

SPRING CREEK UTILITY DISTRICT
MONTGOMERY COUNTY, TEXAS
ANNUAL AUDIT REPORT
APRIL 30, 2021

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August 16, 2021

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Spring Creek
Utility District
Montgomery County, Texas

I have audited the accompanying financial statements of the governmental activities and each fund of Spring Creek Utility District, as of and for the year ended April 30, 2021, which collectively comprise the District's basic financial statements, as listed in the table of contents, and the related notes to the financial statements.

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 of material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 assessment of the risk 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 I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each fund of Spring Creek Utility District as of April 30, 2021, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (Continued)**Other Matters**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on Pages 3 to 8, Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual, General Fund, on Page 24 and the Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual, Special Revenue Fund, on Page 25 be presented to supplement the basic financial statements. Such information, although not 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on Pages 26 to 50 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. Except for the portion marked "unaudited," the information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it. The accompanying supplementary information includes financial data excerpted from prior year financial statements which were audited by my firm.

A handwritten signature in dark ink, appearing to read "M. G. J.", is located in the lower right quadrant of the page.

Management's Discussion and Analysis

Using this Annual Report

Within this section of the Spring Creek Utility District (the "District") annual report, the District's Board of Directors provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended April 30, 2021.

The annual report consists of a series of financial statements plus additional supplemental information to the financial statements as required by its state oversight agency, the Texas Commission on Environmental Quality. 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. In the District's case, the single governmental program is provision of water and sewer services. Other activities, such as security service and garbage 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 attempt to report all of the assets and liabilities owned by 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 owners' 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. 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 period.

Although the statement of activities looks different from a commercial enterprise's income statement, 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.

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 fund financial statements consist of a balance sheet and statement of revenues, expenditures and change in fund balances 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 and sewer 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 Note 3 of the notes to the financial statements that reconciles the total fund balances to the amount of net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in Note 3 of the notes to the 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.

Financial Analysis of the District as a Whole

Financial Analysis of the District as a Whole begins with an understanding of how financial resources flow through the District's funds. Resources in the Capital Projects Fund are derived principally from proceeds of the sale of bonds, and expenditures from this fund are subject to the Rules of the Texas Commission on Environmental Quality. Resources in the Debt Service Fund are derived principally from the collection of property taxes and are used for the payment of tax collection costs and bond principal and interest. Resources in the General Fund are derived principally from property taxes and billings for water and sewer services and are used to operate and maintain the system and to pay costs of administration of the District.

Management has financial objectives for each of the District's funds. The financial objective for the Capital Projects Fund is to spend the funds as necessary in accordance with the Rules of the Texas Commission on Environmental Quality. The financial objective for the Debt Service Fund is to levy the taxes necessary to pay the fiscal year debt service requirements plus the cost of levying and collecting taxes, leaving the appropriate fund balance as recommended by the District's financial advisor. The financial objective for the General Fund is to keep the fund's expenditures as low as possible while ensuring that revenues are adequate to cover expenditures and maintaining the fund balance that Management believes is prudent. The financial objective for the Special Revenue Fund is to insure that the expenditures in the funds are billed to the participants in accordance with the contract. Management believes that these financial objectives were met during the fiscal year.

Management believes that the required method of accounting for certain elements of the government-wide financial statements makes the government-wide financial statements as a whole not useful for financial analysis. In the government-wide financial statements, capital assets and depreciation expense have been required to be recorded at historical cost. Management's policy is to maintain the District's capital assets in a condition greater than or equal to the condition required by regulatory authorities, and management does not believe that depreciation expense is relevant to the management of the District. In the government-wide financial statements, certain non-cash costs of long-term debt are capitalized and amortized over the life of the related debt. Management believes that this required method of accounting is not useful for financial analysis of the District and prefers to consider the required cash flows of the debt as reported in the fund statements and the notes to the financial statements. In the government-wide financial statements, property tax revenues are required to be recorded in the fiscal year for which the taxes are levied, regardless of the year of collection. Management believes that the cash basis method of accounting for property taxes in the funds provides more useful financial information.

The following required summaries of the District's overall financial position and operations for the past two years are based on the information included in the government-wide financial statements. For the reasons described in the preceding paragraph, a separate analysis of the summaries is not presented.

Summary of Net Position

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Current and other assets	\$ 30,062,288	\$ 22,840,717	\$ 7,221,571
Capital assets	59,351,964	60,542,502	(1,190,538)
Total assets	<u>89,414,252</u>	<u>83,383,219</u>	<u>6,031,033</u>
Long-term liabilities	64,346,076	60,522,540	3,823,536
Other liabilities	4,335,610	4,137,144	198,466
Total liabilities	<u>68,681,686</u>	<u>64,659,684</u>	<u>4,022,002</u>
Net position:			
Invested in capital assets, net of related debt	(7,609,856)	(2,171,545)	(5,438,311)
Restricted	14,118,662	8,202,200	5,916,462
Unrestricted	14,223,760	12,692,880	1,530,880
Total net position	<u>\$ 20,732,566</u>	<u>\$ 18,723,535</u>	<u>\$ 2,009,031</u>

Summary of Changes in Net Position

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Revenues:			
Property taxes, including related penalty and interest	\$ 6,602,019	\$ 6,278,330	\$ 323,689
Charges for services	5,042,309	5,368,307	(325,998)
Other revenues	57,192	329,340	(272,148)
Total revenues	<u>11,701,520</u>	<u>11,975,977</u>	<u>(274,457)</u>
Expenses:			
Service operations	7,160,694	6,764,553	396,141
Debt service	2,531,795	2,282,498	249,297
Total expenses	<u>9,692,489</u>	<u>9,047,051</u>	<u>645,438</u>
Change in net position	2,009,031	2,928,926	(919,895)
Net position, beginning of year	<u>18,723,535</u>	<u>15,794,609</u>	<u>2,928,926</u>
Net position, end of year	<u>\$ 20,732,566</u>	<u>\$ 18,723,535</u>	<u>\$ 2,009,031</u>

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended April 30, 2021, were \$28,066,999, an increase of \$7,287,595 from the prior year.

The General Fund balance increased by \$1,488,710, in accordance with the District's financial plan.

The Special Revenue Fund balance did not change.

The Debt Service Fund balance increased by \$531,286, in accordance with the District's financial plan.

The Capital Projects Fund balance increased by \$5,267,599, as proceeds from the Series 2021 bonds and interest earnings on deposits and investments exceeded authorized expenditures.

General Fund Budgetary Highlights

The Board of Directors did not amend the budget during the fiscal year. The District's budget is primarily a planning tool. Accordingly, actual results varied from the budgeted amounts. A comparison of actual to budgeted amounts is presented on Page 24 of this report. The budgetary fund balance as of April 30, 2021, was expected to be \$13,320,215 and the actual end of year fund balance was \$14,106,395.

Capital Asset and Debt Administration

Capital Assets

Capital assets held by the District at the end of the current and previous fiscal years are summarized as follows:

	<u>Capital Assets (Net of Accumulated Depreciation)</u>		
	<u>2021</u>	<u>2020</u>	<u>Change</u>
Land and easements	\$ 2,907,572	\$ 1,579,676	\$ 1,327,896
Drainage ditches/Detention ponds/Park improvements	5,298,644	5,298,644	0
Park improvements	408,395	425,076	(16,681)
Construction in progress	3,488,804	6,439,955	(2,951,151)
Water facilities	11,119,005	11,161,735	(42,730)
Sewer facilities	21,084,970	20,453,314	631,656
Drainage facilities	15,044,574	15,184,102	(139,528)
Totals	<u>\$ 59,351,964</u>	<u>\$ 60,542,502</u>	<u>\$ (1,190,538)</u>

Changes to capital assets during the fiscal year ended April 30, 2021, are summarized as follows:

Additions:

Joint facilities improvements	\$ 94,496
Water system improvements	138,075
Sewer system improvements	43,700
Drainage system improvements	53,520
Underground facilities constructed by developers	464,334
Total additions to capital assets	<u>794,125</u>

Decreases:

Construction in progress items not capitalized	(172,897)
Depreciation	<u>(1,811,766)</u>

Net change to capital assets \$ (1,190,538)

Debt

Changes in the bonded debt position of the District during the fiscal year ended April 30, 2021, are summarized as follows:

Bonded debt payable, beginning of year	\$ 56,170,000
Bonds sold	9,600,000
Bonds paid	<u>(2,155,000)</u>
Bonded debt payable, end of year	<u>\$ 63,615,000</u>

At April 30, 2021, the District had \$138,215,000 of bonds authorized but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage system within the District.

Subsequent to April 30, 2021, the District issued \$7,770,000 in unlimited tax refunding bonds to advance refund \$7,325,000 of outstanding Series 2013 bonds. The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to call and retire the refunded Series 2013 bonds on October 1, 2021.

The District's bonds have an underlying rating of BBB+ and A2 from Standard & Poor's and Moody's, respectively. The Series 2015, 2017A, 2019 and 2021 bonds are insured by Assured Guaranty Municipal Corp. and the Series 2013, 2014, 2016, 2017 and 2018 bonds are insured by Build America Mutual Company. The Series 2013, 2014, 2015, 2016, 2017, 2017A, 2018, 2019 and 2021 bonds are rated AA by Standard & Poor's. The Series 2015, 2017A, 2018, 2019 and 2021 bonds are also rated A2 by Moody's. There were no changes in the bond ratings during the fiscal year ended April 30, 2021.

As further described in Note 5 of the notes to the financial statements, developers within the District are currently constructing certain underground facilities within the District's boundaries. The District has agreed to reimburse the developers for these construction and related engineering costs plus interest not to exceed the interest rate of the applicable District bond issue. These amounts are to be reimbursed from the proceeds of a future bond issue to the extent approved by the Texas Commission on Environmental Quality. The District's engineer stated that cost of the construction in progress at April 30, 2021, was \$2,477,217.

As further described in Note 11 of the notes to the financial statements, on September 27, 2017, the District entered into an Lease - Purchase Agreement to replace and improve the water meters throughout the District. At April 30, 2021, the unpaid principal amount of this agreement was \$1,106,137.

RELEVANT FACTORS AND WATER SUPPLY ISSUES

Property Tax Base

The District's tax base increased approximately \$40,480,000 for the 2020 tax year (approximately 7%) due to the addition of new commercial property and related personal property within the District and the increase in the average assessed valuations on existing properties.

Relationship to the City of Houston

Utilizing a provision of Texas law, the City of Houston ("City") and the District entered into a Strategic Partnership Agreement ("SPA") effective as of December 19, 2011 (as Amended and Restated effective November 22, 2013). The SPA provides for the limited purpose annexation of certain developed commercial tracts within the District into the City for the limited purpose of imposition of the City's Sales and Use Tax. No City services are provided. The properties made subject to the SPA may not be taxed for ad valorem purposes by the City. Additional properties may become subject to the SPA by amending the SPA upon the consent of the City and the District. The City pays the District an amount equal to 50 percent of all Sales and Use Tax revenues generated from the properties subject to the SPA. The term of the SPA is 30 years. During the term of the SPA, the City has agreed not to annex all or part of the District for full purposes or commence any action to annex all or part of the District for full purposes.

