utility manager	-	-	-	-
Appraisal district/tax collector	-	-	-	-
Other contracted services	108,831	137,931	131,982	378,744
Utilities	120,025	313,178	103,411	536,614
Repairs and maintenance	37,229	147,043	938,450	1,122,722
Administrative expenditures				
Directors' fees	27,675	-	-	27,675
Office supplies	15,675	1,870	2,402	19,947
Insurance	71,806			71,806
Other administrative expenses	85,642	259,698	537,777	883,117
Capital outlay				
Capitalized assets	518,318	361,579	985,592	1,865,489
Expenditures not capitalized				-
Tap connection expenditures	-	40,262	-	40,262
Solid waste disposal	1,178,075		6,571	1,184,646
Fire fighting	-	-	-	-
Parks and recreation	-	-	-	-
Other expenditures	798,073	-	-	798,073
TOTAL EXPENDITURES	\$ 4,254,556	\$ 3,429,619	\$ 4,679,664	\$ 12,363,839

Number of persons employed by the District: 69 Full-time 78 Part-time
 (Does not include independent contractors or consultants; however, does include seasonal staff)

Brushy Creek Municipal Utility District
 TSI-3 Schedule of Temporary Investments
 For the Fiscal Year Ended September 30, 2017

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at September 30, 2017	Accrued Interest Receivable at September 30, 2017
<u>General Fund</u>					
Investment in LOGIC	2006801002	Variable	N/A	\$ 166,509	\$ -
Investment in LOGIC	2006801003	Variable	N/A	390,980	-
Investment in TexPool	246160001	Variable	N/A	19,989	-
Investment in TexPool	246160008	Variable	N/A	241,036	-
Certificate of deposit in TX Security	10344	0.50%	10/24/2017	252,481	-
Certificate of deposit in East West Bank	01-72357047	1.19%	4/12/2017	2,051,907	-
Money Market Fund - Business Bank of Texas	4001901	1.00%	N/A	657,297	-
Treasury Note	912828UE8	0.75%	12/31/2017	999,844	-
US Agencies	31315P5A3	1.72%	10/3/2018	1,004,170	-
US Agencies	3132X0RN3	1.13%	4/2/2018	2,000,000	-
US Agencies	3134G76UO	0.75%	10/27/2017	1,500,000	-
US Agencies	3134G9JD0	1.00%	5/11/2018	2,993,820	-
US Agencies	3136G1KD0	1.00%	4/30/2018	1,267,587	-
US Agencies	3130ACEY6	1.25%	9/13/2018	1,748,338	-
Totals				15,293,958	-
<u>Debt Service Fund</u>					
Investment in LOGIC	2006801001	Variable	N/A	1,478,017	-
Investment in LOGIC	2006801013	Variable	N/A	312,647	-
Investment in TexPool	246160004	Variable	N/A	373,747	-
US Agencies	3135F0WJ8	0.09%	5/21/2018	1,495,074	-
US Agencies	3130A8U50	0.08%	7/25/2018	994,930	-
Totals				4,654,415	-
<u>Capital Projects Fund</u>					
Investment in LOGIC	2006801009	Variable	N/A	401,750	-
Investment in LOGIC	2006801014	Variable	N/A	113,052	-
Investment in TexPool	246160007	Variable	N/A	270,200	-
Treasury Note	912828G20	0.88%	11/15/2017	1,001,250	-
Treasury Note	912828P20	0.75%	1/31/2018	997,188	-
Totals				2,783,440	-
TOTAL ALL FUNDS				\$ 22,731,813	\$ -

Brushy Creek Municipal Utility District

TSI-4 Analysis of Taxes Levied and Receivable

September 30, 2017

	Maintenance Taxes	Debt Service Taxes		
TAXES RECEIVABLE, SEPTEMBER 30, 2016	\$ 20,532	\$ 20,570		
2016 Tax Roll	5,297,396	3,052,737		
Adjustments	(26,295)	(20,887)		
Total to be accounted for	<u>5,291,633</u>	<u>3,052,420</u>		
Tax collections:				
Current year	5,284,959	3,044,573		
Prior years	2,192	2,556		
Adjustments	(18,451)	(14,873)		
Total collections	<u>5,268,700</u>	<u>3,032,256</u>		
TAXES RECEIVABLE, SEPTEMBER 30, 2017	<u><u>\$ 22,933</u></u>	<u><u>\$ 20,164</u></u>		
TAXES RECEIVABLE, BY YEARS:				
2016	\$ 9,873	\$ 5,485		
2015	3,007	2,041		
2014	2,445	2,250		
2013	2,370	2,370		
2012 and prior	5,238	8,018		
TAXES RECEIVABLE, SEPTEMBER 30, 2017	<u><u>\$ 22,933</u></u>	<u><u>\$ 20,164</u></u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
PROPERTY VALUATIONS:				
Net assessed property valuation:				
District-wide	\$ 1,795,727,604	\$ 1,614,574,091	\$ 1,492,797,990	\$ 1,278,996,832
Defined Area	390,949,120	321,159,259	267,853,303	205,471,258
TAX RATES PER \$100 VALUATION:				
Debt service tax rates	0.2950	0.2800	0.2500	0.2500
Maintenance tax rates	<u>0.1700</u>	<u>0.1900</u>	<u>0.2300</u>	<u>0.2500</u>
District-wide	0.4650	0.4700	0.4800	0.500
Defined Area	<u>0.2250</u>	<u>0.2700</u>	<u>0.3500</u>	<u>0.3600</u>
ORIGINAL TAX LEVY	<u><u>\$ 9,259,726</u></u>	<u><u>\$ 8,448,244</u></u>	<u><u>\$ 7,930,625</u></u>	<u><u>\$ 7,141,445</u></u>
PERCENT OF TAXES COLLECTED TO TAXES LEVIED	<u><u>99.8%</u></u>	<u><u>99.8%</u></u>	<u><u>99.8%</u></u>	<u><u>99.9%</u></u>

