
SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

REPORT ON FINANCIAL STATEMENTS
(With Supplemental Material)

YEAR ENDED NOVEMBER 30, 2018

BREEDLOVE & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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BREEDLOVE & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

March 12, 2019

Board of Directors
Spring Creek Forest Public Utility District
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Spring Creek Forest Public Utility District, as of and for the year ended November 30, 2018, and the related notes to the financial statements, which collectively comprise Spring Creek Forest Public Utility 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.

Auditors' Responsibility

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Spring Creek Forest Public Utility District, as of November 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and page 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Spring Creek Forest Public Utility District's basic financial statements. The accompanying Texas Supplementary Information is presented for purposes of additional analysis and is not a required part of the financial statements.

The Texas Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Texas Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Breadmore & Co., P.C.

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED NOVEMBER 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains supplementary information required by the Governmental Accounting Standards Board and other supplementary information required by the District's state oversight agency, the Texas Commission on Environmental Quality (the Commission).

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, provision of water and sanitary sewer services. Other activities, such as recreation facilities, and solid waste collection are minor activities and are not budgeted or accounted for as separate programs. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements, and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The focus of government-wide financial statements is on the overall financial position and activities of the District. The District's government-wide financial statements include the statement of net position and statement of activities, which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the statement of net position is to report all of the assets and liabilities of the District. The District reports all of its assets when it acquires or begins to maintain the assets and reports all of its liabilities when they are incurred.

The difference between the District's total assets and total liabilities is labeled as net position and this difference is similar to the total stockholders' equity presented by a commercial enterprise.

The purpose of the statement of activities is to present the revenues and expenses of the District. Again, the items presented on the statement of activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the District. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues are reported even when they may not be collected for several months or years after the end of the accounting period and expenses are recorded even though they may not have used cash during the current year.

Although the statement of activities looks different from a commercial enterprise's statement of income, the financial statement is different only in format, not substance. Whereas the bottom line in a commercial enterprise is its net income, the District reports an amount described as change in net position, essentially the same thing.

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED NOVEMBER 30, 2018

(Continued)

FUND FINANCIAL STATEMENTS

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the general fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

Governmental Funds

Governmental-fund financial statements consist of a balance sheet and a statement of revenues, expenditures and changes in fund balance and are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted into cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land and water, sewer and drainage systems. Fund liabilities include amounts that are to be paid within a very short period after the end of the fiscal year. The difference between a fund's total assets and total liabilities is labeled the fund balance and generally indicates the amount that can be used to finance the next fiscal year's activities. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash, respectively, during the current period or very shortly after the end of the fiscal year.

Because the focus of the government-wide and fund financial statements are different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in the notes to financial statements that describe the adjustments to fund balances to arrive at net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in the notes to financial statements that reconciles the total change in fund balances for all governmental funds to the change in net position as reported in the governmental activities column in the statement of activities.

NOTES TO FINANCIAL STATEMENTS

The notes to financial statements provide additional information that is essential to a full understanding of the data found in the government-wide and fund financial statements.

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED NOVEMBER 30, 2018

(Continued)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's overall financial position and operations for the past year are summarized as follows based on the information included in the government-wide financial statements.

Summary of Net Position

	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 4 673 980	\$ 5 363 091
Capital assets	<u>4 361 361</u>	<u>3 430 510</u>
Total assets	<u>\$ 9 035 341</u>	<u>\$ 8 793 601</u>
Other liabilities	\$ 625 934	\$ 506 869
Long term liabilities	<u>4 700 000</u>	<u>5 060 000</u>
Total liabilities	<u>\$ 5 325 934</u>	<u>\$ 5 566 869</u>
Net position:		
Net investment in capital assets	\$ (698 639)	\$ (1 979 490)
Restricted	1 280 704	1 893 229
Unrestricted	<u>3 127 342</u>	<u>3 312 993</u>
Total net position	<u>\$ 3 709 407</u>	<u>\$ 3 226 732</u>

The total net position of the District increased by \$482,675, or about 15 percent. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Changes in Net Position

	<u>2018</u>	<u>2017</u>
Revenues:		
Property taxes	\$ 952 951	\$ 937 753
Charges for services	1 097 036	1 064 456
Other revenues	<u>122 828</u>	<u>83 409</u>
Total revenues	<u>2 172 815</u>	<u>2 085 618</u>
Expenses:		
Depreciation	187 974	212 349
Interest and fees	181 465	320 847
Expenses for services	<u>1 320 701</u>	<u>1 297 148</u>
Total expenses	<u>1 690 140</u>	<u>1 830 344</u>
Change in net position	482 675	255 274
Other financing sources/uses	-	65 671
Net position, beginning of year	<u>3 226 732</u>	<u>2 905 787</u>
Net position, end of year	<u>\$3 709 407</u>	<u>\$3 226 732</u>

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED NOVEMBER 30, 2018

(Continued)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District's combined fund balances as of the end of the fiscal year ended November 30, 2018, were \$3,518,962 a decrease of \$856,594 from the prior year.

The general fund's fund balance decreased by \$244,069.

The debt service fund's fund balance decreased by \$12,802.

The capital projects fund's fund balance decreased by \$599,723.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were several minor differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to less than expected repairs and maintenance, capital expenditures, and purchased water, sewer and garbage services. The budgetary fund balance as of November 30, 2018, was expected to be \$1,779,901 and the actual end of year fund balance was \$2,238,258.

CAPITAL ASSETS AND RELATED DEBT

Capital Assets

Capital assets held by the District at the end of the current and previous fiscal years are summarized below.

Capital Assets (Net of Accumulated Depreciation)

	<u>2018</u>	<u>2017</u>
Land	\$ 194 167	\$ 194 167
Infrastructure	2 755 322	2 931 373
Construction in progress	<u>1 411 872</u>	<u>304 970</u>
Total capital assets	<u>\$4 361 361</u>	<u>\$3 430 510</u>

Construction in progress is for the forcemain rehabilitation and the District's share of the Bammel Utility District's Waste Water Treatment Plant rehabilitation.

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED NOVEMBER 30, 2018

(Continued)

Debt

The changes in the debt position of the District during the fiscal year ended November 30, 2018 are summarized as follows:

Bonds payable, beginning of year	\$ 5 410 000
Additions	-
Retirements of principal	<u>(350 000)</u>
Bonds payable, end of year	<u>\$ 5 060 000</u>

Although the District is not rated by any of the bond rating agencies such as Moody's Investor Service or Standard & Poor's due to the District's size, its financial strength is good.

OTHER RELEVANT FACTORS

Relationship to the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston (the City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District's consent. If the District is annexed, the City must assume the District's assets and obligations (including the bonded indebtedness) and abolish the District within 90 days.