Water Supply Issues

The District is within the boundaries of the Lone Star Groundwater Conservation District ("LSGCD"). The LSGCD was created by the Legislature of the State of Texas in Acts 2001, 77th Legislature, Regular Session. The LSGCD is a political subdivision of the State of Texas, governed by an elected seven member board of directors. The purpose of the LSGCD is to provide for the conservation, preservation, protection, recharging, and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, and the control of subsidence caused by the withdrawal of water from those groundwater reservoirs or their subdivisions, consistent with the objectives of Section 59, Article XVI, Texas Constitution. Rule 9.1 of the rules of the LSGCD authorizes the board of directors of the LSGCD to establish by resolution a regulatory water use fee to accomplish the purposes of the LSGCD. In accordance with this rule, as of April 30, 2021, the LSGCD had established a regulatory water use fee of \$0.085 per 1,000 gallons of water pumped from each regulated well.

The San Jacinto River Authority (SJRA) is a conservation and reclamation district, body politic and corporate and a governmental agency of the State of Texas created and operating under the provisions of a series of acts compiled as Vernon's Annotated Texas Civil Statutes, Article 8280-121, enacted pursuant to the provisions of Section 59 of Article XVI of the Texas Constitution, whose area comprises all of the territory within the watershed of the San Jacinto River and its tributaries, except that portion of the watershed lying within the boundaries of Harris County. Such area consists of all of Montgomery County and parts of Waller, Grimes, Walker, San Jacinto, Liberty, and Fort Bend counties.

The LSGCD established a regulatory target in its District Regulatory Plan (DRP) Phase I to reduce groundwater withdrawals from the aquifer in Montgomery County to 64,000 acre-feet per year by January 2015. The LSGCD District Regulatory Plan (DRP) Phase II (A) required large volume groundwater users (LVGU) to submit a Water Resource Assessment Plan (WRAP), which included identification of new water supply sources to meet projected water demands by March of 2009. SJRA prepared and submitted a joint plan on behalf of 201 large volume groundwater users to reduce groundwater withdrawal and encourage the conjunctive use of surface water with ground water supplies to meet the LSGCD regulations. In November 2009, the LSGCD adopted final regulations that require certain groundwater users to prepare and submit a Groundwater Reduction Plan by April 1, 2010, outlining how the user intends to meet a 2016 deadline for conversion to surface water supplies. The SJRA responded to this regulatory requirement with the development of a long-term countywide approach that will provide a compliance solution for all users in the county who choose to join. Any large volume groundwater user in the county may join the SJRA's Joint Groundwater Reduction Plan (GRP) by executing a GRP Contract and paying the required monthly GRP Pumpage Fee. The District has executed a GRP Contract with the SJRA. The GRP Pumpage Fee as of April 30, 2021 is \$2.73 per thousand gallons of groundwater pumped by the participating entity and is billed monthly. It is anticipated that this fee will increase each year as costs are incurred for design and construction of the necessary infrastructure to deliver surface water.

The District cannot predict the amount or level of fees and charges which may be due the Authorities for future years, but anticipates that it will pass such fees through to its customers. In addition, conversion to surface water will necessitate improvements to the District's water supply system, which could require issuance of additional bonds.

SPRING CREEK UTILITY DISTRICT

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

APRIL 30, 2021

	<u>General</u>	<u>Special Revenue Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Net Position</u>
ASSETS							
Cash, including interest-bearing accounts, Note 7	\$ 5,593,825	\$ 9,248	\$ 127,254	\$ 642,418	\$ 6,372,745	\$	\$ 6,372,745
Certificates of deposit, at cost, Note 7	720,838		980,894		1,701,732		1,701,732
Temporary investments, at cost, Note 7	8,764,988		6,677,009	5,528,922	20,970,919		20,970,919
Receivables:							
Property taxes	117,365		300,747		418,112		418,112
Accrued penalty and interest on property taxes					0	82,315	82,315
Service accounts	316,989				316,989		316,989
Other participants in joint venture, Note 9		73,323			73,323		73,323
Accrued interest	2,031		4,021		6,052		6,052
Other	78,301				78,301		78,301
Maintenance taxes collected not yet transferred from other fund	3,119				3,119	(3,119)	0
Due from other fund		8,574			8,574	(8,574)	0
Operating reserve at joint ventures, Note 9	59,860				59,860	(18,060)	41,800
Capital assets, net of accumulated depreciation, Note 4:							
Capital assets not being depreciated					0	11,695,020	11,695,020
Depreciable capital assets					0	47,656,944	47,656,944
Total assets	<u>\$15,657,316</u>	<u>\$ 91,145</u>	<u>\$8,089,925</u>	<u>\$ 6,171,340</u>	<u>\$ 30,009,726</u>	<u>59,404,526</u>	<u>89,414,252</u>
LIABILITIES							
Accounts payable	\$ 478,296	\$ 31,145	\$ 1,518	\$ 55,277	\$ 566,236		566,236
Accrued interest payable					0	165,004	165,004
Customer and builder deposits	735,243				735,243		735,243
Landowner construction advances	211,443				211,443		211,443
Maintenance taxes collected not yet transferred to other fund			3,119		3,119	(3,119)	0
Due to other funds	8,574				8,574	(8,574)	0
Other district equity in joint stormwater facilities					0	41,940	41,940
Long-term liabilities, Note 5:							
Due within one year					0	2,615,744	2,615,744
Due in more than one year					0	64,346,076	64,346,076
Total liabilities	<u>1,433,556</u>	<u>31,145</u>	<u>4,637</u>	<u>55,277</u>	<u>1,524,615</u>	<u>67,157,071</u>	<u>68,681,686</u>
DEFERRED INFLOWS OF RESOURCES							
Property tax revenues	<u>117,365</u>	<u>0</u>	<u>300,747</u>	<u>0</u>	<u>418,112</u>	<u>(418,112)</u>	<u>0</u>
FUND BALANCES / NET POSITION							
Fund balances:							
Nonspendable:							
Operating reserve at joint ventures, Note 9	59,860	60,000			119,860	(119,860)	0
Assigned to:							
Debt service			7,784,541		7,784,541	(7,784,541)	0
Capital projects				6,116,063	6,116,063	(6,116,063)	0
Unassigned	<u>14,046,535</u>				<u>14,046,535</u>	<u>(14,046,535)</u>	<u>0</u>
Total fund balances	<u>14,106,395</u>	<u>60,000</u>	<u>7,784,541</u>	<u>6,116,063</u>	<u>28,066,999</u>	<u>(28,066,999)</u>	<u>0</u>
Total liabilities, deferred inflows, and fund balances	<u>\$15,657,316</u>	<u>\$ 91,145</u>	<u>\$8,089,925</u>	<u>\$ 6,171,340</u>	<u>\$ 30,009,726</u>		
Net position:							
Invested in capital assets, net of related debt, Note 4						(7,609,856)	(7,609,856)
Restricted for debt service						8,002,599	8,002,599
Restricted for capital projects						6,116,063	6,116,063
Unrestricted						14,223,760	14,223,760
Total net position						<u>\$ 20,732,566</u>	<u>\$ 20,732,566</u>

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

SPRING CREEK UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

FOR THE YEAR ENDED APRIL 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Note 3)	Statement of Activities
REVENUES							
Property taxes	\$ 1,799,194		\$ 4,563,912		\$ 6,363,106	\$ 147,188	\$ 6,510,294
Water service	1,257,399				1,257,399		1,257,399
Sewer service	1,704,178				1,704,178		1,704,178
Surface water fees, Note 10	974,872				974,872		974,872
Sales and Use Taxes, Note 12	497,693				497,693		497,693
From participants in joint venture, Note 9		564,776			564,776	(409,519)	155,257
Penalty and interest	25,198		69,573		94,771	22,152	116,923
Tap connection and sewer inspection fees	231,970				231,970		231,970
Interest on deposits and investments	32,273	66	21,720	3,133	57,192		57,192
Accrued interest on bonds received at date of sale			8,494		8,494	(8,494)	0
Other revenues	195,742				195,742		195,742
Total revenues	6,718,519	564,842	4,663,699	3,133	11,950,193	(248,673)	11,701,520
EXPENDITURES / EXPENSES							
Service operations:							
Purchased services, Note 9	163,238				163,238	(61,057)	102,181
Professional fees	234,032	27,451	20,715	23,399	305,597		305,597
Contracted services	349,575	14,966	91,992		456,533		456,533
Utilities	185,513	29,503			215,016		215,016
Surface water pumpage fees, Note 10	1,023,578				1,023,578		1,023,578
Repairs and maintenance	1,075,968	140,367			1,216,335		1,216,335
Other operating expenditures	169,250				169,250		169,250
Security service	571,936				571,936		571,936
Garbage disposal	715,769				715,769		715,769
Administrative expenditures	268,241	4,093	24,386		296,720		296,720
Depreciation					0	1,811,766	1,811,766
Capital outlay / non-capital outlay	294,832	348,462		3,696,231	4,339,525	(4,063,512)	276,013
Debt service:							
Principal retirement	139,873		2,155,000		2,294,873	(2,294,873)	0
Bond issuance expenditures				541,736	541,736		541,736
Interest and fees	38,004		1,840,320		1,878,324	111,735	1,990,059
Total expenditures / expenses	5,229,809	564,842	4,132,413	4,261,366	14,188,430	(4,495,941)	9,692,489
Excess (deficiency) of revenues over expenditures	1,488,710	0	531,286	(4,258,233)	(2,238,237)	4,247,268	2,009,031
OTHER FINANCING SOURCES (USES)							
Bonds issued, Note 5			74,168	9,525,832	9,600,000	(9,600,000)	0
Bond issuance discounts, Note 5			(74,168)		(74,168)	74,168	0
Total other financing sources (uses)	0	0	0	9,525,832	9,525,832	(9,525,832)	0
Net change in fund balances / net position	1,488,710	0	531,286	5,267,599	7,287,595	(5,278,564)	2,009,031
Beginning of year	12,617,685	60,000	7,253,255	848,464	20,779,404	(2,055,869)	18,723,535
End of year	<u>\$ 14,106,395</u>	<u>\$ 60,000</u>	<u>\$ 7,784,541</u>	<u>\$ 6,116,063</u>	<u>\$ 28,066,999</u>	<u>\$ (7,334,433)</u>	<u>\$ 20,732,566</u>

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

SPRING CREEK UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 1: REPORTING ENTITY

Spring Creek Utility District (the "District") was created by Acts of the 62nd Legislature of the State of Texas, Regular Session, 1971, and operates in accordance with Texas Water Code Chapters 49 and 54. The District is a political subdivision of the State of Texas, governed by an elected five member Board of Directors. The Board of Directors held its first meeting on March 13, 1972, and the first bonds were sold on May 22, 1975. The District is subject to the continuing supervision of the Texas Commission on Environmental Quality.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District may provide garbage disposal and collection services and maintain recreational facilities. In addition, the District is empowered, if approved by the electorate, the Texas Commission on Environmental Quality and other governmental entities having jurisdiction, to establish, operate and maintain a fire department, either independently or jointly with certain other districts.

In evaluating how to define the District for financial reporting purposes, the Board of Directors of the District has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there were no other entities which were included as a component unit in the District's financial statements.

