

**BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT**

**Financial Statements and
Supplemental Information for the
Year Ended September 30, 2012
and Independent Auditors' Report**



BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

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ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS

COUNTY OF WILLIAMSON

I, _____
(Name of Duly Authorized District Representative)

of the _____ BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

hereby swear, or affirm, that the District named above has reviewed and approved at a meeting of the Board of Directors of the District on the _____ day of _____, 20____, its annual audit report for the fiscal year ended September 30, 2012 and that copies of the annual audit report have been filed in the District office, located at 16318 Great Oaks Drive, Round Rock, Texas 78681.

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

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

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

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

(Signature of Notary)

(SEAL)

(Printed Name of Notary)

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



MAXWELL LOCKE & RITTER LLP

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Round Rock, TX 78664

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities and each major fund of Brushy Creek Municipal Utility District (the "District") as of and for the year ended September 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2012, the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 13 to the financial statements, the District's financial statements as of and for the year ended September 30, 2011 have been restated to correct a misstatement.

Affiliated Company

ML&R WEALTH MANAGEMENT LLC

"A Registered Investment Advisor"

This firm is not a CPA firm

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Texas Commission on Environmental Quality supplemental information and other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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 Texas Commission on Environmental Quality supplemental information listed in the table of contents has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Texas Commission on Environmental Quality supplemental information listed in the table of contents is fairly stated in all material respects in relation to the basic financial statements as a whole. The other supplemental information listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Maxwell Socha + Ritter LLP

January 24, 2013

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

Management's Discussion and Analysis For the Year Ended September 30, 2012

In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, the management of Brushy Creek Municipal Utility District (the "District") offers the following narrative on the financial performance of the District for the year ended September 30, 2012. Please read it in connection with the District's financial statements that follow.

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

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent period by \$15,059,971 (*net assets*). Of this amount, \$12,508,832 (*unrestricted net assets*) may be used to meet the government's ongoing obligations.
- The District's net property tax values increased by approximately \$56 million or 5.1% from \$1,106,704,060 to \$1,162,948,436. The District-wide and Defined Area tax rates remained the same as prior year at \$0.50 and \$0.36, respectively, per \$100 of assessed value. Total tax revenue increased by approximately \$310,000.
- During the year, the General Fund transferred approximately \$333,000 to the Capital Projects Fund to pay for intake modifications. In addition, the General Fund transferred approximately \$188,000 to the Debt Service Fund to pay principal and interest. These transfers allowed the District to rely less on customer utility rates and tax rates.

Overview of the Basic Financial Statements

The District's reporting is comprised of two parts:

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

Other supplementary information is also included.

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

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

The *Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund* presents a comparison statement between the District’s adopted budget to its actual results.

The *Notes to Basic Financial Statements* provide additional information that is essential to a full understanding of the information presented in the *Statement of Net Assets and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances*.

Schedules required by the Texas Commission on Environmental Quality and other supplemental information are presented immediately following the *Notes to Basic Financial Statements*.

Comparative Financial Statements

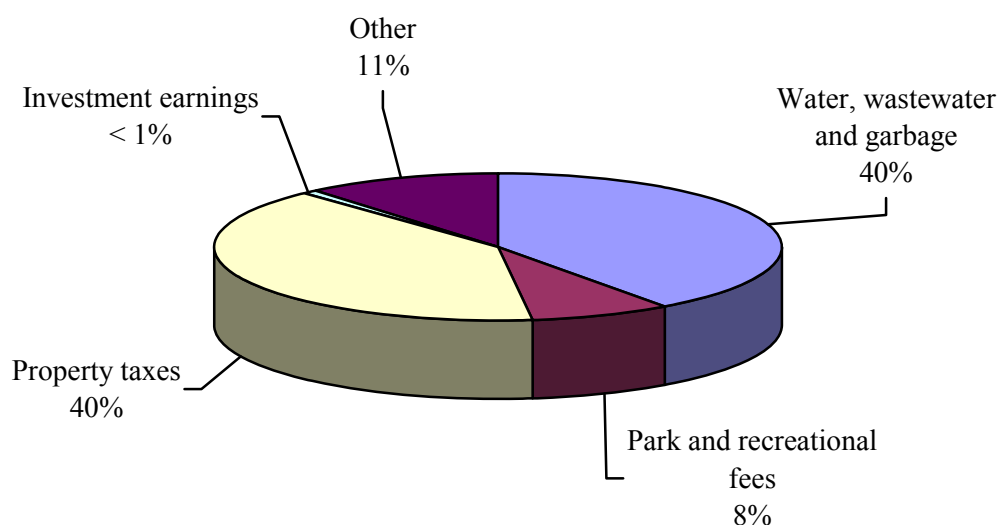
Statement of Net Assets

	Governmental Activities		
	2012	2011	% Change
Current and other assets	\$ 21,912,342	\$ 21,335,226	2.7%
Capital and non-current assets	44,550,811	46,475,858	(4.1%)
Total assets	\$ 66,463,153	\$ 67,811,084	(2.0%)
Current liabilities	\$ 4,871,387	\$ 4,759,634	2.3%
Long-term liabilities	46,531,795	49,503,621	(6.0%)
Total liabilities	\$ 51,403,182	\$ 54,263,255	(5.3%)
Invested in capital assets, net of related debt	\$ (3,837,871)	\$ (4,750,753)	19.2%
Restricted	6,389,010	7,073,404	(9.7%)
Unrestricted	12,508,832	11,225,178	11.4%
Total net assets	\$ 15,059,971	\$ 13,547,829	11.2%

The District’s total assets were approximately \$66.5 million as of September 30, 2012. Of this amount, approximately \$42.8 million is accounted for by capital assets. The District had outstanding liabilities of approximately \$51.4 million of which approximately \$49.5 million represent bonds and capital lease payable.

The District’s property tax assessed value in fiscal year 2012 (which was based on the 2011 tax levy) was approximately \$1,163 million compared to approximately \$1,107 million in fiscal year 2011. The tax rate is set after reviewing operations and maintenance requirements, interest and sinking fund requirements, and proposed water and wastewater rates. The District’s revenue sources are utility services, property taxes, and recreational fees.

Sources of Revenue



Statement of Activities

Governmental Activities			
	2012	2011	% Change
Water, wastewater and garbage	\$ 6,318,063	\$ 6,546,563	(3.5%)
Property taxes	6,396,462	6,086,324	5.1%
Parks and recreational fees	1,297,740	1,259,078	3.1%
Investment earnings	60,278	59,563	1.2%
Contributed capital assets	957,968	793,998	20.7%
Other	850,928	915,719	(7.1%)
Total revenues	15,881,439	15,661,245	1.4%
Water, wastewater and garbage	2,360,386	2,310,474	2.2%
Salary and related expenditures	2,953,930	2,782,744	6.2%
Administrative	1,190,629	1,200,252	(0.8%)
Repairs and maintenance	553,151	568,642	(2.7%)
Utilities	590,411	950,401	(37.9%)
Professional fees	358,694	391,083	(8.3%)
Contracted services	477,589	364,602	31.0%
Other	354,409	206,010	72.0%
Debt service	2,309,819	1,951,995	18.3%
Depreciation	3,775,102	4,073,452	(7.3%)
Total expenses	14,924,120	14,799,655	0.8%
Other financing source	368,867	-	100.0%
Change in net assets	1,326,186	861,590	53.9%
Beginning net assets, as restated	13,733,785	12,686,239	8.3%
Ending net assets	\$ 15,059,971	\$ 13,547,829	11.2%

Operating revenues increased by approximately \$220,000 to approximately \$15.9 million for the fiscal year ended September 30, 2012. Water, wastewater and garbage service provided approximately \$6.3 million, and property taxes, including penalties and interest, generated approximately \$6.4 million in revenues. Along with the property tax revenue increase for the fiscal year, there was an increase in contributed capital assets from the previous year. Total expenses increased approximately \$124,000 to approximately \$14.9 million for the fiscal year ended September 30, 2012. Net assets increased approximately \$1.3 million for the fiscal year ended September 30, 2012 compared to an increase of approximately \$862,000 for the fiscal year ended September 30, 2011.

Analysis of Governmental Funds

	2012	2011
Cash	\$ 6,282,703	\$ 6,208,750
Investments	14,524,555	13,993,426
Receivables	1,012,529	1,080,795
Interfund receivable	199,434	586,221
Prepays	92,555	52,255
Total assets	\$ 22,111,776	\$ 21,921,447
Accounts payable	\$ 403,164	\$ 424,075
Refundable deposits	566,902	548,102
Other liabilities	129,480	493,027
Interfund payable	199,434	586,221
Deferred revenue	125,583	99,805
Total liabilities	1,424,563	2,151,230
Nonspendable fund balance	92,555	52,255
Restricted fund balance	8,890,430	9,729,448
Committed fund balance	3,104,524	2,522,711
Unassigned fund balance	8,599,704	7,465,803
Total fund balances	20,687,213	19,770,217
Total liabilities and fund balances	\$ 22,111,776	\$ 21,921,447

The *General Fund* pays for daily operating expenditures. When comparing actual to budget, water, wastewater and garbage service revenues were higher than budgeted as were recreation revenues. Increased revenue in utility services was largely due to higher than projected water sales throughout the fiscal year. The District saw participation increases, most notably in their sport leagues and some contracted programs, which resulted in revenues exceeding budgeted amounts. Also when comparing actual expenditures to budget, personnel, administrative, repairs and maintenance, other consulting, water and wastewater service and capital outlay expenditures were lower than budget, while contracted services was higher than budget. The District budgeted \$300,000 for repairs and upgrades to the regional plant. These improvements will not occur until next fiscal year. The District also recognized cost savings by performing some tasks in house, such as tree planting, instead of contracting out. In addition, the Sendero Springs trail extension and the Cat Hollow pool slide were both budgeted in this fiscal year, but these capital projects were moved to next fiscal year. Expenses for contracted services included payments for projects such as the membrane pilot study, the Sendero playfield, and the Community Center needs assessment study. These projects will be paid from Board committed funds. For the year ended September 30, 2012, the District came in ahead of budget for the General Fund by approximately \$1.4 million. More detailed information about the District's budgetary comparison is presented in the *Basic Financial Statements*.