Brushy Creek Municipal Utility District

TSI-5 Long-Term Debt Service Requirements by Years

September 30, 2017

Due During Fiscal Years Ending September 30,	Unlimited Tax Series 2005			Unlimited Tax Defined Area Series 2009			Unlimited Tax Refunding Series 2009		
	Principal Due June 1	Interest Due June 1 and December 1	Total	Principal Due June 1	Interest Due June 1 and December 1	Total	Principal Due June 1	Interest Due June 1 and December 1	Total
	2018	\$ -	\$ 34,950	\$ 34,950	\$ 70,000	\$ 11,813	\$ 81,813	\$ 195,000	\$ 70,094
2019	570,000	34,950	604,950	75,000	8,137	83,137	210,000	61,319	271,319
2020	595,000	17,850	612,850	80,000	4,200	84,200	215,000	51,869	266,869
2021	-	-	-	-	-	-	230,000	43,269	273,269
2022	-	-	-	-	-	-	240,000	33,781	273,781
2023	-	-	-	-	-	-	245,000	23,281	268,281
2024	-	-	-	-	-	-	265,000	12,256	277,256
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-
	<u>\$ 1,165,000</u>	<u>\$ 87,750</u>	<u>\$ 1,252,750</u>	<u>\$ 225,000</u>	<u>\$ 24,150</u>	<u>\$ 249,150</u>	<u>\$ 1,600,000</u>	<u>\$ 295,869</u>	<u>\$ 1,895,869</u>

Brushy Creek Municipal Utility District

TSI-5 Long-term Debt Service Requirements by Years – Continued

September 30, 2017

Due During Fiscal Years Ending September 30,	Unlimited Tax Refunding Series 2010			Defined Area Unlimited Tax Series 2011			Unlimited Tax Refunding Series 2011		
	Principal Due June 1	Interest Due June 1 and December 1	Total	Principal Due June 1	Interest Due June 1 and December 1	Total	Principal Due June 1	Interest Due June 1 and December 1	Total
	2018	\$ 1,170,000	\$ 387,875	\$ 1,557,875	\$ 80,000	\$ 92,650	\$ 172,650	\$ 10,000	\$ 78,912
2019	1,215,000	346,925	1,561,925	80,000	89,250	169,250	175,000	78,528	253,528
2020	1,270,000	304,400	1,574,400	85,000	85,850	170,850	175,000	71,808	246,808
2021	1,320,000	253,600	1,573,600	85,000	82,450	167,450	185,000	65,088	250,088
2022	1,375,000	200,800	1,575,800	90,000	79,050	169,050	190,000	57,984	247,984
2023	1,430,000	145,800	1,575,800	95,000	75,450	170,450	200,000	50,688	250,688
2024	-	88,600	88,600	100,000	71,650	171,650	205,000	43,008	248,008
2025	255,000	88,600	343,600	105,000	67,525	172,525	215,000	35,136	250,136
2026	1,960,000	78,400	2,038,400	110,000	63,194	173,194	225,000	26,880	251,880
2027	-	-	-	110,000	58,244	168,244	230,000	18,240	248,240
2028	-	-	-	115,000	53,294	168,294	245,000	9,408	254,408
2029	-	-	-	120,000	47,975	167,975	-	-	-
2030	-	-	-	125,000	42,425	167,425	-	-	-
2031	-	-	-	135,000	36,331	171,331	-	-	-
2032	-	-	-	290,000	29,750	319,750	-	-	-
2033	-	-	-	305,000	15,250	320,250	-	-	-
2034	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-
	<u>\$ 9,995,000</u>	<u>\$ 1,895,000</u>	<u>\$ 11,890,000</u>	<u>\$ 2,030,000</u>	<u>\$ 990,338</u>	<u>\$ 3,020,338</u>	<u>\$ 2,055,000</u>	<u>\$ 535,680</u>	<u>\$ 2,590,680</u>

