

HURST CREEK MUNICIPAL UTILITY DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
SEPTEMBER 30, 2018

HURST CREEK MUNICIPAL UTILITY DISTRICT

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JANSEN AND GREGORCZYK

Certified Public Accountants
P.O. Box 1778
Kyle, TX 78640 (512)268-2749

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Hurst Creek Municipal Utility District

We have audited the accompanying financial statements of the governmental activities of Hurst Creek Municipal Utility District, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise Hurst Creek's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-9 and 20 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.



Jansen and Gregorczyk

Kyle, Texas
January 15, 2019

MANAGEMENT DISCUSSION AND ANALYSIS
HURST CREEK MUNICIPAL UTILITY DISTRICT
SEPTEMBER 30, 2018

Our discussion and analysis of the Hurst Creek Municipal Utility District (District) financial performance provides an overview of the District's financial activities for the year ended September 30, 2018. Please review it in conjunction with the District's financial statements, which follow this section.

In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, the management of Hurst Creek Municipal Utility District (the "District") offers the following narrative on the financial performance of the District for the year ended September 30, 2018. 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 "General Fund" 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.

Overview of the Basic Financial Statements

The District's reporting is comprised of three parts:

- *Management's Discussion and Analysis* (this section)
- *Basic Financial Statements*

Statement of Net Position and Governmental Fund Balance Sheet

Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund

Notes to Basic Financial Statements

- *Required Supplemental Information*

Other supplementary information is also included.

The *Statement of Net Position and Governmental Fund Balance Sheet* includes a column ("General Fund") 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 Fund Revenues, Expenditures, and Changes in Fund Balance* includes a column ("General Fund") that derives the change in fund balance 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 represent the income statement of a private-sector business.

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

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

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

Overview of the District's Financial Position and Operations

The District's total net position increased by \$187,323 in the year ended September 30, 2018. The District has sufficient funds to meet its obligations. Our analysis below focuses on the net assets (Table 1) and the changes in net assets (Table 2) for the District's activities.

Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements were 1,173,565 at September 30, 2018.

The District has sufficient funds at present and is anticipated in the future to have sufficient funds to pay the expenses of the District.

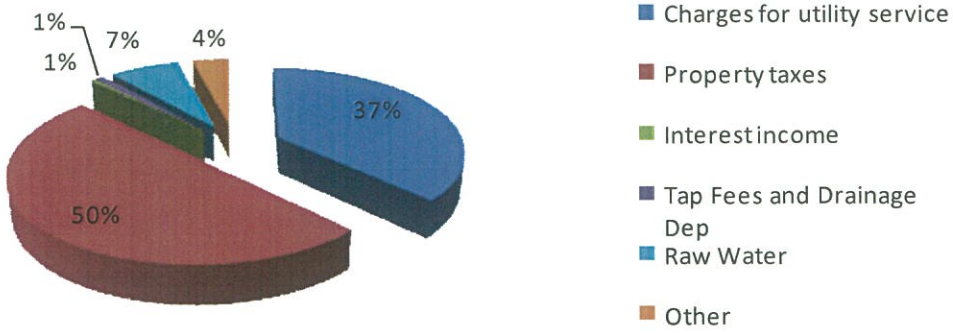
Table 1

	Governmental Activities	
	2018	2017
Current assets	\$ 1,402,949	\$ 1,259,740
Capital assets	9,605,763	10,004,455
Total assets	<u>11,008,712</u>	<u>11,264,195</u>
Current liabilities	527,615	534,392
Long-term debt outstanding	4,024,291	4,460,321
Total liabilities	<u>4,551,906</u>	<u>4,994,713</u>
Net assets:		
Invested in capital assets	5,214,841	5,226,061
Restricted	68,400	75,165
Unrestricted	1,173,565	968,256
Total net assets	<u>\$ 6,456,806</u>	<u>\$ 6,269,482</u>

