

**SENNA HILLS
MUNICIPAL UTILITY DISTRICT
YEAR ENDED SEPTEMBER 30, 2015**

**FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORT**

**SENNA HILLS
MUNICIPAL UTILITY DISTRICT**

**FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED
SEPTEMBER 30, 2015**

SENNA HILLS MUNICIPAL UTILITY DISTRICT

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ANNUAL FILING AFFIDAVIT

ANNUAL FILING AFFIDAVIT

STATE OF TEXAS

COUNTY OF TRAVIS

I, Chet A. Palesko of the
(Name of Duly Authorized District Representative)

SENNA HILLS MUNICIPAL UTILITY DISTRICT
(Name of District)

hereby swear, or at: firm, that the District above has reviewed and approved at a meeting of the District's Board of Directors on the **5th 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:

2001 North Lamar Blvd.
Austin, Texas 78705
(Address of District's Office)

This filing affidavit and the attached copy of the annual audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of all annual filing requirements within Section 49.194 of the Texas Water Code and to the Texas Comptroller of Public Accounts in satisfaction of the annual filing requirements of Section 140.008 of the **Texas Local Government Code**.

Date: Feb. 5, 2016 By: [Signature]
(Signature of District Representative)
Chet A. Palesko, President
(Typed Name and Title of District Representative)

Sworn to and subscribed to before me this February day of 2016.



[Signature]
(Signature of Notary)

My Commission Expires On: _____, 2018
Notary Public in the State of Texas

INDEPENDENT AUDITOR'S REPORT

McCALL GIBSON SWEDLUND BARFOOT PLLC

Certified Public Accountants

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Board of Directors
Senna Hills Municipal Utility District
Travis County, Texas

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities and each major fund of Senna Hills Municipal Utility District (the "District"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Texas Supplementary Information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* and the Other Supplementary Information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Texas Supplementary Information and the Other Supplementary Information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The image shows a handwritten signature in black ink. The signature is written in a cursive style and reads "Dikson Swedlund Barfoot". To the left of the signature is a large, stylized letter "M".

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

February 5, 2016

MANAGEMENT'S DISCUSSION
AND ANALYSIS

SENNA HILLS 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 Senna Hills Municipal Utility District (the "District") offers the following discussion and analysis to provide an overview of the District's financial activities for the year ended September 30, 2015. Since this information is designed to focus on current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the District's financial statements that follow.

FINANCIAL HIGHLIGHTS

- *General Fund:* At the end of the current fiscal year, the unassigned fund balance was \$922,629, an increase of \$500,809 from the previous fiscal year. General Fund revenues increased from \$1,355,300 in the previous fiscal year to \$1,607,432 in the current fiscal year due to an increase in the District's assessed valuation and an increase in the service rates.
- *Debt Service Fund:* Fund balance restricted for debt service decreased from \$712,877 in the previous fiscal year to \$512,211 in the current fiscal year. Debt Service Fund revenues increased from \$720,437 in the previous fiscal year to \$768,283 in the current fiscal year due to an increase in the District's assessed valuation.
- *Capital Projects Fund:* Fund balance restricted for capital projects decreased from \$110,141 in the previous fiscal year to \$-0- in the current fiscal year.
- *Governmental Activities:* On a government-wide basis for governmental activities, the District had revenues net of expenses of \$588,750. Net position increased from a deficit balance of \$2,191,739 to a deficit balance of \$1,602,989.

OVERVIEW OF THE DISTRICT

The District was created by an order of the Commissioner's Court of Travis County, Texas on April 6, 1988, and confirmed by the electorate of the District at a confirmation election held on January 21, 1995. The District operates and maintains a water distribution system and a sewer treatment facility and collection system in Travis County, Texas under Chapter 54 of the Texas Water Code. The reporting entity of the District encompasses those activities and functions over which the District's elected officials exercise significant oversight or control. The District is governed by a five member Board of Directors 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 GASB, 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 GASB Statements No. 14 and No. 39 which are included in the District's reporting entity.

SENNA HILLS MUNICIPAL UTILITY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2015

USING THIS ANNUAL REPORT

This annual report consists of five parts:

1. *Management's Discussion and Analysis* (this section)
2. *Basic Financial Statements*
3. *Required Supplementary Information*
4. *Texas Supplementary Information* (required by the Texas Commission on Environmental Quality (the TSI section))
5. *Other Supplementary Information* (the OSI section)

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 Position and the Statement of Activities.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The *Statement of Net Position 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. This method measures cash and all other financial assets that can be readily converted to cash. 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 position will indicate financial health.

The *Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances* includes a column (titled "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 Financial Statements* provide additional information that is essential to a full understanding of the information presented in the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances*.

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

**SENNA HILLS MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

Summary Statement of Net Position

	<u>Activities</u>		Increase (Decrease)
	2015	2014	
Current and other assets	\$1,644,104	\$1,426,225	\$217,879
Capital and non-current assets	8,545,237	8,699,079	(153,842)
Total Assets	10,189,341	10,125,304	64,037
Current Liabilities	1,011,705	651,269	360,436
Long-term Liabilities	10,780,625	11,665,774	(885,149)
Total Liabilities	11,792,330	12,317,043	(524,713)
Net Investment in Capital Assets	(2,630,388)	(3,281,554)	651,166
Restricted	104,319	666,372	(562,053)
Unrestricted	923,080	423,443	499,637
Total Net Position	\$ (1,602,989)	\$ (2,191,739)	\$ 588,750

The District's combined net position increased by \$588,750 to a deficit balance of \$1,602,989 from the previous year deficit amount of \$2,191,739. Some of the District's assets are accounted for by capital assets or restricted for debt service. The District's unrestricted net assets, which can be used to finance day to day operations, totaled \$923,080.