Brushy Creek Municipal Utility District

TSI-5 Long-term Debt Service Requirements by Years – Continued

September 30, 2017

Due During Fiscal Years Ending September 30,	Unlimited Tax Refunding Series 2012			Unlimited Tax Refunding Series 2013			Defined Area Unlimited Tax Series 2013		
	Principal Due June 1	Interest Due June 1 and December 1	Total	Principal Due June 1	Interest Due June 1 and December 1	Total	Principal Due June 1	Interest Due June 1 and December 1	Total
	2018	\$ 755,000	\$ 246,900	\$ 1,001,900	\$ 15,000	\$ 198,375	\$ 213,375	\$ 95,000	\$ 138,920
2019	40,000	224,250	264,250	15,000	198,075	213,075	95,000	136,545	231,545
2020	45,000	223,050	268,050	15,000	197,775	212,775	100,000	134,170	234,170
2021	660,000	221,700	881,700	15,000	197,475	212,475	105,000	131,370	236,370
2022	685,000	201,900	886,900	15,000	197,025	212,025	110,000	128,220	238,220
2023	710,000	181,350	891,350	15,000	196,575	211,575	115,000	124,645	239,645
2024	1,600,000	160,050	1,760,050	685,000	196,125	881,125	120,000	120,620	240,620
2025	730,000	112,050	842,050	1,635,000	175,575	1,810,575	125,000	115,820	240,820
2026	750,000	90,150	840,150	-	126,525	126,525	135,000	110,820	245,820
2027	1,110,000	67,650	1,177,650	1,775,000	126,525	1,901,525	140,000	104,880	244,880
2028	1,145,000	34,350	1,179,350	1,840,000	64,400	1,904,400	145,000	98,720	243,720
2029	-	-	-	-	-	-	150,000	92,340	242,340
2030	-	-	-	-	-	-	160,000	85,140	245,140
2031	-	-	-	-	-	-	165,000	77,460	242,460
2032	-	-	-	-	-	-	175,000	69,540	244,540
2033	-	-	-	-	-	-	180,000	61,140	241,140
2034	-	-	-	-	-	-	190,000	52,500	242,500
2035	-	-	-	-	-	-	200,000	43,000	243,000
2036	-	-	-	-	-	-	210,000	33,000	243,000
2037	-	-	-	-	-	-	220,000	22,500	242,500
2038	-	-	-	-	-	-	230,000	11,500	241,500
2039	-	-	-	-	-	-	-	-	-
	<u>\$ 8,230,000</u>	<u>\$ 1,763,400</u>	<u>\$ 9,993,400</u>	<u>\$ 6,025,000</u>	<u>\$ 1,874,450</u>	<u>\$ 7,899,450</u>	<u>\$ 3,165,000</u>	<u>\$ 1,892,850</u>	<u>\$ 5,057,850</u>

Brushy Creek Municipal Utility District

TSI-5 Long-term Debt Service Requirements by Years – Continued
September 30, 2017

Due During Fiscal Years Ending September 30,	Defined Area Unlimited Tax Refunding Series 2015			Defined Area Unlimited Tax Series 2015			Utility System Revenue Note Series 2016		
	Principal Due June 1	Interest Due June 1 and December 1	Total	Principal Due June 1	Interest Due June 1 and December 1	Total	Principal Due June 1	Interest Due June 1 and December 1	Total
	2018	\$ 115,000	\$ 112,250	\$ 227,250	\$ 100,000	\$ 108,556	\$ 208,556	\$ 405,000	\$ 163,323
2019	120,000	109,950	229,950	100,000	106,556	206,556	420,000	152,672	572,672
2020	125,000	107,550	232,550	105,000	104,556	209,556	430,000	141,626	571,626
2021	210,000	103,800	313,800	110,000	102,456	212,456	440,000	130,317	570,317
2022	220,000	97,500	317,500	115,000	99,156	214,156	450,000	118,745	568,745
2023	225,000	90,900	315,900	120,000	95,706	215,706	465,000	106,910	571,910
2024	230,000	84,150	314,150	125,000	92,106	217,106	475,000	94,680	569,680
2025	240,000	77,250	317,250	130,000	88,356	218,356	490,000	82,188	572,188
2026	245,000	70,050	315,050	135,000	84,456	219,456	500,000	69,301	569,301
2027	260,000	62,394	322,394	140,000	80,406	220,406	515,000	56,151	571,151
2028	270,000	53,944	323,944	145,000	76,206	221,206	525,000	42,606	567,606
2029	280,000	44,494	324,494	150,000	71,494	221,494	540,000	28,799	568,799
2030	295,000	34,694	329,694	155,000	66,619	221,619	555,000	14,592	569,592
2031	300,000	24,000	324,000	160,000	61,581	221,581	-	-	-
2032	165,000	12,750	177,750	170,000	56,381	226,381	-	-	-
2033	175,000	6,562	181,562	175,000	50,431	225,431	-	-	-
2034	-	-	-	185,000	44,306	229,306	-	-	-
2035	-	-	-	190,000	37,831	227,831	-	-	-
2036	-	-	-	200,000	31,181	231,181	-	-	-
2037	-	-	-	205,000	23,931	228,931	-	-	-
2038	-	-	-	215,000	16,500	231,500	-	-	-
2039	-	-	-	225,000	8,442	233,442	-	-	-
	<u>\$ 3,475,000</u>	<u>\$ 1,092,238</u>	<u>\$ 4,567,238</u>	<u>\$ 3,355,000</u>	<u>\$ 1,507,213</u>	<u>\$ 4,862,213</u>	<u>\$ 6,210,000</u>	<u>\$ 1,201,910</u>	<u>\$ 7,411,910</u>