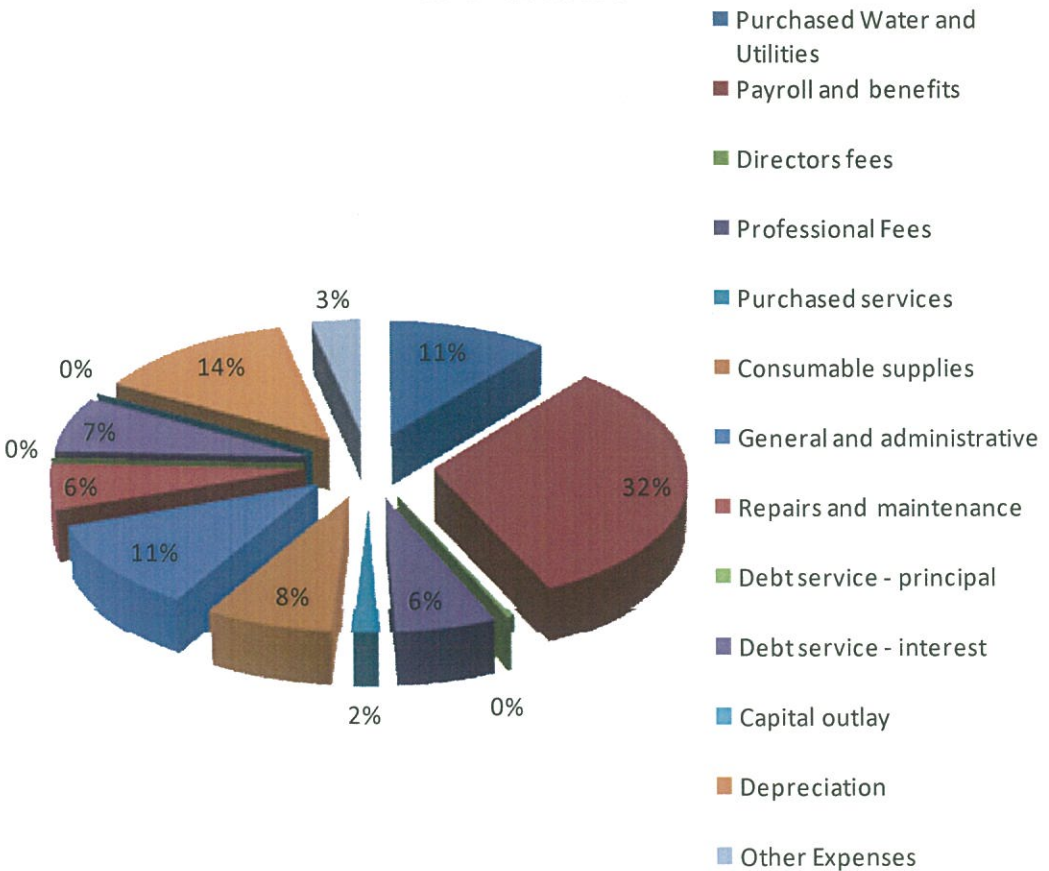
Table 2

	2018	2017
Revenues		
Service revenues	\$ 1,157,918	\$ 1,158,015
Property taxes	1,554,972	1,589,870
Interest income	11,706	5,148
Other revenues	373,310	687,759
Total Revenues	<u>\$ 3,097,906</u>	<u>\$ 3,440,792</u>
Expenses		
Purchased water and utilities	\$ 319,289	\$ 319,105
Payroll and benefits	935,152	927,095
Directors fees	8,400	8,550
Professional fees	174,786	134,201
Purchased and contracted services	46,790	35,701
Consumable supplies and materials	219,519	269,891
General and administrative	326,632	203,498
Repairs and maintenance	171,929	332,955
Interest	209,196	193,642
Depreciation	398,692	398,692
Other expenses	100,199	319,238
Total Expenses	<u>2,910,583</u>	<u>3,142,567</u>
Increase in Net Assets	<u>187,323</u>	<u>298,225</u>
Net Position - Beginning of year	6,269,482	5,971,257
Net Position - End of Year	<u>\$ 6,456,806</u>	<u>\$ 6,269,482</u>

REVENUES



EXPENSES



SOURCES OF REVENUES

The District relies on service revenues and maintenance tax revenues to fund its activities. Service revenues are generated by the sale of water and wastewater service to District residents and the provision of irrigation water, primarily to the golf course. In fiscal year 2018 the District received \$1,157,918 in utility revenues, \$1,554,972 in maintenance taxes, \$28,175 in tap fees and drainage deposits and \$224,063 from the sale of irrigation water to the golf course. Other income received was \$132,778 resulting in total revenues for the fiscal year of \$3,097,906.

Utility water revenues are composed of the minimum base monthly charges and the per thousand gallon rate. All connections pay the minimum bill which produces a reliable income stream. The per thousand gallon rate component of overall service revenues is influenced by weather conditions; a dry summer will result in vastly increased water sales compared to a relatively wet summer. The maintenance tax revenues are dependent on the overall assessed valuation (AV) of taxable property in the District, and the tax rate. The District's AV has increased approximately 4% over the prior year.

EXPENDITURES

Major expenditure components include the cost of raw water from the Lower Colorado River Authority (the "LCRA"), payroll expenses, repairs and maintenance and debt service. The cost of purchasing and pumping raw water approximates prior year. Overall operational costs decreased slightly and were approximately the same as amounts budgeted.

The District continues to make significant reductions in long-term and short-term debt, with \$387,472 in principal retired during the fiscal year. Interest payments on all debt totaled \$209,196. Total remaining bonded indebtedness at the year-end was \$4.1 million.

General Fund Budgetary Highlights

The District prepares an annual operating budget in August and September for the coming fiscal year beginning in October. The draft budget is prepared by the General Manager and reviewed by the Budget Committee prior to action by the full board. Anticipated expenditures and revenues are based on a number of factors, driven primarily by the number of active customers, their average utility consumption, the costs of raw water, electricity, and equipment maintenance and repairs.

General Fund revenues were less than the budgeted amounts by \$75,283, and expenditures were \$169,780 less than the budget amount.

Capital Asset and Debt Administration

Net capital assets decreased due to depreciation being greater than the capital additions.

Debt Service

Debt service refers to the annual payments required on the District's bonded indebtedness. The District issues tax-exempt bonds and uses the proceeds to build utility and drainage facilities. Debt service payments during the year totaled \$387,472 in principal and \$209,196 in interest for both the General and Debt Service Funds. Debt service requirements are met via the Debt Service tax rate, which is levied on all taxable property in the District. Due to steady increases in 2018 in taxable values, the debt service tax rate has been declining for several years since 2005, when the issuance of additional bonds required a small increase in the rate:

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Debt Service Tax Rate					
Per \$100 valuation	0.1 \$	0.12 \$	0.15 \$	0.16 \$	0.19 \$

Tax collection rates remain consistently high, with approximately 99% of the tax levy collected.

Taxable property valuations in the District experienced an increase from 2017 to 2018.

(millions)	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
	\$ 487.3	\$ 461.1	\$ 442.0	\$ 414.1	\$ 386.2

The District offers the maximum homeowner's exemption allowed by State law, over 65, and disabled veterans exemptions.

Regulatory Environment

The District's activities as a public water supplier and operator of a wastewater system are governed by the Texas Commission on Environmental Quality (TCEQ). The District enjoys excellent relations with the TCEQ and has a good compliance history. The District's drinking water system is recognized as a "Superior" system by the State.

Relevant Economic Factors

The District considered many factors when setting the fiscal year 2018 budget and tax rates. Anticipated expenditures and revenues are based on a number of factors, driven primarily by the number of active customers, their average utility consumption, the costs of raw water, electricity and maintenance and repairs of equipment.

