

**HURST CREEK MUNICIPAL UTILITY DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEARS ENDED**  
**SEPTEMBER 30, 2017 AND 2016**

# HURST CREEK MUNICIPAL UTILITY DISTRICT

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## 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 years ended September 30, 2017 and 2016, 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, 2017 and 2016, 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.



## MANAGEMENT DISCUSSION AND ANALYSIS

### HURST CREEK MUNICIPAL UTILITY DISTRICT SEPTEMBER 30, 2017

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, 2017. 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, 2017. 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 \$298,225 in the year ended September 30, 2017. 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 \$968,256 at September 30, 2017.

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

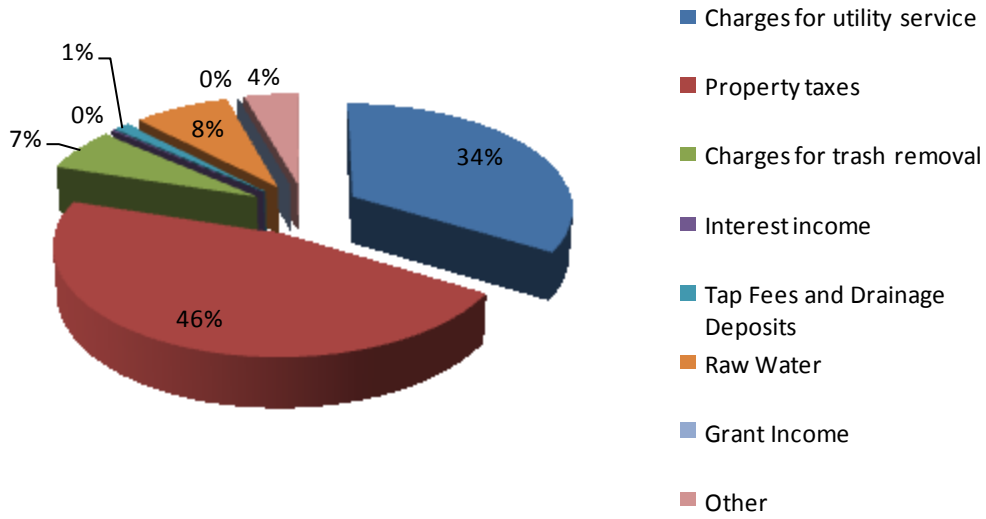
**Table 1**

	<b>Governmental Activities</b>	
	<u>2017</u>	<u>2016</u>
Current assets	\$ 1,259,740	\$ 1,225,317
Capital assets	<u>10,004,455</u>	<u>10,289,749</u>
Total assets	<u>11,264,195</u>	<u>11,515,066</u>
Current liabilities	318,073	215,564
Long-term debt outstanding	<u>4,460,321</u>	<u>5,324,766</u>
Total liabilities	<u>4,778,394</u>	<u>5,540,330</u>
Net assets:		
Invested in capital assets	5,226,061	4,964,983
Restricted	75,165	84,359
Unrestricted	<u>968,256</u>	<u>921,915</u>
Total net assets	<u>\$ 6,269,482</u>	<u>\$ 5,971,257</u>

