

SPRING CREEK UTILITY DISTRICT  
MONTGOMERY COUNTY, TEXAS  
ANNUAL AUDIT REPORT  
APRIL 30, 2020

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August 17, 2020

## 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, 2020, 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, 2020, 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 25 and the Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual, Special Revenue Fund, on Page 26 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 27 to 52 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. A. J.", is located at the bottom right 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, 2020.

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>2020</u>	<u>2019</u>	<u>Change</u>
Current and other assets	\$ 22,840,717	\$ 19,398,481	\$ 3,442,236
Capital assets	<u>60,542,502</u>	<u>60,878,430</u>	<u>(335,928)</u>
Total assets	<u>83,383,219</u>	<u>80,276,911</u>	<u>3,106,308</u>
Long-term liabilities	60,522,540	61,209,815	(687,275)
Other liabilities	<u>4,137,144</u>	<u>3,272,487</u>	<u>864,657</u>
Total liabilities	<u>64,659,684</u>	<u>64,482,302</u>	<u>177,382</u>
Net position:			
Invested in capital assets, net of related debt	(2,171,545)	(2,408,800)	237,255
Restricted	8,202,200	8,329,647	(127,447)
Unrestricted	<u>12,692,880</u>	<u>9,873,762</u>	<u>2,819,118</u>
Total net position	<u>\$ 18,723,535</u>	<u>\$ 15,794,609</u>	<u>\$ 2,928,926</u>

Summary of Changes in Net Position

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Revenues:			
Property taxes, including related penalty and interest	\$ 6,278,330	\$ 5,725,468	\$ 552,862
Charges for services	5,368,307	4,204,073	1,164,234
Other revenues	<u>329,340</u>	<u>321,135</u>	<u>8,205</u>
Total revenues	<u>11,975,977</u>	<u>10,250,676</u>	<u>1,725,301</u>
Expenses:			
Service operations	6,764,553	6,147,799	616,754
Debt service	<u>2,282,498</u>	<u>2,708,322</u>	<u>(425,824)</u>
Total expenses	<u>9,047,051</u>	<u>8,856,121</u>	<u>190,930</u>
Excess revenues (expenditures)	2,928,926	1,394,555	1,534,371
Special Items:			
Sale of capacity	<u>0</u>	<u>33,612</u>	<u>(33,612)</u>
Change in net position	2,928,926	1,428,167	1,500,759
Net position, beginning of year	<u>15,794,609</u>	<u>14,366,442</u>	<u>1,428,167</u>
Net position, end of year	<u>\$ 18,723,535</u>	<u>\$ 15,794,609</u>	<u>\$ 2,928,926</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, 2020, were \$20,779,404, an increase of \$2,626,761 from the prior year.

The General Fund balance increased by \$2,808,212, in accordance with the District's financial plan.

The Special Revenue Fund balance did not change.

The Debt Service Fund balance increased by \$479,904, in accordance with the District's financial plan.

The Capital Projects Fund balance decreased by \$661,355, as authorized expenditures and the reimbursement of \$659,033 to the General Fund exceeded interest earnings on deposits and investments.

#### *General Fund Budgetary Highlights*

The Board of Directors amended the budget during the fiscal year. The original budget adopted by the Board of Directors anticipated an increase in the fund balance during the year of \$604,808. During the fiscal year, the Board of Directors adopted an amended budget which anticipated an increase in the fund balance during the year of \$693,266. The changes from the original budget to the final budget were due to anticipated increases in repairs and maintenance and other operating expenses and a decrease in security service expenditures.

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 25 of this report. The budgetary fund balance as of April 30, 2020, was expected to be \$10,502,739 and the actual end of year fund balance was \$12,617,685.

### **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>2020</u>	<u>2019</u>	<u>Change</u>
Land and easements	\$ 1,579,676	\$ 1,579,676	\$ 0
Drainage ditches/Detention ponds/Park improvements	5,298,644	5,298,644	0
Park improvements	425,076	382,228	42,848
Construction in progress	6,439,955	5,121,355	1,318,600
Water facilities	11,161,735	11,675,761	(514,026)
Sewer facilities	20,453,314	21,253,985	(800,671)
Drainage facilities	15,184,102	15,566,781	(382,679)
Totals	<u>\$ 60,542,502</u>	<u>\$ 60,878,430</u>	<u>\$ (335,928)</u>

Changes to capital assets during the fiscal year ended April 30, 2020, are summarized as follows:

Additions:		
Joint facilities improvements		\$ 3,406
Drainage system improvements		46,800
Park improvements		62,460
Underground facilities constructed by developers		<u>1,315,194</u>
Total additions to capital assets		1,427,860
Decreases:		
Depreciation		<u>(1,763,788)</u>
Net change to capital assets		<u>\$ (335,928)</u>



### *Debt*

Changes in the bonded debt position of the District during the fiscal year ended April 30, 2020, are summarized as follows:

Bonded debt payable, beginning of year	\$ 57,980,000
Refunding bonds sold	7,300,000
Bonds paid	<u>(9,110,000)</u>
Bonded debt payable, end of year	<u>\$ 56,170,000</u>

At April 30, 2020, the District had \$7,815,000 of bonds authorized but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage system within the District.