The District is the manager of the Legends Ranch Central Drainage Facilities (the "Facilities"). Oversight of the Facilities is exercised by the Board of Directors of the District and financial activity of the Facilities has been included as a component unit in the financial statements of the District. The Facilities's General Fund has been reported as the Special Revenue Fund of the District. Transactions with this joint venture are described in Note 9.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board (the "GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board issued through November 30, 1989 (when applicable), that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

Basic Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and governmental fund financial statements (reporting the District's funds). Because the District is a single-program government as defined by the GASB, the District has combined the government-wide statements and the fund financial statements using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements. An additional reconciliation between the fund and the government-wide financial data is presented in Note 3.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. The District's net position are reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The government-wide statement of activities reports the components of the changes in net position during the reporting period.

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for in a separate set of self-balancing accounts that comprises its assets, liabilities, fund balances, revenues and expenditures and changes in fund balances. The District's fund balances are reported as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balances are either not in spendable form or are contractually required to remain intact. Restricted fund balances include amounts that can only be used for the specific purposes stipulated by constitutional provisions, external resource providers or enabling legislation. Committed fund balances include amounts that can only be used for the specific purposes determined by formal action of the District's Board of Directors. Assigned fund balances are intended for a specific purpose but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. The transactions of the District are accounted for in the following funds:

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

Special Revenue Fund -- To account for all revenues and expenditures of the general operations of the Spring Creek Utility District Stormwater Facilities.

Debt Service Fund -- To account for the accumulation of financial resources for, and the payment of, bond 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 assets. Such resources are derived principally from proceeds of the sale of bonds.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Basis of Accounting

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting which recognizes all long-term assets and receivables as well as long-term debt and obligations. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem property taxes are recognized as revenues in the fiscal year for which they have been levied and related penalties and interest are recognized in the fiscal year in which they are imposed. An allowance for uncollectibles is estimated for delinquent property taxes and reported separately in the financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred except for principal and interest on bonds payable which are recorded only when payment is due.

Interfund Activity

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is reported as interfund receivables or payables, as appropriate, as are all other outstanding balances between funds. Operating transfers between funds represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Receivables

Service accounts receivable as reported are considered collectible. The District uses the direct write off method for uncollectible service accounts. Unbilled water and sewer revenues are not material and are not recorded at year end. The District considers service accounts revenues to be available if they are to be collected within 60 days after the end of the fiscal year.

In the fund financial statements, ad valorem taxes and penalties and interest are reported as revenues in the fiscal year in which they become available to finance expenditures of the fiscal year for which they have been levied. Property taxes which have been levied and are not yet collected (or have been collected in advance of the fiscal year for which they have been levied) are recorded as deferred inflow of resources. Property taxes collected after the end of the fiscal year are not included in revenues.

Capital Assets

Capital assets, which include property, plant, equipment, and immovable public domain or "infrastructure" assets are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 (including installation costs, if any, and associated professional fees) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed by the District. Donated capital assets are recorded at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset or increase the value of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

Buildings and improvements	40 years
Plant and equipment	10-45 years
Underground lines	45 years

Long-term Liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. Bond premiums and discounts, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable premium or discount. If bonds are refunded and the carrying amount of the new debt is different than the net carrying amount of the old debt, the difference is netted against the new debt and amortized using the effective interest method over the shorter of the remaining life of the refunded debt or the life of the new debt issued.

In the fund financial statements, governmental funds 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 received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures of the fund from which they are paid.

NOTE 3: RECONCILIATION OF FUND TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Reconciliation of year end fund balances to net position:

Total fund balances, end of year		\$ 28,066,999
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds :		
Total capital assets, net		59,351,964
Some long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable	\$ (63,615,000)	
Deferred charge on refunding (to be amortized as interest expense)	650,555	
Issuance premium net of discount (to be amortized as interest expense)	(349,750)	
Accreted interest payable	(64,271)	
Lease-purchase agreement payable	(1,106,137)	
Due to developer	<u>(2,477,217)</u>	(66,961,820)
The assets in the Special Revenue Fund are owned by the District and other participants in the joint venture:		
The District's equity	(18,060)	
Other participants' equity	<u>(41,940)</u>	(60,000)
Some receivables that do not provide current financial resources are not reported as receivables in the funds:		
Accrued penalty and interest on property taxes receivable	82,315	
Uncollected property taxes	<u>418,112</u>	500,427
Some liabilities that do not require the use of current financial resources are not reported as liabilities in the funds:		
Accrued interest		<u>(165,004)</u>
Net position, end of year		<u><u>\$ 20,732,566</u></u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Reconciliation of net change in fund balances to change in net position:

Total net change in fund balances		\$ 7,287,595
<p>The funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>		
Capital outlay	\$ 3,715,050	
Depreciation	<u>(1,811,766)</u>	1,903,284
<p>The issuance of long-term debt (bonds payable) provides current financial resources to the funds, while the repayment of the principal of long-term debt consumes the current financial resources of the funds. Neither transaction, however, has any effect on net position. The effect of these differences in the treatment of long-term debt:</p>		
Bonds issued	(9,600,000)	
Principal reduction, bonds and lease	<u>2,294,873</u>	(7,305,127)
<p>The funds report the effect of bond issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of these items:</p>		
Refunding charges	(83,252)	
Issuance discount, net of amortization	<u>53,401</u>	(29,851)
<p>Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the funds:</p>		
Accrued penalty and interest on property taxes receivable	22,152	
Uncollected property taxes	<u>147,188</u>	169,340
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:</p>		
Accreted interest	(6,617)	
Accrued interest	<u>(9,593)</u>	<u>(16,210)</u>
Change in net position		<u>\$ 2,009,031</u>

NOTE 4: CAPITAL ASSETS

At April 30, 2021, "Invested in capital assets, net of related debt" was \$(7,609,856). This amount was negative primarily because not all expenditures from bond proceeds (such as bond issuance costs) were for the acquisition of capital assets. In addition, some expenditures from bond proceeds were for the acquisition of capital assets beneath the capitalization threshold of \$5,000 (see Note 2) and some authorized expenditures were not for capital assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Capital asset activity for the fiscal year ended April 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land and easements	\$ 1,579,676	\$ 1,327,896	\$	\$ 2,907,572
Drainage ditches/Ponds/Park improvements	5,298,644			5,298,644
Construction in progress	6,439,955	696,905	3,648,056	3,488,804
Total capital assets not being depreciated	13,318,275	2,024,801	3,648,056	11,695,020
Depreciable capital assets:				
Park improvements	691,362			691,362
Water system	15,291,326	475,475		15,766,801
Sewer system	26,633,698	1,472,468		28,106,166
Drainage system	19,069,000	296,540		19,365,540
Total depreciable capital assets	61,685,386	2,244,483	0	63,929,869
Less accumulated depreciation for:				
Park improvements	(266,286)	(16,681)		(282,967)
Water system	(4,129,591)	(518,205)		(4,647,796)
Sewer system	(6,180,384)	(840,812)		(7,021,196)
Drainage system	(3,884,898)	(436,068)		(4,320,966)
Total accumulated depreciation	(14,461,159)	(1,811,766)	0	(16,272,925)
Total depreciable capital assets, net	47,224,227	432,717	0	47,656,944
Total capital assets, net	\$ 60,542,502	\$ 2,457,518	\$ 3,648,056	\$ 59,351,964
Changes to capital assets:				
Capital outlay		\$ 3,715,050	\$	
Increase in liability to developers for construction		464,334		
Capital outlay paid (decrease in liability) to developer		(3,558,156)		
Assets transferred to non-depreciable assets		1,327,896	1,327,896	
Assets transferred to depreciable assets		2,147,263	2,147,263	
Construction in progress items not capitalized		172,897	172,897	
Less depreciation expense for the fiscal year		(1,811,766)		
Net increases / decreases to capital assets		\$ 2,457,518	\$ 3,648,056	

NOTE 5: LONG-TERM LIABILITIES AND CONTINGENT LIABILITIES

Subsequent to April 30, 2021, the District issued \$7,770,000 in unlimited tax refunding bonds to advance refund \$7,325,000 of outstanding Series 2013 bonds. The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to call and retire the refunded Series 2013 bonds on October 1, 2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Long-term liability activity for the fiscal year ended April 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Bonds payable	\$ 56,170,000	\$ 9,600,000	\$ 2,155,000	\$ 63,615,000	\$ 2,230,000
Add interest accreted	57,654	7,273	656	64,271	31,673
Less deferred amounts:					
Refunding charge	(733,807)		(83,252)	(650,555)	(80,982)
For issuance (discounts) net of premium	<u>403,151</u>	<u>(74,168)</u>	<u>(20,767)</u>	<u>349,750</u>	<u>290,914</u>
Total bonds payable	<u>55,896,998</u>	<u>9,533,105</u>	<u>2,051,637</u>	<u>63,378,466</u>	<u>2,471,605</u>
Lease-purchase agreement, Note 9	<u>1,246,010</u>	<u>0</u>	<u>139,873</u>	<u>1,106,137</u>	<u>144,139</u>
Due to developer (see below)	<u>5,571,039</u>	<u>464,334</u>	<u>3,558,156</u>	<u>2,477,217</u>	<u>-----</u>
Total long-term liabilities	<u>\$ 62,714,047</u>	<u>\$ 9,997,439</u>	<u>\$ 5,749,666</u>	<u>\$ 66,961,820</u>	<u>\$ 2,615,744</u>

As of April 30, 2021, the debt service requirements on the bonds outstanding were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest*</u>	<u>Total</u>
2022	\$ 2,230,000	\$ 1,928,704	\$ 4,158,704
2023	2,245,000	1,849,213	4,094,213
2024	2,615,000	1,789,187	4,404,187
2025	2,665,000	1,723,295	4,388,295
2026	2,695,000	1,653,285	4,348,285
2027 - 2031	14,110,000	7,115,775	21,225,775
2032 - 2036	15,780,000	4,911,684	20,691,684
2037 - 2041	16,450,000	2,089,864	18,539,864
2042 - 2045	<u>4,825,000</u>	<u>220,656</u>	<u>5,045,656</u>
	<u>\$ 63,615,000</u>	<u>\$ 23,281,663</u>	<u>\$ 86,896,663</u>

*Interest on the Premium Compound Interest Bonds which mature October 1, 2021 and October 1, 2022 will be paid upon redemption.