North Harris County Regional Water Authority

The District is located within the North Harris County Regional Water Authority (the Authority). The Authority was created to provide for the supply of surface water to north Harris County and to prepare a groundwater reduction plan to comply with the Subsidence District's 1999 Plan. The Authority's Groundwater Reduction Proposal has been approved by the Subsidence District. This plan, as adopted by the Subsidence District, will cover the areas of the District and the District will not owe any disincentive fees to the Subsidence District. It should also be known that the Authority entered into a contract with the City to purchase surface water beginning in 2013. The District currently pays to the Authority a groundwater pumpage fee of \$3.40 per 1,000 gallons of groundwater and \$3.85 per 1,000 gallons for surface water, and these amounts are subject to future increases. The issuance of additional bonds by the District in an undetermined amount may be necessary at some time in the future to develop surface water conversion infrastructure or to participate in the Authority or another regional surface water conversion effort.

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
NOVEMBER 30, 2018

	General Fund	Debt Service Fund	Capital Projects Fund
<u>ASSETS</u>			
Cash and investments	\$ 2 164 497	\$ -	\$ -
Restricted cash and investments	-	466 568	1 059 715
Taxes receivable	377 350	510 079	-
Service accounts receivable	59 747	-	-
Internal receivables	84 855	-	7 223
Prepaid expenditures	36 024	-	-
Capital assets (net of accumulated depreciation)			
Land	-	-	-
Infrastructure	-	-	-
Construction in progress	-	-	-
	<u> -</u>	<u> -</u>	<u> -</u>
Total assets	<u>\$ 2 722 473</u>	<u>\$ 976 647</u>	<u>\$ 1 066 938</u>
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	\$ 54 192	\$ 1 292	\$ 137 257
Retainage payable	-	-	29 398
Refundable deposits	45 450	-	-
Internal payables	7 223	84 855	-
Long-term liabilities:			
Due within one year	-	-	-
Due after one year	-	-	-
	<u> -</u>	<u> -</u>	<u> -</u>
Total liabilities	<u>106 865</u>	<u>86 147</u>	<u>166 655</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable tax revenue	<u>377 350</u>	<u>510 079</u>	<u>-</u>
Total deferred inflows of resources	<u>377 350</u>	<u>510 079</u>	<u>-</u>
<u>FUND BALANCES/NET POSITION</u>			
Fund balances :			
Restricted:			
Debt service funds	-	380 421	-
Capital projects funds	-	-	900 283
Unassigned	<u>2 238 258</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>2 238 258</u>	<u>380 421</u>	<u>900 283</u>
Total liabilities and fund balances	<u>\$ 2 722 473</u>	<u>\$ 976 647</u>	<u>\$ 1 066 938</u>
Net position:			
Net investment in capital assets			
Restricted for debt service			
Restricted for capital projects			
Unrestricted			
Total net position			
Total deferred inflows of resources, liabilities and net position			

See the Accompanying Independent Auditor's Report and Notes to Financial Statements

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 2 164 497	\$ -	\$ 2 164 497
1 526 283	-	1 526 283
887 429	-	887 429
59 747	-	59 747
92 078	(92 078)	-
36 024	-	36 024
-	194 167	194 167
-	2 755 322	2 755 322
-	1 411 872	1 411 872
<u>\$ 4 766 058</u>	<u>\$ 4 269 283</u>	<u>\$ 9 035 341</u>
\$ 192 741	\$ (1 655)	\$ 191 086
29 398	-	29 398
45 450	-	45 450
92 078	(92 078)	-
-	360 000	360 000
-	4 700 000	4 700 000
<u>359 667</u>	<u>4 966 267</u>	<u>5 325 934</u>
<u>887 429</u>	<u>(887 429)</u>	<u>-</u>
<u>887 429</u>	<u>(887 429)</u>	<u>-</u>
380 421	(380 421)	-
900 283	(900 283)	-
<u>2 238 258</u>	<u>(2 238 258)</u>	<u>-</u>
<u>3 518 962</u>	<u>(3 518 962)</u>	<u>-</u>
<u>\$ 4 766 058</u>		
	(698 639)	(698 639)
	380 421	380 421
	900 283	900 283
	<u>3 127 342</u>	<u>3 127 342</u>
	<u>3 709 407</u>	<u>3 709 407</u>
	<u>\$ 4 269 283</u>	<u>\$ 9 035 341</u>

See the Accompanying Independent Auditor's Report and Notes to Financial Statements

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

STATEMENT OF ACTIVITIES AND GOVERNMENTAL REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2018

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
Revenues:			
Charges for water service	\$ 192 091	\$ -	\$ -
Charges for sewer service	477 066	-	-
Regional water authority fee	427 879	-	-
Property taxes	367 030	537 363	-
Investment earnings	35 600	6 919	24 635
Penalties and interest	11 325	8 027	-
Miscellaneous income	32 267	4 055	-
Total revenues	<u>1 543 258</u>	<u>556 364</u>	<u>24 635</u>
Expenditures/expenses:			
Service operations:			
Purchased water service	393 198	-	-
Purchased sewer service	118 413	-	-
Purchased garbage service	264 889	-	-
Contracted services	66 363	11 774	-
Professional fees	72 266	1 865	-
Director fees	8 250	-	-
Repairs and maintenance	197 477	-	-
Utilities	40 425	-	-
Other	118 311	14 202	1 824
Debt Service			
Principal	-	350 000	-
Interest	-	191 325	-
Capital Outlay	507 735	-	622 534
Depreciation	-	-	-
Total expenditures/expenses	<u>1 787 327</u>	<u>569 166</u>	<u>624 358</u>
Excess (deficiency) of revenues over expenditures	(244 069)	(12 802)	(599 723)
Change in net position			
Fund balance/net position:			
Beginning of the year	<u>2 482 327</u>	<u>393 223</u>	<u>1 500 006</u>
End of the year	<u>\$ 2 238 258</u>	<u>\$ 380 421</u>	<u>\$ 900 283</u>

See the Accompanying Independent Auditor's Report and Notes to Financial Statements

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$ 192 091	\$ -	\$ 192 091
477 066	-	477 066
427 879	-	427 879
904 393	48 558	952 951
67 154	-	67 154
19 352	-	19 352
36 322	-	36 322
<u>2 124 257</u>	<u>48 558</u>	<u>2 172 815</u>
393 198	-	393 198
118 413	-	118 413
264 889	-	264 889
78 137	-	78 137
74 131	-	74 131
8 250	-	8 250
197 477	11 444	208 921
40 425	-	40 425
134 337	-	134 337
350 000	(350 000)	-
191 325	(9 860)	181 465
1 130 269	(1 130 269)	-
-	187 974	187 974
<u>2 980 851</u>	<u>(1 290 711)</u>	<u>1 690 140</u>
(856 594)	856 594	-
	482 675	482 675
<u>4 375 556</u>	<u>(1 148 824)</u>	<u>3 226 732</u>
<u>\$ 3 518 962</u>	<u>\$ 190 445</u>	<u>\$ 3 709 407</u>

See the Accompanying Independent Auditor's Report and Notes to Financial Statements

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS NOVEMBER 30, 2018

NOTE (1) SIGNIFICANT ACCOUNTING POLICIES

Spring Creek Forest Public Utility District (“District”) was created by H. B. 140, Acts of the 62nd Legislature of the State of Texas, Regular Session 1971, effective June 4, 1971. The Board of Directors held its organizational meeting June 25, 1971, and the first bonds were sold in September 1971.

The financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The more significant accounting policies of the District are described below.

A. Reporting Entity

The District is a Texas Utility District with a five-member board of directors, who are elected by individuals residing within the boundaries of the District. The Directors are elected to serve four-year terms, with two members elected at one election and the other three elected two years later.

The District follows the standards promulgated by GASB Statement No. 14, The Financial Reporting Entity, and GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, to define the reporting entity. The financial statements include all operations over which the District is financially accountable. The District is not a participant in any joint venture and has not identified any entities which would be component units of the District.

The District is a special-purpose government that is governed by a separately elected governing body. It is legally separate and fiscally independent of other state and local governments. The accompanying financial statements present the activities of the District.

B. Basis of Presentation

The financial transactions of the District are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the District:

a. Governmental Funds

General Fund - To account for all revenues and expenditures not required to be accounted for in other funds.

Debt Service Fund - To account for the accumulation of financial resources for, and the payment of, general long-term debt principal and interest, paid principally from property taxes levied by the District.

Capital Projects Fund - To account for financial resources designated to construct or acquire capital facilities and improvements. Such resources are derived principally from proceeds of the sale of bonds.

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS NOVEMBER 30, 2018 (Continued)

NOTE (1) SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

b. Fund Balances

Beginning with fiscal year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Government Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance - amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., board of directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

Assigned fund balance - amounts the District intends to use for a specific purpose. Intent can be expressed by the board of directors or by an official or body to which the board of directors delegates the authority.

Unassigned fund balance - amounts that are available for any purpose.

The District uses the following classifications for net position:

Net Investment in Capital Assets - To indicate the value of capital invested in capital assets less accumulated depreciation, net of associated debt.

Restricted - To indicate the funds restricted within the General Fund for the purposes of contingencies or emergencies. The Board must approve any changes in the restriction of this fund balance.

Unrestricted - To indicate net position that is available for use in future periods.

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS NOVEMBER 30, 2018 (Continued)

NOTE (1) SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

All Governmental Funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded in the accounting period in which they become available and measurable. "Available" means collectible within 60 days after year-end to be used to pay liabilities of the current period. Expenditures are recognized in the period in which the fund liability is incurred, if measurable. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due.

The District has adopted GASB 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." In compliance with GASB 34, the District has presented a Statement of Net Position and Statement of Activities for the year ended November 30, 2018. These statements are presented on an accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded in the period they are earned, and expenses are recorded in the period they are incurred. The "Adjustments" column on these statements represents the infrastructure of the District and related debt. In addition, tax revenues are adjusted to reflect an accrual basis rather than a modified accrual basis of accounting. Depreciation is recorded for all infrastructure assets. All fund balances are adjusted to reflect net position.

D. Capital Assets

The cost of capital assets includes all costs associated with the creation of the District, the sale of bonds, and the construction of facilities including infrastructure (immovable) assets which are of value only to the District. The interest costs and bond fees associated with the construction of capital assets is being expensed in the year of occurrence.

The District capitalized the cost of meters and boxes and residential lines as part of the water system in Capital Assets. The full cost of facilities owned by the District is capitalized; funds provided by others are shown as contributions on the Balance Sheet. Depreciation of capital assets is not recorded in the accounts of governmental funds, but is recorded as an Adjustment on the Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balance. The District capitalizes all land and land improvements, buildings and facilities and improvements over \$7,500. Assets are depreciated on a straight-line basis using lives established by the Texas Commission on Environmental Quality ranging from 3-45 years. Land is not a depreciable asset.

E. Inter-fund Transactions

Transfers from one fund to another fund are reported as inter-fund receivables and payables if there is intent to repay the 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. Transfers of residual equities are reported as additions to or deductions from the fund balance of the governmental fund types.

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2018
(Continued)

NOTE (1) SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budget

An operating budget is adopted each fiscal year for the General Fund on substantially the same basis used to reflect actual revenues and expenditures. The Board of Directors' approval is required for revisions that alter the total expenditures. Reported budgeted amounts are as originally adopted by the Board of Directors. Budgeted amounts lapse annually.

G. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Reconciliation of Government-Wide and Fund Financial Statements

Amounts reported for governmental activities in the statement of net position and governmental funds balance sheet are different because:

Total Fund Balance at November 30, 2018	<u>\$ 3 518 962</u>
Capital assets used in governmental activities are not financial and are not reported in the funds	4 361 361
Conversion of property tax assessments to full accrual basis	887 429
Interest paid on bonds is adjusted to accrual basis	1 655
Long-term debt obligations are not reported in the funds	<u>(5 060 000)</u>
Adjustment to fund balance to arrive at net position	<u>190 445</u>
Total Net Position at November 30, 2018	<u><u>\$ 3 709 407</u></u>

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2018
(Continued)

NOTE (1) SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Reconciliation of Government-Wide and Fund Financial Statements (Continued)

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

Change in fund balance	\$ (856 594)
Government funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation and abandoned construction in progress.	930 851
Interest paid on bonds is adjusted to accrual basis	9 860
Principal payments on debt are reported as expenditures in the funds. However, they do not affect on net position.	350 000
Conversion of property tax assessments to full accrual basis	<u>48 558</u>
Change in net position of governmental activities	<u>\$ 482 675</u>

NOTE (2) WATER AND SEWER SERVICE RATES

The District established the following water, sewer, and other service rates effective on May 13, 2014. No changes occurred in the current fiscal year.

