FERN BLUFF
MUNICIPAL UTILITY DISTRICT

FISCAL YEAR ENDED SEPTEMBER 30, 2015

AUDITED FINANCIAL STATEMENTS, SUPPLEMENTAL INFORMATION AND INDEPENDENT AUDITOR'S REPORT

FERN BLUFF
MUNICIPAL UTILITY DISTRICT

FISCAL YEAR ENDED SEPTEMBER 30, 2015

AUDITED FINANCIAL STATEMENTS, SUPPLEMENTAL INFORMATION AND INDEPENDENT AUDITOR'S REPORT

Prepared by:

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FERN BLUFF
MUNICIPAL UTILITY DISTRICT

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ANNUAL FILING AFFIDAVIT

ANNUAL FILING AFFIDAVIT

STATE OF TEXAS
COUNTY OF TRAVIS

I, Patrick Savarese of the
(Name of Duly Authorized District Representative)

FERN BLUFF MUNICIPAL UTILITY DISTRICT
(Name of District)

hereby swear, or affirm, that the District above has reviewed and approved at a meeting of the District's Board of Directors on the 9th day of **February, 2016,** its annual audit report for the fiscal period ended **September 30, 2015** and that copies of the annual audit report have been filed in the District's office, located at:

7320 Wyoming Springs, Round Rock, TX 78681
(Address of District's Office)

This filing affidavit and the attached copy of the audit report will be submitted to the Texas Commission on Environmental Quality to satisfy the annual filing requirements of Texas Water Code Section 49.194.

Date: 2-9-, 2016 By: _____
(Signature of District Representative)

Patrick Savarese, President
(Typed Name and Title of District Representative)

Sworn to and subscribed to before me this 9th day of February, 2016

(SEAL)

CHARLOTTE SUZANNE McCALLA
NOTARY PUBLIC
ID# 12601862-4
State of Texas
Comm. Exp. 08-24-2017

Charlotte Suzanne McCalla
(Signature of Notary)

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

Form TCEQ-0723 (Revised 10/2003)

INDEPENDENT AUDITOR'S REPORT

The Accounting Firm of Donald L. Allman, CPA

Donald L. Allman, CPA, PC
205 E. University Ave, Ste. 165
Georgetown, Texas 78626

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Fern Bluff Municipal Utility District
Round Rock, Texas

We have audited the financial statements of the Fern Bluff Municipal Utility District as of and for the year ended September 30, 2015 as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Fern Bluff Municipal Utility District as of September 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated February 1, 2016 on our consideration of the Fern Bluff Municipal Utility District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be considering in assessing the results of our audit.

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 through 8 and 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the Fern Bluff Municipal Utility District taken as a whole. The supporting schedules listed in the table of contents are supplementary information presented for purposes of additional analysis and for the Texas Commission on Environmental Quality and are not a required part of the general purpose financial statements. Management's Discussion and Analysis is supplementary information required by GASB 34. Such supplementary information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects, in relation to the general purpose financial statements taken as a whole.

Donald L. Allman, CPA, PC
Georgetown, TX 78626

February 1, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

FERN BLUFF MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER, 30, 2015

In accordance with Governmental Accounting Standards Board Statement 34 ("GASB 34"), the management of Fern Bluff Municipal Utility District (the "District") offers the following narrative on the financial performance of the District for the year ended September 30, 2015. Please read it in connection with the District's financial statements that follow.

For purposes of GASB 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.

OVERVIEW OF THE DISTRICT

The District is a political subdivision of the State of Texas, created by order of the Texas Water Commission (predecessor to the Texas Natural resource Conservation Commission) on June 10, 1986, under Article XVI, Section 59 of the Texas Constitution, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District consists of approximately 689 acres of land.

The district is located approximately 16 miles north of the central downtown business district of the City of Austin and 3 miles west of the City of Round Rock, Texas and lies wholly within the exclusive extraterritorial jurisdiction of the City of Round Rock and within the Round Rock Independent School District. The District is comprised of two non-contiguous parcels of land. Access to the Fern Bluff and Stone Canyon subdivisions is provided by Interstate highway 35 from Austin to Ranch Road 620 to Wyoming Springs Road and access to Oak Brook subdivision is provided by Ranch Road 620 to Great Oaks Drive. The District was created to provide retail water, wastewater and drainage services to the lands within the District.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The District's reporting is comprised of five parts:

- Management's Discussion and Analysis (this section)
- Basic Financial Statements
  - Statement of Net Assets and Governmental Fund Balance Sheet
  - Statement of Activities and governmental Fund Revenues, Expenditures, and Changes in Fund Balance
  - Notes to the Basic Financial Statements
- Required Supplemental Information
- Texas Supplemental Information
- Other Supplemental Information

FERN BLUFF MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER, 30, 2015

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

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

The *Required Supplemental Information* presents a comparison statement between the District's adopted budget to its actual results.

COMPARATIVE FINANCIAL STATEMENTS

Statement of Net Assets

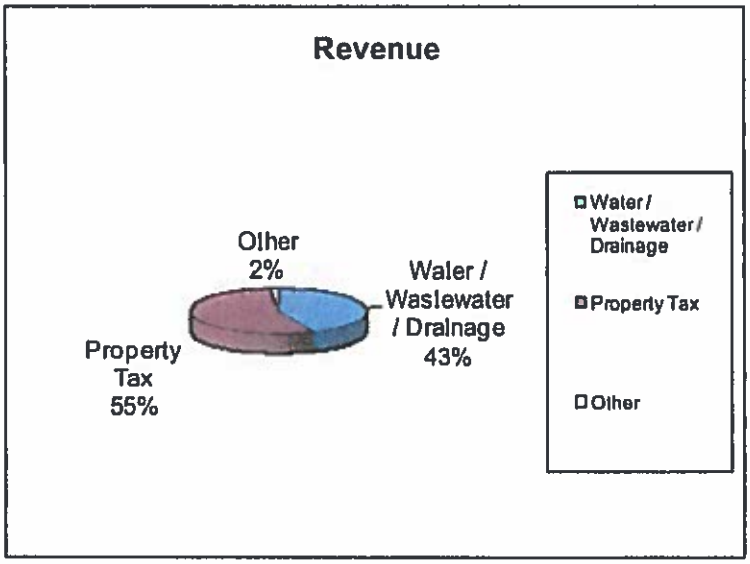
FERN BLUFF MUD PAGE 5

	GOVERNMENTAL ACTIVITIES	
	2015	**2014**
Current and Other Assets	$ 5,762,959	$ 5,241,372
Capital and Non-Current Assets	$ 15,092,776	$ 15,714,540
Total Assets	**$ 20,855,735**	**$ 20,955,912**
Current Liabilities	$ 1,619,690	$ 1,557,786
Long-term Liabilities	$ 4,575,000	$ 5,610,000
Total Liabilities	**$ 6,194,690**	**$ 7,167,786**
Invested in Capital Assets net of related debt	$ 9,482,776	$ 9,089,540
Restricted	$ 1,567,672	$ 1,179,021
Unrestricted	$ 3,610,597	$ 3,519,565
Total Net Assets	**$ 14,661,045**	**$ 13,788,126**

The District's total assets were approximately $21 million as of September 30, 2015. Of this amount, approximately $ 15 million is accounted for by capital assets. The District had outstanding liabilities of approximately $6 million. $5.6 million represent bonds payable.