On July 25, 2019, the District issued \$7,300,000 in unlimited tax refunding bonds to advance refund \$7,050,000 of outstanding Series 2010 bonds. The net proceeds of \$7,185,041 (after payment of \$265,878 in underwriting fees, insurance and other issuance costs including the District's contribution of \$109,893) 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 2010 bonds on October 1, 2019. As a result, these bonds are considered defeased and the liability for these bonds will be removed from the financial statements.

The District refunded the bonds to reduce total debt service payments over future years by approximately \$941,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$740,000.

The District's bonds have an underlying rating of BBB+ and A2 from Standard & Poor's and Moody's, respectively. The Series 2009, 2010, 2015, 2017A and 2019 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 2009, 2010, 2013, 2014, 2015, 2016, 2017, 2017A, 2018 and 2019 bonds are rated AA by Standard & Poor's. The Series 2015, 2017A, 2018 and 2019 bonds are also rated A2 by Moody's. There were no changes in the bond ratings during the fiscal year ended April 30, 2020.

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, 2020, was \$5,571,039.

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, 2020, the unpaid principal amount of this agreement was \$1,246,010.

### **RELEVANT FACTORS AND WATER SUPPLY ISSUES**

#### *Property Tax Base*

The District's tax base increased approximately \$56,460,000 for the 2019 tax year (approximately 10%) 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, 77<sup>th</sup> 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, 2020, 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, 2020 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, 2020

	<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>
<b>ASSETS</b>							
Cash, including interest-bearing accounts, Note 7	\$ 6,044,600	\$ 46,707	\$ 1,359,514	\$ 670,924	\$ 8,121,745	\$	\$ 8,121,745
Certificates of deposit, at cost, Note 7	736,056		966,903		1,702,959		1,702,959
Temporary investments, at cost, Note 7	7,145,655		4,916,714	178,587	12,240,956		12,240,956
Receivables:							
Property taxes	75,195		195,729		270,924		270,924
Accrued penalty and interest on property taxes					0	60,163	60,163
Service accounts	308,745				308,745		308,745
Other participants in joint venture, Note 9		24,647			24,647		24,647
Accrued interest	11,290		17,523		28,813		28,813
Other	39,965				39,965		39,965
Maintenance taxes collected not yet transferred from other fund	1,820				1,820	(1,820)	0
Due from other fund		5,216			5,216	(5,216)	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	13,318,275	13,318,275
Depreciable capital assets					0	47,224,227	47,224,227
<b>Total assets</b>	<b><u>\$14,423,186</u></b>	<b><u>\$ 76,570</u></b>	<b><u>\$7,456,383</u></b>	<b><u>\$ 849,511</u></b>	<b><u>\$ 22,805,650</u></b>	<b><u>60,577,569</u></b>	<b><u>83,383,219</u></b>
<b>LIABILITIES</b>							
Accounts payable	\$ 357,045	\$ 16,570	\$ 5,579	\$ 1,047	\$ 380,241		380,241
Accrued interest payable					0	155,411	155,411
Customer and builder deposits	827,486				827,486		827,486
Landowner construction advances	540,559				540,559		540,559
Maintenance taxes collected not yet transferred to other fund			1,820		1,820	(1,820)	0
Due to other funds	5,216				5,216	(5,216)	0
Other district equity in joint stormwater facilities					0	41,940	41,940
Long-term liabilities, Note 5:							
Due within one year					0	2,191,507	2,191,507
Due in more than one year					0	60,522,540	60,522,540
<b>Total liabilities</b>	<b><u>1,730,306</u></b>	<b><u>16,570</u></b>	<b><u>7,399</u></b>	<b><u>1,047</u></b>	<b><u>1,755,322</u></b>	<b><u>62,904,362</u></b>	<b><u>64,659,684</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Property tax revenues	<u>75,195</u>	<u>0</u>	<u>195,729</u>	<u>0</u>	<u>270,924</u>	<u>(270,924)</u>	<u>0</u>
<b>FUND BALANCES / NET POSITION</b>							
Fund balances:							
Nonspendable:							
Operating reserve at joint ventures, Note 9	59,860	60,000			119,860	(119,860)	0
Assigned to:							
Debt service			7,253,255		7,253,255	(7,253,255)	0
Capital projects				848,464	848,464	(848,464)	0
Unassigned	<u>12,557,825</u>				<u>12,557,825</u>	<u>(12,557,825)</u>	<u>0</u>
<b>Total fund balances</b>	<b><u>12,617,685</u></b>	<b><u>60,000</u></b>	<b><u>7,253,255</u></b>	<b><u>848,464</u></b>	<b><u>20,779,404</u></b>	<b><u>(20,779,404)</u></b>	<b><u>0</u></b>
<b>Total liabilities, deferred inflows, and fund balances</b>	<b><u>\$14,423,186</u></b>	<b><u>\$ 76,570</u></b>	<b><u>\$7,456,383</u></b>	<b><u>\$ 849,511</u></b>	<b><u>\$ 22,805,650</u></b>		
Net position:							
Invested in capital assets, net of related debt, Note 4						(2,171,545)	(2,171,545)
Restricted for debt service						7,353,736	7,353,736
Restricted for capital projects						848,464	848,464
Unrestricted						<u>12,692,880</u>	<u>12,692,880</u>
<b>Total net position</b>						<b><u>\$ 18,723,535</u></b>	<b><u>\$ 18,723,535</u></b>