<u>Water Service - Residential</u>	
First 5,000 gallons of water used	\$ 10.00
For each 1,000 gallons of water used from	
5,000 gallons to 10,000 gallons	1.00
10,000 gallons to 20,000 gallons	1.25
Over 20,000 gallons	1.50
 <u>Water Service - Commercial</u>	
First 5,000 gallons of water used	\$ 20.00
For each 1,000 gallons of water used from	
5,000 gallons to 10,000 gallons	2.00
10,000 gallons to 20,000 gallons	2.50
Over 20,000 gallons	3.00
 <u>Sewer Service - Residential</u>	 \$ 50.00

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2018
(Continued)

NOTE (2) WATER AND SEWER SERVICE RATES (Continued)

<u>Sewer Service</u> - Commercial	
First 5,000 gallons of water used	\$ 20.00
For each 1,000 gallons of water used from	
5,000 gallons to 10,000 gallons	2.00
10,000 gallons to 20,000 gallons	2.50
Over 20,000 gallons	3.00

North Harris County Regional Water Authority Fee

Effective May 11, 2010, the District amended the rate order and began charging its customers the amount charged by North Harris County Regional Water Authority for surface water plus 10% for administrative cost.

Tap Fees

<u>Residential Tap Fee</u> (up to and including 3/4" tap) (Includes the cost of meter, meter box and installation)	\$820.00
---	----------

For connections of over 3/4", the District shall establish tapping charges by separate order or agreement.

Commercial Tap Fee

Three times the actual and reasonable costs to the District for construction, installation, and inspection of the tap

Customer service inspection fee	\$ 50.00
---------------------------------	----------

Apartment Projects

Water Service Fees - Rates shall be the same as above for water usage utilizing the following formula:

$$\frac{\text{Water - Total \# gallons used}}{\text{Total \# of units in project}} \times 85\% \text{ residential rate}$$

Sewer Service Fees - Rates shall be the same as above for sewer service for each apartment unit.

<u>Builders</u> - Water and sewer service to unoccupied residences connected to the District's system	\$ 12.50
---	----------

<u>Deposits</u>	\$ 50.00
-----------------	----------

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2018
(Continued)

NOTE (3) WATER AND SEWER SERVICE CUSTOMERS

The following is the number of active water and sewer connections serviced by the District:

	Billing		Year
	Water	Sewer	
	808	783	2018
	810	786	2017
	807	778	2016
	814	781	2015
	813	780	2014

NOTE (4) RESTRICTED CASH

The following balances are restricted by the Bond Orders as of November 30, 2018:

Restricted for -	Future Capital	
	Debt Service	Projects
Cash and Investments	\$ 466 568	\$ 1 059 715
Total	\$ 466 568	\$ 1 059 715

NOTE (5) BONDS PAYABLE

	Series 2009	Series 2012 (R)	Series 2016
Amounts Outstanding 11/30/18	\$1 035 000	\$2 115 000	\$1 910 000
Interest Rates	3.6 – 4.5%	2.0 – 4.0%	3.0%
Maturity Dates - Serially Beginning/Ending	04/01/16- 04/01/29	04/01/13- 04/01/24	04/01/25- 04/01/32
Interest Payment Dates	April 1/ October 1	April 1/ October 1	April 1/ October 1
Callable Dates*	04/01/18	04/01/19	04/01/24

* Or any date thereafter, current interest bonds are callable at par plus unpaid accrued interest in whole or in part at the option of the District.

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2018
(Continued)

NOTE (5) BONDS PAYABLE (Continued)

The following is a summary of transactions regarding bonds payable for the year ended November 30, 2018:

Bonds Outstanding at Beginning of Current Year	\$ 5 410 000
Bonds Sold during Current Year	-
Retirements of Principal	<u>(350 000)</u>
Bonds Outstanding at End of Year	<u>\$ 5 060 000</u>
Bond Payable - Current	<u>\$ 360 000</u>
Bond Payable - Long-Term	<u>\$ 4 700 000</u>

NOTE (6) COMPLIANCE WITH DEBT SERVICE REQUIREMENTS

The Bond Orders require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. As of November 30, 2018, the cumulative effect of the debt service requirements have been managed and utilized in accordance with the provisions of the Bond Orders.

The Bond Orders state that, so long as the bonds are outstanding, the District agrees to maintain insurance for the benefit of the holders of bonds on the system of a kind and in an amount which usually would be carried by private companies engaged in a similar type of business. The District has physical damage coverage of \$4,368,600 and comprehensive general liability with a maximum limit of \$1,000,000 per occurrence and \$3,000,000 aggregate. Although no objective criteria have been established for insurance coverage, the Board of Directors considers that the District has complied with this requirement.

NOTE (7) PLEDGE OF TAXES

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount. The District's tax calendar is as follows:

Levy Date - September 1 or as soon after September 1 as it takes to set the tax rate

Due Date - Due upon receipt

Delinquent Date - February 1 after the levy date, at which time the taxpayer is liable for penalty and interest

Lien Date - January 1 the year after the Delinquent Date

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2018
(Continued)

NOTE (8) DEBT SERVICE REQUIREMENTS

Following is a summary of debt service requirements to maturity. Remaining maturity dates range from 2019 to 2032.

<u>Fiscal Years Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 360 000	\$ 181 400	\$ 541 400
2020	375 000	169 525	544 525
2021	390 000	155 375	545 375
2022	405 000	138 925	543 925
2023	425 000	121 825	546 825
2024 through 2028	1 995 000	366 625	2 361 625
2029 through 2032	<u>1 110 000</u>	<u>61 350</u>	<u>1 171 350</u>
	<u>\$ 5 060 000</u>	<u>\$ 1 195 025</u>	<u>\$ 6 255 025</u>

During the year ended November 30, 2018, the District levied an ad valorem debt service tax at the rate of \$0.27 per \$100 of assessed valuation, which resulted in a tax levy of \$545,772 on the taxable valuation of \$202,137,866 for the 2018 tax year.

In the governmental funds, property taxes are initially recorded as receivables and unearned revenue at the time the tax levy is billed. Revenues recognized during the fiscal year ended November 30, 2018, include collections during the current period or within 60 days of year-end related to the 2018 and prior years' tax levies.

NOTE (9) MAINTENANCE TAX

During the year ended November 30, 2018, the District levied an ad valorem maintenance tax at the rate of \$0.20 per \$100 of assessed valuation, which resulted in a tax levy of \$404,276 on the taxable valuation of \$202,137,866 for the 2018 tax year. The maximum maintenance tax rate of \$0.50 per \$100 valuation was approved November 4, 2008. Maintenance taxes are being used by the general fund to pay expenditures of operating the District's waterworks and sanitary sewer system.

In the governmental funds, property taxes are initially recorded as receivables and unearned revenue at the time the tax levy is billed. Revenues recognized during the fiscal year ended November 30, 2018, include collections during the current period or within 60 days of year-end related to the 2018 and prior years' tax levies.