FERN BLUFF MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER, 30, 2015

The District's assessed value in 2015 was approximately $503 million compared to $486 million in 2014. The tax rate is set after reviewing tax rate projections, operation and maintenance requirements, and debt service requirements. The District's primary revenue sources are property taxes, and water / wastewater / garbage service fees.



Revenues were approximately $ 4.5 million dollars for the fiscal year ended September 30, 2015. Property taxes revenue provided approximately $ 2.5 million dollars, and service revenue was approximately $2 million dollars. Total expenses were approximately $3.6 million dollars for the fiscal year ended September 30, 2015. Net assets increased approximately $900 thousand dollars.

Statement of Activities

FERN BLUFF MUD PAGE 6

	GOVERNMENTAL ACTIVITIES	
	2015	2014
Property Tax	$ 2,481,012	$ 2,260,267
Water / Wastewater / Garbage	$ 1,926,453	$ 2,023,943
Refunding Bond revenue	$ -	$ -
Other	$ 111,784	$ 87,794
Total Revenues	**$ 4,519,249**	**$ 4,372,004**
Water / Wastewater / Garbage	$ 1,473,934	$ 1,504,920
Other	$ 1,198,877	$ 1,153,349
Debt Service	$ 246,206	$ 275,931
Depreciation	$ 662,419	$ 655,150
Amortization	$ 64,894	$ 64,894
Total Expenses	**$ 3,646,330**	**$ 3,654,244**
Excess / (deficiency)	**$ 872,919**	**$ 717,760**
Beginning Net Assets	$ 13,788,126	$ 13,070,366
Bonds Proceeds Adjustment	$ -	$ -
Ending Net Assets	**$ 14,661,045**	**$ 13,788,126**

FERN BLUFF MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER, 30, 2015

ANALYSIS OF GOVERNMENT FUNDS

	Government Funds by Year				
	2015	2014	2013	2012	2011
Cash	$829,587	$581,767	$569,114	$553,246	$322,223
Investments	$4,626,551	$4,401,113	$4,190,987	$3,762,955	$3,528,994
Receivables	$246,947	$258,491	$267,726	$254,954	$202,611
Deposits/Prepaids	$59,874	$0	$74,255	$0	$4,800
Total Assets	**$5,762,959**	**$5,241,371**	**$5,102,082**	**$4,571,155**	**$4,058,628**
Accounts Payable	$236,239	$254,686	$261,421	$262,878	$236,735
Refundable Deposits	$262,905	$265,841	$258,816	$254,966	$251,291
Deferred Revenue	$60,947	$975	$2,787	$11,985	$912
Other Payables	$24,599	$21,283	$20,931	$148,413	$117,648
Total Liabilities	**$584,690**	**$542,785**	**$543,955**	**$678,242**	**$606,586**
Restricted	$1,567,672	$1,179,021	$1,337,064	$1,120,318	$1,203,561
Unassigned	$3,610,597	$3,519,565	$3,221,063	$2,772,595	$2,248,481
Total Fund Balances	**$5,178,269**	**$4,698,586**	**$4,558,127**	**$3,892,913**	**$3,452,042**
Total Liabilities and Fund Balances	**$5,762,959**	**$5,241,371**	**$5,102,082**	**$4,571,155**	**$4,058,628**

The General Operating Fund pays for daily operating expenses. When comparing actual to budget, wastewater revenue varied from budget due to lower wastewater averages. Water expense varied from the budget because park irrigation water was not included in demand projections. More detailed information about the District's budgetary comparison is presented in the Notes to the Basic Financial Statements. The *Debt Service Fund* remitted bond principal of $1,015,000 and interest of $246,206. More detailed information about the District's debt is presented in the Notes to the Basic Financial Statements. The *Capital Project Fund* purchases the District's infrastructure.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

	Capital Assets (net)	
	9/30/2015	9/30/2014
Water/Wastewater/Drainage	$11,844,893	$12,207,562
Park Land & improvements	$1,872,113	$2,124,118
Land	$1,248,242	$1,248,242
Furniture, fixtures, office equipment	$57,804	$0
Total	$15,023,052	$15,579,922

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

Long Term Debt

	Bonds Payable
Series 2004	$1,485,000
Series 2009	$1,890,000
Series 2011	$2,235,000
	$5,610,000

The District owes approximately $5.6 million dollars to bond holders. During the year, the principal balance was reduced by $1,015,000. More detailed information about the District's long term debt is presented in the Notes to the Basic Financial Statements.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The property tax base for 2015 is approximately $528 million dollars. The tax rate is $.4645 on each $100.00 of taxable value. Approximately 53% of the property tax will fund general operating expenses, and about 47% of the property tax will be set aside for debt service.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District in care of McGinnis, Lochridge, & Kilgore, LLP 600 Congress Avenue, Suite 2100, Austin, Texas 78701.

BASIC FINANCIAL STATEMENTS

FERN BLUFF MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER, 30, 2015

	General Fund	Debt Service Fund	Capital Projects Fund	Park and Capital Improv.	Govern. Funds Total	Adjust. Note 2	Government-wide Statement of Net Assets
ASSETS							
Cash	$ 460,040			$ 369,547	$ 829,587		$ 829,587
Investments	$ 3,732,756	$ 608,032	$ -	$ 285,763	$ 4,626,551		$ 4,626,551
Receivables -							
Service, net of allowance for doubtful accounts	$ 245,583				$ 245,583		$ 245,583
Taxes	$ 657	$ 707			$ 1,364		$ 1,364
Interest							
Interfund	$ 456,745				$ 456,745	$ (456,745)	
Other	$ -				$ -		$ -
Deposit							
Deferred revenues - taxes	$ -	$ 59,874			$ 59,874		$ 59,874
Deferred charges, net of accumulated amortization		$ -			$ -	$ 69,724	$ 69,724
Capital assets, net of accumulated depreciation -							
Land						$ 1,248,242	$ 1,248,242
Common and recreation areas	$ -					$ 1,872,113	$ 1,872,113
Furniture, fixtures and office equipment						$ 57,804	$ 57,804
Water, wastewater and drainage facilities						$ 11,844,893	$ 11,844,893
TOTAL ASSETS	$ 4,895,781	$ 668,613	$ -	$ 655,310	$ 6,219,704	$ 14,636,031	$ 20,855,735
LIABILITIES							
Accounts Payable	$ 236,239				$ 236,239		$ 236,239
Accrued interest payable		$ -			$ -	$ -	$ -
Deferred revenues -	$ -				$ -		$ -
Taxes	$ 60,947	$ -			$ 60,947		$ 60,947
Refundable deposits	$ 262,905				$ 262,905		$ 262,905
Payroll liabilities	$ 8,824				$ 8,824		$ 8,824
Interfund payables		$ 206	$ 356,539	$ 100,000	$ 456,745	$ (456,745)	
Accrued expenses & other payables	$ 15,775				$ 15,775		$ 15,775
Bonds payable -							
Due within one year						$ 1,035,000	$ 1,035,000
Due after one year						$ 4,575,000	$ 4,575,000
TOTAL LIABILITIES	$ 584,690	$ 206	$ 356,539	$ 100,000	$ 1,041,435	$ 5,153,255	$ 6,194,690
FUND BALANCE / NET ASSETS							
Fund balances:							
Reserved for -							
Debt Service		$ 1,019,317			$ 1,019,317	$ (1,019,317)	
Capital Projects			$ 39,491		$ 39,491	$ (39,491)	
Designated for Park Improvements				$ 278,256	$ 278,256	$ (278,256)	
Unreserved	$ 4,311,091	$ (350,910)	$ (396,030)	$ 277,054	$ 3,841,205	$ (3,841,205)	
TOTAL FUND BALANCES	$ 4,311,091	$ 668,407	$ (356,539)	$ 555,310	$ 5,178,269	$ (5,178,269)	
TOTAL LIABILITIES AND FUND BALANCES	$ 4,895,781	$ 668,613	$ -	$ 655,310	$ 6,219,704		
Net Assets:							
Invested in capital assets, net of related debt						$ 9,482,776	$ 9,482,776
Restricted for debt service						$ 1,019,317	$ 1,019,317
Restricted for Park and Capital Improv.						$ 278,256	$ 278,256
Restricted for capital projects						$ 39,491	$ 39,491
Unrestricted						$ 3,841,205	$ 3,841,205
TOTAL NET ASSETS						$ 14,661,045	$ 14,661,045
TOTAL LIABILITIES AND NET ASSETS						$ 14,636,031	$ 20,855,735