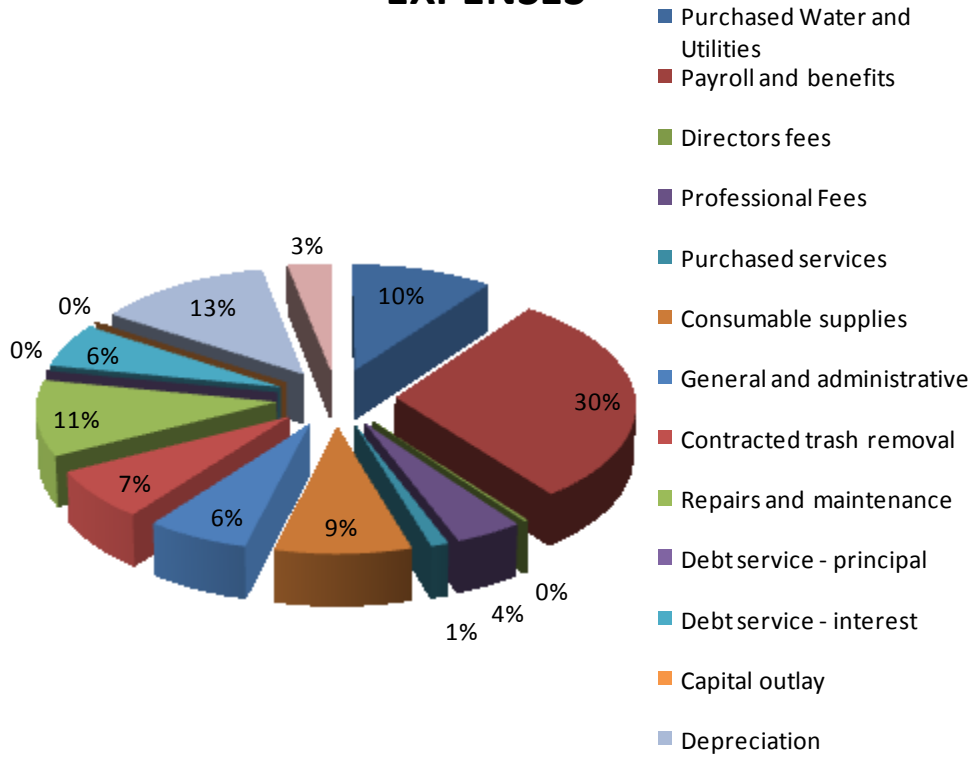
**Table 2**

	<u>2017</u>	<u>2016</u>
Revenues		
Service Revenues	\$ 1,379,679	\$ 1,459,822
Property Taxes	1,589,870	1,593,973
Interest Income	5,148	2,565
Other Revenues	<u>466,095</u>	<u>528,733</u>
Total Revenues	<u>\$ 3,440,792</u>	<u>\$ 3,585,093</u>
Expenses		
Purchased Water and Utilities	\$ 319,105	\$ 321,266
Payroll and benefits	927,095	1,029,928
Directors fees	8,550	8,550
Professional Fees	134,201	120,393
Purchased and contracted services	35,701	46,415
Consumable supplies and materials	269,891	224,334
General and administrative	203,498	192,099
Repairs and Maintenance	332,955	227,532
Contracted trash removal	221,615	248,881
Interest	193,642	218,459
Depreciation	398,692	503,099
Other Expenses	<u>97,623</u>	<u>70,478</u>
Total Expenses	<u>3,142,567</u>	<u>3,211,433</u>
Increase in Net Assets	<u>298,225</u>	<u>373,660</u>
Net Position - Beginning of year	<u>5,971,257</u>	<u>5,597,597</u>
Net Position - End of Year	<u>\$ 6,269,482</u>	<u>\$ 5,971,257</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 2017 the District received \$1,158,015 in utility revenues, \$221,664 trash removal, which is collected by the District for the Village, \$1,589,870 in maintenance taxes, \$43,115 in tap fees and drainage deposits and \$270,851 from the sale of irrigation water to the golf course. Other income received was \$152,129 resulting in total revenues for the fiscal year of \$3,440,792.

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 \$546,372 in principal retired during the fiscal year. Interest payments on all debt totaled \$193,642. Total remaining bonded indebtedness at the year-end was \$4.8 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 \$98,984, and expenditures were \$29,253 more than the budget amounts due to the District not allocating budget dollars for several items. Capital outlay was not budgeted for the amounts expended.

### **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 \$546,372 in principal and \$193,642 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 2017 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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Debt Service Tax Rate					
Per \$100 valuation	\$ 0.12	\$ 0.15	\$ 0.16	\$ 0.19	\$ 0.30

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

Taxable property valuations in the District experienced an increase from 2016 to 2017.