**SENNA HILLS MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

Revenues and Expenses:

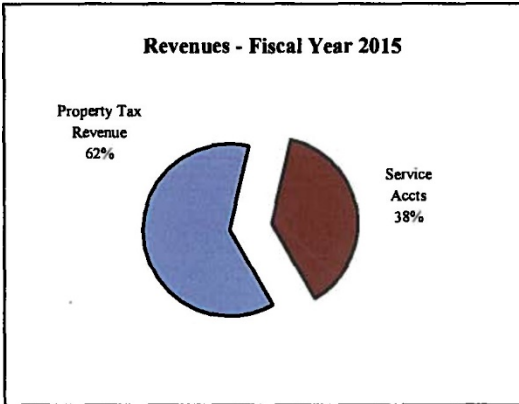
Summary Statement of Activities

	Governmental Activities		Change Increase (Decrease)
	2015	2014	
Service accounts	\$904,279	\$800,211	\$104,068
Property taxes	1,380,307	1,272,937	107,370
Other	88,477	4,134	84,343
Total Revenues	2,373,063	2,077,282	295,781
Water/sewer service	315,408	329,435	(14,027)
Repairs/maintenance	458,126	471,815	(13,689)
Contracted services	75,015	76,027	(1,012)
Professional fees	193,735	220,082	(26,347)
Other	85,559	73,011	12,548
Debt Service	402,376	676,924	(274,548)
Depreciation/Amortization	254,094	500,302	(246,208)
Total Expenses	1,784,313	2,347,596	(563,283)
Change in Net Position	588,750	(270,314)	859,064
Beginning Net Position	(2,191,739)	(1,921,425)	(270,314)
Ending Net Position	\$ (1,602,989)	\$ (2,191,739)	\$588,750

Revenues were \$2,373,063 for the fiscal year ended September 30, 2015 while expenses were \$1,784,313. Net position increased \$588,750.

Property taxes totaled \$1,380,307. Included in these taxes are real and personal property taxes which are assessed October 1 and payable before the following January 31.

SENNA HILLS MUNICIPAL UTILITY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2015



The District's assessed value in fiscal year 2015 was approximately \$255 million compared to approximately \$232 million in fiscal year 2014. The tax rate is set after reviewing the operating and debt service requirements and appraised values determined by Travis County. The ad valorem tax rate for fiscal year 2015 and 2014 was \$0.5411 and \$0.549 respectively per \$100 assessed valuation. The District's primary revenue sources are service account fees and property taxes.

ANALYSIS OF GOVERNMENTAL FUNDS

Governmental Funds by Year

	<u>2015</u>	<u>2014</u>
Cash and investments	\$1,479,839	\$1,301,493
Receivables	<u>172,820</u>	<u>138,302</u>
Total Assets	<u>\$1,652,659</u>	<u>\$1,439,795</u>
Accounts payable	130,074	100,298
Other payables	<u>86,159</u>	<u>90,374</u>
Total Liabilities	<u>216,233</u>	<u>190,672</u>
Deferred hflows of Resources	<u>1,586</u>	<u>4,285</u>
Restricted	312,211	823,018
Unassigned	<u>922,629</u>	<u>421,820</u>
Total Fund Balance	<u>1,434,840</u>	<u>1,244,838</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$1,632,639</u>	<u>\$1,439,795</u>

For the fiscal year ended September 30, 2015, the District's governmental funds reflect a combined fund balance of \$1,434,840.

This fund balance includes a \$500,809 increase in the General Fund balance.

The Debt Service Fund reflects a decrease of \$200,666 in fiscal year 2015. The Debt Service Fund remitted bond principal of \$425,000 and interest of \$538,338. More detailed information about the District's debt is presented in the *Notes to the Financial Statements*.

The Capital Project Fund purchases the District's infrastructure. The Capital Projects Fund had a \$110,141 decrease in fund balance for fiscal year 2015. The Capital Projects Fund transferred \$110,188 to the General Fund to reimburse for repair and maintenance work on the District's drip field irrigation system.

SENNA HILLS MUNICIPAL UTILITY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2015

BUDGETARY HIGHLIGHTS

The *General Operating Fund* pays for daily operating expenses. On August 29, 2014, the Board of Directors approved a budget for the fiscal year ending September 30, 2015. The budget included revenues of \$1,435,115 as compared to expenses of \$1,027,593. When comparing actual to budget, the District had a positive variance of \$93,287. More detailed information about the District's budgetary comparison is presented in the *Required Supplementary Information*.

CAPITAL ASSETS

The District's governmental activities had invested \$8,545,237 in land and infrastructure. The detail is reflected in the following schedule:

<u>Summary of Capital Assets, net</u>		
	9/30/2015	9/30/2014
Capital Assets:		
	\$	
Land and Easements	50,000	\$ 50,000
Construction in progress		
Water/Wastewater/Drainage Facilities	10,835,131	10,741,502
Less: Accumulated Depreciation	(2,339,894)	(2,092,423)
Total Net Capital Assets	\$8,545,237	\$8,699,079

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

LONG TERM DEBT

The District has the following balances outstanding on unlimited tax bonds:

	Bonds Payable
Series 2010	\$ 5,115,000
Series 2014	6,000,000
Total	\$11,115,000

The District owes approximately \$11 million to bond holders. During the year, the principal balance was reduced by \$425,000. More detailed information about the District's long-term debt is presented in the *Notes to the Financial Statements*.

**SENNA HILLS MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The total assessed value for the 2015 tax year is approximately \$280 million and the net taxable assessed value is approximately \$277 million. The fiscal year 2016 tax rate is \$0.5411 on each \$100 of taxable value. Approximately 35% of the property tax will fund general operating expenses, and approximately 65% of the property tax will be set aside for debt service on the District's bonded debt.

The adopted budget for fiscal year 2016 projects an operating fund balance increase of \$57,541.

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 Willatt & Flickinger, 2001 North Lamar, Austin, Texas, 78705.

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FINANCIAL STATEMENTS

SENNA HILLS MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2015

	General Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds Total	Adjustments Note 2	Government - wide Statement of Net Position
ASSETS						
Cash and cash equivalents:						
Cash	\$205,394	\$	\$	\$205,394	\$	\$205,394
Cash equivalents	753,679	520,766		1,274,445		1,274,445
Receivables:						
Service accounts, no provision for uncollectible accounts	148,031			148,031		148,031
Taxes, no provision for uncollectible accounts	451	1,135		1,586		1,586
Interfund receivables	8,555			8,555	(8,555)	
Other	14,648			14,648		14,648
Capital assets, net of accumulated depreciation:						
Land and easements					50,000	50,000
Water/wastewater/drainage facilities			-	-	8,495,237	8,495,237
TOTAL ASSETS	\$1,130,758	\$521,901	\$ -	\$1,652,659	8,536,682	10,189,341
LIABILITIES						
Accounts payable	\$130,074	\$	\$	\$130,074		130,074
Refundable deposits	77,604			77,604		77,604
Accrued interest payable					409,027	409,027
Interfund payables		8,555		8,555	(8,555)	
Bonds payable:						
Due within one year					395,000	395,000
Due after one year			-	-	10,780,625	10,780,625
TOTAL LIABILITIES	207,678	8,555	-	216,233	11,576,097	11,792,330
DEFERRED INFLOWS OF RESOURCES						
Property taxes	451	1,135	-	1,586	(1,586)	-
TOTAL DEFERRED INFLOWS OF RESOURCES	451	1,135	-	1,586	(1,586)	-
FUND BALANCES / NET POSITION						
Fund balances:						
Restricted for debt service		512,211		512,211	(512,211)	
Restricted for capital projects						
Unassigned	922,629		-	922,629	(922,629)	
TOTAL FUND BALANCES	922,629	512,211	-	1,434,840	(1,434,840)	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$1,130,758	\$521,901	\$ -	\$1,652,659		
NET POSITION:						
Net investment in capital assets					(2,630,388)	(2,630,388)
Restricted for debt service					104,319	104,319
Unrestricted					923,080	923,080
TOTAL NET POSITION					\$ (1,602,989)	\$ (1,602,989)