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

FERN BLUFF MUNICIPAL UTILITY DISTRICT
STATEMENT OF ACTIVITIES
SEPTEMBER, 30, 2015

	General Fund	Debt Service Fund	Capital Projects Fund	Park and Capital Improv.	Govern. Funds Total	Adjust Note 2	Govern-wide Statement of Net Assets
REVENUES							
Water, wastewater and garbage service, including penalties	$ 1,965,492				$ 1,965,492		$ 1,965,492
Property taxes, including penalties	$ 1,168,373	$ 1,316,859			$ 2,485,232		$ 2,485,232
Interest	$ 2,036	$ 520	$ -	$ 149	$ 2,705		$ 2,705
Refunding Bond revenue		$ -			$ -		$ -
Community Center Fees	$ 44,260				$ 44,260		$ 44,260
Miscellaneous	$ 21,561				$ 21,561		$ 21,561
TOTAL REVENUES	$ 3,201,722	$ 1,317,379	$ -	$ 149	$ 4,519,250		$ 4,519,250
Expenditures / expenses:							
Current							
Water, wastewater and garbage purchases	$ 1,473,934				$ 1,473,934		$ 1,473,934
Repairs and Maintenance	$ 55,572				$ 55,572		$ 55,572
Utilities	$ 55,257				$ 55,257		$ 55,257
Park Maintenance	$ 355,535				$ 355,535		$ 355,535
District Manager & other salaries & pr taxes	$ 339,542				$ 339,542		$ 339,542
Operations Management Fees	$ 28,102				$ 28,102		$ 28,102
Legal Fees	$ 48,169				$ 48,169		$ 48,169
Engineering Fees	$ -				$ -		$ -
Audit Fees	$ 10,000				$ 10,000		$ 10,000
Tax appraisal / collection	$ 10,657	$ 8,204			$ 18,861		$ 18,861
Director Fees, Including Payroll Fees	$ 33,450				$ 33,450		$ 33,450
Insurance	$ 15,078				$ 15,078		$ 15,078
Security services	$ 5,214				$ 5,214		$ 5,214
Community Center	$ 120,213				$ 120,213		$ 120,213
Refunding Bond expenses							
Other	$ 129,830	$ 2,250			$ 132,080	$ (18,195)	$ 113,885
Debt service:							
Bond principal		$ 1,015,000			$ 1,015,000	$ (1,015,000)	
Bond interest		$ 246,206			$ 246,206	$ -	$ 246,206
Advance refunding bond escrow agent		$ -			$ -		$ -
Fiscal agent fees and other		$ -			$ -		$ -
Capital outlay	$ 105,549				$ 105,549	$ (105,549)	$ -
Depreciation						$ 662,419	$ 662,419
Amortization						$ 64,894	$ 64,894
TOTAL EXPENDITURES / EXPENSES	$ 2,786,102	$ 1,271,660			$ 4,057,762	$ (411,431)	$ 3,646,331
Excess / (deficiency) of revenues over expenditures	$ 415,620	$ 45,719	$ -	$ 149	$ 461,488	$ (411,431)	$ 872,919
OTHER FINANCING SOURCES / (USES)							
Bond proceeds							$ -
Developer contribution							
Transfers - internal activities	$ (105,549)		$ -	$ -	$ (105,549)	$ 105,549	$ -
TOTAL OTHER FINANCING SOURCES / (USES)	$ (105,549)		$ -	$ -	$ (105,549)	$ 105,549	$ -
Excess / (deficiency) of revenues and other financing sources over expenditures and other financing uses	$ 310,071	$ 45,719	$ -	$ 149	$ 355,939	$ (305,882)	$ 872,919
FUND BALANCE / NET ASSETS							
Beginning of the year	$ 4,001,020	$ 622,688	$ (356,539)	$ 555,161	$ 4,822,330	$ 8,965,796	$ 13,788,126
Prior Period Adjustment							
End of the year	$ 4,311,091	$ 668,407	$ (356,539)	$ 555,310	$ 5,178,269	$ 9,271,678	$ 14,681,045

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

FERN BLUFF MUNICIPAL UTILITY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER, 30, 2015

1. SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the District relating to the funds and account groups included in the accompanying financial statements conform to generally accepted accounting principles (GAAP) as applied to governmental entities. Generally accepted accounting principles for local governments include those principles prescribed by the *Governmental Accounting Standards Board* (GASB), which constitutes the primary source of GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

Reporting Entity – District was created, organized and established on June 10, 1986, by the Texas Commission on Environmental Quality (formerly the Texas Natural Resource Conservation Commission) pursuant to the provisions of Chapter 54 of the Texas Water Code. The reporting entity of the District encompasses those activities and functions over which the District's elected officials exercise significant oversight or control. A five member Board of Directors governs the District which has been elected by District residents or appointed by the Board of Directors. The District is not included in any other governmental "reporting entity" as defined by Statement No. 14 of the Governmental Accounting Standards Board, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement No. 14 which are included in the District's reporting entity.

Implementation of New Accounting Principles – The District's basic financial statements for the fiscal year ended September 30, 2007 include certain financial statement disclosures required by GASB Statement No. 40, *Deposit and Investment Risk Disclosures.*

Basis of Presentation – Government-wide and Fund Financial Statements – The basic financial statements are prepared in conformity with GASB Statement No. 34 and include a column for government-wide (based upon the District as a whole) and fund financial statement presentation. Statement No. 34 also requires as supplementary information Management's Discussion and Analysis, which includes an analytical overview of the District's financial activities. In addition a budgetary comparison schedule is presented that compares the adopted and amended General Fund budget with actual results.

- **Government-wide Statements:**

  The District's statement of net assets includes both non-current assets and non-current liabilities of the district, which were previously recorded in the General Fixed Assets Account Group and the General Long-Term Debt Account Group. In addition, the government-wide statement of activities column reflects depreciation expense on the District's capital assets, including infrastructure.

