

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT**

**Financial Statements and
Supplemental Information for the
Year Ended September 30, 2013
and Independent Auditors' Report**

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

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ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS

COUNTY OF WILLIAMSON

I, _____
(Name of Duly Authorized District Representative)

of the BRUSHY CREEK MUNICIPAL UTILITY 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, 2013 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.

Date: _____, 20____. By: _____
(Signature of District Representative)

Rebecca B. Tullos, Board President
(Typed Name and Title of above District Representative)

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

(Signature of Notary)

(SEAL)

(Printed Name of Notary)

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



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Round Rock, TX 78664

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Brushy Creek Municipal Utility District:

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, 2013, 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.

Auditors' Responsibility

Our responsibility is to express an opinion 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 auditors' 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.

Affiliated Company

ML&R WEALTH MANAGEMENT LLC

*"A Registered Investment Advisor"
This firm is not a CPA firm*

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

Opinion

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2013, the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2013, the District adopted new accounting guidance, Governmental Accounting Standards Board (“GASB”) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

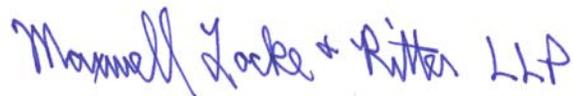
Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 5 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, 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 supplemental information and other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Texas Commission on Environmental Quality supplemental 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 supplemental 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 supplemental 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.

A handwritten signature in blue ink that reads "Maxwell Locke & Ritter LLP". The signature is written in a cursive, flowing style.

Austin, Texas
January 20, 2014

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

Management's Discussion and Analysis Year Ended September 30, 2013

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, 2013. 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 of the District exceeded its liabilities at the close of the most recent period by \$16,095,187 (*net position*). Of this amount, \$13,641,250 (*unrestricted net position*) may be used to meet the government's ongoing obligations.
- The District's net property tax values increased by approximately \$31 million or 2.7% from \$1,162,948,436 to \$1,193,911,500. The District-wide and Defined Area tax rates remained the same as prior year at \$0.50 and \$0.36, respectively, per \$100 of assessed value. Total tax revenue increased by approximately \$219,000.
- In November 2012, the District issued \$9,260,000 of Unlimited Tax Refunding Bonds, Series 2012, to currently refund \$710,000 of its previously issued Series 2004 Bonds and to advance refund \$8,500,000 of its previously issued Series 2005 and Series 2007 Bonds in order to lower its overall debt service requirements. This refunding resulted in an economic gain of \$1,227,741.
- In February 2013, the District issued \$6,125,000 of Unlimited Tax Refunding Bonds, Series 2013, to advance refund \$5,950,000 of its previously issued Series 2007 Bonds in order to lower its overall debt service requirements. This refunding resulted in an economic gain of \$416,030.
- In September 2013, the District issued \$3,500,000 in Sendero Springs/Cornerstone Defined Area Unlimited Tax Bonds, Series 2013. The net proceeds were used to provide payments for capital assets and accrued bond interest.

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 and other supplemental information are presented immediately following the *Notes to Basic Financial Statements*.

Comparative Financial Statements

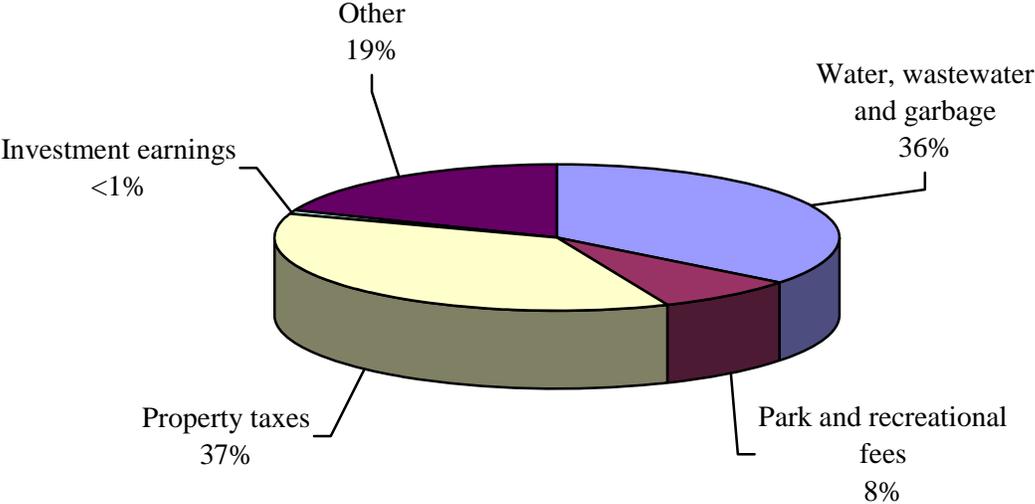
Statement of Net Position

	Governmental Activities		
	2013	2012	% Change
Current and other assets	\$ 22,334,585	\$ 21,912,342	1.9%
Capital assets, as restated	46,291,019	42,817,161	8.1%
Total assets, as restated	\$ 68,625,604	\$ 64,729,503	6.0%
Deferred outflows of resources	\$ 473,691	-	100.0%
Current liabilities	\$ 5,047,861	\$ 4,871,387	3.6%
Long-term liabilities	47,956,247	46,531,795	3.1%
Total liabilities	\$ 53,004,108	\$ 51,403,182	3.1%
Net investments in capital assets, as restated	\$ (3,028,194)	\$ (5,571,521)	(45.6%)
Restricted	5,482,131	6,389,010	(14.2%)
Unrestricted	13,641,250	12,508,832	9.1%
Total net position, as restated	\$ 16,095,187	\$ 13,326,321	20.8%

The District’s total assets were approximately \$68.6 million as of September 30, 2013. Of this amount, approximately \$46.3 million is accounted for by capital assets. The District had deferred outflows of resources of approximately \$474,000 related to unamortized deferred charges on refundings. The District had outstanding liabilities of approximately \$53.0 million of which approximately \$51.2 million represent bonds and capital leases payable.

The District's property tax assessed value in fiscal year 2013 (which was based on the 2012 tax levy) was approximately \$1,194 million compared to approximately \$1,163 million in fiscal year 2012. 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 revenue sources are utility services, property taxes, and recreational fees.

Sources of Revenue



Statement of Activities

	Governmental Activities		
	2013	2012	% Change
Water, wastewater and garbage	\$ 6,391,702	\$ 6,318,063	1.2%
Property taxes	6,615,089	6,396,462	3.4%
Parks and recreational fees	1,333,474	1,297,740	2.8%
Investment earnings	101,647	60,278	68.6%
Contributed capital assets	1,952,945	957,968	103.9%
Other	1,339,162	850,928	57.4%
Total revenues	17,734,019	15,881,439	11.7%
Water, wastewater and garbage	2,600,850	2,360,386	10.2%
Salary and related expenditures	2,955,637	2,953,930	0.1%
Administrative	1,212,155	1,190,629	1.8%
Repairs and maintenance	722,269	553,151	30.6%
Utilities	606,394	590,411	2.7%
Professional fees	352,583	358,694	(1.7%)
Contracted services	365,273	477,589	(23.5%)
Other	364,808	354,409	2.9%
Debt service	2,744,505	2,309,819	18.8%
Depreciation	3,040,679	3,775,102	(19.5%)
Total expenses	14,965,153	14,924,120	0.3%
Other financing source	-	368,867	(100.0%)
Change in net position	2,768,866	1,326,186	108.8%
Beginning net position, as restated	13,326,321	13,733,785	(3.0%)
Effect of GASB Statement No. 65 adjustment	-	(1,733,650)	(100.0%)
Ending net position, as restated	\$ 16,095,187	\$ 13,326,321	20.8%

Operating revenues increased by approximately \$1.9 million to approximately \$17.7 million for the fiscal year ended September 30, 2013. Water, wastewater and garbage service provided approximately \$6.4 million, and property taxes, including penalties and interest, generated approximately \$6.6 million in revenues. Along with the property tax revenue increase for the fiscal year, there was an increase in contributed capital assets from the previous year. Total expenses increased approximately \$41,000 to approximately \$15.0 million for the fiscal year ended September 30, 2013. Net position increased approximately \$2.8 million for the fiscal year ended September 30, 2013 compared to an increase of approximately \$1.3 million for the fiscal year ended September 30, 2012.

