

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT**

WILLIAMSON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2019

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT**

WILLIAMSON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2019

TABLE OF CONTENTS

	<u>PAGE</u>
ANNUAL FILING AFFIDAVIT	1
INDEPENDENT AUDITOR'S REPORT	2-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-13
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	14-15
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	16
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	17
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	18
NOTES TO THE FINANCIAL STATEMENTS	19-43
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND	44
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS	45
SCHEDULE OF DISTRICT CONTRIBUTIONS	46
SUPPLEMENTARY INFORMATION REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE	
NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE (Included in the notes to the financial statements)	
SERVICES AND RATES	47-49
GENERAL FUND EXPENDITURES	50
INVESTMENTS	51
TAXES LEVIED AND RECEIVABLE	52-53
LONG-TERM DEBT SERVICE REQUIREMENTS	54-58
CHANGE IN LONG-TERM BOND DEBT	59-61
COMPARATIVE SCHEDULES OF REVENUES AND EXPENDITURES - GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS	62-63
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	64-65
OTHER SUPPLEMENTARY INFORMATION	
PRINCIPAL TAXPAYERS	66-67
ASSESSED VALUE BY CLASSIFICATION	68-69

ANNUAL FILING AFFIDAVIT

ANNUAL FILING AFFIDAVIT

STATE OF TEXAS

COUNTY OF WILLIAMSON

I, SHEAN DALTON 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 21st day of January, 2020, its annual audit report for the fiscal year ended September 30, 2019 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 the annual filing requirements of Texas Water Code 49.194.

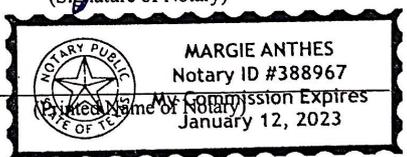
Date: 1-21, 2020 By: [Signature]
(Signature of District Representative)

SHEAN DALTON, BOARD PRES.
(Typed Name and Title of District Representative)

Sworn to and subscribed to before me this 21st day of JANUARY, 2020.

[Signature]
(Signature of Notary)

(SEAL)



My Commission Expires On: JAN. 12, 2023
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, 2019, 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, 2019, 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.

Member of
American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants

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 21, 2020

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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, 2019.

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, 2019**

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, 2019**

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 \$39,006,578 as of September 30, 2019. Of this amount, \$22,006,967 (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:

	Summary of Changes in the Statement of Net Position		
	2019	2018	Change Positive (Negative)
Current and Other Assets	\$ 30,558,766	\$ 27,244,154	\$ 3,314,612
Capital Assets (Net of Accumulated Depreciation)	51,707,169	55,411,762	(3,704,593)
Total Assets	\$ 82,265,935	\$ 82,655,916	\$ (389,981)
Deferred Outflows of Resources	\$ 687,975	\$ 322,439	\$ 365,536
Current Liabilities	\$ 5,302,169	\$ 5,218,794	\$ (83,375)
Long -Term Liabilities	38,627,188	42,438,257	3,811,069
Total Liabilities	\$ 43,929,357	\$ 47,657,051	\$ 3,727,694
Deferred Inflows of Resources	\$ 17,975	\$ 43,717	\$ 25,742
Net Position:			
Net Investment in Capital Assets	\$ 12,536,093	\$ 12,316,369	\$ 219,724
Restricted	4,463,518	5,052,322	(588,804)
Unrestricted	22,006,967	17,908,896	4,098,071
Total Net Position	\$ 39,006,578	\$ 35,277,587	\$ 3,728,991

The District's total assets were approximately \$82.3 million as of September 30, 2019. Of this amount, approximately \$51.7 million was accounted for by capital assets. The District had outstanding liabilities of approximately \$43.9 million of which approximately \$41.8 million represents bonds payable.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following table provides a summary of the District's operations for the years ended September 30, 2019, and September 30, 2018. The District's net position increased by \$3,728,991.

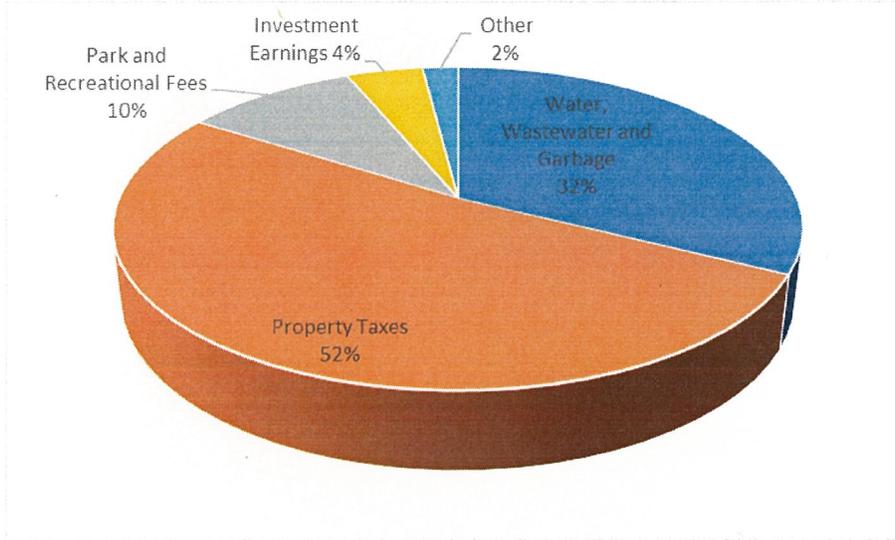
	Summary of Changes in the Statement of Activities		
	2019	2018	Change Positive (Negative)
Revenues:			
Water, Wastewater and Garbage	\$ 6,581,364	\$ 6,771,211	\$ (189,847)
Property Taxes	10,470,264	9,928,287	541,977
Park and Recreational Fees	1,969,615	1,673,060	296,555
Investment Earnings	825,234	396,731	428,503
Contributed Assets	200	1,932	(1,732)
Other	384,774	295,508	89,266
Total Revenues	<u>20,231,451</u>	<u>19,066,729</u>	<u>1,164,722</u>
Expenses:			
Water, Wastewater and Garbage	2,762,311	2,586,690	(175,621)
Salary and Related Expenditures	4,669,446	4,213,953	(455,493)
Administrative	1,120,396	1,021,688	(98,708)
Repairs and Maintenance	1,117,540	876,860	(240,680)
Utilities	580,259	624,474	44,215
Professional Fees	434,287	286,027	(148,260)
Contracted Services	400,696	197,193	(203,503)
Other	336,065	342,184	6,119
Debt Service	1,295,680	1,304,110	8,430
Depreciation	<u>3,924,775</u>	<u>3,061,544</u>	<u>(863,231)</u>
Total Expenses	<u>16,641,455</u>	<u>14,514,723</u>	<u>(2,126,732)</u>
Gain (Loss) on Sale of Capital Assets	<u>138,995</u>	<u>32,303</u>	<u>106,692</u>
Change in Net Position	\$ 3,728,991	\$ 4,584,309	\$ (855,318)
Net Position, Beginning of Year	<u>35,277,587</u>	<u>30,693,278</u>	<u>4,584,309</u>
Net Position, End of Year	<u>\$ 39,006,578</u>	<u>\$ 35,277,587</u>	<u>\$ 3,728,991</u>

The District's net property tax values increased by approximately \$ 118.1 million or 6% from \$1,968,553,734 to \$2,086,616,021 for District-wide and approximately \$41.0 million or 9% from \$452,999,890 to \$493,992,503 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 rate remained the same at \$0.460 per \$100 of assessed value while the Defined Area rate decreased from \$0.190 to \$0.175 per \$100 of assessed value. Total tax revenue increased by approximately \$542,000 year-over-year.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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

	2019	2018
Cash and Cash Equivalents	\$ 913,770	\$ 1,433,228
Investments	28,619,979	24,703,958
Receivables	964,956	713,441
Interfund Receivables	489,108	1,012,061
Prepays and Other Assets	60,061	52,395
Total Assets	\$ 31,047,874	\$ 27,915,083
Accounts Payable	\$ 528,352	\$ 424,848
Refundable Deposits	667,588	663,189
Other Liabilities	212,856	186,839
Intefund Payables	489,108	1,012,061
Unearned Revenue	127,994	129,643
Bond Interest Payable	18,096	-
Retainage Payable	-	110,550
Total Liabilities	2,043,994	2,527,130
Deferred Inflows of Resources -		
Property Taxes	68,955	59,589
Nonspendable	55,840	48,173
Restricted	7,255,280	7,845,744
Committed	8,216,400	5,703,709
Unassigned	13,407,405	11,730,738
Total Fund Balance	28,934,925	25,328,364
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 31,047,874	\$ 27,915,083

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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

The District's combined fund balances as of September 30, 2019, were \$28,934,925, an increase of 14.2% from the prior year.

The General Fund fund balance increased by \$4,238,426, primarily due to revenues and proceeds from the sale of capital assets exceeding budget by \$636,722 and \$32,683, respectively, and the expenses ending the year under budget by \$3,186,787. The *General Fund* pays for daily operating expenditures. The increase in revenues was seen primarily in investments and recreation fees. Utilities revenue were generally flat due to a mild spring and summer. Growth in recreation revenue was driven by increased memberships and league registrations. New development growth has slowed due to the District reaching build-out status for individual residential properties which resulted in lower builder fees. There are no further planned developments that will be contributed to the District other than a few commercial lots. Investment income continues to improve due to the improving economic conditions.