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2018
(Continued)

NOTE (10) CAPITAL ASSETS

	Balances at Beginning of Year	Additions/ Deletions	Depreciation Expense	Balances at End of Year
Land	\$ 194 167	\$ -	\$ -	\$ 194 167
Infrastructure	6 814 652	11 923	-	6 826 575
Less: accumulated depreciation	(3 883 279)	-	(187 974)	(4 071 253)
Net book value	2 931 373	11 923	(187 974)	2 755 322
Construction in progress	304 970	1 106 902	-	1 411 872
Totals	<u>\$ 3 430 510</u>	<u>\$ 1 118 825</u>	<u>\$ (187 974)</u>	<u>\$ 4 361 361</u>

During the year ended December 31, 2018, \$11,444 in prior year construction in progress was abandoned and included as an adjustment to repairs and maintenance on the Statement of Activities. The amount is netted above against the gross capital outlay of \$1,130,269 for the year.

NOTE (11) DEPOSITS AND INVESTMENTS

Custodial Credit Risk – Deposits

The contracted depository bank used by the District is BBVA Compass Bank. The largest cash, savings, and time deposit combined balance at BBVA Compass Bank was \$802,102 and occurred on December 14, 2017. At that date, federal insurance plus pledged securities fully secured these deposits. The contracted depository bank used for the debt service fund is Wells Fargo. The largest cash, savings and time deposit combined balance was \$546,016 and occurred on January 11, 2018. At that date, federal insurance plus pledged securities fully secured these deposits.

Investment Policies

At the balance sheet date, deposits with a carrying value of \$352,406 held by depository banks were secured by FDIC coverage and pledged securities. At year end, funds were properly secured.

Statutes authorize the District to invest in direct or indirect obligations of the United States, the state, or any county, school district, or other political subdivision of the state. Funds of the District may also be placed in certificates of deposit of state or national banks or savings associations within the state. The District holds investments at November 30, 2018, in accordance with the Board approved investment policy, in TexPool State Treasury (“TexPool”). In following the Public Funds Collateral Act, TexPool invests the District’s funds in obligations of the United States, obligations issued by a public agency that is payable from taxes, revenues, or a combination thereof that has been rated by a nationally recognized rating agency with a rating of not less than A, or any security in which a public entity may invest under the Public Funds Investment Act of 1987. Surety bonds and investment securities are used as collateral to secure both the amount of the deposits with TexPool plus any accrued interest. A separate financial report for TexPool is prepared in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Copies of the report can be obtained from TexPool Participant Services, c/o Federated Investors, 1001 Texas Ave., 14th Floor, Houston, Texas 77002. The District held investments in TexPool with a total carrying value and market value of \$3,338,374 at year end.

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS NOVEMBER 30, 2018 (Continued)

NOTE (11) DEPOSITS AND INVESTMENTS (Continued)

Local governments are subject to the Public Funds Investment Act as amended during the 1995 legislative session. The Act directs local governments to adopt a written investment policy that primarily emphasizes safety of principal and liquidity. Also addressed under the Act are the areas of investment diversification, yield, maturity, and quality of investment management. The District has complied with the Act's provisions during its fiscal year ended November 30, 2018.

NOTE (12) SHARED WASTE TREATMENT PLANT

Spring Creek Forest Public Utility District is a participant in a shared facility operated as Bammel Waste Treatment Plant ("Plant"). The Bammel Waste Treatment Plant began operations of its central plant, a million gallon per day capacity, in 1975. The Plant currently provides treatment of all waste water to the following water districts: Bammel, Louetta Road, Spring Creek Forest, Harris County Municipal Utility District #44, and Terranova West. The expenses of the Plant's operations are allocated to those districts based on their percentage of ownership of the plant (25% - Bammel; 14.5% - Louetta Road; 7.5% Harris County Municipal Utility District #316; 18% - Spring Creek Forest; 15% - Harris County Municipal Utility District #44; and 20% - Terranova West) and number of connections.

The Board of Bammel Utility District also serves as the Board for the Plant. Normal operations of the Plant are supervised by this Board. Any items other than normal operations require approval from each participating District.

Separate audited financial statements of the Bammel Waste Treatment Plant are available as of November 30, 2017. Summarized financial information of the Plant for the year ended November 30, 2017 is as follows:

	Total	SCFPUD Interest
Assets	\$ 221 575	\$ 39 884
Liabilities	\$ 121 575	\$ 21 883
Equity	\$ 100 000	\$ 18 000
Revenue	\$ 1 206 285	\$ 217 131
Expenditures	\$ 1 206 285	\$ 217 131
Net Increase in Fund Balances	\$ -	\$ -

During the year ended November 30, 2018, the District's transactions with the Plant were \$117,463 for sewer service and repairs and maintenance and \$34,211 for capital expenditures. As of November 30, 2018, the District owed the Plant \$10,424. In addition, the District has prepaid the Plant \$18,000 for future sewer service and has a remaining deposit of \$22 for repairs and maintenance. None of the transactions with the Plant have been eliminated from the preceding summarized financial information.

The Plant's current debt consists of unsecured accounts payable and each participant's prepaid sewer services. The District is obligated to pay its respective share of operating expenses and for any future modifications or expansion of the Plant when incurred.

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS NOVEMBER 30, 2018 (Continued)

NOTE (13) WATER SUPPLY AGREEMENTS

The District has emergency water supply agreements with Bilma Public Utility District and Harris County Municipal Utility District No. 24.

NOTE (14) MISCELLANEOUS INCOME

Miscellaneous income in the general fund includes \$30,741 in chloramines credit from the North Harris County Regional Water Authority, and \$1,526 in other income.

NOTE (15) SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 12, 2019 (the date the financial statements were available to be issued) and noted that no additional subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statement.

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
EQUITY - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED NOVEMBER 30, 2018

	<u>Actual</u>	<u>Original and Final Budget*</u>	Variance Positive (Negative)
Revenues:			
Charges for water service	\$ 192 091	\$ 204 000	\$ (11 909)
Charges for sewer service	477 066	476 500	566
Regional water authority fee	427 879	380 000	47 879
Maintenance taxes	367 030	372 232	(5 202)
Investment earnings	35 600	19 000	16 600
Penalties and interest	11 325	12 000	(675)
Miscellaneous	<u>32 267</u>	<u>31 492</u>	<u>775</u>
Total revenues	<u>1 543 258</u>	<u>1 495 224</u>	<u>48 034</u>
Expenditures/expenses:			
Service operations:			
Purchased water, sewer and garbage service	776 500	850 000	73 500
Contracted services	66 363	72 000	5 637
Professional fees	72 266	80 000	7 734
Director fees	8 250	10 000	1 750
Repairs and maintenance	197 477	259 000	61 523
Utilities	40 425	52 000	11 575
Other	118 311	114 150	(4 161)
Capital outlay	<u>507 735</u>	<u>760 500</u>	<u>252 765</u>
Total expenditures/expenses	<u>1 787 327</u>	<u>2 197 650</u>	<u>410 323</u>
Excess (deficiency) of revenues over expenditures	(244 069)	(702 426)	458 357
Fund balance/net position:			
Beginning of the year	<u>2 482 327</u>	<u>2 482 327</u>	<u>-</u>
End of the year	<u>\$ 2 238 258</u>	<u>\$ 1 779 901</u>	<u>\$ 458 357</u>

* Budget was not amended during the year. Therefore, the original budget is the same as the final budget.