Analysis of Governmental Funds

	2013	2012
Cash	\$ 6,556,065	\$ 6,282,703
Investments	14,817,582	14,524,555
Receivables	953,303	1,012,529
Interfund receivable	552,104	199,434
Prepays	7,635	92,555
Total assets	\$ 22,886,689	\$ 22,111,776
Accounts payable	\$ 445,270	\$ 403,164
Refundable deposits	601,250	566,902
Other liabilities	137,610	129,480
Interfund payable	552,104	199,434
Unearned revenue	561	98,539
Total liabilities	1,736,795	1,397,519
Deferred inflows of resources - property taxes	\$ 33,235	\$ 27,044
Nonspendable fund balance	7,635	92,555
Restricted fund balance	8,331,990	8,890,430
Committed fund balance	4,222,655	3,104,524
Unassigned fund balance	8,554,379	8,599,704
Total fund balances	21,116,659	20,687,213
Total liabilities, deferred inflows of resources and fund balances	\$ 22,886,689	\$ 22,111,776

The *General Fund* pays for daily operating expenditures. When comparing actual to budget, water, wastewater and garbage service revenues were higher than budgeted as were recreation revenues. Increased revenue in utility services was largely due to higher than projected water sales throughout the fiscal year. The District saw participation increases, most notably in their sport leagues and some contracted programs, which resulted in revenues exceeding budgeted amounts. Also when comparing actual expenditures to budget, personnel, administrative, repairs and maintenance, utilities, other consulting, legal fees, insurance, and capital outlay expenditures were lower than budget, while water and wastewater purchases, garbage fees, contracted services, and engineering fees were higher than budget. The District budgeted \$325,000 for a filter rack at the water treatment plant and \$100,000 for a well rehab project that were not started in this fiscal year as anticipated. In addition, the District did not need to hold a November election as was originally budgeted. Contracted services include ongoing tree trimming and removal due to the impact of the extended drought. Additional expenses for contracted services included payments for projects such as the membrane pilot study, sewer line repairs, wet pond repairs, and the Community Center needs assessment study. These projects will be paid from Board committed reserves. For the year ended September 30, 2013, the District came in ahead of budget for the General Fund by approximately \$1.1 million. 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 \$5,181,628 for a 6-month Operating Reserve and \$1,941,880 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

	2013	2012
Land	\$ 3,363,452	\$ 3,298,270
Construction in process	638,665	21,101
Water, wastewater, and drainage systems	78,813,981	73,459,144
Easements and rights-of-way	901,891	901,891
Buildings and improvements	4,284,292	4,284,292
Furniture and equipment	953,699	1,034,493
Park and recreational facilities	5,137,565	4,879,508
Automobiles and trucks	290,223	192,350
Subtotal	94,383,768	88,071,049
Accumulated depreciation	(48,092,749)	(45,253,888)
Total	\$ 46,291,019	\$ 42,817,161

In September 2013, the District added approximately \$5.3 million in water, wastewater and drainage systems with the issue of \$3.5 million in bonds to reimburse the developer.

In addition, the District began the Shirley McDonald Park improvement project. Total cost of the project is estimated at \$625,000 with completion of the project expected during fiscal year 2014. The District also began a \$150,000 trail extension project that will continue in the next fiscal year.

Management made a decision this year to write off some assets which are fully depreciated. As a result, furniture and equipment decreased \$201,818.

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

Long-Term Debt Activity

	2013	2012
District-wide:		
Series 2002 Revenue Bonds	\$ 445,000	\$ 515,000
Series 2004 Bonds	-	830,000
Series 2005 Bonds	1,365,000	8,900,000
Series 2007 Bonds	680,000	7,720,000
Series 2009 Refunding Bonds	5,485,000	6,945,000
Series 2010 Refunding Bonds	14,280,000	15,265,000
Series 2011 Refunding Bonds	2,075,000	2,080,000
Capital leases payable	15,665	23,426
Series 2012 Refunding	9,240,000	-
Series 2013 Refunding	6,080,000	-
Total District-wide	39,665,665	42,278,426
Defined Area:		
Series 2008 Bonds	1,755,000	1,815,000
Series 2009 Bonds	2,220,000	2,270,000
Series 2011 Bonds	2,305,000	2,370,000
Series 2013 Bonds	3,500,000	-
Total Defined Area	9,780,000	6,455,000
Total	\$ 49,445,665	\$ 48,733,426

Debt service requirements to maturity for District's bonds are summarized as follows:

District-wide:

Fiscal Year	Principal	Interest	Total Requirement
2014	\$ 2,940,000	1,401,037	4,341,037
2015	3,065,000	1,292,407	4,357,407
2016	2,295,000	1,180,290	3,475,290
2017	2,165,000	1,098,683	3,263,683
2018	2,240,000	1,023,566	3,263,566
2019-2023	12,075,000	3,882,255	15,957,255
2024-2028	14,870,000	1,553,928	16,423,928
Total	\$ 39,650,000	11,432,166	51,082,166

Defined Area:

Fiscal Year	Principal	Interest	Total Requirement
2014	\$ 265,000	429,238	694,238
2015	270,000	455,013	725,013
2016	285,000	443,725	728,725
2017	300,000	432,493	732,493
2018	320,000	420,713	740,713
2019-2023	1,835,000	1,891,076	3,726,076
2024-2028	2,375,000	1,424,567	3,799,567
2029-2033	3,080,000	754,416	3,834,416
2034-2038	1,050,000	162,500	1,212,500
Total	\$ 9,780,000	6,413,741	16,193,741

The District owes approximately \$49.4 million to bond holders. During fiscal year 2013, the District issued Series 2013 Refunding bonds and Series 2012 Refunding bonds for \$6,125,000 and \$9,260,000, respectively. The District also issued \$3,500,000 of Series 2013 Defined Area Unlimited Tax bonds during the current year. Overall, the principal balance of outstanding bonds and capital leases payable increased approximately \$712,000 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 2013 tax rate has been set at \$0.50 per \$100 of assessed valuation. The Sendero Springs/Cornerstone Defined Area has set a 2013 tax rate of \$0.36 per \$100 of assessed valuation. The adopted budget for 2014 projects the General Fund fund balance will remain the same. When compared to the 2013 budget, the difference between revenue and expenditures is expected to increase by approximately 37%. In spring 2014, construction will begin on the last residential development within the District. The District will recognize a decrease and eventual end to impact fee revenue upon reaching full build out.

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.

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET SEPTEMBER 30, 2013

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS	ADJUSTMENTS (NOTE 2)	STATEMENT OF NET POSITION
ASSETS						
Cash	\$ 6,004,308	504,918	46,839	6,556,065	-	6,556,065
Investments	7,315,122	5,963,075	1,467,710	14,745,907	-	14,745,907
Receivables:						
Service accounts, net	895,864	-	-	895,864	-	895,864
Taxes	14,009	19,226	-	33,235	-	33,235
Other	24,204	-	-	24,204	-	24,204
Due from other funds	542,819	-	9,285	552,104	(552,104)	-
Prepays	3,414	3,969	252	7,635	-	7,635
Investments held for customer deposits	71,675	-	-	71,675	-	71,675
Capital assets (net of accumulated depreciation):						
Land	-	-	-	-	3,363,452	3,363,452
Construction in process	-	-	-	-	638,665	638,665
Easements and rights-of-way	-	-	-	-	684,585	684,585
Water, wastewater and drainage systems	-	-	-	-	35,885,536	35,885,536
Building and improvements	-	-	-	-	2,752,764	2,752,764
Furniture and equipment	-	-	-	-	192,499	192,499
Park and recreational facilities	-	-	-	-	2,649,545	2,649,545
Automobiles and trucks	-	-	-	-	123,973	123,973
Total assets	\$ 14,871,415	6,491,188	1,524,086	22,886,689	45,738,915	68,625,604
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charges on refundings	\$ -	-	-	-	473,691	473,691
LIABILITIES						
Accounts payable	\$ 445,219	51	-	445,270	-	445,270
Customer deposits	601,250	-	-	601,250	-	601,250
Other liabilities	130,245	-	-	130,245	-	130,245
Due to other funds	-	407,582	144,522	552,104	(552,104)	-
Accrued bond interest payable	-	7,365	-	7,365	590,090	597,455
Unearned revenue	561	-	-	561	-	561
Accrued vacation leave	-	-	-	-	57,111	57,111
Long-term liabilities:						
Due within one year	-	-	-	-	3,215,969	3,215,969
Due after one year	-	-	-	-	47,956,247	47,956,247
Total liabilities	1,177,275	414,998	144,522	1,736,795	51,267,313	53,004,108
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue - property taxes	14,009	19,226	-	33,235	(33,235)	-
FUND BALANCES/NET POSITION						
Fund balances:						
Nonspendable-						
Prepays	3,414	3,969	252	7,635	(7,635)	-
Restricted for:						
Debt service	-	6,052,995	-	6,052,995	(6,052,995)	-
Capital projects	-	-	1,379,312	1,379,312	(1,379,312)	-
Parks capital fees	789,683	-	-	789,683	(789,683)	-
Texas Water Development Board Reserve	110,000	-	-	110,000	(110,000)	-
Committed for repair and replacement of capital assets	4,222,655	-	-	4,222,655	(4,222,655)	-
Unassigned	8,554,379	-	-	8,554,379	(8,554,379)	-
Total fund balances	13,680,131	6,056,964	1,379,564	21,116,659	(21,116,659)	-
Total liabilities, deferred inflows of resources and fund balances	\$ 14,871,415	6,491,188	1,524,086	22,886,689		
Net position:						
Net investments in capital assets					(3,028,194)	(3,028,194)
Restricted for debt service					5,482,131	5,482,131
Unrestricted					13,641,250	13,641,250
Total net position					\$ 16,095,187	16,095,187