Contacting the District's Financial Management

This financial report is designed to provide the taxpayers with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's office at:

Earl Wood
District Manager
Hurst Creek Municipal Utility District
102 Trophy Drive
The Hills, TX 78738
(512) 261-6281

Hurst Creek Municipal Utility District
Statement of Net Position and Governmental Funds Balance Sheet
September 30, 2018

	General Fund	Debt Service Fund	Capital Reserve Fund	Drainage Fund	Total Governmental Funds	Adjustments Note 9	Total Net Position
Assets							
Cash and Investments	\$ 754,957	\$ 77,288	\$163,891	\$ 40,816	\$ 1,036,952		\$ 1,036,952
Restricted Cash	-	68,400			68,400		68,400
Taxes Receivable	28,981	24,063			53,044		53,044
Service Receivables	244,553	-			244,553		244,553
Capital assets					-		
Land and construction work in progress					-		-
Other capital assets, net of depreciation					-	9,605,763	9,605,763
Total assets	<u>1,028,491</u>	<u>169,751</u>	<u>163,891</u>	<u>40,816</u>	<u>1,402,949</u>	<u>9,605,763</u>	<u>11,008,712</u>
Liabilities							
Accounts payable	92,489				92,489		92,489
Payroll taxes payable	95				95		95
Accrued interest	-	68,400			68,400	-	68,400
Long term liabilities					-		
Due within 1 year					-	366,631	366,631
Due in more than 1 year					-	4,024,291	4,024,291
	<u>92,584</u>	<u>68,400</u>	<u>-</u>	<u>-</u>	<u>160,984</u>	<u>4,390,922</u>	<u>4,551,906</u>
Deferred inflows of Resources							
Unavailable revenue	28,981	24,063	-	-	53,044	(53,044)	-
property taxes	121,565	92,463	-	-	214,028	4,337,878	4,551,906
Fund balance/Net position							
Fund balance - unassigned	<u>906,926</u>	<u>77,288</u>	<u>163,891</u>	<u>40,816</u>	<u>1,188,921</u>	<u>(1,188,921)</u>	
	<u>\$ 1,028,491</u>	<u>\$ 169,751</u>	<u>\$163,891</u>	<u>\$ 40,816</u>	<u>\$ 1,402,949</u>		
Net position							
Net investment in capital assets							\$ 5,214,841
Unrestricted							1,173,565
Restricted for debt service							68,400
							<u>6,456,806</u>
							<u>\$11,008,712</u>

The accompanying notes are an integral part of these financial statements.

Hurst Creek Municipal Utility District
Statement of Activities and Governmental Funds Revenues,
Expenditures, and Changes in Fund Balance
For the year ended September 30, 2018

	General Fund	Debt Service Fund	Capital Reserve Fund	Drainage Fund	Total Governmental Funds	Adjustment Note 9	Total 2018
Expenditures/expenses							
Purchased Water and Utilities	\$ 319,289	\$ -	\$ -	\$ -	\$ 319,289		\$ 319,289
Payroll and benefits	935,152	-			935,152		935,152
Directors fees	8,400	-			8,400		8,400
Professional Fees	174,786	-			174,786		174,786
Purchased services	46,790	-			46,790		46,790
Consumable supplies	219,519	-			219,519		219,519
General and administrative	210,298	-	57,001	59,333	326,632		326,632
Repairs and maintenance	171,929	-	-	-	171,929		171,929
Debt service - principal	17,472	370,000			387,472	(387,472)	
Debt service - interest	63,761	145,435			209,196	-	209,196
Capital outlay	-	-			-	-	
Depreciation	-	-			-	398,692	398,692
Other Expenses	99,899	300			100,199		100,199
Total expenditure/expenses	2,267,295	515,735	57,001	59,333	2,899,364	11,220	2,910,584
Revenues:							
Charges for utility service	\$ 1,157,918	\$ -			\$ 1,157,918	\$ -	\$ 1,157,918
Property taxes	1,066,500	485,744			1,552,244	2,728	1,554,972
Interest income	10,235	1,471			11,706		11,706
Tap Fees and Drainage Dep	28,175	-			28,175		28,175
Raw Water	224,063	-			224,063		224,063
Other	121,072	-		-	121,072		121,072
Total revenues	2,607,963	487,215	-	-	3,095,178	2,728	3,097,906
Revenue over/(under) expenditures	340,668	(28,520)	(57,001)	(59,333)	195,814		187,322
Other financing sources:							
Proceeds from debt	-	-			-	-	
Transfers In/Out	(130,962)	(1,038)	132,000	-	-	-	
Net position-beginning of year	697,220	106,846	88,892	100,149	993,107	-	6,269,480
Fund Balances - End of Year	\$ 906,926	\$ 77,288	\$ 163,891	\$ 40,816	\$ 1,188,921	\$ -	\$ 6,456,800

The accompanying notes are an integral part of these financial statements.

Hurst Creek Municipal Utility District
Notes to Financial Statements
For the Year Ended September 30, 2018

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The following summary of the Hurst Creek Municipal Utility District's (the "District") more significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies, as presented, should be viewed as an integral part of the accompanying financial statements.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity:

The Hurst Creek Municipal Utility District (District) was created on October 5, 1979, by an order of the Texas Commission on Environmental Quality (formerly the Texas Water Commission) under Chapter 54 of the Texas Water Code. In an election held on October 6, 1979 its voters confirmed Creation. The Board of Directors held its first meeting on November 12, 1979. The District's operating period began on January 1, 1982.

At September 30, 2018, the District does not have any component units for which it is financially accountable.

B. 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 "Governmental Funds Total" 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 how the District uses revenue.

C. 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 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 thirty 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.

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 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 designated to be used for authorized construction and other capital asset acquisitions. This fund did not have activity in the current year.

D. Cash and Cash Equivalents

Cash and cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and so near maturity that there is no significant risk of changes in value due to changes in interest rates. Cash equivalents are stated at cost which approximates market value.

E. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

F. Budgets and Budgetary Accounting:

The District establishes the fiscal year as the twelve-month period beginning October 1. The departments submit to the District Manager a budget of estimated expenditures for the ensuing fiscal year after which the District Manager subsequently submits a budget of estimated expenditures and revenues to the Board of Directors for approval. Budgeted amounts are as originally adopted by the Board.