1. SIGNIFICANT ACCOUNT POLICIES (continued) –

- **Government-wide Statements (continued):**
  The government-wide focus is more on the sustainability of the District as an entity and the change in aggregate financial position resulting from financial activities of the fiscal period. The focus of the fund financial statements is on the individual funds of the governmental categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

- **Fund Financial Statements:** Fund based financial statement columns are provided for governmental funds. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures of either fund category) for the determination of major funds. All of the District's funds are reported as major funds.

Governmental Fund Types – The accounts of the District are organized and operated on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a self-balancing set of accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. The various funds are grouped by category and type in the financial statements. The District maintains the following fund types:

- **General Fund** – The General Fund accounts for financial resources in use for general types of operations which are not encompassed within other funds. This fund is established to account for resources devoted to financing the general services that the District provides for its residents. Tax revenues and other sources of revenue used to finance the fundamental operations of the District are included in this fund.

- **Debt Service Fund** – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

- **Capital Projects Fund** – The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Non-current Governmental Assets and Liabilities – GASB Statement No. 34 eliminates the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the government-wide financial statement column in the Statement of Net Assets.

1. **SIGNIFICANT ACCOUNT POLICIES (continued) –**

Basis of Accounting

- *Government-wide Statements* – The government-wide financial statement column is 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 the related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

- *Fund Financial Statements* – The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in the net current assets. Governmental funds are accounted for on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e. both measurable and available).

  "Measurable" means that the amount of the transaction can be determined and "available" means the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

  Expenditures, if measurable, are generally recognized on the accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include the unmatured principal and interest on general obligation long-term debt which is recognized when due. This exception is in conformity with generally accepted accounting principles.

  Property tax revenues are recognized when they become available. In this case, available means when due, or past due and receivable within the current period and collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days. Tax collections expected to be received subsequent to the 60-day availability period are reported as deferred revenue. Al other revenues of the District are recorded on the accrual basis in all funds.

  The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when revenue recognition criteria are met the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

1. SIGNIFICANT ACCOUNT POLICIES (continued) –

Budgets and Budgetary Accounting – A budget was adopted on September 9, 2015 for the General Fund on a basis consistent with generally accepted accounting principles. The District's Board of Directors utilizes the budget as a management tool for planning and cost control purposes. All annual appropriations lapse at fiscal year end.

Investments – Investments, consisting of United States treasury instruments and obligations in the State Treasurer's Investment Pool are recorded at cost, which approximates fair market value.

Capital Assets – Capital assets, which include Administrative Facilities and Equipment, Common and Recreation Areas, Water Production / Distribution system, Wastewater Collection system, Water Quality Ponds and Organizational Costs are reported in the government-wide column in the Statement of Net Assets. Public domain ("infrastructure") capital assets including water, wastewater and drainage systems, are capitalized. Items purchased or acquired are reported at historical cost or estimated historical cost. Contributed fixed assets are recorded as capital assets at estimated fair market value at the time received. Interest incurred during construction of capital facilities is not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Asset	Years
Administrative Facilities and Equipment	5 - 30
Common and Recreation Areas	5 - 30
Water Production / Distribution System	10 - 50
Wastewater Collection System	5 - 50
Water Quality Ponds	25
Organizational Costs	5

Interfund Transactions – Transfers from one fund to another fund are reported as Interfund receivables and payables if there is intent to repay that amount and if the debtor fund has the ability to repay the advance on a timely basis. Operating transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Long-Term Debt – Combination unlimited tax and revenue bonds, which have been issued to fund capital projects, are to be repaid from tax revenues of the District.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method.

1. **SIGNIFICANT ACCOUNT POLICIES (continued) –**

Long-Term Debt (continued) –

Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Fund Balance / Net Assets – Fund Balance and net assets represent the difference between assets and liabilities. Fund balance reservations represent those portions of fund equity legally segregated for a specific future use. Designated fund balances represent tentative plans for future uses of financial resources. Unreserved fund balances represent fund equity available for use in future periods.

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

2. EXPLANATION OF ADJUSTMENTS TO THE GOVERNMENTAL FUNDS BALANCE SHEET TO DERIVE THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS

Adjustments to convert the Governmental Funds Balance Sheet to the Statement of Net Assets are as follows:

Fund balances - total governmental funds		$5,178,269
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds -		
Capital assets	25,033,854	
Less Accumulated depreciation	(10,010,802)	15,023,052
Revenue is recognized when earned in the government statements, regardless of availability. Governmental funds report deferred revenue for revenues earned but not available		0
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds -		
Bonds payable	(5,610,000)	
Deferred charges, net of accumulated depreciation	69,724	
Issuance Discount		
Accrued Interest adjustment	0	(5,540,276)
Net assets of governmental activities		$14,661,045

3. CASH AND INVESTMENTS

The investment policies of the District are governed by State statute and an adopted District Investment Policy that includes depository contract provisions and custodial contract provisions. Major provisions of the District's investment policy include: depositories must be FDIC-insured Texas banking institutions; depositories must fully insure or collateralize all demand and time deposits; securities collateralizing time deposits are held by independent third party trustees.

Cash – At September 30, 2015, the carrying amount of the District's deposits was $829,587 and the bank balance was $830,566. The bank balance was covered by federal depository insurance and other pledged collateral.

Investments –

Interest rate risk. In accordance with its investment policy, the District manages its exposure to declines in fair values through investment diversification and limiting investments as follows:

- Money market mutual funds are required to have weighted average maturities of 90 days or fewer; and
- Other mutual fund investments are required to have weighted average maturities of less than two years.

3. CASH AND INVESTMENTS (continued)

Credit risk. The District's investment policy requires the application of the prudent – person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, and considering the probable safety of their capital as well as the probable income to be derived. The District's investment policy requires that District funds be invested in:

- Obligations of the United States government and/or its agencies and instrumentalities;
- Money market mutual funds with investment objectives of maintaining a stable net asset value of $1 per share;
- Mutual funds rated in one of the three highest categories by a national recognized rating agency; and
- Securities issued by a State or local government or any instrumentality or agency thereof, in the United States, and rated in one of the three highest categories by a nationally recognized rating agency; and
- Public funds investment pools rated AAA or AAA-m by a nationally recognized rating agency.

At September 30, 2015, the District held the following investments:

		Investment Rating	
Investment	Fair Market Value at 09/30/15	Rating	Rating Agency
Texpool Investment Pool	$ 4,626,551	AAAm	Standard & Poors
	$4,626,551		

The Texas Comptroller of Public Accounts is the sole officer and director of the Texas Safekeeping Trust Company, which is authorized to operate the state investment pool. The Comptroller maintains oversight of all operations of the pool.

Concentration of credit risk. In accordance with the District's investment policy, investments in individual securities are to be limited to ensure that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. As of September 30, 2015, the district did not own any investments in individual securities.

3. CASH AND INVESTMENTS (continued)

Custodial credit risk-deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The government's investment policy requires that the District's deposits be fully insured by FDIC insurance or collateralized with Obligations of the United States or its agencies and instrumentalities. As of September 30, 2015, the District's bank deposits were covered as follows:

	Balance
FDIC insured deposits	$500,000
Collateralized deposits:	
Collateral held by pledging bank's trust department in the District's name	5,077,684
Collateral held by pledging bank's trust department, not in the District's name	
Uninsured and uncollateralized deposits	
Total deposits	$5,577,684

4. PROPERTY TAXES

Property taxes attach as an enforceable lien on January 1. Taxes are levied on or about October 1, are due on November 1, and are past due the following February 1. The Williamson County Appraisal District established appraisal values in accordance with requirements of the Texas Legislature. The District levies taxes based upon the appraised values. The Williamson County Tax Assessor Collector bills and collects the District's property taxes. The Board of Directors set current tax rates on September 8, 2015.