Bonds voted	\$ 217,000,000
Bonds approved for sale and sold	78,785,000
Bonds voted and not issued	138,215,000
Refunding bonds voted	144,000,000
Refunding bonds sold	4,199,308
Refunding bonds voted and not issued	139,800,692

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The bond issues payable at April 30, 2021, were as follows:

	<u>Series 2013</u>	<u>Refunding Series 2014</u>	<u>Series 2015</u>
Amounts outstanding, April 30, 2021	\$8,850,000	\$3,485,000	\$8,375,000
Interest rates	3.00% to 5.00%	3.00% to 3.25%	2.50% to 3.75%
Maturity dates, serially beginning/ending	October 1, 2021/2039	October 1, 2021/2025	October 1, 2021/2039
Interest payment dates	October 1/April 1	October 1/April 1	October 1/April 1
Callable dates	October 1, 2021*	October 1, 2022*	October 1, 2023*
	<u>Refunding Series 2016</u>	<u>Series 2017</u>	<u>Refunding Series 2017A</u>
Amounts outstanding, April 30, 2021	\$4,880,000	\$7,025,000	\$5,050,000
Interest rates	2.00% to 4.00%	2.00% to 3.75%	2.00% to 3.375%
Maturity dates, serially beginning/ending	October 1, 2021/2032	October 1, 2021/2041	October 1, 2021/2033
Interest payment dates	October 1/April 1	October 1/April 1	October 1/April 1
Callable dates	October 1, 2023*	October 1, 2024*	October 1, 2024*
	<u>Series 2018</u>	<u>Refunding Series 2019</u>	<u>Series 2021</u>
Amounts outstanding, April 30, 2021	\$9,100,000	\$7,250,000	\$9,600,000
Interest rates	3.00% to 4.00%	2.00% to 3.00%	1.00% to 2.00%
Maturity dates, serially beginning/ending	October 1, 2021/2043	October 1, 2021/2034	October 1, 2021/2044
Interest payment dates	October 1/April 1	October 1/April 1	October 1/April 1
Callable dates	October 1, 2023*	October 1, 2025*	October 1, 2026*

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

Developer Construction Commitments and Liabilities

Developers within the District are currently constructing certain underground facilities within the District's boundaries. The District has agreed to reimburse the developers for these construction and related engineering costs plus interest not to exceed the interest rate of the applicable District bond issue. These amounts are to be reimbursed from the proceeds of a future bond issue to the extent approved by the Texas Commission on Environmental Quality. The District's engineer stated that cost of the construction in progress at April 30, 2021, was \$2,477,217. This amount has been recorded in the government-wide financial statements and in the schedules in Notes 4 and 5.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 6: PROPERTY TAXES

The Montgomery County Appraisal District has the responsibility for appraising property for all taxing units within the county as of January 1 of each year, subject to review and change by the county Appraisal Review Board. The appraisal roll, as approved by the Appraisal Review Board, must be used by the District in establishing its tax roll and tax rate. The District's taxes are usually levied in the fall, are due when billed and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later. On January 1 of each year, a statutory tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property.

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.

At an election held April 3, 1982, the voters within the District authorized a maintenance tax not to exceed \$0.40 per \$100 valuation on all property subject to taxation within the District. This maintenance tax is being used by the General Fund to pay expenditures of operating the District.

On October 19, 2020, the District levied the following ad valorem taxes for the 2020 tax year on the adjusted taxable valuation of \$661,306,922:

	<u>Rate</u>	<u>Amount</u>
Debt service	\$ 0.7100	\$ 4,695,279
Maintenance	<u>0.2800</u>	<u>1,851,659</u>
	<u>\$ 0.9900</u>	<u>\$ 6,546,938</u>

A reconciliation of the tax levy to property tax revenues on the Statement of Activities is as follows:

2020 tax year total property tax levy	\$ 6,546,938
Appraisal district adjustments to prior year taxes	<u>(36,644)</u>
Statement of Activities property tax revenues	<u>\$ 6,510,294</u>

NOTE 7: DEPOSITS AND TEMPORARY INVESTMENTS

The District complied with the requirements of the Public Funds Investment Act during the current fiscal year including the preparation of quarterly investment reports required by the Act.

State statutes authorize the District to invest and reinvest in direct or indirect obligations of the United States, the State of Texas, any county, city, school district, or other political subdivision of the state, or in local government investment pools authorized under the Public Funds Investment Act. Funds of the District may be placed in certificates of deposit of state or national banks or savings and loan associations within the state provided that they are secured in the manner provided for the security of the funds under the laws of the State of Texas. In accordance with the District's investment policies, during the current year the District's funds were invested in interest bearing accounts at authorized financial institutions and in TexPool, a local government investment pool sponsored by the State Comptroller. TexPool is rated AAAM by Standard & Poor's.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

In accordance with state statutes and the District's investment policies, the District requires that insurance or security be provided by depositories for all funds held by them. At the balance sheet date, the carrying amount of the District's deposits was \$8,074,477 and the bank balance was \$8,192,869. Of the bank balance, \$2,105,380 was covered by federal insurance, \$611,190 was covered by a letter of credit in favor of the District issued by the Federal Home Loan Bank of Atlanta and \$5,476,299 was covered by the market value of collateral held by the District's custodial bank in the District's name. The market value of collateral was reported to the District by the depository.

At the balance sheet date the carrying value and market value of the investments in TexPool was \$20,970,919.

Deposits and temporary investments restricted by state statutes and Bond Orders:

Debt Service Fund

For payment of debt principal and interest, paying agent fees and costs of assessing and collecting taxes:

Cash	\$ 127,254
Certificates of deposit	980,894
Temporary investments	<u>6,677,009</u>
	<u>\$ 7,785,157</u>

Capital Projects Fund

For construction of capital assets:

Cash	\$ 642,418
Temporary investments	<u>5,528,922</u>
	<u>\$ 6,171,340</u>

NOTE 8: RISK MANAGEMENT

The District is exposed to various risks of loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; personal injuries and natural disasters. Significant losses are covered by insurance as described below. There were no significant reductions in insurance coverage from the prior fiscal year. There have been no settlements which have exceeded the insurance coverage for each of the past three fiscal years.

At April 30, 2021, the District had physical damage and boiler and machinery coverage of \$23,517,425, comprehensive general liability coverage with a per occurrence limit of \$2,000,000 and \$4,000,000 general aggregate, consultant's crime coverage of \$50,000 and a tax assessor-collector bond of \$10,000.

NOTE 9: CONTRACTS WITH OTHER DISTRICTS

Stormwater Facilities Contract

On April, 15, 2003, Spring Creek Utility District, Montgomery County Municipal District No. 88 and Montgomery County Municipal Utility District No. 89 entered into a contract for the purpose of sharing the cost of constructing and operating the Legends Ranch Central Drainage Facilities (the "Facilities"). The contract is for a period of forty years.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Spring Creek Utility District is the owner and operator of the Facilities. The Facilities' General Fund has been reported as the Special Revenue Fund of the District. Construction costs of the Facilities are funded by the contribution of funds from each participating district. Expansion costs of the Facilities will be the subject of a separate written agreement between the parties, or an amendment to this contract. The Facilities issues no debt. Capital assets of the Facilities are reported in the financial statements of each District.

Each participant is responsible for its share of the operating costs of the Facilities. Ownership of each participating district's capacity in the pump station facilities at April 30, 2021, was as follows: Spring Creek Utility District -- 24.0%; Montgomery County Municipal Utility District No. 88 -- 28.2%; Montgomery County Municipal Utility District No. 89 -- 47.8%. As of April 30, 2021, pump station facilities costs are billed as follows: Spring Creek Utility District -- 27.118%; Montgomery County Municipal Utility District No. 88 -- 31.248%; Montgomery County Municipal Utility District No. 89 -- 41.634%. Drainage and detention facilities maintenance costs are allocated based on each participating district's capacity. As of April 30, 2021, the capacity allocations were as follows: Spring Creek Utility District -- 30.357%; Montgomery County Municipal Utility District No. 88 -- 26.834%; Montgomery County Municipal Utility District No. 89 -- 42.809%. Participants are billed a monthly amount which is equal to the actual costs incurred during the prior month.

During the fiscal year ended April 30, 2021, the District accrued \$61,057 for its share of the Facilities' operating expenditures and \$94,496 for its share of the Facilities' capital expenditures. At this date the District had contributed \$18,060 of the Facilities' \$60,000 operating reserve.

Water Facilities Contracts

Water Plant No. 1

On February 25, 2003, as amended August 15, 2008, the District entered into an agreement with Montgomery County Municipal Utility District No. 89 for the purpose of sharing the cost of constructing and operating the Montgomery County Municipal Utility District No. 89 Water Plant Facilities ("Water Plant No. 1"). The contract is for a period of forty years.

Montgomery County Municipal Utility District No. 89 is the operator of Water Plant No. 1 and holds title for the benefit of the participants. Construction costs of Water Plant No. 1 are funded by the contribution of funds from each participating district. Water Plant No. 1 issues no debt. At April 30, 2021, the District's 56% ownership of the capacity in Water Plant No. 1 is recorded as a capital asset of the District.

Water Plant No. 2

On October 7, 2004 as amended August 15, 2008, September 19, 2011, December 6, 2012 and June 14, 2018, the District entered into an agreement with Montgomery County Municipal Utility District No. 88 and Montgomery County Municipal Utility District No. 89 for the purpose of constructing and operating Montgomery County Municipal Utility District No. 89 Water Plant Facilities ("Water Plant No. 2"). The contract is for a period of forty years.

Montgomery County Municipal Utility District No. 89 is the operator of Water Plant No. 2 and holds title for the benefit of the participants. Construction costs of Water Plant No. 2 are funded by the contribution of funds from each participating district. Water Plant No. 2 issues no debt.

Monthly operating costs of the joint water facilities are to be shared based on capacity acquired. During the fiscal year ended April 30, 2021, the District accrued \$102,181 for operating expenditures under the terms of the agreement. At April 30, 2021, the District's share of the Plant's operating reserve was \$41,800.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 10: GROUNDWATER CONSERVATION DISTRICT

The District is within the boundaries of the Lone Star Groundwater Conservation District ("LSGCD"). The LSGCD was created by the Legislature of the State of Texas in Acts 2001, 77th Legislature, Regular Session. The LSGCD is a political subdivision of the State of Texas, governed by an elected seven member board of directors. The purpose of the LSGCD is to provide for the conservation, preservation, protection, recharging, and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, and the control of subsidence caused by the withdrawal of water from those groundwater reservoirs or their subdivisions, consistent with the objectives of Section 59, Article XVI, Texas Constitution. Rule 8.1 of the rules of the LSGCD authorizes the board of directors of the LSGCD to establish by resolution a regulatory water use fee to accomplish the purposes of the LSGCD. In accordance with this rule, as of April 30, 2021, the LSGCD had established a regulatory water use fee of \$0.085 per 1,000 gallons of water pumped from each regulated well.

The San Jacinto River Authority (SJRA) is a conservation and reclamation district, body politic and corporate and a governmental agency of the State of Texas created and operating under the provisions of a series of acts compiled as Vernon's Annotated Texas Civil Statutes, Article 8280-121, enacted pursuant to the provisions of Section 59 of Article XVI of the Texas Constitution, whose area comprises all of the territory within the watershed of the San Jacinto River and its tributaries, except that portion of the watershed lying within the boundaries of Harris County. Such area consists of all of Montgomery County and parts of Waller, Grimes, Walker, San Jacinto, Liberty, and Fort Bend counties.

The LSGCD established a regulatory target in its District Regulatory Plan (DRP) Phase I to reduce groundwater withdrawals from the aquifer in Montgomery County to 64,000 acre-feet per year by January 2015. The LSGCD District Regulatory Plan (DRP) Phase II (A) required large volume groundwater users (LVGU) to submit a Water Resource Assessment Plan (WRAP), which included identification of new water supply sources to meet projected water demands by March of 2009. SJRA prepared and submitted a joint plan on behalf of 201 large volume groundwater users to reduce groundwater withdrawal and encourage the conjunctive use of surface water with ground water supplies to meet the LSGCD regulations. In November 2009, the LSGCD adopted final regulations that require certain groundwater users to prepare and submit a Groundwater Reduction Plan by April 1, 2010, outlining how the user intends to meet a 2016 deadline for conversion to surface water supplies. The SJRA responded to this regulatory requirement with the development of a long-term countywide approach that will provide a compliance solution for all users in the county who choose to join. Any large volume groundwater user in the county may join the SJRA's Joint Groundwater Reduction Plan (GRP) by executing a GRP Contract and paying the required monthly GRP Pumpage Fee. The District has executed a GRP Contract with the SJRA. The GRP Pumpage Fee as of April 30, 2021 is \$2.73 per thousand gallons of groundwater pumped by the participating entity and is billed monthly. It is anticipated that this fee will increase each year as costs are incurred for design and construction of the necessary infrastructure to deliver surface water.