The Budgetary Comparison Schedule presents a comparison of budgetary data to actual results. The General fund utilizes the same basis of accounting for both budgetary purposes and actual results.

G. Property, Plant, and Equipment

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair value on the date donated. Repairs and maintenance are recorded as expenditures, renewals and betterments are capitalized. The District does not possess any infrastructure assets. Depreciation is provided using the straight-line method at annual rates as follows:

Organizational cost	30 years
Pump stations	50 years
Buildings, water and sewer plant	50 years
Machinery and equipment	7-10 years

The water distribution system, the wastewater collection system, and the effluent holding pond have been capitalized.

H. Long-Term Liabilities

General obligation bonds, which have been issued to fund capital projects of the District, are to be repaid from tax revenues. Additionally, the District has two operating leases for equipment which are included in Long Term Debt. General obligation debt is recorded exclusively in the General Long-Term Debt Account Group.

I. Reservation of Fund Balance

Reserves of fund balance in governmental funds indicate that a portion of the fund balance is not available for general appropriation or is legally segregated for a specific use. At September 30, 2018, restricted cash consisted of the amounts reserved for the bond payments due subsequent to year end.

J. Property Taxes

Property taxes are levied on October 1st of each year based on property values. Taxes are due and payable when levied. Lien attaches and taxes become delinquent and subject to penalty and interest on February 1st of the following year. The Travis County Tax Office bills and collects taxes for the District based upon assessed property valuation after approved exemptions and a rate determined by the District's Board of Directors.

K. Receivables

Service accounts receivable pertain to water and sewer service. Taxes and interest receivable pertain to real property taxes and investments. All receivables are considered collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operating expenses when that determination is made. Revenues from property taxes are recognized in the current year to the extent they are available to finance current year expenditures.

L. Sick Leave and Vacation

The District allows employees to accumulate vacation and sick leave, however, upon termination no benefits are payable. Pursuant to Governmental Accounting Standards Board pronouncements, the District does not accrue sick leave rights since these are nonvesting. The District does not accrue for vacation benefits in its financial statements.

M. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

N. Net Position

Net position represents the difference between assets and liabilities. Net position is comprised of investments in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisitions, construction or improvements of those assets. Net positions are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the organization or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When both restricted and unrestricted resources are available for use, it is the organization's policy to use restricted resources first and then unrestricted resources as they are needed. When both unassigned and committed or assigned funds are available for expenditure, committed or assigned funds are used first.

NOTE 2 - DEPOSITS AND INVESTMENTS

DEPOSITS

At September 30, 2018, the carrying amounts of the District's deposits in cash accounts were \$418,209. All of the District's deposits are insured by either FDIC or pledged security by the banks.

INVESTMENTS

The District had \$687,143, invested in Texpool as of September 30, 2018. The weighted average maturity of TexPool as of September 30, 2018 was 37 days.

Interest Rate Risk. The District does have a formal investment policy in place. The District's cash and cash equivalents are currently invested in short-term instruments such as certificates of deposits, money market funds and an interest-bearing checking account.

Credit Risk. The Texas Local Government Investment Pool (TexPool) is a public funds investment pool created pursuant to the Interlocal Cooperation Act of the State of Texas. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. An Advisory Board reviews the investment policy and management fee structure. TexPool is rated AAA by Standard & Poors. As a requirement to maintain the rating weekly portfolio, information must be submitted to Standard & Poors, as well as the Office of the Comptroller of the Public Accounts for review.

TexPool operates in a matter consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

The Board Directors has authorized the District to invest in compliance with V.A.T.C.S. Government Code, Title 10, Chapter 2256 (Public Funds Investment Act of 1993). Money in any fund may be placed in obligations of the United States or its instrumentalities; direct obligations of this state or its agencies; collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of United States; other obligations, the principal and interest of which are unconditionally guaranteed or insured by this state or the United States or its instrumentalities; and obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent, Certificates of Deposit and any other investment authorized in Chapter 2256. Accordingly, cash is invested in money market funds or interest-bearing demand deposits and is stated at fair value.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The majority of the District's funds are in TexPool which is considered the same as cash.

NOTE 3 - ACCOUNTS RECEIVABLES - TAXES

Property taxes receivable reported in the Debt Service Fund and the General Fund are offset by deferred revenues in the financial statements at September 30, 2018. Included in the total taxes receivable is \$53,044 which represents the current taxes receivable (collectible within 30 days from year end).

NOTE 4 - BONDED DEBT PAYABLE

The District is in compliance with bond covenant requirements and in compliance.

The following summarizes the outstanding debt at September 30, 2018.

Debt Service	Date of Issue	Date of Maturity	Interest Rates	Original Amount	Balance 9/30/2017	Added	Retired	Balance 9/30/2018
Unlimited Tax	2003	4/1/2020	2.9%-5.8%	425,000	100,000	-	30,000	70,000
Unlimited Bonds	2005	4/1/2030	4.0%-5.0%	2,000,000	1,415,000	-	185,000	1,230,000
Refunding Bonds	2005	4/1/2020	2.9%-4.0%	5,025,000	85,000	-	25,000	60,000
Unlimited Tax Bonds	2012	6/15/2032	2.25%-3.25%	3,350,000	2,880,000	-	130,000	2,750,000
Total Long Term Debt - Bonds				<u>\$ 13,335,000</u>	<u>\$ 4,480,000</u>	<u>\$ -</u>	<u>\$ 370,000</u>	<u>\$ 4,110,000</u>
Less: Current Portion								<u>(295,000)</u>
								<u>3,815,000</u>
Long Term Debt - Leases (General Fund)								
SouthStar Bank - Meter System		6/15/2022	3.75%	436,420	249,920	-	9,157	240,763
SouthStar Bank - Vac Excavator		1/18/2023	4.54%	61,373	48,474	-	8,315	40,159
				<u>497,793</u>	<u>298,394</u>	<u>-</u>	<u>17,472</u>	<u>280,922</u>
Less: Current Portion								<u>(71,631)</u>
								<u>209,291</u>
Total Long Term Debt				<u>\$ 13,832,793</u>	<u>\$ 4,778,394</u>	<u>\$ -</u>	<u>\$ 387,472</u>	<u>\$ 4,390,922</u>