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

TSI-1. SERVICES AND RATES FOR THE YEAR ENDED NOVEMBER 30, 2018

1. Services Provided by the District:

Retail Water Irrigation
Retail Wastewater

2. Retail Service Providers

a. Retail Rates Based on 5/8" Meter:

Most prevalent type of meter (if not a 5/8"): 3/4" meter

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons Over Minimum</u>	<u>Usage Levels</u>
Water	\$10.00	5,000	N	Minimum Charge \$ 1.00 1.25 1.50	0 - 5,000 5,001 - 10,000 10,001 - 20,000 over 20,000
Sewer	\$50.00	flat rate	Y		

District employs winter averaging for wastewater usage?

Yes No
 X

Total charges per 10,000 gallons usage: Water \$15.00 Wastewater: \$50.00

b. Water and Wastewater Retail Connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered	-	-	x 1.0	-
< or =3/4"	764	761	x 1.0	761
1"	34	34	x 2.5	85
1 1/2"	1	1	x 5.0	5
2"	11	11	x 8.0	88
3"	-	-	x 15.0	-
4"	-	-	x 25.0	-
6"	1	1	x 50.0	50
8"	-	-	x 80.0	-
10"	-	-	x 115.0	-
Total Water	811	808		989
Total Wastewater	786	783	x 1.0	783

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

Gallons pumped into system: 112,930 Water Accountability Ratio: .96
Gallons billed to customers: 107,970

Note that gallons billed include amounts used by the District's meters during the year.

See the Accompanying Independent Auditors' Report.

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

TSI-1. SERVICES AND RATES
FOR THE YEAR ENDED NOVEMBER 30, 2018
(Continued)

4. Location of District:

County in which district is located: Harris

Is the District located entirely within one county? Yes X No _____

Is the District located within a city? Entirely _____ Partly _____ Not at All X

Is the District located within a city's extra territorial jurisdiction (ETJ)? Entirely X Partly _____ Not at All _____

ETJ in which District is located: Houston

Are Board members appointed by an office outside the District? Yes _____ No X

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

TSI-2. GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED NOVEMBER 30, 2018

Personnel Expenditures (including benefits)*	\$ -
Professional Fees	
Auditing	10 524
Legal	51 913
Engineering	9 829
Purchased Services for Resale	
Bulk water service purchases	393 198
Bulk wastewater service purchases	118 413
Bulk water, wastewater and garbage service purchases	264 889
Contracted Services	
Bookkeeping	19 400
General manager or operator	46 963
Other contracted services	-
Utilities	40 425
Repairs and Maintenance	197 477
Laboratory fees	10 611
Chemicals	8 911
Administrative Expenditures	
Directors' fees	8 250
Office supplies	9 196
Insurance	17 745
Other administrative expenditures	71 848
Capital Outlay	507 735
Tap Connection Expenditures	-
Solid Waste Disposal	-
Fire Fighting	-
Parks and Recreation	-
Other Expenditures	-
TOTAL EXPENDITURES	<u><u>\$ 1 787 327</u></u>

*Number of persons employed by the District:

Full-time	<u><u>-</u></u>
Part-time	<u><u>-</u></u>

See the Accompanying Independent Auditors' Report.

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

TSI-3. TEMPORARY INVESTMENTS
FOR THE YEAR ENDED NOVEMBER 30, 2018

Fund	Interest Rate	Maturity Date	Balances End of Year	Accrued Interest Receivable at End of Year
General Fund				
TexPool	varies	-	\$ 2 066 163	\$ -
Total General Fund			<u>2 066 163</u>	<u>-</u>
Debt Service Fund				
TexPool	varies	-	257 610	-
Total Debt Service Fund			<u>257 610</u>	<u>-</u>
Capital Projects Fund				
TexPool	varies	-	1 014 601	-
Total Capital Projects Fund			<u>1 014 601</u>	<u>-</u>
Total - All Funds			<u>\$ 3 338 374</u>	<u>\$ -</u>

See the Accompanying Independent Auditors' Report.

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

TSI-4. TAXES LEVIED AND RECEIVABLE
NOVEMBER 30, 2018

	<u>Maintenance</u>	<u>Debt Service</u>
	<u>Taxes</u>	<u>Taxes</u>
Taxes Receivable, Beginning of Year	\$ 338 915	\$ 499 956
2018 Original Tax Roll	404 276	545 772
Adjustments	<u>1 189</u>	<u>1 714</u>
Total to be Accounted For	<u>744 380</u>	<u>1 047 442</u>
Tax Collections		
Current Year	29 635	40 007
Prior Years	<u>337 395</u>	<u>497 356</u>
Total Collections	<u>367 030</u>	<u>537 363</u>
Taxes Receivable, End of year	<u>\$ 377 350</u>	<u>\$ 510 079</u>
Taxes Receivable, by Years		
2018	\$ 374 287	\$ 505 287
2017	1 463	2 156
2016	553	892
2015	480	727
2014	<u>567</u>	<u>1 017</u>
Taxes Receivable, End of Year	<u>\$ 377 350</u>	<u>\$ 510 079</u>