The District's combined well regulatory water use fees and GRP pumpage fees payable to the LSGCD and SJRA, for the fiscal year ended April 30, 2021, were \$1,023,578. The District billed its customers \$974,872 during the fiscal year to pay for the fees charged by the LSGCD and SJRA.

The District cannot predict the amount or level of fees and charges which may be due the Authorities for future years, but anticipates that it will pass such fees through to its customers.

NOTE 11: LEASE-PURCHASE AGREEMENT

On September 27, 2017, the District entered into a Lease-Purchase Agreement (the "Lease") to replace and improve the water meters throughout the District. The original principal amount of the Lease is \$1,516,077 and bears interest at a rate of 3.05% per annum for 120 months. Annual principal and interest payments of \$177,877 are due on September 1st of each year. The District has the option to purchase the meters at the option price after the fifth payment. The District has accounted for this lease as a capital lease in accordance with Generally Accepted Accounting Principles.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

During the fiscal year ended April 30, 2021, the District made payments of \$177,877 under the provisions of the Lease. Of this amount, \$139,873 was a payment of principal and \$38,004 was interest.

At April 30, 2021, the lease payments due were as follows:

<u>Due During Fiscal Years Ending April 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 144,139	\$ 33,737	\$ 177,876
2023	148,536	29,341	177,877
2024	153,066	24,811	177,877
2025	157,735	20,142	177,877
2026	162,546	15,331	177,877
2027-2028	340,115	15,639	355,754
	<u>\$ 1,106,137</u>	<u>\$ 139,001</u>	<u>\$ 1,245,138</u>

NOTE 12: STRATEGIC PARTNERSHIP AGREEMENT

On December 19, 2011, the District and the City of Houston (the "City") entered into a 30 year Strategic Partnership Agreement (the "Agreement") (as Amended and Restated effective November 22, 2013). Under the terms of the Agreement, the City annexed a portion of the District (the "Partial District") for the limited purposes of applying the City's Planning, Zoning, Health, and Safety Ordinances within the Partial District. The Agreement states that the District and all taxable property within the District shall not be liable for any present or future debts of the City and current and future taxes levied by the City shall not be levied on taxable property with the District. During the term of the SPA, the City has agreed not to annex all or part of the District or commence any action to annex all or part of the District for full purposes.

The City imposed a Sales and Use Tax within the boundaries of the Partial District at the time of the limited-purpose annexation of the Partial District. The Agreement provides that the City shall pay to the District one half of all Sales and Use Tax revenues generated within the boundaries of the Partial District and received by the City from the Comptroller of Public Accounts of the State of Texas. The District accrued Sales and Use Tax revenues of \$497,693 from the City for the fiscal year ended April 30, 2021.

SPRING CREEK UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 1,713,548	\$ 1,713,548	\$ 1,799,194	\$ 85,646
Water service	1,356,000	1,356,000	1,257,399	(98,601)
Sewer service	1,560,000	1,560,000	1,704,178	144,178
Surface water fees	933,000	933,000	974,872	41,872
Penalty	74,000	74,000	25,198	(48,802)
Sales and Use Taxes	300,000	300,000	497,693	197,693
Tap connection and sewer inspection fees	140,000	140,000	231,970	91,970
Interest on deposits and investments	100,000	100,000	32,273	(67,727)
Other revenues	<u>0</u>	<u>0</u>	<u>195,742</u>	<u>195,742</u>
TOTAL REVENUES	<u>6,176,548</u>	<u>6,176,548</u>	<u>6,718,519</u>	<u>541,971</u>
EXPENDITURES				
Service operations:				
Purchased services	587,368	587,368	163,238	(424,130)
Professional fees	222,950	222,950	234,032	11,082
Contracted services	297,500	297,500	349,575	52,075
Utilities	200,000	200,000	185,513	(14,487)
Surface water pumpage fees	931,000	931,000	1,023,578	92,578
Repairs and maintenance	1,169,985	1,169,985	1,075,968	(94,017)
Other operating expenditures	242,000	242,000	169,250	(72,750)
Security service	564,000	564,000	571,936	7,936
Garbage disposal	694,740	694,740	715,769	21,029
Administrative expenditures	249,475	249,475	268,241	18,766
Capital outlay	115,000	115,000	294,832	179,832
Debt service:				
Principal and interest	<u>200,000</u>	<u>200,000</u>	<u>177,877</u>	<u>(22,123)</u>
TOTAL EXPENDITURES	<u>5,474,018</u>	<u>5,474,018</u>	<u>5,229,809</u>	<u>(244,209)</u>
EXCESS REVENUES (EXPENDITURES)	702,530	702,530	1,488,710	786,180
FUND BALANCE, BEGINNING OF YEAR	<u>12,617,685</u>	<u>12,617,685</u>	<u>12,617,685</u>	<u>0</u>
FUND BALANCE, END OF YEAR	<u>\$ 13,320,215</u>	<u>\$ 13,320,215</u>	<u>\$ 14,106,395</u>	<u>\$ 786,180</u>

The District's Board of Directors adopts an annual nonappropriated budget. This budget may be amended throughout the fiscal year and is prepared on a basis consistent with generally accepted accounting principles.

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

SPRING CREEK UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE, BUDGET AND ACTUAL, SPECIAL REVENUE FUND
FOR THE YEAR ENDED APRIL 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
From participants in joint venture:				
Spring Creek Utility District	\$ 533,328	\$ 533,328	\$ 155,553	\$ (377,775)
Montgomery County Municipal Utility District No. 88	567,416	567,416	172,595	(394,821)
Montgomery County Municipal Utility District No. 89	762,718	762,718	236,628	(526,090)
Interest on deposits	<u>0</u>	<u>0</u>	<u>66</u>	<u>66</u>
TOTAL REVENUES	<u>1,863,462</u>	<u>1,863,462</u>	<u>564,842</u>	<u>(1,298,620)</u>
EXPENDITURES				
Service operations:				
Professional fees	21,750	21,750	27,451	5,701
Contracted services	13,500	13,500	14,966	1,466
Utilities	50,000	50,000	29,503	(20,497)
Repairs and maintenance	208,712	208,712	140,367	(68,345)
Administrative expenditures	6,800	6,800	4,093	(2,707)
Capital outlay	<u>1,562,700</u>	<u>1,562,700</u>	<u>348,462</u>	<u>(1,214,238)</u>
TOTAL EXPENDITURES	<u>1,863,462</u>	<u>1,863,462</u>	<u>564,842</u>	<u>(1,298,620)</u>
EXCESS REVENUES (EXPENDITURES)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE, BEGINNING OF YEAR	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>0</u>
FUND BALANCE, END OF YEAR	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ 0</u>

The District's Board of Directors adopts an annual nonappropriated budget. This budget may be amended throughout the fiscal year and is prepared on a basis consistent with generally accepted accounting principles.

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

SPRING CREEK UTILITY DISTRICT
SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION
REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

APRIL 30, 2021

(Schedules included are checked or explanatory notes provided for omitted schedules.)

- [X] TSI-1. Services and Rates
- [X] TSI-2. General Fund Expenditures
- [X] TSI-3. Temporary Investments
- [X] TSI-4. Taxes Levied and Receivable
- [X] TSI-5. Long-Term Debt Service Requirements by Years
- [X] TSI-6. Changes in Long-Term Bonded Debt
- [X] TSI-7. Comparative Schedule of Revenues and Expenditures -
General Fund and Debt Service Fund - Five Year
- [X] TSI-8. Board Members, Key Personnel and Consultants

SPRING CREEK UTILITY DISTRICT
SCHEDULE OF SERVICES AND RATES
APRIL 30, 2021

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

- | | | |
|--|---|--|
| <input checked="" type="checkbox"/> Retail Water | <input type="checkbox"/> Wholesale Water | <input checked="" type="checkbox"/> Drainage |
| <input checked="" type="checkbox"/> Retail Wastewater | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Irrigation |
| <input checked="" type="checkbox"/> Parks/Recreation | <input type="checkbox"/> Fire Protection | <input checked="" type="checkbox"/> Security |
| <input checked="" type="checkbox"/> Solid Waste/Garbage | <input type="checkbox"/> Flood Control | <input type="checkbox"/> Roads |
| <input checked="" type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) | | |
| <input type="checkbox"/> Other | | |

2. Retail Service Providers

a. Retail Rates for a 5/8" meter (or equivalent):

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1000 Gallons Over Minimum	Usage Levels
WATER:	\$ 14.00	6,000	N	\$ 2.00	6,001 to 13,000
				2.50	13,001 to 20,000
				6.00	Over 20,001
WASTEWATER:	\$ 36.00	10,000	N	\$ 1.25	Over 10,000

SURCHARGE: \$0.0978 per 1,000 gallons of water used. -- LSGCD regulatory water use fee.
 \$3.139 per 1,000 gallons of water used. -- SJRA GRP fee.
 \$0.50 % of monthly billing -- TCEQ assessment fees.

District employs winter averaging for wastewater usage: Yes No

Total charges per 10,000 gallons usage: Water: \$22.00 Wastewater: \$36.00 Surcharge: \$32.66

SPRING CREEK UTILITY DISTRICT
SCHEDULE OF SERVICES AND RATES (Continued)
APRIL 30, 2021

b. Water and Wastewater Retail Connections (unaudited):

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC* Factor</u>	<u>Active ESFCs</u>
Unmetered	0	0	1.0	0
< or = 3/4"	3,614	3,587	1.0	3,587
1"	42	38	2.5	95
1-1/2"	11	11	5.0	55
2"	51	49	8.0	392
3"	4	4	15.0	60
4"	0	0	25.0	0
6"	2	2	50.0	100
8"	0	0	80.0	0
10"	2	2	115.0	230
Total Water	<u>3,726</u>	<u>3,693</u>		<u>4,519</u>
Total Wastewater	<u>3,657</u>	<u>3,520</u>	1.0	<u>3,520</u>

*Single family equivalents

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

Gallons pumped into system (unaudited): 318,111
 Gallons billed to customers (unaudited): 302,922

Water Accountability Ratio
 (Gallons billed/ gallons pumped): 95%

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

Does the District have Debt Service 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: _____

