

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT**

**WILLIAMSON COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**SEPTEMBER 30, 2018**

**McCALL GIBSON SWEDLUND BARFOOT PLLC**  
Certified Public Accountants



**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT**

**WILLIAMSON COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**SEPTEMBER 30, 2018**

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# **ANNUAL FILING AFFIDAVIT**

# ANNUAL FILING AFFIDAVIT

STATE OF TEXAS

COUNTY OF WILLIAMSON

I, \_\_\_\_\_ of the  
(Name of Duly Authorized District Representative)

**BRUSHY CREEK MUNICIPAL UTILITY DISTRICT**  
(Name of District)

hereby swear, or affirm, that the District above has reviewed and approved at a meeting of the District's Board of Directors on the **24th day of January, 2019**, its annual audit report for the fiscal year ended **September 30, 2018** and that copies of the annual audit report have been filed in the District's office, located at:

16318 Great Oaks Drive  
Round Rock, Texas 78681  
(Address of District's Office)

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

Date: \_\_\_\_\_, \_\_\_\_\_ By: \_\_\_\_\_  
(Signature of District Representative)

\_\_\_\_\_  
(Typed Name and Title of District Representative)

Sworn to and subscribed to before me this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
(Signature of Notary)

(SEAL)

\_\_\_\_\_  
(Printed Name of Notary)

My Commission Expires On: \_\_\_\_\_,  
Notary Public in the State of Texas

# **INDEPENDENT AUDITOR'S REPORT**



# McCALL GIBSON SWEDLUND BARFOOT PLLC

*Certified Public Accountants*

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Brushy Creek Municipal  
Utility District  
Williamson County, Texas

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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Board of Directors  
Brushy Creek Municipal  
Utility District

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of District Contributions and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* and other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide any assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*McCall Gibson Swedlund Barfoot PLLC*

McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Austin, Texas

January 24, 2019

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Management's discussion and analysis of Brushy Creek Municipal Utility District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2018.

**USING THIS ANNUAL REPORT**

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 Statement of Revenues, Expenditures, and Changes in Fund Balances
  - Notes to the Financial Statements

This report also includes required supplementary information and other supplementary information.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

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

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

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**FUND FINANCIAL STATEMENTS**

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

**OTHER INFORMATION**

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI"). The budgetary comparison schedule is included as RSI for the General Fund and the schedule of changes in net pension liability and related ratios as well as the schedule of District contributions is included as RSI. There is also Supplementary Information Required by the Water District Financial Management Guide and Other Supplementary Information related to property taxes.

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$35,277,587 as of September 30, 2018. Of this amount, \$17,908,896 (unrestricted net position) may be used to meet the District's ongoing obligations.

A portion of the District's net position reflects its net investment in capital assets (e.g. water, wastewater and drainage facilities, as well as land, construction in progress, buildings, and furniture, fixtures and equipment, less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide various services to District residents.

The following is a comparative analysis of government-wide changes in net position:

	<u>Summary of Changes in the Statement of Net Position</u>		
	2018	2017	Change Positive (Negative)
Current and Other Assets	\$ 27,244,154	\$ 25,879,153	\$ 1,365,001
Capital Assets (Net of Accumulated Depreciation)	<u>55,411,762</u>	<u>56,122,768</u>	<u>(711,006)</u>
Total Assets	<u>\$ 82,655,916</u>	<u>\$ 82,001,921</u>	<u>\$ 653,995</u>
Deferred Outflows of Resources	<u>\$ 322,439</u>	<u>\$ 529,611</u>	<u>\$ (207,172)</u>
Current Liabilities	\$ 5,218,794	\$ 6,111,926	\$ 893,132
Long -Term Liabilities	<u>42,438,257</u>	<u>45,667,002</u>	<u>3,228,745</u>
Total Liabilities	<u>\$ 47,657,051</u>	<u>\$ 51,778,928</u>	<u>\$ 4,121,877</u>
Deferred Inflows of Resources	<u>\$ 43,717</u>	<u>\$ 59,326</u>	<u>\$ 15,609</u>
Net Position:			
Net Investment in Capital Assets	\$ 12,316,369	\$ 10,431,897	\$ 1,884,472
Restricted	5,052,322	4,458,007	594,315
Unrestricted	<u>17,908,896</u>	<u>15,803,374</u>	<u>2,105,522</u>
Total Net Position	<u>\$ 35,277,587</u>	<u>\$ 30,693,278</u>	<u>\$ 4,584,309</u>

The District's total assets were approximately \$82.7 million as of September 30, 2018. Of this amount, approximately \$55.4 million was accounted for by capital assets. The District had outstanding liabilities of approximately \$47.7 million of which approximately \$45.6 million represents bonds payable.

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

The following table provides a summary of the District's operations for the years ended September 30, 2018, and September 30, 2017. The District's net position increased by \$4,584,309.

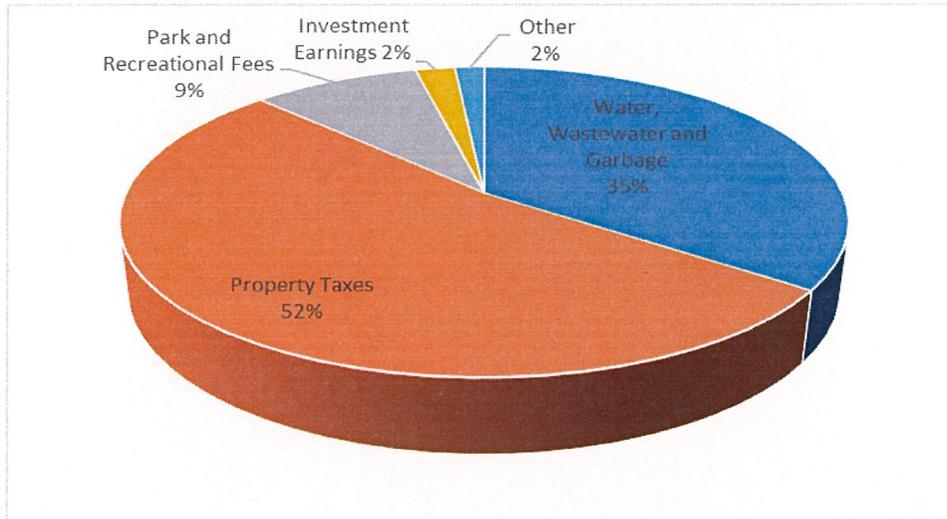
	Summary of Changes in the Statement of Activities		
	2018	2017	Change Positive (Negative)
Revenues:			
Water, Wastewater and Garbage	\$ 6,771,211	\$ 6,584,599	\$ 186,612
Property Taxes	9,928,287	9,204,401	723,886
Park and Recreational Fees	1,673,060	1,546,489	126,571
Investment Earnings	396,731	220,999	175,732
Contributed Assets	1,932	1,710	222
Other	295,508	427,668	(132,160)
Total Revenues	<u>19,066,729</u>	<u>17,985,866</u>	<u>1,080,863</u>
Expenses:			
Water, Wastewater and Garbage	2,586,690	2,450,527	(136,163)
Salary and Related Expenditures	4,213,953	3,980,555	(233,398)
Administrative	1,021,688	943,326	(78,362)
Repairs and Maintenance	876,860	1,122,722	245,862
Utilities	624,474	536,614	(87,860)
Professional Fees	286,027	269,419	(16,608)
Contracted Services	197,193	378,744	181,551
Other	342,184	356,166	13,982
Debt Service	1,304,110	1,657,671	353,561
Depreciation	3,061,544	2,746,605	(314,939)
Total Expenses	<u>14,514,723</u>	<u>14,442,349</u>	<u>(72,374)</u>
Gain (Loss) on Sale of Capital Assets	<u>32,303</u>	<u>(145,014)</u>	<u>177,317</u>
Change in Net Position	\$ 4,584,309	\$ 3,398,503	\$ 1,185,806
Net Position, Beginning of Year	<u>30,693,278</u>	<u>27,294,775</u>	<u>3,398,503</u>
Net Position, End of Year	<u>\$ 35,277,587</u>	<u>\$ 30,693,278</u>	<u>\$ 4,584,309</u>

The District's net property tax values increased by approximately \$ 172.8 million or 10% from \$1,795,727,604 to \$1,968,553,734 for District-wide and approximately \$62.1 million or 16% from \$390,949,120 to \$452,999,890 for the Defined Area. The tax rate is set after reviewing operations and maintenance requirements, interest and sinking fund requirements, and proposed water and wastewater rates. The District-wide and Defined Area rates decreased from \$0.465 to \$0.460 and \$0.225 to \$0.190, respectively, per \$100 of assessed value. Total tax revenue increased by approximately \$724,000 year-over-year. The District increased water rates by 3.5% effective March 1, 2018.

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

The District's main revenue sources are property taxes, utility services, and recreational fees.



**FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS**

	2018	2017
Cash and Cash Equivalents	\$ 1,433,228	\$ 2,286,070
Investments	24,703,958	22,565,304
Receivables	713,441	712,214
Interfund Receivables	1,012,061	2,657,628
Prepays and Other Assets	52,395	228,421
<b>Total Assets</b>	<b>\$ 27,915,083</b>	<b>\$ 28,449,637</b>
Accounts Payable	\$ 424,848	\$ 837,426
Refundable Deposits	663,189	666,118
Other Liabilities	186,839	169,160
Intefund Payables	1,012,061	2,657,628
Unearned Revenue	129,643	87,003
Retainage Payable	110,550	516,151
<b>Total Liabilities</b>	<b>2,527,130</b>	<b>4,933,486</b>
Deferred Inflows of Resources -		
Property Taxes	59,589	43,097
Nonspendable	48,173	61,344
Restricted	7,845,744	8,009,508
Committed	5,703,709	4,587,522
Unassigned	11,730,738	10,814,680
<b>Total Fund Balance</b>	<b>25,328,364</b>	<b>23,473,054</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 27,915,083</b>	<b>\$ 28,449,637</b>

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS (Continued)**

The District's combined fund balances as of September 30, 2018, were \$25,328,364, an increase of \$1,855,310 from the prior year.

The General Fund fund balance increased by \$1,931,941, primarily due to revenues and proceeds from the sale of capital assets exceeding budget by \$592,947 and \$32,303, respectively, and the expenses ending the year under budget by \$1,085,657. The *General Fund* pays for daily operating expenditures. The increase in revenues was seen equally in utilities, investments, recreation, fees, and services. Growth in recreation revenue was driven by increased membership. New development growth has slowed due to the District reaching near build out status which resulted in lower builder fees. There are no further developments that will be contributed to the District. Investment income continues to improve due to the improving economic conditions.

The Board committed \$5,703,709 of General Fund fund balance for specific future projects, of which most are expected to occur in fiscal year 2019. This is a \$1.12 million increase from the amount of projects committed at the end of fiscal year 2017. In addition to these committed funds, the Board of Directors has approved a resolution to set aside \$6,919,757 for a 6-month Operating Reserve and \$2,874,312 for a Revenue Protection Reserve. These amounts are included in unassigned fund balance at year-end.

The Debt Service Fund fund balance increased by \$441,620, primarily due to a transfer of capital recovery funds from the Capital Projects Fund to early redeem a portion of the District's Series 2009 bonds subsequent to year end.

The Capital Projects Fund fund balance decreased by \$518,251, primarily due to the transfer of capital recovery funds to the Debt Service Fund to early redeem a portion of the District's Series 2009 bonds subsequent to year end.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

In compliance with governmental accounting principles, the Board of Directors adopted an unappropriated budget for the General Fund during the current fiscal year, which was amended during the year. Actual revenues were \$592,947 more than budgeted revenues primarily from greater than expected service revenues and investment earnings. Actual expenditures were \$1,085,657 less than budgeted expenditures primarily from lower than expected capital outlay, water and wastewater purchases and contracted services. The District also had unbudgeted proceeds from disposal of assets of \$32,303.