Assessed Valuation Summary

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Property Valuations					
Land	\$ 43 178 913	\$ 39 426 536	\$ 38 731 312	\$ 38 610 924	\$ 34 004 544
Improvements	165 466 645	166 064 057	159 707 992	146 254 578	133 530 508
Personal property	3 343 610	3 119 708	3 446 413	3 453 051	3 697 486
Exemptions	<u>(9 851 302)</u>	<u>(9 762 542)</u>	<u>(9 531 254)</u>	<u>(8 669 016)</u>	<u>(8 545 389)</u>
Total Property Valuations	<u>\$ 202 137 866</u>	<u>\$ 198 847 759</u>	<u>\$ 192 354 463</u>	<u>\$ 179 649 537</u>	<u>\$ 162 687 149</u>
Tax Rates Per \$100 Valuation					
Debt service tax rates	\$ 0.2700	\$ 0.2800	\$ 0.2900	\$ 0.2800	\$ 0.3050
Maintenance tax rates *	<u>0.2000</u>	<u>0.1900</u>	<u>0.1800</u>	<u>0.1850</u>	<u>0.1700</u>
Total Tax Rates per \$100 Valuation	<u>\$ 0.4700</u>	<u>\$ 0.4700</u>	<u>\$ 0.4700</u>	<u>\$ 0.4650</u>	<u>\$ 0.4750</u>
Tax Rolls	<u>\$ 950 048</u>	<u>\$ 934 584</u>	<u>\$ 904 066</u>	<u>\$ 835 370</u>	<u>\$ 772 764</u>
Percent of Taxes Collected to Taxes Levied	<u>7.4%</u>	<u>99.6%</u>	<u>99.8%</u>	<u>99.9%</u>	<u>99.8%</u>

* Maximum Tax Rate Approved by Voters: \$0.50 on November 4, 2008

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS
NOVEMBER 30, 2018

Due During Fiscal Years Ending	Series 2009		
	Principal Due April 1	Interest Due April 1,	
		October 1	Total
2019	\$ 35 000	\$ 50 875	\$ 85 875
2020	50 000	48 750	98 750
2021	45 000	46 375	91 375
2022	65 000	43 625	108 625
2023	35 000	41 125	76 125
2024	55 000	38 875	93 875
2025	150 000	33 750	183 750
2026	150 000	26 250	176 250
2027	150 000	18 750	168 750
2028	150 000	11 250	161 250
2029	150 000	3 750	153 750
	<u>\$1 035 000</u>	<u>\$ 363 375</u>	<u>\$1 398 375</u>

Due During Fiscal Years Ending	Series 2012 (R)		
	Principal Due April 1	Interest Due April 1,	
		October 1	Total
2019	\$ 325 000	\$ 73 225	\$ 398 225
2020	325 000	63 475	388 475
2021	345 000	51 700	396 700
2022	340 000	38 000	378 000
2023	390 000	23 400	413 400
2024	390 000	7 800	397 800
	<u>\$2 115 000</u>	<u>\$ 257 600</u>	<u>\$2 372 600</u>

See the Accompanying Independent Auditors' Report.

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS
 NOVEMBER 30, 2018
 (Continued)

Due During Fiscal Years Ending	Series 2016		
	Principal Due April 1	Interest	
		Due April 1	Due April 1, October 1
2019	\$ -	\$ 57 300	\$ 57 300
2020	-	57 300	57 300
2021	-	57 300	57 300
2022	-	57 300	57 300
2023	-	57 300	57 300
2024	-	57 300	57 300
2025	230 000	53 850	283 850
2026	240 000	46 800	286 800
2027	240 000	39 600	279 600
2028	240 000	32 400	272 400
2029	240 000	25 200	265 200
2030	240 000	18 000	258 000
2031	240 000	10 800	250 800
2032	240 000	3 600	243 600
	<u>\$1 910 000</u>	<u>\$ 574 050</u>	<u>\$2 484 050</u>

Due During Fiscal Years Ending	Annual Requirements for All Series		
	Principal Due April 1	Interest	
		Due April 1	Due April 1, October 1
2019	\$ 360 000	\$ 181 400	\$ 541 400
2020	375 000	169 525	544 525
2021	390 000	155 375	545 375
2022	405 000	138 925	543 925
2023	425 000	121 825	546 825
2024	445 000	103 975	548 975
2025	380 000	87 600	467 600
2026	390 000	73 050	463 050
2027	390 000	58 350	448 350
2028	390 000	43 650	433 650
2029	390 000	28 950	418 950
2030	240 000	18 000	258 000
2031	240 000	10 800	250 800
2032	240 000	3 600	243 600
Total	<u>\$5 060 000</u>	<u>\$1 195 025</u>	<u>\$6 255 025</u>

See the Accompanying Independent Auditors' Report.

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SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

TSI-6. CHANGE IN LONG-TERM BONDED DEBT
NOVEMBER 30, 2018

	<u>Series 2009</u>	<u>Series 2012 (R)</u>	<u>Series 2016</u>	<u>Total</u>
Interest Rate	3.6% - 4.5%	2.0% - 4.0%	3.0%	
Date Interest Payable	04/1;10/1	04/1;10/1	04/1;10/1	
Maturity Dates	04/01/16- 04/01/29	04/01/13- 04/01/24	04/01/25- 04/01/32	
Bonds Outstanding at Beginning				
Current Year	\$ 1 080 000	\$ 2 420 000	\$ 1 910 000	\$ 5 410 000
Bonds Sold	-	-	-	-
Retirement				
Principal	<u>(45 000)</u>	<u>(305 000)</u>	<u>-</u>	<u>(350 000)</u>
Bonds Outstanding at End of				
Current Year	<u>\$ 1 035 000</u>	<u>\$ 2 115 000</u>	<u>\$ 1 910 000</u>	<u>\$ 5 060 000</u>
Interest	\$ 52 875	\$ 81 150	\$ 57 300	\$ 191 325

Paying Agent Name and Address Series 2009, 2012 (R) and 2016:

The Bank of New York Mellon, N.A.
P.O. Box 2320
Dallas, Texas 75221-2320

Bond Authority	<u>Tax Bonds</u>
Amount Authorized by Voters	\$ 16 075 000
Amount Issued	<u>(14 110 000)</u>
Remaining To Be Issued	<u>\$ 1 965 000</u>

Refunding bonds are authorized in an amount not in excess of one and one-half times the amount of bonds or other evidences of indebtedness previously issued by the District for the purposes of purchasing, constructing, acquiring, owning, leasing, operating, repairing, and improving appliances for a waterworks and sewer system including drainage facilities and purchasing rights in any such systems.

Debt Service Fund Cash and Temporary Investments	
Balance as of November 30, 2018	<u>\$ 466 568</u>
Average Annual Debt Service Payment (Principal and Interest) for Remaining Term of All Debt	<u>\$ 446 788</u>

See the Accompanying Independent Auditors' Report.