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
	\$ 461.2	\$ 442.0	\$ 414.1	\$ 386.2	\$ 367.3

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 2017 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, 2017 and 2016

	General Fund	Debt Service Fund	Total Governmental Funds	Adjustments Note 9	Total Net Position	
					2017	2016
<b>Assets</b>						
Cash and Investments	\$ 776,850	\$ 106,845	\$ 883,695		\$ 883,695	\$ 839,746
Restricted Cash	-	75,165	75,165		75,165	84,359
Taxes Receivable	26,912	23,404	50,316		50,316	48,307
Service Receivables	250,564	-	250,564		250,564	252,905
<b>Capital assets</b>						
Land and construction work in progress			-	-	-	422,615
Other capital assets, net of depreciation				10,004,455	10,004,455	9,867,134
<b>Total assets</b>	<u>1,054,326</u>	<u>205,414</u>	<u>1,259,740</u>	<u>10,004,455</u>	<u>11,264,195</u>	<u>11,515,066</u>
<b>Liabilities</b>						
Accounts payable	139,130		139,130		139,130	129,112
Payroll taxes payable	2,024		2,024		2,024	2,095
Accrued interest	-	75,165	75,165	-	75,165	84,357
<b>Long term liabilities</b>						
Due within 1 year				318,073	318,073	298,394
Due in more than 1 year				4,460,321	4,460,321	5,026,372
	<u>141,154</u>	<u>75,165</u>	<u>216,319</u>	<u>4,778,394</u>	<u>4,994,713</u>	<u>5,540,330</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue property taxes	26,912	23,404	50,316	(50,316)	-	
	<u>168,066</u>	<u>98,569</u>	<u>266,635</u>	<u>4,728,078</u>	<u>4,994,713</u>	<u>5,540,330</u>
<b>Fund balance/Net position</b>						
Fund balance - unassigned	<u>886,260</u>	<u>106,845</u>	<u>993,105</u>	(993,105)		
	<u>\$ 1,054,326</u>	<u>\$ 205,414</u>	<u>\$ 1,259,740</u>			
<b>Net position</b>						
Net investment in capital assets					\$ 5,226,061	\$ 4,964,983
Unrestricted					968,256	921,915
Restricted for debt service					75,165	84,359
					<u>6,269,482</u>	<u>5,971,257</u>
					<u>\$ 11,264,195</u>	<u>\$ 11,511,587</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 years ended September 30, 2017 and 2016

	General Fund	Debt Service Fund	Total Governmental Funds	Adjustments Note 9	Statement of Activities	
					Total 2017	Total 2016
<b>Revenues:</b>						
Charges for utility service	\$ 1,158,015	\$ -	\$ 1,158,015	\$ -	\$ 1,158,015	\$ 1,239,147
Property taxes	1,020,934	563,453	1,584,387	5,483	1,589,870	1,593,973
Charges for trash removal	221,664	-	221,664		221,664	220,674
Interest income	4,020	1,128	5,148		5,148	2,566
Tap Fees and Drainage Dep	43,115	-	43,115		43,115	53,060
Raw Water	270,851	-	270,851		270,851	274,524
Grant Income	-	-	-		-	-
Other	152,129	-	152,129		152,129	201,149
<b>Total revenues</b>	<b>2,870,728</b>	<b>564,581</b>	<b>3,435,309</b>	<b>5,483</b>	<b>3,440,792</b>	<b>3,585,093</b>
<b>Expenditures/expenses</b>						
Purchased Water and Utilities	319,105	-	319,105		319,105	321,266
Payroll and benefits	927,095	-	927,095		927,095	1,029,928
Directors fees	8,550	-	8,550		8,550	8,550
Professional Fees	134,201	-	134,201		134,201	120,393
Purchased services	35,701	-	35,701		35,701	46,415
Consumable supplies	269,891	-	269,891		269,891	224,334
General and administrative	203,498	-	203,498		203,498	192,099
Contracted trash removal	221,615	-	221,615		221,615	227,532
Repairs and maintenance	332,955	-	332,955		332,955	248,881
Debt service - principal	71,372	475,000	546,372	(546,372)	-	-
Debt service - interest	32,009	161,633	193,642	-	193,642	218,459
Capital outlay	113,402	-	113,402	(113,402)	-	-
Depreciation	-	-	-	398,692	398,692	503,099
Other Expenses	97,591	32	97,623		97,623	70,478
Total expenditure/expenses	2,766,985	636,665	3,403,650	(261,082)	3,142,567	3,211,434
Revenue over/(under) expenditures	103,743	(72,084)	31,659		298,225	373,660
Other financing sources:						
Proceeds from debt	-	-	-	-	-	-
Transfers In/Out	-	-	-	-	-	-
Net position-beginning of year	782,517	178,929	961,446	-	5,971,257	5,597,597
Fund Balances - End of Year	\$ 886,260	\$ 106,845	\$ 993,105	\$ -	\$ 6,269,482	\$ 5,971,257

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, 2017**

**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, 2017, 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, 2017, 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, 2017, the carrying amounts of the District's deposits in cash accounts were \$958,860 and the bank balances totaled \$891,091. All of the District's deposits were covered by FDIC insurance. At September 30, 2016, the carrying amounts of the District's deposits in cash were \$924,105 and the bank balances were \$856,209. All of the District's deposits are insured by either FDIC or pledged security by the banks.