The Board committed \$8,216,400 of General Fund fund balance for specific future projects, of which most are expected to occur in fiscal year 2020. This is a \$2.51 million increase from the amount of projects committed at the end of fiscal year 2018. In addition to these committed funds, the Board of Directors has approved a resolution to set aside \$7,668,536 for a 6-month Operating Reserve, \$3,385,770 for a Revenue Protection Reserve and \$575,000 for a Bond Reserve. These amounts are included in unassigned fund balance at year-end.

The Debt Service Fund fund balance decreased by \$720,818, primarily due to the issuance of \$6,605,000 in Series 2019 Refunding Bonds to refund \$6,810,000 of its previously issued Series 2009 and Series 2010 Refunding Bonds.

The Capital Projects Fund fund balance increased by \$88,953, primarily due to capital recovery fees and investment revenues exceeding capital outlay expenditures.

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, including other financing sources, were \$513,639 more than budgeted revenues primarily from greater than expected recreation revenues and investment earnings. Actual expenditures were \$3,186,787 less than budgeted expenditures primarily from lower than expected capital outlay.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

CAPITAL ASSETS

Capital assets as of September 30, 2019, totaled \$51,707,169 (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

	2019	2018	Change Positive (Negative)
Capital Assets:			
Depreciation:			
Land	2,676,333	3,211,879	(535,546)
Construction in Process	551,896	607,160	(55,264)
Waster, Wastewater and Drainage Systems	85,227,118	84,770,886	456,232
Easements and Rights-of-Way	883,890	901,890	(18,000)
Buildings and Improvements	12,209,055	12,206,015	3,040
Furniture and Equipment	1,221,065	1,226,387	(5,322)
Parks and Recreational Facilities	8,602,725	8,500,331	102,394
Automobiles and Trucks	554,307	496,840	57,467
Accumulated Depreciation	(60,219,220)	(56,509,626)	(3,709,594)
Total Net Capital Assets	<u>\$ 51,707,169</u>	<u>\$ 55,411,762</u>	<u>\$ (3,704,593)</u>

The last infrastructure acquired from a developer occurred in fiscal year 2015. There are no future acquisitions from a developer planned. The District does plan to issue bonds in 2020 for improvements to the water treatment facility and intake.

The only significant park improvement was a \$60,000 expansion of the building at Highland Horizon Pool. Design and engineering continued on several large projects that have started or are expected to start in fiscal year 2020. This includes a \$1 million-plus expansion of Community Park playground, expansion of the restrooms at Cat Hollow Park, expansion of the pool building at Sendero Springs Pool, and improvements to the Community Center Garden.

Utility projects in fiscal year 2019 included an \$150,000 update to the SCADA software and improvements to the access of the two lift stations in Highland Horizons. Design and engineering was completed on the \$2 million improvement project to the Maintenance Yard and the replacement of the Woods Lift Station. Both of these projects will be under construction in fiscal year 2020. Still in design are improvements to the District's intake structure on Lake Georgetown and at the water treatment facility to reduce the impact of the Zebra Mussel's in the Lake. The District anticipates issuing a bond for this project.

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, 2019**

LONG-TERM DEBT ACTIVITY

At year-end, the District had total bond debt payable of \$40,690,000. The long-term debt of the District consisted of the following during the fiscal year ended September 30, 2019 and 2018, respectively:

	2019	2018
District-wide:		
Series 2005 Bonds	\$ 595,000	\$ 1,165,000
Series 2009 Refunding Bonds	215,000	1,405,000
Series 2010 Refunding Bonds	1,270,000	8,825,000
Series 2011 Refunding Bonds	1,870,000	2,045,000
Series 2012 Refunding Bonds	7,435,000	7,475,000
Series 2013 Refunding Bonds	5,995,000	6,010,000
Series 2016 Revenue Note	5,385,000	5,805,000
Series 2019 Refunding Bonds	6,605,000	-
Total District-wide	29,370,000	32,730,000
Defined Area:		
Series 2009 Bonds	80,000	155,000
Series 2011 Bonds	1,870,000	1,950,000
Series 2013 Bonds	2,975,000	3,070,000
Series 2015 Refunding Bonds	3,240,000	3,360,000
Series 2015 Bonds	3,155,000	3,255,000
Total Defined Area	11,320,000	11,790,000
Total	\$ 40,690,000	\$ 44,520,000

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

District-wide:			
Fiscal Year	Principal	Interest	Total Requirement
2020	\$ 2,745,000	\$ 910,563	\$ 3,655,563
2021	2,835,000	831,730	3,666,730
2022	2,925,000	746,754	3,671,754
2023	2,775,000	659,073	3,434,073
2024	2,965,000	575,863	3,540,863
2025-2029	14,570,000	1,323,934	15,893,934
2030	555,000	14,592	569,592
	\$ 29,370,000	\$ 5,062,509	\$ 34,432,509

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

LONG-TERM DEBT ACTIVITY (Continued)

Defined Area:			
Fiscal Year	Principal	Interest	Total Requirement
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	575,000	368,526	943,526
2025-2029	3,250,000	1,521,862	4,771,862
2030-2034	3,505,000	826,860	4,331,860
2035-2039	1,895,000	227,885	2,122,885
	\$ 11,320,000	\$ 4,592,162	\$ 15,912,162

The District's Series 2005, Series 2009 Refunding, Series 2010 Refunding, Series 2012 Refunding, Series 2013 Refunding and Series 2019 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, 2019.

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 2019 tax year (September 30, 2020 fiscal year) is approximately \$2.2 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 2019 tax year is approximately \$517 million and the tax rate levied was \$0.165 per \$100 of assessed valuation for debt service.

The adopted budget for fiscal year 2020 projects the General Fund balance to remain the same with revenues and transfers offsetting expenditures.

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, 2019**

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. Wholesale water rates under this contract are fixed until 2020. 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 phase 1 increase was approved following completion of a rate study by an independent contractor. This was the first water rate increase since 2004. Phase 2 of that increase will occur effective March 1, 2020 with another 3.5% increase in the water rate.

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, 2019**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
ASSETS						
Cash and Investments:						
Cash	\$ 904,449	\$ 9,321	\$	\$ 913,770	\$	\$ 913,770
Investments	21,858,016	4,390,334	2,349,137	28,597,487		28,597,487
Receivables:						
Service Accounts (Net of Allowance for Uncollectible Accounts of \$120,301)	731,296			731,296		731,296
Taxes	38,775	30,180		68,955		68,955
Accrued Interest	62,059	3,514		65,573		65,573
Other	80,720	18,412		99,132		99,132
Due from Other Funds	360,981		128,127	489,108	(489,108)	
Prepaid Items	55,840	3,969	252	60,061		60,061
Investments Held for Customer Deposits	22,492			22,492		22,492
Capital Assets (Net of Accumulated Depreciation):						
Land					2,676,333	2,676,333
Construction in Progress					551,896	551,896
Water, Wastewater and Drainage Systems					33,400,715	33,400,715
Building and Improvements					9,741,268	9,741,268
Furniture and Equipment					708,906	708,906
Park and Recreational Facilities					4,451,753	4,451,753
Automobiles and Trucks					176,298	176,298
TOTAL ASSETS	<u>\$ 24,114,628</u>	<u>\$ 4,455,730</u>	<u>\$ 2,477,516</u>	<u>\$ 31,047,874</u>	<u>\$ 51,218,061</u>	<u>\$ 82,265,935</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Charges on Refunding Bonds	\$	\$	\$	\$	\$ 186,872	\$ 186,872
Pension					501,103	501,103
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 687,975</u>	<u>\$ 687,975</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 24,114,628</u>	<u>\$ 4,455,730</u>	<u>\$ 2,477,516</u>	<u>\$ 31,047,874</u>	<u>\$ 51,906,036</u>	<u>\$ 82,953,910</u>

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

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET - Continued
SEPTEMBER 30, 2019**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
LIABILITIES						
Current Liabilities:						
Accounts Payable	\$ 524,619	\$ 3,733	\$	\$ 528,352	\$	\$ 528,352
Customer Deposits	667,588			667,588		667,588
Other Liabilities	212,856			212,856		212,856
Due to Other Funds		405,681	83,427	489,108	(489,108)	127,994
Unearned Revenue	127,994			127,994		127,994
Bonds Interest Payable		18,096		18,096	427,853	445,949
Accrued Vacation Payable					79,430	79,430
Noncurrent Liabilities:						
Net Pension Liability					115,151	115,151
Due Within One Year					3,240,000	3,240,000
Due After One Year					38,512,037	38,512,037
TOTAL LIABILITIES	<u>\$ 1,533,057</u>	<u>\$ 427,510</u>	<u>\$ 83,427</u>	<u>\$ 2,043,994</u>	<u>\$ 41,885,363</u>	<u>\$ 43,929,357</u>
DEFERRED INFLOWS OF RESOURCES						
Property Taxes	\$ 38,775	\$ 30,180	\$ -0-	\$ 68,955	\$ (68,955)	\$ -0-
Pension					17,975	17,975
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 38,775</u>	<u>\$ 30,180</u>	<u>\$ -0-</u>	<u>\$ 68,955</u>	<u>\$ (50,980)</u>	<u>\$ 17,975</u>
FUND BALANCES						
Nonspendable-						
Prepaid Items	\$ 55,840	\$	\$	\$ 55,840	\$ (55,840)	\$
Restricted for:						
Debt Service		3,998,040		3,998,040	(3,998,040)	
Capital Projects			2,394,089	2,394,089	(2,394,089)	
Park Capital Fees	863,151			863,151	(863,151)	
Committed for -						
Repair and Replacement of Capital Assets	8,216,400			8,216,400	(8,216,400)	
Unassigned	13,407,405			13,407,405	(13,407,405)	
TOTAL FUND BALANCES	<u>\$ 22,542,796</u>	<u>\$ 3,998,040</u>	<u>\$ 2,394,089</u>	<u>\$ 28,934,925</u>	<u>\$ (28,934,925)</u>	<u>\$ - 0 -</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 24,114,628</u>	<u>\$ 4,455,730</u>	<u>\$ 2,477,516</u>	<u>\$ 31,047,874</u>		
NET POSITION						
Net Investment in Capital Assets					\$ 12,536,093	\$ 12,536,093
Restricted for Debt Service					3,600,367	3,600,367
Restricted for Parks Capital Fees					863,151	863,151
Unrestricted					22,006,967	22,006,967
TOTAL NET POSITION					<u>\$ 39,006,578</u>	<u>\$ 39,006,578</u>