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

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2013

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS	ADJUSTMENTS (NOTE 2)	STATEMENT OF ACTIVITIES
EXPENDITURES/EXPENSES:						
Service operations:						
Personnel (including benefits)	\$ 2,947,982	-	-	2,947,982	7,655	2,955,637
Water and wastewater purchases	1,587,816	-	-	1,587,816	-	1,587,816
Administrative	1,212,155	-	-	1,212,155	-	1,212,155
Repairs and maintenance	722,269	-	-	722,269	-	722,269
Utilities	606,394	-	-	606,394	-	606,394
Garbage fees	1,013,034	-	-	1,013,034	-	1,013,034
Contracted services	365,273	-	-	365,273	-	365,273
Other consulting	212,202	-	-	212,202	-	212,202
Legal fees	101,404	-	-	101,404	-	101,404
Security fees	85,196	-	-	85,196	-	85,196
Insurance	57,278	-	-	57,278	-	57,278
Tax appraisal/collection fees	-	53,241	-	53,241	-	53,241
Audit fees	32,000	-	-	32,000	-	32,000
Engineering fees	133,983	-	-	133,983	-	133,983
Directors' fees	24,327	-	-	24,327	-	24,327
Other	17,695	65	-	17,760	-	17,760
Capital outlay	1,172,031	-	3,389,561	4,561,592	(4,561,592)	-
Debt service:						
Principal payments	80,728	2,935,000	-	3,015,728	(3,012,761)	2,967
Interest and fiscal charges	32,252	1,639,357	-	1,671,609	397,565	2,069,174
Bond issuance costs	-	474,741	197,623	672,364	-	672,364
Depreciation	-	-	-	-	3,040,679	3,040,679
Total expenditures/expenses	<u>10,404,019</u>	<u>5,102,404</u>	<u>3,587,184</u>	<u>19,093,607</u>	<u>(4,128,454)</u>	<u>14,965,153</u>
REVENUES:						
Program revenues:						
Water and wastewater service	5,273,378	-	-	5,273,378	-	5,273,378
Garbage collection	1,118,324	-	-	1,118,324	-	1,118,324
Inspection fees	139,136	-	-	139,136	-	139,136
Tap and other connection fees	200,641	-	-	200,641	-	200,641
Recreation center	1,185,755	-	-	1,185,755	-	1,185,755
Park and recreation fees	147,719	-	-	147,719	-	147,719
Capital recovery fees	-	-	686,463	686,463	-	686,463
Contributed capital assets	-	-	-	-	1,952,945	1,952,945
Total program revenues	<u>8,064,953</u>	<u>-</u>	<u>686,463</u>	<u>8,751,416</u>	<u>1,952,945</u>	<u>10,704,361</u>
Net program expense						<u>(4,260,792)</u>
General revenues:						
Property taxes, including penalties and interest	2,992,389	3,616,509	-	6,608,898	6,191	6,615,089
Investment earnings	54,225	46,129	1,293	101,647	-	101,647
Other	312,922	-	-	312,922	-	312,922
Total general revenues	<u>3,359,536</u>	<u>3,662,638</u>	<u>1,293</u>	<u>7,023,467</u>	<u>6,191</u>	<u>7,029,658</u>
Total revenues	<u>11,424,489</u>	<u>3,662,638</u>	<u>687,756</u>	<u>15,774,883</u>	<u>1,959,136</u>	<u>17,734,019</u>
OTHER FINANCING SOURCES (USES):						
Transfers in (out)	115,218	199,386	(314,604)	-	-	-
Proceeds from sale of bonds	-	-	3,500,000	3,500,000	(3,500,000)	-
Proceeds of refunding bonds	-	15,385,000	-	15,385,000	(15,385,000)	-
Premiums on sale of bonds	-	1,075,145	-	1,075,145	(1,075,145)	-
Payments to refunded bond escrow agent	-	(16,211,975)	-	(16,211,975)	16,211,975	-
Total other financing sources, net	<u>115,218</u>	<u>447,556</u>	<u>3,185,396</u>	<u>3,748,170</u>	<u>(3,748,170)</u>	<u>-</u>
EXCESS (DEFICIT) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES						
	1,135,688	(992,210)	285,968	429,446	(429,446)	-
Change in net position					2,339,420	2,768,866
FUND BALANCES/NET POSITION:						
Beginning of year, as restated	12,544,443	7,049,174	1,093,596	20,687,213	(7,360,892)	13,326,321
End of year	<u>\$ 13,680,131</u>	<u>6,056,964</u>	<u>1,379,564</u>	<u>21,116,659</u>	<u>(5,021,472)</u>	<u>16,095,187</u>

The notes to the 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 YEAR ENDED SEPTEMBER 30, 2013

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES:				
Water, wastewater and garbage services	\$ 6,007,096	6,007,096	6,391,702	384,606
Property taxes, including penalties and interest	2,958,790	2,958,790	2,992,389	33,599
Recreation center	1,001,573	1,001,573	1,185,755	184,182
Park and recreation fees	112,630	112,630	147,719	35,089
Tap connection/inspection fees	174,262	174,262	339,777	165,515
Investment earnings	44,110	44,110	54,225	10,115
Other	143,946	143,946	312,922	168,976
Total revenues	10,442,407	10,442,407	11,424,489	982,082
EXPENDITURES:				
Service operations:				
Personnel (including benefits)	3,153,583	3,154,583	2,947,982	206,601
Water and wastewater purchases	1,324,315	1,324,315	1,587,816	(263,501)
Administrative	1,790,705	1,687,705	1,212,155	475,550
Repairs and maintenance	780,950	771,250	722,269	48,981
Utilities	643,059	643,059	606,394	36,665
Garbage fees	982,300	982,300	1,013,034	(30,734)
Contracted services	353,700	272,700	365,273	(92,573)
Other consulting	248,229	248,229	212,202	36,027
Legal fees	175,000	175,000	101,404	73,596
Security fees	85,000	85,000	85,196	(196)
Insurance	68,250	68,250	57,278	10,972
Tax appraisal/collection fees	1,000	1,000	-	1,000
Audit fees	38,000	38,000	32,000	6,000
Engineering fees	83,800	83,800	133,983	(50,183)
Directors' fees	24,327	24,327	24,327	-
Other	6,800	6,800	17,695	(10,895)
Capital outlay	1,000,200	1,192,900	1,172,031	20,869
Debt service:				
Principal payments	70,000	70,000	80,728	(10,728)
Interest and fiscal charges	27,598	27,598	32,252	(4,654)
Total expenditures	10,856,816	10,856,816	10,404,019	452,797
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(414,409)	(414,409)	1,020,470	1,434,879
OTHER FINANCING SOURCES (USES):				
Transfers in	1,860,061	1,860,061	180,400	(1,679,661)
Transfers out	(1,445,652)	(1,445,652)	(65,182)	1,380,470
Total other financing sources, net	414,409	414,409	115,218	(299,191)
Change in fund balance	-	-	1,135,688	1,135,688
FUND BALANCES:				
Beginning of year	12,544,443	12,544,443	12,544,443	-
End of year	\$ 12,544,443	12,544,443	13,680,131	1,135,688

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

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED SEPTEMBER 30, 2013

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 reporting entity of the District encompasses those activities and functions over which the District’s elected officials exercise significant oversight or control. The District is governed by a five member Board of Directors (the “Board”) which has been elected by District residents or appointed by the Board. The District is not included in any other governmental “reporting entity” as defined by the Governmental Accounting Standards Board (“GASB”) Statement No. 14 since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters. In addition, there are no component units included in the District’s reporting entity.

Government-Wide and Fund Financial Statements - 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.

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 sixty 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.

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

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.

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

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 Section 2256 of the Government Code ("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.

Accounts Receivable - The District provides for uncollectible accounts receivable using the allowance method of accounting for bad debts. Under this method of accounting, a provision for uncollectible accounts is charged to earnings. The allowance account is increased or decreased based on past collection history and management's evaluation of accounts receivable. All amounts considered uncollectible are charged against the allowance account, and recoveries of previously charged off accounts are added to the allowance. Allowance for uncollectible accounts as of September 30, 2013 was approximately \$108,000.

Capital Assets - Capital assets, which include land, easements and rights-of-way, infrastructure (water, wastewater and drainage systems purchased, constructed or donated), construction in process, buildings and improvements, park and recreational facilities, automobiles and trucks, and furniture and equipment, are reported in the governmental activities columns in the government-wide financial statements. 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 - forty years, buildings and improvements - ten to forty years, water, wastewater and drainage systems - seven to fifty years, park and recreational facilities - ten to twenty-two years, furniture and equipment - six to ten years, automobiles and trucks - five years.

Long-Term Debt - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and 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.

Ad Valorem 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, 2013 was \$57,111.

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

Fund Balance - The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. See Note 10 for additional information on those fund balance classifications.

Deferred Outflows and Inflows of Resources - The District adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting 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 adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. See Note 14 for the prior period adjustment related to the adoption of GASB Statement No. 65.

Recently Issued Accounting Pronouncements

In June 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, effective for fiscal years beginning after June 15, 2014. The objective of GASB Statement No. 68 is to improve accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through certain trusts. GASB Statement No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources and deferred inflows of resources, and expense/expenditures. GASB Statement No. 68 also identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. In addition, GASB Statement No. 68 addresses the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. Management is still evaluating the effects that the full implementation of GASB Statement No. 68 will have on its financial statements for the year ended September 30, 2015.

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	\$ 21,116,659
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets, net of accumulated depreciation	46,291,019
Deferred tax revenue is not available to pay for current-period expenditures and, therefore, is deferred in the funds.	33,235
The following liabilities and deferred outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued vacation payable	(57,111)
Bonds payable, including premiums	(51,156,551)
Deferred charge on refunding	473,691
Bond interest payable	(590,090)
Capital lease payable	<u>(15,665)</u>
Total net position	<u>\$ 16,095,187</u>

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

Excess of revenues and other financing sources over expenditures	\$ 429,446
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	4,561,592
Depreciation	(3,040,679)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Contributed capital assets	1,952,945
Change in deferred tax revenue	6,191
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.	
Proceeds from sale of bonds	(3,500,000)
Proceeds of refunding bonds	(15,385,000)
Premium on sale of bonds	(1,075,145)
Repayment of bond principal	3,005,000
Payment to refunded bond escrow agent	16,211,975
Capital lease proceeds provide current financial resources to governmental funds, but issuing capital leases increases long-term liabilities in the statement of net position. Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Repayment of capital lease principal	7,761
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	(7,655)
Amortization of deferred charge on refunding	(578,284)
Amortization of bond premium	97,193
Change in bond interest payable	83,526
Change in net position	<u>\$ 2,768,866</u>

3. CASH 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, 2013, the District's cash balance deposited in banks totaled \$6,556,065 and were entirely covered by Federal Deposit Insurance Corporation ("FDIC") insurance or secured by collateral pledged by the depository.

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.

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.