### INVESTMENTS

The Board of 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. All investments at year end were held in the Texas Local Government Investment Pool (TexPool). The State Comptroller oversees TexPool, with Federated Investors managing the daily operations of the pool under a contract with the State Comptroller. TexPool is a 2(a)7 like fund, which means that it is structured similar to a money market mutual fund. It allows shareholders the ability to deposit or withdraw funds on a daily basis. Such funds seek to maintain a constant net asset value of \$1.00, although this cannot be fully guaranteed. TexPool are rated AAAM (the highest rating a local government investment pool can achieve) and must maintain a dollar weighted average maturity not to exceed 60 days, which is the limit. At September 30, 2017, the TexPool portfolio had a weighted average maturity of 51 days.

## 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, 2017. Included in the total taxes receivable is \$50,316 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, 2017.



<b>Debt Service</b>	<b>Date of Issue</b>	<b>Date of Maturity</b>	<b>Interest Rates</b>	<b>Original Amount</b>	<b>Balance 9/30/2016</b>	<b>Added</b>	<b>Retired</b>	<b>Balance 9/30/2017</b>
Unlimited Tax	2003	4/1/2020	2.9%-5.8%	425,000	130,000	-	30,000	100,000
Unlimited Bonds	2005	4/1/2030	4.0%-5.0%	2,000,000	1,710,000	-	295,000	1,415,000
Refunding Bonds	2005	4/1/2020	2.9%-4.0%	5,025,000	110,000	-	25,000	85,000
Unlimited Tax Bonds	2012	6/15/2032	2.25%-3.25%	3,350,000	3,005,000	-	125,000	2,880,000
<b>Total Long Term Debt - Bonds</b>				<u>\$ 13,335,000</u>	<u>\$ 4,955,000</u>	<u>\$ -</u>	<u>\$ 475,000</u>	<u>\$ 4,480,000</u>
Less: Current Portion								<u>(265,000)</u>
								4,215,000
<b>Long Term Debt - Leases (General Fund)</b>								
Catepillar Lease-Generator		6/15/2017	3.20%	103,875	23,463	-	23,463	-
SouthStar Bank - Meter System		6/15/2022	3.75%	344,795	289,973	-	40,053	249,920
SouthStar Bank - Vac Excavator		1/18/2023	4.54%	61,373	56,330	-	7,856	48,474
				<u>510,043</u>	<u>369,766</u>	<u>-</u>	<u>71,372</u>	<u>298,394</u>
Less: Current Portion								<u>(53,073)</u>
								245,321
<b>Total Long Term Debt</b>				<u>\$ 13,845,043</u>	<u>\$ 5,324,766</u>	<u>\$ -</u>	<u>\$ 546,372</u>	<u>\$ 4,778,394</u>

**BONDS:**

<u>Year ending</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total</u>
2018	265,000	150,330	415,330
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
2023-2027	1,590,000	425,445	2,015,445
2028-2032	1,455,000	133,963	1,588,963
	<u>\$ 4,480,000</u>	<u>\$1,215,931</u>	<u>\$5,695,931</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, 2017:

	Balance 9/30/2016	Increase	Decrease	Balance 9/30/2017
<b>Capital assets, not being depreciated</b>				
Land	\$51,500			\$51,500
Construction work in progress	371,115	-	(371,115)	-
Total assets, not being depreciated	<u>422,615</u>	<u>-</u>	<u>(371,115)</u>	<u>51,500</u>
<b>Capital assets, being depreciated</b>				
Organizational costs	336,618		-	336,618
Machinery	932,005	-	-	932,005
Water and waste water system	<u>18,295,319</u>	<u>484,517</u>	<u>-</u>	<u>18,779,836</u>
Total capital assets, being depreciated	<u>19,563,942</u>	<u>484,517</u>	<u>-</u>	<u>20,048,459</u>
Less accumulated depreciation	(9,696,812)	-	(398,692)	(10,095,504)
Total net assets being depreciated, net	<u>9,867,130</u>	<u>-</u>		<u>9,952,955</u>
<b>Total capital assets</b>	<u><u>\$10,289,745</u></u>	<u><u>\$ 484,517</u></u>	<u><u>\$ (769,807)</u></u>	<u><u>\$10,004,455</u></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 \$94,153 in fiscal year 2017. 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 - PLEGGED 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 2016 was \$461,184,221 representing 100% of appraised value. The rate for the 2016 tax roll which is used for fiscal year 2017 taxes was set at .12 per \$100 assessed valuation designated solely for debt service and .2221 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 \$.0211.

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 AquaSurance, LLC. The District continues to carry commercial fidelity bonds for directors and employees

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

Unrestricted fund balance - governmental fund	\$ 993,105
Increase net assets for capital assets not reported in the governmental funds	10,004,455
Taxes receivables deferred in the fund financial statements and not in the government-wide financial statements	50,316
Long-term debt liabilities not reported in the fund financial statements	(4,778,394)
Net assets - governmental activities	<u>\$ 6,269,482</u>

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

Net change in fund balance - governmental fund	\$ 31,659
Net increase in tax receivable deferred in the fund financial statement not in the government-wide financial statements	5,483
Depreciation expense not recognized in the fund financial statements	(398,692)
Long-term debt principal payments recognized as expenditures in the fund financial statements	546,372
Capital outlay	<u>113,403</u>
Change in net assets - governmental activities	<u>\$ 298,225</u>

NOTE 10 – SUBSEQUENT EVENTS

The District has evaluated subsequent events as of January 9, 2018, 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, 2017

	General Fund		
	Original and Final Budget	Actual	Variance (Unfavorable)
<b>Revenues:</b>			
Charges for utility service	\$ 1,248,700	\$ 1,158,015	\$ (90,685)
Property taxes	1,026,791	1,020,934	(5,857)
Interest Income	1,200	4,020	2,820
Tap Fees	26,647	43,115	16,468
Raw Water	269,740	270,851	1,111
Other	174,970	152,129	(22,841)
Total revenues	<u>2,748,048</u>	<u>2,649,064</u>	<u>(98,984)</u>
<b>Expenditures/expenses:</b>			
Purchased Water and Utilities	311,750	319,105	(7,355)
Payroll and benefits	983,613	927,095	56,518
Directors fees	11,250	8,550	2,700
Professional Fees	120,263	134,201	(13,938)
Purchased and contracted services	47,400	35,701	11,699
Consumable supplies and materials	230,000	269,891	(39,891)
General and administrative	223,810	203,498	20,312
Repairs	387,108	332,955	54,153
Capital outlay	-	113,402	(113,402)
Debt service - interest	31,075	32,009	(934)
Debt service - principal	70,893	71,372	(479)
Other Expenses	98,955	97,591	1,364
Total expenditure/expenses	<u>2,516,117</u>	<u>2,545,370</u>	<u>(29,253)</u>
Excess (deficiency) of revenues over expenditures	<u>231,931</u>	<u>103,694</u>	<u>(128,237)</u>
<b>Other Financing Sources:</b>			
Transfers In/Out	-	-	-
Proceeds from Debt	-	-	-
Charges for trash removal	-	221,664	221,664
Trash Removal	-	(221,615)	(221,615)
	<u>0</u>	<u>49</u>	<u>49</u>
Net position-beginning of year	<u>782,517</u>	<u>782,517</u>	<u>-</u>
Net position- end of year	<u>\$ 1,014,448</u>	<u>\$ 886,260</u>	<u>\$ (128,188)</u>



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

Gallons pumped into system: 305,799  
Gallons billed to customers: 263,133  
  
Water Accountability Ratio: 86%  
(Gallons billed/Gallons pumped)