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

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019**

Total Fund Balances - Governmental Funds	\$	28,934,925
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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.		51,707,169
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Deferred charges on refunding bonds are not an expenditure of the current period.		186,872
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Pension related amounts are not recorded in the governmental funds. These consist of:

Net Pension Liability		(115,151)
Deferred Outflows of Resources		501,103
Deferred Inflows of Resources		(17,975)

Deferred tax revenues for the 2018 and prior tax levies became part of recognized revenue in the governmental activities of the District.		68,955
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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	\$	(427,853)	
Accrued Vacation Payable		(79,430)	
Long-Term Liabilities Due Within One Year		(3,240,000)	
Long-Term Liabilities Due After One Year		(38,512,037)	(42,259,320)

Total Net Position - Governmental Activities	\$	<u>39,006,578</u>
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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, 2019**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
REVENUES						
Program Revenue:						
Water and Wastewater Services	\$ 5,192,564	\$	\$	\$ 5,192,564	\$	\$ 5,192,564
Park and Recreation Center Fees	1,969,615			1,969,615		1,969,615
Garbage Collection	1,388,800			1,388,800		1,388,800
Capital Recovery Fees			81,879	81,879		81,879
Inspection Fees	29,000			29,000		29,000
Tap and Other Connection Fees	26,003			26,003		26,003
Contributions	200			200		200
General Revenue:						
Property Taxes	6,675,772	3,785,126		10,460,898	9,366	10,470,264
Investment Earnings	564,348	193,091	67,795	825,234		825,234
Rental Income	98,296			98,296		98,296
Other	149,596			149,596		149,596
TOTAL REVENUES	\$ 16,094,194	\$ 3,978,217	\$ 149,674	\$ 20,222,085	\$ 9,366	\$ 20,231,451
EXPENDITURES/EXPENSES						
Service Operations:						
Salary and Benefits	\$ 4,534,771	\$	\$	\$ 4,534,771	\$ 105,575	\$ 4,640,346
Water and Wastewater Purchases	1,465,995			1,465,995		1,465,995
Garbage Fees	1,296,316			1,296,316		1,296,316
Repairs and Maintenance	1,117,540			1,117,540		1,117,540
Administrative	1,120,396			1,120,396		1,120,396
Utilities	580,259			580,259		580,259
Contracted Services	393,621	7,075		400,696		400,696
Legal Fees	131,428			131,428		131,428
Insurance	93,091			93,091		93,091
Engineering Fees	169,089			169,089		169,089
Tax Appraisal/Collection Fees		64,078		64,078		64,078
Audit Fees	34,750			34,750		34,750
Financial Advisor	20,000			20,000		20,000
Director's Fees	29,100			29,100		29,100
Security Fees	79,020			79,020		79,020
Other	178,799	54	43	178,896		178,896
Capital Outlay	724,604		60,678	785,282	(785,282)	
Debt Service:						
Principal Payments	420,000	3,205,000		3,625,000	(3,625,000)	
Interest and Fiscal Charges	152,672	1,378,965		1,531,637	(456,182)	1,075,455
Bond issuance costs		220,225		220,225		220,225
Depreciation					3,924,775	3,924,775
TOTAL EXPENDITURES/EXPENSES	\$ 12,541,451	\$ 4,875,397	\$ 60,721	\$ 17,477,569	\$ (836,114)	\$ 16,641,455
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/ EXPENSES	\$ 3,552,743	\$ (897,180)	\$ 88,953	\$ 2,744,516	\$ 845,480	\$ 3,589,996
OTHER FINANCING SOURCES (USES)						
Proceeds of Refunding Bonds	\$	\$ 6,605,000	\$	\$ 6,605,000	\$ (6,605,000)	\$
Payment to Refunding Escrow Agent		(6,855,598)		(6,855,598)	6,855,598	
Bond Premium		408,548		408,548	(408,548)	
Sale of Capital Assets	685,683	18,412		704,095	(565,100)	138,995
TOTAL OTHER FINANCING SOURCES (USES)	\$ 685,683	\$ 176,362	\$ -0-	\$ 862,045	\$ (723,050)	\$ 138,995
NET CHANGE IN FUND BALANCES	\$ 4,238,426	\$ (720,818)	\$ 88,953	\$ 3,606,561	\$ (3,606,561)	\$
CHANGE IN NET POSITION					3,728,991	3,728,991
FUND BALANCES/NET POSITION - OCTOBER 1, 2018	18,304,370	4,718,858	2,305,136	25,328,364	9,949,223	35,277,587
FUND BALANCES/NET POSITION - SEPTEMBER 30, 2019	\$ 22,542,796	\$ 3,998,040	\$ 2,394,089	\$ 28,934,925	\$ 10,071,653	\$ 39,006,578

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, 2019**

Net Change in Fund Balances - Governmental Funds	\$	3,606,561
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.		9,366
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.		(3,924,775)
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.		785,282
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.		368,314
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.		3,625,000
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		(6,426)
Change in pension related accounts		(99,149)
Change in bond interest payable		87,868
Governmental funds report proceeds from sales of capital assets as other financing sources. However, in the Statement of Net Position, capital assets are decreased by sales and only the gain from the sales are recognized.		(565,100)
Governmental funds report bond proceeds, premiums and the payment to the refunded bond escrow agent as other financing sources and uses. However, these change long-term liabilities in the Statement of Net Position.		(157,950)
Change in Net Position - Governmental Activities	\$	<u><u>3,728,991</u></u>

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

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**NOTES TO THE
FINANCIAL STATEMENTS**

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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 Texas Commission on Environmental Quality (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”).

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, 2019**

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, 2019**

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, 2019**

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, 2019 of \$120,301.

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. 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	5-22
Furniture and Equipment	5-10
Automobiles and Trucks	5-7

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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, 2019 was \$79,430. 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 TCERS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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, 2019**

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.

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
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 3. LONG-TERM DEBT

The following is a summary of transactions regarding bonds payable for the year ended September 30, 2019:

	Balance September 30, 2018	Additions	Retirements	Balance September 30, 2019
Bonds Payable and Revenue Note	\$ 44,520,000	\$ 6,605,000	\$ (10,435,000)	\$ 40,690,000
Premium on Bond Issuances	1,076,555	408,548	(382,037)	1,103,066
Discount on Bond Issuances	(43,298)		2,269	(41,029)
Total	\$ 45,553,257	\$ 7,013,548	\$ (10,814,768)	\$ 41,752,037

Long-term debt at September 30, 2019, is comprised of the following:

	Balance September 30, 2019	Due Within One Year
\$9,500,000 Series 2005 serial bonds due in one final installment of \$595,000 on June 1, 2020. Interest is 3.00% and is payable June 1 and December 1 each year.	\$ 595,000	\$ 595,000
\$2,365,000 Series 2009 Sendero Springs/Cornerstone Defined Area serial bonds due in one final installment of \$80,000 on June 1, 2020. Interest is 5.25% and is payable June 1 and December 1 each year.	80,000	80,000
\$7,975,000 Series 2009 refunding bonds due in one final installment of \$215,000 on June 1, 2020. Interest is 4.00% and is payable June 1 and December 1 each year.	215,000	215,000
\$17,190,000 Series 2010 refunding bonds due in one final installment of \$1,270,000 on June 1, 2020. Interest is 4.00% and is payable June 1 and December 1 each year.	1,270,000	1,270,000
\$2,370,000 Series 2011 Sendero Springs/Cornerstone Defined Area serial bonds due in annual installments of \$85,000 to \$305,000 through June 1, 2033. Interest varies from 4.00% to 5.00% and is payable June 1 and December each year.	1,870,000	85,000

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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.	1,870,000	175,000
\$9,260,000 Series 2012 refunding bonds due in annual installments of \$45,000 to \$1,600,000 through June 1, 2028. Interest is 3.00% and is payable June 1 and December 1 each year.	7,435,000	45,000
\$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.	5,995,000	15,000
\$3,500,000 Series 2013 Sendero Springs/Cornerstone Defined Area serial bonds due in annual installments of \$100,000 to \$230,000 through June 1, 2038. Interest varies from 2.80% to 5.00% and is payable June 1 and December 1 each year.	2,975,000	100,000
\$3,625,000 Series 2015 refunding bonds due in annual installments of \$125,000 to \$300,000 through June 1, 2033. Interest varies from 3.00% to 3.75% and is payable June 1 and December 1 each year.	3,240,000	125,000
\$3,530,000 Series 2015 Sendero Springs/Cornerstone Defined Area serial bonds due in annual installments of \$105,000 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.	3,155,000	105,000
\$6,605,000 Series 2016 Term Note (Community Center) is due in annual installments of \$430,000 to \$555,000 through June 1, 2030. Interest is 2.63% and is payable June 1 and December 1 each year.	5,385,000	430,000
\$6,605,000 Series 2019 refunding bonds due in annual installments of \$200,000 to \$1,900,000 through June 1, 2026. Interest varies from 3.00% to 4.00% and is payable June 1 and December 1 each year.	<u>6,605,000</u>	<u>-</u>
Total Long-Term Debt	<u>\$ 40,690,000</u>	<u>\$ 3,240,000</u>