In addition to the General Fund commitments noted above, the Board of Directors has approved a resolution to set aside \$4,617,427 for a 6-month Operating Reserve and \$1,784,335 for a Revenue Protection Reserve. These amounts are included in unassigned fund balance at year-end.

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

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

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

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

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

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

Assigned - For the General Fund, amounts that are appropriated by the Board of Directors, or an official or body that has been delegated authority by the Board of Directors, that are to be used for specific purposes. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

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

Capital Assets

	2012	2011
Land	\$ 3,298,270	\$ 2,562,724
Construction in process	21,101	505,804
Water, wastewater, and drainage systems	73,459,144	72,691,155
Easements and rights-of-way	901,891	901,891
Buildings and improvements	4,284,292	4,257,407
Furniture and equipment	1,034,493	1,603,302
Park and recreational facilities	4,879,508	4,139,569
Automobiles and trucks	192,350	192,350
Subtotal	88,071,049	86,854,202
Accumulated depreciation	(45,253,888)	(42,217,214)
Total	\$ 42,817,161	\$ 44,636,988

During 2012, the District completed a \$400,000 repair to the intake structure on Lake Georgetown due to damages caused by the floods of 2007. The repair costs were covered entirely by insurance proceeds. The District also completed a \$400,000 project to rehabilitate ground well #3 on Sam Bass Road that will provide up to 300 million gallons of raw water annually. The ground water will be treated at the District's water facility.

In August 2012, the District purchased three separate properties within the District for \$535,546. The District also received ownership of Highland Horizons pool and the land on which the pool is located. The District paid approximately \$47,000 for District requested improvements to the pool, while the developer contributed the land and the remaining cost of the pool.

Management made a decision this year to write off some assets which are fully depreciated. As a result, furniture and equipment decreased \$600,375 and park and recreational facilities decreased \$138,053.

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

Long-Term Debt Activity

	2012	2011
District-wide:		
Series 2002 Bonds	\$ 515,000	\$ 585,000
Series 2004 Bonds	830,000	945,000
Series 2005 Bonds	8,900,000	9,000,000
Series 2007 Bonds	7,720,000	7,745,000
Series 2009 Refunding Bonds	6,945,000	7,445,000
Series 2010 Refunding Bonds	15,265,000	17,085,000
Series 2011 Refunding Bonds	2,080,000	2,085,000
Capital lease payable	23,426	-
Note payable	-	13,095
Total District-wide	42,278,426	44,903,095
Defined Area:		
Series 2008 Bonds	1,815,000	1,870,000
Series 2009 Bonds	2,270,000	2,320,000
Series 2011 Bonds	2,370,000	2,370,000
Total Defined Area	6,455,000	6,560,000
Total	\$ 48,733,426	\$ 51,463,095

The District owes approximately \$48.7 million to bond holders. During the year, the District entered into capital lease agreements to purchase exercise equipment and computers that totaled approximately \$33,000. In March 2012, the District made the final payment to the developer for the Sendero Springs pool obligation. Overall, the principal balance of outstanding bonds, the note payable and capital lease payable was reduced by approximately \$2.8 million during the year. More detailed information about the District's long-term debt is presented in the *Notes to Basic Financial Statements*.

Currently Known Facts, Decisions, or Conditions

The District-wide 2012 tax rate has been set at \$0.50 per \$100 of assessed valuation. The Sendero Springs/Cornerstone Defined Area has set a 2012 tax rate of \$0.36 per \$100 of assessed valuation. The adopted budget for 2013 projects the General Fund fund balance will remain the same. When compared to the 2012 budget, revenues and expenditures are expected to increase by approximately 12%.

Requests for Information

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

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS BALANCE SHEET SEPTEMBER 30, 2012

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS	ADJUSTMENTS (NOTE 2)	STATEMENT OF NET ASSETS
<u>ASSETS</u>						
Cash	\$ 5,914,391	262,988	105,324	6,282,703	-	6,282,703
Investments	6,005,005	6,866,551	1,093,834	13,965,390	-	13,965,390
Receivables:						
Service accounts, net	899,608	-	-	899,608	-	899,608
Taxes	9,623	17,421	-	27,044	-	27,044
Other	85,877	-	-	85,877	-	85,877
Due from other funds	190,149	-	9,285	199,434	(199,434)	-
Prepays	88,333	3,969	253	92,555	-	92,555
Investments held for customer deposits	559,165	-	-	559,165	-	559,165
Deferred charges - bond issuance costs	-	-	-	-	1,733,650	1,733,650
Capital assets (net of accumulated depreciation):						
Land	-	-	-	-	3,298,270	3,298,270
Construction in process	-	-	-	-	21,101	21,101
Easements and rights-of-way	-	-	-	-	707,132	707,132
Water, wastewater and drainage systems	-	-	-	-	33,061,750	33,061,750
Building and improvements	-	-	-	-	2,919,753	2,919,753
Furniture and equipment	-	-	-	-	124,457	124,457
Park and recreational facilities	-	-	-	-	2,627,948	2,627,948
Automobiles and trucks	-	-	-	-	56,750	56,750
Total assets	<u>\$ 13,752,151</u>	<u>7,150,929</u>	<u>1,208,696</u>	<u>22,111,776</u>	<u>44,351,377</u>	<u>66,463,153</u>
<u>LIABILITIES</u>						
Accounts payable	\$ 403,164	-	-	403,164	-	403,164
Customer deposits	566,902	-	-	566,902	-	566,902
Other liabilities	129,480	-	-	129,480	-	129,480
Due to other funds	-	84,334	115,100	199,434	(199,434)	-
Accrued bond interest payable	-	-	-	-	673,616	673,616
Deferred revenue	108,162	17,421	-	125,583	(27,044)	98,539
Accrued vacation leave	-	-	-	-	49,456	49,456
Long-term liabilities:						
Due within one year	-	-	-	-	2,950,230	2,950,230
Due after one year	-	-	-	-	46,531,795	46,531,795
Total liabilities	<u>1,207,708</u>	<u>101,755</u>	<u>115,100</u>	<u>1,424,563</u>	<u>49,978,619</u>	<u>51,403,182</u>
<u>FUND BALANCES/NET ASSETS</u>						
Fund balances:						
Nonspendable-						
Prepays	88,333	3,969	253	92,555	(92,555)	-
Restricted for:						
Debt service	-	7,045,205	-	7,045,205	(7,045,205)	-
Capital projects	-	-	1,093,343	1,093,343	(1,093,343)	-
Parks capital fees	641,882	-	-	641,882	(641,882)	-
Texas Water Development Board Reserve	110,000	-	-	110,000	(110,000)	-
Committed for repair and replacement of capital assets	3,104,524	-	-	3,104,524	(3,104,524)	-
Unassigned	8,599,704	-	-	8,599,704	(8,599,704)	-
Total fund balances	<u>12,544,443</u>	<u>7,049,174</u>	<u>1,093,596</u>	<u>20,687,213</u>	<u>(20,687,213)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 13,752,151</u>	<u>7,150,929</u>	<u>1,208,696</u>	<u>22,111,776</u>		
Net assets:						
Invested in capital assets, net of related debt					(3,837,871)	(3,837,871)
Restricted for debt service					6,389,010	6,389,010
Unrestricted					12,508,832	12,508,832
Total net assets					<u>\$ 15,059,971</u>	<u>15,059,971</u>

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

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES YEAR ENDED SEPTEMBER 30, 2012