**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: NONE

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, 2017

System:	Personnel (Including Benefits)	927,095
Professional Fees:		
	Auditing	15,000
	Legal	13,334
	Engineering	14,984
	Lab Analysis	35,701
Purchased Services for Resale:		
	Bulk Water and Sewer Service Purchases	319,105
	Garbage Collection Expense	221,615
Contracted Services:		
	Other Contracted Services	
Utilities		157,729
Repairs & Maintenance		332,955
Administrative Expenditures:		
	Directors' Fees	8,550
	Office Supplies	20,978
	Insurance	32,862
	Other Administrative Expenses	268,385
Depreciation Expense		<u>398,692</u>
	TOTAL EXPENDITURES	<u><u>\$2,766,985</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, 2017

NONE

Hurst Creek Municipal Utility District  
 TSI-4. Taxes Levied and Collected  
 September 30, 2017

	Maintenance <u>Taxes</u>	Debt Service <u>Taxes</u>
Taxes receivable at beginning of year	\$25,095	\$23,212
2016 original levy	1,027,537	555,176
Adjustments	<u>(4,786)</u>	<u>(12)</u>
Total to be accounted for	1,022,751	555,163
Tax collections:		
Current year	1,017,085	542,010
Prior years	<u>3,849</u>	<u>12,961</u>
Total collections	<u>1,020,934</u>	<u>554,971</u>
Taxes receivable, end of year	\$26,912	\$23,404
Taxes receivable, by year		
2006 and prior	2,078	1,626
2007	1,567	1,038
2008	932	1,407
2009	991	1,321
2010	1,910	2,604
2011	2,055	3,073
2012	2,189	2,118
2013	2,237	1,970
2014	3,039	2,279
2015	4,062	2,807
2016	<u>5,851</u>	<u>3,162</u>
	<u>\$ 26,912</u>	<u>\$ 23,404</u>

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Property Valuations	\$ 461,184,220	\$ 442,051,682	\$ 414,180,307	\$386,220,225
Tax rates per \$100 valuations				
Debt service tax rate	\$ 0.1200	\$ 0.148	\$ 0.159	\$ 0.1850
Maintenance tax rate	<u>\$ 0.2221</u>	<u>\$ 0.215</u>	<u>\$ 0.212</u>	<u>\$ 0.2100</u>
Total tax rate	\$ 0.3421	\$ 0.363	\$ 0.371	\$ 0.3950
Original tax levy	\$ 1,582,713	\$ 1,581,408	\$ 1,550,977	\$ 1,543,793
Percent of taxes collected to levy	99.4%	99.0%	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, 2017

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
2018	265,000	150,330	415,330
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	335,000	35,725	370,725
2030	240,000	24,100	264,100
2031	255,000	16,900	271,900
2032	265,000	18,613	283,613
	\$ 4,480,000	\$ 1,215,931	\$ 5,695,931

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, 2017

Due During Fiscal Years Ending	Principal Due April 1	Interest Due April 1 and October 1	Total Annual Requirements
2018	30,000	5,705	35,705
2019	35,000	4,025	39,025
2020	35,000	2,030	37,030
	\$ 100,000	\$ 11,760	\$ 111,760

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, 2017

Due During Fiscal Years Ending	Principal Due September 1	Interest Due April 1 and October 1	Total Annual Requirements
2018	80,000	59,850	139,850
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	105,000	4,725	109,725
	\$ 1,415,000	\$ 418,945	\$ 1,833,945

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, 2017

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1 and September 1	Total Annual Requirements
2018	25,000	3,400	28,400
2019	30,000	2,400	32,400
2020	30,000	1,200	31,200
	<u>\$ 85,000</u>	<u>\$ 7,000</u>	<u>\$ 92,000</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, 2017

Due During Fiscal Years Ending	Principal Due April 1	Interest Due April 1 and October 1	Total Annual Requirements
2018	130,000	81,375	211,375
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>\$ 2,880,000</u>	<u>\$ 768,226</u>	<u>\$ 3,648,226</u>

Hurst Creek Municipal Utility District  
 TSI-6. Analysis of Changes in General Long-Term Debt  
 For the Year Ended September 30, 2017