The property tax rates, established in accordance with state law, were based on 100% of the net assessed valuation of real property within the District on the 2015 tax roll. The tax rate, based on total taxable assessed valuation of $486 million was $0.5095 on each $100 valuation and was allocated to the General Fund and Debt Service Fund at $0.2395 and $0.27, respectively. The maximum allowable maintenance tax of $1.50 was established by the voters on June 30, 1986.

Property taxes receivable at September 30, 2015, consisted of the following:

	General Fund	Debt Service Fund	Total
Current year levy	$ 652	$ 734	$ 1,386
Prior years' levies	$ 5	$ 5	$ 10
	$ 657	$ 739	$ 1,396

4. PROPERTY TAXES (continued) –

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

5. INTERFUND ACCOUNTS

A summary of interfund accounts at September 30, 2015, is as follows:

	Interfund	
	Receivables	Payables
General Fund -		
Debt Service Fund	$206	
Capital Projects Fund	356,539	
Park and Capital Improvements	100,000	
Debt Service Fund -		
General Fund		206
Capital Projects Fund		
Capital Projects Fund -		
General Fund		356,539
Park and Capital Improvements		100,000
	$456,745	$456,745

6. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance 10/01/14	Additions	Deletions	Balance 09/30/15
Capital assets not being depreciated:				
Land	$1,248,242			$1,248,242
Total capital assets not being depreciated	$1,248,242	$0	$0	$1,248,242
Capital assets being depreciated:				
Common and Recreation Areas	5,175,767	105,549		5,281,316
Furniture, Fixtures and Office Equipment	226,001	0		226,001
Water, Wastewater and Drainage Facilities	18,278,295			18,278,295
Total capital assets being depreciated	23,680,063	105,549	0	23,785,612
Less accumulated depreciation for:				
Common and Recreation Areas	(3,145,620)	(263,583)		(3,409,203)
Furniture, Fixtures and Office Equipment	(132,030)	(36,167)		(168,197)
Water, Wastewater and Drainage Facilities	(6,070,733)	(362,669)		(6,433,402)
Total accumulated depreciation	(9,348,383)	(662,419)	0	(10,010,802)
Total capital assets being depreciated net of accumulated depreciation	14,331,680	(556,870)	0	13,774,810
Total capital assets, net	$15,579,922	($556,870)	$0	$15,023,052

7. BONDED DEBT

The following is a summary of bond transactions of the District for the year ended September 30, 2015.

	Combination Unlimited Tax and Revenue
Bonds payable at October 1, 2014	$6,625,000
Bonds issued	0
Bonds retired	(1,015,000)
Bond premium amortization	0
Bond discount amortization	0
Bonds payable at September 30, 2015	$5,610,000

7. BONDED DEBT (continued)

Bonds payable at September 30, 2015, were comprised of the following individual issues.

Unlimited Tax and Revenue Refunding Bonds:

$3,390,000 – 2004 Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds payable serially through the year 2018 at interest rates which range from 2.500% to 3.875%

$4,435,000 – 2009 Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds payable serially through the year 2020 at interest rates which range from 3.00% to 4.00%

$2,730,000 – 2011 Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds payable serially through the year 2020 at interest rates which range from 2.00% to 4.00%

The annual requirements to amortize all bonded debt at September 30, 2015, including interest, are as follows:

	Annual Requirements for All Series		
Year Ended September 30, 2015	Principal	Interest	Total
2016	1,035,000	214,925	1,249,925
2017	1,075,000	180,200	1,255,200
2018	1,110,000	139,562	1,249,562
2019	1,175,000	95,800	1,270,800
2020	1,215,000	43,800	1,258,800
	$5,610,000	$674,287	$6,284,287

$1,019,317 is available in the Debt Service Fund to service the bonded debt. Bonds authorized but not issued amounted to $20,520,000 at September 30, 2015.

8. INTERFUND TRANSFERS

During the year, transfers of $0 were transferred from the Debt Service, Park & Capital Improvements, and Capital Projects Fund to the General Operating Fund. This transfer of surplus funds was for general operating expenses of the District.

9. COMMITMENTS AND CONTINGENCIES

On July 2, 1986, the District entered into an Agreement Concerning Creation and Operation of Fern Bluff Municipal Utility District with the City of Austin and Bill Milburn, Inc. The Creation Agreement provides initial authority for the District to issue its bonds and notes for the purposes of constructing the waterworks, sanitary sewer and storm systems for the District. The Agreement also provides for the provision of both temporary and permanent water and wastewater service to the District.

The District entered into a Water Supply Agreement with the City of Round Rock on August 22, 1991, whereby the City agreed to furnish water to the District. The District agreed to pay the City per month $1.76 per thousand gallons plus $10.485 times the number of water meter connections within the District.

The district has agreed to reimburse various developers for the cost of certain projects and advances to the extent allowed by the Texas Commission on Environmental Quality. The District is not obligated to reimburse the developers until bonds are issued. At September 30, 2007, the District developers have been substantially reimbursed and no further reimbursements are anticipated.

10. RISK MANAGEMENT

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

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

11. PENDING LITIGATION

There were no cases of pending litigation that would have a material effect on the financial statements at the fiscal year end of September 30, 2015.

REQUIRED SUPPLEMENTAL INFORMATION

FERN BLUFF MUNICIPAL UTILITY DISTRICT
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
SEPTEMBER, 30, 2015

	Actual	Original and Final Budget	Variance Positive (Negative)
REVENUES:			
Water, wastewater and garbage service, including penalties	$1,965,492	$2,064,587	(99,095)
Property taxes, including penalties	1,168,373	1,191,254	(22,881)
Interest	2,036	3,754	(1,718)
Lease income	0	0	0
Tap and inspection fees		0	0
Community Center Fees	44,260	60,000	(15,740)
Other	21,561	13,420	8,141
TOTAL REVENUES:	3,201,722	3,333,015	(131,293)
EXPENDITURES:			
Current:			
Water, wastewater and garbage purchases	1,473,934	1,779,030	305,096
Repairs and maintenance	55,572	90,000	34,428
Engineering fees	0	33,000	33,000
Operations Management fees	28,102	53,760	25,658
Audit fees	10,000	10,000	0
Director fees, including			
including payroll taxes	33,450	36,000	2,550
Insurance	15,078	15,000	(78)
Tax appraisal / collection	10,657	18,800	8,143
Legal fees	48,169	98,000	49,831
Utilities	55,257	60,500	5,243
Park Maintenance	355,535	406,400	50,865
District Manager & other salaries & payroll taxes	339,542	371,000	31,458
Security Services	5,214	58,000	52,786
Community Center	120,213	142,800	22,587
Other	129,830	260,600	130,770
Capital outlay	105,549	328,000	222,451
TOTAL EXPENDITURES	2,786,102	3,760,890	974,788
Excess / (deficiency) of revenues over expenditures	415,620	(427,875)	843,495
OTHER FINANCING SOURCES / (USES)			
Transfers - internal activities	(105,549)	384,200	(489,749)
Excess / (deficiency) of revenues and other financing sources over expenditures and other financing uses	310,071	(43,675)	$353,746
FUND BALANCE:			
Beginning of the year	4,001,020		
End of the year	$4,311,091		