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**CAPITAL ASSETS**

Capital assets as of September 30, 2018, totaled \$55,411,762 (net of accumulated depreciation). These capital assets include land, construction in progress, buildings, furniture, fixtures, and equipment, park and recreational facilities as well as the water, wastewater and drainage systems.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2018	2017	Change Positive (Negative)
Capital Assets:			
Depreciation:			
Land	3,211,879	3,211,879	
Construction in Process	607,160	964,979	(357,819)
Waster, Wastewater and Drainage Systems	84,770,886	84,804,820	(33,934)
Easements and Rights-of-Way	901,890	901,890	
Buildings and Improvements	12,206,015	6,410,050	5,795,965
Furniture and Equipment	1,226,387	1,116,986	109,401
Parks and Recreational Facilities	8,500,331	12,232,384	(3,732,053)
Automobiles and Trucks	496,840	496,840	
Accumulated Depreciation	(56,509,626)	(54,017,060)	(2,492,566)
Total Net Capital Assets	<u>\$ 55,411,762</u>	<u>\$ 56,122,768</u>	<u>\$ (711,006)</u>

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

Four new park projects that were started in fiscal year 2017 were completed in fiscal year 2018: the \$400,000 Sendero Springs trail improvements and the \$750,000 playground improvements in Sendero Valley Park, Pepper Rock Park, and Highland Horizon Park. Design began for the replacement of the Community Park Play Ground and park sign at Cat Hollow Park. The design plans for the Cat Hollow Park restroom expansion were completed and will be bid in fiscal year 2019.

The District completed the construction of Ground Well #6 in 2018 and received approval from the Texas Commission on Environmental Quality to activate the well on December 2, 2018. This \$500,000 project is expected to add over a million gallons a day to the District's raw water supply.

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

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**LONG-TERM DEBT ACTIVITY**

At year-end, the District had total bond debt payable of \$44,520,000. The long-term debt of the District consisted of the following during the fiscal year ended September 30, 2018 and 2017, respectively:

	2018	2017
District-wide:		
Series 2005 Bonds	\$ 1,165,000	\$ 1,165,000
Series 2009 Refunding Bonds	1,405,000	1,600,000
Series 2010 Refunding Bonds	8,825,000	9,995,000
Series 2011 Refunding Bonds	2,045,000	2,055,000
Series 2012 Refunding Bonds	7,475,000	8,230,000
Series 2013 Refunding Bonds	6,010,000	6,025,000
Series 2016 Revenue Note	5,805,000	6,210,000
Total District-wide	32,730,000	35,280,000
Defined Area:		
Series 2009 Bonds	155,000	225,000
Series 2011 Bonds	1,950,000	2,030,000
Series 2013 Bonds	3,070,000	3,165,000
Series 2015 Refunding Bonds	3,360,000	3,475,000
Series 2015 Bonds	3,255,000	3,355,000
Total Defined Area	11,790,000	12,250,000
Total	\$ 44,520,000	\$ 47,530,000

The District's district-wide and defined area bonds have the following future payment requirements:

District-wide:			
Fiscal Year	Principal	Interest	Total Requirement
2019	\$ 2,645,000	\$ 1,096,722	\$ 3,741,722
2020	2,745,000	1,008,378	3,753,378
2021	2,850,000	911,449	3,761,449
2022	2,955,000	810,235	3,765,235
2023	3,065,000	704,604	3,769,604
2024-2028	17,375,000	1,898,854	19,273,854
2029-2030	1,095,000	43,391	1,138,391
	\$ 32,730,000	\$ 6,473,633	\$ 39,203,633

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**LONG-TERM DEBT ACTIVITY (Continued)**

Defined Area:

Fiscal Year	Principal	Interest	Total Requirement
2019	\$ 470,000	\$ 450,438	\$ 920,438
2020	495,000	436,326	931,326
2021	510,000	420,076	930,076
2022	535,000	403,926	938,926
2023	555,000	386,701	941,701
2024-2028	3,125,000	1,634,085	4,759,085
2029-2033	3,830,000	986,357	4,816,357
2034-2038	2,045,000	316,249	2,361,249
2039	225,000	8,442	233,442
	<u>\$ 11,790,000</u>	<u>\$ 5,042,600</u>	<u>\$ 16,832,600</u>

The District's Series 2005, Series 2009 Refunding, Series 2010 Refunding, Series 2012 Refunding, and Series 2013 Refunding carry an underlying rating of "AA-". The District's other bonds are not rated. The Series 2005 and Series 2010 Refunding bonds carry an insured rating of "AA" by virtue of bond insurance issued by Assured Guaranty Municipal Corp. The ratings above are based on rating at September 30, 2018.

More detailed information about the District's long-term debt is presented in the Notes to the Financial Statements.

**CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS**

The amount of assessed value of property within the District-wide area for the 2018 tax year (September 30, 2019 fiscal year) is approximately \$2.1 billion and the tax rate levied was \$0.46 per \$100 of assessed valuation consisting of \$0.32 per \$100 of assessed valuation for maintenance and operations and \$0.14 per \$100 of assessed valuation for debt service. The amount of assessed value of property within the Defined Area for the 2018 tax year is approximately \$494 million and the tax rate levied was \$0.175 per \$100 of assessed valuation for debt service.

The adopted budget for fiscal year 2019 projects a General Fund balance increase of \$306,741.

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

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS (Continued)**

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

Effective March 1, 2018 the District increased water rates by 3.5%. The increase was approved following completion of a rate study by an independent contractor. This was the first water rate increase since 2004.

**CONTACTING THE DISTRICT'S MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Brushy Creek Municipal Utility District, 16318 Great Oaks Drive, Round Rock, Texas 78681.

# FINANCIAL STATEMENTS

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUNDS BALANCE SHEET  
SEPTEMBER 30, 2018**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
<b>ASSETS</b>						
Cash and Investments:						
Cash	\$ 905,782	\$ 9,186	\$	\$ 914,968	\$	\$ 914,968
Investments	16,657,699	4,658,994	2,717,766	24,034,459		24,034,459
Cash with Paying Agent		518,260		518,260		518,260
Receivables:						
Service Accounts (Net of Allowance for Uncollectible Accounts of \$120,616)	640,504			640,504		640,504
Taxes	32,154	27,435		59,589		59,589
Other	13,348			13,348		13,348
Due from Other Funds	884,434		127,627	1,012,061	(1,012,061)	
Prepaid Items	48,173	3,969	253	52,395		52,395
Investments Held for Customer Deposits	669,499			669,499		669,499
Net Pension Asset					341,132	341,132
Capital Assets (Net of Accumulated Depreciation):						
Land					3,211,879	3,211,879
Construction in Progress					607,160	607,160
Water, Wastewater and Drainage Systems					35,191,564	35,191,564
Easements and Rights-of-Way					584,671	584,671
Building and Improvements					10,022,910	10,022,910
Furniture and Equipment					850,496	850,496
Park and Recreational Facilities					4,776,044	4,776,044
Automobiles and Trucks					167,038	167,038
<b>TOTAL ASSETS</b>	<u>\$ 19,851,593</u>	<u>\$ 5,217,844</u>	<u>\$ 2,845,646</u>	<u>\$ 27,915,083</u>	<u>\$ 54,740,833</u>	<u>\$ 82,655,916</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Charges on Refunding Bonds	\$	\$	\$	\$	\$ 152,728	\$ 152,728
Pension					169,711	169,711
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 322,439</u>	<u>\$ 322,439</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 19,851,593</u>	<u>\$ 5,217,844</u>	<u>\$ 2,845,646</u>	<u>\$ 27,915,083</u>	<u>\$ 55,063,272</u>	<u>\$ 82,978,355</u>

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUNDS BALANCE SHEET - Continued  
SEPTEMBER 30, 2018**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts Payable	\$ 424,848	\$	\$	\$ 424,848	\$	\$ 424,848
Retainage Payable	110,550			110,550		110,550
Customer Deposits	663,189			663,189		663,189
Other Liabilities	186,839			186,839		186,839
Due to Other Funds		471,551	540,510	1,012,061	(1,012,061)	
Unearned Revenue	129,643			129,643		129,643
Bonds Interest Payable					515,721	515,721
Accrued Vacation Payable					73,004	73,004
Noncurrent Liabilities:						
Due Within One Year					3,115,000	3,115,000
Due After One Year					42,438,257	42,438,257
<b>TOTAL LIABILITIES</b>	<u>\$ 1,515,069</u>	<u>\$ 471,551</u>	<u>\$ 540,510</u>	<u>\$ 2,527,130</u>	<u>\$ 45,129,921</u>	<u>\$ 47,657,051</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Property Taxes	\$ 32,154	\$ 27,435	\$ -0-	\$ 59,589	\$ (59,589)	\$ -0-
Pension					43,717	43,717
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>\$ 32,154</u>	<u>\$ 27,435</u>	<u>\$ -0-</u>	<u>\$ 59,589</u>	<u>\$ (15,872)</u>	<u>\$ 43,717</u>
<b>FUND BALANCES</b>						
Nonspendable-						
Prepaid Items	\$ 48,173	\$	\$	\$ 48,173	\$ (48,173)	\$
Restricted for:						
Debt Service		4,718,858		4,718,858	(4,718,858)	
Capital Projects			2,305,136	2,305,136	(2,305,136)	
Park Capital Fees	821,750			821,750	(821,750)	
Committed for -						
Repair and Replacement of Capital Assets	5,703,709			5,703,709	(5,703,709)	
Unassigned	11,730,738			11,730,738	(11,730,738)	
<b>TOTAL FUND BALANCES</b>	<u>\$ 18,304,370</u>	<u>\$ 4,718,858</u>	<u>\$ 2,305,136</u>	<u>\$ 25,328,364</u>	<u>\$ (25,328,364)</u>	<u>\$ -0-</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 19,851,593</u>	<u>\$ 5,217,844</u>	<u>\$ 2,845,646</u>	<u>\$ 27,915,083</u>		
<b>NET POSITION</b>						
Net Investment in Capital Assets					\$ 12,316,369	\$ 12,316,369
Restricted for Debt Service					4,230,572	4,230,572
Restricted for Parks Capital Fees					821,750	821,750
Unrestricted					17,908,896	17,908,896
<b>TOTAL NET POSITION</b>					<u>\$ 35,277,587</u>	<u>\$ 35,277,587</u>

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

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018**

Total Fund Balances - Governmental Funds		\$ 25,328,364
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Land, construction in progress and capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		55,411,762
Deferred charges on refunding bonds are not an expenditure of the current period.		152,728
Pension related amounts are not recorded in the governmental funds. These consist of:		
Net Pension Asset		341,132
Deferred Outflows of Resources		169,711
Deferred Inflows of Resources		(43,717)
Deferred tax revenues for the 2017 and prior tax levies became part of recognized revenue in the governmental activities of the District.		59,589
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:		
Accrued Interest Payable	\$ (515,721)	
Accrued Vacation Payable	(73,004)	
Long-Term Liabilities Due Within One Year	(3,115,000)	
Long-Term Liabilities Due After One Year	<u>(42,438,257)</u>	<u>(46,141,982)</u>
Total Net Position - Governmental Activities		<u>\$ 35,277,587</u>