On July 31, 2019, the District issued Unlimited Tax Refunding Bonds, Series 2019, of \$6,605,000 with interest rates ranging from 3.00% to 4.00% to currently refund \$470,000 and \$6,340,000 of its previously issued Series 2009 and Series 2010 Refunding Bonds in order to lower its overall debt service requirements. The net proceeds of \$6,813,694 (after a \$60,000 contribution to the refunding agent by the District and payment of the underwriting fees and other issuance costs) were used for the following: \$6,855,598 was deposited with an escrow agent to provide the debt service payment on the portion of bonds refunded and \$18,096 was

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 3. LONG-TERM DEBT (Continued)

deposited in the Debt Service Fund for future interest costs. As a result, \$6,810,000 of bond principal is considered defeased and the liability for these bonds was removed from the basic financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$45,598; this amount is considered a deferred outflow of resources and amortized over the life of the refunded debt which is shorter than or equal to the life of the new debt issued. The current refunding resulted in an economic gain of \$337,158 and an overall debt service savings of \$372,117.

As of September 30, 2019, the debt service requirements on the bonds outstanding were as follows:

	Principal	Interest	Total
2020	\$ 3,240,000	\$ 1,346,889	\$ 4,586,889
2021	3,345,000	1,251,806	4,596,806
2022	3,460,000	1,150,680	4,610,680
2023	3,330,000	1,045,774	4,375,774
2024	3,540,000	944,389	4,484,389
2025-2029	17,820,000	2,845,796	20,665,796
2030-2034	4,060,000	841,452	4,901,452
2035-2039	1,895,000	227,885	2,122,885
	<u>\$ 40,690,000</u>	<u>\$ 9,654,671</u>	<u>\$ 50,344,671</u>

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, 2019, 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, 2019, the District levied an ad valorem District-wide debt service tax rate of \$0.14 per \$100 of assessed valuation, which resulted in a tax levy of \$2,921,622 on the adjusted taxable valuation of \$2,086,616,021 for the 2018 tax year. The District also levied an ad valorem Defined Area debt service tax rate of \$0.175 per \$100 of assessed valuation, which resulted in a tax levy of \$864,519 on the adjusted taxable valuation of \$493,992,503 for the 2018 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.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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, 2019.

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.

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 \$3,727,129 and the bank balance was \$3,812,112. Of the bank balance \$1,186,329 was covered by federal depository insurance and the remaining balance was covered by collateral pledged in the name of the District and held in a third-party depository.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at September 30, 2019, as listed below:

	<u>Cash</u>	<u>Money Markets</u>	<u>Certificates of Deposit</u>	<u>Total</u>
GENERAL FUND	\$ 904,449	\$ 677,009	\$ 2,136,350	\$ 3,717,808
DEBT SERVICE FUND	9,321	-	-	9,321
TOTAL DEPOSITS	<u>\$ 913,770</u>	<u>\$ 677,009</u>	<u>\$ 2,136,350</u>	<u>\$ 3,727,129</u>

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.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

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	\$ 677,009	\$	\$	\$	\$ 677,009	
Certificates of Deposit	2,136,350				2,136,350	15
Investment Pools						
TexPool (amortized cost)	2,037,910				2,037,910	
LOGIC (amortized cost)	<u>1,643,054</u>				<u>1,643,054</u>	
Total Investment Pools	3,680,964				3,680,964	
Municipal Bonds		499,985			499,985	2
Commercial Paper			5,429,291		5,429,291	5
U.S. Government Agency Securities		13,050,127			13,050,127	178
Treasury Coupons		<u>3,146,253</u>			<u>3,146,253</u>	<u>12</u>
Total Investments	<u>\$ 6,494,323</u>	<u>\$ 16,696,365</u>	<u>\$ 5,429,291</u>	<u>\$ - 0 -</u>	<u>\$ 28,619,979</u>	<u>212</u>

U.S. Government Agency Securities, Treasury Coupons and Municipal Bonds are classified in Level 1 of the fair value hierarchy which are valued using prices quoted in active markets for those securities. Commercial paper are classified in Level 2 which are valued using assumptions market participants would use in pricing the asset based on independent market data.

At September 30, 2019, the investment portfolio weighted average maturity was 212 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 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.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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 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, 2019, 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.

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, 2019, 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 & Poor's Rating</u>
US Treasury Notes	\$ 3,146,253	11.0 %	AA+
US Agencies:			
Federal Home Loan Bank	11,000,603	38.4	AA+
Federal Home Loan Mortgage Company	1,250,006	4.4	AA+
Federal National Mortgage Association	799,518	2.8	AA+
2a7-like Local Government Investment Pools:			
TexPool	2,037,910	7.1	AAAm
LOGIC	1,643,054	5.7	AAAm
Municipal Bonds	499,985	1.7	AA+
Money Market/Demand Deposits	677,009	2.4	Various
Commercial Paper	5,429,291	19.0	Various
Certificates of Deposit	2,136,350	7.5	A-2
Total Investments	<u>\$ 28,619,979</u>	<u>100.0 %</u>	

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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.

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, 2019 is as follows:

Receivable Fund	Payable Fund	Amount
General	Debt Service	\$ 277,554
General	Capital Projects	83,427
Capital Projects	Debt Service	128,127
Total		<u>\$ 489,108</u>

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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 23, 2018.

During the year ended September 30, 2019, the District levied an ad valorem District-wide maintenance tax rate of \$0.32 per \$100 of assessed valuation, which resulted in a tax levy of \$6,677,993 on the adjusted taxable valuation of \$2,086,616,021 for the 2018 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
SEPTEMBER 30, 2019**

NOTE 8. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019 was as follows:

	Balance September 30, 2018	Additions	Retirements and Transfers	Balance September 30, 2019
Capital Assets, Not Being Depreciated:				
Land	\$ 3,211,879	\$	\$ (535,546)	\$ 2,676,333
Construction in Progress	<u>607,160</u>	<u>465,834</u>	<u>(521,098)</u>	<u>551,896</u>
Total Capital Assets, Not Being Depreciated	3,819,039	465,834	(1,056,644)	3,228,229
Capital Assets, Being Depreciated:				
Water, Wastewater, and Drainage Systems	84,770,886	570,282	(114,050)	85,227,118
Easements and Rights-of-Way	901,890		(18,000)	883,890
Buildings and Improvements	12,206,015	29,990	(26,950)	12,209,055
Furniture and Equipment	1,226,387	34,633	(39,955)	1,221,065
Park and Recreational Facilities	8,500,331	134,394	(32,000)	8,602,725
Automobiles and Trucks	<u>496,840</u>	<u>71,247</u>	<u>(13,780)</u>	<u>554,307</u>
Total Capital Assets Being Depreciated	108,102,349	840,546	(244,735)	108,698,160
Less Accumulated Depreciation For:				
Water, Wastewater, and Drainage Systems	(49,579,322)	(2,343,075)	95,994	(51,826,403)
Easements and Rights-of-Way	(317,219)	(584,671)	18,000	(883,890)
Buildings and Improvements	(2,183,105)	(304,462)	19,780	(2,467,787)
Furniture and Equipment	(375,891)	(172,895)	36,627	(512,159)
Park and Recreational Facilities	(3,724,287)	(457,685)	31,000	(4,150,972)
Automobiles and Trucks	<u>(329,802)</u>	<u>(61,987)</u>	<u>13,780</u>	<u>(378,009)</u>
Total Accumulated Depreciation	(56,509,626)	(3,924,775)	215,181	(60,219,220)
Total Capital Assets Being Depreciated, Net	<u>51,592,723</u>	<u>(3,084,229)</u>	<u>(29,554)</u>	<u>48,478,940</u>
Capital Assets, Net	<u>\$ 55,411,762</u>	<u>\$ (2,618,395)</u>	<u>\$ (1,086,198)</u>	<u>\$ 51,707,169</u>

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 \$81,879 for the year ended September 30, 2019 and are within the Capital Projects Fund.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 10. FUND BALANCES

The Board committed \$8,216,400 of General Fund fund balance to pay for future repairs, replacements, and purchases of capital. The amounts committed for funding capital projects as of September 30, 2019 are as follows:

Utility Equipment Replacement	\$ 135,223
Utility Equipment Replacement - Vehicles	50,000
Replacement of Water Facility Membranes	1,075,000
BRA Water Line Reserves	347,075
Water Facility Lab Equipment	9,000
Singer Valve Installation	10,000
Future Waterline Replacements	50,000
Renovation of Maintenance Yard	1,328,000
Relocation of Utilities for Hairy Man Rd Project	16,000
Regional Waste Water Improvements	364,389
Highland Horizon Lift Station Parking	5,800
Woods Lift Station	300,000
Lift Station Improvements - Woods	100,000
Lift Station Improvements	150,000
Cat Hollow Lift Station	90,000
Collection Lift Station Repairs	60,000
Drainage Improvements	300,000
Pasada Pond Improvements	85,000
F250 to Replace Nissan Pickup	25,000
Community Center Equipment Replacement	45,387
Community Center Equipment Replacement - Gym Curtain	15,000
Community Center Garden Improvements	110,000
Park Master Plan Projects	469,728
Parks Master Plan Projects - Cat Hollow Playground	400,000
General Trail Washouts	325,000
Community Park Trail Improvements	300,000
Community Park Playground	1,228,241
Community Park Amphitheater	250,000
Cat Hollow Pool Restrooms, Playscape and Sign	410,363
Sendero Springs Pool Building	162,194
	<u>\$ 8,216,400</u>