The Accounting Firm of Donald L. Allman, CPA

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CERTIFIED PUBLIC ACCOUNTANT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Fern Bluff Municipal Utility District

We have audited the financial statements of Fern Bluff MUD, as of and for the year ended September 30, 2015, which collectively comprise the Fern Bluff MUD' basic financial statements and have issued our report thereon dated February 1, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Fern Bluff MUD, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Fern Bluff MUD's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fern Bluff MUD's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fern Bluff MUD's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fern Bluff MUD' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Board of Directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Donald L. Allman, CPA, PC

Georgetown, TX
February 1, 2016

TEXAS SUPPLEMENTAL INFORMATION

FERN BLUFF MUNICIPAL UTILITY DISTRICT
TSI-1. SERVICES AND RATES
SEPTEMBER, 30, 2015

1. Services Provided by the District during the Fiscal Year:

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

2. Retail Service Providers

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

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1000 Gallons Over Minimum	Usage Levels
WATER	$10.75	2,000	Y	$3.60	2,000 to 15,000
				3.85	over 15,000
WASTEWATER:	$7.00	2,000	Y	$3.65	over 2,000
SURCHARGE:	None				

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

Total charges per 10,000 gallons usage: Water $ 36.00 Wastewater $ 36.50

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC's
Unmetered			1.0	
≤ 3/4"	1,877.0	1,877.0	1.0	1,877.0
1"	5.0	5.0	2.5	12.5
1 1/2"	2.0	2.0	5.0	10.0
2"	3.0	3.0	8.0	24.0
3"	3.0	3.0	15.0	45.0
4"			25.0	
6"			50.0	
8"			80.0	
10"			115.0	
Total Water	1,890.0	1,877.0		1,968.5
Total Wastewater	1,890.0	1,877.0	1.0	1,877.0

FERN BLUFF MUNICIPAL UTILITY DISTRICT
TSI-1. SERVICES AND RATES
SEPTEMBER, 30, 2015

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

Gallons pumped into system: 276,646,000

Gallons billed to customers: 270,339,000

Water Accountability Ratio
(Gallons billed / Gallons Pumped)
97.7%

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

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 District

County(ies) in which district is located: Williamson

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

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

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

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

Entirely ☒ Partly ☐ Not at all ☐

ETJ's in which district is located: Round Rock

Are Board members appointed by an office outside the district?

Yes ☐ No ☒

If Yes, by whom? _____

FERN BLUFF MUNICIPAL UTILITY DISTRICT
TSI-2. GENERAL FUND EXPENDITURES
SEPTEMBER, 30, 2015

Personnel Expenditures (including benefits):	$339,542
Professional Fees:	
Auditing	10,000
Legal	48,169
Engineering	0
Financial Advisor	0
Purchased Services For Resale:	
Bulk Water, Wastewater and Garbage Service Purchases	1,473,934
Contracted Services:	
Bookkeeping	0
Operations Manager	28,102
Appraisal District	
Tax Collector	10,657
Other Contracted Services	
Utilities	55,257
Repairs and Maintenance	55,572
Administrative Expenditures:	
Directors' Fees	33,450
Office Supplies	0
Insurance	15,078
Other Administrative Expenditures	
Capital Outlay:	
Capitalized Assets	105,549
Expenditures not Capitalized	0
Tap Connection Expenditures	0
Community Center	120,213
Security	5,214
Parks and Recreation	355,535
Other Expenditures	129,830
TOTAL EXPENDITURES	$2,786,102

Number of persons employed by the District: [6] Full Time [7] Part-time

FERN BLUFF MUNICIPAL UTILITY DISTRICT
TSI-3. TEMPORARY INVESTMENTS
SEPTEMBER, 30, 2015

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
General Fund -					
Texpool - State investment Pool	80100002	0.0008%	N/A	$3,732,757	
Park & Capital Improvement					
Texpool - State investment Pool	80100001	0.0008%	N/A	285,763	
Total				4,018,520	0
Debt Service Fund -					
Texpool - State investment Pool	80100004	0.0008%	N/A	607,616	
Texpool - State investment Pool	80100006	0.0008%	N/A	416	
Total				608,032	0
Total - All Funds				$4,626,552	

FERN BLUFF MUNICIPAL UTILITY DISTRICT
TSI-4. TAXES LEVIED AND RECEIVABLE
SEPTEMBER, 30, 2015

	Maintenance	Debt Service
Taxes Receivable, Beginning Year	$458	$517
2014 Original Tax Levy, less abatements	1,166,251	1,314,761
Total to be accounted for	1,166,709	1,315,278
Tax Collections:		
Current year	1,165,660	1,314,095
Prior years	392	444
Total collections	1,166,052	1,314,539
Taxes Receivable, End of Year	$657	$739
Taxes Receivable, By Years		
2004	0	0
2005	0	0
2006	0	0
2007	0	0
2008	1	1
2009	0	0
2010	4	4
2011	0	0
2012	0	0
2013	0	0
2014	652	734
	$657	$739

Property Valuations:	2015	2014	2013	2012
Land and improvements	$528,222,381	$503,168,049	$442,216,290	$429,613,828
Improvements				
Personal Property				
Total Property Valuations	$528,222,381	$503,168,049	$442,216,290	$429,613,828
Tax Rates per $100 Valuation:				
Debt Service tax rates	$0.2700	$0.2500	$0.2700	$0.2700
Maintenance tax rates	0.2395	0.2445	0.2395	0.2395
Total Tax Rates per $100 Valuation:	$0.5095	$0.4945	$0.5095	$0.5095
Original Tax Levy	$2,481,012	$2,488,166	$2,253,092	$2,187,890
Percent of Taxes Collected to Taxes Levied**	99.9%	99.9%	99.9%	99.9%

Maximum Tax Rate Approved by Voters $ 1.50 on 6/30/1986

*** Calculated as taxes collected in current and previous year divided by tax levy.

FERN BLUFF MUNICIPAL UTILITY DISTRICT
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS
SEPTEMBER 30, 2015

	Combination Unlimited Tax and Revenue Refunding Bonds Series 2004			Combination Unlimited Tax and Revenue Refunding Bonds Series 2009			Combination Unlimited Tax and Revenue Refunding Bonds Series 2011			Annual Requirements for All Series		
Fiscal Year Ending	Principal Due 05/01	Interest Due 05/01, 11/01	Total	Principal Due 05/01	Interest Due 05/01, 11/01	Total	Principal Due 05/01	Interest Due 05/01, 11/01	Total	Principal Due 05/01	Interest Due 05/01, 11/01	Total
2016	490,000	56,325	546,325	430,000	71,300	501,300	115,000	87,300	202,300	1,035,000	214,925	1,249,925
2017	485,000	37,950	552,950	475,000	58,400	533,400	115,000	83,850	198,850	1,075,000	180,200	1,255,200
2018	510,000	19,762	529,762	490,000	39,400	529,400	110,000	80,400	190,400	1,110,000	139,562	1,249,562
2019				245,000	19,800	264,800	930,000	76,000	1,006,000	1,175,000	95,800	1,270,800
2020				250,000	10,000	260,000	965,000	33,800	998,800	1,215,000	43,800	1,258,800
	$1,485,000	$114,037	$1,629,037	$1,890,000	$198,900	$2,088,900	$2,235,000	$361,350	$2,596,350	$5,610,000	$674,287	$6,284,287