The accompanying notes are an integral part of this statement.

**SENNA HILLS MUNICIPAL UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
SEPTEMBER 30, 2015**

	General	Debt	Capital	Governiiental	Adjustments	wide
	Fund	Service	Projects	Funds	Note 2	Stateiieit of
REVENUES:	Fund	Fund	Fund	Total	Note 2	Activities
Service revenues, including penalties	\$904,279	\$	\$	\$904,279	\$	\$904,279
Property taxes, including						
penalties and interest	616,196	766,810		1,383,006	(2,699)	1,380,307
System connection/inspection fees	150			150		150
Interest	701	1,238		1,986		1,986
Settlement proceeds	85,280		47	85,280		85,280
Other	826	235	-	1,061	-	1,061
TOTAL REVENUES	1,607,432	768,283	47	2,375,762	(2,699)	2,373,063
EXPENDITURES / EXPENSES:						
Current:						
Water/wastewater purchases	315,408			315,408		315,408
Repairs/maintenance	458,126			458,126		458,126
Operations/management fee	75,015			75,015		75,015
Utilities/telephone	62,411			62,411		62,411
Director fees, including payroll taxes	9,127			9,327		9,527
Legal fees	76,185			76,185		76,185
Engineering fees	85,900			85,900		85,900
Accounting fees	22,350			22,350		22,350
Audit fees	9,300			9,300		9,300
Insurance	3,228			3,228		3,228
Tax appraisal/collection	3,734	4,646		8,380		8,380
Other	1,998	15		2,013		2,013
Debt service:						
Principal		425,000		425,000	(425,000)	
Interest		538,338		538,338	(136,912)	401,426
Fiscal agent fees		950		950		950
Capital outlay	93,629			93,629	(93,629)	
Depreciation					247,471	247,471
Amortization					6,623	6,623
TOTAL EXPENDITURES / EXPENSES	1,216,811	968,949	-	2,185,760	(401,447)	1,784,313
Excess / (deficiency) of revenues						
over / (under) expenditures / expenses	390,621	(200,666)	47	190,002	398,748	588,750
OTHER FINANCING SOURCES / (USES)						
Operating transfer	110,188	-	(110,188)			
TOTAL OTHER FINANCING SOURCES / (USES)	110,188	-	(110,188)			
Change in fund balances / net position	500,809	(200,666)	(110,141)	190,002	398,748	588,750
FUND BALANCES / NET POSITION:						
Beginning of the year	421,820	712,877	110,141	1,244,838	(3,436,377)	(2,191,739)
End of the year	<u>\$922,629</u>	<u>\$512,211</u>	<u>\$ -</u>	<u>\$1,434,840</u>	<u>\$ (3,037,829)</u>	<u>\$</u>

The accompanying notes are an integral part of this statement.

NOTES TO THE
FINANCIAL STATEMENTS

SENNAHILLS MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

1. SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Senna Hills Municipal Utility District (the “District”) relating to the funds 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.

****R*P\$inQ Entity* - The District was created by an order of the Commissioner’s Court of Travis County, Texas on April 6, 1988, and confirmed by the electorate of the District at a confirmation election held on January 21, 1995. The District operates and maintains a water distribution system and a sewer treatment facility and collection system in Travis County, Texas under Chapter 54 of the Texas Water Code. The reporting entity of the District encompasses those activities and functions over which the District’s elected officials exercise significant oversight or control. The District is governed by a five member Board of Directors 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 GASB standards, 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 GASB standards which are included in the District’s reporting entity.

Basis of Presentation - Government-side and Fund Financial Statements — These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting.

GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets — This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position — This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position — This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

When both restricted and unrestricted resources are available for use, generally it is the District’s policy to use restricted resources first.

SENNAHILLS MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

1. SIGNIFICANT ACCOUNTING POLICIES (continued) —

The 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 presentations. 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 statement is presented that compares the adopted and amended General Fund budget with actual results.

- **Government-wide Statements:** The District's statement of net position 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.

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 resources restricted, committed or assigned for the payment of 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 Position.

SENNA HILLS MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

1. SIGNIFICANT ACCOUNTING 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. All 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.

SENNAHILLS MUNICIPAL UTILITY DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2015

1. SIGNIFICANT ACCOUNTING POLICIES (continued) —

Budgets and Budgetary Accounting - A budget was adopted on August 29, 2014, 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.

Pensions - The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that Directors are considered to be "employees" for federal payroll tax purposes only.

Cash and Cash Equivalents - Includes cash on deposit as well as investments with maturities of three months or less. The investments, consisting of common trust funds, money market funds, 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 Position. 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:

<u>Asset</u>	<u>Years</u>
Common and Recreation Areas	5 - 30
Water Production/Distribution System	10 - 50
Wastewater Collection System	5 - 50
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 - Unlimited tax 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 are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

SENNAHILLS MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

1. SIGNIFICANT ACCOUNTING POLICIES (continued) -

Long-term Debt (continued) -

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 and discounts on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Fund Balance — Fund balances in governmental funds are classified using the following hierarchy:

- *Nonspendable*: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District did not have any nonspendable fund balances.
- *Restricted*: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.
- *Committed*: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.
- *Assigned*: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District does not have any assigned fund balances.
- *Unassigned*: all other spendable amounts in the General Fund.

When expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds.