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS	ADJUSTMENTS (NOTE 2)	STATEMENT OF ACTIVITIES
EXPENDITURES/EXPENSES:						
Service operations:						
Personnel (including benefits)	\$ 2,940,080	-	-	2,940,080	13,850	2,953,930
Water and wastewater purchases	1,375,637	-	-	1,375,637	-	1,375,637
Administrative	1,190,629	-	-	1,190,629	-	1,190,629
Repairs and maintenance	553,151	-	-	553,151	-	553,151
Utilities	590,411	-	-	590,411	-	590,411
Garbage fees	984,749	-	-	984,749	-	984,749
Contracted services	477,589	-	-	477,589	-	477,589
Other consulting	219,266	-	-	219,266	-	219,266
Legal fees	116,085	-	-	116,085	-	116,085
Security fees	84,511	-	-	84,511	-	84,511
Insurance	57,771	-	-	57,771	-	57,771
Tax appraisal/collection fees	2,700	53,368	-	56,068	-	56,068
Audit fees	36,500	-	-	36,500	-	36,500
Engineering fees	121,598	-	-	121,598	-	121,598
Directors' fees	19,200	-	-	19,200	-	19,200
Other	2,104	-	-	2,104	-	2,104
Capital outlay	238,811	-	758,496	997,307	(997,307)	-
Debt service:						
Principal payments	92,175	2,670,000	-	2,762,175	(2,762,175)	-
Interest and fiscal charges	31,711	1,981,581	-	2,013,292	296,527	2,309,819
Depreciation	-	-	-	-	3,775,102	3,775,102
Total expenditures/expenses	9,134,678	4,704,949	758,496	14,598,123	325,997	14,924,120
REVENUES:						
Program revenues:						
Water and wastewater service	5,229,982	-	-	5,229,982	-	5,229,982
Garbage collection	1,088,081	-	-	1,088,081	-	1,088,081
Inspection fees	72,167	-	-	72,167	-	72,167
Tap and other connection fees	137,749	-	-	137,749	-	137,749
Recreation center	1,154,217	-	-	1,154,217	-	1,154,217
Park and recreation fees	143,523	-	-	143,523	-	143,523
Capital recovery fees	-	-	485,717	485,717	-	485,717
Contributed capital assets	-	-	-	-	957,968	957,968
Total program revenues	7,825,719	-	485,717	8,311,436	957,968	9,269,404
Net program expense						(5,654,716)
General revenues:						
Property taxes, including penalties and interest	2,352,012	4,048,769	-	6,400,781	(4,319)	6,396,462
Investment earnings	30,230	27,127	2,921	60,278	-	60,278
Other	155,295	-	-	155,295	-	155,295
Total general revenues	2,537,537	4,075,896	2,921	6,616,354	(4,319)	6,612,035
Total revenues	10,363,256	4,075,896	488,638	14,927,790	953,649	15,881,439
OTHER FINANCING SOURCES (USES):						
Transfers in (out)	(521,548)	188,199	333,349	-	-	-
Proceeds from capital leases	32,506	-	-	32,506	(32,506)	-
Proceeds from insurance	368,867	-	-	368,867	-	368,867
Total other financing sources (uses)	(120,175)	188,199	333,349	401,373	(32,506)	368,867
EXCESS (DEFICIT) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	1,108,403	(440,854)	63,491	731,040	(731,040)	-
Change in net assets					595,146	1,326,186
FUND BALANCES/NET ASSETS:						
Beginning of year, as restated	11,436,040	7,490,028	1,030,105	19,956,173	(6,222,388)	13,733,785
End of year	\$ 12,544,443	7,049,174	1,093,596	20,687,213	(5,627,242)	15,059,971

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

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND YEAR ENDED SEPTEMBER 30, 2012

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES:				
Water, wastewater and garbage services	\$ 5,564,043	5,614,493	6,318,063	703,570
Property taxes, including penalties and interest	2,328,530	2,328,530	2,352,012	23,482
Recreation center	1,005,708	1,067,763	1,154,217	86,454
Park and recreation fees	132,753	132,753	143,523	10,770
Tap connection/inspection fees	133,161	145,161	209,916	64,755
Investment earnings	37,500	37,500	30,230	(7,270)
Other	130,740	134,240	155,295	21,055
Total revenues	9,332,435	9,460,440	10,363,256	902,816
EXPENDITURES:				
Service operations:				
Personnel (including benefits)	3,073,321	3,049,171	2,940,080	109,091
Water and wastewater purchases	1,666,140	1,666,140	1,375,637	290,503
Administrative	1,477,318	1,670,073	1,190,629	479,444
Repairs and maintenance	738,250	731,100	553,151	177,949
Utilities	585,315	580,900	590,411	(9,511)
Garbage fees	960,000	980,815	984,749	(3,934)
Contracted services	168,700	299,160	477,589	(178,429)
Other consulting	309,684	355,059	219,266	135,793
Legal fees	175,000	175,000	116,085	58,915
Security fees	84,600	85,485	84,511	974
Insurance	68,250	60,815	57,771	3,044
Tax appraisal/collection fees	1,000	1,000	2,700	(1,700)
Audit fees	38,000	36,500	36,500	-
Engineering fees	58,800	56,165	121,598	(65,433)
Directors' fees	19,200	19,200	19,200	-
Other	21,611	21,611	2,104	19,507
Capital outlay	224,000	254,000	238,811	15,189
Debt service:				
Principal payments	70,000	70,000	92,175	(22,175)
Interest and fiscal charges	31,064	31,064	31,711	(647)
Total expenditures	9,770,253	10,143,258	9,134,678	1,008,580
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(437,818)	(682,818)	1,228,578	1,911,396
OTHER FINANCING SOURCES (USES):				
Transfers in	1,801,504	1,801,504	-	(1,801,504)
Transfers out	(1,363,686)	(1,363,686)	(521,548)	842,138
Proceeds from capital leases	-	-	32,506	32,506
Proceeds from insurance	-	-	368,867	368,867
Total other financing sources (uses)	437,818	437,818	(120,175)	(557,993)
Change in fund balance	-	(245,000)	1,108,403	1,353,403
FUND BALANCES:				
Beginning of year, as restated	11,436,040	11,436,040	11,436,040	-
End of year	\$ 11,436,040	11,191,040	12,544,443	1,353,403

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

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED SEPTEMBER 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

The District reports the following major governmental funds:

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

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

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

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

Assets, Liabilities, and Net Assets or Equity

Investments - The District is entitled to invest any and all of its funds in certificates of deposit, direct debt securities of the United States of America or the State of Texas, certain Federal agency securities and other types of municipal bonds, fully collateralized repurchase agreements, commercial paper and local government investment pools. The District's investment policies and types of investments are governed by Section 2256 of the Government Code ("Public Funds Investment Act"). The District's management believes that it complied with the requirements of the Public Funds Investment Act and the District's investment policies. The District accrues interest on temporary investments based on the terms and effective interest rates of the specific investments.

Accounts Receivable - The District provides for uncollectible accounts receivable using the allowance method of accounting for bad debts. Under this method of accounting, a provision for uncollectible accounts is charged to earnings. The allowance account is increased or decreased based on past collection history and management's evaluation of accounts receivable. All amounts considered uncollectible are charged against the allowance account, and recoveries of previously charged off accounts are added to the allowance. Allowance for uncollectible accounts as of September 30, 2012 was approximately \$93,000.

Capital Assets - Capital assets, which include land, easements and rights-of-way, infrastructure (water, wastewater and drainage systems purchased, constructed or donated), construction in process, buildings and improvements, park and recreational facilities, automobiles and trucks, and furniture and equipment, are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of at least \$5,000. Such assets are recorded at historical cost if purchased or estimated fair value at the date of donation if donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Capital assets (other than land and construction in process) are depreciated using the straight line method over the following estimated useful lives: easements and rights-of-way - forty years, buildings and improvements - ten to forty years, water, wastewater and drainage systems - seven to fifty years, park and recreational facilities - ten to twenty-two years, furniture and equipment - six to ten years, automobiles and trucks - five years.

Long-Term Debt - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Prepays - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid in both the government-wide and fund financial statements depending on whether the costs will be applicable in the subsequent fiscal year or beyond. Prepays are charged to expenditures when consumed.

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

Compensated Absences - Accrued paid time off is earned by each full-time employee at a rate of between 12 and 16 hours per month depending on length of employment. District policy allows for a maximum carry-over from the previous fiscal year. The full amount of accrued paid time off, subject to the maximum accrual limits, is paid upon discontinuance of employment with the District. The District's liability for accrued paid time off at September 30, 2012 was \$49,456.

Fund Equity - The District adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. See Note 9 for additional information on those fund balance classifications.

Recently Issued Accounting Pronouncements

In June 2011, the GASB issued GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for fiscal years beginning after December 15, 2011. The objective of GASB Statement No. 63 is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. GASB Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. GASB Statement No. 63 amends the net asset reporting requirements in GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. Management is still evaluating the effects that the full implementation of GASB Statement No. 63 will have on its financial statements for the year ended September 30, 2013.

In March 2012, the GASB issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective for fiscal years beginning after December 15, 2012. The objective of GASB Statement No. 65 is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and to recognize, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities, such as deferred bond issuance costs. Management is still evaluating the effects that the full implementation of GASB Statement No. 65 will have on its financial statements for the year ended September 30, 2014.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Governmental funds total fund balance	\$ 20,687,213
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets, net of accumulated depreciation	42,817,161
Deferred charges - bond issue costs	1,733,650
Deferred tax revenue is not available to pay for current-period expenditures and, therefore, is deferred in the funds.	27,044
The following liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued vacation payable	(49,456)
Bonds payable, including premiums	(49,458,599)
Bond interest payable	(673,616)
Capital lease payable	(23,426)
Total net assets	<u>\$ 15,059,971</u>

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

Excess of revenues and other sources over expenditures and other uses	\$ 731,040
Governmental funds report capital outlays as expenditures.	
However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Capital outlay	997,307
Depreciation	(3,775,102)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Contributed capital assets	957,968
Change in deferred tax revenue	(4,319)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
Repayment of bond principal	2,740,000
Repayment of note principal	13,095
Capital lease proceeds provide current financial resources to governmental funds, but issuing capital leases increases long-term liabilities in the statement of net assets. Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
Proceeds from capital leases	(32,506)
Repayment of capital lease principal	9,080
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued vacation	(13,850)
Change in bond interest payable	(236,329)
Amortization of bond issuance costs	(105,220)
Amortization of premium	45,022
Change in net assets	<u>\$ 1,326,186</u>

3. CASH AND TEMPORARY INVESTMENTS

The District's deposits are required to be secured in the manner provided by law for the security of the funds. At September 30, 2012, such deposits were entirely covered by Federal Deposit Insurance Corporation ("FDIC") insurance or secured by collateral pledged by the depository.

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

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

Investments held at September 30, 2012 consisted of the following:

Type	Fair Value	Weighted Average Maturity (Days)	Standard & Poor's Rating
Public funds investment pools:			
TexPool	\$ 5,506,591	1	AAAm
LOGIC	3,915,910	1	AAA
Municipal Bonds - Frost	4,855,825	228	Various
Certificates of deposit	246,229	14	Various
Total	<u>\$ 14,524,555</u>		

At September 30, 2012, the District had investments in two external local governmental investment pools, Texas Local Governmental Investment Pool ("TexPool") and Local Government Investment Cooperative ("LOGIC"), municipal bonds, and certificates of deposit.