BONDS:

Year ending	Principal Due	Interest Due	Total
2019	295,000	136,800	431,800
2020	320,000	126,855	446,855
2021	275,000	115,962	390,962
2022	280,000	107,675	387,675
2023-2027	1,590,000	391,820	1,981,820
2028-2032	1,350,000	124,513	1,474,513
	<u>\$ 4,110,000</u>	<u>\$1,003,625</u>	<u>\$5,113,625</u>

LEASES:

Year Ending	Principal	Interest	Total
2019	71,631	9,602	81,233
2020	74,434	6,799	70,983
2021	77,256	8,829	86,085
2022 and thereafter	57,601	1,030	58,631
	<u>\$ 280,922</u>	<u>\$ 26,260</u>	<u>\$ 296,932</u>

NOTE 5 - CAPITAL ASSETS

The following schedule summarizes the changes in the components of the District's capital assets for the year ended September 30, 2018:

	Balance 9/30/2017	Increase	Decrease	Balance 9/30/2018
Capital assets, not being depreciated				
Land	\$51,500			\$51,500
Construction work in progress	-	-	-	-
Total assets, not being depreciated	<u>51,500</u>	<u>-</u>	<u>-</u>	<u>51,500</u>
Capital assets, being depreciated				
Organizational costs	336,618		-	336,618
Machinery	932,005	-	-	932,005
Water and waste water system	18,779,836	-	-	18,779,836
Total capital assets, being depreciated	<u>20,048,459</u>	<u>-</u>	<u>-</u>	<u>20,048,459</u>
Less accumulated depreciation	(10,095,504)	-	(398,692)	(10,494,196)
Total net assets being depreciated, net	<u>9,952,955</u>	<u>-</u>	<u>-</u>	<u>9,554,263</u>
Total capital assets	<u>\$10,004,455</u>	<u>\$ -</u>	<u>\$ (398,692)</u>	<u>\$ 9,605,763</u>

NOTE 6 - PENSION PLAN

The District has a simplified employee pension (SEP) IRA, single employer plan covering all of its employees. IRS Form 5305-SEP under authority 408(k) of the Internal Revenue Code; executed March 13, 1986, amended December 11, 1995 and again on October 28, 1997. The District contributes 12.4% to SEP individual retirement accounts in lieu of social security taxes. The expense amounted to \$94,281 in fiscal year 2018. Employees made no contributions. Financial statements are sent directly to the employees from the Trustees. Individuals are allowed to select their own trustee for this plan.

NOTE 7 - PLEDGED REVENUES

The District is required by its bond resolutions to annually levy taxes on taxable property in the District for the purpose of retiring principal and interest on outstanding bonds. This tax is designated for the Debt Service Fund.

The District levies taxes on real property within the District on October 1. The assessed valuation of net taxable property in the District as of 2017 was \$487,301,571 representing 100% of appraised value. The rate for the 2017 tax roll which is used for fiscal year 2018 taxes was set at .10 per \$100 assessed valuation designated solely for debt service and .22 per \$100 assessed valuation designated solely for maintenance and operations of the water and sewer systems. This rate is a decrease from the previous year of \$.0221.

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has joined together with other governments in the Texas Municipal League Intergovernmental Employee Benefits Pool (the Pool). The District pays an annual premium to the Pool for its employee Insurance coverage. The District has also addressed its needs in the area of risk management by purchasing property and liability coverage from Arthur J. Gallagher. The District continues to carry commercial fidelity bonds for directors and employees

NOTE 9 – ADJUSTMENTS TO CONVERT FUND STATEMENTS TO GOVERNMENT-WIDE

Adjustments to convert fund statements to government-wide

Unrestricted fund balance - governmental fund	\$ 1,188,921
Increase net assets for capital assets not reported in the governmental funds	9,605,763
Taxes receivables deferred in the fund financial statements and not in the government-wide financial statements	53,044
Long-term debt liabilities not reported in the fund financial statements	(4,390,922)
Net assets - governmental activities	<u>\$ 6,456,806</u>

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

Net change in fund balance - governmental fund	\$ 195,814
Net increase in tax receivable deferred in the fund financial statement not in the government-wide financial statements	2,728
Depreciation expense not recognized in the fund financial statements	(398,692)
Long-term debt principal payments recognized as expenditures in the fund financial statements	<u>387,472</u>
Change in net assets - governmental activities	<u>\$ 187,323</u>

NOTE 10 – SUBSEQUENT EVENTS

The District has evaluated subsequent events as of January 15, 2019, the date the financial statements were available to be issued.

SUPPLEMENTAL SCHEDULES

Hurst Creek Municipal Utility District
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended September 30, 2018

	General Fund		
	Original and Final Budget	Actual	Variance (Unfavorable)
Revenues:			
Charges for utility service	\$ 1,089,000	\$ 1,157,918	\$ 68,918
Property taxes	1,075,019	1,066,500	(8,519)
Interest Income	-	10,235	10,235
Tap Fees	16,647	18,175	1,528
Raw Water	253,705	224,063	(29,642)
Other	248,875	131,072	(117,803)
Total revenues	2,683,246	2,607,963	(75,283)
Expenditures/expenses:			
Purchased Water and Utilities	317,100	319,289	(2,189)
Payroll and benefits	966,376	935,152	31,224
Directors fees	9,750	8,400	1,350
Professional Fees	179,162	174,786	4,376
Purchased and contracted services	47,400	46,790	610
Consumable supplies and materials	223,900	219,519	4,381
General and administrative	207,274	210,298	(3,024)
Repairs	163,400	171,929	(8,529)
Capital outlay	-	-	-
Debt service - interest	63,761	63,761	-
Debt service - principal	17,472	17,472	-
Other Expenses	241,780	100,199	141,581
Total expenditure/expenses	2,437,375	2,267,595	169,780
 Excess (deficiency) of revenues over expenditures	 245,871	 340,368	 94,497
Other Financing Sources:			
Transfers In/Out	(132,000)	(130,962)	1,038
Proceeds from Debt	-	-	-
	0	(130,962)	1,038
 Net position-beginning of year	 697,220	 697,220	 -
 Net position- end of year	 \$ 811,091	 \$ 906,626	 \$ 95,535