Brushy Creek Municipal Utility District

TSI-5 Long-term Debt Service Requirements by Years – Continued

September 30, 2017

Due During Fiscal Years Ending September 30,	Annual Requirements For All Series		
	Principal Due	Interest Due	Total
2018	\$ 3,010,000	\$ 1,644,618	\$ 4,654,618
2019	3,115,000	1,547,157	4,662,157
2020	3,240,000	1,444,704	4,684,704
2021	3,360,000	1,331,525	4,691,525
2022	3,490,000	1,214,161	4,704,161
2023	3,620,000	1,091,305	4,711,305
2024	3,805,000	963,245	4,768,245
2025	3,925,000	842,500	4,767,500
2026	4,060,000	719,776	4,779,776
2027	4,280,000	574,490	4,854,490
2028	4,430,000	432,928	4,862,928
2029	1,240,000	285,102	1,525,102
2030	1,290,000	243,470	1,533,470
2031	760,000	199,372	959,372
2032	800,000	168,421	968,421
2033	835,000	133,383	968,383
2034	375,000	96,806	471,806
2035	390,000	80,831	470,831
2036	410,000	64,181	474,181
2037	425,000	46,431	471,431
2038	445,000	28,000	473,000
2039	225,000	8,442	233,442
	<u>\$ 47,530,000</u>	<u>\$ 13,160,848</u>	<u>\$ 60,690,848</u>

Brushy Creek Municipal Utility District

TSI-6 Analysis of Changes In Long-term Bonded Debt
September 30, 2017

	Unlimited Tax Series 2005	Defined Area Unlimited Tax Series 2009	Refunding Series 2009	Refunding Series 2010	Defined Area Unlimited Tax Series 2011	Refunding Series 2011	Refunding Series 2012	Refunding Series 2013	Defined Area Unlimited Tax Series 2013	Refunding Series 2015	Defined Area Unlimited Tax Series 2015
Interest rates	3.00 to 5.00%	4.38 to 6.00%	3.00 to 4.63%	2.00 to 4.00%	4.00 to 5.00%	4.00 to 5.25%	2.00 to 3.00%	2.00 to 3.50%	2.50 to 5.00%	2.00 to 3.75%	2.00 to 3.75%
Dates interest payable	6/1; 12/1	6/1; 12/1	6/1; 12/1	6/1; 12/1	6/1; 12/1	6/1; 12/1	6/1; 12/1	6/1; 12/1	6/1; 12/1	6/1; 12/1	6/1; 12/1
Maturity dates	6/1/2020	6/1/2020	6/1/2024	6/1/2026	6/1/2033	6/1/2028	6/1/2028	6/1/2028	6/1/2038	6/1/2033	6/1/2039
Bonds outstanding, beginning of year	\$ 1,165,000	\$ 290,000	\$ 2,135,000	\$ 11,125,000	\$ 2,105,000	\$ 2,060,000	\$ 8,620,000	\$ 6,040,000	\$ 3,255,000	\$ 3,585,000	\$ 3,450,000
Bonds issued during current year	-	-	-	-	-	-	-	-	-	-	-
Bonds retired during current year	-	(65,000)	(535,000)	(1,130,000)	(75,000)	(5,000)	(390,000)	(15,000)	(90,000)	(110,000)	(95,000)
Bonds outstanding, end of year	\$ 1,165,000	\$ 225,000	\$ 1,600,000	\$ 9,995,000	\$ 2,030,000	\$ 2,055,000	\$ 8,230,000	\$ 6,025,000	\$ 3,165,000	\$ 3,475,000	\$ 3,355,000
Interest paid during current year	\$ 34,950	\$ 14,656	\$ 94,169	\$ 421,775	\$ 95,838	\$ 79,104	\$ 258,600	\$ 198,675	\$ 141,170	\$ 114,450	\$ 110,456

Brushy Creek Municipal Utility District

TSI-6 Analysis of Changes In Long-term Bonded Debt – Continued
September 30, 2017