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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, 2018 was as follows:

Retirees and beneficiaries currently receiving benefits	7
Terminated employees entitled to but not yet receiving benefits	263
Active plan members	133
Total	403

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 6.21% for 2019 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, 2018 both equaled \$183,429.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 12. DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions

The District's net pension liability was measured as of December 31, 2018 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, 2018 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. 4.85% average over career including inflation.
Investment Rate of Return	8.1% (Gross of administrative expenses)
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 retirement 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, 2019**

NOTE 12. DEFINED BENEFIT PENSION PLAN (Continued)

All actuarial assumptions that determined the total pension liability as of December 31, 2018 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 2019 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	10.50%	5.40%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (3)	18.00%	8.40%
Global Equities	MSCI Worl (net) Index	2.50%	5.70%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) Index	10.00%	5.40%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (net) Index	7.00%	5.90%
Investment - Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	1.60%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	4.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.95%
Distressed Debt	Cambridge Associates Distressed Securities Index (4)	2.00%	7.20%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	5.35%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (5)	6.00%	6.30%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	13.00%	3.90%

(1) Target asset allocation adopted at the April 2019 TCDRS Board meeting.

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.70%, per Cliffwater's 2019 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, 2019**

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, 2018 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, 2017	\$ 4,591,701	\$ 4,932,833	\$ (341,132)
Changes For the Year:			
Service Cost	364,608		364,608
Interest on Total Pension Liability (1)	398,452		398,452
Effect of Plan Changes (2)			
Effect of Economic/Demographic Gains or Losses	(26,962)		(26,962)
Effect of Assumptions Changes or Inputs			
Refund of Contributions	(45,346)	(45,346)	
Benefit Payments	(30,426)	(30,426)	
Administrative Expenses		(4,126)	4,126
Member Contributions		180,126	(180,126)
Net Investment Income		(88,684)	88,684
Employer Contributions		183,429	(183,429)
Other (3)		9,070	(9,070)
Balances as of December 31, 2018	<u>\$ 5,252,027</u>	<u>\$ 5,136,876</u>	<u>\$ 115,151</u>

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

(2) No plan changes valued.

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

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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	\$ 6,074,984	\$ 5,252,027	\$ 4,579,307
Fiduciary Net Position	<u>5,136,876</u>	<u>5,136,876</u>	<u>5,136,876</u>
Net Pension Liability / (Asset)	<u>\$ 938,108</u>	<u>\$ 115,151</u>	<u>\$ (557,569)</u>

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

For the year ended September 30, 2019, the District recognized pension expense of \$99,149. As of September 30, 2019, 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	\$ 17,975	\$ 14,954
Changes of Assumptions		170
Net Difference Between Projected and Actual Earnings		329,466
Contributions Made Subsequent to Measurement Date		<u>156,513</u>
	<u>\$ 17,975</u>	<u>\$ 501,103</u>

The \$156,513 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 fiscal year ending September 30, 2020. 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 December 31,</u>	<u>Pension Expense Amount</u>
2019	\$ 131,929
2020	46,151
2021	48,563
2022	<u>99,972</u>
	<u>\$ 326,615</u>

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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, 2019, the District recognized rental income of \$80,575 related to these agreements. Future rental income per these agreements is as follows:

2020	\$	87,097
2021		88,782
2022		89,823
2023		90,896
2024		92,964
Thereafter		1,582,908
Total		<u>\$ 2,032,470</u>

The District owns a house that it rents to third parties through a management company. During the year ended September 30, 2019, the District recognized rental income of \$17,820 related to this rental property. Future rental income per the lease agreement is on a month to month basis.

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**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, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Program Revenue:				
Water and Wastewater Services	\$ 5,239,424	\$ 5,239,424	\$ 5,192,564	\$ (46,860)
Park and Recreation Center Fees	1,683,992	1,722,292	1,969,615	247,323
Garbage Collection	1,376,209	1,376,209	1,388,800	12,591
Inspection Fees	8,869	8,869	29,000	20,131
Tap and Other Connection Fees			26,003	26,003
Contributions			200	200
General Revenue:				
Property Taxes	6,635,879	6,635,879	6,675,772	39,893
Investment Earnings	120,000	153,500	564,348	410,848
Rental Income	110,000	110,000	98,296	(11,704)
Other	162,699	211,299	149,596	(61,703)
TOTAL REVENUES	\$ 15,337,072	\$ 15,457,472	\$ 16,094,194	\$ 636,722
EXPENDITURES				
Service Operations:				
Salary and Benefits	\$ 4,632,568	\$ 4,554,568	\$ 4,534,771	\$ 19,797
Water and Wastewater Purchases	1,566,372	1,566,372	1,465,995	100,377
Garbage Fees	1,273,105	1,273,105	1,296,316	(23,211)
Repairs and Maintenance	1,143,870	1,157,870	1,117,540	40,330
Administrative	1,114,361	1,273,561	1,120,396	153,165
Utilities	647,613	647,613	580,259	67,354
Contracted Services	329,161	372,661	393,621	(20,960)
Legal Fees	100,000	100,000	131,428	(31,428)
Insurance	87,250	87,250	93,091	(5,841)
Engineering Fees	161,500	217,800	169,089	48,711
Audit Fees	40,000	40,000	34,750	5,250
Financial Advisor	20,000	20,000	20,000	
Director's Fees	36,000	36,000	29,100	6,900
Security Fees	83,000	81,300	79,020	2,280
Other *	471,616	329,216	178,799	150,417
Capital Outlay	3,213,750	3,398,250	724,604	2,673,646
Debt Service:				
Principal Payments	420,000	420,000	420,000	
Interest and Fiscal Charges	152,672	152,672	152,672	
TOTAL EXPENDITURES	\$ 15,492,838	\$ 15,728,238	\$ 12,541,451	\$ 3,186,787
EXCESS OF REVENUES OVER EXPENDITURES	\$ (155,766)	\$ (270,766)	\$ 3,552,743	\$ 3,823,509
OTHER FINANCING SOURCES (USES)				
Transfers Out	\$ 155,766	\$ 155,766	\$	\$ (155,766)
Sale of Capital Assets		653,000	685,683	32,683
TOTAL OTHER FINANCING SOURCES (USES)	\$ 155,766	\$ 808,766	\$ 685,683	\$ (123,083)
NET CHANGE IN FUND BALANCE	\$ -0-	\$ 538,000	\$ 4,238,426	\$ 3,700,426
FUND BALANCE - OCTOBER 1, 2018	18,304,370	18,304,370	18,304,370	
FUND BALANCE - SEPTEMBER 30, 2019	\$ 18,304,370	\$ 18,842,370	\$ 22,542,796	\$ 3,700,426

* 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, 2019

	Year Ended December 31, 2018*	Year Ended December 31, 2017*	Year Ended December 31, 2016*	Year Ended December 31, 2015*	Year Ended December 31, 2014*
Total Pension Liability					
Service Cost	\$ 364,608	\$ 294,923	\$ 295,387	\$ 267,011	\$ 250,979
Interest on Total Pension Liability	398,452	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	(26,962)	44,864	(28,730)	(120,517)	(26,206)
Benefit Payments/Refunds of Contributions	<u>(75,772)</u>	<u>(66,783)</u>	<u>(75,753)</u>	<u>(54,772)</u>	<u>(42,950)</u>
Net Change in Total Pension Asset	660,326	620,774	482,212	329,653	412,551
Total Pension Liability, Beginning	<u>4,591,701</u>	<u>3,970,927</u>	<u>3,488,715</u>	<u>3,159,062</u>	<u>2,746,511</u>
Total Pension Liability, Ending (a)	\$ 5,252,027	\$ 4,591,701	\$ 3,970,927	\$ 3,488,715	\$ 3,159,062
Fiduciary Net Position					
Employer Contributions	\$ 183,429	\$ 173,616	\$ 142,204	\$ 140,561	\$ 141,860
Member Contributions	180,126	170,719	147,347	138,711	129,947
Investment Income Net of Investment Expenses	(88,684)	596,801	264,683	(66,405)	199,976
Benefit Payments/Refunds of Contributions	(75,772)	(66,783)	(75,753)	(54,773)	(42,950)
Administrative Expenses	(4,126)	(3,280)	(2,878)	(2,516)	(2,463)
Other	9,070	3,689	24,012	2,488	446
Net Change in Fiduciary Net Position	204,043	874,762	499,615	158,066	426,816
Fiduciary Net Position, Beginning	<u>4,932,833</u>	<u>4,058,071</u>	<u>3,558,456</u>	<u>3,400,390</u>	<u>2,973,574</u>
Fiduciary Net Position, Ending (b)	\$ 5,136,876	\$ 4,932,833	\$ 4,058,071	\$ 3,558,456	\$ 3,400,390
Net Pension Liability / (Asset), Ending = (a) - (b)	\$ 115,151	\$ (341,132)	\$ (87,144)	\$ (69,741)	\$ (241,328)
Fiduciary Net Position as a % of Total Pension Liability	97.81 %	107.43 %	102.19 %	102.00 %	107.64
Pensionable Covered Payroll	\$ 3,002,106	\$ 2,845,317	\$ 2,450,776	\$ 2,311,858	\$ 2,165,801
Net Pension Liability as a % of Covered Payroll	3.84 %	(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, 2019