Accounting Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

SENNAHILLS MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

2. RECONCILIATION OF THE GOVERNMENTAL FUNDS -

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

Fund Balances - Total Governmental Funds		\$1,434,840
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds-		
Capital assets	\$10,885,131	
Less: Accumulated depreciation	<u>(2,339,894)</u>	8,545,237
Revenue is recognized when earned in the government statements, regardless of availability. Governmental funds report deferred revenue for revenues earned but not available		1,586
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:		
Bonds payable, net of deferred charge	\$ (11,115,000)	
Bond discounts, net	62,405	
Bond premiums, net	(123,030)	
Accrued interest	<u>(409,027)</u>	<u>(11,584,652)</u>
Net Position - Governmental Activities		<u>\$ (1,602,989)</u>

Adjustments to convert the Governmental Funds Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities are as follows :

Changes in Fund Balances - Governmental Funds		\$190,002
Amounts reported for governmental activities in the Statement of activities are different because:		
Governmental funds report:		
Bond principal payments as expenditures	\$425,000	
Interest expenditures in year paid	136,912	
Tax revenue when collected	(2,699)	
Capital outlay	<u>93,629</u>	652,842
Governmental funds do not report:		
Depreciation	\$ (247,471)	
Amortization	<u>(6,623)</u>	<u>(254,094)</u>
Change in Net Position - Governmental Activities		<u>\$588,750</u>

SENNAHILLS MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

L CASH AND DfVESTMXNTS

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 \$205,394 and the bank balance was \$212,388. The bank balance was covered by federal depository insurance.

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.

Credit risk. *be* 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 nationally 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-in by a nationally recognized rating agency.

**SENNAHILLS MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

3. CASH AND INVESTMENTS (continued) —

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

Investment	Fair Market Value at 9/30/2015	Governmental Fund			Investment Rating	Rating Agency
		General	Debt Service	Capital Projects		
LOCIC	\$1,030,477	\$753,679	5 296,798	\$	AAAm	Standard & Poors
Money Market	223,968	-	223,968	-	Various	V8rious
	<u>\$ 1,274,445</u>	<u>\$ 753,679</u>	<u>\$ 520,766</u>	<u>\$ -</u>		

(1) Restricted for Payment of Debt Service and Cost of Assessing and Collecting Taxes.

(2) Restricted for Purchase of Capital Assets.

The District invests in LOGIC Liquid Asset Investment Pool (LOGIC), a public funds investment pool created pursuant to the Interlocal Cooperation Act of the State of Texas. The District has delegated the authority to hold legal title to LOGIC as custodian and to make investment purchases with the District's funds.

LOGIC is a member-owed, member-governed public funds investment pool. The Board of Trustees, who have governance responsibilities, is comprised of participants in LOGIC and members of the Texas Association of School Business Officials (TASBO).

The District has investments in the Liquidity Asset Fund. The Liquidity Asset Fund operates in a manner consistent with the Securities and Exchange Commission's Rule 2a-7 of the Investment Company Act of 1940. The Liquidity Asset Fund uses amortized cost rather than the market value to report net assets to compute share prices. Accordingly, the fair value of the position of the Liquidity Asset Fund is the same as the value of the Liquidity Asset Fund shares.

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.

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 by FDIC insurance and other pledged collateral.

SENNAHILLS MUNICIPAL UTILITY DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2015

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 Travis Central Appraisal District established appraisal values in accordance with requirements of the Texas Legislature. The District levies taxes based upon the appraised values. The Travis County Tax Assessor Collector bills and collects the District's property taxes. The Board of Directors set tax rates for the 2014 tax year on September 26, 2014.

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 2014 tax roll. The tax rate, based on total taxable assessed valuation of \$254,710,681 was \$0.5411 on each \$100 valuation and was allocated as follows:

	<u>Tax Rate</u>
General Fund	\$0.2411
Debt Service Fund	<u>0.3000</u>
	<u>\$0.5411</u>

The maximum allowable maintenance tax of \$1.00 was established by the voters on January 21, 1995.

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

	General Fund	Debt Service Fund	Total
Current year levy	<u>\$ 112</u>	<u>\$ 139</u>	<u>\$ 251</u>
Prior years' levies	339	996	1,335
	<u>\$ 451</u>	<u>\$ 1,135</u>	<u>\$ 1,586</u>

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

SENNAHILLS MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

5. INTERFUND ACCOUNTS

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

	Interfund	
	Receivables	Payables
General Fund -		
Debt Service Fund	\$8,555	\$
Debt Service Fund -		
General Fund	-	8,555
	\$8,555	\$8,555

6. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance 10/1/2014	Additions	Deletions	Balance 9/30/2015
Capital assets not being depreciated:				
Land	\$50,000	\$	\$	\$50,000
Construction in Progress				
Total Capital assets not being depreciated	50,000		-	50,000
Capital assets being depreciated:				
Water/Wastewater/Drainage System	10741502	93629	-	10835131
Total capital assets being depreciated	10,741,502	93,629	-	10,835,131
Less accumulated depreciation for:				
Water/Wastewater/Drainage System	(2,092,423)	(247,471)	-	(2,339,894)
Total accumulated depreciation	(2,092,423)	(247,471)	-	(2,339,894)
Total capital assets being depreciated, net of accumulated depreciation	8,649,079	(153,842)	-	8,495,237
Total capital assets, net	\$8,699,079	\$ 153,842	-	\$8,545,237

SENNAHILLS MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

7. BONDED DEBT

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

	Combination Unlimited Tax Bonds
Bonds payable at October 1, 2014	\$ 11,540,000
Bonds issued	
Bonds refunded	
Bonds retired	(425,000)
Bond discount, net of accumulated amortization	(62,405)
Bond premium, net of accumulated amortization	123,030
Bonds payable at September 30, 2015	\$ 11,175,625

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

Unlimited Tax and Waterworks and Sewer System Revenue Refunding Bonds:

\$5,115,000 - 2010 Unlimited Tax and Waterworks and Sewer System Revenue Refunding Bonds paid serially through the year 2033 at interest rates which range from 2.00% to 4.50%. Bonds maturing on August 15th of each of the years on or after 2021 are redeemable on August 15, 2020 or on any date thereafter. Bonds maturing on August 15, 2026, 2028, 2030 and 2033 are subject to mandatory redemption.

\$6,000,000 - 2014 Unlimited Tax and Waterworks and Sewer System Revenue Refunding Bonds paid serially through the year 2033 at interest rates which range from 2.00% to 4.00%. Current interest bonds maturing on or after August 15, 2024 are subject to optional redemption on February 15, 2024 or on any date thereafter. Capital appreciation bonds are not subject to redemption prior to stated maturity.