	<u>Grand Totals</u>
Bonds outstanding, beginning of year	\$ 43,830,000
Bonds issued during current year	-
Bonds retired during current year	<u>(2,510,000)</u>
Bonds outstanding, end of year	<u>\$ 41,320,000</u>
Interest paid during current year	<u>\$ 1,563,843</u>

Paying agent's name and address:	Series 2005, 2009 2010, 2012, 2013, and 2015	Wells Fargo Bank Minneapolis, Minnesota 55479
	Series 2011	BB&T Governmental Finance Charlotte, North Carolina 28217

	<u>District Tax Bonds*</u>	<u>Defined Area Tax Bonds</u>	<u>Other Bonds</u>	<u>Refunding Bonds</u>
Bond Authority				
Amount authorized	\$ 74,100,000	\$ 24,500,000	\$ -	\$ 77,469,998
Amount issued	<u>72,000,000</u>	<u>13,785,000</u>	<u>-</u>	<u>77,469,998</u>
Remaining to be issued	<u>\$ 2,100,000</u>	<u>\$ 10,715,000</u>	<u>\$ -</u>	<u>\$ -</u>

* Includes all bonds secured with tax revenues. Bonds in this category may also be secured with other revenues in combination with taxes.

**Debt Service Fund cash and temporary investments balances
as of September 30, 2017**

\$ 6,189,525

**Average annual debt service payments (principal & interest)
for remaining term of debt**

\$ 7,722,372

The residents of the District have approved the issuance of up to \$74,100,000 in bond principal payable in whole or part from taxes. To date, \$72,000,000 in bond principal has been issued and the District has remaining \$2,100,000 in authorized but unissued bonds to finance a water supply project to serve all the land within the District.

Brushy Creek Municipal Utility District

TSo-7 Comparative Schedule of Revenues and Expenditures –
 General Fund and Debt Service Fund
 For the Five Years Ended September 30, 2017

	Amounts					Percent of Fund Total Revenues				
	2017	2016	2015	2014	2013	2017	2016	2015	2014	2013
GENERAL FUND										
REVENUES										
Water and wastewater service	\$ 5,215,431	\$ 5,226,780	\$ 5,082,059	\$ 5,077,406	\$ 5,273,378	37.7%	40.1%	42.4%	45.3%	46.2%
Garbage collection	1,369,168	1,345,290	1,186,768	1,155,136	1,118,324	9.9%	10.3%	9.9%	10.3%	9.8%
Inspection fees	60,520	77,282	77,689	120,202	139,136	0.4%	0.6%	0.6%	1.1%	1.2%
Tap and other connection fees	47,079	131,136	214,462	175,272	200,641	0.3%	1.0%	1.8%	1.6%	1.8%
Recreation center	1,397,361	1,339,152	1,359,388	1,075,802	1,185,755	10.1%	10.3%	11.3%	9.6%	10.4%
Park and recreation fees	149,128	166,991	139,901	146,585	147,719	1.1%	1.3%	1.2%	1.3%	1.3%
Property taxes, including penalties and interest	5,281,267	4,523,775	3,653,155	3,203,128	2,992,389	38.2%	34.7%	30.5%	28.6%	26.2%
Investment earnings	97,894	64,748	38,318	26,043	54,225	0.7%	0.5%	0.3%	0.2%	0.5%
Other	219,957	153,096	233,971	231,349	312,922	1.6%	1.2%	2.0%	2.1%	2.7%
Contributed capital assets	1,710	19,275	-	-	-	0.0%	0.1%	0.0%	0.0%	0.0%
Total revenues and other sources	13,839,515	13,047,525	11,985,711	11,210,923	11,424,489	100%	100%	100%	100%	100%
EXPENDITURES										
Current										
Personnel (including benefits)	3,908,287	3,612,231	3,281,080	3,088,208	2,972,309	28.2%	27.7%	27.4%	27.5%	26.0%
Purchased services for resale	2,450,527	2,811,709	2,479,761	2,496,818	2,600,850	17.7%	21.5%	20.7%	22.3%	22.8%
Administrative	971,001	887,623	984,333	1,173,831	1,372,324	7.0%	6.8%	8.2%	10.5%	12.0%
Repairs and maintenance	1,122,722	989,729	907,746	656,193	722,269	8.1%	7.6%	7.6%	5.9%	6.3%
Utilities	536,614	551,664	571,664	589,144	606,394	3.9%	4.2%	4.8%	5.3%	5.3%
Professional services	561,744	497,795	376,133	452,731	479,589	4.1%	3.8%	3.1%	4.0%	4.2%
Contracted services	378,744	233,267	366,192	383,313	365,273	2.7%	1.8%	3.1%	3.4%	3.2%
Capital outlay	1,865,489	3,025,806	2,466,902	1,457,914	1,172,031	13.5%	23.2%	20.6%	13.0%	10.3%
Principal payments	395,000	335,000	374,934	85,731	80,728	2.9%	2.6%	3.1%	0.8%	0.7%
Interest and fiscal charges	173,711	69,460	25,943	25,080	32,252	1.3%	0.5%	0.2%	0.2%	0.3%
Total expenditures	12,363,839	13,014,284	11,834,688	10,408,963	10,404,019	89.3%	99.7%	98.7%	92.8%	91.1%
TRANSFERS IN (OUT)	-	-	180,400	49,998	115,218	0.0%	0.0%	1.5%	0.4%	1.0%
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ 1,475,676	\$ 33,241	\$ 331,423	\$ 851,958	\$ 1,135,688	10.7%	0.3%	2.8%	7.6%	9.9%