SPRING CREEK UTILITY DISTRICT

EXPENDITURES

FOR THE YEAR ENDED APRIL 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
CURRENT					
Purchased services:					
Water services	\$ 102,181	\$	\$	\$	\$ 102,181
Stormwater facilities	61,057				61,057
	<u>163,238</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>163,238</u>
Professional fees:					
Auditing	10,950	1,250			12,200
Legal	137,794	17,929	20,715	23,399	199,837
Engineering	85,288	8,272			93,560
	<u>234,032</u>	<u>27,451</u>	<u>20,715</u>	<u>23,399</u>	<u>305,597</u>
Contracted services:					
Bookkeeping	40,388	4,650			45,038
Operation and billing	183,727	10,316			194,043
Construction inspector	115,500				115,500
SPA consultant	9,960				9,960
Tax assessor-collector			41,109		41,109
Central appraisal district			50,883		50,883
	<u>349,575</u>	<u>14,966</u>	<u>91,992</u>	<u>0</u>	<u>456,533</u>
Utilities	<u>185,513</u>	<u>29,503</u>	<u>0</u>	<u>0</u>	<u>215,016</u>
Surface water pumpage fees	<u>1,023,578</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,023,578</u>
Repairs and maintenance	<u>1,075,968</u>	<u>140,367</u>	<u>0</u>	<u>0</u>	<u>1,216,335</u>
Other operating expenditures:					
Sludge hauling	58,483				58,483
Chemicals	36,356				36,356
Laboratory costs	46,071				46,071
Sewer inspection costs	13,725				13,725
Regulatory assessment	14,615				14,615
	<u>169,250</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>169,250</u>
Security service	<u>571,936</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>571,936</u>
Garbage disposal	<u>715,769</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>715,769</u>
Administrative expenditures:					
Director's fees	27,600				27,600
Communications/Technology	64,208				64,208
Office supplies and postage	75,933	524			76,457
Insurance	41,676	3,569			45,245
Permit fees	40,547				40,547
Other	18,277		24,386		42,663
	<u>268,241</u>	<u>4,093</u>	<u>24,386</u>	<u>0</u>	<u>296,720</u>

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT
EXPENDITURES (Continued)
FOR THE YEAR ENDED APRIL 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
CAPITAL OUTLAY					
Authorized expenditures	\$ 191,716	\$ 348,462	\$	\$ 3,696,231	\$ 4,236,409
Tap connection costs	103,116				103,116
	<u>294,832</u>	<u>348,462</u>	<u>0</u>	<u>3,696,231</u>	<u>4,339,525</u>
DEBT SERVICE					
Principal retirement	<u>139,873</u>	<u>0</u>	<u>2,155,000</u>	<u>0</u>	<u>2,294,873</u>
Bond issuance expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>541,736</u>	<u>541,736</u>
Interest and fees:					
Interest	38,004		1,834,820		1,872,824
Paying agent fees			5,500		5,500
	<u>38,004</u>	<u>0</u>	<u>1,840,320</u>	<u>0</u>	<u>1,878,324</u>
TOTAL EXPENDITURES	<u>\$ 5,229,809</u>	<u>\$ 564,842</u>	<u>\$ 4,132,413</u>	<u>\$ 4,261,366</u>	<u>\$ 14,188,430</u>

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT

ANALYSIS OF CHANGES IN DEPOSITS AND TEMPORARY INVESTMENTS
ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED APRIL 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
SOURCES OF DEPOSITS AND TEMPORARY INVESTMENTS					
Cash receipts from revenues	\$ 4,882,004	\$ 512,742	\$ 4,677,201	\$ 3,133	\$ 10,075,080
Maintenance tax receipts			1,799,194		1,799,194
Transfer of maintenance taxes	1,797,647				1,797,647
Proceeds from sale of bonds				<u>9,525,832</u>	<u>9,525,832</u>
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS PROVIDED	<u>6,679,651</u>	<u>512,742</u>	<u>6,476,395</u>	<u>9,528,965</u>	<u>23,197,753</u>
APPLICATIONS OF DEPOSITS AND TEMPORARY INVESTMENTS					
Cash disbursements for:					
Current expenditures	4,632,243	201,739	141,402	23,399	4,998,783
Capital outlay	294,832	348,462		3,642,001	4,285,295
Debt service	177,877		3,995,320		4,173,197
Payment to refunding escrow agent				541,736	541,736
Decrease in customer and builder deposits	92,243				92,243
Disbursements from landowner advances	329,116				329,116
Transfer of maintenance taxes			<u>1,797,647</u>		<u>1,797,647</u>
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS APPLIED	<u>5,526,311</u>	<u>550,201</u>	<u>5,934,369</u>	<u>4,207,136</u>	<u>16,218,017</u>
INCREASE (DECREASE) IN DEPOSITS AND TEMPORARY INVESTMENTS	1,153,340	(37,459)	542,026	5,321,829	6,979,736
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, BEGINNING OF YEAR	<u>13,926,311</u>	<u>46,707</u>	<u>7,243,131</u>	<u>849,511</u>	<u>22,065,660</u>
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, END OF YEAR	<u>\$ 15,079,651</u>	<u>\$ 9,248</u>	<u>\$ 7,785,157</u>	<u>\$ 6,171,340</u>	<u>\$ 29,045,396</u>

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICTSCHEDULE OF CERTIFICATES OF DEPOSIT AND TEMPORARY INVESTMENTSAPRIL 30, 2021

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Year End Balance</u>	<u>Accrued Interest Receivable</u>
GENERAL FUND				
Certificates of Deposit				
No. 1852005927	0.65%	7/21/21	\$ 240,000	\$ 1,210
No. 9009002206	0.35%	7/07/21	240,000	262
No. 6000013257	0.75%	1/07/22	<u>240,838</u>	<u>559</u>
			<u>\$ 720,838</u>	<u>\$ 2,031</u>
TexPool				
No. 2568500008	Market	On demand	<u>\$ 8,764,988</u>	<u>\$ 0</u>
DEBT SERVICE FUND				
Certificates of Deposit				
No. 36001389	1.10%	5/11/21	\$ 246,291	\$ 2,628
No. 95900011936099	0.70%	11/07/21	240,000	801
No. 440007187	0.35%	5/16/21	247,051	393
No. 3300035363	0.35%	8/06/21	<u>247,552</u>	<u>199</u>
			<u>\$ 980,894</u>	<u>\$ 4,021</u>
TexPool				
No. 2568500004	Market	On demand	<u>\$ 6,677,009</u>	<u>\$ 0</u>
CAPITAL PROJECTS FUND				
TexPool				
No. 2568500011	Market	On demand	<u>\$ 5,528,922</u>	<u>\$ 0</u>
Total – All Funds			<u>\$ 22,672,651</u>	<u>\$ 6,052</u>

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED APRIL 30, 2021

	<u>Maintenance Taxes</u>	<u>Debt Service Taxes</u>
RECEIVABLE, BEGINNING OF YEAR	\$ 75,195	\$ 195,729
Additions and corrections to prior year taxes	<u>(10,295)</u>	<u>(26,349)</u>
Adjusted receivable, beginning of year	64,900	169,380
2020 ADJUSTED TAX ROLL	<u>1,851,659</u>	<u>4,695,279</u>
Total to be accounted for	1,916,559	4,864,659
Tax collections: Current tax year	(1,769,500)	(4,486,947)
Prior tax years	<u>(29,694)</u>	<u>(76,965)</u>
RECEIVABLE, END OF YEAR	<u>\$ 117,365</u>	<u>\$ 300,747</u>
RECEIVABLE, BY TAX YEAR		
2010 and prior	\$ 195	\$ 529
2011	102	275
2012	423	1,142
2013	862	2,332
2014	1,553	4,198
2015	3,037	8,212
2016	3,104	8,391
2017	4,985	13,479
2018	7,884	20,272
2019	13,061	33,585
2020	<u>82,159</u>	<u>208,332</u>
RECEIVABLE, END OF YEAR	<u>\$ 117,365</u>	<u>\$ 300,747</u>

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE (Continued)
FOR THE YEAR ENDED APRIL 30, 2021

ADJUSTED PROPERTY VALUATIONS AS OF JANUARY 1 OF TAX YEAR	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Land	\$ 110,056,517	\$ 107,523,183	\$ 106,333,613	\$ 104,116,160
Improvements	637,894,571	596,892,254	540,261,523	505,916,446
Personal property	35,003,218	34,468,054	31,378,346	19,974,877
Less exemptions	<u>(121,647,384)</u>	<u>(118,058,358)</u>	<u>(112,560,793)</u>	<u>(92,774,022)</u>
 TOTAL PROPERTY VALUATIONS	 <u>\$ 661,306,922</u>	 <u>\$ 620,825,133</u>	 <u>\$ 565,412,689</u>	 <u>\$ 537,233,461</u>
 TAX RATES PER \$100 VALUATION				
Debt service tax rates	\$ 0.71000	\$ 0.72000	\$ 0.72000	\$ 0.73000
Maintenance tax rates*	<u>0.28000</u>	<u>0.28000</u>	<u>0.28000</u>	<u>0.27000</u>
 TOTAL TAX RATES PER \$100 VALUATION	 <u>\$ 0.99000</u>	 <u>\$ 1.00000</u>	 <u>\$ 1.00000</u>	 <u>\$ 1.00000</u>
 TAX ROLLS	 <u>\$ 6,546,938</u>	 <u>\$ 6,208,251</u>	 <u>\$ 5,654,127</u>	 <u>\$ 5,372,335</u>
 PERCENT OF TAXES COLLECTED TO TAXES LEVIED	 <u>95.6 %</u>	 <u>99.3 %</u>	 <u>99.5 %</u>	 <u>99.7 %</u>

*Maximum tax rate approved by voters on April 3, 1982: \$0.40

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS
APRIL 30, 2021

Due During Fiscal Years Ending April 30	Series 2013		
	Principal Due October 1	Interest Due October 1, April 1	Total
2022	\$ 25,000	\$ 331,219	\$ 356,219
2023	25,000	330,220	355,220
2024	25,000	329,469	354,469
2025	25,000	328,718	353,718
2026	25,000	327,968	352,968
2027	25,000	327,203	352,203
2028	25,000	326,421	351,421
2029	25,000	325,640	350,640
2030	25,000	324,859	349,859
2031	25,000	324,078	349,078
2032	100,000	322,063	422,063
2033	100,000	318,813	418,813
2034	200,000	313,938	513,938
2035	1,000,000	294,438	1,294,438
2036	1,350,000	254,563	1,604,563
2037	1,400,000	206,438	1,606,438
2038	1,450,000	155,656	1,605,656
2039	1,500,000	102,187	1,602,187
2040	1,500,000	37,500	1,537,500
TOTALS	<u>\$ 8,850,000</u>	<u>\$ 5,281,391</u>	<u>\$ 14,131,391</u>

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

APRIL 30, 2021

<u>Due During Fiscal Years Ending April 30</u>	<u>Series 2014</u>		
	<u>Principal Due October 1</u>	<u>Interest Due October 1, April 1</u>	<u>Total</u>
2022	\$ 805,000	\$ 94,831	\$ 899,831
2023	825,000	70,381	895,381
2024	595,000	49,081	644,081
2025	635,000	30,234	665,234
2026	625,000	10,156	635,156
TOTALS	<u>\$ 3,485,000</u>	<u>\$ 254,683</u>	<u>\$ 3,739,683</u>

<u>Due During Fiscal Years Ending April 30</u>	<u>Series 2015</u>		
	<u>Principal Due October 1</u>	<u>Interest Due October 1, April 1</u>	<u>Total</u>
2022	\$ 200,000	\$ 289,312	\$ 489,312
2023	200,000	284,312	484,312
2024	200,000	279,312	479,312
2025	200,000	274,062	474,062
2026	200,000	268,312	468,312
2027	150,000	262,969	412,969
2028	200,000	257,500	457,500
2029	200,000	251,125	451,125
2030	200,000	244,626	444,626
2031	225,000	237,578	462,578
2032	250,000	229,563	479,563
2033	350,000	219,438	569,438
2034	550,000	203,907	753,907
2035	575,000	184,219	759,219
2036	925,000	157,391	1,082,391
2037	925,000	123,282	1,048,282
2038	925,000	88,594	1,013,594
2039	950,000	53,438	1,003,438
2040	950,000	17,813	967,813
TOTALS	<u>\$ 8,375,000</u>	<u>\$ 3,926,753</u>	<u>\$ 12,301,753</u>