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

Year Ended September 30,	Principal	Interest	Total
2016	\$395,000	\$565,937	\$960,937
2017	395,000	567,032	962,032
2018	595,000	366,444	961,444
2019	610,000	350,593	960,593
2020	625,000	334,295	959,295
2021 - 2025	3,295,000	1,355,675	4,650,675
2026 - 2030	3,275,000	766,187	4,041,187
2031 - 2033	1,925,000	160,801	2,085,801

SENNAHILLS MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

7. BONDED DEBT (continued) -

\$512,211 is available in the Debt Service Fund to service the bonded debt. Bonds authorized but not issued amounted to \$1,105,000 at September 30, 2015.

8. LINE OF CREDIT

On April 25, 2014, the District secured a line of credit of \$200,000. Collateral for the line of credit includes all tax receipts, tax receivables, tax payments, tax obligations, receivables and other such rights to payments of any nature. Interest on the line of credit currently accrues at the greater interest rate of prime plus 1% or 4.25%. All principal and accrued unpaid interest is due and payable in full on or before April 15, 2016.

As of September 30, 2015, principal due was \$-0- and accrued interest due was \$-0-.

9. COMMITMENTS AND CONTINGENCIES

On June 22, 2012, the District entered into an agreement with the Lower Colorado River Authority ("LCRA") that replaced an earlier agreement dated January 11, 1993 and amended March 25, 1999. Under this agreement, the District is entitled to a maximum quantity of 404 acre feet of raw water. The District is charged \$151 per acre-foot for water usage and \$75.50 per acre-foot for reserved capacity.

On September 2, 1994, the District entered into a water supply agreement with the Lower Colorado River Authority ("LCRA"). The term of the agreement is for 40 years. Under this agreement, the LCRA agrees to provide certain water services to the District for raw water which the District purchases pursuant to the District's Raw Water Contract. The District is obligated to pay the LCRA a connection fee for each new retail water connection. Additionally, the District pays a monthly charge each month and a volume rate for the amount of water delivered to the District. During the prior fiscal year, this agreement was assigned by the LCRA to the West Travis County Public Utility Agency.

SENNAHILLS MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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 (the "TML Pool") to effectively manage its risk. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

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

11. DEFICIT IN NET POSITION

Total net position had a deficit balance of \$1,602,989 at September 30, 2015. This is primarily attributed to capitalized interest, bond proceeds transferred to the General Fund and depreciation/amortization expense associated with the District's bond issues.

12. SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated and disclosed all material subsequent events through February 5, 2016.

SENNA HILLS MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

13. PENDING LITIGATION

Cause No. D-1-GN-12-000602; Senna Hills, Ltd., Plaintiff v. Senna Hills Municipal Utility District, Defendant in the District Court of Travis County, Texas; 250th Judicial District. In this case, Senna Hills, Ltd. complains that Senna Hills MUD installed a wastewater line in a public utility easement. A Motion for Partial Summary Judgment filed by Senna Hills, Ltd. was denied. The possibility of an outcome adverse to the MUD in this litigation is remote.

Cause No. D-1-GN-14-004993; Senna Hills, Ltd., Plaintiff v. Senna Hills Municipal Utility District, Defendant in the District Court of Travis County, Texas; 200th Judicial District. In this case the Plaintiff seeks to build an office building on a tract of land of approximately 11.73 acres. The land is addressed in the Conceptual Plan attached to the First Amended and Restated Agreement Concerning Creation and Operation of Senna Hills Municipal Utility District, by and between the Plaintiff's, the City of Austin and the District, dated effective as of October 1, 1992. The 11.73 acres is identified on the Conceptual Plan attached to the Consent Agreement as "Lot 3" and "Lot 4". Lot 3 is a 10 acre tract on which is written "School (irrigation ESMT)." Lot 4 is a 1.73 acre tract on which is written "Irrigation." The Plaintiff contends that the requirement that the 11.73 acre tract be dedicated or set aside as land available to the MUD for irrigation purposes can be eliminated by the City of Austin Director of Planning and Development without the consent of the MUD. Plaintiff's petition has been amended to add a claim against the District for inverse condemnation of the 11.73 acre tract, with no amount of damages specified and to request a declaratory judgment finding and declaring that the TCEQ permit held jointly by the Plaintiff and the District should be amended to allow irrigation on tracts of less than 15% slope. The report prepared by the District's engineer shows that the District requires a part of the 11.73 acre tract for irrigation. The District's engineer has been deposed and limited written discovery has been conducted. The City of Austin has been made a party to this case. Mediation of this case was held jointly with Cause No. D-1-GN-12-000602 on January 21, 2016. The outcome of this case cannot be predicted at this time.

REQUIRED SUPPLEMENTARY
INFORMATION

SENNA HILLS MUNICIPAL UTILITY DISTRICT
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 SEPTEMBER 30, 2015

	<u>Actual</u>	<u>Original Budget</u>	Variance Posi'tive (Negative)
REVENUES:			
Service revenues, including penalties	\$904,279	\$821,814	\$82,465
Property taxes, including penalties	616,196	613,301	2,895
Interest	701		701
Settlement proceeds	85,280		85,280
Other	826		826
TOTAL REVENUES	<u>1,607,432</u>	<u>1,435,115</u>	<u>172,317</u>
EXPENDITURES:			
Current:			
Water/wastewater purchases	315,408	348,623	33,215
Repairs/maintenance	458,126	400,800	(57,326)
Operations/management fees	75,015	74,400	(615)
Utilities/telephone	62,411	61,200	(1,211)
Director fees, including payroll taxes	9,527	9,720	193
Legal fees	76,185	48,000	(28,185)
Engineering fees	85,900	42,000	(43,900)
Accounting fees	22,350	22,350	
Audit fees	9,300	10,000	700
Insurance	3,228	3,200	(28)
Tax appraisal/collection	3,734	4,300	566
Other	1,998	3,000	1,002
Capital outlay	93,629		(93,629)
TOTAL EXPENDITURES	<u>1,216,811</u>	<u>1,027,593</u>	<u>(189,218)</u>
Excess of revenues over expenditures	<u>390,621</u>	<u>407,522</u>	<u>(16,901)</u>
OTHER FINANCING USES			
Operating transfer	<u>110,188</u>		<u>110,188</u>
TOTAL OTHER FINANCING USES	<u>110,188</u>		<u>110,188</u>
Change in fund balances / net position	500,809	<u>\$ 407,522</u>	<u>\$93,287</u>
FUND BALANCE:			