Investments held at September 30, 2013 consisted of the following:

Type	Fair Value	Weighted Average Maturity (Days)	Standard & Poor's Rating
Public funds investment pools:			
TexPool	\$ 3,365,831	1	AAAm
LOGIC	2,409,183	1	AAA
Municipal Bonds - Frost Bank	4,779,737	182	Various
US Agencies	2,010,970	354	AA+
Certificates of deposit	<u>2,251,861</u>	174	Various
Total	<u>\$ 14,817,582</u>		

At September 30, 2013, the District had investments in two external local governmental investment pools, Texas Local Governmental Investment Pool ("TexPool") and Local Government Investment Cooperative ("LOGIC"), municipal bonds, US agencies coupon securities and certificates of deposit.

Although TexPool and LOGIC are not registered with the SEC as investment companies, they operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. These investments are stated at fair value which is the same as the value of the pools' shares.

TexPool is overseen by the Texas State Comptroller of Public Accounts, who is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company which is authorized to operate TexPool. TexPool also has an advisory board to advise on TexPool's investment policy. This board is made up equally of participants and nonparticipants who do not have a business relationship with TexPool. Federated Investors manage daily operations of TexPool under a contract with the Comptroller and is the investment manager for the pool. TexPool's investment policy stipulates that it must invest in accordance with the Public Funds Investment Act.

LOGIC is overseen by the Texas State Comptroller of Public Accounts, who is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company which is authorized to operate LOGIC. LOGIC also has a six member governing board to advise on LOGIC's investment policy. This board is made up equally of participants and nonparticipants who do not have a business relationship with LOGIC. First Southwest Asset Management, Inc. and JPMorgan Chase manage daily operations of LOGIC under contract with the Comptroller and are the investment managers for the pool. LOGIC's investment policy states that it must invest in accordance with the Public Funds Investment Act.

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, 2013, 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.

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.

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, 2013, is as follows:

Receivable Fund	Payable Fund	Amount
General	Capital Projects	\$ 144,522
General	Debt Service	398,297
Capital Projects	Debt Service	9,285
		\$ 522,104

During the year, the Capital Projects Fund transferred \$199,386 to the Debt Service Fund to pay for the debt associated with the long term water project. In addition, the Capital Projects Fund transferred \$180,400 to the General Fund to pay for the capital costs associated with the regional wastewater contract. These transfers allowed the District to maintain consistent utility and tax rates. The General Fund transferred \$65,182 to the Capital Projects Fund for the purchase of real property.

5. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2013, was as follows:

	Balance September 30, 2012	Additions	Retirements and Transfers	Balance September 30, 2013
Capital assets, not being depreciated:				
Land	\$ 3,298,270	65,182	-	3,363,452
Construction in process	21,101	636,419	(18,855)	638,665
Total capital assets, not being depreciated	<u>3,319,371</u>	<u>701,601</u>	<u>(18,855)</u>	<u>4,002,117</u>
Capital assets, being depreciated:				
Water, wastewater and drainage systems	73,459,144	5,354,837	-	78,813,981
Easements and rights-of-way	901,891	-	-	901,891
Buildings and improvements	4,284,292	-	-	4,284,292
Furniture and equipment	1,034,493	121,024	(201,818)	953,699
Park and recreational facilities	4,879,508	239,202	18,855	5,137,565
Automobiles and trucks	192,350	97,873	-	290,223
Total capital assets, being depreciated	<u>84,751,678</u>	<u>5,812,936</u>	<u>(182,963)</u>	<u>90,381,651</u>
Less accumulated depreciation for:				
Water, wastewater and drainage systems	(40,397,394)	(2,531,051)	-	(42,928,445)
Easements and rights-of-way	(194,759)	(22,547)	-	(217,306)
Buildings and improvements	(1,364,539)	(166,989)	-	(1,531,528)
Furniture and equipment	(910,036)	(52,982)	201,818	(761,200)
Park and recreational facilities	(2,251,560)	(236,460)	-	(2,488,020)
Automobiles and trucks	(135,600)	(30,650)	-	(166,250)
Total accumulated depreciation	<u>(45,253,888)</u>	<u>(3,040,679)</u>	<u>201,818</u>	<u>(48,092,749)</u>
Total capital assets, being depreciated, net	<u>39,497,790</u>	<u>2,772,257</u>	<u>18,855</u>	<u>42,288,902</u>
Capital assets, net	<u>\$ 42,817,161</u>	<u>3,473,858</u>	<u>-</u>	<u>46,291,019</u>

During the year, a developer contributed water, wastewater and drainage system assets to the District for consideration of \$3,324,379. The combined estimated value of the water, wastewater and drainage system assets at the time of conveyance was \$5,277,324.

6. DEFERRED OUTFLOWS OF RESOURCES

The following is a summary of changes in deferred outflows of resources for the year ended September 30, 2013:

	Beginning Balance	Additions	Retirements	Ending Balance
Deferred charges on refundings	\$ -	1,051,975	(578,284)	473,691

7. LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended September 30, 2013:

	Balance September 30, 2012	Additions	Retirements	Balance September 30, 2013
Bonds payable	\$ 48,710,000	18,885,000	(18,165,000)	49,430,000
Premiums on refundings	748,599	1,075,145	(97,193)	1,726,551
Capital leases payable	23,426	-	(7,761)	15,665
Total	\$ 49,482,025	19,960,145	(18,269,954)	51,172,216

Bonds payable at September 30, 2013, is comprised of the following:

	Balance 9/30/2013	Due Within One Year
\$1,500,000, Series 2002, revenue bonds due in annual installments of \$20,000 to \$95,000 through June 1, 2019. Interest varies from 2.50% to 5.90% and is payable June 1 and December 1 each year.	\$ 445,000	75,000
\$9,500,000, Series 2005, serial bonds due in annual installments of \$100,000 to \$595,000 through June 1, 2020. Interest varies from 3.00% to 5.00% and is payable June 1 and December 1 each year.	1,365,000	100,000
\$7,840,000, Series 2007, refunding bonds due in annual installments of \$30,000 to \$325,000 through June 1, 2016. Interest varies from 3.75% to 4.00% and is payable June 1 and December 1 each year.	680,000	30,000
\$2,020,000, Series 2008, Sendero Springs/Cornerstone Defined Area serial bonds due in annual installments of \$60,000 to \$145,000 through June 1, 2031. Interest varies from 3.75% to 4.00% and is payable June 1 and December 1 each year.	1,755,000	60,000

\$2,365,000, Series 2009, Sendero Springs/Cornerstone Defined Area serial bonds due in annual installments of \$55,000 to \$195,000 through June 1, 2033. Interest varies from 4.38% to 6.00% and is payable June 1 and December 1 each year.	2,220,000	55,000
\$7,975,000, Series 2009, refunding bonds due in annual installments of \$195,000 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.	5,485,000	1,530,000
\$17,190,000, Series 2010, refunding bonds due in annual installments of \$255,000 to \$1,960,000 through June 1, 2026. Interest varies from 3.50% to 4.00% and is payable June 1 and December 1 each year.	14,280,000	1,020,000
\$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.	2,305,000	70,000
\$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.	2,075,000	5,000
\$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.	9,240,000	170,000
\$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.	6,080,000	10,000
\$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.	3,500,000	80,000
Total bonds payable	<u>\$ 49,430,000</u>	<u>3,205,000</u>

Debt service requirements to maturity for District's bonds are summarized as follows:

Fiscal Year	Principal	Interest	Total Requirement
2014	\$ 3,205,000	1,830,275	5,035,275
2015	3,335,000	1,747,420	5,082,420
2016	2,580,000	1,624,015	4,204,015
2017	2,465,000	1,531,176	3,996,176
2018	2,560,000	1,444,279	4,004,279
2019-2023	13,910,000	5,773,331	19,683,331
2024-2028	17,245,000	2,978,495	20,223,495
2029-2033	3,080,000	754,416	3,834,416
2034-2038	1,050,000	162,500	1,212,500
Total	\$ 49,430,000	17,845,907	67,275,907

The District bonds are collateralized by the levy of an annual ad valorem tax against all taxable property within the District except for the Series 2002 Revenue bonds.

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 is in compliance with all significant covenants contained in the debt agreements.

On November 21, 2012, the District issued \$9,260,000 of Unlimited Tax Refunding Bonds, Series 2012, to currently refund \$710,000 of its previously issued Series 2004 Bonds and to advance refund \$8,500,000 of its previously issued Series 2005 and Series 2007 Bonds in order to lower its overall debt service requirements. The net proceeds of \$9,954,748 (after payment of underwriting fees, insurance, and other issuance costs) were used for the following: \$9,919,392 was deposited with an escrow agent to provide the debt service payment on the portion of bonds refunded and \$35,356 was deposited into the Debt Service Fund for future interest and principal payments. As a result, \$9,210,000 of bond principal is considered defeased and the liability for these bonds was removed from the basic financial statements. At September 30, 2013, there were \$8,500,000 outstanding bonds that are considered defeased as \$710,000 of the defeased principal balance was retired prior to year end. The reacquisition price exceeded the net carrying amount of the old debt by \$709,392, which will be amortized over the remaining life of the refunded debt which is shorter than the life of the new debt issued. The current refunding resulted in an economic gain of \$1,227,741.

On February 26, 2013, the District issued \$6,125,000 of Unlimited Tax Refunding Bonds, Series 2013, to advance refund \$5,950,000 of its previously issued Series 2007 Bonds in order to lower its overall debt service requirements. The net proceeds of \$6,321,643 (after payment of underwriting fees, insurance, and other issuance costs) were used as follows: \$6,292,583 was deposited with an escrow agent to provide the debt service payment on the portion of bonds currently refunded and \$29,060 was deposited in the Debt Service Fund for future interest and principal payments. As a result, \$5,950,000 of bond principal is considered defeased and the liability for these bonds was removed from the basic financial statements. At September 30, 2013, the entire \$5,950,000 was considered defeased as none of the refunded bonds were retired prior to year end. The reacquisition price exceeded the net carrying amount of the old debt by \$342,583 which will be amortized over remaining life of the refunded debt which is shorter than the life of the new debt. The advance refunding resulted in an economic gain of \$416,030.