3. Total water consumption (rounded to the nearest 1,000) during the fiscal year:

Gallons pumped into system:	309,080
Gallons billed to customers:	266,923
Water Accountability Ratio: (Gallons billed/Gallons pumped)	86.3 %

4. Standby Fees:

Does the District assess standby fees? Yes No

If yes, Date of the most recent Commission Order:

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

If yes, Date of the most recent Commission Order:

5. Location of the District

County(ies) in which the District is located: TRAVIS COUNTY

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 the District is located: VILLAGE OF THE HILLS AND CITY OF LAKEWAY

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

Entirely Partly Not at all

ETJs in which the District is located: VILLAGE OF THE HILLS

Are Board members appointed by an office outside the district? Yes No

If Yes, by whom?

Hurst Creek Municipal Utility District
 TSI-2. Schedule of General Fund Expenditures
 For the Year Ended September 30, 2018

System:		
	Personnel (Including Benefits)	935,152
Professional Fees:		
	Auditing	22,765
	Legal	10,529
	Engineering	4,246
	Lab Analysis	46,790
Purchased Services for Resale:		
	Bulk Water and Sewer Service Purchases	319,289
Contracted Services:		
	Other Contracted Services	137,246
Utilities		147,348
Repairs & Maintenance		171,929
Administrative Expenditures:		
	Directors' Fees	8,400
	Office Supplies	21,691
	Insurance	41,724
	Other Administrative Expenses	382,714
		-
Depreciation Expense		<u>398,692</u>
	TOTAL EXPENDITURES	<u><u>\$2,648,515</u></u>

Number of Persons Employed by the District: 10 Full-Time

Hurst Creek Municipal Utility District
TSI-3. Temporary Investments
For the Year Ended September 30, 2018

NONE

Hurst Creek Municipal Utility District
TSI-4. Taxes Levied and Collected
September 30, 2018

	Maintenance <u>Taxes</u>	Debt Service <u>Taxes</u>
Taxes receivable at beginning of year	\$26,912	\$23,404
2017 original levy	1,068,631	485,741
Adjustments	<u>2,627</u>	<u>6,201</u>
Total to be accounted for	1,071,258	491,943
Tax collections:		
Current year	1,067,538	485,784
Prior years	<u>1,651</u>	<u>5,500</u>
Total collections	1,069,189	491,284
Taxes receivable, end of year	\$28,981	\$24,063
Taxes receivable, by year		
2007 and prior	3,644	2,664
2008	932	1,407
2009	990	1,321
2010	1,910	2,604
2011	2,055	3,073
2012	2,189	2,119
2013	2,237	1,971
2014	3,157	2,368
2015	3,446	2,381
2016	3,831	2,070
2017	<u>4,589</u>	<u>2,086</u>
	<u>\$ 28,981</u>	<u>\$ 24,063</u>

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Property Valuations	\$ 487,301,571	\$ 461,184,220	\$ 442,051,682	\$414,180,307
Tax rates per \$100 valuations				
Debt service tax rate	\$ 0.10	\$ 0.1200	\$ 0.148	\$ 0.159
Maintenance tax rate	<u>\$ 0.22</u>	<u>\$ 0.2221</u>	<u>\$ 0.215</u>	<u>\$ 0.212</u>
Total tax rate	\$ 0.32	\$ 0.3421	\$ 0.363	\$ 0.371
Original tax levy	\$ 1,552,690	\$ 1,582,713	\$ 1,552,691	\$ 1,550,977
Percent of taxes collected to levy	99.7%	99.4%	99.0%	99.0%

Hurst Creek Municipal Utility District
 TSI-5. Long Term Debt Service Requirements
 All Bonded Debt Series - by Years
 For the Year Ended September 30, 2018

Due During Fiscal Years Ending	Annual Requirements for All Series Bonds		
	Principal Due April 1 and October 1	Interest Due April 1 and October 1	Total Annual Requirements
2019	295,000	141,525	436,525
2020	320,000	131,580	451,580
2021	275,000	120,688	395,688
2022	280,000	112,400	392,400
2023	290,000	103,880	393,880
2024	310,000	94,590	404,590
2025	320,000	83,665	403,665
2026	325,000	72,375	397,375
2027	345,000	60,935	405,935
2028	360,000	48,625	408,625
2029	230,000	31,000	261,000
2030	240,000	24,100	264,100
2031	255,000	16,900	271,900
2032	265,000	18,613	283,613
	\$ 4,110,000	\$ 1,060,876	\$ 5,170,876

Hurst Creek Municipal Utility District
 TSI-5. Long Term Debt Service Requirements
 Unlimited Tax Series 2003 Bonds - by Years
 For the Year Ended September 30, 2018

Due During Fiscal Years Ending	Principal Due April 1	Interest Due April 1 and October 1	Total Annual Requirements
2019	35,000	4,025	39,025
2020	35,000	2,030	37,030
	\$ 70,000	\$ 6,055	\$ 76,055

Hurst Creek Municipal Utility District
 TSI-5. Long Term Debt Service Requirements
 Unlimited Tax Bonds Series 2005 - by Years
 For the Year Ended September 30, 2018

Due During Fiscal Years Ending	Principal Due September 1	Interest Due April 1 and October 1	Total Annual Requirements
2019	90,000	56,650	146,650
2020	110,000	53,050	163,050
2021	120,000	48,650	168,650
2022	120,000	43,850	163,850
2023	120,000	38,930	158,930
2024	130,000	33,890	163,890
2025	130,000	28,365	158,365
2026	130,000	22,775	152,775
2027	140,000	17,185	157,185
2028	140,000	11,025	151,025
2029	-	-	-
<hr/>			
	\$ 1,230,000	\$ 354,370	\$ 1,584,370