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

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

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

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

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At September 30, 2012, investments were included in local governmental investment pools, municipal bonds and certificates of deposit with ratings from Standard and Poor's in compliance with the District's investment policy.

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

4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds." The composition of interfund balances as of September 30, 2012, is as follows:

Receivable Fund	Payable Fund	Amount
General	Capital Projects	\$ 115,100
General	Debt Service	75,049
Capital Projects	Debt Service	9,285
		<u>\$ 199,434</u>

During the year, the General Fund transferred \$188,199 to the Debt Service Fund and \$333,349 to the Capital Projects Fund to fund payments of principal and interest and to pay for the intake modification project, respectively. Funds transferred to the Capital Projects Fund were from insurance proceeds the District received for repairs to the District's intake facility. Remaining portion of insurance proceeds were from roof damage from hail.

5. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2012, was as follows:

	Balance September 30, 2011	Additions	Retirements and Transfers	Balance September 30, 2012
Capital assets, not being depreciated:				
Land	\$ 2,562,724	735,546	-	3,298,270
Construction in process	505,804	21,101	(505,804)	21,101
Total capital assets, not being depreciated	3,068,528	756,647	(505,804)	3,319,371
Capital assets, being depreciated:				
Water, wastewater and drainage systems	72,691,155	262,185	505,804	73,459,144
Easements and rights-of-way	901,891	-	-	901,891
Buildings and improvements	4,257,407	26,885	-	4,284,292
Furniture and equipment	1,603,302	31,566	(600,375)	1,034,493
Park and recreational facilities	4,139,569	877,992	(138,053)	4,879,508
Automobiles and trucks	192,350	-	-	192,350
Total capital assets being depreciated	83,785,674	1,198,628	(232,624)	84,751,678
Less accumulated depreciation for:				
Water, wastewater and drainage systems	(37,090,806)	(3,306,588)	-	(40,397,394)
Easements and rights-of-way	(172,212)	(22,547)	-	(194,759)
Buildings and improvements	(1,199,839)	(164,700)	-	(1,364,539)
Furniture and equipment	(1,461,888)	(48,523)	600,375	(910,036)
Park and recreational facilities	(2,183,848)	(205,765)	138,053	(2,251,560)
Automobiles and trucks	(108,621)	(26,979)	-	(135,600)
Total accumulated depreciation	(42,217,214)	(3,775,102)	738,428	(45,253,888)
Total capital assets, being depreciated, net	41,568,460	(2,576,474)	505,804	39,497,790
Capital assets, net	\$ 44,636,988	(1,819,827)	-	42,817,161

During the year, a developer contributed a pool and the land on which the pool is located to the District for consideration of \$47,032. The combined estimated value of the land and the pool at the time of conveyance was \$1,005,000.

6. LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended September 30, 2012:

	Balance September 30, 2011	Additions	Retirements	Balance September 30, 2012
Bonds payable	\$ 51,450,000	-	(2,740,000)	48,710,000
Note payable	13,095	-	(13,095)	-
Premium on refunding	793,621	-	(45,022)	748,599
Capital lease payable	-	32,506	(9,080)	23,426
Total	<u>\$ 52,256,716</u>	<u>32,506</u>	<u>(2,807,197)</u>	<u>49,482,025</u>

Bonds payable at September 30, 2012, is comprised of the following:

	Balance 9/30/2012	Due Within One Year
\$1,500,000, Series 2002, revenue bonds due in annual installments of \$45,000 to \$95,000 through June 1, 2019. Interest varies from 2.50% to 5.90% and is payable June 1 and December 1 each year.	\$ 515,000	70,000
\$3,285,000, Series 2004, refunding bonds due in annual installments of \$100,000 to \$155,000 through June 1, 2018. Interest varies from 4.00% to 5.00% and is payable June 1 and December 1 each year.	830,000	120,000
\$9,500,000, Series 2005, serial bonds due in annual installments of \$100,000 to \$1,215,000 through June 1, 2028. Interest varies from 3.00% to 5.00% and is payable June 1 and December 1 each year.	8,900,000	100,000
\$7,840,000, Series 2007, refunding bonds due in annual installments of \$20,000 to \$1,860,000 through June 1, 2028. Interest varies from 3.75% to 4.00% and is payable June 1 and December 1 each year.	7,720,000	25,000
\$2,020,000, Series 2008, Sendero Springs/Cornerstone Defined Area serial bonds due in annual installments of \$45,000 to \$145,000 through June 1, 2031. Interest varies from 3.75% to 4.00% and is payable June 1 and December 1 each year.	1,815,000	60,000
\$2,365,000, Series 2009, Sendero Springs/Cornerstone Defined Area serial bonds due in annual installments of \$45,000 to \$195,000 through June 1, 2033. Interest varies from 4.38% to 6.00% and is payable June 1 and December 1 each year.	2,270,000	50,000
\$7,975,000, Series 2009, refunding bonds due in annual installments of \$15,000 to \$1,530,000 through June 1, 2024. Interest varies from 3.00% to 4.63% and is payable June 1 and December 1 each year.	6,945,000	1,460,000

\$17,190,000, Series 2010, refunding bonds due in annual installments of \$105,000 to \$1,960,000 through June 1, 2026. Interest varies from 3.50% to 4.00% and is payable June 1 and December 1 each year.	15,265,000	985,000
\$2,370,000, Series 2011, Sendero Springs/Cornerstone Defined Area serial bonds due in annual installments of \$65,000 to \$305,000 through June 1, 2033. Interest varies from 4.00% to 5.00% and is payable June 1 and December 1 each year.	2,370,000	65,000
\$2,085,000, Series 2011, refunding bonds due in annual installments of \$5,000 to \$245,000 through June 1, 2028. Interest varies from 4.00% to 5.25% and is payable June 1 and December 1 each year.	2,080,000	5,000
Total bonds payable	<u>\$ 48,710,000</u>	<u>\$ 2,940,000</u>

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

Fiscal Year	Principal	Interest	Total Requirement
2013	\$ 2,940,000	1,987,722	4,927,722
2014	3,075,000	1,877,293	4,952,293
2015	3,200,000	1,756,714	4,956,714
2016	2,445,000	1,633,203	4,078,203
2017	2,330,000	1,539,939	3,869,939
2018-2022	12,800,000	6,279,321	19,079,321
2023-2027	15,970,000	3,440,622	19,410,622
2028-2032	5,450,000	617,741	6,067,741
2033	500,000	25,975	525,975
Total	<u>\$ 48,710,000</u>	<u>19,158,530</u>	<u>67,868,530</u>

Capital lease payable at September 30, 2012, is comprised of the following:

	Balance 9/30/2012	Due Within One Year
Capital lease payable for the purchase of exercise equipment; principal and interest is due in thirty-six monthly installments of \$452 with interest rate of 6%; matures in March 2015.	12,177	4,825
Capital lease payable for the purchase of computers; principal and interest is due in three annual installments of \$3,355 with interest rate of 6.69%; matures in December 2014.	6,074	2,936
Capital lease payable for the purchase of computers; principal and interest is due in three annual installments of \$2,967 with interest rate of 9.23%; matures in September 2015.	5,175	2,469
Total capital lease payable	<u>\$ 23,426</u>	<u>\$ 10,230</u>

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

Fiscal Year	Principal	Interest	Total
2013	10,230	1,519	11,749
2014	10,969	780	11,749
2015	2,227	34	2,261
Total	<u>\$ 23,426</u>	<u>2,333</u>	<u>25,759</u>

At September 30, 2012, the net carrying value of capital assets related to capital leases was \$31,012.

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

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

At September 30, 2012, unlimited tax bonds of approximately \$19,845,000 were authorized by the District but unissued of which \$17,745,000 is for the Defined Area and \$2,100,000 is for improvements to District-wide water, wastewater and drainage systems.

7. PROPERTY TAXES

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

The combined tax rate was \$0.5000 per \$100 assessed valuation District-wide, except for the Sendero Springs/Cornerstone Defined Area. The Sendero Springs/Cornerstone Defined Area had an additional tax rate of \$0.3600 per \$100 assessed valuation. The total 2011 tax levy was \$6,391,741 based on a District-wide taxable valuation of \$1,162,948,436.

8. AMOUNTS COLLECTED FOR CAPITAL IMPROVEMENTS

By an agreement dated March 29, 1996, the District and developers of property within the District agreed to the payment of a fee by the developers to the District. The fee has been established by contract between the District and the developers. The agreement also establishes the restrictions for the use of the fees. The fees collected under this agreement totaled \$485,717 for the year ended September 30, 2012 and are within the Capital Projects Fund.

9. FUND BALANCES

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

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

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

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

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

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

The summary of the fund balances is included in the Governmental Funds Balance Sheet on page 10. Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board has delegated authority to the General Manager to assign fund balance for a specific purpose.

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

The Board committed \$3,104,524 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, 2012 are:

Utility equipment replacement	\$ 22,800
Regional wastewater west plant improvement costs	320,000
Replacement of water facility membranes	1,200,000
District signage	115,000
Racine Woods playscape replacement	35,000
Sendero Springs sport court	75,000
Trail improvements	150,000
Shirley McDonald Park repairs and improvements	350,000
Oak wilt suppression	40,000
Cat Hollow pool slide	42,000
Community center equipment replacement	9,500
Park improvements	56,000
Water meter replacements	150,000
620 utility work	60,000
Wet pond repairs	40,000
Utility improvements	88,000
BRA water line reserves	78,800
Regional waste water improvements	272,424
Total committed fund balance	<u>\$ 3,104,524</u>

10. 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.