Year Ending December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll*	Actual Contribution as a % of Covered Payroll
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%
2018	183,429	183,429	-	3,002,106	6.1%

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

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

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:					
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
WASTEWATER:					
In-District	\$ 6.00		N	\$ 2.70	Per 1,000
Out-of-District	\$ 12.00		N	\$ 10.80	Per 1,000
SURCHARGE:	N/A	N/A	N/A	N/A	N/A
District employs winter averaging for wastewater usage?					<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, 2019**

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>5,558</u>	<u>5,558</u>	x 1.0	<u>5,558</u>
1"	<u>37</u>	<u>37</u>	x 2.5	<u>93</u>
1½"	<u>39</u>	<u>39</u>	x 5.0	<u>195</u>
2"	<u>39</u>	<u>39</u>	x 8.0	<u>312</u>
3"	<u>4</u>	<u>4</u>	x 15.0	<u>60</u>
4"	<u>2</u>	<u>2</u>	x 25.0	<u>50</u>
6"	<u>1</u>	<u>1</u>	x 50.0	<u>50</u>
8"	<u>5</u>	<u>5</u>	x 80.0	<u>400</u>
10"	<u> </u>	<u> </u>	x 115.0	<u> </u>
Total Water Connections	<u><u>5,685</u></u>	<u><u>5,685</u></u>		<u><u>6,718</u></u>
Total Wastewater Connections	<u><u>5,583</u></u>	<u><u>5,583</u></u>	x 1.0	<u><u>5,583</u></u>

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

Gallons pumped into the System: 917,614,000 Water Accountability Ratio: 92%
(Gallons billed /Gallons pumped)

Gallons billed to customers: 844,484,000

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
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

4. STANDBY FEES (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes No

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes No

County in which District is located:

Williamson County

Is the District located within a city?

Entirely Partly Not at all

Cities in which District is located:

N/A

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

Entirely Partly Not at all

ETJ's in which District is located:

City of Round Rock

Are Board Members appointed by an office outside the District?

Yes No

See accompanying independent auditor's report.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
INVESTMENTS
SEPTEMBER 30, 2019**

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
LOGIC	XXXX1002	Varies	Daily	\$ 22,492	\$
LOGIC	XXXX1003	Varies	Daily	326,204	
TexPool	XXXX0008	Varies	Daily	914,592	
TexPool	XXXX0001	Varies	Daily	36,962	
Certificate of Deposit	XXXX7047	2.530%	04/13/20	2,136,350	
Money Market Fund	XXXX1901	Varies	Daily	677,009	
Municipal Bonds	XXXX6FK3	1.925%	02/15/20	499,985	1,239
US Agencies	XXXX0JR2	2.375%	12/13/19	1,000,904	17,243
US Agencies	XXXXFR66	2.500%	01/22/20	3,005,866	14,081
US Agencies	XXXXG5X9	2.520%	10/09/20	1,000,145	11,392
US Agencies	XXXXTL76	2.300%	07/29/21	625,003	2,363
US Agencies	XXXXGYU3	1.905%	02/26/21	2,993,194	5,010
US Agencies	XXXXH5C3	2.000%	06/23/21	3,000,494	1,151
Commerical Paper	XXXX3XV1	n/a	10/29/19	1,247,511	
Commerical Paper	XXXXKXU7	n/a	10/28/19	1,247,544	
Treasury Note	XXXX8G95	1.625%	12/31/19	2,497,853	9,580
Treasury Note	XXXX8J84	1.375%	03/31/20	648,400	
TOTAL GENERAL FUND				\$ 21,880,508	\$ 62,059
DEBT SERVICE FUND					
LOGIC	XXXX1001	Varies	Daily	\$ 381,605	\$
LOGIC	XXXX1013	Varies	Daily	39,746	
TexPool	XXXX0004	Varies	Daily	235,229	
US Agencies	XXXX0R39	1.000%	10/24/19	799,518	3,514
Commercial Paper	XXXXMXU6	n/a	10/28/19	998,065	
Commercial Paper	XXXXJXU6	n/a	10/28/19	998,065	
Commercial Paper	XXXXKXV9	n/a	10/29/19	938,106	
TOTAL DEBT SERVICE FUND				\$ 4,390,334	\$ 3,514
CAPITAL PROJECTS FUND					
LOGIC	XXXX1009	Varies	Daily	\$ 873,007	\$
TexPool	XXXX0007	Varies	Daily	851,127	
US Agencies	XXXXTL76	2.300%	07/29/21	625,003	
TOTAL CAPITAL PROJECTS FUND				\$ 2,349,137	\$ - 0 -
TOTAL - ALL FUNDS				\$ 28,619,979	\$ 65,573

See accompanying independent auditor's report.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Maintenance Taxes		Debt Service Taxes
TAXES RECEIVABLE -			
OCTOBER 1, 2018	\$ 32,154		\$ 27,435
Adjustments to Beginning			
Balance	(5,199)	\$ 26,955	(2,836) \$ 24,599
Original 2018 Tax Levy	\$ 6,667,847		\$ 3,780,465
Adjustment to 2018 Tax Levy	10,146	6,677,993	5,676 3,786,141
TOTAL TO BE			
ACCOUNTED FOR		\$ 6,704,948	\$ 3,810,740
 TAX COLLECTIONS:			
Prior Years	\$		\$ 479
Current Year	6,666,173	6,666,173	3,780,081 3,780,560
 TAXES RECEIVABLE -			
SEPTEMBER 30, 2019		\$ 38,775	\$ 30,180
 TAXES RECEIVABLE BY			
YEAR:			
2018		\$ 11,820	\$ 6,060
2017		6,665	5,332
2016		2,908	5,936
2015		2,635	3,883
2014		2,933	3,188
2013		3,081	3,081
2012		1,212	1,212
2011 & Prior		7,521	1,488
TOTAL		\$ 38,775	\$ 30,180

See accompanying independent auditor's report.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
PROPERTY VALUATIONS:				
District-wide	\$ 2,086,616,021	\$ 1,968,553,734	\$ 1,795,727,604	\$ 1,614,574,091
Defined Area	\$ 493,992,503	\$ 452,999,890	\$ 390,949,120	\$ 321,159,259
TAX RATES PER \$100 VALUATION:				
Debt Service Tax Rate	\$ 0.1400	\$ 0.1600	\$ 0.1700	\$ 0.1900
Maintenance Tax Rate	<u>0.3200</u>	<u>0.3000</u>	<u>0.2950</u>	<u>0.2800</u>
District-wide	\$ 0.4600	\$ 0.4600	\$ 0.4650	\$ 0.4700
Defined Area	\$ 0.1750	\$ 0.1900	\$ 0.2250	\$ 0.2700
ADJUSTED TAX LEVY	<u>\$ 10,464,134</u>	<u>\$ 9,916,640</u>	<u>\$ 9,259,726</u>	<u>\$ 8,448,244</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED				
	<u>99.83 %</u>	<u>99.88 %</u>	<u>99.90 %</u>	<u>99.92 %</u>

See accompanying independent auditor's report.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2019**

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
2020	\$ 595,000	\$ 17,850	\$ 612,850	\$ 80,000	\$ 4,200	\$ 84,200	\$ 215,000	\$ 8,600	\$ 223,600
2021									
2022									
2023									
2024									
2025									
2026									
2027									
2028									
2029									
2030									
2031									
2032									
2033									
2034									
2035									
2036									
2037									
2038									
2039									
	<u>\$ 595,000</u>	<u>\$ 17,850</u>	<u>\$ 612,850</u>	<u>\$ 80,000</u>	<u>\$ 4,200</u>	<u>\$ 84,200</u>	<u>\$ 215,000</u>	<u>\$ 8,600</u>	<u>\$ 223,600</u>

See accompanying independent auditor's report.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2019**

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
2020	\$ 1,270,000	\$ 50,800	\$ 1,320,800	\$ 85,000	\$ 85,850	\$ 170,850	\$ 175,000	\$ 71,808	\$ 246,808
2021				85,000	82,450	167,450	185,000	65,088	250,088
2022				90,000	79,050	169,050	190,000	57,984	247,984
2023				95,000	75,450	170,450	200,000	50,688	250,688
2024				100,000	71,650	171,650	205,000	43,008	248,008
2025				105,000	67,525	172,525	215,000	35,136	250,136
2026				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>\$ 1,270,000</u>	<u>\$ 50,800</u>	<u>\$ 1,320,800</u>	<u>\$ 1,870,000</u>	<u>\$ 808,438</u>	<u>\$ 2,678,438</u>	<u>\$ 1,870,000</u>	<u>\$ 378,240</u>	<u>\$ 2,248,240</u>

See accompanying independent auditor's report.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2019**

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
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>\$ 7,435,000</u>	<u>\$ 1,292,250</u>	<u>\$ 8,727,250</u>	<u>\$ 5,995,000</u>	<u>\$ 1,478,000</u>	<u>\$ 7,473,000</u>	<u>\$ 2,975,000</u>	<u>\$ 1,617,385</u>	<u>\$ 4,592,385</u>

See accompanying independent auditor's report.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2019**

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
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>\$ 3,240,000</u>	<u>\$ 870,038</u>	<u>\$ 4,110,038</u>	<u>\$ 3,155,000</u>	<u>\$ 1,292,101</u>	<u>\$ 4,447,101</u>	<u>\$ 5,385,000</u>	<u>\$ 885,915</u>	<u>\$ 6,270,915</u>

See accompanying independent auditor's report.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2019**