Brushy Creek Municipal Utility District

TSI-7 Comparative Schedule of Revenues and Expenditures –
 General Fund and Debt Service Fund – Continued
 For the Five Years Ended September 30, 2017

	Amounts					Percent of Fund Total Revenues				
	2017	2016	2015	2014	2013	2017	2016	2015	2014	2013
DEBT SERVICE FUND										
REVENUES										
Property taxes, including penalties and interest	\$ 3,921,140	\$ 3,938,204	\$ 4,289,373	\$ 3,935,544	\$ 3,616,509	98.7%	99.3%	53.2%	99.6%	18.0%
Investment earnings	50,324	29,032	-	16,307	46,129	1.3%	0.7%	0.0%	0.4%	0.2%
Proceeds from the sale of capital assets	-	-	155,149	-	-	0.0%	0.0%	1.9%	0.0%	0.0%
Proceeds of refunding bonds	-	-	3,625,000	-	15,385,000	0.0%	0.0%	44.9%	0.0%	76.5%
Premium on refunding debt	-	-	-	-	1,075,145	0.0%	0.0%	0.0%	0.0%	5.3%
Total revenues and other sources	3,971,464	3,967,236	8,069,522	3,951,851	20,122,783	100.0%	100.0%	100.0%	100.0%	100.0%
EXPENDITURES										
Principal payments	2,510,000	2,615,000	3,255,000	3,130,000	2,935,000	63.2%	65.9%	40.3%	79.2%	14.6%
Interest and fiscal charges	1,563,843	1,648,320	1,727,219	1,798,849	1,639,357	39.4%	41.5%	21.4%	45.5%	8.1%
Tax appraisal and collection	63,732	62,624	61,548	56,691	53,241	1.6%	1.6%	0.8%	1.4%	0.3%
Bond issuance costs	6,575	9,453	291,471	6,325	474,741	0.2%	0.2%	3.6%	0.2%	2.4%
Payment to refunded bond escrow agent	-	-	3,496,579	-	16,211,975	0.0%	0.0%	43.3%	0.0%	80.6%
Discount on bonds	-	-	10,706	-	-	0.0%	0.0%	0.1%	0.0%	0.0%
Other	31	25	12,261	44	65	0.0%	0.0%	0.2%	0.0%	0.0%
Total expenditures and other uses	4,144,181	4,335,422	8,854,784	4,991,909	21,314,379	104.3%	109.3%	109.7%	126.3%	105.9%
TRANSFERS IN	-	158,505	209,500	218,492	199,386	0.0%	4.0%	2.6%	5.5%	1.0%
DEFICIT OF REVENUES AND OTHER SOURCES UNDER EXPENDITURES AND OTHER USES	\$ (172,717)	\$ (209,681)	\$ (575,762)	\$ (821,566)	\$ (992,210)	-4.3%	-5.3%	-7.1%	-20.8%	-4.9%
TOTAL ACTIVE RETAIL WATER CONNECTIONS	5,673	5,574	5,699	5,628	5,552					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	5,615	5,463	5,490	5,403	5,241					

Brushy Creek Municipal Utility District

TSI-8 Board Members, Key Personnel And Consultants

September 30, 2017

District Mailing Address:

16318 Great Oaks Drive
 Round Rock, Texas 78681

District Business Telephone Number:

512-255-7871

Submission date of the most recent District Registration Form:
 (TWC Sections 36.054 and 49.054)

December 12, 2016

Limit on fees of office that a director may receive during a fiscal year:
 (Set by Board Resolution - TWC Sections 49.060)

\$ 7,200

Name and Address	Term of Office Elected & Expires or Date Hired	Fees September 30, 2017	Expense		Title at Year End
			Reimbursements September 30, 2017		
<u>Board Members:</u>					
Rebecca B. Tullos	Elected 11/14-11/18	\$ 7,200	\$ -		Treasurer
Michael Tucker	11/16 - 11/20	2,400	50		Assistant Secretary/ Treasurer
Russ Shermer	Elected 11/12-11/16	900	-		Vice President
Shean Dalton	Elected 11/14-11/18	4,875	-		President
Kim Filiatrault	Elected 11/14-11/18	5,550	574		Secretary
Donna B. Parker	Appointed 7/16-11/20	6,000	-		Vice President

Note: No director is disqualified from serving on this board under the Texas Water Code.