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICTLONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)APRIL 30, 2021

<u>Due During Fiscal Years Ending April 30</u>	<u>Series 2016</u>		
	<u>Principal Due October 1</u>	<u>Interest Due October 1, April 1</u>	<u>Total</u>
2022	\$ 65,000	\$ 190,250	\$ 255,250
2023	65,000	188,950	253,950
2024	85,000	187,450	272,450
2025	85,000	184,900	269,900
2026	105,000	181,100	286,100
2027	755,000	163,900	918,900
2028	755,000	133,700	888,700
2029	750,000	103,600	853,600
2030	745,000	73,700	818,700
2031	745,000	43,900	788,900
2032	365,000	21,700	386,700
2033	360,000	7,200	367,200
TOTALS	<u>\$ 4,880,000</u>	<u>\$ 1,480,350</u>	<u>\$ 6,360,350</u>

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

APRIL 30, 2021

Due During Fiscal Years Ending April 30	Series 2017		
	Principal Due October 1	Interest Due October 1, April 1	Total
2022	\$ 325,000	\$ 215,438	\$ 540,438
2023	325,000	208,937	533,937
2024	325,000	202,438	527,438
2025	325,000	195,531	520,531
2026	325,000	187,812	512,812
2027	325,000	179,281	504,281
2028	325,000	169,938	494,938
2029	325,000	160,187	485,187
2030	325,000	150,438	475,438
2031	325,000	140,484	465,484
2032	325,000	130,125	455,125
2033	325,000	119,359	444,359
2034	300,000	108,625	408,625
2035	325,000	97,687	422,687
2036	350,000	85,875	435,875
2037	350,000	73,406	423,406
2038	350,000	60,719	410,719
2039	350,000	47,813	397,813
2040	350,000	34,688	384,688
2041	375,000	21,094	396,094
2042	375,000	7,031	382,031
TOTALS	<u>\$ 7,025,000</u>	<u>\$ 2,596,906</u>	<u>\$ 9,621,906</u>

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICTLONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)APRIL 30, 2021

Due During Fiscal Years Ending April 30	Series 2017A		
	Principal Due October 1	Interest Due October 1, April 1*	Total
2022	\$ 5,000	\$ 145,544	\$ 150,544
2023	5,000	145,544	150,544
2024	360,000	141,944	501,944
2025	350,000	134,406	484,406
2026	370,000	125,844	495,844
2027	385,000	116,406	501,406
2028	405,000	106,025	511,025
2029	420,000	94,156	514,156
2030	460,000	80,956	540,956
2031	505,000	66,481	571,481
2032	540,000	50,131	590,131
2033	530,000	32,744	562,744
2034	715,000	12,066	727,066
TOTALS	<u>\$ 5,050,000</u>	<u>\$ 1,252,247</u>	<u>\$ 6,302,247</u>

*Interest on the Premium Compound Interest Bonds which mature October 1, 2021, October 1, 2021 and October 1, 2022 will be paid upon redemption.

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

APRIL 30, 2021

<u>Due During Fiscal Years Ending April 30</u>	<u>Series 2018</u>		
	<u>Principal Due October 1</u>	<u>Interest Due October 1, April 1</u>	<u>Total</u>
2022	\$ 200,000	\$ 305,906	\$ 505,906
2023	200,000	297,906	497,906
2024	200,000	289,906	489,906
2025	200,000	282,906	482,906
2026	200,000	276,906	476,906
2027	200,000	270,906	470,906
2028	200,000	264,906	464,906
2029	200,000	258,906	458,906
2030	200,000	252,906	452,906
2031	200,000	246,906	446,906
2032	200,000	240,781	440,781
2033	200,000	234,531	434,531
2034	200,000	228,157	428,157
2035	200,000	221,657	421,657
2036	375,000	212,313	587,313
2037	425,000	199,047	624,047
2038	500,000	183,438	683,438
2039	550,000	165,375	715,375
2040	675,000	143,938	818,938
2041	925,000	115,938	1,040,938
2042	950,000	83,125	1,033,125
2043	950,000	49,875	999,875
2044	950,000	16,625	966,625
TOTALS	<u>\$ 9,100,000</u>	<u>\$ 4,842,860</u>	<u>\$ 13,942,860</u>

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)
APRIL 30, 2021

<u>Due During Fiscal Years Ending April 30</u>	<u>Series 2019</u>		
	<u>Principal Due October 1</u>	<u>Interest Due October 1, April 1</u>	<u>Total</u>
2022	\$ 205,000	\$ 196,037	\$ 401,037
2023	200,000	189,963	389,963
2024	425,000	180,587	605,587
2025	445,000	167,538	612,538
2026	445,000	154,187	599,187
2027	485,000	142,663	627,663
2028	480,000	133,012	613,012
2029	495,000	123,263	618,263
2030	505,000	112,631	617,631
2031	495,000	99,525	594,525
2032	785,000	80,325	865,325
2033	775,000	56,925	831,925
2034	760,000	33,900	793,900
2035	750,000	11,250	761,250
TOTALS	<u>\$ 7,250,000</u>	<u>\$ 1,681,806</u>	<u>\$ 8,931,806</u>

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICTLONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)APRIL 30, 2021

<u>Due During Fiscal Years Ending April 30</u>	<u>Series 2021</u>		
	<u>Principal Due October 1</u>	<u>Interest Due October 1, April 1</u>	<u>Total</u>
2022	\$ 400,000	\$ 160,167	\$ 560,167
2023	400,000	133,000	533,000
2024	400,000	129,000	529,000
2025	400,000	125,000	525,000
2026	400,000	121,000	521,000
2027	400,000	117,000	517,000
2028	400,000	113,000	513,000
2029	400,000	109,000	509,000
2030	400,000	105,000	505,000
2031	400,000	101,000	501,000
2032	400,000	96,500	496,500
2033	400,000	91,500	491,500
2034	400,000	86,000	486,000
2035	400,000	80,000	480,000
2036	400,000	74,000	474,000
2037	400,000	67,500	467,500
2038	400,000	60,000	460,000
2039	400,000	52,000	452,000
2040	400,000	44,000	444,000
2041	400,000	36,000	436,000
2042	400,000	28,000	428,000
2043	400,000	20,000	420,000
2044	400,000	12,000	412,000
2045	400,000	4,000	404,000
TOTALS	<u>\$ 9,600,000</u>	<u>\$ 1,964,667</u>	<u>\$ 11,564,667</u>

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

APRIL 30, 2021

Due During Fiscal Years Ending April 30	Annual Requirements for All Series		
	Total Principal Due	Total Interest Due*	Total
2022	\$ 2,230,000	\$ 1,928,704	\$ 4,158,704
2023	2,245,000	1,849,213	4,094,213
2024	2,615,000	1,789,187	4,404,187
2025	2,665,000	1,723,295	4,388,295
2026	2,695,000	1,653,285	4,348,285
2027	2,725,000	1,580,328	4,305,328
2028	2,790,000	1,504,502	4,294,502
2029	2,815,000	1,425,877	4,240,877
2030	2,860,000	1,345,116	4,205,116
2031	2,920,000	1,259,952	4,179,952
2032	2,965,000	1,171,188	4,136,188
2033	3,040,000	1,080,510	4,120,510
2034	3,125,000	986,593	4,111,593
2035	3,250,000	889,251	4,139,251
2036	3,400,000	784,142	4,184,142
2037	3,500,000	669,673	4,169,673
2038	3,625,000	548,407	4,173,407
2039	3,750,000	420,813	4,170,813
2040	3,875,000	277,939	4,152,939
2041	1,700,000	173,032	1,873,032
2042	1,725,000	118,156	1,843,156
2043	1,350,000	69,875	1,419,875
2044	1,350,000	28,625	1,378,625
2045	400,000	4,000	404,000
TOTALS	\$ 63,615,000	\$ 23,281,663	\$ 86,896,663

*Interest on the Premium Compound Interest Bonds which mature October 1, 2021, October 1, 2021 and October 1, 2022 will be paid upon redemption.

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT
FOR THE YEAR ENDED APRIL 30, 2021

	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>(4)</u>
Bond Series:	2009	2010	2013	2014
Interest Rate:	Not Applicable	Not Applicable	3.00% to 5.00%	3.00% to 3.25%
Dates Interest Payable:	Not Applicable	Not Applicable	October 1/ April 1	October 1/ April 1
Maturity Dates:	Not Applicable	Not Applicable	October 1, 2021/2039	October 1, 2021/2025
Bonds Outstanding at Beginning of Current Year	\$ 260,000	\$ 150,000	\$ 8,875,000	\$ 4,280,000
Less Retirements	<u>(260,000)</u>	<u>(150,000)</u>	<u>(25,000)</u>	<u>(795,000)</u>
Bonds Outstanding at End of Current Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,850,000</u>	<u>\$ 3,485,000</u>
Current Year Interest Paid:	<u>\$ 5,395</u>	<u>\$ 3,188</u>	<u>\$ 332,469</u>	<u>\$ 118,831</u>

Bond Descriptions and Original Amount of Issue

- (1) Spring Creek Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2009 (\$7,620,000)
- (2) Spring Creek Utility District Unlimited Tax Bonds, Series 2010 (\$8,025,000)
- (3) Spring Creek Utility District Unlimited Tax Bonds, Series 2013 (\$9,650,000)
- (4) Spring Creek Utility District Unlimited Tax Refunding Bonds, Series 2014 (\$7,735,000)

Paying Agent/Registrar

- (1) (2) Wells Fargo Bank, Texas, N.A., Houston, Texas
- (3) (4) The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

SPRING CREEK UTILITY DISTRICT
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT (Continued)
FOR THE YEAR ENDED APRIL 30, 2021

	<u>(5)</u>	<u>(6)</u>	<u>(7)</u>	<u>(8)</u>
Bond Series:	2015	2016	2017	2017A
Interest Rate:	2.50% to 3.75%	2.00% to 4.00%	2.00% to 3.75%	2.00% to 3.375%
Dates Interest Payable:	October 1/ April 1	October 1/ April 1	October 1/ April 1	October 1/ April 1
Maturity Dates:	October 1, 2021/2039	October 1, 2021/2032	October 1, 2021/2041	October 1, 2021/2033
Bonds Outstanding at Beginning of Current Year	\$ 8,575,000	\$ 4,945,000	\$ 7,350,000	\$ 5,135,000
Less Retirements	<u>(200,000)</u>	<u>(65,000)</u>	<u>(325,000)</u>	<u>(85,000)</u>
Bonds Outstanding at End of Current Year	<u>\$ 8,375,000</u>	<u>\$ 4,880,000</u>	<u>\$ 7,025,000</u>	<u>\$ 5,050,000</u>
Current Year Interest Paid:	<u>\$ 294,312</u>	<u>\$ 191,550</u>	<u>\$ 223,562</u>	<u>\$ 151,744</u>