FERN BLUFF MUNICIPAL UTILITY DISTRICT
TSI-6. CHANGES IN LONG-TERM BONDED DEBT
SEPTEMBER 30, 2015

	Bond Issues							
	Series 1993	Series 1996	Series 1997	Series 2001	Series 2004	Series 2009	Series 2011	Totals
Interest Rate	4.4% - 6.0%	4.5% - 6.0%	4.15% - 5.4%	5.25% - 7.25%	2.5% - 3.875%	3.00% - 4.00%	2.0% - 4.0%	
Dates Interest Payable	05/01; 11/01	05/01; 11/01	05/01; 11/01	05/01; 11/01	05/01; 11/01	05/01; 11/01	05/01; 11/01	
Maturity Dates	05/01/2005	05/01/2008	05/01/2015	05/01/2020	05/01/2018	05/01/2020	05/01/2020	
Bonds Outstanding at Beginning of Current Fiscal Year	$0	$0	$0	$0	$1,810,000	$2,460,000	$2,355,000	$6,625,000
Bonds Sold During the Current Fiscal Year							0	0
Retirements During the Current Fiscal Year: Principal	0	0	0	0	325,000	570,000	120,000	1,015,000
Bonds Outstanding at End of Current Fiscal Year	$0	$0	$0	$0	$1,485,000	$1,890,000	$2,235,000	$5,610,000
Interest Paid During the Current Fiscal Year	$0	$0	$0	$0	$68,106	$88,400	$89,700	$246,206

Paying Agent's Name & Address: BankOne, Texas N.A. Austin, TX 78701

Bond Authority:	Tax Bonds*	Other Bonds	Refunding Bonds
Amount Authorized by Voters	$45,000,000		
Amount Issued	24,480,000		7,330,000
Remaining To Be Issued	$20,520,000		

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

Debt Service Fund Cash and Temporary Investments balances as of September 30, 2015: $ 1,019,317
Average Annual Debt Service Payment (Principal & Interest) for the remaining term of all debt: $ 1,259,455

FERN BLUFF MUNICIPAL UTILITY DISTRICT
TSI-7. COMPARATIVE SCHEDULE – REVENUES AND EXPENDITURES
GENERAL AND DEBT SERVICE FUNDS-FIVE YEARS
September 30, 2015

	Amounts				
	2015	2014	2013	2012	2011
GENERAL FUND REVENUES					
Water, wastewater and garbage service, including penalties	$ 1,965,492	$ 2,023,943	$ 2,223,217	$ 2,285,122	$ 2,244,230
System connection fees					
Property taxes, including penalties	1,168,373	1,062,481	1,029,460	1,018,184	1,013,431
Interest	2,036	1,179	2,868	3,067	2,564
Lease income	-	-	-	-	-
Community Center fees	44,260	83,592	106,084	87,246	73,433
Miscellaneous	21,561	2,587	45,950	98,180	8,404
Developer contribution					
TOTAL GENERAL FUND REVENUES	$ 3,201,722	$ 3,173,782	$ 3,407,579	$ 3,491,799	$ 3,342,062
GENERAL FUND EXPENDITURES					
Current -					
Water, wastewater and garbage purchases	$ 1,473,934	$ 1,504,920	$ 1,639,246	$ 1,571,658	$ 1,668,949
Repairs and maintenance	55,572	59,405	67,544	103,844	84,630
Utilities	55,257	58,313	57,994	55,531	56,583
Park maintenance	355,535	347,940	312,154	350,545	370,043
Tap connection / inspection	-	-	-	-	-
Operations manager services	28,102	90,432	98,394	97,656	102,224
Legal fees	48,169	57,769	48,452	41,786	67,463
Engineering fees	-	-	6,293	35,780	11,690
Audit fees	10,000	10,000	10,000	10,000	10,000
Tax appraisal / collection	10,657	6,655	8,550	8,865	11,021
Director fees and related payroll taxes	33,450	34,050	32,400	31,170	30,300
Insurance	15,078	11,003	1,755	8,731	9,990
Security service	5,214	55,882	51,223	45,766	60,517
Community Center	120,213	122,401	87,615	92,871	138,385
District Manager & other salaries & payroll taxes	339,542	247,288	212,584	180,678	128,132
Other	129,830	43,078	87,698	102,379	165,642
Capital Outlay	105,549	193,601	113,802	24,772	76,132
TOTAL GENERAL FUND EXPENDITURES	$ 2,786,102	$ 2,842,737	$ 2,835,704	$ 2,762,032	$ 2,991,701
EXCESS (DEFICIENCY) OF GENERAL FUND REVENUES OVER EXPENDITURES	$ 415,620	$ 331,045	$ 571,875	$ 729,767	$ 350,361
DEBT SERVICE FUND REVENUES -					
Property taxes, including penalties	1,316,859	1,197,786	1,160,560	1,164,266	1,198,264
Interest	520	340	1,035	1,282	1,763
Proceeds of refunding bonds	0	0	0	14,682	2,891
Bond premium					
TOTAL DEBT SERVICE FUND REVENUES	1,317,379	1,198,126	1,161,595	1,180,230	1,202,918
DEBT SERVICE FUND EXPENDITURES -					
Tax appraisal / collection	8,204	6,883	9,021	9,421	14,407
Bond principal	1,015,000	980,000	965,000	935,000	920,000
Bond interest	246,206	275,931	299,219	317,752	392,250
Advance refunding bond escrow agent					
Fiscal agent fees and other	0	0	1,300	1,300	1,503
Capital outlay					
Payments to refunding bonds escrow agent	0	0	0	0	7,504
Bond discount					
TOTAL DEBT SERVICE FUND EXPENDITURES	1,269,410	1,262,814	1,274,540	1,263,473	1,335,664
EXCESS (DEFICIENCY OF DEBT SERVICE FUND REVENUES OVER EXPENDITURES	$47,969	($64,688)	($112,945)	($83,243)	($132,746)
TOTAL ACTIVE RETAIL WATER CONNECTIONS	1,890	1,892	1,892	1,892	1,891
TOTAL ACTIVE RETAIL WASTEWATER CONNECTS	1,877	1,871	1,871	1,871	1,872

(1) Total Active Water and/or Wastewater Connections reported in prior year.