11. PENSION PLAN

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

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas State statutes governing TCDRS ("TCDRS Act"). Members can retire at age 60 and above with 8 or more years of service but must leave their accumulated contributions in the plan to receive any employer-finance benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

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

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

The District contributed using the actuarially determined rate of 6.62% for 2012. The contribution rate payable by the District for calendar years 2011 and 2010 was 6.65% and 6.4%, respectively, as adopted by the governing body of the District. The employee contribution rate and the employer contribution rate may be changed by the governing body of the District within the options available in the TCDRS Act.

Annual Pension Costs - For the District's accounting year ending September 30, 2012, the annual pension cost for the TCDRS plan for its employees was \$132,340 and the actual contributions were \$132,340.

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

Actuarial Valuation Information:

Actuarial valuation date	12/31/2009	12/31/2010	12/31/2011
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, open	Level percentage of payroll, open
Amortization period	20 years	30 years	30 years
Asset valuation method	Ten year smoothed value and fund value	Ten year smoothed value and fund value	Ten year smoothed value and fund value

Actuarial Assumptions:

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

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

<u>Accounting Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
September 30, 2010	\$ 125,779	100%	-
September 30, 2011	124,775	100%	-
September 30, 2012	132,340	100%	-

The following is a schedule of funding progress for the retirement plan for the employees of the District for the three calendar years ended December 31, 2011:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (U/OAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll* (c)
December 31, 2009	\$ 1,363,564	1,376,123	12,559	99.09%	0.60%
December 31, 2010	1,634,243	1,626,156	(8,087)	100.50%	(0.39%)
December 31, 2011	1,910,617	1,793,874	(116,743)	106.51%	(6.12%)

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

12. RISK MANAGEMENT

The District's risk management program includes coverage through third party insurance providers for commercial general liability, property, boiler and machinery, inland marine, pollution, automobile, public officials' liability, public officials' bond, and workers' compensation. During the year ended September 30, 2012, there were no significant reductions in insurance coverage from coverage in the prior year. Losses in excess of the various deductible levels are covered through traditional indemnity coverage with various insurance firms. Settled claims have not exceeded insurance limits for the past three years.

13. RESTATEMENT OF FUND BALANCE

In prior years, the District reported as liabilities certain reserves to General Fund fund balance. The fund balance at September 30, 2011, as previously reported, has been restated as follows:

Beginning General Fund fund balance, as previously reported	\$ 11,250,084
Add: Fund balance previously reported as liabilities	<u>185,956</u>
General Fund fund balance, as restated	<u>\$ 11,436,040</u>

14. SUBSEQUENT EVENT

In November 2012, the District issued \$9,260,000 of Unlimited Tax Refunding Bonds, Series 2012 to refund \$710,000, \$7,435,000 and \$1,065,000 of its previously issued Series 2004, Series 2005 and Series 2007 Bonds, respectively, in order to lower its overall debt service requirements. The refunding resulted in an economic gain of \$702,088.

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

INDEX OF SUPPLEMENTAL SCHEDULES REQUIRED BY TEXAS COMMISSION ON ENVIRONMENTAL QUALITY YEAR ENDED SEPTEMBER 30, 2012

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

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

TSI-0 NOTES REQUIRED BY THE WATER DISTRICT ACCOUNTING MANUAL YEAR ENDED SEPTEMBER 30, 2012

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

(A) Creation of District

See Note 1 to basic financial statements.

(B) Contingent Liabilities

See Note 10 to basic financial statements.

(C) Pension Coverage

See Note 11 to basic financial statements.

(D) Pledge of Revenues

See Note 6 to basic financial statements.

(E) Compliance with Debt Service Requirements

See Note 6 to basic financial statements.

(F) Redemption of Bonds

See Note 6 to basic financial statements.

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

TSI-1 SCHEDULE OF SERVICES AND RATES YEAR ENDED SEPTEMBER 30, 2012

1. Services Provided by the District:

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

2. Retail Service Providers:

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

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons Over Minimum</u>	<u>Usage Levels</u>
IN-DISTRICT WATER	<u>\$ 14.00</u>	<u>-</u>	<u>Y</u>	<u>\$ 2.10 winter</u> <u>\$ 2.75 summer</u>	<u>Oct 15 - May 15</u> <u>June 15 - Sept 15</u>
OUT-OF-DISTRICT WATER	<u>\$ 37.42</u>	<u>-</u>	<u>Y</u>	<u>\$ 2.10 winter</u> <u>\$ 2.75 summer</u>	<u>Oct 15 - May 15</u> <u>June 15 - Sept 15</u>
IN-DISTRICT WASTEWATER	<u>\$ 6.00</u>	<u>-</u>	<u>N</u>	<u>\$ 2.70</u>	<u>Per 1,000</u>
OUT-OF-DISTRICT WASTEWATER	<u>\$ 12.00</u>	<u>-</u>	<u>N</u>	<u>\$ 10.80</u>	<u>Per 1,000</u>
SURCHARGE	<u>\$ None</u>				

District employs winter averaging for wastewater usage? ☒ Yes ☐ No

Total charges per 10,000 gallons usage:

In-District:	Water: <u>\$ 35.00 winter</u> <u>\$ 41.50 summer</u>	Wastewater: <u>\$ 33.00</u>
Out-of-District:	Water: <u>\$ 58.42 winter</u> <u>\$ 64.92 summer</u>	Wastewater: <u>\$ 120.00</u>

(continued)

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

TSI-1 SCHEDULE OF SERVICES AND RATES (continued) YEAR ENDED SEPTEMBER 30, 2012

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
<=3/4"	5,307	5,264	x 1.0	5,264
1"	39	39	x 2.5	97.5
1 1/2"	22	21	x 5.0	105
2"	40	31	x 8.0	248
3"	13	9	x 15.0	135
4"	3	1	x 25.0	25
6"	2	2	x 50.0	100
8"	8	4	x 80.0	320
10"	-	-	x 115.0	-
Total Water	5,434	5,371		6,294.5
Total Wastewater	5,205	5,205	x 1.0	5,205

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

Gallons pumped into system:	1,025,672,000	Water Accountability Ratio:
Gallons billed to customers:	856,020,000	(Gallons billed/Gallons pumped)
		83.45% (1)

- (1) The water accountability ratio does not include fire hydrant flushing, water used in fire fighting, loss due to water leaks, or other un-metered loss to the system. The District tracks all of those non-billed sources and for FY 2012 the total known consumption was 863,832,725 gallons for an actual ratio of 84.22%.

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

Does the District have Debt Service standby fees? ☐ Yes ☒ No

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

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

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

(continued)

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

TSI-1 SCHEDULE OF SERVICES AND RATES (continued) YEAR ENDED SEPTEMBER 30, 2012

5. Location of District:

County(ies) in which district is located: Williamson

Is the District located entirely within one county? ☒ Yes ☐ No

Is the District located within a city? ☐ Entirely ☐ Partly ☒ Not at all

City(ies) in which District is located: N/A

Is the District located within a city's extra-territorial jurisdiction (ETJ)? ☒ Entirely ☐ Partly ☐ Not at all

ETJ's in which district is located: City of Round Rock

Are Board members appointed by an office outside the District? ☐ Yes ☒ No

If yes, by whom? N/A

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

TSI-2 SCHEDULE OF GENERAL FUND EXPENDITURES YEAR ENDED SEPTEMBER 30, 2012

Personnel Expenditures (including benefits)	\$	2,940,080
Professional Fees:		
Auditing		36,500
Legal		116,085
Engineering		121,598
Financial Advisor		-
Purchased Services For Resale-		
Bulk Water and Wastewater Service Purchases		1,375,637
Contracted Services:		
Bookkeeping		-
Utility Manager		-
Appraisal District/Tax Collector		2,700
Other Contracted Services		477,589
Utilities		590,411
Repairs and Maintenance		553,151
Administrative Expenditures:		
Directors' Fees		19,200
Office Supplies		21,874
Insurance		57,771
Other Administrative Expenses		933,896
Capital Outlay:		
Capitalized Assets		238,811
Expenditures not Capitalized		-
Tap Connection Expenditures		234,859
Solid Waste Disposal		984,749
Fire Fighting		-
Parks and Recreation		(a)
Other Expenditures		429,767
TOTAL EXPENDITURES	\$	<u>9,134,678</u>

Number of persons employed by the District: 39 Full-Time 83 Part-Time
(Does not include independent contractors or consultants; however, does include seasonal staff)

(a) Parks and recreation costs are included within the various General Fund expenditures above. For the year ended September 30, 2012, parks and recreation expenditures were \$2,765,271.