On September 16, 2013, the District issued \$3,500,000 in Sendero Springs/Cornerstone Defined Area Unlimited Tax Bonds, Series 2013, with interest rates ranging from 2.5% to 5.0%. The net proceeds of \$3,309,742 (after payment of \$197,623 in underwriter fees, insurance and other related costs) were deposited with the District investment accounts to provide payments for capital assets and accrued bond interest.

At September 30, 2013, unlimited tax bonds of \$16,345,000 were authorized by the District but unissued of which \$14,245,000 is for the Defined Area and \$2,100,000 is for improvements to District-wide water, wastewater and drainage systems.

Capital lease payable at September 30, 2013, is comprised of the following:

	<u>Balance 9/30/2013</u>	<u>Due Within One Year</u>
Capital lease payable for the purchase of exercise equipment; principal and interest is due in thirty-six monthly installments of \$452 with interest rate of 6%; matures in March 2015.	\$ 9,820	\$ 5,124
Capital lease payable for the purchase of computers; principal and interest is due in three annual installments of \$3,355 with interest rate of 6.69%; matures in December 2014.	3,138	3,138
Capital lease payable for the purchase of computers; principal and interest is due in three annual installments of \$2,967 with interest rate of 9.23%; matures in September 2015.	<u>2,707</u>	<u>2,707</u>
Total capital lease payable	<u>\$ 15,665</u>	<u>\$ 10,969</u>

Lease payment requirements to maturity for District's capital leases are summarized as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 10,969	780	11,749
2015	<u>4,696</u>	<u>34</u>	<u>4,730</u>
Total	<u>\$ 15,665</u>	<u>814</u>	<u>16,479</u>

At September 30, 2013, the net carrying value of capital assets related to capital leases was \$24,511.

8. 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. 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 revenue. 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 \$0.5000 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 \$0.3600 per \$100 assessed valuation. The total 2012 tax levy was \$6,611,512 based on a District-wide taxable valuation of \$1,193,911,500.

9. 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 \$686,463 for the year ended September 30, 2013 and are within the Capital Projects Fund.

10. FUND BALANCES

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

The summary of the fund balances is included in the Governmental Funds Balance Sheet on page 12.

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.

The Board committed \$4,222,655 of General Fund fund balance to pay for future repairs, replacements and purchases of capital. The amounts committed for funding capital projects as of September 30, 2013 are:

Utility equipment replacement	\$ 41,000
Regional wastewater west plant improvement costs	175,000
Replacement of water facility membranes	1,275,000
Replacement of RF pumps in water facility	50,000
Trail improvements	120,000
Oak wilt suppression	40,000
Community center equipment replacement	5,500
Park master plan projects	1,000,000
620 utility work	50,000
Utility improvements	1,000,000
BRA water line reserves	131,270
Regional waste water improvements	334,885
Total committed fund balance	<u>\$ 4,222,655</u>

11. 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. 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.

12. PENSION PLAN

The District provides retirement, disability, and death benefits for all of its non temporary full-time employees through a nontraditional defined benefit pension plan in statewide Texas County and District Retirement System (“TCDRS”). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 506 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (“CAFR”) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas State statutes governing TCDRS (“TCDRS Act”). Members can retire at age 60 and above with 8 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.

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.

Funding Policy - 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 6.42% for 2013. The contribution rate payable by the District for calendar years 2012 and 2011 was 6.62% and 6.65%, respectively, as adopted by the governing body of the District. 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.

Annual Pension Costs - For the District’s accounting year ending September 30, 2013, the annual pension cost for the TCDRS plan for its employees was \$133,826 and the actual contributions were \$133,826.

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuations, the basis for determining the contribution rates for calendar years 2012, 2011 and 2010. The December 31, 2012 actuarial valuation is the most recent valuation.

Actuarial Valuation Information:

Actuarial valuation date	12/31/2010	12/31/2011	12/31/2012
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open
Amortization period	30 years	30 years	30 years
Asset valuation method	Ten year smoothed value and fund value	Ten year smoothed value and fund value	Ten year smoothed value and fund value

Actuarial Assumptions:

Investment return	8.0%	8.0%	8.0%
Projected salary increases	5.4%	5.4%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

Trend information for the retirement plan for the employees of the District:

<u>Accounting Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
September 30, 2011	\$ 124,775	100%	-
September 30, 2012	132,340	100%	-
September 30, 2013	133,826	100%	-

The following is a schedule of funding progress for the retirement plan for the employees of the District for the three calendar years ended December 31, 2012:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded/ (Overfunded) AAL (U/OAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Annual Covered Payroll* (c)</u>
December 31, 2010	\$ 1,634,243	1,626,156	(8,087)	100.50%	(0.39%)
December 31, 2011	1,910,617	1,793,874	(116,743)	106.51%	(6.12%)
December 31, 2012	2,246,736	2,188,381	(58,355)	102.67%	(2.88%)

*The annual covered payroll is based on the employer contributions paid to TCDRS for the year ending with the valuation date.

13. 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, 2013, 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.

14. PRIOR PERIOD ADJUSTMENT

In accordance with the adoption of GASB Statement No. 65 in the current fiscal year, bond issuance costs previously reported as assets in the statement of net position and amortized over the life of the related debt are now recognized as an expense in the year in which the bonds are sold. The effect of this change in accounting principle is as follows:

Net position - September 30, 2012	\$ 15,059,971
Effect of adjustment	<u>(1,733,650)</u>
Net position - September 30, 2012, as restated	<u><u>\$ 13,326,321</u></u>

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

INDEX OF SUPPLEMENTAL SCHEDULES REQUIRED BY TEXAS COMMISSION ON ENVIRONMENTAL QUALITY YEAR ENDED SEPTEMBER 30, 2013

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

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

TSI-0 NOTES REQUIRED BY THE WATER DISTRICT ACCOUNTING MANUAL YEAR ENDED SEPTEMBER 30, 2013

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 11 to basic financial statements.

(C) Pension Coverage

See Note 12 to basic financial statements.

(D) Pledge of Revenues

See Note 7 to basic financial statements.

(E) Compliance with Debt Service Requirements

See Note 7 to basic financial statements.

(F) Redemption of Bonds

See Note 7 to basic financial statements.

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

**TSI-1 SCHEDULE OF SERVICES AND RATES (continued)
YEAR ENDED SEPTEMBER 30, 2013**

b. Water and Wastewater Retail Connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
<=3/4"	5,438	5,421	x 1.0	5,421
1"	38	38	x 2.5	95
1 1/2"	27	27	x 5.0	135
2"	40	40	x 8.0	320
3"	13	13	x 15.0	195
4"	3	3	x 25.0	75
6"	2	2	x 50.0	100
8"	8	8	x 80.0	640
10"	-	-	x 115.0	-
Total Water	5,569	5,552		6,981
Total Wastewater	5,268	5,241	x 1.0	5,241

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

Gallons pumped into system:	<u>1,019,493,000</u>	Water Accountability Ratio:
Gallons billed to customers:	<u>875,991,000</u>	(Gallons billed/Gallons pumped)
		<u>85.92% (1)</u>

(1) The water accountability ratio does not include fire hydrant flushing, water used in fire fighting, loss due to water leaks, or other un-metered loss to the system. The District tracks all of those non-billed sources and for FY 2013 the total known consumption was 890,168,035 gallons for an actual ratio of 87.31%.

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

Does the District have Debt Service 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: _____

(continued)

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

**TSI-1 SCHEDULE OF SERVICES AND RATES (continued)
YEAR ENDED SEPTEMBER 30, 2013**

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 located 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

ETJ's 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 YEAR ENDED SEPTEMBER 30, 2013

Personnel Expenditures (including benefits)	\$ 2,947,982
Professional Fees:	
Auditing	32,000
Legal	101,404
Engineering	133,983
Financial Advisor	-
Purchased Services For Resale-	
Bulk Water and Wastewater Service Purchases	1,587,816
Contracted Services:	
Bookkeeping	-
Utility Manager	-
Appraisal District/Tax Collector	-
Other Contracted Services	365,273
Utilities	606,394
Repairs and Maintenance	722,269
Administrative Expenditures:	
Directors' Fees	24,327
Office Supplies	30,005
Insurance	57,278
Other Administrative Expenses	834,657
Capital Outlay:	
Capitalized Assets	1,172,031
Expenditures not Capitalized	-
Tap Connection Expenditures	347,493
Solid Waste Disposal	1,013,034
Fire Fighting	-
Parks and Recreation	(a)
Other Expenditures	428,073
TOTAL EXPENDITURES	\$ 10,404,019

Number of persons employed by the District: 38 Full-Time 77 Part-Time
(Does not include independent contractors or consultants; however, does include seasonal staff)

(a) Parks and recreation costs are included within the various General Fund expenditures above. For the year ended September 30, 2013, parks and recreation expenditures were \$3,455,500.