Hurst Creek Municipal Utility District
 TSI-5. Long Term Debt Service Requirements
 Unlimited Tax Refunding Bonds Series 2005 - by Years
 For the Year Ended September 30, 2018

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1 and September 1	Total Annual Requirements
2019	30,000	2,400	32,400
2020	30,000	1,200	31,200
	<u>\$ 60,000</u>	<u>\$ 3,600</u>	<u>\$ 63,600</u>

Hurst Creek Municipal Utility District
 TSI-5. Long Term Debt Service Requirements
 Unlimited Tax Bonds Series 2012 - by Years
 For the Year Ended September 30, 2018

Due During Fiscal Years Ending	Principal Due April 1	Interest Due April 1 and October 1	Total Annual Requirements
2019	140,000	78,450	218,450
2020	145,000	75,300	220,300
2021	155,000	72,038	227,038
2022	160,000	68,550	228,550
2023	170,000	64,950	234,950
2024	180,000	60,700	240,700
2025	190,000	55,300	245,300
2026	195,000	49,600	244,600
2027	205,000	43,750	248,750
2028	220,000	37,600	257,600
2029	230,000	31,000	261,000
2030	240,000	24,100	264,100
2031	255,000	16,900	271,900
2032	265,000	8,613	273,613
	<u>\$ 2,750,000</u>	<u>\$ 686,851</u>	<u>\$ 3,436,851</u>

Hurst Creek Municipal Utility District
 TSI-6. Analysis of Changes in General Long-Term Debt
 For the Year Ended September 30, 2018

	Bond Issues				Total
	Tax Series 2003	Tax Series 2005	Refunding Series 2005	Tax Series 2012	
Interest Rate	5.7% - 5.8%	4.0% - 4.5%	4.00%	2.25%-3.25%	
Dates Interest Payable	Apr 1 & Oct 1	Apr 1 & Oct 1	Apr 1 & Oct 1	Apr 1 & Oct 1	
Maturity Dates	April 1, 2020	April 1, 2028	April 1, 2020	April 1, 2032	
Bonds Outstanding at Beginning of Current Year	\$100,000	\$1,415,000	\$85,000	\$2,880,000	\$4,480,000
Bonds Sold During the Current Year	-	-	-	-	-
Bonds Acquired During the Current Year	-	-	-	-	-
Retirements - Principal	30,000	185,000	25,000	130,000	\$370,000
Bonds Outstanding at End of Current Year	\$70,000	\$1,230,000	\$60,000	\$2,750,000	\$4,110,000
Paid During Current Year - Interest	\$5,705	\$61,714	\$3,400	\$81,375	\$152,194
Paying agent's name and address	Bank of New York - New York, New York				
Series 2003 Tax	Bank of New York - New York, New York				
Series 2005 Refunding	Bank of New York - New York, New York				
Series 2005 Tax	Bank of New York - New York, New York				
Series 2012 Tax	Bank of New York - New York, New York				
Bond Authority: Tower Marc Plaza	Bank of NY Mellon				
10161 Centurion Parkway	PO Box 392005				
Jacksonville, FL 32256	Pittsburg, PA 15251-9005				
Amount Authorized by Voters	<u>Tax Bonds</u>				
Amount Issued	\$21,345,000				
Remaining to be Issued	16,755,000				
	4,590,000				
Debt Service Fund Cash and Temporary Investment Balance 9/30/18	\$ 68,400				
Average Annual Debt Service Payment (Principal and Interest) for remaining term of all Debt:	\$365,259				

Hurst Creek Municipal Utility District
 TSI 7 - Comparative Schedule of Revenues and Expenditures - 5 Years