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

TSI-3 SCHEDULE OF TEMPORARY INVESTMENTS YEAR ENDED SEPTEMBER 30, 2012

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at September 30, 2012	Accrued Interest Receivable at September 30, 2012
<u>General Fund</u>					
Investment in LOGIC	742006801003	Variable	N/A	\$ 305,548	\$ -
Investment in LOGIC	742006801002	Variable	N/A	559,165	-
Investment in TexPool	2461600008	Variable	N/A	2,166,367	-
Investment in TexPool	2461600001	Variable	N/A	107,661	-
Certificate of deposit in Tx Security	10231	0.50%	10/15/2012	246,229	-
Municipal Bonds	011420KV7	0.49%	11/1/2013	1,155,000	-
Municipal Bonds	443726ZX5	2.00%	12/7/2012	2,024,200	-
Totals				6,564,170	-
<u>Debt Service Fund</u>					
Investment in LOGIC	742006801001	Variable	N/A	1,832,575	-
Investment in LOGIC	742006801013	Variable	N/A	490,603	-
Investment in TexPool	2461600004	Variable	N/A	2,866,748	-
Municipal Bonds	359900K71	4.000%	10/1/2013	520,435	-
Municipal Bonds	776327GC6	2.000%	6/1/2013	843,197	-
Municipal Bonds	86476PBN7	4.000%	10/15/2013	312,993	-
Totals				6,866,551	-
<u>Capital Projects Fund</u>					
Investment in LOGIC	742006801007	Variable	N/A	870	-
Investment in LOGIC	742006801009	Variable	N/A	680,317	-
Investment in LOGIC	742006801012	Variable	N/A	46,832	-
Investment in TexPool	2461600007	Variable	N/A	365,815	-
Totals				1,093,834	-
TOTAL ALL FUNDS				\$ 14,524,555	\$ -

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

TSI-4 ANALYSIS OF TAXES LEVIED AND RECEIVABLE YEAR ENDED SEPTEMBER 30, 2012

	Maintenance Taxes	Debt Service Taxes		
TAXES RECEIVABLE, SEPTEMBER 30, 2011	\$ 10,700	\$ 20,663		
2011 Tax Roll	2,347,183	4,044,558		
Adjustments	(5,207)	(8,673)		
Total to be accounted for	2,352,676	4,056,548		
Tax collections:				
Current year	2,342,081	4,036,904		
Prior years	972	2,223		
Total collections	2,343,053	4,039,127		
TAXES RECEIVABLE, SEPTEMBER 30, 2012	\$ 9,623	\$ 17,421		
TAXES RECEIVABLE, BY YEARS:				
2011	\$ 5,102	\$ 7,652		
2010	1,365	2,228		
2009	1,241	2,025		
2008	937	1,819		
2007 and prior	978	3,697		
TAXES RECEIVABLE, SEPTEMBER 30, 2012	\$ 9,623	\$ 17,421		
	2011	2010	2009	2008
PROPERTY VALUATIONS-				
Net assessed property valuation:				
District-wide	\$ 1,162,948,436	1,106,704,060	1,103,548,948	1,085,894,626
Defined Area	144,727,844	120,884,140	101,046,357	78,369,096
TAX RATES PER \$100 VALUATION:				
Debt service tax rates	\$ 0.3000	0.3100	0.3100	0.3300
Maintenance tax rates	0.2000	0.1900	0.1900	0.1700
District-wide	0.5000	0.5000	0.5000	0.5000
Defined Area	0.3600	0.3600	0.3600	0.3600
ORIGINAL TAX LEVY	\$ 6,391,741	6,070,576	6,060,392	5,903,502
PERCENT OF TAXES COLLECTED TO TAXES LEVIED	99.8%	99.9%	99.9%	99.9%

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS

SEPTEMBER 30, 2012

DUE DURING FISCAL YEARS ENDING 9/30	REVENUE SERIES 2002			UNLIMITED TAX REFUNDING SERIES 2004			UNLIMITED TAX SERIES 2005		
	Principal Due 6/1	Interest Due 6/1, 12/1	Total	Principal Due 6/1	Interest Due 6/1, 12/1	Total	Principal Due 6/1	Interest Due 6/1, 12/1	Total
2013	\$ 70,000	27,598	97,598	120,000	36,667	156,667	100,000	370,898	470,898
2014	75,000	24,063	99,063	130,000	30,666	160,666	100,000	365,398	465,398
2015	80,000	20,200	100,200	135,000	24,166	159,166	100,000	359,898	459,898
2016	85,000	16,000	101,000	140,000	18,260	158,260	100,000	354,398	454,398
2017	90,000	11,410	101,410	150,000	12,660	162,660	190,000	348,898	538,898
2018	95,000	6,460	101,460	155,000	6,510	161,510	555,000	339,398	894,398
2019	20,000	1,140	21,140	-	-	-	570,000	311,648	881,648
2020	-	-	-	-	-	-	595,000	294,548	889,548
2021	-	-	-	-	-	-	620,000	276,698	896,698
2022	-	-	-	-	-	-	650,000	251,278	901,278
2023	-	-	-	-	-	-	685,000	224,628	909,628
2024	-	-	-	-	-	-	715,000	195,858	910,858
2025	-	-	-	-	-	-	755,000	165,828	920,828
2026	-	-	-	-	-	-	790,000	134,118	924,118
2027	-	-	-	-	-	-	1,160,000	100,938	1,260,938
2028	-	-	-	-	-	-	1,215,000	51,638	1,266,638
2029	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-
	<u>\$ 515,000</u>	<u>106,871</u>	<u>621,871</u>	<u>830,000</u>	<u>128,929</u>	<u>958,929</u>	<u>8,900,000</u>	<u>4,146,068</u>	<u>13,046,068</u>

(continued)

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS (continued) SEPTEMBER 30, 2012

DUE DURING FISCAL YEARS ENDING 9/30	UNLIMITED TAX REFUNDING SERIES 2007			DEFINED AREA UNLIMITED TAX SERIES 2008			UNLIMITED TAX DEFINED AREA SERIES 2009		
	Principal Due 6/1	Interest Due 6/1, 12/1	Total	Principal Due 6/1	Interest Due 6/1, 12/1	Total	Principal Due 6/1	Interest Due 6/1, 12/1	Total
2013	\$ 25,000	308,663	333,663	60,000	93,680	153,680	50,000	126,850	176,850
2014	30,000	307,725	337,725	60,000	90,080	150,080	55,000	124,350	179,350
2015	325,000	306,600	631,600	65,000	86,480	151,480	60,000	121,875	181,875
2016	325,000	293,600	618,600	70,000	82,580	152,580	65,000	119,250	184,250
2017	20,000	280,600	300,600	70,000	79,080	149,080	65,000	116,406	181,406
2018	20,000	279,800	299,800	75,000	75,580	150,580	70,000	113,563	183,563
2019	25,000	279,000	304,000	80,000	71,830	151,830	75,000	109,888	184,888
2020	25,000	278,000	303,000	85,000	67,830	152,830	80,000	105,950	185,950
2021	25,000	277,000	302,000	90,000	63,580	153,580	85,000	101,750	186,750
2022	25,000	276,000	301,000	90,000	59,080	149,080	95,000	97,288	192,288
2023	25,000	275,000	300,000	95,000	54,580	149,580	100,000	92,300	192,300
2024	1,570,000	274,000	1,844,000	100,000	49,830	149,830	105,000	86,300	191,300
2025	1,635,000	211,200	1,846,200	105,000	44,830	149,830	115,000	80,000	195,000
2026	-	145,800	145,800	110,000	39,580	149,580	120,000	73,100	193,100
2027	1,785,000	145,800	1,930,800	120,000	34,080	154,080	130,000	65,900	195,900
2028	1,860,000	74,400	1,934,400	125,000	28,080	153,080	140,000	58,100	198,100
2029	-	-	-	130,000	21,580	151,580	150,000	49,700	199,700
2030	-	-	-	140,000	14,820	154,820	160,000	40,700	200,700
2031	-	-	-	145,000	7,540	152,540	170,000	31,100	201,100
2032	-	-	-	-	-	-	185,000	20,900	205,900
2033	-	-	-	-	-	-	195,000	10,725	205,725
	<u>\$ 7,720,000</u>	<u>4,013,188</u>	<u>11,733,188</u>	<u>1,815,000</u>	<u>1,064,720</u>	<u>2,879,720</u>	<u>2,270,000</u>	<u>1,745,995</u>	<u>4,015,995</u>

(continued)

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS (continued)

SEPTEMBER 30, 2012

DUE DURING FISCAL YEARS ENDING 9/30	UNLIMITED TAX REFUNDING SERIES 2009			UNLIMITED TAX REFUNDING SERIES 2010			DEFINED AREA UNLIMITED TAX SERIES 2011		
	Principal Due	Interest Due	Total	Principal Due	Interest Due	Total	Principal Due	Interest Due	Total
	6/1	6/1, 12/1		6/1	6/1, 12/1		6/1	6/1, 12/1	
2013	\$ 1,460,000	310,619	1,770,619	985,000	525,775	1,510,775	65,000	107,100	172,100
2014	1,530,000	244,919	1,774,919	1,020,000	506,075	1,526,075	70,000	104,337	174,337
2015	1,315,000	176,069	1,491,069	1,050,000	480,575	1,530,575	65,000	101,363	166,363
2016	505,000	116,894	621,894	1,085,000	454,325	1,539,325	65,000	98,600	163,600
2017	535,000	94,169	629,169	1,130,000	421,775	1,551,775	75,000	95,837	170,837
2018	195,000	70,094	265,094	1,170,000	387,875	1,557,875	80,000	92,650	172,650
2019	210,000	61,319	271,319	1,215,000	346,925	1,561,925	80,000	89,250	169,250
2020	215,000	51,869	266,869	1,270,000	304,400	1,574,400	85,000	85,850	170,850
2021	230,000	43,269	273,269	1,320,000	253,600	1,573,600	85,000	82,450	167,450
2022	240,000	33,781	273,781	1,375,000	200,800	1,575,800	90,000	79,050	169,050
2023	245,000	23,281	268,281	1,430,000	145,800	1,575,800	95,000	75,450	170,450
2024	265,000	12,256	277,256	-	88,600	88,600	100,000	71,650	171,650
2025	-	-	-	255,000	88,600	343,600	105,000	67,525	172,525
2026	-	-	-	1,960,000	78,400	2,038,400	110,000	63,194	173,194
2027	-	-	-	-	-	-	110,000	58,244	168,244
2028	-	-	-	-	-	-	115,000	53,294	168,294
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
	<u>\$ 6,945,000</u>	<u>1,238,539</u>	<u>8,183,539</u>	<u>15,265,000</u>	<u>4,283,525</u>	<u>19,548,525</u>	<u>2,370,000</u>	<u>1,497,575</u>	<u>3,867,575</u>