Key Administrative Personnel:

Mike Petter	2006		717		General Manager
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Brushy Creek Municipal Utility District

TSI-8 Board Members, Key Personnel and Consultants – Continued

September 30, 2017

Name	Date Hired	Fees and Expense Reimbursements September 30, 2017	Title at Year End
<u>Consultants</u>			
Freeman & Corbett, L.L.P.	2002	\$ 38,629	Attorney
Judy Osborn	2004	1,730	Attorney
Weaver and Tidwell, L.L.P.	2016	30,500	Auditor
Williamson Central Appraisal District	1981	61,893	Tax Appraiser
Williamson County Tax Office	1981	1,839	Tax Collector
McLean & Howard, L.L.P.	2017	67,930	Attorney
Patterson & Associates	2008	20,000	Investment Advisor
Intersource Executive Search, Inc.	2017	60,853	Recruiter
MRB Group	2013	63,540	Engineer
Bank of New York, Mellon	2009	3,000	Arbitrage Auditor
Expergy	2016	31,231	Rate Consultant
Halff Associates	2011	7,603	Engineer
Gardere Wynne Sewell LLP	2016	35,024	Attorney

Required Supplementary Information

Brushy Creek Municipal Utility District

Schedule of Changes in Net Pension Liability and Related Ratios September 30, 2017

	Year Ended December 31, 2016*	Year Ended December 31, 2015*	Year Ended December 31, 2014*
Total pension liability			
Service Cost	\$ 295,387	\$ 267,011	\$ 250,979
Interest on total pension liability	291,308	263,305	230,728
Effect of plan changes	-	(55,460)	-
Effect of assumption changes or inputs	-	30,086	-
Effect on economic/demographic (gains) or losses	(28,730)	(120,517)	(26,206)
Benefit payments/refunds of contributions	(75,753)	(54,772)	(42,950)
Net change in total pension asset	482,212	329,653	412,551
Total pension liability, beginning	3,488,715	3,159,062	2,746,511
Total pension liability, ending (a)	\$ 3,970,927	\$ 3,488,715	\$ 3,159,062
Fiduciary net position			
Employer contributions	\$ 142,204	\$ 140,561	\$ 141,860
Member contributions	147,347	138,711	129,947
Investment income net of investment expenses	264,683	(66,405)	199,976
Benefit payments/refunds of contributions	(75,753)	(54,773)	(42,950)
Administrative expenses	(2,878)	(2,516)	(2,463)
Other	24,012	2,488	446
Net change in fiduciary net position	499,615	158,066	426,816
Fiduciary net position, beginning	3,558,456	3,400,390	2,973,574
Fiduciary net position, ending (b)	\$ 4,058,071	\$ 3,558,456	\$ 3,400,390
Net pension liability / (asset), ending = (a) - (b)	\$ (87,144)	\$ (69,741)	\$ (241,328)
Fiduciary net position as a % of total pension liability	102.19%	102.00%	107.64%
Pensionable covered payroll	\$ 2,450,776	\$ 2,311,858	\$ 2,165,801
Net pension liability as a % of covered payroll	-3.56%	-3.02%	-11.14%

* Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Brushy Creek Municipal Utility District

Schedule of District Contributions

September 30, 2017

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Employer Contributions	Contribution Deficiency (Excess)	Pensionable Covered Payroll *	Actual Contribution as a % of Covered Payroll
2008	\$ 85,632	\$ 85,632	\$ -	\$ 1,758,360	4.9%
2009	82,817	82,817	-	1,934,970	4.3%
2010	107,294	107,294	-	2,099,696	5.1%
2011	131,463	131,463	-	2,054,117	6.4%
2012	126,935	126,935	-	1,908,800	6.6%
2013	133,973	133,973	-	2,023,768	6.6%
2014	134,120	134,120	-	2,089,097	6.4%
2015	141,860	141,860	-	2,165,801	6.5%
2016	140,561	140,561	-	2,311,858	6.1%
2017	141,900	142,204	(304)	2,450,776	5.8%

* - Payroll is calculated based on contributions as reported to TCDRS.

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Other Supplementary Information