Beginning of the year	<u>421,820</u>
End of the year	<u>\$922,629</u>

TEXAS SUPPLEMENTARY
INFORMATION

**SENNA HILLS MUNICIPAL UTILITY DISTRICT
TSI-I. SERVICES AND RATES
SEPTEMBER 30, 2015**

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

Retail Water	Wholesale Water	<input checked="" type="checkbox"/>	Drainage
Retail Wastewater	Wholesale Wastewater	<input checked="" type="checkbox"/>	Irrigation
Parks/Recreation	Fire Protection		Security
Solid Waste/Garbage	Flood Control		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:	<u>\$28.12</u>	<u>-</u>	<u>N</u>	<u>\$5.05</u>	0,001-20,000
				<u>\$7.00</u>	20,001-30,000
				<u>\$9.00</u>	30,001-45,000
				<u>\$10.00</u>	45,001-60,000
				<u>\$12.00</u>	60,001-75,000
				<u>\$14.00</u>	Over 75,000
WASTEWATER:	<u>\$70.00</u>	<u>10,000</u>	<u>N</u>	<u>\$2.85</u>	10,001 and over
SURCHARGE:	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>

District employs winter averaging for wastewater usage? Yes No

Total charges per 10,000 gallons usage: Water \$ 78.62 Wastewater \$ 70.00

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC's
Unmetered	<u>0.0</u>	<u>0.0</u>	1.0	<u>0.0</u>
3/4"	<u>405.0</u>	<u>405.0</u>	1.0	<u>405.0</u>
1"	<u>5.0</u>	<u>5.0</u>	2.5	<u>12.5</u>
1 1/2"	<u>1.0</u>	<u>1.0</u>	5.0	<u>5.0</u>
2"	<u>1.0</u>	<u>1.0</u>	8.0	<u>8.0</u>
3"	<u>0.0</u>	<u>0.0</u>	15.0	<u>0.0</u>
4"	<u>0.0</u>	<u>0.0</u>	25.0	<u>0.0</u>
6"	<u>0.0</u>	<u>0.0</u>	50.0	<u>0.0</u>
8"	<u>0.0</u>	<u>0.0</u>	80.0	<u>0.0</u>
10"	<u>0.0</u>	<u>0.0</u>	115.0	<u>0.0</u>
Total Water	<u>412.0</u>	<u>412.0</u>		<u>430.5</u>
Total Wastewater	<u>405.0</u>	<u>405.0</u>	1.0	<u>405.0</u>

SENNA HILLS MUNICIPAL UTILITY DISTRICT
TSI-I. SERVICES AND RATES
SEPTEMBER 30, 2015

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

Gallons pumped into system: 91,757

Gallons billed to customers: 75,599

Water Accountability Ratio. (Gallons billed / Gallons Pumped) 82.4%
--

4. Standby Fees (authorized only under TWC 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: Travis

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: Austin, Texas

Are Board members appointed by an office outside the district?

Yes No

If Yes, by whom? _____

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

Professional Fees:		
Auditing	\$9,300	
Legal	76,185	
Engineering	85,900	
Purchased Services For Resale-		
Bulk Water and Wastewater Purchases		315,408
Contracted Services:		
General Manager / Bookkeeping		97,365
Appraisal District/Tax Collector		3,734
Utilities		62,411
Repairs and Maintenance		458,126
Administrative Expenditures:		
Insurance		3,228
Other Administrative Expenditures		1,998
Capital Outlay:		
Capitalized Assets		<u>93,629</u>
TOTAL EXPENDITURES		<u>\$1,216,811</u>

Number of persons employed by the District:	Full-Time	Part-Time
---	-----------	-----------

**SENNA HILLS 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:					
Logic Investment Pool	XXX8010	Varies	N/A	\$753,679	\$ -
Total				<u>753,679</u>	<u>-</u>
Debt Service Fund:					
Logic Investment Pool	XXX8020	Varies	N/A	6,317	
Logic Investment Pool	XXX8050	Varies	N/A	290,481	
Money Market Account	XXX599I	Varies	N/A	14,920	
Money Market Account	XXX6068	Varies	N/A	<u>209,048</u>	<u>-</u>
Total				<u>520,766</u>	<u>-</u>
Total - All Funds				<u>\$1,274,445</u>	<u>\$ -</u>

SENNA HILLS MUNICIPAL UTILITY DISTRICT
TSI-4. TAXES LEVIED AND RECEIVABLE
SEPTEMBER 30, 2015

	Maintenance Taxes	Debt Service Taxes
Taxes Receivable, Beginning of Year	\$ 1,623	\$2,662
2014 Original Tax Levy, less abatements	614,564	764,701
Adjustments	(291)	(362)
Total to be accounted for	615,896	767,001
Tax collections:		
Current year	614,161	764,200
Prior years	1,284	1,666
Total collections	615,445	765,866
Taxes Receivable, End of Year	\$ 451	\$ 1,135
Taxes Receivable, By Years		
2013 and before	5 339	\$ 996
2014	112	139
Taxes Receivable, End of Year	\$ 451	\$ 1,135

	2014	2013	2012	2011
Property Valuations-				
Land and improvements	\$254,710,681	\$232,108,431	\$217,425,434	\$201,778,579
Total Property Valuations	\$254,710,681	\$232,108,431	\$217,425,434	\$201,778,579
Tax Rates per \$100 Valuation:				
Debt Service tax rates	\$0.3000	\$0.3100	\$0.3200	\$0.4400
Maintenance tax rates	0.2411	0.2390	0.2290	0.0926
Total Tax Rates per \$100 Valuation:	\$0.5411	\$0.5490	\$0.5490	\$0.5326
Original Tax Levy	\$1,378,612	\$1,274,671	\$1,193,666	\$1,074,673
Percent of Taxes Collected to Taxes Levied **	99.9%•	99.9%◀	99.9%	99.9%

Maximum Maintenance Tax Rate Approved by Voters: \$ 1.00 on 1/21/1995.

••Calculated as taxes collected in current and previous years divided by tax levy.