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

TSI-7. COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES,
GENERAL FUND AND DEBT SERVICE FUND
FIVE YEARS ENDED NOVEMBER 30, 2018

	Amounts		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Fund Revenues			
Service revenues	\$ 1 097 036	\$1 064 456	\$1 012 314
Maintenance tax revenues	367 030	362 922	339 098
Penalty and interest revenues	46 925	30 201	18 529
Miscellaneous	32 267	31 373	32 812
Total Revenues	1 543 258	1 488 952	1 402 753
General Fund Expenditures			
Professional fees	72 266	59 851	70 930
Purchased and contracted services	66 363	69 954	64 088
Purchased water, sewer and garbage	776 500	777 821	705 820
Recurring operating expenditures	126 561	115 604	114 588
Repairs and maintenance	197 477	202 417	204 794
Utilities	40 425	41 726	40 532
Capital outlay	507 735	75 749	-
Total Expenditures	1 787 327	1 343 122	1 200 752
Excess Revenues (Expenditures)	\$ (244 069)	\$ 145 830	\$ 202 001
Debt Service Fund Revenues			
Tax revenues	\$ 537 363	\$ 578 841	\$ 513 899
Penalty and interest revenues	8 027	6 670	7 066
Interest on investments	6 919	2 751	882
Miscellaneous	4 055	82	1 457
Total Revenues	556 364	588 344	523 304
Debt Service Fund Expenditures			
Tax collection and various expenditures	27 841	29 579	23 889
Debt service - interest and fees	191 325	186 826	149 575
Debt service - principal, net of proceeds	350 000	345 000	335 000
Total Expenditures	569 166	561 405	508 464
Excess Revenues (Expenditures)	\$ (12 802)	\$ 26 939	\$ 14 840
Total Active Retail Water Connections	808	810	807
Total Active Retail Wastewater Connections	783	786	778

See the Accompanying Independent Auditors' Report.

Amounts		Percent of Fund Total Revenues				
2015	2014	2018	2017	2016	2015	2014
\$ 967 644	\$ 693 104	71.1%	71.5%	72.2%	74.1%	69.4%
273 806	260 160	23.8	24.4	24.2	21.0	26.0
13 701	14 208	3.0	2.0	1.3	1.0	1.4
<u>51 285</u>	<u>31 522</u>	<u>2.1</u>	<u>2.1</u>	<u>2.3</u>	<u>3.9</u>	<u>3.2</u>
<u>1 306 436</u>	<u>998 994</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
132 129	78 149	4.7	4.0	5.1	10.1	7.8
64 685	66 436	4.3	4.7	4.6	5.0	6.7
658 170	349 546	50.3	52.2	50.3	50.4	35.0
95 175	95 787	8.2	7.8	8.2	7.3	9.6
97 774	208 554	12.8	13.6	14.6	7.5	20.9
35 204	42 066	2.6	2.8	2.9	2.7	4.2
<u>261 027</u>	<u>-</u>	<u>32.9</u>	<u>5.1</u>	<u>0.0</u>	<u>20.0</u>	<u>0.0</u>
<u>1 344 164</u>	<u>840 538</u>	<u>115.8</u>	<u>90.2</u>	<u>85.7</u>	<u>103.0</u>	<u>84.2</u>
<u>\$ (37 728)</u>	<u>\$ 158 456</u>	<u>(15.8)%</u>	<u>9.8%</u>	<u>14.3%</u>	<u>(3.0)%</u>	<u>15.8%</u>
\$ 486 333	\$ 487 783	96.7%	98.4%	98.2%	98.3%	99.3%
6 054	3 511	1.4	1.1	1.3	1.2	0.7
212	108	1.2	0.5	0.2	0.0	0.0
<u>2 199</u>	<u>50</u>	<u>0.7</u>	<u>0.0</u>	<u>0.3</u>	<u>0.5</u>	<u>0.0</u>
<u>494 798</u>	<u>491 452</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
23 982	22 557	5.0	5.0	4.6	4.8	4.6
265 300	161 894	34.4	31.8	28.6	53.6	32.9
<u>220 000</u>	<u>335 000</u>	<u>62.9</u>	<u>58.6</u>	<u>64.0</u>	<u>44.5</u>	<u>68.2</u>
<u>509 282</u>	<u>519 451</u>	<u>102.3</u>	<u>95.4</u>	<u>97.2</u>	<u>102.9</u>	<u>105.7</u>
<u>\$ (14 484)</u>	<u>\$ (27 999)</u>	<u>(2.3)%</u>	<u>4.6%</u>	<u>2.8%</u>	<u>(2.9)%</u>	<u>(5.7)%</u>
<u>814</u>	<u>813</u>					
<u>781</u>	<u>780</u>					

See the Accompanying Independent Auditors' Report.

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

TSI-8. BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
NOVEMBER 30, 2018

Complete District Mailing Address: Spring Creek Forest Public Utility District
2727 Allen Parkway, Suite 1100
Houston, Texas 77019

District Business Telephone Number: (713) 652-6500

Submission Date of the most recent District Registration Form
(TWC Sections 36.054 and 49.054): June 13, 2018

Limit on Fees of Office that a Director may receive during a fiscal year: \$7,200

Names	Term of office (Elected or Appointed) or Date Hired	Fees of Office Paid* FYE 11/30/18	Expense Reimburse- ments FYE 11/30/18	Title at Year End
Board Members:				
R.W. (Rick) Kehlenbach	(Elected) 05/18 - 05/22	\$ 1 800	\$ 311	President
Wayne Cherry	(Elected) 05/16 - 05/20	\$ 1 950	\$ 339	Vice President
Janet E. Frakes	(Elected) 05/16 - 05/20	\$ 1 050	\$ 226	Secretary
Tom Buffington	(Appointed) 05/18 - 05/22	\$ 2 400	\$ 2 327	Director
Kennon Evett	(Appointed) 05/18 - 05/22	\$ 1 050	\$ 1 319	Director

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

SPRING CREEK FOREST PUBLIC UTILITY DISTRICT

TSI-8. BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
NOVEMBER 30, 2018
(Continued)

<u>Names</u>	<u>Term of office (Elected or Appointed) or Date Hired</u>	<u>Fees Paid* FYE 11/30/18</u>	<u>Expense Reimburse- ments FYE 11/30/18</u>	<u>Title at Year End</u>
Consultants:				
Smith, Murdaugh, Little & Bonham, L.L.P.	10/07	\$ 50 974	\$ 6 135	Attorney
M. Marlon Ivy & Associates, Inc.	06/71	\$ 48 762	\$ 149 851	Operator
Equi-Tax, Inc.	12/84	\$ 14 620	\$ 1 865	Tax Collector
Claudia Redden & Associates, LLC	06/82	\$ 19 400	\$ 5 672	Bookkeeper/ Investment Officer
Cobb, Fendley & Associates, Inc.	03/04	\$ 59 997	\$ 383	Engineer
Breedlove & Co., P.C.	1980	\$ 10 524	\$ -	Auditor
Harris County Appraisal District	1985	\$ 6 954	\$ -	Appraisal District

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