All Funds

For the Year Ended September 30, 2018

	2018	2017	2016	2015	2014	2018	2017	2016	2015	2014	2018	2017	2016	2015	2014
General Fund Revenue															
Property Taxes	\$ 1,554,972	\$ 1,020,934	\$ 932,426	\$ 877,110	\$ 815,433	50.2%	35.6%	31.9%	31.4%	31.9%	31.9%	35.6%	31.9%	31.4%	32.8%
Service Revenue	1,157,918	1,379,679	1,239,147	1,056,597	984,361	37.4%	48.1%	42.4%	37.8%	42.4%	42.4%	48.1%	42.4%	37.8%	39.5%
Miscellaneous Revenue	373,310	466,095	749,407	860,552	689,576	12.1%	16.2%	25.6%	30.8%	25.6%	25.6%	16.2%	25.6%	30.8%	27.7%
Interest on Temporary Investments	11,706	4,020	1,858	278	116	0.4%	0.1%	0.1%	0.0%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%
Total Revenue	3,097,906	2,870,728	2,922,838	\$ 2,794,537	2,489,486	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
General Fund Expenditures															
Purchased Water & Sewer Service	319,289	319,105	321,266	310,332	294,829	13.4%	11.5%	10.6%	10.6%	10.6%	10.6%	11.5%	10.6%	10.6%	11.3%
Payroll Expense	935,152	927,095	1,029,928	1,002,541	884,017	39.2%	33.5%	34.0%	34.2%	34.2%	34.0%	33.5%	34.0%	34.2%	33.7%
Directors Fees	8,400	8,550	8,550	9,150	9,750	0.4%	0.3%	0.3%	0.3%	0.4%	0.3%	0.3%	0.3%	0.3%	0.4%
Professional Fees	174,786	134,201	120,393	119,028	189,958	7.3%	4.9%	4.0%	4.0%	4.1%	4.0%	4.9%	4.0%	4.1%	7.3%
Purchased & Contracted Services	46,790	35,701	46,415	35,776	31,505	2.0%	1.3%	1.5%	1.2%	1.2%	1.5%	1.3%	1.5%	1.2%	1.2%
Consumable Supplies & Materials	219,519	269,891	224,334	192,938	197,148	9.2%	9.8%	7.4%	6.6%	7.4%	7.4%	9.8%	7.4%	6.6%	7.5%
General & Administrative	326,632	203,498	192,099	185,316	175,162	13.7%	7.4%	6.3%	6.3%	6.3%	6.3%	7.4%	6.3%	6.3%	6.7%
Other	353,061	755,542	652,029	652,187	837,618	14.8%	27.3%	21.5%	22.3%	22.3%	21.5%	27.3%	21.5%	22.3%	32.0%
Capital Outlay	-	113,402	432,487	422,617	-	0.0%	4.1%	14.3%	14.4%	14.4%	14.3%	4.1%	14.3%	14.4%	0.0%
Total Expenditures	2,383,629	2,766,985	3,027,501	2,929,885	2,619,987	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Excess Revenues (Expenditures)	714,277	103,743	(104,663)	(135,348)	(130,501)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Debt Service Revenue															
Property Taxes	470,218	554,971	653,119	663,651	726,771	96.5%	98.3%	99.9%	100.0%	99.9%	96.5%	98.3%	99.9%	100.0%	100.0%
Penalties & Interest on Property Taxes	15,526	8,482	-	-	-	3.2%	1.5%	0.0%	0.0%	0.0%	3.2%	1.5%	0.0%	0.0%	0.0%
Investments on Temporary Investments	1,471	1,128	708	172	112	0.3%	0.2%	0.1%	0.0%	0.1%	0.3%	0.2%	0.1%	0.0%	0.0%
Total Revenue	487,215	564,581	653,827	663,823	726,883	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Debt Service Expenditures															
General & Administration	300	32	-	-	-	0.1%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
Debt Service - Interest & Principal	515,435	636,633	651,890	648,132	740,837	99.9%	100.0%	100.0%	100.0%	100.0%	99.9%	100.0%	100.0%	100.0%	100.0%
Total Expenditures	515,735	636,665	651,890	648,132	740,837	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Excess Revenues (Expenditures)	\$ (28,520)	\$ (72,084)	\$ 1,937	\$ 15,691	\$ (13,954)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Active Retail Water and/or Wastewater Connections	1190	1190	1100	1100	1100					1100					

HURST CREEK MUNICIPAL UTILITY DISTRICT
 TSI 8 - BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
 YEAR ENDED SEPTEMBER 30, 2018

Complete District Mailing Address: 102 Trophy Drive, The Hills, TX 78738

District Business Telephone Number: (512) 261 - 6281

Limit on fees of office during a fiscal year: \$150 per day - maximum of \$7,200 per year

<u>Name and Address</u>	<u>Term of Office or Hire Date</u>	<u>Fees of Office Sept. 30, 2018</u>	<u>Expenses Reimbursed Sept. 30, 2018</u>	<u>Title at Year end</u>
<u>Board Members</u>				
Wilson Smith 17 Applegreen Lane The Hills, TX 78738	Nov-16	\$ 1,650	\$ -	President
James M. Wingard 16 Sw iftw ater Trail The Hills, TX 78738	Nov-16	\$ 1,800	\$ -	Vice - President
Bill Warmuth 26 Hedgebrook Way The Hills, TX 78738	Nov-14	\$ 1,800	\$ -	Treasurer
Mike Maroney 30 Hightrail Way The Hills, TX 78738	Nov-14	\$ 1,800	\$ -	Secretary
Larry Kener 4 Radnor Drive The Hills, TX 78738	Nov-14	\$ 1,350	\$ -	Assistant Secretary
<u>Key Personnel</u>				
Earl Wood 102 Trophy Drive The Hills, TX 78738	10/27/97	\$ 148,292	\$ -	General Manager
K.C. Belote 102 Trophy Drive The Hills, TX 78738	11/15/04	\$ 35,164	\$ -	Assist. General Manager

Stacey Johnson 717 Ruby Isle Leander TX, 78641	02/17/06	\$	100,232	\$	- Assist. General Manager- Project Dvlprnt & Sys Controls
Kurt Pendleton 3 Rosewood Crl Wimberly, TX 78676	07/06/09	\$	101,585	\$	- Assist. General Manager Operations
<u>Consultants</u>					
Lloyd, Gosselink, Blevins, Rochelle, Baldwin & Townsend, P.C. 111 Congress Ave. #1800 Austin, TX 78701		\$	23,972	\$	- Legal Counsel
James Miertschin & Assoc. P.O. Box 162305 Austin, Texas 78716		\$	5,275	\$	- Engineer
Jansen and Gregorczyk P.O. Box 1778 Kyle, Texas 78640		\$	29,240	\$	- Auditor
Steger & Bizzell 1978 S. Austin Avenue Georgetown, TX 78626		\$	87,033	\$	- Drainage Engineer
Specialized Public Finance, Inc. 248 Addie Roy Road Suite B-103 Austin, TX 78746		\$	-	\$	- Financial Advisor
Orrick, Herrington & Sutcliffe LLP 300 W. 6th Street Suite 1850 Austin, TX 78701		\$	-	\$	- Bond Counsel

**Hurst Creek MUD
Schedule of Insurance in Force
September 30, 2018**

Name of Company	Policy Period	Details of Coverage	Annual Premium
Arthur J. Gallagher			
State National Ins Co.	10/1/17-10/1/18	Property, Eqpt., Gen. Liability Auto, Pollution and Umbrella Liability, Cyber, Excess Liability	\$ 34,942
Federal Insurance Co.	10/1/17-10/1/18	Directors and Officers Liability	3,000
State National Ins Co.	10/1/17-10/1/18	Workers' Compensation	8,090
Hartford Casualty Insurance Co	10/1/17-10/1/18	Directors Position Schedule Bond	174
Hartford Fire Insurance Co	10/1/17-10/1/18	Public Employee Blanket Bond	120
Agency Fee			2,200
			<u>\$ 48,526</u>