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

TSI-3 SCHEDULE OF TEMPORARY INVESTMENTS YEAR ENDED SEPTEMBER 30, 2013

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at September 30, 2013	Accrued Interest Receivable at September 30, 2013
<u>General Fund</u>					
Investment in LOGIC	742006801003	Variable	N/A	\$ 55,914	\$ -
Investment in LOGIC	742006801002	Variable	N/A	71,675	-
Investment in TexPool	2461600008	Variable	N/A	497,320	-
Investment in TexPool	2461600001	Variable	N/A	107,763	-
Certificate of deposit in Tx Security	10092	0.50%	10/17/2013	247,153	-
Certificate of deposit in East West Bank	10096	0.50%	4/12/2014	2,004,708	-
Municipal Bonds	40785EKU9	5.00%	1/15/2014	314,265	-
Municipal Bonds	386475DZ7	4.00%	6/1/2014	516,935	-
Municipal Bonds	011420KV7	0.49%	11/1/2013	1,155,000	-
Municipal Bonds	46615MAD3	0.40%	10/1/2014	500,060	-
Municipal Bonds	881354BY9	0.48%	2/15/2014	408,319	-
US Agencies	313370JS8	1.38%	9/12/2014	506,740	-
US Agencies	313383PU9	0.19%	7/22/2014	499,985	-
US Agencies	3134G3YW4	0.38%	8/28/2014	500,960	-
Totals				7,386,797	-
<u>Debt Service Fund</u>					
Investment in LOGIC	742006801001	Variable	N/A	1,480,906	-
Investment in LOGIC	742006801013	Variable	N/A	425,852	-
Investment in TexPool	2461600004	Variable	N/A	2,171,159	-
Municipal Bonds	359900K71	4.000%	10/1/2013	520,435	-
Municipal Bonds	59259YA74	4.000%	11/15/2014	1,051,730	-
Municipal Bonds	86476PBN7	4.000%	10/15/2013	312,993	-
Totals				5,963,075	-
<u>Capital Projects Fund</u>					
Investment in LOGIC	742006801007	Variable	N/A	870	-
Investment in LOGIC	742006801009	Variable	N/A	348,962	-
Investment in LOGIC	742006801012	Variable	N/A	25,004	-
Investment in TexPool	2461600007	Variable	N/A	589,589	-
US Agencies	3135G0FY4	0.750%	12/19/2014	503,285	-
Totals				1,467,710	-
TOTAL ALL FUNDS				\$ 14,817,582	\$ -

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

TSI-4 ANALYSIS OF TAXES LEVIED AND RECEIVABLE YEAR ENDED SEPTEMBER 30, 2013

	Maintenance Taxes	Debt Service Taxes		
TAXES RECEIVABLE, SEPTEMBER 30, 2012	\$ 9,623	\$ 17,421		
2012 Tax Roll	2,995,145	3,616,367		
Adjustments	(1,982)	(1,182)		
Total to be accounted for	<u>3,002,786</u>	<u>3,632,606</u>		
Tax collections:				
Current year	2,988,058	3,612,301		
Prior years	719	1,079		
Total collections	<u>2,988,777</u>	<u>3,613,380</u>		
TAXES RECEIVABLE, SEPTEMBER 30, 2013	<u>\$ 14,009</u>	<u>\$ 19,226</u>		
TAXES RECEIVABLE, BY YEARS:				
2012	\$ 7,103	\$ 7,069		
2011	2,136	3,184		
2010	1,376	2,221		
2009	1,282	1,988		
2008 and prior	2,112	4,764		
TAXES RECEIVABLE, SEPTEMBER 30, 2013	<u>\$ 14,009</u>	<u>\$ 19,226</u>		
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
PROPERTY VALUATIONS-				
Net assessed property valuation:				
District-wide	\$ 1,193,911,500	1,162,948,436	1,106,704,060	1,103,548,948
Defined Area	171,587,825	144,727,844	120,884,140	101,046,357
TAX RATES PER \$100 VALUATION:				
Debt service tax rates	\$ 0.2500	0.3000	0.3100	0.3100
Maintenance tax rates	<u>0.2500</u>	<u>0.2000</u>	<u>0.1900</u>	<u>0.1900</u>
District-wide	0.5000	0.5000	0.5000	0.5000
Defined Area	0.3600	0.3600	0.3600	0.3600
ORIGINAL TAX LEVY	<u>\$ 6,611,512</u>	<u>6,391,741</u>	<u>6,070,576</u>	<u>6,060,392</u>
PERCENT OF TAXES COLLECTED TO TAXES LEVIED	<u>99.8%</u>	<u>99.9%</u>	<u>99.9%</u>	<u>99.9%</u>

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

**TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS
SEPTEMBER 30, 2013**

DUE DURING FISCAL YEARS ENDING 9/30	REVENUE SERIES 2002			UNLIMITED TAX SERIES 2005			UNLIMITED TAX REFUNDING SERIES 2007		
	Principal Due 6/1	Interest Due 6/1, 12/1	Total	Principal Due 6/1	Interest Due 6/1, 12/1	Total	Principal Due 6/1	Interest Due 6/1, 12/1	Total
2014	\$ 75,000	24,063	99,063	100,000	45,950	145,950	30,000	27,125	57,125
2015	80,000	20,200	100,200	100,000	40,450	140,450	325,000	26,000	351,000
2016	85,000	16,000	101,000	-	34,950	34,950	325,000	13,000	338,000
2017	90,000	11,410	101,410	-	34,950	34,950	-	-	-
2018	95,000	6,460	101,460	-	34,950	34,950	-	-	-
2019	20,000	1,140	21,140	570,000	34,950	604,950	-	-	-
2020	-	-	-	595,000	17,850	612,850	-	-	-
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-	-
	<u>\$ 445,000</u>	<u>79,273</u>	<u>524,273</u>	<u>1,365,000</u>	<u>244,050</u>	<u>1,609,050</u>	<u>680,000</u>	<u>66,125</u>	<u>746,125</u>

(continued)

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS (continued) SEPTEMBER 30, 2013

DUE DURING FISCAL YEARS ENDING 9/30	DEFINED AREA UNLIMITED TAX SERIES 2008			ULIMITED TAX DEFINED AREA SERIES 2009			UNLIMITED TAX REFUNDING SERIES 2009		
	Principal Due 6/1	Interest Due 6/1, 12/1	Total	Principal Due 6/1	Interest Due 6/1, 12/1	Total	Principal Due 6/1	Interest Due 6/1, 12/1	Total
2014	\$ 60,000	90,080	150,080	55,000	124,350	179,350	1,530,000	244,919	1,774,919
2015	65,000	86,480	151,480	60,000	121,875	181,875	1,315,000	176,069	1,491,069
2016	70,000	82,580	152,580	65,000	119,250	184,250	505,000	116,894	621,894
2017	70,000	79,080	149,080	65,000	116,406	181,406	535,000	94,169	629,169
2018	75,000	75,580	150,580	70,000	113,563	183,563	195,000	70,094	265,094
2019	80,000	71,830	151,830	75,000	109,888	184,888	210,000	61,319	271,319
2020	85,000	67,830	152,830	80,000	105,950	185,950	215,000	51,869	266,869
2021	90,000	63,580	153,580	85,000	101,750	186,750	230,000	43,269	273,269
2022	90,000	59,080	149,080	95,000	97,288	192,288	240,000	33,781	273,781
2023	95,000	54,580	149,580	100,000	92,300	192,300	245,000	23,281	268,281
2024	100,000	49,830	149,830	105,000	86,300	191,300	265,000	12,256	277,256
2025	105,000	44,830	149,830	115,000	80,000	195,000	-	-	-
2026	110,000	39,580	149,580	120,000	73,100	193,100	-	-	-
2027	120,000	34,080	154,080	130,000	65,900	195,900	-	-	-
2028	125,000	28,080	153,080	140,000	58,100	198,100	-	-	-
2029	130,000	21,580	151,580	150,000	49,700	199,700	-	-	-
2030	140,000	14,820	154,820	160,000	40,700	200,700	-	-	-
2031	145,000	7,540	152,540	170,000	31,100	201,100	-	-	-
2032	-	-	-	185,000	20,900	205,900	-	-	-
2033	-	-	-	195,000	10,725	205,725	-	-	-
2034	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-	-
	<u>\$ 1,755,000</u>	<u>971,040</u>	<u>2,726,040</u>	<u>2,220,000</u>	<u>1,619,145</u>	<u>3,839,145</u>	<u>5,485,000</u>	<u>927,920</u>	<u>6,412,920</u>

(continued)

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS (continued) SEPTEMBER 30, 2013

DUE DURING FISCAL YEARS ENDING 9/30	UNLIMITED TAX REFUNDING SERIES 2010			DEFINED AREA UNLIMITED TAX SERIES 2011			UNLIMITED TAX REFUNDING SERIES 2011		
	Principal Due 6/1	Interest Due 6/1, 12/1	Total	Principal Due 6/1	Interest Due 6/1, 12/1	Total	Principal Due 6/1	Interest Due 6/1, 12/1	Total
2014	\$ 1,020,000	506,075	1,526,075	70,000	104,337	174,337	5,000	79,680	84,680
2015	1,050,000	480,575	1,530,575	65,000	101,363	166,363	5,000	79,488	84,488
2016	1,085,000	454,325	1,539,325	65,000	98,600	163,600	5,000	79,296	84,296
2017	1,130,000	421,775	1,551,775	75,000	95,837	170,837	5,000	79,104	84,104
2018	1,170,000	387,875	1,557,875	80,000	92,650	172,650	10,000	78,912	88,912
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	-	-	-	-	-	-	-	-	-
	<u>\$ 14,280,000</u>	<u>3,757,750</u>	<u>18,037,750</u>	<u>2,305,000</u>	<u>1,390,475</u>	<u>3,695,475</u>	<u>2,075,000</u>	<u>853,248</u>	<u>2,928,248</u>

(continued)

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS (continued) SEPTEMBER 30, 2013