FERN BLUFF MUNICIPAL UTILITY DISTRICT
TSI-7. COMPARATIVE SCHEDULE – REVENUES AND EXPENDITURES
GENERAL AND DEBT SERVICE FUNDS-FIVE YEARS
September 30, 2015

	Fund Total Revenues				
	2015	2014	2013	2012	2011
GENERAL FUND REVENUES					
Water, wastewater and garbage service, including penalties	61.4%	63.8%	65.2%	65.4%	67.2%
System connection fees					
Property taxes, including penalties	36.5%	33.5%	30.2%	29.2%	30.3%
Interest	0.1%	0.0%	0.1%	0.1%	0.1%
Lease income	0.0%	0.0%	0.0%	0.0%	0.0%
Community Center fees	1.4%	2.6%	3.1%	2.5%	2.2%
Miscellaneous	0.7%	0.1%	1.3%	2.8%	0.3%
Developer contribution	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL GENERAL FUND REVENUES	100.0%	100.0%	100.0%	100.0%	100.0%
GENERAL FUND EXPENDITURES					
Current -					
Water, wastewater and garbage purchases	46.0%	47.4%	48.1%	45.0%	49.9%
Repairs and maintenance	1.7%	1.9%	2.0%	3.0%	2.5%
Utilities	1.7%	1.8%	1.7%	1.6%	1.7%
Park maintenance	11.1%	11.0%	9.2%	10.0%	11.1%
Tap connection / inspection				0.0%	0.0%
Operations manager services	0.9%	2.8%	2.9%	2.8%	3.1%
Legal fees	1.5%	1.8%	1.4%	1.2%	2.0%
Engineering fees	0.0%	0.0%	0.2%	1.0%	0.3%
Audit fees	0.3%	0.3%	0.3%	0.3%	0.3%
Tax appraisal / collection	0.3%	0.2%	0.3%	0.3%	0.3%
Director fees and related payroll taxes	1.0%	1.1%	1.0%	0.9%	0.9%
Insurance	0.5%	0.3%	0.1%	0.3%	0.3%
Security service	0.2%	1.8%	1.5%	1.3%	1.8%
Community Center	3.8%	3.9%	2.6%	2.7%	4.1%
District manager & other salaries & payroll taxes	10.6%	7.8%	6.2%	5.2%	3.8%
Other	4.1%	1.4%	2.6%	2.9%	5.0%
Capital Outlay	3.3%	6.1%	3.3%	0.7%	2.3%
TOTAL GENERAL FUND EXPENDITURES	87.0%	89.8%	83.2%	79.1%	89.5%
EXCESS (DEFICIENCY) OF GENERAL FUND REVENUES OVER EXPENDITURES	13.0%	10.4%	16.8%	20.9%	10.5%
DEBT SERVICE FUND REVENUES -					
Property taxes, including penalties	100.0%	100.0%	99.9%	98.6%	99.6%
Interest	0.0%	0.0%	0.1%	0.1%	0.1%
Proceeds of refunding bonds	0.0%	0.0%	0.0%		
Bond premium					
TOTAL DEBT SERVICE FUND REVENUES	100.0%	100.0%	100.0%	98.8%	99.8%
DEBT SERVICE FUND EXPENDITURES -					
Tax appraisal / collection	0.6%	0.6%	0.8%	0.8%	1.2%
Bond principal	77.0%	81.8%	83.1%	79.2%	76.5%
Bond interest	18.7%	23.0%	25.8%	26.9%	32.6%
Advance refunding bond escrow agent					
Fiscal agent fees and other	0.0%	0.0%	0.1%	0.1%	0.1%
Capital outlay					
Payments to refunding bonds escrow agent	0.0%	0.0%	0.0%		
Bond discount					
TOTAL DEBT SERVICE FUND EXPENDITURES	96.4%	105.4%	109.7%	107.1%	110.4%
EXCESS (DEFICIENCY OF DEBT SERVICE FUND REVENUES OVER EXPENDITURES	3.6%	-5.4%	-9.7%	-8.3%	-10.7%

FERN BLUFF MUNICIPAL UTILITY DISTRICT
TSI-8. BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER, 30, 2015

Complete District Mailing Address: 7320 Wyoming Springs Drive, Round Rock, TX 78681

District Business Telephone Number: (512) 238-0606

Submission Date of the most recent District Registration Form TWC Sections 36.054 & 49.054): May 27, 2004

Limits on Fees of Office that a Director may receive During a fiscal year: (Set by Board Resolution TWX Section 49.060) $7,200

* *Fees of Office* are the amounts actually paid to a director during the district's fiscal year.

TSI-8

Name and Address	Appointed) or Date Hired	Fees 09/30/2015	Reimbursements 09/30/15	Title at Year End
Board Members				
Jessica Stempko	(Elected) 05/13/14-05/13/18	$7,200	$0	Asst. Sec/Parliament
Patrick Savarese	(Elected) 05/12/12-05/10/16	$7,200	$0	President
Joseph F. Teiber	(Elected) 05/10/2012 - 05/10/16	$7,200	$0	Vice President
George Sabatino	(Elected) 05/10/2012 - 05/10/16	$4,650	$0	Treasurer
David L. Quillman	(Elected) 05/13/14 - 05/13/18	$7,200	$0	Secretary

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

Consultants:

McGinnis, Lochridge & Kilgore, LLP	8/12/2009	$48,169	Attorney
Donald L. Allman, CPA	10/1/2007	$10,000	Auditor

OTHER SUPPLEMENTAL INFORMATION

FERN BLUFF MUNICIPAL UTILITY DISTRICT
OSI-1. PRINCIPAL TAXPAYERS
SEPTEMBER, 30, 2015

Taxpayer	Type of Property	Tax Roll Year 2015	2014	2013
Oncor Electric Delivery Co	Utilities	1,446,598	1,499,270	1,450,609
Karen Steinkirchner Trust of 1995	Real Land & Improvements	-	-	-
Wade Windom	Real Land & Improvements	-	-	633,253
Bulger, Joseph A & Cheryl A	Real Land & Improvements	742,616	674,353	
Howard Allen & Mary E. Brook	Real Land & Improvements			
Jaillet, Michael & Lizabeth	Real Land & Improvements	647,020	603,694	
Swearingen, B & T	Real Land & Improvements	543,520	519,188	471,352
Passarella, D. M. & S. S.	Real Land & Improvements	-	481,952	435,365
Hartle, C.L. & P. R.	Real Land & Improvements	496,244	468,236	429,137
Wieber, Robin W. & Debra J.	Real Land & Improvements	474,245	445,185	390,282
James A. & Jennifer L. Jackson	Real Land & Improvements	-	-	389,127
Benedict & Melisa Wong BMCW Trust	Real Land & Improvements	-	-	-
Marguerite Wagner	Real Land & Improvements	466,934	427,843	382,364
Roiko, J.C. & C.M.	Real Land & Improvements	-	-	-
John W. & Nancy M. Frazier	Real Land & Improvements	469,842	427,129	388,299
Maddox, L.H. & M	Real Land & Improvements	-	384,110	384,110
Bodin, William K & Amy E.	Real Land & Improvements	-	-	-
Total		$ 5,287,019	$ 5,930,960	$ 5,353,898
Percent of Assessed Valuation		0.97%	1.05%	1.19%

FERN BLUFF MUNICIPAL UTILITY DISTRICT
OSI-1. ASSESSED VALUE BY CLASSIFICATION
SEPTEMBER, 30, 2015

	Tax Roll Year					
Type of Property	2015 Amount	%	2014 Amount	%	2013 Amount	%
Single Family	$ 541,265,219	99.7%	$ 501,587,223	99.7%	$ 446,917,112	99.6%
Vacant Lots	9,383	0.0%	10,323	0.0%	9,683	0.0%
Acreage						
Commercial & Industrial	7,261	0.0%	7,261	0.0%	7,261	0.0%
Real & Intangible Personal Utilities	1,587,949	0.3%	1,499,270	0.3%	1,450,609	0.3%
Exempt Tangible Personal Business	1,948		-		25,000	
	43,347	0.0%	63,972	0.0%	471,900	0.1%
Total	**$542,915,107**	**100%**	**$503,168,049**	**100%**	**$448,881,565**	**100%**