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

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
<b>REVENUES</b>						
Program Revenue:						
Water and Wastewater Services	\$ 5,385,725	\$	\$	\$ 5,385,725	\$	\$ 5,385,725
Park and Recreation Center Fees	1,673,060			1,673,060		1,673,060
Garbage Collection	1,385,486			1,385,486		1,385,486
Capital Recovery Fees			9,748	9,748		9,748
Inspection Fees	27,685			27,685		27,685
Tap and Other Connection Fees	3,074			3,074		3,074
Contributions	1,932			1,932		1,932
General Revenue:						
Property Taxes	5,903,594	4,008,201		9,911,795	16,492	9,928,287
Investment Earnings	284,545	72,603	39,583	396,731		396,731
Rental Income	96,533			96,533		96,533
Other	158,468			158,468		158,468
<b>TOTAL REVENUES</b>	<b>\$ 14,920,102</b>	<b>\$ 4,080,804</b>	<b>\$ 49,331</b>	<b>\$ 19,050,237</b>	<b>\$ 16,492</b>	<b>\$ 19,066,729</b>
<b>EXPENDITURES/EXPENSES</b>						
Service Operations:						
Salary and Benefits	\$ 4,261,308	\$	\$	\$ 4,261,308	\$ (73,005)	\$ 4,188,303
Water and Wastewater Purchases	1,348,904			1,348,904		1,348,904
Garbage Fees	1,237,786			1,237,786		1,237,786
Repairs and Maintenance	876,860			876,860		876,860
Administrative	1,021,688			1,021,688		1,021,688
Utilities	624,474			624,474		624,474
Contracted Services	190,618	6,575		197,193		197,193
Legal Fees	112,648			112,648		112,648
Insurance	79,303			79,303		79,303
Engineering Fees	106,155			106,155		106,155
Tax Appraisal/Collection Fees		64,019		64,019		64,019
Audit Fees	39,000			39,000		39,000
Financial Advisor	20,000			20,000		20,000
Director's Fees	25,650			25,650		25,650
Security Fees	8,224			8,224		8,224
Other	198,761	55	46	198,862		198,862
Capital Outlay	2,300,762		49,776	2,350,538	(2,350,538)	
Debt Service:						
Principal Payments	405,000	2,605,000		3,010,000	(3,010,000)	
Interest and Fiscal Charges	163,323	1,481,295		1,644,618	(340,508)	1,304,110
Depreciation					3,061,544	3,061,544
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>\$ 13,020,464</b>	<b>\$ 4,156,944</b>	<b>\$ 49,822</b>	<b>\$ 17,227,230</b>	<b>\$ (2,712,507)</b>	<b>\$ 14,514,723</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/ EXPENSES</b>	<b>\$ 1,899,638</b>	<b>\$ (76,140)</b>	<b>\$ (491)</b>	<b>\$ 1,823,007</b>	<b>\$ 2,728,999</b>	<b>\$ 4,552,006</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In (Out)	\$	\$ 517,760	\$ (517,760)	\$	\$	\$
Sale of Capital Assets	32,303			32,303		32,303
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ 32,303</b>	<b>\$ 517,760</b>	<b>\$ (517,760)</b>	<b>\$ 32,303</b>	<b>\$ -0-</b>	<b>\$ 32,303</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 1,931,941</b>	<b>\$ 441,620</b>	<b>\$ (518,251)</b>	<b>\$ 1,855,310</b>	<b>\$ (1,855,310)</b>	<b>\$</b>
<b>CHANGE IN NET POSITION</b>					4,584,309	4,584,309
<b>FUND BALANCES/NET POSITION - OCTOBER 1, 2017</b>	<b>16,372,429</b>	<b>4,277,238</b>	<b>2,823,387</b>	<b>23,473,054</b>	<b>7,220,224</b>	<b>30,693,278</b>
<b>FUND BALANCES/NET POSITION - SEPTEMBER 30, 2018</b>	<b>\$ 18,304,370</b>	<b>\$ 4,718,858</b>	<b>\$ 2,305,136</b>	<b>\$ 25,328,364</b>	<b>\$ 9,949,223</b>	<b>\$ 35,277,587</b>

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

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

Net Change in Fund Balances - Governmental Funds	\$	1,855,310
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.		16,492
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.		(3,061,544)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.		2,350,538
Governmental funds report bond discounts, bond premiums and deferred charges on refunding bonds as other financing sources/uses in the year paid. However, in the Statement of Net Position, the bond discounts, bond premiums and deferred charges on refunding bonds are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.		103,729
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.		3,010,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Change in accrued vacation		564
Change in pension related accounts		72,441
Change in bond interest payable		236,779
		236,779
Change in Net Position - Governmental Activities	\$	4,584,309

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

**NOTES TO THE  
FINANCIAL STATEMENTS**

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 1. CREATION OF DISTRICT**

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

The District, as a reporting entity, encompasses those activities and functions over which the District’s elected officials exercise significant oversight or control. The District is a political subdivision of the State of Texas governed by a five-member Board of Directors 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”) since it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. In addition, there are no component units included in the District’s reporting entity.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the GASB. In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Commission.

Financial Statement Presentation

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

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Presentation (Continued)

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

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

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

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fund Financial Statements

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

Governmental Funds

The District has three governmental funds and considers these funds to be major funds:

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

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

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

Basis of Accounting

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

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

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

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Accounts Receivable

The District provides for uncollectible service accounts receivable using the allowance method of accounting for bad debts. Under this method of accounting, a provision for uncollectible accounts is charged to earnings. The allowance account is increased or decreased based on past collection history and management's evaluation of accounts receivable. All amounts considered uncollectible are charged against the allowance account, and recoveries of previously charged off accounts are added to the allowance. The District had an allowance for uncollectible accounts at September 30, 2018 of \$120,616.

Capital Assets

Capital assets, which include land, construction in progress, infrastructure assets, easements and rights-of-way, buildings and improvements, furniture and equipment, park and recreational facilities, and automobiles and trucks are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets to the District are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Interest costs, including developer interest, engineering fees and certain other costs, if any, are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost of \$5,000 or more and a useful life of at least five years. Depreciation is calculated on each class of depreciable property using no salvage value and the straight-line method of depreciation. Estimated useful lives are as follows:

	<u>Years</u>
Easements and Rights-of-Way	40
Buildings and Improvements	10-40
Water, Wastewater and Drainage Systems	7-50
Park and Recreational Facilities	10-22
Furniture and Equipment	6-10
Automobiles and Trucks	5

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Long-term Debt

Long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums and discounts on debt issuances are reported as other financing sources and uses.

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

Budgeting

In compliance with governmental accounting principles, the Board of Directors annually adopts an unappropriated budget for the General Fund. The budget was amended during the current fiscal year.

Compensated Absences

Accrued paid time off is earned by each full-time employee at a rate of between 13.30 and 17.97 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, 2018 was \$73,004. This liability is generally liquidated through the General Fund.

Pensions

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

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement Focus

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

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

*Nonspendable*: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted*: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

*Committed*: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. See further discussion of committed fund balance at Note 10.

*Assigned*: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District authorized the General Manager to have the authority to assign any amount of funds which may occur subsequent to fiscal year end. The District has no assigned fund balances.

*Unassigned*: all other spendable amounts in the General Fund.

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

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Accounting Estimates

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

Reclassifications

Certain amounts in the prior year have been reclassified to conform to the presentation adopted in the current year. There was no impact on net position or fund balance.

Fair Value Measurements

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

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.
- Level 3 are unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

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

- Market approach – uses prices generated by market transactions involving identical or comparable assets or liabilities
- Cost approach – uses the amount that currently would be required to replace the service capacity of an asset (replacement cost)
- Income approach – uses valuation techniques to convert future amounts to present amounts based on current market expectations

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
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SEPTEMBER 30, 2018**

**NOTE 3. LONG-TERM DEBT**

The following is a summary of transactions regarding bonds payable for the year ended September 30, 2018:

	Balance September 30, 2017	Additions	Retirements	Balance September 30, 2018
Bonds Payable and Revenue Note	\$ 47,530,000	\$	\$ (3,010,000)	\$ 44,520,000
Premium on Bond Issuances	1,191,389		(114,834)	1,076,555
Discount on Bond Issuances	(44,387)		1,089	(43,298)
Total	<u>\$ 48,677,002</u>	<u>\$ - 0 -</u>	<u>\$ (3,123,745)</u>	<u>\$ 45,553,257</u>

Long-term debt at September 30, 2018, is comprised of the following:

	Balance September 30, 2018	Due Within One Year
\$9,500,000 Series 2005 serial bonds due in two annual installments of \$570,000 and \$595,000 on June 1, 2019 and 2020. Interest is 3.00% and is payable June 1 and December 1 each year.	\$ 1,165,000	\$ 570,000
\$2,365,000 Series 2009 Sendero Springs/Cornerstone Defined Area serial bonds due in two annual installments of \$75,000 and \$80,000 on June 1, 2019 and 2020. Interest is 5.25% and is payable June 1 and December 1 each year.	155,000	75,000
\$7,975,000 Series 2009 refunding bonds due in annual installments of \$210,000 to \$265,000 through June 1, 2024. Interest varies from 4.00% to 4.625% and is payable June 1 and December 1 each year.	1,405,000	210,000
\$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 2.50% to 4.00% and is payable June 1 and December 1 each year.	8,825,000	1,215,000
\$2,370,000 Series 2011 Sendero Springs/Cornerstone Defined Area serial bonds due in annual installments of \$80,000 to \$305,000 through June 1, 2033. Interest varies from 4.00% to 5.00% and is payable June 1 and December each year.	1,950,000	80,000

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 3. LONG-TERM DEBT (Continued)**

\$2,085,000 Series 2011 refunding bonds due in annual installments of \$175,000 to \$245,000 through June 1, 2028. Interest is 3.84% and is payable June 1 and December 1 each year.	2,045,000	175,000
\$9,260,000 Series 2012 refunding bonds due in annual installments of \$40,000 to \$1,600,000 through June 1, 2028. Interest is 3.00% and is payable June 1 and December 1 each year.	7,475,000	40,000
\$6,125,000 Series 2013 refunding bonds due in annual installments of \$15,000 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.	6,010,000	15,000
\$3,500,000 Series 2013 Sendero Springs/Cornerstone Defined Area serial bonds due in annual installments of \$95,000 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.	3,070,000	95,000
\$3,625,000 Series 2015 refunding bonds due in annual installments of \$120,000 to \$300,000 through June 1, 2033. Interest varies from 2.00% to 3.75% and is payable June 1 and December 1 each year.	3,360,000	120,000
\$3,530,000 Series 2015 Sendero Springs/Cornerstone Defined Area serial bonds due in annual installments of \$100,000 to \$225,000 through June 1, 2039. Interest varies from 2.00% to 3.75% and is payable June 1 and December 1 each year.	3,255,000	100,000
\$6,605,000 Series 2016 Term Note (Community Center) is due in annual installments of \$420,000 to \$555,000 through June 1, 2030. Interest is 2.63% and is payable June 1 and December 1 each year.	5,805,000	420,000
Total Long-Term Debt	<u>\$ 44,520,000</u>	<u>\$ 3,115,000</u>

As of September 30, 2018, the debt service requirements on the bonds outstanding were as follows:

	Principal	Interest	Total
2019	\$ 3,115,000	\$ 1,547,160	\$ 4,662,160
2020	3,240,000	1,444,704	4,684,704
2021	3,360,000	1,331,525	4,691,525
2022	3,490,000	1,214,161	4,704,161
2023	3,620,000	1,091,305	4,711,305
2024-2028	20,500,000	3,532,939	24,032,939
2029-2033	4,925,000	1,029,748	5,954,748
2034-2038	2,045,000	316,249	2,361,249
2039	225,000	8,442	233,442
	<u>\$ 44,520,000</u>	<u>\$ 11,516,233</u>	<u>\$ 56,036,233</u>

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 3. LONG-TERM DEBT** (Continued)

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

As of September 30, 2018, the District had \$12,815,000 of bonds authorized but unissued of which \$10,715,000 is for improvements to the Defined Area water, wastewater, and drainage systems and \$2,100,000 is for improvements to the District-wide water systems.

During the year ended September 30, 2018, the District levied an ad valorem District-wide debt service tax rate of \$0.16 per \$100 of assessed valuation, which resulted in a tax levy of \$3,149,892 on the adjusted taxable valuation of \$1,968,553,734 for the 2017 tax year. The District also levied an ad valorem Defined Area debt service tax rate of \$0.19 per \$100 of assessed valuation, which resulted in a tax levy of \$860,701 on the adjusted taxable valuation of \$452,999,890 for the 2017 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

**NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS**

The bond resolutions require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and cover the cost of assessing and collecting taxes. These provisions have been met, and the cash allocated for these purposes is sufficient to meet debt service requirements through the fiscal year ended September 30, 2018.

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

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

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 5. DEPOSITS AND INVESTMENTS**

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was \$3,667,804 and the bank balance was \$3,833,691. Of the bank balance, \$508,791 was covered by federal depository insurance and the balance was covered by collateral pledged in the name of the District and held in a third-party depository.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at September 30, 2018, as listed below:

	Cash	Money Markets	Certificates of Deposit	Total
GENERAL FUND	\$ 905,782	\$ 666,329	\$ 2,086,507	\$ 3,658,618
DEBT SERVICE FUND	9,186	-	-	9,186
<b>TOTAL DEPOSITS</b>	<u>\$ 914,968</u>	<u>\$ 666,329</u>	<u>\$ 2,086,507</u>	<u>\$ 3,667,804</u>

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Investments

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

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

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

	Net Asset Value, Cost or Amortized Cost	Fair Value			Total	Weighted Average Maturity (Days)
		Level 1	Level 2	Level 3		
Money Market	\$ 666,329	\$	\$	\$	\$ 666,329	
Certificates of Deposit	2,086,507				2,086,507	18
Investment Pools						
TexPool (amortized cost)	1,458,372				1,458,372	
LOGIC (net asset value)	384,929				384,929	
Total Investment Pools	1,843,301				1,843,301	
U.S. Government Agency Securities		11,930,545			11,930,545	121
Treasury Coupons		8,177,276			8,177,276	86
Total Investments	\$ 4,596,137	\$ 20,107,821	\$ - 0 -	\$ - 0 -	\$ 24,703,958	225

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Investments (Continued)

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

At September 30, 2018, the investment portfolio weighted average maturity was 225 days.