	Bond Issues				Total
	Tax Series 2003	Tax Series 2005	Refunding Series 2005	Refunding Series 2012	
Interest Rate	2.9% - 5.0%	4.0% - 5.0%	2.9%-4.0%	3.20%	
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, 2030	April 1, 2020	April 1, 2032	
Bonds Outstanding at Beginning of Current Year	\$130,000	\$1,710,000	\$110,000	\$3,005,000	\$4,955,000
Bonds Sold During the Current Year	-	-	-	-	-
Bonds Acquired During the Current Year	-	-	-	-	-
Retirements - Principal	<u>30,000</u>	<u>295,000</u>	<u>25,000</u>	<u>125,000</u>	<u>\$475,000</u>
Bonds Outstanding at End of Current Year	<u>\$100,000</u>	<u>\$1,415,000</u>	<u>\$85,000</u>	<u>\$3,350,000</u>	<u>\$4,480,000</u>
Paid During Current Year - Interest	<u>\$6,529</u>	<u>\$68,422</u>	<u>\$3,900</u>	<u>\$82,782</u>	<u>\$161,633</u>

Paying agent's name and address

Series 2003 Tax	<u>Bank of New York - New York, New York</u>
Series 2005 Refunding	<u>Bank of New York - New York, New York</u>
Series 2005 Tax	<u>Bank of New York - New York, New York</u>
Series 2012 Tax	<u>Bank of New York - New York, New York</u>
Bond Authority: Tower Marc Plaza	Bank of NY Mellon
10161 Centurion Parkway	PO Box 392005
Jacksonville, FL 32256	Pittsburg, PA 15251-9005

	<u>Tax Bonds</u>
Amount Authorized by Voters	\$21,345,000
Amount Issued	\$16,710,000
Remaining to be Issued	\$4,635,000

Debt Service Fund Cash and Temporary Investment Balance 9/30/17	\$ 75,165
Average Annual Debt Service Payment (Principal and Interest) for remaining term of all Debt:	\$379,729



Hurst Creek Municipal Utility District  
 TSI 7 - Comparative Schedule of Revenues and Expenditures - 5 Years  
 General Fund and Debt Service Fund  
 For the Year Ended September 30, 2017

	2017	2016	2015	2014	2013	2017	2016	2015	2014	2013
<b>General Fund Revenue</b>										
Property Taxes	\$ 1,020,934	\$ 932,426	\$ 877,110	\$ 815,433	\$ 798,585	35.6%	31.9%	31.4%	32.8%	30.8%
Service Revenue	1,379,679	1,239,147	1,056,597	984,361	1,151,737	48.1%	42.4%	37.8%	39.5%	44.4%
Miscellaneous Revenue	466,095	749,407	860,552	689,576	643,640	16.2%	25.6%	30.8%	27.7%	24.8%
Interest on Temporary Investments	4,020	1,858	278	116	474	0.1%	0.1%	0.0%	0.0%	0.0%
<b>Total Revenue</b>	<b>2,870,728</b>	<b>2,922,838</b>	<b>\$ 2,794,537</b>	<b>2,489,486</b>	<b>2,594,436</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>General Fund Expenditures</b>										
Purchased Water & Sewer Service	319,105	321,266	310,332	294,829	375,390	11.5%	10.6%	10.6%	11.3%	15.5%
Payroll Expense	927,095	1,029,928	1,002,541	884,017	827,499	33.5%	34.0%	34.2%	33.7%	34.2%
Directors Fees	8,550	8,550	9,150	9,750	8,550	0.3%	0.3%	0.3%	0.4%	0.4%
Professional Fees	134,201	120,393	119,028	189,958	113,072	4.9%	4.0%	4.1%	7.3%	4.7%
Purchased & Contracted Services	35,701	46,415	35,776	31,505	20,785	1.3%	1.5%	1.2%	1.2%	0.9%
Consumable Supplies & Materials	269,891	224,334	192,938	197,148	185,988	9.8%	7.4%	6.6%	7.5%	7.7%
General & Administrative	203,498	192,099	185,316	175,162	169,558	7.4%	6.3%	6.3%	6.7%	7.0%
Other	755,542	652,029	652,187	837,618	695,489	27.3%	21.5%	22.3%	32.0%	28.7%
Capital Outlay	113,402	432,487	422,617	-	26,173	4.1%	14.3%	14.4%	0.0%	1.1%
<b>Total Expenditures</b>	<b>2,766,985</b>	<b>3,027,501</b>	<b>2,929,885</b>	<b>2,619,987</b>	<b>2,422,504</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Excess Revenues (Expenditures)</b>	<b>103,743</b>	<b>(104,663)</b>	<b>(135,348)</b>	<b>(130,501)</b>	<b>171,932</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Debt Service Revenue</b>										
Property Taxes	554,971	653,119	663,651	726,771	788,031	98.3%	99.9%	100.0%	100.0%	100.0%
Penalties & Interest on Property Taxes	8,482	-	-	-	-	1.5%	0.0%	0.0%	0.0%	0.0%
Investments on Temporary Investments	1,128	708	172	112	157	0.2%	0.1%	0.0%	0.0%	0.0%
<b>Total Revenue</b>	<b>564,581</b>	<b>653,827</b>	<b>663,823</b>	<b>726,883</b>	<b>788,188</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Debt Service Expenditures</b>										
General & Administration	32	-	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%
Debt Service - Interest & Principal	636,633	651,890	648,132	740,837	1,218,556	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Total Expenditures</b>	<b>636,665</b>	<b>651,890</b>	<b>648,132</b>	<b>740,837</b>	<b>1,218,556</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Excess Revenues (Expenditures)</b>	<b>\$ (72,084)</b>	<b>\$ 1,937</b>	<b>\$ 15,691</b>	<b>\$ (13,954)</b>	<b>\$ (430,368)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
 Total Active Retail Water and/or Wastewater Connections	 1190	 1100	 1100	 1100	 1098					