Brushy Creek Municipal Utility District

OSI – 1 Principal Taxpayers

September 30, 2017

		District		
Taxpayer	Type of Property	Tax Roll Year		
		2017	2016	2015
Dedicated OConnor RR LP	Land & Improvements	\$ 79,659,585	\$ 85,000,000	\$ 74,816,006
CWS Brushy Creek LP	Land & Improvements	49,490,177	41,210,127	40,382,073
Highland 620 Land Investment LTD	Land & Improvements	11,745,923	16,094,761	13,566,836
Barclay/ Texas Holdings 6 LP	Land & Improvements	8,641,767	8,743,176	7,915,921
HE Butt Inc.	Land & Improvements	8,324,952	8,265,742	7,774,455
Great American Storage Partners LLC	Land & Improvements	6,718,233	6,563,850	6,745,208
Kopels Peter A & Henry Aratow	Land & Improvements	5,790,375	4,773,439	4,655,950
MGP, XXII LLC	Land & Improvements	5,000,000	5,301,539	5,150,000
Atmos Energy/MID-Tex Distribution	Land & Improvements	5,990,806	4,090,544	-
MS Round Rock LLC	Land & Improvements	5,071,275	-	-
Standard Pacific of Texas Inc.	Land & Improvements	-	10,058,617	4,848,649
HEB Grocery Company LP	Land & Improvements	-	-	4,178,965
Total		\$ 186,433,093	\$ 190,101,795	\$ 170,034,063
Percent of Assessed Valuation		9.59%	10.82%	10.40%

Brushy Creek Municipal Utility District

OSI – 1 Principal Taxpayers – Continued

September 30, 2017

		Defined Area		
Taxpayer	Type of Property	Tax Roll Year		
		2017	2016	2015
Highland 620 Land Investment LTD	Land & Improvements	\$ 11,745,923	\$ 16,094,761	\$ 13,566,836
MS Round Rock LLC	Land & Improvements	5,071,275	-	-
First Star Bank SSB	Land & Improvements	3,241,257	3,134,061	604,755
Cuchara Investment Group LTD	Land & Improvements	2,396,399	599,507	593,687
Saiba Holdings LLC	Land & Improvements	2,238,530	-	-
Hatch House Management Company LLC	Land & Improvements	2,126,001	2,030,088	1,728,500
CalAtlantic Homes of Texas, INC	Land & Improvements	1,934,197	-	-
Standard Pacific of Texas Inc	Land & Improvements	1,647,214	10,058,617	4,848,649
Great Oaks Physicians Holding Company LP	Land & Improvements	1,306,265	-	-
Scharf, Patrick and Ying li	Land & Improvements	738,306	-	-
McDonald, Alice L	Land & Improvements	-	621,443	580,768
Jablonski, Susan M & David B Fogle	Land & Improvements	-	602,274	576,354
Kallfelz, Paul Jr & Paulette Moose	Land & Improvements	-	-	563,314
Witcher, Larry & Mae	Land & Improvements	-	-	554,768
OBrien, Thomas J & Kelly S Craig	Land & Improvements	-	582,792	552,126
Total		\$ 32,445,367	\$ 33,723,543	\$ 24,169,757
Percent of Assessed Valuation		7.39%	9.70%	9.90%

Brushy Creek Municipal Utility District

OSI – 2 Assessed Value by Classification

September 30, 2017

Type of Property	Tax Roll Year					
	District					
	2017		2016		2015	
	Amount	%	Amount	%	Amount	%
Real, Single Family	\$ 1,663,150,815	85.5%	\$ 1,515,769,884	84.5%	\$ 1,406,117,226	85.8%
Real, Multi Family	136,777,863	7.0%	132,630,229	7.4%	121,422,859	7.4%
Real, Vacant Platted Lots/Tracts	13,258,160	0.7%	17,960,815	1.0%	14,049,294	0.9%
Real, Acreage (Land Only)	10,723	0.0%	10,723	0.0%	9,904	0.0%
Real, Commercial	96,927,623	5.0%	87,698,150	4.9%	72,937,471	4.4%
Real & Intangible Personal, Utilities	9,337,219	0.5%	192,267	0.0%	7,263,803	0.4%
Tangible Personal Business	14,645,955	0.8%	11,516,158	0.6%	5,944,528	0.4%
Real Inventory	10,899,730	0.6%	29,018,275	1.6%	11,907,068	0.7%
Exempt	1,597	0.0%	242	0.0%	2,510	0.0%
Total	\$ 1,945,009,685	100%	\$ 1,794,796,743	100%	\$ 1,639,654,663	100%

Type of Property	Defined Area					
	2017		2016		2015	
	Amount	%	Amount	%	Amount	%
Real, Single Family	\$ 403,665,061	91.9%	\$ 340,312,577	87.3%	\$ 295,902,428	92.2%
Real, Vacant Platted Lots/Tracts	12,367,123	2.8%	16,690,568	4.3%	11,217,961	3.5%
Real, Acreage (Land Only)	9,100	0.0%	9,100	0.0%	8,281	0.0%
Real, Commercial	11,857,327	2.7%	5,164,149	1.3%	1,728,500	0.5%
Real & Intangible Personal, Utilities	383,288	0.1%	179,911	0.0%	126,765	0.0%
Tangible Personal Business	1,402,601	0.3%	129,068	0.0%	56,091	0.0%
Real Inventory	9,507,256	2.2%	27,326,800	7.0%	11,907,068	3.7%
Exempt	679	0.0%	-	0.0%	74	0.0%
Total	\$ 439,192,435	100%	\$ 389,812,173	100%	\$ 320,947,168	100%