DUE DURING FISCAL YEARS ENDING 9/30	UNLIMITED TAX REFUNDING SERIES 2012			ULIMITED TAX REFUNDING SERIES 2013			DEFINED AREA ULIMITED TAX SERIES 2013		
	Principal Due 6/1	Interest Due 6/1, 12/1	Total	Principal Due 6/1	Interest Due 6/1, 12/1	Total	Principal Due 6/1	Interest Due 6/1, 12/1	Total
2014	\$ 170,000	273,750	443,750	10,000	199,475	209,475	80,000	110,471	190,471
2015	175,000	270,350	445,350	15,000	199,275	214,275	80,000	145,295	225,295
2016	275,000	266,850	541,850	15,000	198,975	213,975	85,000	143,295	228,295
2017	390,000	258,600	648,600	15,000	198,675	213,675	90,000	141,170	231,170
2018	755,000	246,900	1,001,900	15,000	198,375	213,375	95,000	138,920	233,920
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
	<u>\$ 9,240,000</u>	<u>2,832,950</u>	<u>12,072,950</u>	<u>6,080,000</u>	<u>2,670,850</u>	<u>8,750,850</u>	<u>3,500,000</u>	<u>2,433,081</u>	<u>5,933,081</u>

(continued)

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS BY YEARS (continued) SEPTEMBER 30, 2013

DUE DURING FISCAL YEARS ENDING 9/30	ANNUAL REQUIREMENTS FOR ALL SERIES		
	Principal Due	Interest Due	Total
2014	\$ 3,205,000	1,830,275	5,035,275
2015	3,335,000	1,747,420	5,082,420
2016	2,580,000	1,624,015	4,204,015
2017	2,465,000	1,531,176	3,996,176
2018	2,560,000	1,444,279	4,004,279
2019	2,575,000	1,352,700	3,927,700
2020	2,665,000	1,260,552	3,925,552
2021	2,775,000	1,160,282	3,935,282
2022	2,890,000	1,055,128	3,945,128
2023	3,005,000	944,669	3,949,669
2024	3,180,000	828,439	4,008,439
2025	3,285,000	719,536	4,004,536
2026	3,410,000	608,649	4,018,649
2027	3,615,000	475,519	4,090,519
2028	3,755,000	346,352	4,101,352
2029	550,000	211,595	761,595
2030	585,000	183,085	768,085
2031	615,000	152,431	767,431
2032	650,000	120,190	770,190
2033	680,000	87,115	767,115
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
	<u>\$ 49,430,000</u>	<u>17,845,907</u>	<u>67,275,907</u>

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

TSI-6 ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT SEPTEMBER 30, 2013

	Revenue Series 2002	Refunding Series 2004	Unlimited Tax Series 2005	Refunding Series 2007	Defined Area Unlimited Tax Series 2008	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
Interest rate	2.50 to 5.90%	4.00 to 5.00%	3.00 to 5.00%	3.75 to 4.00%	3.75 to 4.00%	4.38 to 6.00%	3.00 to 4.63%	3.50 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%
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	6/1; 12/1	6/1; 12/1
Maturity dates	6/1/19	6/1/13	6/1/20	6/1/16	6/1/31	6/1/33	6/1/24	6/1/26	6/1/33	6/1/28	6/1/28	6/1/28	6/1/38
Bonds outstanding, beginning of year	\$ 515,000	830,000	8,900,000	7,720,000	1,815,000	2,270,000	6,945,000	15,265,000	2,370,000	2,080,000	-	-	-
Bonds issued during current year	-	-	-	-	-	-	-	-	-	-	9,260,000	6,125,000	3,500,000
Bonds retired during current year	(70,000)	(830,000)	(7,535,000)	(7,040,000)	(60,000)	(50,000)	(1,460,000)	(985,000)	(65,000)	(5,000)	(20,000)	(45,000)	-
Bonds outstanding, end of year	\$ 445,000	-	1,365,000	680,000	1,755,000	2,220,000	5,485,000	14,280,000	2,305,000	2,075,000	9,240,000	6,080,000	3,500,000
Interest paid during current year	\$ 27,598	6,000	51,450	147,093	93,680	126,850	310,619	525,775	107,100	79,872	138,598	52,320	-

(continued)

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

TSI-6 ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT (continued) SEPTEMBER 30, 2013

	Grand Totals
Bonds outstanding, beginning of year	\$ 48,710,000
Bonds issued during current year	18,885,000
Bonds retired during current year	<u>(18,165,000)</u>
Bonds outstanding, end of year	<u>\$ 49,430,000</u>
Interest paid during current year	<u>\$ 1,666,955</u>

Paying agent's name & address:	Series 2004, 2005, 2007, 2008, 2009, 2010, 2012 and 2013	Wells Fargo Bank Minneapolis, Minnesota 55479
	Series 2002	The Bank of New York Mellon Dallas, Texas 75201
	Series 2011	BB&T Governmental Finance Charlotte, North Carolina 28217

	<u>Tax Bonds*</u>	<u>Defined Area</u>	<u>Other Bonds</u>	<u>Refunding Bonds</u>
Bond authority:				
Amount authorized	\$ 74,100,000	24,500,000	-	73,844,998
Amount issued	<u>72,000,000</u>	<u>10,255,000</u>	<u>-</u>	<u>73,844,998</u>
Remaining to be issued	<u>\$ 2,100,000</u>	<u>14,245,000</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, 2013: \$ 6,467,993

Average annual debt service payments (principal & interest)
for remaining term of debt: \$ 2,691,036

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

TSI-7 COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES - GENERAL FUND AND DEBT SERVICE FUND FIVE YEARS ENDED SEPTEMBER 30, 2013

	AMOUNTS					PERCENT OF FUND TOTAL REVENUES				
	2013	2012	2011	2010	2009	2013	2012	2011	2010	2009
GENERAL FUND										
REVENUES:										
Water and wastewater service	\$ 5,273,378	5,229,982	5,495,625	4,704,588	4,950,110	46.2 %	50.5	52.4	50.9	54.4
Garbage collection	1,118,324	1,088,081	1,050,938	953,173	920,697	9.8	10.5	10.0	10.3	10.1
Inspection fees	139,136	72,167	76,896	59,632	41,236	1.2	0.7	0.8	0.6	0.5
Tap and other connection fees	200,641	137,749	127,648	129,564	90,519	1.8	1.3	1.2	1.4	1.0
Recreation center	1,185,755	1,154,217	1,131,354	920,097	692,629	10.4	11.1	10.8	9.9	7.6
Park and recreation fees	147,719	143,523	127,724	104,377	240,749	1.3	1.4	1.2	1.1	2.6
Property taxes, including penalties and interest	2,992,389	2,352,012	2,142,470	2,143,391	2,020,456	26.2	22.7	20.4	23.2	22.2
Investment earnings	54,225	30,230	28,391	51,964	93,057	0.5	0.3	0.3	0.6	1.0
Other	312,922	155,295	255,778	168,068	39,765	2.6	1.5	2.4	1.8	0.4
Bond issuance proceeds	-	-	55,777	15,056	18,113	-	-	0.5	0.2	0.2
Total revenues and other sources	11,424,489	10,363,256	10,492,601	9,249,910	9,107,331	100.0	100.0	100.0	100.0	100.0
EXPENDITURES:										
Current:										
Personnel (including benefits)	2,972,309	2,959,280	2,815,268	2,861,339	2,716,500	26.1	28.6	26.8	30.9	29.8
Purchased services for resale	2,600,850	2,360,386	2,310,474	2,472,603	2,491,189	22.8	22.8	22.0	26.7	27.4
Administrative	1,372,324	1,335,015	1,387,076	1,114,696	1,290,035	12.0	12.9	13.2	12.0	14.1
Repairs and maintenance	722,269	553,151	568,642	567,252	704,841	6.3	5.3	5.4	6.1	7.7
Utilities	606,394	590,411	774,449	678,359	645,605	5.3	5.7	7.4	7.3	7.1
Professional services	479,589	496,149	513,678	394,474	446,175	4.2	4.8	4.9	4.3	4.9
Contracted services	365,273	477,589	364,602	323,893	161,886	3.2	4.6	3.5	3.5	1.8
Capital outlay	1,172,031	238,811	167,835	329,110	601,532	10.3	2.3	1.6	3.6	6.6
Principal payments	80,728	92,175	65,000	65,000	60,000	0.7	0.9	0.6	0.7	0.7
Interest and fiscal charges	32,252	31,711	89,992	37,270	39,970	0.3	0.3	0.9	0.4	0.4
Bond issuance costs	-	-	-	-	-	-	-	-	-	-
Total expenditures	10,404,019	9,134,678	9,057,016	8,843,996	9,157,733	91.2	88.1	86.3	95.5	100.6
TRANSFERS IN (OUT)	115,218	(521,548)	236,960	192,730	(451,670)	1.0	(5.0)	2.3	2.1	(5.0)
PROCEEDS FROM CAPITAL LEASES	-	32,506	-	-	-	-	0.3	-	-	-
PROCEEDS FROM INSURANCE	-	368,867	-	-	-	-	3.6	-	-	-
INTERFUND FORGIVENESS OF DEBT	-	-	-	2,400,779	-	-	-	-	26.0	-
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ 1,135,688	1,108,403	1,672,545	2,999,423	(502,072)	9.9 %	10.7	16.0	32.6	(5.6)

(continued)

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

TSI-7 COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES - GENERAL FUND AND DEBT SERVICE FUND (continued) FIVE YEARS ENDED SEPTEMBER 30, 2013