(continued)

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

TSI-5 LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS (continued) SEPTEMBER 30, 2012

DUE DURING FISCAL YEARS ENDING 9/30	UNLIMITED TAX REFUNDING SERIES 2011			ANNUAL REQUIREMENTS FOR ALL SERIES		
	Principal Due 6/1	Interest Due 6/1, 12/1	Total	Principal Due	Interest Due	Total
2013	\$ 5,000	79,872	84,872	\$ 2,940,000	1,987,722	4,927,722
2014	5,000	79,680	84,680	3,075,000	1,877,293	4,952,293
2015	5,000	79,488	84,488	3,200,000	1,756,714	4,956,714
2016	5,000	79,296	84,296	2,445,000	1,633,203	4,078,203
2017	5,000	79,104	84,104	2,330,000	1,539,939	3,869,939
2018	10,000	78,912	88,912	2,425,000	1,450,842	3,875,842
2019	175,000	78,528	253,528	2,450,000	1,349,528	3,799,528
2020	175,000	71,808	246,808	2,530,000	1,260,255	3,790,255
2021	185,000	65,088	250,088	2,640,000	1,163,435	3,803,435
2022	190,000	57,984	247,984	2,755,000	1,055,261	3,810,261
2023	200,000	50,688	250,688	2,875,000	941,727	3,816,727
2024	205,000	43,008	248,008	3,060,000	821,502	3,881,502
2025	215,000	35,136	250,136	3,185,000	693,119	3,878,119
2026	225,000	26,880	251,880	3,315,000	561,072	3,876,072
2027	230,000	18,240	248,240	3,535,000	423,202	3,958,202
2028	245,000	9,408	254,408	3,700,000	274,920	3,974,920
2029	-	-	-	400,000	119,255	519,255
2030	-	-	-	425,000	97,945	522,945
2031	-	-	-	450,000	74,971	524,971
2032	-	-	-	475,000	50,650	525,650
2033	-	-	-	500,000	25,975	525,975
	<u>\$ 2,080,000</u>	<u>933,120</u>	<u>3,013,120</u>	<u>\$ 48,710,000</u>	<u>19,158,530</u>	<u>67,868,530</u>

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

TSI-6 ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT SEPTEMBER 30, 2012

	Revenue Series 2002	Refunding Series 2004	Unlimited Tax Series 2005	Refunding Series 2007	Defined Area Unlimited Tax Series 2008	Defined Area Unlimited Tax Series 2009	Refunding Series 2009	Refunding Series 2010	Defined Area Unlimited Tax Series 2011	Refunding Series 2011
Interest rate	2.50 to 5.90%	4.00 to 5.00%	3.00 to 5.00%	3.75 to 4.00%	3.75 to 4.00%	4.38 to 6.00%	3.00 to 4.63%	3.50 to 4.00%	4.00 to 5.00%	4.00 to 5.25%
Dates interest payable	6/1; 12/1	6/1; 12/1	6/1; 12/1	6/1; 12/1	6/1; 12/1	6/1; 12/1	6/1; 12/1	6/1; 12/1	6/1; 12/1	6/1; 12/1
Maturity dates	12/1/19	6/1/18	6/1/28	6/1/28	6/1/31	6/1/33	6/1/24	6/1/26	6/1/33	6/1/28
Bonds outstanding, beginning of year	\$ 585,000	945,000	9,000,000	7,745,000	1,870,000	2,320,000	7,445,000	17,085,000	2,370,000	2,085,000
Bonds issued during current year	-	-	-	-	-	-	-	-	-	-
Bonds retired during current year	(70,000)	(115,000)	(100,000)	(25,000)	(55,000)	(50,000)	(500,000)	(1,820,000)	-	(5,000)
Bonds outstanding, end of year	<u>\$ 515,000</u>	<u>830,000</u>	<u>8,900,000</u>	<u>7,720,000</u>	<u>1,815,000</u>	<u>2,270,000</u>	<u>6,945,000</u>	<u>15,265,000</u>	<u>2,370,000</u>	<u>2,080,000</u>
Interest paid during current year	<u>\$ 31,063</u>	<u>42,416</u>	<u>376,398</u>	<u>309,600</u>	<u>96,980</u>	<u>129,350</u>	<u>325,619</u>	<u>562,175</u>	<u>89,250</u>	<u>56,934</u>

(continued)

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

TSI-6 ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT (continued) SEPTEMBER 30, 2012

	Grand Totals
Bonds outstanding, beginning of year	\$ 51,450,000
Bonds issued during current year	-
Bonds retired during current year	<u>(2,740,000)</u>
Bonds outstanding, end of year	<u>\$ 48,710,000</u>
Interest paid during current year	<u>\$ 2,019,785</u>

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

	Tax Bonds*	Defined Area	Other Bonds	Refunding Bonds
Bond authority:				
Amount authorized	\$ 74,100,000	24,500,000	-	58,459,998
Amount issued	72,000,000	6,755,000	-	58,459,998
Remaining to be issued	<u>\$ 2,100,000</u>	<u>17,745,000</u>	<u>-</u>	<u>-</u>

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

Debt Service Fund cash and temporary investments balances
as of September 30, 2012: \$ 7,129,539

Average annual debt service payments (principal & interest)
for remaining term of debt: \$ 3,231,835

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

TSI-7 COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES - GENERAL FUND AND DEBT SERVICE FUND FIVE YEARS ENDED SEPTEMBER 30, 2012

	AMOUNTS					PERCENT OF FUND TOTAL REVENUES				
	2012	2011	2010	2009	2008	2012	2011	2010	2009	2008
<u>GENERAL FUND</u>										
REVENUES:										
Water and wastewater service	\$ 5,229,982	5,495,625	4,704,588	4,950,110	4,644,809	50.5 %	52.4	50.9	54.4	54.0
Garbage collection	1,088,081	1,050,938	953,173	920,697	734,653	10.5	10.0	10.3	10.1	8.5
Inspection fees	72,167	76,896	59,632	41,236	139,889	0.7	0.8	0.6	0.5	1.6
Tap and other connection fees	137,749	127,648	129,564	90,519	12,685	1.3	1.2	1.4	1.0	0.1
Recreation center	1,154,217	1,131,354	920,097	692,629	636,669	11.1	10.8	9.9	7.6	7.4
Park and recreation fees	143,523	127,724	104,377	240,749	209,995	1.4	1.2	1.1	2.6	2.4
Property taxes, including penalties and interes	2,352,012	2,142,470	2,143,391	2,020,456	1,842,478	22.7	20.4	23.2	22.2	21.4
Investment earnings	30,230	28,391	51,964	93,057	313,554	0.3	0.3	0.6	1.0	3.7
Other	155,295	255,778	168,068	39,765	73,091	1.5	2.4	1.8	0.4	0.9
Bond issuance proceeds	-	55,777	15,056	18,113	-	-	0.5	0.2	0.2	-
Total revenues and other sources	10,363,256	10,492,601	9,249,910	9,107,331	8,607,823	100.0	100.0	100.0	100.0	100.0
EXPENDITURES:										
Current:										
Personnel (including benefits)	2,959,280	2,815,268	2,861,339	2,716,500	2,549,388	28.6	26.8	30.9	29.8	29.6
Purchased services for resale	2,360,386	2,310,474	2,472,603	2,491,189	2,186,944	22.8	22.0	26.7	27.4	25.4
Administrative	1,335,015	1,387,076	1,114,696	1,290,035	1,106,671	12.9	13.2	12.0	14.1	12.9
Repairs and maintenance	553,151	568,642	567,252	704,841	882,732	5.3	5.4	6.1	7.7	10.3
Utilities	590,411	774,449	678,359	645,605	635,086	5.7	7.4	7.3	7.1	7.4
Professional services	496,149	513,678	394,474	446,175	393,326	4.8	4.9	4.3	4.9	4.6
Contracted services	477,589	364,602	323,893	161,886	213,428	4.6	3.5	3.5	1.8	2.5
Capital outlay	238,811	167,835	329,110	601,532	709,940	2.3	1.6	3.6	6.6	8.2
Principal payments	92,175	65,000	65,000	60,000	60,000	0.9	0.6	0.7	0.7	0.7
Interest and fiscal charges	31,711	89,992	37,270	39,970	42,550	0.3	0.9	0.4	0.4	0.5
Total expenditures	9,134,678	9,057,016	8,843,996	9,157,733	8,780,065	88.1	86.3	95.5	100.6	102.0
TRANSFERS IN (OUT)	(521,548)	236,960	192,730	(451,670)	179,450	(5.0)	2.3	2.1	(5.0)	2.1
PROCEEDS FROM CAPITAL LEASES	32,506	-	-	-	-	0.3	-	-	-	-
PROCEEDS FROM INSURANCE	368,867	-	-	-	-	3.6	-	-	-	-
INTERFUND FORGIVENESS OF DEBT	-	-	2,400,779	-	-	-	-	26.0	-	-
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ 1,108,403	1,672,545	2,999,423	(502,072)	7,208	10.7 %	16.0	32.6	(5.6)	0.1

(continued)

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

TSI-7 COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES - GENERAL FUND AND DEBT SERVICE FUND (continued) FIVE YEARS ENDED SEPTEMBER 30, 2012