Bond Descriptions and Original Amount of Issue

- (5) Spring Creek Utility District Unlimited Tax Bonds, Series 2015 (\$9,375,000)
- (6) Spring Creek Utility District Unlimited Tax Refunding Bonds, Series 2016 (\$5,305,000)
- (7) Spring Creek Utility District Unlimited Tax Bonds, Series 2017 (\$8,325,000)
- (8) Spring Creek Utility District Unlimited Tax Refunding Bonds, Series 2017A (\$5,400,000)

Paying Agent/Registrar

(5) (6) (7) (8) The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

SPRING CREEK UTILITY DISTRICT
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT (Continued)
FOR THE YEAR ENDED APRIL 30, 2021

	<u>(9)</u>	<u>(10)</u>	<u>(11)</u>	<u>Totals</u>
Bond Series:	2018	2019	2021	
Interest Rate:	3.00% to 4.00%	2.00% to 3.00%	1.00% to 2.00%	
Dates Interest Payable:	October 1/ April 1	October 1/ April 1	October 1/ April 1	
Maturity Dates:	October 1, 2021/2043	October 1, 2021/2034	October 1, 2021/2044	
Bonds Outstanding at Beginning of Current Year	\$ 9,300,000	\$ 7,300,000	\$ 0	\$ 56,170,000
Add Bonds Sold			9,600,000	9,600,000
Less Retirements	<u>(200,000)</u>	<u>(50,000)</u>	<u>0</u>	<u>(2,155,000)</u>
Bonds Outstanding at End of Current Year	<u>\$ 9,100,000</u>	<u>\$ 7,250,000</u>	<u>\$ 9,600,000</u>	<u>\$ 63,615,000</u>
Current Year Interest Paid:	<u>\$ 313,906</u>	<u>\$ 199,863</u>	<u>\$ 0</u>	<u>\$ 1,834,820</u>

Bond Descriptions and Original Amount of Issue

(9) Spring Creek Utility District Unlimited Tax Bonds, Series 2018 (\$9,500,000)

(10) Spring Creek Utility District Unlimited Tax Refunding Bonds, Series 2019 (\$7,300,000)

(11) Spring Creek Utility District Unlimited Tax Bonds, Series 2021 (\$9,600,000)

Paying Agent/Registrar

(9) (10) (11) The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

<u>Bond Authority</u>	<u>Tax Bonds</u>	<u>Other Bonds</u>	<u>Refunding Bonds</u>
Amount Authorized by Voters:	\$ 217,000,000	\$ 0	\$ 144,000,000
Amount Issued:	78,785,000		4,199,308
Remaining to be Issued:	138,215,000		139,800,692

Net Debt Service Fund deposits and investments balances as of April 30, 2021: \$7,784,541
Average annual debt service payment for remaining term of all debt: 3,620,694

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT

COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,
GENERAL FUND

FOR YEARS ENDED APRIL 30

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
REVENUES										
Property taxes	\$ 1,799,194	\$ 1,730,320	\$ 1,584,905	\$ 1,443,661	\$ 1,323,345	26.7 %	24.3 %	27.0 %	24.3 %	22.3 %
Water service	1,257,399	1,168,645	905,619	912,620	1,085,817	18.7	16.3	15.5	15.4	18.4
Sewer service	1,704,178	1,613,649	1,497,074	1,483,775	1,446,580	25.4	22.5	25.6	25.0	24.4
Surface water fees	974,872	929,918	879,320	851,162	837,385	14.5	13.0	15.1	14.3	14.2
Penalty	25,198	67,945	57,006	77,196	74,038	0.4	0.9	1.0	1.3	1.3
Sales and Use Taxes	497,693	425,225	377,397	521,021	0	7.4	5.9	6.5	8.8	0.0
Tap connection and sewer inspection fees	231,970	816,385	185,578	455,635	938,850	3.5	11.4	3.2	7.7	15.9
Interest on deposits and temporary investments	32,273	205,748	174,383	50,228	28,369	0.5	2.9	3.0	0.8	0.5
Other	195,742	198,436	178,176	143,583	175,141	2.9	2.8	3.1	2.4	3.0
TOTAL REVENUES	6,718,519	7,156,271	5,839,458	5,938,881	5,909,525	100.0	100.0	100.0	100.0	100.0
EXPENDITURES										
Current:										
Purchased services	163,238	134,199	122,561	213,267	203,768	2.4	1.9	2.1	3.6	3.4
Professional fees	234,032	249,988	291,266	265,869	279,711	3.5	3.5	5.0	4.5	4.7
Contracted services	349,575	335,677	315,907	271,911	281,038	5.2	4.7	5.4	4.6	4.8
Utilities	185,513	200,119	168,799	182,308	176,933	2.8	2.8	2.9	3.1	3.0
Surface water pumpage fees	1,023,578	904,394	822,936	723,292	790,224	15.2	12.6	14.1	12.1	13.4
Repairs and maintenance	1,075,968	919,649	802,712	775,912	805,346	16.0	12.9	13.7	13.0	13.6
Other operating expenditures	169,250	203,245	140,472	141,326	226,799	2.5	2.8	2.4	2.4	3.8
Security service	571,936	526,151	336,722	274,895	232,601	8.5	7.4	5.8	4.6	3.9
Garbage disposal	715,769	675,462	633,818	617,215	601,896	10.7	9.4	10.9	10.4	10.2
Administrative expenditures	268,241	255,382	289,022	259,749	192,939	4.0	3.6	4.9	4.4	3.3
Capital outlay	294,832	424,950	2,439,706	881,973	962,172	4.4	5.9	41.8	14.9	16.3
Debt service principal and interest	177,877	177,876	177,877	0	0	2.6	2.5	3.0	0.0	0.0
TOTAL EXPENDITURES	5,229,809	5,007,092	6,541,798	4,607,717	4,753,427	77.8	70.0	112.0	77.6	80.4
EXCESS REVENUES (EXPENDITURES)	\$ 1,488,710	\$ 2,149,179	\$ (702,340)	\$ 1,331,164	\$ 1,156,098	22.2 %	30.0 %	(12.0) %	22.4 %	19.6 %
TOTAL ACTIVE RETAIL WATER CONNECTIONS	3,693	3,634	3,579	3,521	3,471					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	3,520	3,525	3,518	3,461	3,423					

SPRING CREEK UTILITY DISTRICT
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,
DEBT SERVICE FUND
FOR YEARS ENDED APRIL 30

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
REVENUES										
Property taxes	\$ 4,563,912	\$ 4,450,139	\$ 4,079,893	\$ 3,903,231	\$ 3,577,934	97.8 %	96.4 %	96.0 %	97.9 %	97.5 %
Penalty and interest	69,573	47,003	49,841	44,531	64,114	1.5	1.0	1.2	1.1	1.7
Accrued interest on bonds received at date of sale	8,494	13,374	12,674	1,291	13,600	0.2	0.3	0.3	0.1	0.4
Interest on deposits and investments	21,720	107,626	106,700	39,210	14,546	0.5	2.3	2.5	0.9	0.4
TOTAL REVENUES	4,663,699	4,618,142	4,249,108	3,988,263	3,670,194	100.0	100.0	100.0	100.0	100.0
EXPENDITURES										
Current:										
Professional fees	20,715	13,635	16,515	14,367	20,796	0.4	0.3	0.4	0.4	0.6
Contracted services	91,992	88,848	89,223	82,924	77,532	2.0	1.9	2.1	2.1	2.1
Other expenditures	24,386	15,340	14,921	14,623	13,424	0.5	0.3	0.4	0.4	0.4
Debt service:										
Principal retirement	2,155,000	2,060,000	1,820,000	1,815,000	1,445,000	46.2	44.6	42.8	45.4	39.4
Refunding contribution	0	109,893	0	0	0	0.0	2.4	0.0	0.0	0.0
Interest and fees	1,840,320	1,850,522	2,039,101	1,781,721	1,738,558	39.5	40.1	48.0	44.7	47.3
TOTAL EXPENDITURES	4,132,413	4,138,238	3,979,760	3,708,635	3,295,310	88.6	89.6	93.7	93.0	89.8
EXCESS REVENUES (EXPENDITURES)	\$ 531,286	\$ 479,904	\$ 269,348	\$ 279,628	\$ 374,884	11.4 %	10.4 %	6.3 %	7.0 %	10.2 %

SPRING CREEK UTILITY DISTRICTBOARD MEMBERS, KEY PERSONNEL AND CONSULTANTSAPRIL 30, 2021

Complete District Mailing Address: Spring Creek Utility District
c/o Roach & Associates, PLLC
2800 Post Oak Blvd., Suite 4100
Houston, Texas 77056

District Business Telephone No.: 832-390-2268

Submission date of the most recent District Registration Form: November 20, 2020

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

BOARD MEMBERS

<u>Name and Address</u>	<u>Term of Office (Elected/ Appointed)</u>	<u>Fees of Office Paid</u>	<u>Expense Reimb.</u>	<u>Title at Year End</u>
Claude Humbert 29639 Legends Line Drive Spring, Texas 77386	Elected 5/05/18- 5/07/22	\$ 7,050	\$ 58	President
Mark Fusca 2811 Legends Knoll Drive Spring, Texas 77386	Elected 11/03/20- 5/04/24	5,400	0	Vice President
Frederick Sunderman 3646 Fuller Bluff Spring, Texas 77386	Elected 5/05/18- 5/07/22	5,100	7	Secretary
Leslie Gourley 2506 Leichester Drive Spring, Texas 77386	Appointed 7/16/18- 5/07/22	7,200	0	Assistant Secretary
Melvin Willcockson 2742 Leichester Drive Spring, Texas 77386	Elected 11/03/20- 5/04/24	1,200	0	Director

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (Continued)

APRIL 30, 2021

CONSULTANTS

<u>Name and Address</u>	<u>Date Hired</u>	<u>Fees and Expense Reimbursements</u>	<u>Title at Year End</u>
Roach & Associates, PLLC 2800 Post Oak Blvd., Suite 4100 Houston, Texas 77056	8/15/16	\$ 199,837 192,743 Bonds	Attorney
Myrtle Cruz, Inc. 3401 Louisiana, Suite 400 Houston, Texas 77002	5/20/03	51,136 3,500 Bonds	Bookkeeper
Municipal Operations & Consulting, Inc. 27316 Spectrum Way Oak Ridge North, Texas 77385	1/01/10	741,918	Operator
A&S Engineers, Inc. 10377 Stella Link Road Houston, Texas 77025	5/24/11	379,456 75,546 Bonds	Engineer
ASB Construction Services, Inc. 7118 Durango Creek Drive Magnolia, Texas 77354	6/07/11	79,500 District 36,000 Park 87,595 Other	Construction Inspector
Triton Consulting Group 810 S. Mason Road, Suite 309 Katy, Texas 77450	7/21/18	64,208	Communications/ Technology
Mike Arterburn 11500 Northwest Freeway, Suite 465 Houston, Texas 77092	7/28/14	51,595 1,000 Bonds	Tax Assessor- Collector
Montgomery Central Appraisal District P.O. Box 2233 Conroe, Texas 77305	Legislative Action	50,883	Central Appraisal District
Masterson Advisors, LLC 3 Greenway Plaza, Suite 1100 Houston, Texas 77046	5/16/18	198,997 Bonds	Financial Advisor
Mark C. Eyring, CPA, PLLC 12702 Century Drive, Suite C2 Stafford, Texas 77477	Prior to 1992	12,200 6,700 Bonds	Independent Auditor

See accompanying independent auditor's report.