The District invests in TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool meets the criteria established in GASB Statement No. 79 and measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

The District also invests in Local Government Investment Cooperative (“LOGIC”), a public funds investment pool created pursuant to the Interlocal Cooperation Act of the State of Texas. The District has delegated the authority to hold legal title to LOGIC as custodian and to make investment purchases with the District’s funds. LOGIC is a member-owned, member-governed public funds investment pool. The Board of Trustees, who have governance responsibilities, is comprised of participants in LOGIC and members of the Texas Association of School Business Officials (“TASBO”). LOGIC meets the criteria established in GASB Statement No. 79 and measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in LOGIC at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from LOGIC.

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 is the risk that the 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, 2018, the District’s investments in TexPool and LOGIC were rated “AAAm” by Standard and Poor’s. The District’s investments in municipal bonds, U.S. agencies coupon securities and certificates of deposit had ratings from Standard and Poor’s in compliance with the District’s investment policy.

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Investments (Continued)

Concentration of credit risk is the risk of loss attributable to the magnitude of a government's investments in a single issuer. At September 30, 2018, the District's investment portfolio was comprised primarily of the following issuers:

<u>Issuer</u>	<u>Amount</u>	<u>% of Total Investments</u>	<u>Standard &amp; Poor's Rating</u>
US Treasury Notes	\$ 8,177,276	33.1 %	AA+
US Agencies:			
Federal Home Loan Bank	6,468,455	26.2	AA+
Federal Home Loan Mortgage Company	990,100	4.0	AA+
Federal National Mortgage Company	2,471,500	10.0	AA+
Federal Agriculture Mortgage Corp.	2,000,490	8.1	AA+
2a7-like Local Government Investment Pools:			
TexPool	1,458,372	5.9	AAAm
LOGIC	384,929	1.6	AAAm
Money Market/Demand Deposits	666,329	2.7	Various
Certificates of Deposit	<u>2,086,507</u>	<u>8.4</u>	Various
Total Investments	<u>\$ 24,703,958</u>	<u>100.0 %</u>	

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in TexPool, LOGIC and the money market funds to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value. Certificates of deposit, U.S. agencies coupon securities and U.S. treasury notes held by the District have set interest rates.

Restrictions

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

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 6. 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, 2018 is as follows:

Receivable Fund	Payable Fund	Amount
General	Debt Service	\$ 343,924
General	Capital Projects	540,510
Capital Projects	Debt Service	127,627
Total		\$ 1,012,061

The Capital Projects Fund transferred \$517,760 of capital recovery funds to the Debt Service Fund to pay off a portion of the Series 2009 bonds subsequent to year end.

**NOTE 7. MAINTENANCE TAX**

The Williamson Central Appraisal District established appraisal values in accordance with requirements of the Texas Legislature. The District levies taxes based upon the appraised values. The Williamson County Tax Assessor Collector bills and collects the District's property taxes. The Board of Directors set current tax rates on August 24, 2017.

During the year ended September 30, 2018, the District levied an ad valorem District-wide maintenance tax rate of \$0.30 per \$100 of assessed valuation, which resulted in a tax levy of \$5,906,047 on the adjusted taxable valuation of \$1,968,553,734 for the 2017 tax year.

The District’s tax calendar is as follows:

- Levy Date - October 1, as soon thereafter as practicable.
- Lien Date - January 1.
- Due Date - Upon receipt but not later than January 31.
- Delinquent Date - February 1, at which time the taxpayer is liable for penalty and interest.

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

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 8. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2018 was as follows:

	Balance September 30, 2017	Additions	Retirements and Transfers	Balance September 30, 2018
Capital Assets, Not Being Depreciated:				
Land	\$ 3,211,879	\$	\$	\$ 3,211,879
Construction in Progress	964,979	340,409	(698,228)	607,160
Total Capital Assets, Not Being Depreciated	4,176,858	340,409	(698,228)	3,819,039
Capital Assets, Being Depreciated:				
Water, Wastewater, and Drainage Systems	84,804,820	296,066	(330,000)	84,770,886
Easements and Rights-of-Way	901,890			901,890
Buildings and Improvements	6,410,050	1,248,823	4,547,142	12,206,015
Furniture and Equipment	1,116,986	220,401	(111,000)	1,226,387
Park and Recreational Facilities	12,232,384	943,067	(4,675,120)	8,500,331
Automobiles and Trucks	496,840			496,840
Total Capital Assets Being Depreciated	105,962,970	2,708,357	(568,978)	108,102,349
Less Accumulated Depreciation For:				
Water, Wastewater, and Drainage Systems	(47,781,002)	(2,128,320)	330,000	(49,579,322)
Easements and Rights-of-Way	(294,672)	(22,547)		(317,219)
Buildings and Improvements	(1,869,394)	(335,711)	22,000	(2,183,105)
Furniture and Equipment	(344,294)	(142,597)	111,000	(375,891)
Park and Recreational Facilities	(3,455,598)	(374,667)	105,978	(3,724,287)
Automobiles and Trucks	(272,100)	(57,702)		(329,802)
Total Accumulated Depreciation	(54,017,060)	(3,061,544)	568,978	(56,509,626)
Total Capital Assets Being Depreciated, Net	51,945,910	(353,187)	-	51,592,723
Capital Assets, Net	\$ 56,122,768	\$ (12,778)	\$ (698,228)	\$ 55,411,762

**NOTE 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 \$9,748 for the year ended September 30, 2018 and are within the Capital Projects Fund.

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
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**NOTE 10. FUND BALANCES**

The Board committed \$5,703,709 of General Fund balance to pay for future repairs, replacements, and purchases of capital. The Amounts committed for funding capital projects as of September 30, 2018 are as follows:

Utility Equipment Replacement	\$ 151,902
Replacement of Water Facility Membranes	1,075,000
Community Center Equipment Replacement	59,643
Well #6 Construction	30,000
Park Master Plan Projects	1,157,969
BRA Water Line Reserves	404,612
Regional Waste Water Improvements Fund	564,389
Maintenance Yard Engineering	250,000
Renovation of Maintenance Yard	178,000
Relocation of Utilities for Hairy Man Rd Project	70,400
Trail Washouts	325,000
Drainage Improvements	250,000
Lift Station Improvements	200,000
Collection Lift Station Repairs	60,000
Community Center Expansion Engineering	137,194
Future Waterline Replacements	50,000
A/C Unit for Well #3	10,000
WTP Generator Improvements Reserve Fund	(74,500)
SCADA Server Replacement (WTP)	25,000
Hoe Ram for Mini Excavator	9,000
F550 with Dump Bed	50,000
F250 to Replace Nissan Pickup	25,000
Community Park Playground	245,100
Community Park Amphitheatre	250,000
Highland Horizon Pool Building	50,000
Cat Hollow Pool Restrooms	150,000
	<u>\$ 5,703,709</u>

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 11. COMMITMENTS**

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.

**NOTE 12. DEFINED BENEFIT PENSION PLAN**

Plan Description

The District provides retirement, disability, and death benefits for all of its non-temporary full-time employees through an agent multiple-employer nontraditional defined benefit pension plan administered by the Texas County and District Retirement System (“TCDRS”). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of over 600 active participating counties and districts throughout Texas. TCDRS in the aggregate issues a comprehensive annual financial report (“CAFR”) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
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**NOTE 12. DEFINED BENEFIT PENSION PLAN (Continued)**

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas State statutes governing TCDRS (“TCDRS Act”). Members can retire at age 60 and above with eight or more years of service but must leave their accumulated contributions in the plan to receive any employer-finance benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefits Provided

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

Employee membership data related to the Plan, as of the valuation date of December 31, 2017 was as follows:

Retirees and beneficiaries currently receiving benefits	7
Terminated employees entitled to but not yet receiving benefits	261
Active plan members	107
Total	375

Contributions

The District has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The District contributed using the actuarially determined rate of 5.93% for 2017 as adopted by the governing body of the District. The employee contribution rate was 6.00%. The employee contribution rate and the employer contribution rate may be changed by the governing body of the District within the options available in the TCDRS Act. The required contribution and actual contributions for the year ended December 31, 2017 equaled \$168,727 and \$173,616.

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
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**NOTE 12. DEFINED BENEFIT PENSION PLAN (Continued)**

Actuarial Assumptions

The District's net pension liability was measured as of December 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal
Amortization Method	Straight-lined amortization over expected working life
Asset Valuation Method	
Smoothing Period	5 years
Recognition Method	Non-asymptotic
Corridor	None
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.10%
Cost-of-Living Adjustments	Cost-of-Living Adjustments for District are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Between ages 40 and 74 with various rates of service retiremetn by gender: low of 4.5% for ages 40-44 up to a high of 25% for ages 65 and 66 for males and females.
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Mortality	
Depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014
Service Retirees, Beneficiaries and Non-Depositing Members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014
Disabled Retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 12. DEFINED BENEFIT PENSION PLAN (Continued)**

All actuarial assumptions that determined the total pension liability as of December 31, 2017 were based on the results of an actuarial experience study for the period January 1, 2013 - December 31, 2016, except where required to be different by GASB 68.

Long-Term Expected Rate of Return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2018 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a 30-year time horizon; the most recent analysis was performed in 2017.

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (Expected Minus Inflation) (2)
U.S. Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.55%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (3)	16.00%	7.55%
Global Equities	MSCI Worl (net) Index	1.50%	4.85%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) Index	11.00%	4.55%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (net) Index	8.00%	5.55%
Investment - Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	0.75%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	8.00%	4.12%
Direct Lending	S&P/LSTA Leveraged Loan Index	10.00%	8.06%
Distressed Debt	Cambridge Associates Distressed Securities Index (4)	2.00%	6.30%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.05%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	6.00%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (5)	6.00%	6.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	18.00%	4.10%

(1) Target asset allocation adopted at the April 2018 TCDRS Board meeting.

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.95%, per Cliffwater's 2018 capital market assumptions.

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

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

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

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 12. DEFINED BENEFIT PENSION PLAN (Continued)**

Discount Rate

The discount rate used to measure the total pension liability was 8.10%. This rate reflects the long-term rate of return funding valuation assumption of 8.00%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB 68. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply.

Changes in net pension asset for the valuation year ended December 31, 2017 are as follows:

<u>Changes in Net Pension Liability / (Asset)</u>	<u>Total Pension Liability (a)</u>	<u>Fiduciary Net Position (b)</u>	<u>Net Pension Liability / (Asset) (a) - (b)</u>
Balances as of December 31, 2016	\$ 3,970,927	\$ 4,058,071	\$ (87,144)
Changes For the Year:			
Service Cost	294,923		294,923
Interest on Total Pension Liability (1)	342,882		342,882
Effect of Plan Changes (2)	4,376		4,376
Effect of Economic/Demographic Gains or Losses	44,864		44,864
Effect of Assumptions Changes or Inputs	512		512
Refund of Contributions	(37,026)	(37,026)	
Benefit Payments	(29,757)	(29,757)	
Administrative Expenses		(3,280)	3,280
Member Contributions		170,719	(170,719)
Net Investment Income		596,801	(596,801)
Employer Contributions		173,616	(173,616)
Other (3)		3,689	(3,689)
Balances as of December 31, 2017	<u>\$ 4,591,701</u>	<u>\$ 4,932,833</u>	<u>\$ (341,132)</u>

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

(2) Reflects plan changes adopted effective in 2018.

(3) Relates to allocation of system-wide items.