HURST CREEK MUNICIPAL UTILITY DISTRICT  
 TSI 8 - BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
 YEAR ENDED SEPTEMBER 30, 2017

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 Addr</u>	<u>Term of Office or Hire Date</u>	<u>Fees of Office 2017</u>	<u>Expenses Reimbursed 2017</u>	<u>Title at Year end</u>
<u>Board Members</u>				
Wilson Smith 17 Applegreen Lane The Hills, TX 78738	May-12 Nov-16	\$ 1,800	\$ -	President
James M. Wingard 16 Swiftwater Trail The Hills, TX 78738	May-12 Nov-16	\$ 1,800	\$ -	Vice - President
Bill Warmuth 26 Hedgebrook Way The Hills, TX 78738	May-10 Nov-18	\$ 1,800	\$ -	Treasurer
Mike Maroney 30 Hightrail Way The Hills, TX 78738	May-13 May-18	\$ 1,800	\$ -	Secretary
Larry Kener 4 Radnor Drive The Hills, TX 78738	Apr-16 Nov-20	\$ 1,350		Asst Secretary
<u>Key Personnel</u>				
Earl Wood 102 Trophy Drive The Hills, TX 78738	Nov-97	0	\$ 141,804	General Manager
K. C. Belote 102 Trophy Drive The Hills, TX 78736	Nov-04		\$ 102,248	Asst General Manager

Consultants

Lloyd, Gosselink, Blevins, Rochelle, Baldwin & Townsend, P.C. 111 Congress Ave. #1800 Austin, TX 78701	\$ 15,611	Counsel
James Miertschin & Assoc. P.O. Box 162305 Austin, Texas 78716	\$ 1,440	Engineer
Jansen and Gregorczyk P.O. Box 1778 Kyle, Texas 78640	\$ 15,000	Auditor
Steger & Bizzell 1978 S. Austin Avenue Georgetown, TX 78626	\$ 44,670	Drainage Engineer
Specialized Public Finance, Inc. 248 Adie Roy Road, Suite B-103 Austin, TX 78746	\$ -	Financial Advisor
Andrews Kurth 111 Cogres Avenue, Suite 1700 Austin, TX 78701	\$ 3,000	Bond Counsel

**Hurst Creek MUD**  
**Schedule of Insurance in Force**  
**September 30, 2017**

Name of Company	Policy Period	Details of Coverage	Annual Premium
<b>AquaSurance</b>			
State National Ins Co.	10/1/16-10/1/17	Property, Eqpt., Gen. Liability Auto, Pollution and Umbrella Liability	\$ 30,108
Philadelphia Insurance Co.	10/1/16-10/1/17	Directors and Officers Liability	2,580
Star Insurance Co.	10/1/16-10/1/17	Workers' Compensation	15,372
Hartford Casualty Insurance Co	10/1/16-10/1/17	Directors Position Schedule Bond	174
Hartford Casualty Insurance Co	10/1/16-10/1/17	Public Employee Blanket Bond	-
			<u>\$ 48,234</u>