Due During Fiscal Years Ending September 30	REFUNDING SERIES-2019			ANNUAL REQUIREMENTS FOR ALL SERIES		
	Principal Due June 1	Interest Due December 1/ June 1	Total	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2020	\$ -	\$ 199,054	\$ 199,054	\$ 3,240,000	\$ 1,346,889	\$ 4,586,889
2021	1,535,000	217,150	1,752,150	3,345,000	1,251,806	4,596,806
2022	1,585,000	171,100	1,756,100	3,460,000	1,150,680	4,610,680
2023	1,385,000	123,550	1,508,550	3,330,000	1,045,774	4,375,774
2024	-	82,000	82,000	3,540,000	944,389	4,484,389
2025	200,000	82,000	282,000	3,870,000	835,900	4,705,900
2026	1,900,000	76,000	1,976,000	4,000,000	717,376	4,717,376
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>\$ 6,605,000</u>	<u>\$ 950,854</u>	<u>\$ 7,555,854</u>	<u>\$ 40,690,000</u>	<u>\$ 9,654,671</u>	<u>\$ 50,344,671</u>

See accompanying independent auditor's report.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
CHANGES IN LONG-TERM BONDED DEBT
SEPTEMBER 30, 2019**

	<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%	4.00%	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	6/1/2020	6/1/2020	6/1/2033	6/1/2028
Bonds Outstanding at Beginning of Current Fiscal Year	\$ 1,165,000	\$ 155,000	\$ 1,405,000	\$ 8,825,000	\$ 1,950,000	\$ 2,045,000
Bonds Sold During the Current Fiscal Year	-	-	-	-	-	-
Retirements During the Current Fiscal Year:						
Refunded	-	-	(470,000)	(6,340,000)	-	-
Principal	(570,000)	(75,000)	(720,000)	(1,215,000)	(80,000)	(175,000)
Bonds Outstanding at End of Current Fiscal Year	<u>\$ 595,000</u>	<u>\$ 80,000</u>	<u>\$ 215,000</u>	<u>\$ 1,270,000</u>	<u>\$ 1,870,000</u>	<u>\$ 1,870,000</u>
Interest Paid During the Current Fiscal Year	<u>\$ 34,950</u>	<u>\$ 8,138</u>	<u>\$ 45,798</u>	<u>\$ 346,925</u>	<u>\$ 89,250</u>	<u>\$ 78,528</u>

See accompanying independent auditor's report.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
CHANGES IN LONG-TERM BONDED DEBT
SEPTEMBER 30, 2019**

	<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>	<u>Refunding Series 2019</u>
Interest Rate	3.00%	2.00% - 3.50%	2.80% - 5.00%	3.00% - 3.75%	2.00% - 3.75%	2.63%	3.00% - 4.00%
Dates Interest Payable	6/1; 12/1	6/1; 12/1	6/1; 12/1	6/1; 12/1	6/1; 12/1	6/1; 12/1	6/1; 12/1
Maturity Date	6/1/2028	6/1/2028	6/1/2038	6/1/2033	6/1/2039	6/1/2030	6/1/2026
Bonds Outstanding at Beginning of Current Fiscal Year	\$ 7,475,000	\$ 6,010,000	\$ 3,070,000	\$ 3,360,000	\$ 3,255,000	\$ 5,805,000	\$ -
Bonds Sold During the Current Fiscal Year	-	-	-	-	-	-	6,605,000
Retirements During the Current Fiscal Year:							
Refunded	-	-	-	-	-	-	-
Principal	(40,000)	(15,000)	(95,000)	(120,000)	(100,000)	(420,000)	-
Bonds Outstanding at End of Current Fiscal Year	<u>\$ 7,435,000</u>	<u>\$ 5,995,000</u>	<u>\$ 2,975,000</u>	<u>\$ 3,240,000</u>	<u>\$ 3,155,000</u>	<u>\$ 5,385,000</u>	<u>\$ 6,605,000</u>
Interest Paid During the Current Fiscal Year	<u>\$ 224,250</u>	<u>\$ 198,075</u>	<u>\$ 136,545</u>	<u>\$ 109,950</u>	<u>\$ 106,556</u>	<u>\$ 152,672</u>	<u>\$ -</u>

See accompanying independent auditor's report.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
CHANGES IN LONG-TERM BONDED DEBT
SEPTEMBER 30, 2019**

	<u>Grand Total</u>		
Bonds and Note Outstanding at Beginning of Current Fiscal Year	\$ 44,520,000		
Bond/Note Sold During the Current Fiscal Year	6,605,000		
Retirements During the Current Fiscal Year:			
Refunded	(6,810,000)		
Principal	<u>(3,625,000)</u>		
Bonds and Note Outstanding at End of Current Fiscal Year	<u>\$ 40,690,000</u>		
Interest Paid During the Current Fiscal Year	<u>\$ 1,531,637</u>		
Paying Agent:	Series 2005, 2009, 2010, 2011, 2012, 2013, 2015 and 2019	Wells Fargo Bank Minneapolis, Minnesota 55415	
	Series 2016	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	\$ 84,074,998
Amount Issued	<u>72,000,000</u>	<u>13,785,000</u>	<u>84,074,998</u>
Remaining to be Issued	<u>\$ 2,100,000</u>	<u>\$ 10,715,000</u>	<u>\$ - 0 -</u>
Debt Service Fund cash and investment balances as of September 30, 2019:			<u>\$ 4,399,655</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:			<u>\$ 2,517,234</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				
	2019	2018	2017	2016	2015	2019	2018	2017	2016	2015
GENERAL FUND										
REVENUES										
Water and Wastewater Service	\$ 5,192,564	\$ 5,385,725	\$ 5,215,431	\$ 5,226,780	\$ 5,082,059	32.3 %	36.1 %	37.7 %	40.1 %	42.4 %
Garbage Collection	1,388,800	1,385,486	1,369,168	1,345,290	1,186,768	8.6	9.3	9.9	10.3	9.9
Inspection Fees	29,000	27,685	60,520	77,282	77,689	0.2	0.2	0.4	0.6	0.6
Tap and Other Connection Fees	26,003	3,074	47,079	131,136	214,462	0.2		0.3	1.0	1.8
Park and Recreation Center Fees	1,969,615	1,673,060	1,546,489	1,506,143	1,499,289	12.2	11.2	11.2	11.5	12.5
Property Taxes, Including Penalties and Interest	6,675,772	5,903,594	5,281,267	4,523,775	3,653,155	41.5	39.6	38.2	34.7	30.5
Investment Earnings	564,348	284,545	97,894	64,748	38,318	3.5	1.9	0.7	0.5	0.3
Other	248,092	256,933	219,957	153,096	233,971	1.5	1.7	1.6	1.2	2.0
Contributed Capital Assets			1,710	19,275					0.1	
TOTAL REVENUES	\$ 16,094,194	\$ 14,920,102	\$ 13,839,515	\$ 13,047,525	\$ 11,985,711	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
EXPENDITURES										
Current:										
Personnel (Including Benefits)	\$ 4,534,771	\$ 4,261,308	\$ 3,908,287	\$ 3,612,231	\$ 3,281,080	28.3 %	28.6 %	28.1 %	27.7 %	27.3 %
Purchased Services for Resale	2,762,311	2,586,690	2,450,527	2,811,709	2,479,761	17.2	17.3	17.7	21.5	20.7
Administrative	1,149,496	1,047,338	971,001	887,623	984,333	7.1	7.0	7.0	6.8	8.2
Repairs and Maintenance	1,117,540	876,860	1,122,722	989,729	907,746	6.9	5.9	8.1	7.6	7.6
Utilities	580,259	624,474	536,614	551,664	571,664	3.6	4.2	3.9	4.2	4.8
Professional Services	706,177	564,091	561,744	497,795	376,133	4.4	3.8	4.1	3.8	3.1
Contracted Services	393,621	190,618	378,744	233,267	366,192	2.4	1.3	2.7	1.8	3.1
Capital Outlay	724,604	2,300,762	1,865,489	3,025,806	2,466,902	4.5	15.4	13.5	23.2	20.6
Principal Payments	420,000	405,000	395,000	335,000	374,934	2.6	2.7	2.9	2.6	3.1
Interest and Fiscal Charges	152,672	163,323	173,711	69,460	25,943	0.9	1.1	1.3	0.5	0.2
TOTAL EXPENDITURES	\$ 12,541,451	\$ 13,020,464	\$ 12,363,839	\$ 13,014,284	\$ 11,834,688	77.9 %	87.3 %	89.3 %	99.7 %	98.7 %
DEFICIENCY OF REVENUES UNDER EXPENDITURES										
	\$ 3,552,743	\$ 1,899,638	\$ 1,475,676	\$ 33,241	\$ 151,023	22.1 %	12.7 %	10.7 %	0.3 %	1.3 %
OTHER FINANCING SOURCES										
Sale of Capital Assets	\$ 685,683	\$ 32,303	\$ -	\$ -	\$ -	4.2 %	0.2 %	%	%	%
Transfers In				-	180,400				-	1.5
TOTAL OTHER FINANCING SOURCES	\$ 685,683	\$ 32,303	\$ - 0 -	\$ - 0 -	\$ 180,400	4.2 %	0.2 %	%	- %	1.5 %
NET CHANGE IN FUND BALANCE	\$ 4,238,426	\$ 1,931,941	\$ 1,475,676	\$ 33,241	\$ 331,423	26.3 %	12.9 %	10.7 %	0.3 %	2.8 %