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 12. DEFINED BENEFIT PENSION PLAN (Continued)**

Sensitivity Analysis

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total Pension Liability	\$ 5,331,902	\$ 4,591,701	\$ 3,989,413
Fiduciary Net Position	4,932,833	4,932,833	4,932,833
Net Pension Liability / (Asset)	<u>\$ 399,069</u>	<u>\$ (341,132)</u>	<u>\$ (943,420)</u>

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

For the year ended September 30, 2018, the District recognized pension benefit of \$72,441. As of September 30, 2018, the deferred outflows and inflows of resources are as follows:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 9,577	\$ 29,909
Changes of Assumptions		341
Net Difference Between Projected and Actual Earnings	34,140	
Contributions Made Subsequent to Measurement Date		139,461
	<u>\$ 43,717</u>	<u>\$ 169,711</u>

The \$139,461 reported as deferred outflows of resources related to pensions resulting from contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2018. The remaining amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended September 30,</u>	<u>Pension Expense Amount</u>
2018	\$ 41,837
2019	40,943
2020	(44,835)
2021	(51,412)
	<u>\$ (13,467)</u>

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 13. RISK MANAGEMENT**

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained coverage from commercial insurance companies and the Texas Municipal League Intergovernmental Risk Pool (“TML Pool”) to effectively manage its risk. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

The TML Pool was established by various political subdivisions in Texas to provide self-insurance for its members and to obtain lower costs for insurance. TML Pool members pay annual contributions to obtain the insurance. Annual contribution rates are determined by the TML Pool Board. Rates are estimated to include all claims expected to occur during the policy including claims incurred but not reported. The TML Pool has established claims reserves for each of the types of insurance offered. Although the TML Pool is a self-insured risk pool, members are not contingently liable for claims filed above the amount of the fixed annual contributions. If losses incurred are significantly higher than actuarially estimated, the TML Pool adjusts the contribution rate for subsequent years. Members may receive returns of contributions if actual results are more favorable than estimated.

**NOTE 14. LEASE AGREEMENTS**

The District entered into agreements with three outside parties to lease District property for cell tower use in fiscal years 2004, 2005 and 2009. During the year ended September 30, 2018, the District recognized rental income of \$78,823 related to these agreements. Future rental income per these agreements is as follows:

2019	\$	80,575
2020		87,097
2021		88,782
2022		89,823
2023		90,896
Thereafter		1,675,873
Total	\$	<u>2,113,046</u>

The District owns a house that it rents to third parties through a management company. During the year ended September 30, 2018, the District recognized rental income of \$17,710 related to this rental property. Future rental income per the lease agreement effective as of September 30, 2018 is \$16,335 for fiscal year 2019.

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 15. SUBSEQUENT EVENT**

On October 1, 2018, the District redeemed \$510,000 of its Series 2009 bonds prior to their scheduled maturity dates of June 1, 2023 and June 1, 2024. The early redemption resulted in an overall debt service savings to the District of \$120,402.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Program Revenue:				
Water and Wastewater Services	\$ 5,215,166	\$ 5,215,166	\$ 5,385,725	\$ 170,559
Park and Recreation Center Fees	1,475,646	1,519,904	1,673,060	153,156
Garbage Collection	1,367,400	1,367,400	1,385,486	18,086
Inspection Fees	14,500	14,500	27,685	13,185
Tap and Other Connection Fees	23,600	23,600	3,074	(20,526)
Contributions			1,932	1,932
General Revenue:				
Property Taxes	5,812,840	5,812,840	5,903,594	90,754
Investment Earnings	85,000	141,500	284,545	143,045
Rental Income	98,200	98,200	96,533	(1,667)
Other	134,045	134,045	158,468	24,423
<b>TOTAL REVENUES</b>	<b>\$ 14,226,397</b>	<b>\$ 14,327,155</b>	<b>\$ 14,920,102</b>	<b>\$ 592,947</b>
<b>EXPENDITURES</b>				
Service Operations:				
Salary and Benefits	\$ 4,445,762	\$ 4,446,412	\$ 4,261,308	\$ 185,104
Water and Wastewater Purchases	1,599,633	1,599,633	1,348,904	250,729
Garbage Fees	1,238,306	1,238,306	1,237,786	520
Repairs and Maintenance	802,464	829,464	876,860	(47,396)
Administrative	1,012,063	1,067,713	1,021,688	46,025
Utilities	664,044	649,644	624,474	25,170
Contracted Services	321,175	371,133	190,618	180,515
Legal Fees	100,000	95,800	112,648	(16,848)
Insurance	70,250	70,250	79,303	(9,053)
Engineering Fees	52,500	76,900	106,155	(29,255)
Audit Fees	39,500	39,500	39,000	500
Financial Advisor	20,000	20,000	20,000	
Director's Fees	36,000	36,000	25,650	10,350
Security Fees	10,650	10,650	8,224	2,426
Other *	157,992	194,292	198,761	(4,469)
Capital Outlay	2,199,000	2,792,101	2,300,762	491,339
Debt Service:				
Principal Payments	405,000	405,000	405,000	
Interest and Fiscal Charges	163,323	163,323	163,323	
<b>TOTAL EXPENDITURES</b>	<b>\$ 13,337,662</b>	<b>\$ 14,106,121</b>	<b>\$ 13,020,464</b>	<b>\$ 1,085,657</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$ 888,735</b>	<b>\$ 221,034</b>	<b>\$ 1,899,638</b>	<b>\$ 1,678,604</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	\$ (480,400)	\$ (33,400)	\$	\$ 33,400
Sale of Capital Assets			32,303	32,303
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ (480,400)</b>	<b>\$ (33,400)</b>	<b>\$ 32,303</b>	<b>\$ 65,703</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 408,335</b>	<b>\$ 187,634</b>	<b>\$ 1,931,941</b>	<b>\$ 1,744,307</b>
<b>FUND BALANCE - OCTOBER 1, 2017</b>	<b>16,372,429</b>	<b>16,372,429</b>	<b>16,372,429</b>	
<b>FUND BALANCE - SEPTEMBER 30, 2018</b>	<b>\$ 16,780,764</b>	<b>\$ 16,560,063</b>	<b>\$ 18,304,370</b>	<b>\$ 1,744,307</b>

\* This includes expenses related to community activities, recruiting, cell/phone/cable, postage, and printing as well as other miscellaneous expenses.

See accompanying independent auditor's report.

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT**  
Schedule of Changes in Net Pension Liability and Related Ratios  
September 30, 2018

	Year Ended December 31, 2017*	Year Ended December 31, 2016*	Year Ended December 31, 2015*	Year Ended December 31, 2014*
<b>Total Pension Liability</b>				
Service Cost	\$ 294,923	\$ 295,387	\$ 267,011	\$ 250,979
Interest on Total Pension Liability	342,882	291,308	263,305	230,728
Effect of Plan Changes	4,376	-	(55,460)	-
Effect of Assumption Changes or Inputs	512	-	30,086	-
Effect on Economic/Demographic (Gains) or Losses	44,864	(28,730)	(120,517)	(26,206)
Benefit Payments/Refunds of Contributions	<u>(66,783)</u>	<u>(75,753)</u>	<u>(54,772)</u>	<u>(42,950)</u>
Net Change in Total Pension Asset	620,774	482,212	329,653	412,551
Total Pension Liability, Beginning	<u>3,970,927</u>	<u>3,488,715</u>	<u>3,159,062</u>	<u>2,746,511</u>
<b>Total Pension Liability, Ending (a)</b>	\$ 4,591,701	\$ 3,970,927	\$ 3,488,715	\$ 3,159,062
<b>Fiduciary Net Position</b>				
Employer Contributions	\$ 173,616	\$ 142,204	\$ 140,561	\$ 141,860
Member Contributions	170,719	147,347	138,711	129,947
Investment Income Net of Investment Expenses	596,801	264,683	(66,405)	199,976
Benefit Payments/Refunds of Contributions	(66,783)	(75,753)	(54,773)	(42,950)
Administrative Expenses	(3,280)	(2,878)	(2,516)	(2,463)
Other	<u>3,689</u>	<u>24,012</u>	<u>2,488</u>	<u>446</u>
Net Change in Fiduciary Net Position	874,762	499,615	158,066	426,816
Fiduciary Net Position, Beginning	<u>4,058,071</u>	<u>3,558,456</u>	<u>3,400,390</u>	<u>2,973,574</u>
<b>Fiduciary Net Position, Ending (b)</b>	\$ 4,932,833	\$ 4,058,071	\$ 3,558,456	\$ 3,400,390
<b>Net Pension Liability / (Asset), Ending = (a) - (b)</b>	\$ (341,132)	\$ (87,144)	\$ (69,741)	\$ (241,328)
Fiduciary Net Position as a % of Total Pension Liability	107.43 %	102.19 %	102.00 %	107.64
<b>Pensionable Covered Payroll</b>	\$ 2,845,317	\$ 2,450,776	\$ 2,311,858	\$ 2,165,801
Net Pension Liability as a % of Covered Payroll	(11.99) %	(3.56) %	(3.02) %	(11.14)

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

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT**  
Schedule of District Contributions  
September 30, 2018

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Year Ending December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll*	Actual Contribution as a % of Covered Payroll
2008	\$ 82,817	\$ 82,817	\$ -	\$ 1,934,970	4.3%
2009	107,294	107,294	-	2,099,696	5.1%
2010	131,463	131,463	-	2,054,117	6.4%
2011	126,935	126,935	-	1,908,800	6.6%
2012	133,973	133,973	-	2,023,768	6.6%
2013	134,120	134,120	-	2,089,097	6.4%
2014	141,860	141,860	-	2,165,801	6.6%
2015	140,561	140,561	-	2,311,858	6.1%
2016	141,900	142,204	(304)	2,450,776	5.8%
2017	168,727	173,616	(4,889)	2,845,317	6.1%

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

**SUPPLEMENTARY INFORMATION  
REQUIRED BY THE WATER  
DISTRICT FINANCIAL  
MANAGEMENT GUIDE**

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
SERVICES AND RATES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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

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

**2. RETAIL SERVICE PROVIDERS**

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

Based on the rate order effective March 1, 2018.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels				
<b>WATER:</b>									
In-District	\$ 14.50		Y	\$ 2.17 winter \$ 2.85 summer	Oct to May Jun to Sep				
Out-of-District	\$ 37.42		Y	\$ 2.17 winter \$ 2.85 summer	Oct to May Jun to Sep				
<b>WASTEWATER:</b>									
In-District	\$ 6.00		N	\$ 2.70	Per 1,000				
Out-of-District	\$ 12.00		N	\$ 10.80	Per 1,000				
<b>SURCHARGE:</b>	N/A	N/A	N/A	N/A	N/A				
District employs winter averaging for wastewater usage?					<table style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;"><u>  X  </u></td> <td style="text-align: center;"><u>      </u></td> </tr> <tr> <td style="text-align: center;">Yes</td> <td style="text-align: center;">No</td> </tr> </table>	<u>  X  </u>	<u>      </u>	Yes	No
<u>  X  </u>	<u>      </u>								
Yes	No								

Total charges per 10,000 gallons usage: In-District: Water: \$36.20-Winter, \$43.00-Summer; Wastewater: \$33.00  
 Out-of-District: Water: \$59.12-Winter, \$65.92-Summer; Wastewater: \$120.00

See accompanying independent auditor's report.

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
SERVICES AND RATES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**2. RETAIL SERVICE PROVIDERS (Continued)**

**b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)**

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
3/4"	<u>5,560</u>	<u>5,560</u>	x 1.0	<u>5,560</u>
1"	<u>37</u>	<u>37</u>	x 2.5	<u>93</u>
1½"	<u>37</u>	<u>37</u>	x 5.0	<u>185</u>
2"	<u>37</u>	<u>37</u>	x 8.0	<u>296</u>
3"	<u>4</u>	<u>4</u>	x 15.0	<u>60</u>
4"	<u>          </u>	<u>          </u>	x 25.0	<u>          </u>
6"	<u>1</u>	<u>1</u>	x 50.0	<u>50</u>
8"	<u>7</u>	<u>7</u>	x 80.0	<u>560</u>
10"	<u>          </u>	<u>          </u>	x 115.0	<u>-</u>
Total Water Connections	<u><u>5,683</u></u>	<u><u>5,683</u></u>		<u><u>6,804</u></u>
Total Wastewater Connections	<u><u>5,592</u></u>	<u><u>5,592</u></u>	x 1.0	<u><u>5,592</u></u>

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

Gallons pumped into the System: 983,859,000      Water Accountability Ratio: 92%  
(Gallons billed /Gallons pumped)

Gallons billed to customers: 903,163,300

The water accountability ratio does not include fire hydrant flushing, water used in fire-fighting, loss due to water leaks identified, or other un-metered loss to the system.

See accompanying independent auditor's report.