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

Fiscal Year Ending	Unlimited Tax Bonds Series 2010			Unlimited Tait Refunding Bonds Series 2014			Total - All Issues		
	Principal Due 8/15	Interest Due 2/15, 8/15	Total	Principal Due 9/01	Interest Due 3/01, 9/01	Total	Principal Due 8/15	Interest Due 2/15, 8/15	Total
2016	\$375,000	\$181,581	\$556,581	\$20,000	\$384,356	\$404,356	\$395,000	\$565,937	\$960,937
2017	385,000	172,675	557,675	10,000	394,357	404,357	395,000	567,032	962,032
2018	395,000	162,088	557,088	200,000	204,356	404,356	595,000	366,444	961,444
2019	410,000	150,237	560,237	200,000	200,356	400,356	610,000	350,593	960,593
2020	415,000	137,938	552,938	210,000	196,357	406,357	625,000	334,295	959,295
2021	440,000	123,931	563,931	210,000	191,631	401,631	650,000	315,562	965,562
2022	455,000	108,531	563,531	210,000	186,119	396,119	665,000	294,650	959,650
2023	470,000	92,038	562,038	220,000	180,344	400,344	690,000	272,382	962,382
2024	405,000	74,413	479,413	225,000	173,744	398,744	630,000	248,157	878,157
2025	145,000	58,212	203,212	515,000	166,712	681,712	660,000	224,924	884,924
2026	135,000	52,412	187,412	545,000	149,975	694,975	680,000	202,387	882,387
2027	130,000	47,013	177,013	570,000	132,262	702,262	700,000	179,275	879,275
2028	120,000	41,650	161,650	610,000	112,313	722,313	730,000	153,963	883,963
2029	175,000	36,700	211,700	395,000	90,200	485,200	570,000	126,900	696,900
2030	175,000	29,262	204,262	420,000	74,400	494,400	595,000	103,662	698,662
2031	165,000	21,826	186,826	450,000	57,600	507,600	615,000	79,426	694,426
2032	165,000	14,400	179,400	480,000	39,600	519,600	645,000	54,000	699,000
2033	155,000	6,975	161,975	510,000	20,400	530,400	665,000	27,375	692,375
	5,115,000	\$1,511,882	\$6,626,882	\$6,000,000	\$2,955,082	\$8,955,082	\$11,115,000	\$4,466,964	\$15,581,964

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

	Bond Issues		
	Series 2010	Series 2014	Total
Interest Rate	2.00% - 4.50%	2.00% to 4.00%	
Dates Interest Payable	2/15, 8/15	2/15, 8/15	
MaMity Dates	8/15/2033	8/15/2033	
Bonds Outstanding at Beginning of Current Fiscal Year	\$5,485,000	\$6,055,000	\$11,540,000
Bonds Sold During the Current Fiscal Year			
Retirements During the Current Fiscal Year:			
Principal	(370,000)	(55,000)	(425,000)
Refunded			
Bonds Outstanding at End of Current Fiscal Year	\$5,115,000	\$6,000,000	\$11,115,000
Interest Paid During the Current Fiscal Year	<u>\$ 188,982</u>	<u>\$ 349,356</u>	<u>\$ 538,338</u>
Paying Agent's Name & Address:	<u>Wells Fargo Bank</u> Austin, TX	<u>Bank of Texas</u> Austin, TX	
Bond Authority:	<u>Tax Bonds</u>	<u>Refunding Bonds</u>	
Amount Authorized by Voters	\$16,000,000	N/A	
Amount Issued	<u>(14,895,000)</u>	<u>\$12,505,000</u>	
Remaining To Be Issued	<u>\$1,105,000</u>	<u>N/A</u>	

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

Debt Service Fund Cash and Temporary Investments balances as of September 30, 2015:

\$520,766

Average Annual Debt Service Payment (Principal & Interest) for the remaining term of all debt:

\$ 865,665

**SENNA HILLS MUNICIPAL UTILITY DISTRICT
TSI-7. COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES -
GENERAL AND DEBT SERVICE FUNDS - FIYE YEARS
SEPTEMBER 30, 2015**

	2015	2014	2013	2012	2011	2015	2014	2013	2012	2011
penalties and interest	\$ 61,696	\$ 55,471	\$ 49,734	\$ 18,734	\$ 164,986	35.9%	40.9%	31.8%	21.5%	19.7%
Service revenues, including penalties	904,575	799,711	719,096	682,060	666,051	52.6%	59.0%	45.9%	78.3%	79.2%
Tap fees	ISO	500		-	3714	0.1%	0.1%			0.4%
Interest	701	200	181	36	719	0.0%				0.1%
Transfers In	110,188		349,714			6.4%		22.3%		
REVENUES AIDED OTHER SOURCES	1,717,620	1,355,300	1,566,925	870,882		100.0%	100.0%	100.0%	100.0%	100.0%
GENERAL FUND EXPENDITURES:										
Water/wastewater purchases	316,405	329,435	421,764	437,529	463,477	16.1%	24.4%	26.9%	50.1%	55.1%
Repairs/maintenance	458,126	471,815	524,857	1,683	17,234	16.7%	34.8%	31.5%	29.0%	2.2%
Operations/Management fees	76,015	76,027	92,682	34,683	44,622	4.1%	5.6%	19.5%		
Utilities/telephone	62,411	61,322	68,711	48,460	39,235	3.6%	4.5%	4.3%		
Director fees, including payroll taxes	9,527	484							8.6%	5.3%
Legal fees	76,155	83,812	55,693	71,364	39,565	4.4%	6.2%	3.6%	5.6%	4.7%
Engineering fees	85,000	104,913	44,116	54,339	53,416	4.9%	13.7%	2.8%	6.2%	6.1%
Accounting fees	22,350	22,350	22,350	12,688		1.3%	1.6%	1.4%	8.2%	4.7%
Audit fees	9,300	9,000	8,900	11,000	12,598	0.5%	0.7%	0.6%		
Insurance	3,228	3,062	2,687	2,170		0.2%	0.2%	0.2%	0	-
Tax appraisal/collection	3,734	4,190	3,977	1,062	833	0.2%	0.3%	0.3%	1.3%	1.7%
	1,998	1,066	8,306	19,842	88,546	0.1%	0.1%	0.2%	0.2%	0.3%
Other	93,629	-				5.5%		0.3%	17.6%	10.5%
Capital Outlay			5,000	153,635						
OTAL GENERAL FUND EXPENDITURES AND OTHER USES	1,676,833	1,443,943	1,052,257	824		70.7%	86.1%	79.4%	220.8%	98.0%
EXCESS (DEFICIENCY) OF GENERAL FUND REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES										
	\$ 500,809	\$ 187,817	22,982	1,181,775		29.3%	20.6%	-20.8%	2.8%	
DEBT SERVICE FUND EXPENDITURES:										
Property tax, including penalties and interest	\$ 717,034	\$ 695,206	\$ 890,208	\$ 890,208	\$ 890,453	99.9%	99.6%	99.2%	99.5%	99.7%
Interest and other	3403	5958	4729	3053		0.1%	0.4%	0.8%	0.5%	0.3%
TOTAL DEBT SERVICE FUND REVENUES AND OTHER SOURCES	768,437	720,437	708,166	894,937	893,506	100.0%	100.0%	100.0%	100.0%	100.0%
DEBT SERVICE FUND EXPENDITURES:										
Tax appraisal/collection	4	2,802	2,659	5,046	4,659				0	-
Financial advisor fees	950	1,377	1,587	1,323	-					
Bond principal	428,900	435,000	435,000	170,000	245,000				85.1%	27.4%
Bond interest	338	894	516,916	761,466	680,046	100.0%	100.0%	100.0%	100.0%	100.0%
Bond issue costs	-	288,741								
Fiscal agent fees and other				60	(8,667)		85			
Operating Transfers out										
Payment to escrow agent net of proceeds			0.6%	0.4%	0.4%	0.5%				
TOTAL DEBT SERVICE FUND EXPENDITURES AND OTHER USES	429,854	720,437	555,262	767,835	629,764	55.4%	76.4%	62.1%	73.7%	40.1%
			1,463	-	0.2%				-	-1.0%
		(290,726)	216,792		30.9%					
EXCESS (DEFICIENCY) OF DEBT SERVICE REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (200,666)	\$ (232,736)	\$ 473,203	\$ 42,958	\$ (21,762)	-26.2%	-32.3%	67.5%	4.8%	3.0%
WATER CONNECTIONS										
	412	410	403	402	398					
TOTAL WATER CONNECTIONS	405	404	397	397	398					