	AMOUNTS					PERCENT OF FUND TOTAL REVENUES				
	2013	2012	2011	2010	2009	2013	2012	2011	2010	2009
<u>DEBT SERVICE FUND</u>										
REVENUES:										
Property taxes, including penalties and interest	\$ 3,616,509	4,048,769	3,936,546	3,850,549	4,111,826	18.0 %	99.3	65.7	17.9	32.1
Investment earnings	46,129	27,127	29,177	41,364	93,848	0.2	0.7	0.5	0.2	0.7
Proceeds of refunding bonds	15,385,000	-	2,029,223	17,174,944	8,154,287	76.5	-	33.8	80.0	63.7
Premium on refunding debt	1,075,145	-	-	402,124	448,278	5.3	-	-	1.9	3.5
Total revenues and other sources	20,122,783	4,075,896	5,994,946	21,468,981	12,808,239	100.0	100.0	100.0	100.0	100.0
EXPENDITURES:										
Principal payments	2,935,000	2,670,000	2,600,000	2,320,000	10,350,000	14.6	65.5	43.4	10.8	80.8
Interest and fiscal charges	1,639,357	1,981,581	1,936,308	2,350,589	2,408,978	8.1	48.6	32.3	10.9	18.8
Tax appraisal and collection	53,241	53,368	53,008	52,292	52,443	0.3	1.3	0.9	0.2	0.4
Administrative expenditures	-	-	-	-	-	-	-	-	-	-
Professional fees	-	-	-	-	9,000	-	-	-	-	0.1
Contract services	-	-	-	-	-	-	-	-	-	-
Bond issuance costs	474,741	-	10,062	495,483	280,377	2.4	-	0.2	2.3	2.2
Payment to refunded bond escrow agent	16,211,975	-	2,051,423	17,050,000	-	80.5	-	34.2	79.4	-
Other	65	-	335	13,518	-	-	-	-	-	-
Total expenditures and other uses	21,314,379	4,704,949	6,651,136	22,281,882	13,100,798	105.9	115.4	111.0	103.8	102.3
TRANSFERS IN	199,386	188,199	188,492	194,177	1,106,796	1.0	4.6	3.1	0.9	8.6
INTERFUND FORGIVENESS OF DEBT	-	-	-	1,435,461	-	-	-	-	6.7	-
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (992,210)	(440,854)	(467,698)	816,737	814,237	(4.9) %	(10.8)	(7.9)	3.8	(2.3)
TOTAL ACTIVE RETAIL WATER CONNECTIONS	5,552	5,371	5,308	5,155	5,105					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	5,241	5,205	5,132	4,908	4,811					

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

TSI-8 BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS SEPTEMBER 30, 2013

Complete 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: July 31, 2013
(TWC Sections 36.054 and 49.054)

Limit on fees of office that a director may receive during a fiscal year: \$7,200
(Set by Board Resolution - TWC Sections 49.060)

<u>Name and Address</u>	<u>Term of Office Elected & Expires or Date Hired (2)</u>	<u>Fees 9/30/13</u>	<u>Expense Reimbursements 9/30/13</u>	<u>Title at Year End</u>
<u>Board Members:</u>				
Rebecca B. Tullos	Elected 5/10-11/14	6,450 (1)	-	President
Russ Shermer	Elected 11/12-11/16	3,150 (1)	-	Vice President
Shean Dalton	Elected 5/10-11/14	3,750 (1)	275	Treasurer
Jeff Goldstein	Elected 5/10-11/14	3,150 (1)	-	Secretary
Donna B. Parker	Appointed 7/13-11/16	1,050 (1)	-	Assistant Treasurer and Assistant Secretary
<u>Former Board Member:</u>				
Paul Tisch	Elected 11/12-5/13	3,300	25	Former Assistant Treasurer and Assistant Secretary

(1) Fees incurred by this director during the current fiscal year were paid subsequent to year end.

(2) At January 12, 2012 meeting, the Board approved moving the election cycle to November from May for all Board

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

Key Administrative Personnel:

Mike Petter	2006	\$ 119,174	\$ 387	General Manager
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BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

TSI-8 BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (continued) SEPTEMBER 30, 2013

<u>Name and Address</u>	<u>Date Hired</u>	<u>Fees and Expense Reimbursements 9/30/13</u>	<u>Title at Year End</u>
<u>Consultants:</u>			
Freeman & Corbett, L.L.P.	2002	\$ 101,538	Attorney
Judy Osborn	2004	3,840	Attorney
Maxwell Locke & Ritter LLP	2008	25,500	Auditor
Williamson Central Appraisal District	1981	51,406	Tax Appraiser
Williamson County Tax Office	1981	1,834	Tax Collector
Bury Partners	2009	127,853	Engineer
Patterson & Associates	2008	25,000	Investment Advisor
RBC Capital Markets, LLC	1997	209,484	Investment Bankers
McCall Parkhurst Horton	1994	153,221	Bond Counsel
Bank of New York, Mellon	2009	4,250	Arbitrage Auditor
Atkins North America	2012	44,688	Engineer
Baker-Aicklen & Associates, Inc.	2013	35,000	Engineer
Halff Associates	2011	27,130	Engineer

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

OSI-1. PRINCIPAL TAXPAYERS SEPTEMBER 30, 2013

		DISTRICT		
Taxpayer	Type of Property	Tax Roll Year		
		2013	2012	2011
Amaravathi LTD Partnership & Amaravathi Keerthi LLC	Land & Improvements	\$ 64,348,133	55,355,008	53,644,743
HE Butt Inc.	Land & Improvements	7,458,170	7,458,170	7,780,245
The Park at Brushy Creek LTD	Land & Improvements	32,989,667	30,500,000	28,348,721
Highland 620 Land Investment LTD	Land & Improvements	9,208,702	9,345,322	7,666,751
MGP, XXII LLC	Land & Improvements	4,675,698	4,300,000	4,197,547
Kopels Perter A & Henry Aaratow	Land & Improvements	4,558,850	4,566,174	4,641,605
Laquinta Medical Partners LP & Bruce & M. Voedean Simpson Tr of Simpson Fam Trust	Land & Improvements	-	3,737,933	3,797,067
Great American Storage Partners LLC	Land & Improvements	4,598,988	-	-
Hy-Land North Joint Venture	Land & Improvements	-	-	3,666,074
Atmos Energy/MID-Tex Distribution	Land & Improvements	3,576,093	3,468,045	-
HEB Grocery Company LP	Land & Improvements	4,265,478	4,569,024	4,442,625
Highland 620 Residential LTD	Land & Improvements	7,579,926	9,332,583	8,426,553
Total		\$ 143,259,705	132,632,259	126,611,931
Percent of Assessed Valuation		11.2%	11.1%	10.9%

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

OSI-1. PRINCIPAL TAXPAYERS (continued) SEPTEMBER 30, 2013

		DEFINED AREA		
Taxpayer	Type of Property	Tax Roll Year		
		2013	2012	2011
Longwell, Sidney	Land & Improvements	-	-	391,902
Hofkamp, Michael & Susan	Land & Improvements	-	403,088	396,123
Highland 620 Land Investment LTD	Land & Improvements	9,208,702	9,345,322	7,666,751
Hy-Land North Joint Venture	Land & Improvements	1,300,204	3,140,551	3,666,074
Harris, Neil C & Lynne J	Land & Improvements	-	815,665	601,690
Bhandari, Ashraf M & Riaz Karim Ali	Land & Improvements	-	399,893	-
Weekley Homes LP	Land & Improvements	1,231,072	872,647	1,158,849
Kallfelz, Paul Jr & Paulette Moose	Land & Improvements	471,433	463,041	459,480
Highland 620 Residential LTD	Land & Improvements	7,579,926	9,332,583	8,426,553
Streetman Homes LTD LLP	Land & Improvements	1,445,352	1,353,797	757,695
Jablonski, Susan M & David B Fogle	Land & Improvements	466,049	446,617	444,271
First Star Bank SSB	Land & Improvements	456,075	-	-
McDonald, Alice L	Land & Improvements	455,577	-	-
Total		\$ 22,614,390	26,573,204	23,969,388
Percent of Assessed Valuation		11.0%	15.5%	16.6%

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

OSI-2. ASSESSED VALUE BY CLASSIFICATION SEPTEMBER 30, 2013

Tax Roll Year						
DISTRICT						
Type of Property	2013		2012		2011	
	Amount	%	Amount	%	Amount	%
Real, Single Family	\$ 1,077,017,811	84.2%	\$ 1,002,166,786	83.9%	\$ 983,968,258	84.7%
Real, Multi Family	103,420,703	8.1%	91,925,031	7.7%	88,661,231	7.6%
Real, Vacant Platted Lots/Tracts	22,559,533	1.8%	23,484,294	2.0%	20,705,112	1.8%
Real, Acreage (Land Only)	638,369	0.0%	722,657	0.1%	2,669,465	0.2%
Real, Commercial	54,449,519	4.3%	49,662,094	4.2%	47,015,155	4.0%
Real & Intangible Personal, Utilities	5,228,081	0.4%	5,043,040	0.4%	4,852,042	0.4%
Tangible Personal business	6,063,603	0.5%	9,971,987	0.8%	7,785,131	0.7%
Real Inventory	9,427,636	0.7%	10,935,611	0.9%	7,292,042	0.6%
Exempt	191,577	0.0%	-	0.0%	-	0.0%
Total	\$ 1,278,996,832	100%	\$ 1,193,911,500	100%	\$ 1,162,948,436	100%

DEFINED AREA						
Type of Property	2013		2012		2011	
	Amount	%	Amount	%	Amount	%
Real, Single Family	\$ 178,722,287	87.0%	\$ 142,871,726	83.3%	\$ 119,917,257	82.9%
Real, Vacant Plotted Lots	17,088,933	8.3%	17,360,008	10.1%	16,084,672	11.1%
Real, Acreage (Land Only)	636,746	0.3%	721,180	0.4%	2,667,988	1.8%
Real & Intangible Personal, Utilities	290,696	0.1%	-	0.0%	34,076	0.0%
Tangible Personal Property	270,496	0.1%	42,788	0.0%	162,305	0.1%
Real Inventory	8,462,100	4.2%	10,592,123	6.2%	5,861,546	4.1%
Total	\$ 205,471,258	100%	\$ 171,587,825	100%	\$ 144,727,844	100%