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				
	2019	2018	2017	2016	2015	2019	2018	2017	2016	2015
DEBT SERVICE FUND										
REVENUES										
Property Taxes, Including Penalties and Interest	\$ 3,785,126	\$ 4,008,201	\$ 3,921,140	\$ 3,938,204	\$ 4,289,373	95.1 %	98.2 %	98.7 %	99.3 %	100.0 %
Investment Earnings and Other	193,091	72,603	50,324	29,032		4.9	1.8	1.3	0.7	
TOTAL REVENUES	\$ 3,978,217	\$ 4,080,804	\$ 3,971,464	\$ 3,967,236	\$ 4,289,373	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
EXPENDITURES										
Principal Payments	\$ 3,205,000	\$ 2,605,000	\$ 2,510,000	\$ 2,615,000	\$ 3,255,000	80.6 %	63.8 %	63.1 %	66.0 %	75.9 %
Interest and Fiscal Charges	1,378,965	1,481,295	1,563,843	1,648,320	1,727,219	34.7	36.3	39.4	41.5	40.3
Tax Appraisal and Collection	64,078	64,019	63,732	62,624	61,548	1.6	1.6	1.6	1.6	1.4
Bond Issuance Costs	220,225		6,575	9,453	291,471	5.5		0.2	0.2	6.8
Other	7,129	6,630	31	25	12,261	0.2	0.2			0.3
TOTAL EXPENDITURES	\$ 4,875,397	\$ 4,156,944	\$ 4,144,181	\$ 4,335,422	\$ 5,347,499	122.6 %	101.9 %	104.3 %	109.3 %	124.7 %
DEFICIENCY OF REVENUES UNDER EXPENDITURES	\$ (897,180)	\$ (76,140)	\$ (172,717)	\$ (368,186)	\$ (1,058,126)	(22.6) %	(1.9) %	(4.3) %	(9.3) %	(24.7) %
OTHER FINANCING SOURCES (USES)										
Transfers In	\$	\$ 517,760	\$	\$ 158,505	\$ 209,500	%	12.7 %	-	4.0 %	4.9 %
Proceeds from the Sale of Capital Assets	18,412				155,149	0.5				3.6
Proceeds of Refunding Bonds	6,605,000				3,625,000	166.0				84.5
Payment to Refunded Bond Escrow Agent	(6,855,598)				(3,496,579)	(172.3)				(81.5)
Premium (Discount) on Bonds	408,548				(10,706)	10.3				(0.2)
TOTAL OTHER FINANCING SOURCES	\$ 176,362	\$ 517,760	\$ - 0 -	\$ 158,505	\$ 482,364	4.5 %	12.7 %	%	4.0 %	11.3 %
NET CHANGE IN FUND BALANCE	\$ (720,818)	\$ 441,620	\$ (172,717)	\$ (209,681)	\$ (575,762)	(18.1) %	10.8 %	(4.3) %	(5.3) %	(13.4) %
TOTAL ACTIVE RETAIL WATER CONNECTIONS	5,685	5,683	5,673	5,574	5,699					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	5,583	5,592	5,615	5,463	5,490					

See accompanying independent auditor's report.

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2019**

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

District Telephone Number - (512) 255-7871

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended September 30, 2019	Expense Reimbursements for the year ended September 30, 2019	Title
Shean Dalton	11/18 11/22 (Elected)	\$ 4,200	\$ -	President
Donna B. Parker	11/16 11/20 (Elected)	\$ 7,200	\$ -	Vice President
Rebecca B. Tullos	11/18 11/22 (Elected)	\$ 6,600	\$ -	Treasurer
Kim Filiatrault	11/18 11/22 (Elected)	\$ 5,100	\$ -	Secretary
Michael Tucker	11/16 11/20 (Elected)	\$ 6,000	\$ -	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): December 9, 2019.

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, 2019**

	<u>Date Hired</u>	<u>Fees for the year ended September 30, 2019</u>	<u>Title</u>
Consultants:			
McLean & Howard, LLP	2017	\$ 127,777	Attorney
McCall Gibson Swedlund Barfoot PLLC	2018	\$ 33,250 \$ 1,500	Auditor Bond Related
Robert W. Baird & Co.	2015	\$ 68,129	Financial Advisor
McCall, Parkhurst & Horton LLP	1994	\$ 69,050	Bond Counsel
MRB Group	2013	\$ 322,384	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.

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**OTHER SUPPLEMENTARY
INFORMATION**

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**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
PRINCIPAL TAXPAYERS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

<u>District-Wide Area</u>	<u>Tax Roll Year</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Taxpayer</u>			
Landing at Round Rock Acquisition LLC	\$ 90,284,368	89,491,083	-
CWS Brushy Creek LP	50,250,000	51,781,360	49,490,177
Barclay/Texas Holdings XI LP	12,500,258	-	8,641,767
IVQ Round Rock LP	12,272,768	11,756,288	-
Barclay/Texas Holdings 6 LP	10,211,336	9,043,666	-
H. E. Butt Inc.	8,566,956	8,393,221	8,324,952
Highland 620 Land Investment Ltd.	8,457,479	9,130,857	11,745,923
Atmos Energy/Mid-Tex Distribution	8,199,457	7,064,379	5,990,806
Great American Storage Partners LLC	7,531,026	7,178,870	6,718,233
MGP, XXII LLC	5,150,000	5,200,000	5,000,000
Homeowner	-	6,897,002	5,790,375
Dedicated OConnor RR LP	-	-	79,659,585
MS Round Rock LLC	-	-	5,071,275
Total	<u>\$ 213,423,648</u>	<u>\$ 205,936,726</u>	<u>\$ 186,433,093</u>
Percent of Assessed Valuation	<u>9.79%</u>	<u>9.87%</u>	<u>9.47%</u>

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
PRINCIPAL TAXPAYERS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

<u>Defined Area</u>	<u>Tax Roll Year</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Taxpayer</u>			
IVQ Round Rock LP	\$ 12,272,768	11,756,288	-
Highland 620 Land Investment Ltd.	8,457,479	9,130,857	11,745,923
Cuchara Investment Group Ltd.	4,102,975	2,520,055	2,396,399
Great Oaks Physicians Holding Company LP	3,435,319	3,435,319	1,306,265
First Star Bank SSB	3,351,025	3,345,774	3,241,257
LIDL US Operations LLC	3,286,147	3,170,844	-
Saiba Holdings LLC	2,880,901	2,753,595	2,238,530
TDE Investments LLC	2,676,815	2,676,815	-
Hatch House Management Company LLC	2,383,132	2,303,542	2,126,001
MHM Brushy Creek FH LLC	953,445	-	-
Homeowner	-	785,185	-
MS Round Rock LLC	-	-	5,071,275
CalAtlantic Homes of Texas Inc.	-	-	1,934,197
Standard Pacific of Texas Inc.	-	-	1,647,214
Homeowner	-	-	738,306
Total	<u>\$ 43,800,006</u>	<u>\$ 41,878,274</u>	<u>\$ 32,445,367</u>
Percent of Assessed Valuation	<u>8.47%</u>	<u>8.48%</u>	<u>7.16%</u>

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
ASSESSED VALUE BY CLASSIFICATION
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Type of Property	Tax Roll Year					
	2019		2018		2017	
	Amount	%	Amount	%	Amount	%
Single Family	\$ 1,871,238,253	85.9%	\$ 1,800,055,570	86.2%	\$ 1,713,290,464	86.9%
Multi-Family	151,307,534	6.9	150,685,331	7.2	137,124,452	7.0
Vacant Platted Lots/Tracts	14,293,843	0.7	13,701,425	0.7	13,637,370	0.7
Acreage (Land Only)	-	0.0	-	0.0	10,723	0.0
Farm and Ranch Improvement	10,723	0.0	10,723	0.0	-	0.0
Commerical	136,522,768	6.3	118,215,190	5.7	102,106,646	5.2
Real & Intangible Personal, Utilities	11,562,108	0.5	10,527,800	0.5	9,337,219	0.5
Tangible Personal Business	22,822,127	1.0	25,272,197	1.2	23,362,675	1.2
Real Inventory	-	0.0	405,000	0.0	10,899,730	0.6
Exempt	(27,457,834)	(1.3)	(32,257,215)	(1.5)	(41,215,545)	(2.1)
Total	\$ 2,180,299,522	100.0%	\$ 2,086,616,021	100.0%	\$ 1,968,553,734	100.0%

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT
ASSESSED VALUE BY CLASSIFICATION
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

<u>Defined Area</u>	Tax Roll Year					
	2019		2018		2017	
	Amount	%	Amount	%	Amount	%
Type of Property						
Single Family	\$ 473,348,549	91.6%	\$ 454,520,298	92.0%	\$ 419,863,648	92.7%
Vacant Platted Lots/Tracts	12,699,112	2.5	12,370,189	2.5	12,367,123	2.7
Farm and Ranch Improvement	9,100	0.0	9,100	0.0	-	0.0
Acreage	-	0.0	-	0.0	9,100	0.0
Commerical	31,102,935	6.0	28,791,388	5.8	13,412,862	3.0
Real & Intangible Personal, Utilities	273,265	0.1	386,986	0.1	383,288	0.1
Tangible Personal Business	4,386,902	0.8	4,143,524	0.8	1,402,601	0.3
Real Inventory	-	0.0	405,000	0.1	9,507,256	2.1
Exempt	(4,939,384)	(1.0)	(6,633,982)	(1.3)	(3,945,988)	(0.9)
Total	<u>\$ 516,880,479</u>	<u>100.0%</u>	<u>\$ 493,992,503</u>	<u>100.0%</u>	<u>\$ 452,999,890</u>	<u>100.0%</u>