**SENNA HILLS MUNICIPAL UTILITY DISTRICT
TSI-8. BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2015**

Complete District Mailing Address:	<u>c/o Willatt & Flickinger, 2001 N Lamar, Austin TX 78705</u>
District Business Telephone Number:	<u>(512) 476-6604</u>
Submission Date of the most recent District Registration Form CNC Sections 36.054 & 49.054:	<u>January 20, 2015</u>
Limits on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution TWC Section 49.060)	<u>\$7,200</u>

<u>Name and Address:</u>	<u>Term of Office (Elected or Appointed) or Date Z-tired</u>	<u>Fees of Office Paid * 9/30/2015</u>	<u>Expense Reimbursements 9/30/2015</u>	<u>Title at Year End</u>
<i>Board Members:</i>				
CHET PALESKO	(Elected) 11/14 - 11/18	\$ 1,950	\$	President
DAVID I. PERL	(Elected) 11/14 - 11/18	\$ 1,950	\$	Vice-President
LISA S. MCKENZIE	(Appointed) 9/13 - 11/16	\$ 1,800	\$	Secretary
COREY NEWHOUSE	(Appointed) 6/14 - 11/16	\$ 1,650	\$	Assistant Secretary
JOSEPH MATTHEW SZOO	(Appointed) 3/13 - 11/16	\$ 1,500	\$	Assistant Secretary

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

Consultants:

Severn Trent Environmental Services Inc.	9/1/2012	\$ 348,188	\$	District Manager
Willatt & Flickinger	9/8/2005	\$75,241	\$	Attorney
McCill Gibson Swedlund Barfoot PLLC	9/26/2014	\$9,300	\$	Auditor
Murfee Engineering	7/13/2011	\$94,500	\$	Engineer
Southwest Securities, Inc.	10/15/1997	\$	\$	Financial Advisor
Bott & Douthitt, PLLC	3/1/2012	\$22,350	\$ 114	Bookkeeper/
Travis County Tax Collector	2/27/95	\$549	\$	Tax Collector

**OTHER SUPPLEMENTARY
INFORMATION**

SENNAHILLS MUNICIPAL UTILITY DISTRICT
 OSI-I. PRINCIPAL TAXPAYERS
 SEPTEMBER 30, 2015

Taxpayer	Type of Property	Tax Roll Year		
		2015	2014	2013
Homeowner	N/A	\$1,002,705	\$936,755	\$873,445
Homeowner	N/A	991,632	923,540	846,747
Homeowner	N/A	968,298	903,732	833,546
Homeowner	N/A	960,058	901,484	823,372
Homeowner	N/A	959,864	883,554	807,460
Homeowner	N/A	936,047	872,604	807,111
Homeowner	N/A	933,272	867,843	793,276
Homeowner	N/A	932,188	862,729	788,948
Homeowner	N/A	924,774	857,140	786,382
Homeowner	N/A	920,517	848,429	770,404
Total		<u>\$9,529,355</u>	<u>\$ 8,857,810</u>	<u>\$8,130,691</u>
Percent of Assessed Valuation		<u>3.4%</u>	<u>3.5%</u>	<u>3.5%</u>

**SENNA HILLS MUNICIPAL UTILITY DISTRICT
OSI-2. ASSESSED VALUE BY CLASSIFICATION
SEPTEMBER 30, 2015**

Type of Property	Tax Roll Year					
	2015		2014		2013	
	Amount	%	Amount	%	Amount	%
Single Family	\$279,711,249	101.0%	\$261,959,488	102.8%	\$232,453,730	100.1%
Vacant Lot	146,000	0.1%	356,000	0.1%	156,000	0.1%
Non-Qualified Land	11,730		11,730		11,730	
Industrial and Manufacturing Personal	45,399		45,399		45,399	
Commercial Real Property	104,380		112,922	0.1%	119,517	0.1%
Commercial Personal Property	117,369		99,796		105,902	
Residential Inventory					725,000	0.3%
Totally Exempt Property	119,000	0.1%	119,000	0.1%	119,000	0.1%
Less: Adjustments	<u>(3,192,693)</u>	<u>-1.2%</u>	<u>(7,993,654)</u>	<u>-3.1%</u>	<u>(1,627,847)</u>	<u>-0.7%</u>
Total Taxable	<u>\$ 277,062,434</u>	<u>100.0%</u>	<u>\$ 254,710,681</u>	<u>100.0%</u>	<u>\$ 232,108,431</u>	<u>100.0%</u>