**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
GENERAL FUND EXPENDITURES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Parks &amp; Recreation</u>	<u>Utilities</u>	<u>Administrative &amp; Other Services</u>	<u>Total</u>
SALARY AND BENEFITS	\$ 2,181,556	\$ 843,325	\$ 1,236,427	\$ 4,261,308
PROFESSIONAL FEES:				
Auditing			39,000	39,000
Legal			112,648	112,648
Engineering	12,828	90,820	2,507	106,155
Financial Advisor			20,000	20,000
PURCHASED SERVICES FOR RESALE -				
Bulk Water and Wastewater Service Purchases		1,348,904		1,348,904
CONTRACTED SERVICES -				
Other Contracted Services	37,877	45,801	115,164	198,842
UTILITIES	137,239	337,679	149,556	624,474
REPAIRS AND MAINTENANCE	689,508	141,331	46,021	876,860
ADMINISTRATIVE EXPENDITURES:				
Director Fees			25,650	25,650
Office Supplies	2,588	1,476	32,086	36,150
Insurance			79,303	79,303
Other Administrative Expenses	677,127	261,651	37,843	976,621
CAPITAL OUTLAY:				
Capitalized Assets	1,445,426	796,917	58,419	2,300,762
Expenditures Not Capitalized				
TAP CONNECTION EXPENDITURES		8,917		8,917
SOLID WASTE DISPOSAL	5,656	421	1,231,709	1,237,786
OTHER EXPENDITURES			198,761	198,761
DEBT SERVICE:				
Principal Payments			405,000	405,000
Interest and Fiscal Charges			163,323	163,323
TOTAL EXPENDITURES	<u>\$ 5,189,805</u>	<u>\$ 3,877,242</u>	<u>\$ 3,953,417</u>	<u>\$ 13,020,464</u>

Number of persons employed by the District: 47 Full-Time

106 Part-Time

(Does not include independent contractors or consultants; however, does include seasonal staff)

See accompanying independent auditor's report.

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
INVESTMENTS  
SEPTEMBER 30, 2018**

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<b><u>GENERAL FUND</u></b>					
LOGIC	XXXX1002	Varies	Daily	\$ 169,506	\$
LOGIC	XXXX1003	Varies	Daily	8,910	
TexPool	XXXX0008	Varies	Daily	1,132,962	
TexPool	XXXX0001	Varies	Daily	30,588	
Certificate of Deposit	XXXX7047	2.210%	04/12/19	2,086,507	
Money Market Fund	XXXX1901	Varies	Daily	666,329	
US Agencies	XXXX02T6	2.375%	09/13/19	2,003,980	
US Agencies	XXXX0JR2	2.375%	12/13/19	1,007,020	
US Agencies	XXXX8Y72	0.875%	08/05/19	287,526	
US Agencies	XXXXDBE1	1.750%	01/02/19	2,497,850	
US Agencies	XXXXP5A3	1.720%	10/03/18	1,004,170	
US Agencies	XXXX0RZ6	1.430%	04/18/19	996,320	
US Agencies	XXXX9NL7	1.180%	05/24/19	990,100	
Treasury Note	XXXX82B5	0.750%	08/15/19	1,966,875	
Treasury Note	XXXX8P95	1.000%	03/15/19	494,727	
Treasury Note	XXXX8WW6	1.625%	07/31/19	<u>1,983,828</u>	
<b>TOTAL GENERAL FUND</b>				<b>\$ 17,327,198</b>	<b>\$ - 0 -</b>
<b><u>DEBT SERVICE FUND</u></b>					
LOGIC	XXXX1001	Varies	Daily	\$ 130,557	\$
LOGIC	XXXX1013	Varies	Daily	44,250	
TexPool	XXXX0004	Varies	Daily	270,958	
US Agencies	XXXX0G23	1.300%	04/29/19	1,686,564	
US Agencies	XXXX0R39	1.000%	10/24/19	784,936	
Treasury Note	XXXX8M64	1.250%	11/15/18	<u>1,741,729</u>	
<b>TOTAL DEBT SERVICE FUND</b>				<b>\$ 4,658,994</b>	<b>\$ - 0 -</b>
<b><u>CAPITAL PROJECTS FUND</u></b>					
LOGIC	XXXX1009	Varies	Daily	\$ 31,706	\$
TexPool	XXXX0007	Varies	Daily	23,864	
US Agencies	XXXX8Y72	0.875%	08/05/19	672,079	
Treasury Note	XXXX8WS5	1.625%	06/30/19	996,133	
Treasury Note	XXXX8WW6	1.625%	07/31/19	<u>993,984</u>	
<b>TOTAL CAPITAL PROJECTS FUND</b>				<b>\$ 2,717,766</b>	<b>\$ - 0 -</b>
<b>TOTAL - ALL FUNDS</b>				<b>\$ 24,703,958</b>	<b>\$ - 0 -</b>

See accompanying independent auditor's report.

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
OCTOBER 1, 2017	\$	22,933	\$	20,164
Adjustments to Beginning				
Balance		<u>(1,919)</u>	\$	<u>21,014</u>
			<u>1,699</u>	\$
				21,863
Original 2017 Tax Levy	\$	5,904,939	\$	4,010,873
Adjustment to 2017 Tax Levy		<u>1,108</u>	<u>5,906,047</u>	<u>(280)</u>
				<u>4,010,593</u>
TOTAL TO BE				
ACCOUNTED FOR		\$	5,927,061	\$
				4,032,456
TAX COLLECTIONS:				
Prior Years	\$	527	\$	1,939
Current Year		<u>5,894,380</u>	<u>5,894,907</u>	<u>4,003,082</u>
				<u>4,005,021</u>
TAXES RECEIVABLE -				
SEPTEMBER 30, 2018		<u>\$</u>	<u>32,154</u>	<u>\$</u>
				<u>27,435</u>
TAXES RECEIVABLE BY				
YEAR:				
2017	\$	11,667	\$	7,511
2016		2,988		6,075
2015		2,646		3,900
2014		2,947		3,203
2013		3,081		3,081
2012		1,212		1,212
2011		854		1,282
2010 & Prior		<u>6,759</u>		<u>1,171</u>
TOTAL	\$	<u>32,154</u>	\$	<u>27,435</u>

See accompanying independent auditor's report.

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>PROPERTY VALUATIONS:</b>				
District-wide	\$ 1,968,553,734	\$ 1,795,727,604	\$ 1,614,574,091	\$ 1,492,797,990
Defined Area	\$ 452,999,890	\$ 390,949,120	\$ 321,159,259	\$ 267,853,303
<b>TAX RATES PER \$100 VALUATION:</b>				
Debt Service Tax Rate	\$ 0.1600	\$ 0.2950	\$ 0.2800	\$ 0.2500
Maintenance Tax Rate	<u>0.3000</u>	<u>0.1700</u>	<u>0.1900</u>	<u>0.2300</u>
District-wide	\$ 0.4600	\$ 0.4650	\$ 0.4700	\$ 0.4800
Defined Area	\$ 0.1900	\$ 0.2250	\$ 0.2700	\$ 0.3500
<b>ADJUSTED TAX LEVY</b>	<u>\$ 9,916,640</u>	<u>\$ 9,259,726</u>	<u>\$ 8,448,244</u>	<u>\$ 7,930,625</u>
<b>PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED</b>	<u>99.81 %</u>	<u>99.90 %</u>	<u>99.92 %</u>	<u>99.92 %</u>

See accompanying independent auditor's report.

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
LONG-TERM DEBT SERVICE REQUIREMENTS  
SEPTEMBER 30, 2018**

Due During Fiscal Years Ending September 30	SERIES - 2005			DEFINED AREA SERIES - 2009			REFUNDING SERIES - 2009		
	Principal Due June 1	Interest Due December 1/ June 1	Total	Principal Due June 1	Interest Due December 1/ June 1	Total	Principal Due June 1	Interest Due December 1/ June 1	Total
2019	\$ 570,000	\$ 34,950	\$ 604,950	\$ 75,000	\$ 8,137	\$ 83,137	\$ 210,000	\$ 61,319	\$ 271,319
2020	595,000	17,850	612,850	80,000	4,200	84,200	215,000	51,869	266,869
2021							230,000	43,269	273,269
2022							240,000	33,781	273,781
2023							245,000	23,281	268,281
2024							265,000	12,256	277,256
2025									
2026									
2027									
2028									
2029									
2030									
2031									
2032									
2033									
2034									
2035									
2036									
2037									
2038									
2039									
	<u>\$ 1,165,000</u>	<u>\$ 52,800</u>	<u>\$ 1,217,800</u>	<u>\$ 155,000</u>	<u>\$ 12,337</u>	<u>\$ 167,337</u>	<u>\$ 1,405,000</u>	<u>\$ 225,775</u>	<u>\$ 1,630,775</u>

See accompanying independent auditor's report.

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
LONG-TERM DEBT SERVICE REQUIREMENTS  
SEPTEMBER 30, 2018**

Due During Fiscal Years Ending September 30	REFUNDING SERIES-2010			DEFINED AREA SERIES-2011			REFUNDING SERIES-2011		
	Principal Due June 1	Interest Due December 1/ June 1	Total	Principal Due June 1	Interest Due December 1/ June 1	Total	Principal Due June 1	Interest Due December 1/ June 1	Total
2019	\$ 1,215,000	\$ 346,928	\$ 1,561,928	\$ 80,000	\$ 89,250	\$ 169,250	\$ 175,000	\$ 78,528	\$ 253,528
2020	1,270,000	304,400	1,574,400	85,000	85,850	170,850	175,000	71,808	246,808
2021	1,320,000	253,600	1,573,600	85,000	82,450	167,450	185,000	65,088	250,088
2022	1,375,000	200,800	1,575,800	90,000	79,050	169,050	190,000	57,984	247,984
2023	1,430,000	145,800	1,575,800	95,000	75,450	170,450	200,000	50,688	250,688
2024		88,600	88,600	100,000	71,650	171,650	205,000	43,008	248,008
2025	255,000	88,600	343,600	105,000	67,525	172,525	215,000	35,136	250,136
2026	1,960,000	78,400	2,038,400	110,000	63,194	173,194	225,000	26,880	251,880
2027				110,000	58,244	168,244	230,000	18,240	248,240
2028				115,000	53,294	168,294	245,000	9,408	254,408
2029				120,000	47,975	167,975			
2030				125,000	42,425	167,425			
2031				135,000	36,331	171,331			
2032				290,000	29,750	319,750			
2033				305,000	15,250	320,250			
2034									
2035									
2036									
2037									
2038									
2039									
	<u>\$ 8,825,000</u>	<u>\$ 1,507,128</u>	<u>\$ 10,332,128</u>	<u>\$ 1,950,000</u>	<u>\$ 897,688</u>	<u>\$ 2,847,688</u>	<u>\$ 2,045,000</u>	<u>\$ 456,768</u>	<u>\$ 2,501,768</u>

See accompanying independent auditor's report.

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
LONG-TERM DEBT SERVICE REQUIREMENTS  
SEPTEMBER 30, 2018**

Due During Fiscal Years Ending September 30	REFUNDING SERIES-2012			REFUNDING SERIES-2013			DEFINED AREA SERIES-2013		
	Principal Due June 1	Interest Due December 1/ June 1	Total	Principal Due June 1	Interest Due December 1/ June 1	Total	Principal Due June 1	Interest Due December 1/ June 1	Total
2019	\$ 40,000	\$ 224,250	\$ 264,250	\$ 15,000	\$ 198,075	\$ 213,075	\$ 95,000	\$ 136,545	\$ 231,545
2020	45,000	223,050	268,050	15,000	197,775	212,775	100,000	134,170	234,170
2021	660,000	221,700	881,700	15,000	197,475	212,475	105,000	131,370	236,370
2022	685,000	201,900	886,900	15,000	197,025	212,025	110,000	128,220	238,220
2023	710,000	181,350	891,350	15,000	196,575	211,575	115,000	124,645	239,645
2024	1,600,000	160,050	1,760,050	685,000	196,125	881,125	120,000	120,620	240,620
2025	730,000	112,050	842,050	1,635,000	175,575	1,810,575	125,000	115,820	240,820
2026	750,000	90,150	840,150		126,525	126,525	135,000	110,820	245,820
2027	1,110,000	67,650	1,177,650	1,775,000	126,525	1,901,525	140,000	104,880	244,880
2028	1,145,000	34,350	1,179,350	1,840,000	64,400	1,904,400	145,000	98,720	243,720
2029							150,000	92,340	242,340
2030							160,000	85,140	245,140
2031							165,000	77,460	242,460
2032							175,000	69,540	244,540
2033							180,000	61,140	241,140
2034							190,000	52,500	242,500
2035							200,000	43,000	243,000
2036							210,000	33,000	243,000
2037							220,000	22,500	242,500
2038							230,000	11,500	241,500
2039									
	<u>\$ 7,475,000</u>	<u>\$ 1,516,500</u>	<u>\$ 8,991,500</u>	<u>\$ 6,010,000</u>	<u>\$ 1,676,075</u>	<u>\$ 7,686,075</u>	<u>\$ 3,070,000</u>	<u>\$ 1,753,930</u>	<u>\$ 4,823,930</u>

See accompanying independent auditor's report.