	AMOUNTS					PERCENT OF FUND TOTAL REVENUES				
	2012	2011	2010	2009	2008	2012	2011	2010	2009	2008
DEBT SERVICE FUND										
REVENUES:										
Property taxes, including penalties and interest	\$ 4,048,769	3,936,546	3,850,549	4,111,826	3,527,157	99.3 %	65.7	17.9	32.1	92.9
Investment earnings	27,127	29,177	41,364	93,848	269,220	0.7	0.5	0.2	0.7	7.1
Proceeds of refunding bonds	-	2,029,223	17,174,944	8,154,287	-	-	33.8	80.0	63.7	-
Premium on refunding debt	-	-	402,124	448,278	-	-	-	1.9	3.5	-
Total revenues and other sources	4,075,896	5,994,946	21,468,981	12,808,239	3,796,377	100.0	100.0	100.0	100.0	100.0
EXPENDITURES:										
Principal payments	2,670,000	2,600,000	2,320,000	10,350,000	2,276,083	65.5	43.4	10.8	80.8	60.1
Interest and fiscal charges	1,981,581	1,936,308	2,350,589	2,408,978	2,120,635	48.6	32.3	10.9	18.8	55.9
Tax appraisal and collection	53,368	53,008	52,292	52,443	50,607	1.3	0.9	0.2	0.4	1.3
Administrative expenditures	-	-	-	-	7,070	-	-	-	-	0.2
Professional fees	-	-	-	9,000	9,104	-	-	-	0.1	0.2
Contract services	-	-	-	-	1,386	-	-	-	-	-
Bond issuance costs	-	10,062	495,483	280,377	-	-	0.2	2.3	2.2	-
Payment to refunded bond escrow agent	-	2,051,423	17,050,000	-	-	-	34.2	79.4	-	-
Other	-	335	13,518	-	-	-	-	-	-	-
Total expenditures and other uses	4,704,949	6,651,136	22,281,882	13,100,798	4,464,885	115.4	111.0	103.8	102.3	117.6
TRANSFERS IN	188,199	188,492	194,177	1,106,796	1,424,097	4.6	3.1	0.9	8.6	37.5
INTERFUND FORGIVENESS OF DEBT	-	-	1,435,461	-	-	-	-	6.7	-	-
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (440,854)	(467,698)	816,737	814,237	755,589	(10.8) %	(7.9)	3.8	(2.3)	(17.6)
TOTAL ACTIVE RETAIL WATER CONNECTIONS	5,371	5,308	5,155	5,105	4,999					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	5,205	5,132	4,908	4,811	4,728					

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

TSI-8 BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS SEPTEMBER 30, 2012

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

District Business Telephone Number: (512) 255-7871

Submission date of the most recent District Registration Form: October 22, 2012
(TWC Sections 36.054 and 49.054)

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

Name and Address	Term of Office Elected & Expires or Date Hired (2)	Fees 9/30/12	Expense Reimbursements 9/30/12	Title at Year End
<u>Board Members:</u>				
Rebecca B. Tullos	Elected 5/10-11/14	7,200	132	President
Russ Shermer	Elected 11/12-11/16	3,750 (1)	-	Vice President
Shean Dalton	Elected 5/10-11/14	4,500 (1)	-	Treasurer
Jeff Goldstein	Elected 5/10-11/14	4,350	50	Secretary
Paul Tisch	Elected 11/12-11/16	1,800	-	Assistant Treasurer and Assistant Secretary
<u>Former Board Member:</u>				
Bob Grahl	Elected 5/08-4/12	5,250	-	Former President

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

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

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

Key Administrative Personnel:

Mike Petter	2006	\$	123,203	\$	725	General Manager
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(continued)

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

TSI-8 BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (continued) SEPTEMBER 30, 2012

Name and Address	Date Hired	Fees and Expense Reimbursements 9/30/12	Title at Year End
<u>Consultants:</u>			
Freeman & Corbett, L.L.P.	2002	\$ 108,390	Attorney
Judy Osborn	2004	980	Attorney
Maxwell Locke & Ritter LLP	2008	31,500	Auditor
Williamson Central Appraisal District	1981	51,716	Tax Appraiser
Williamson County Tax Office	1981	1,652	Tax Collector
Bury Partners	2009	76,386	Engineer
CH2MHILL	2004	11,208	Engineer
Patterson & Associates	2008	10,000	Investment Advisor
McCall Parkhurst Horton	1994	-	Bond Counsel
Bank of New York, Mellon	2009	4,750	Arbitrage Auditor
Dietz & Jarrard	2006	928	Attorney
Atkins North America	2012	10,410	Engineer
Naismith Engineering, Inc.	2007	35,103	Engineer

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

OSI-1. PRINCIPAL TAXPAYERS SEPTEMBER 30, 2012

DISTRICT				
Taxpayer	Type of Property	Tax Roll Year		
		2012	2011	2010
Amaravathi LTD Partnership & Amaravathi Keerthi LLC	Land & Improvements	\$ 55,355,008	53,644,743	56,642,684
HE Butt Inc.	Land & Improvements	7,458,170	7,780,245	7,000,000
The Park at Brushy Creek LTD	Land & Improvements	30,500,000	28,348,721	20,192,000
Highland 620 Land Investment LTD	Land & Improvements	9,345,322	7,666,751	7,331,739
MGP, XXII LLC	Land & Improvements	4,300,000	4,197,547	4,125,824
Kopels Peter A & Henry Aratow	Land & Improvements	4,566,174	4,641,605	4,634,649
Laquinta Medical Partners LP & Bruce & M. Voedean Simpson Tr of Simpson Fam Trust	Land & Improvements	3,737,933	3,797,067	3,798,411
Hy-Land North Joint Venture	Land & Improvements	-	3,666,074	3,682,039
Atmos Energy/Mid-Tex Distribution	Land & Improvements	3,468,045	-	-
HEB Grocery Company LP	Land & Improvements	4,569,024	4,442,625	3,102,087
Highland Six Twenty Residential LTD	Land & Improvements	9,332,583	8,426,553	10,138,073
Total		\$ 132,632,259	126,611,931	120,647,506
Percent of Assessed Valuation		11.1%	10.9%	10.9%

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

OSI-1. PRINCIPAL TAXPAYERS (continued) SEPTEMBER 30, 2012

DEFINED AREA				
Taxpayer	Type of Property	Tax Roll Year		
		2012	2011	2010
Longwell, Sidney	Land & Improvements	-	391,902	-
Hofkamp, Michael & Susan	Land & Improvements	403,088	396,123	-
Highland 620 Land Investment LTD	Land & Improvements	9,345,322	7,666,751	7,331,739
Hy-Land North Joint Venture	Land & Improvements	3,140,551	3,666,074	3,682,039
Harris, Neil C & Lynne J	Land & Improvements	815,665	601,690	-
Bhandari, Ashraf M & Riaz Karim Ali	Land & Improvements	399,893	-	-
Weekley Homes LP	Land & Improvements	872,647	1,158,849	583,459
Kallfelz, Paul Jr & Paulette Moose	Land & Improvements	463,041	459,480	524,375
Highland 620 Residential LTD	Land & Improvements	9,332,583	8,426,553	10,138,073
Streetman Homes LTD LLP	Land & Improvements	1,353,797	757,695	2,941,032
Dinunzio, James Carlo & Lisa Heather	Land & Improvements	-	-	444,730
Navickas, Thomas E & Elizabeth A	Land & Improvements	-	-	431,948
Jablonski, Susan M & David B Fogle	Land & Improvements	446,617	444,271	426,446
Mason, Roger K & Debra D	Land & Improvements	-	-	407,418
Total		\$ 26,573,204	23,969,388	26,911,259
Percent of Assessed Valuation		15.5%	16.6%	22.3%

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

OSI-2. ASSESSED VALUE BY CLASSIFICATION SEPTEMBER 30, 2012

Tax Roll Year						
DISTRICT						
Type of Property	2012		2011		2010	
	Amount	%	Amount	%	Amount	%
Real, Single Family	\$ 1,002,166,786	83.9%	\$ 983,968,258	84.7%	\$ 939,223,342	84.8%
Real, Multi Family	91,925,031	7.7%	88,661,231	7.6%	82,699,608	7.5%
Real, Vacant Platted Lots/Tracts	23,484,294	2.0%	20,705,112	1.8%	17,044,093	1.5%
Real, Acreage (Land Only)	722,657	0.1%	2,669,465	0.2%	2,795,756	0.3%
Real, Commercial	49,662,094	4.2%	47,015,155	4.0%	39,654,246	3.6%
Real & Intangible Personal, Utilities	5,043,040	0.4%	4,852,042	0.4%	7,258,982	0.7%
Tangible Personal business	9,971,987	0.8%	7,785,131	0.7%	4,986,717	0.5%
Real Inventory	10,935,611	0.9%	7,292,042	0.6%	13,041,316	1.1%
Total	<u>\$ 1,193,911,500</u>	<u>100%</u>	<u>\$ 1,162,948,436</u>	<u>100%</u>	<u>\$ 1,106,704,060</u>	<u>100%</u>

DEFINED AREA						
Type of Property	2012		2011		2010	
	Amount	%	Amount	%	Amount	%
Real, Single Family	\$ 142,871,726	83.3%	\$ 119,917,257	82.9%	\$ 92,420,077	76.7%
Real, Vacant Plotted Lots	17,360,008	10.1%	16,084,672	11.1%	13,954,285	11.4%
Real, Acreage (Land Only)	721,180	0.4%	2,667,988	1.8%	2,660,506	2.2%
Real & Intangible Personal, Utilities	-	0.0%	34,076	0.0%	13,562	0.0%
Tangible Personal Property	42,788	0.0%	162,305	0.1%	95,169	0.1%
Real Inventory	10,592,123	6.2%	5,861,546	4.1%	11,740,541	9.6%
Total	<u>\$ 171,587,825</u>	<u>100%</u>	<u>\$ 144,727,844</u>	<u>100%</u>	<u>\$ 120,884,140</u>	<u>100%</u>