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
LONG-TERM DEBT SERVICE REQUIREMENTS  
SEPTEMBER 30, 2018**

Due During Fiscal Years Ending September 30	DEFINED AREA REFUNDING SERIES-2015			DEFINED AREA SERIES-2015			UTILITY SYSTEM REVENUE NOTE SERIES-2016		
	Principal Due June 1	Interest Due December 1/ June 1	Total	Principal Due June 1	Interest Due December 1/ June 1	Total	Principal Due June 1	Interest Due December 1/ June 1	Total
2019	\$ 120,000	\$ 109,950	\$ 229,950	\$ 100,000	\$ 106,556	\$ 206,556	\$ 420,000	\$ 152,672	\$ 572,672
2020	125,000	107,550	232,550	105,000	104,556	209,556	430,000	141,626	571,626
2021	210,000	103,800	313,800	110,000	102,456	212,456	440,000	130,317	570,317
2022	220,000	97,500	317,500	115,000	99,156	214,156	450,000	118,745	568,745
2023	225,000	90,900	315,900	120,000	95,706	215,706	465,000	106,910	571,910
2024	230,000	84,150	314,150	125,000	92,106	217,106	475,000	94,680	569,680
2025	240,000	77,250	317,250	130,000	88,356	218,356	490,000	82,188	572,188
2026	245,000	70,050	315,050	135,000	84,456	219,456	500,000	69,301	569,301
2027	260,000	62,394	322,394	140,000	80,406	220,406	515,000	56,151	571,151
2028	270,000	53,944	323,944	145,000	76,206	221,206	525,000	42,606	567,606
2029	280,000	44,494	324,494	150,000	71,494	221,494	540,000	28,799	568,799
2030	295,000	34,694	329,694	155,000	66,619	221,619	555,000	14,592	569,592
2031	300,000	24,000	324,000	160,000	61,581	221,581			
2032	165,000	12,750	177,750	170,000	56,381	226,381			
2033	175,000	6,562	181,562	175,000	50,431	225,431			
2034				185,000	44,306	229,306			
2035				190,000	37,831	227,831			
2036				200,000	31,181	231,181			
2037				205,000	23,931	228,931			
2038				215,000	16,500	231,500			
2039				225,000	8,442	233,442			
	<u>\$ 3,360,000</u>	<u>\$ 979,988</u>	<u>\$ 4,339,988</u>	<u>\$ 3,255,000</u>	<u>\$ 1,398,657</u>	<u>\$ 4,653,657</u>	<u>\$ 5,805,000</u>	<u>\$ 1,038,587</u>	<u>\$ 6,843,587</u>

See accompanying independent auditor's report.

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
LONG-TERM DEBT SERVICE REQUIREMENTS  
SEPTEMBER 30, 2018**

**ANNUAL REQUIREMENTS  
FOR ALL SERIES**

Due During Fiscal Years Ending September 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2019	\$ 3,115,000	\$ 1,547,160	\$ 4,662,160
2020	3,240,000	1,444,704	4,684,704
2021	3,360,000	1,331,525	4,691,525
2022	3,490,000	1,214,161	4,704,161
2023	3,620,000	1,091,305	4,711,305
2024	3,805,000	963,245	4,768,245
2025	3,925,000	842,500	4,767,500
2026	4,060,000	719,776	4,779,776
2027	4,280,000	574,490	4,854,490
2028	4,430,000	432,928	4,862,928
2029	1,240,000	285,102	1,525,102
2030	1,290,000	243,470	1,533,470
2031	760,000	199,372	959,372
2032	800,000	168,421	968,421
2033	835,000	133,383	968,383
2034	375,000	96,806	471,806
2035	390,000	80,831	470,831
2036	410,000	64,181	474,181
2037	425,000	46,431	471,431
2038	445,000	28,000	473,000
2039	225,000	8,442	233,442
	<u>\$ 44,520,000</u>	<u>\$ 11,516,233</u>	<u>\$ 56,036,233</u>

See accompanying independent auditor's report.

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
CHANGES IN LONG-TERM BONDED DEBT  
SEPTEMBER 30, 2018**

	<u>Unlimited Tax Series 2005</u>	<u>Defined Area Unlimited Tax Series 2009</u>	<u>Refunding Series 2009</u>	<u>Refunding Series 2010</u>	<u>Defined Area Unlimited Tax Series 2011</u>	<u>Refunding Series 2011</u>
Interest Rate	3.00%	5.25%	4.000% - 4.625%	2.50% - 4.00%	4.00% - 5.00%	3.84%
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
Maturity Date	6/1/2020	6/1/2020	6/1/2024	6/1/2026	6/1/2033	6/1/2028
Bonds Outstanding at Beginning of Current Fiscal Year	\$ 1,165,000	\$ 225,000	\$ 1,600,000	\$ 9,995,000	\$ 2,030,000	\$ 2,055,000
Bonds Sold During the Current Fiscal Year	-	-	-	-	-	-
Retirements During the Current Fiscal Year:						
Refunded	-	-	-	-	-	-
Principal	-	(70,000)	(195,000)	(1,170,000)	(80,000)	(10,000)
Bonds Outstanding at End of Current Fiscal Year	<u>\$ 1,165,000</u>	<u>\$ 155,000</u>	<u>\$ 1,405,000</u>	<u>\$ 8,825,000</u>	<u>\$ 1,950,000</u>	<u>\$ 2,045,000</u>
Interest Paid During the Current Fiscal Year	<u>\$ 34,950</u>	<u>\$ 11,813</u>	<u>\$ 70,094</u>	<u>\$ 387,875</u>	<u>\$ 92,650</u>	<u>\$ 78,912</u>

See accompanying independent auditor's report.

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
CHANGES IN LONG-TERM BONDED DEBT  
SEPTEMBER 30, 2018**

	<u>Refunding Series 2012</u>	<u>Refunding Series 2013</u>	<u>Defined Area Unlimited Tax Series 2013</u>	<u>Defined Area Refunding Series 2015</u>	<u>Defined Area Unlimited Tax Series 2015</u>	<u>Utility System Revenue Note Series 2016</u>
Interest Rate	3.00%	2.00% - 3.50%	2.50% - 5.00%	2.00% - 3.75%	2.00% - 3.75%	2.63%
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
Maturity Date	6/1/2028	6/1/2028	6/1/2038	6/1/2033	6/1/2039	6/1/2030
Bonds Outstanding at Beginning of Current Fiscal Year	\$ 8,230,000	\$ 6,025,000	\$ 3,165,000	\$ 3,475,000	\$ 3,355,000	\$ 6,210,000
Bonds Sold During the Current Fiscal Year	-	-	-	-	-	-
Retirements During the Current Fiscal Year:						
Refunded	-	-	-	-	-	-
Principal	(755,000)	(15,000)	(95,000)	(115,000)	(100,000)	(405,000)
Bonds Outstanding at End of Current Fiscal Year	<u>\$ 7,475,000</u>	<u>\$ 6,010,000</u>	<u>\$ 3,070,000</u>	<u>\$ 3,360,000</u>	<u>\$ 3,255,000</u>	<u>\$ 5,805,000</u>
Interest Paid During the Current Fiscal Year	<u>\$ 246,900</u>	<u>\$ 198,375</u>	<u>\$ 138,920</u>	<u>\$ 112,250</u>	<u>\$ 108,556</u>	<u>\$ 163,323</u>

See accompanying independent auditor's report.

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
CHANGES IN LONG-TERM BONDED DEBT  
SEPTEMBER 30, 2018**

	<u>Grand Total</u>		
Bonds and Note Outstanding at Beginning of Current Fiscal Year	\$ 47,530,000		
Bond/Note Sold During the Current Fiscal Year	-		
Retirements During the Current Fiscal Year:			
Refunded	-		
Principal	<u>(3,010,000)</u>		
Bonds and Note Outstanding at End of Current Fiscal Year	<u>\$ 44,520,000</u>		
Interest Paid During the Current Fiscal Year	<u>\$ 1,644,618</u>		
Paying Agent:	Series 2005, 2009, 2010, 2012, 2013, and 2015	Wells Fargo Bank Minneapolis, Minnesota 55479	
	Series 2011	BB&T Governmental Finance Charlotte, North Carolina 28217	
Bond Authority:	<u>District Tax Bonds*</u>	<u>Defined Area Tax Bonds</u>	<u>Refunding Bonds</u>
Amount Authorized by Voters	\$ 74,100,000	\$ 24,500,000	\$ 77,469,998
Amount Issued	<u>72,000,000</u>	<u>13,785,000</u>	<u>77,469,998</u>
Remaining to be Issued	<u>\$ 2,100,000</u>	<u>\$ 10,715,000</u>	<u>\$ - 0 -</u>
Debt Service Fund cash, cash with paying agent and investment balances as of September 30, 2018:			<u>\$ 5,186,440</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:			<u>\$ 2,668,392</u>

See accompanying independent auditor's report.

**BRUSHY CREEK MUNICIPAL UTILITY DISTRICT  
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES  
GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS**

	Amounts					Percentage of Total Revenue				
	2018	2017	2016	2015	2014	2018	2017	2016	2015	2014
<b>GENERAL FUND</b>										
<b>REVENUES</b>										
Water and Wastewater Service	\$ 5,385,725	\$ 5,215,431	\$ 5,226,780	\$ 5,082,059	\$ 5,077,406	36.1 %	37.7 %	40.1 %	42.4 %	45.2 %
Garbage Collection	1,385,486	1,369,168	1,345,290	1,186,768	1,155,136	9.3	9.9	10.3	9.9	10.3
Inspection Fees	27,685	60,520	77,282	77,689	120,202	0.2	0.4	0.6	0.6	1.1
Tap and Other Connection Fees	3,074	47,079	131,136	214,462	175,272		0.3	1.0	1.8	1.6
Park and Recreation Center Fees	1,673,060	1,546,489	1,506,143	1,499,289	1,222,387	11.2	11.2	11.5	12.5	10.9
Property Taxes, Including Penalties and Interest	5,903,594	5,281,267	4,523,775	3,653,155	3,203,128	39.6	38.2	34.7	30.5	28.6
Investment Earnings	284,545	97,894	64,748	38,318	26,043	1.9	0.7	0.5	0.3	0.2
Other	256,933	219,957	153,096	233,971	231,349	1.7	1.6	1.2	2.0	2.1
Contributed Capital Assets		1,710	19,275					0.1		
<b>TOTAL REVENUES</b>	<b>\$ 14,920,102</b>	<b>\$ 13,839,515</b>	<b>\$ 13,047,525</b>	<b>\$ 11,985,711</b>	<b>\$ 11,210,923</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
<b>EXPENDITURES</b>										
Current:										
Personnel (Including Benefits)	\$ 4,261,308	\$ 3,908,287	\$ 3,612,231	\$ 3,281,080	\$ 3,088,208	28.6 %	28.1 %	27.7 %	27.3 %	27.4 %
Purchased Services for Resale	2,586,690	2,450,527	2,811,709	2,479,761	2,496,818	17.3	17.7	21.5	20.7	22.3
Administrative	1,047,338	971,001	887,623	984,333	1,173,831	7.0	7.0	6.8	8.2	10.5
Repairs and Maintenance	876,860	1,122,722	989,729	907,746	656,193	5.9	8.1	7.6	7.6	5.9
Utilities	624,474	536,614	551,664	571,664	589,144	4.2	3.9	4.2	4.8	5.3
Professional Services	564,091	561,744	497,795	376,133	452,731	3.8	4.1	3.8	3.1	4.0
Contracted Services	190,618	378,744	233,267	366,192	383,313	1.3	2.7	1.8	3.1	3.4
Capital Outlay	2,300,762	1,865,489	3,025,806	2,466,902	1,457,914	15.4	13.5	23.2	20.6	13.0
Principal Payments	405,000	395,000	335,000	374,934	85,731	2.7	2.9	2.6	3.1	0.8
Interest and Fiscal Charges	163,323	173,711	69,460	25,943	25,080	1.1	1.3	0.5	0.2	0.2
<b>TOTAL EXPENDITURES</b>	<b>\$ 13,020,464</b>	<b>\$ 12,363,839</b>	<b>\$ 13,014,284</b>	<b>\$ 11,834,688</b>	<b>\$ 10,408,963</b>	<b>87.3 %</b>	<b>89.3 %</b>	<b>99.7 %</b>	<b>98.7 %</b>	<b>92.8 %</b>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>										
	\$ 1,899,638	\$ 1,475,676	\$ 33,241	\$ 151,023	\$ 801,960	12.7 %	10.7 %	0.3 %	1.3 %	7.2 %
<b>OTHER FINANCING SOURCES</b>										
Sale of Capital Assets	\$ 32,303	\$	\$	\$	\$	0.2 %	%	%	%	%
Transfers In				180,400	49,998				1.5	0.4
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$ 32,303</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>	<b>\$ 180,400</b>	<b>\$ 49,998</b>	<b>0.2 %</b>	<b>%</b>	<b>%</b>	<b>1.5 %</b>	<b>0.4 %</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 1,931,941</b>	<b>\$ 1,475,676</b>	<b>\$ 33,241</b>	<b>\$ 331,423</b>	<b>\$ 851,958</b>	<b>12.9 %</b>	<b>10.7 %</b>	<b>0.3 %</b>	<b>2.8 %</b>	<b>7.6 %</b>

See accompanying independent auditor's report.

**BRUSHY CREEK MUNICIPAL UTILITY DISTRICT  
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES  
GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS**

	Amounts					Percentage of Total Revenue				
	2018	2017	2016	2015	2014	2018	2017	2016	2015	2014
<b>DEBT SERVICE FUND</b>										
<b>REVENUES</b>										
Property Taxes, Including Penalties and Interest	\$ 4,008,201	\$ 3,921,140	\$ 3,938,204	\$ 4,289,373	\$ 3,935,544	98.2 %	98.7 %	99.3 %	100.0 %	99.6 %
Investment Earnings	72,603	50,324	29,032		16,307	1.8	1.3	0.7		0.4
<b>TOTAL REVENUES</b>	<b>\$ 4,080,804</b>	<b>\$ 3,971,464</b>	<b>\$ 3,967,236</b>	<b>\$ 4,289,373</b>	<b>\$ 3,951,851</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
<b>EXPENDITURES</b>										
Principal Payments	\$ 2,605,000	\$ 2,510,000	\$ 2,615,000	\$ 3,255,000	\$ 3,130,000	63.8 %	63.1 %	66.0 %	75.9 %	79.2 %
Interest and Fiscal Charges	1,481,295	1,563,843	1,648,320	1,727,219	1,798,849	36.3	39.4	41.5	40.3	45.5
Tax Appraisal and Collection	64,019	63,732	62,624	61,548	56,691	1.6	1.6	1.6	1.4	1.4
Bond Issuance Costs		6,575	9,453	291,471	6,325		0.2	0.2	6.8	0.2
Other	6,630	31	25	12,261	44	0.2			0.3	
<b>TOTAL EXPENDITURES</b>	<b>\$ 4,156,944</b>	<b>\$ 4,144,181</b>	<b>\$ 4,335,422</b>	<b>\$ 5,347,499</b>	<b>\$ 4,991,909</b>	<b>101.9 %</b>	<b>104.3 %</b>	<b>109.3 %</b>	<b>124.7 %</b>	<b>126.3 %</b>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<b>\$ (76,140)</b>	<b>\$ (172,717)</b>	<b>\$ (368,186)</b>	<b>\$ (1,058,126)</b>	<b>\$ (1,040,058)</b>	<b>(1.9) %</b>	<b>(4.3) %</b>	<b>(9.3) %</b>	<b>(24.7) %</b>	<b>(26.3) %</b>
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers In	\$ 517,760	\$	\$ 158,505	\$ 209,500	\$ 218,492	12.7 %	%	4.0 %	4.9 %	5.5 %
Proceeds from the Sale of Capital Assets				155,149					3.6	
Proceeds of Refunding Bonds				3,625,000					84.5	
Payment to Refunded Bond Escrow Agent				(3,496,579)					(81.5)	
Discount on Bonds				(10,706)					(0.2)	
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$ 517,760</b>	<b>\$ - 0 -</b>	<b>\$ 158,505</b>	<b>\$ 482,364</b>	<b>\$ 218,492</b>	<b>12.7 %</b>	<b>%</b>	<b>4.0 %</b>	<b>11.3 %</b>	<b>5.5 %</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 441,620</b>	<b>\$ (172,717)</b>	<b>\$ (209,681)</b>	<b>\$ (575,762)</b>	<b>\$ (821,566)</b>	<b>10.8 %</b>	<b>(4.3) %</b>	<b>(5.3) %</b>	<b>(13.4) %</b>	<b>(20.8) %</b>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<b>5,683</b>	<b>5,673</b>	<b>5,574</b>	<b>5,699</b>	<b>5,628</b>					
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<b>5,592</b>	<b>5,615</b>	<b>5,463</b>	<b>5,490</b>	<b>5,403</b>					

See accompanying independent auditor's report.

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
SEPTEMBER 30, 2018**

District Mailing Address - 16318 Great Oaks Drive  
Round Rock, Texas 78681

District Telephone Number - (512) 255-7871

<b>Board Members</b>	Term of Office (Elected or Appointed)	Fees of Office for the year ended September 30, 2018	Expense Reimbursements for the year ended September 30, 2018	Title
Shean Dalton	11/18 11/22 (Elected)	\$ 4,350	\$ -	President
Donna B. Parker	11/16 11/20 (Elected)	\$ 6,300	\$ -	Vice President
Rebecca B. Tullos	11/18 11/22 (Elected)	\$ 7,200	\$ -	Treasurer
Kim Filiatrault	11/18 11/22 (Elected)	\$ 4,200	\$ -	Secretary
Michael Tucker	11/16 11/20 (Elected)	\$ 3,600	\$ -	Assistant Secretary/ Treasurer

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

Submission date of most recent District Registration Form (TWC Sections 36.054 and 49.054): March 10, 2017.

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution (TWC Section 49.060). Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
SEPTEMBER 30, 2018**

	<u>Date Hired</u>	<u>Fees for the year ended September 30, 2018</u>	<u>Title</u>
<b>Consultants:</b>			
McLean & Howard, LLP	2017	\$ 100,890	Attorney
Weaver and Tidwell, LLP	2016	\$ 31,500	Former Auditor
Robert W. Baird & Co.	2015	\$ -	Financial Advisor
MRB Group	2013	\$ 142,750	Engineer
Patterson & Associates	2008	\$ 20,000	Investment Advisor
Williamson County Tax Assessor-Collector	1981	\$ 1,914	Tax Assessor/ Collector

See accompanying independent auditor's report.

**OTHER SUPPLEMENTARY  
INFORMATION**

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
PRINCIPAL TAXPAYERS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

<u>District-Wide Area</u>	<u>Tax Roll Year</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Taxpayer</u>			
Landing at Round Rock Acquisition LLC	\$ 89,491,083	-	-
CWS Brushy Creek LP	51,781,360	49,490,177	41,210,127
IVQ Round Rock LP	11,756,288	-	-
Highland 620 Land Investment Ltd.	9,130,857	11,745,923	16,094,761
Barclay/Texas Holdings 6 LP	9,043,666	8,641,767	8,743,176
H. E. Butt Inc.	8,393,221	8,324,952	8,265,742
Great American Storage Partners LLC	7,178,870	6,718,233	6,563,850
Atmos Energy/Mid-Tex Distribution	7,064,379	5,990,806	4,090,544
Homeowner	6,897,002	5,790,375	4,773,439
MGP, XXII LLC	5,200,000	5,000,000	5,301,539
Dedicated OConnor RR LP	-	79,659,585	85,000,000
MS Round Rock LLC	-	5,071,275	-
Standard Pacific of Texas Inc.	-	-	10,058,617
Total	<u>\$ 205,936,726</u>	<u>\$ 186,433,093</u>	<u>\$ 190,101,795</u>
Percent of Assessed Valuation	<u>9.85%</u>	<u>9.47%</u>	<u>10.59%</u>

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
PRINCIPAL TAXPAYERS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

<u>Defined Area</u>	<u>Tax Roll Year</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Taxpayer</u>			
IVQ Round Rock LP	\$ 11,756,288	-	-
Highland 620 Land Investment Ltd.	9,130,857	11,745,923	16,094,761
Great Oaks Physicians Holding Company LP	3,435,319	1,306,265	-
First Star Bank SSB	3,345,774	3,241,257	3,134,061
LIDL US Operations LLC	3,170,844	-	-
Saiba Holdings LLC	2,753,595	2,238,530	-
TDE Investments LLC	2,676,815	-	-
Cuchara Investment Group Ltd.	2,520,055	2,396,399	599,507
Hatch House Management Company LLC	2,303,542	2,126,001	2,030,088
Homeowner	785,185	-	-
MS Round Rock LLC	-	5,071,275	-
CalAtlantic Homes of Texas Inc.	-	1,934,197	2,984,174
Standard Pacific of Texas Inc.	-	1,647,214	10,058,617
Homeowner	-	738,306	-
Homeowner	-	-	621,443
Homeowner	-	-	602,274
Homeowner	-	-	582,792
Homeowner	-	-	558,624
Total	<u>\$ 41,878,274</u>	<u>\$ 32,445,367</u>	<u>\$ 37,266,341</u>
Percent of Assessed Valuation	<u>8.47%</u>	<u>7.16%</u>	<u>9.53%</u>

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
ASSESSED VALUE BY CLASSIFICATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

<u>District-Wide Area</u>	Tax Roll Year					
	2018		2017		2016	
	Amount	%	Amount	%	Amount	%
Type of Property						
Single Family	\$ 1,800,055,570	86.1%	\$ 1,713,290,464	86.9%	\$ 1,551,841,937	86.4%
Multi-Family	150,685,331	7.2	137,124,452	7.0	132,630,229	7.4
Vacant Platted Lots/Tracts	13,701,425	0.7	13,637,370	0.7	17,960,815	1.0
Acreage (Land Only)	-	0.0	10,723	0.0	10,723	0.0
Farm and Ranch Improvement	10,723	0.0	-	0.0	-	0.0
Commerical	118,215,190	5.7	102,106,646	5.2	94,794,886	5.3
Real & Intangible Personal, Utilities	10,527,800	0.5	9,337,219	0.5	9,338,706	0.5
Tangible Personal Business	25,272,197	1.2	23,362,675	1.2	11,516,158	0.6
Real Inventory	405,000	0.0	10,899,730	0.6	29,018,275	1.6
Exempt	(28,730,499)	(1.4)	(41,215,545)	(2.1)	(51,384,125)	(2.8)
Total	<u>\$ 2,090,142,737</u>	<u>100.0%</u>	<u>\$ 1,968,553,734</u>	<u>100.0%</u>	<u>\$ 1,795,727,604</u>	<u>100.0%</u>

**BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT  
ASSESSED VALUE BY CLASSIFICATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

<u>Defined Area</u>	Tax Roll Year					
	2018		2017		2016	
	Amount	%	Amount	%	Amount	%
Type of Property						
Single Family	\$ 454,520,298	92.0%	\$ 419,863,648	92.7%	\$ 348,888,711	89.2%
Vacant Platted Lots/Tracts	12,370,189	2.5	12,367,123	2.7	16,690,568	4.3
Farm and Ranch Improvement	9,100	0.0	-	0.0	-	0.0
Acreage	-	0.0	9,100	0.0	9,100	0.0
Commerical	28,791,388	5.8	13,412,862	3.0	5,164,149	1.3
Real & Intangible Personal, Utilities	386,986	0.1	383,288	0.1	261,185	0.1
Tangible Personal Business	4,143,524	0.8	1,402,601	0.3	1,507,966	0.4
Real Inventory	405,000	0.1	9,507,256	2.1	27,326,800	7.0
Exempt	(6,401,867)	(1.3)	(3,945,988)	(0.9)	(8,899,359)	(2.3)
Total	<u>\$ 494,224,618</u>	<u>100.0%</u>	<u>\$ 452,999,890</u>	<u>100.0%</u>	<u>\$ 390,949,120</u>	<u>100.0%</u>