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, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Note 3)	Statement of Activities
<b>REVENUES</b>							
Property taxes	\$ 1,730,320		\$ 4,450,139		\$ 6,180,459	\$ 37,985	\$ 6,218,444
Water service	1,168,645				1,168,645		1,168,645
Sewer service	1,613,649				1,613,649		1,613,649
Surface water fees, Note 10	929,918				929,918		929,918
Sales and Use Taxes, Note 12	425,225				425,225		425,225
From participants in joint venture, Note 9		226,662			226,662	(78,558)	148,104
Penalty and interest	67,945		47,003		114,948	12,883	127,831
Tap connection and sewer inspection fees	816,385				816,385		816,385
Interest on deposits and investments	205,748	99	107,626	15,867	329,340		329,340
Accrued interest on bonds received at date of sale			13,374		13,374	(13,374)	0
Other revenues	198,436				198,436		198,436
<b>Total revenues</b>	<b>7,156,271</b>	<b>226,761</b>	<b>4,618,142</b>	<b>15,867</b>	<b>12,017,041</b>	<b>(41,064)</b>	<b>11,975,977</b>
<b>EXPENDITURES / EXPENSES</b>							
Service operations:							
Purchased services, Note 9	134,199				134,199	(66,606)	67,593
Professional fees	249,988	20,207	13,635	18,189	302,019		302,019
Contracted services	335,677	13,615	88,848		438,140		438,140
Utilities	200,119	45,667			245,786		245,786
Surface water pumpage fees, Note 10	904,394				904,394		904,394
Repairs and maintenance	919,649	131,537			1,051,186		1,051,186
Other operating expenditures	203,245				203,245		203,245
Security service	526,151				526,151		526,151
Garbage disposal	675,462				675,462		675,462
Administrative expenditures	255,382	3,783	15,340		274,505		274,505
Depreciation					0	1,763,788	1,763,788
Capital outlay / non-capital outlay	424,950	11,952			436,902	(124,618)	312,284
Debt service:							
Principal retirement	135,733		2,060,000		2,195,733	(2,195,733)	0
Refunding contribution/bond issuance			109,893		109,893	155,985	265,878
Interest and fees	42,143		1,850,522		1,892,665	123,955	2,016,620
<b>Total expenditures / expenses</b>	<b>5,007,092</b>	<b>226,761</b>	<b>4,138,238</b>	<b>18,189</b>	<b>9,390,280</b>	<b>(343,229)</b>	<b>9,047,051</b>
Excess (deficiency) of revenues over expenditures	2,149,179	0	479,904	(2,322)	2,626,761	302,165	2,928,926
<b>OTHER FINANCING SOURCES (USES)</b>							
Refunding bonds issued, Note 5			7,300,000		7,300,000	(7,300,000)	0
Bond issuance premiums, Note 5			41,026		41,026	(41,026)	0
Payment to refunding escrow agent, Note 5			(7,185,041)		(7,185,041)	7,185,041	0
Refunding bond issuance expenditures, Note 5			(155,985)		(155,985)	155,985	0
Reimbursement to (from) other fund	659,033			(659,033)	0	0	0
<b>Total other financing sources (uses)</b>	<b>659,033</b>	<b>0</b>	<b>0</b>	<b>(659,033)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net change in fund balances / net position	2,808,212	0	479,904	(661,355)	2,626,761	302,165	2,928,926
Beginning of year	9,809,473	60,000	6,773,351	1,509,819	18,152,643	(2,358,034)	15,794,609
End of year	\$ 12,617,685	\$ 60,000	\$ 7,253,255	\$ 848,464	\$ 20,779,404	\$ (2,055,869)	\$ 18,723,535

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

SPRING CREEK UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2020

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		\$ 20,779,404
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds :		
Total capital assets, net		60,542,502
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	\$ (56,170,000)	
Deferred charge on refunding (to be amortized as interest expense)	733,807	
Issuance premium net of discount (to be amortized as interest expense)	(403,151)	
Accreted interest payable	(57,654)	
Lease-purchase agreement payable	(1,246,010)	
Due to developer	<u>(5,571,039)</u>	(62,714,047)
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	60,163	
Uncollected property taxes	<u>270,924</u>	331,087
Some liabilities that do not require the use of current financial resources are not reported as liabilities in the funds:		
Accrued interest		<u>(155,411)</u>
Net position, end of year		<u>\$ 18,723,535</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		\$ 2,626,761
<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	\$ 112,666	
Depreciation	<u>(1,763,788)</u>	(1,651,122)
<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	(7,300,000)	
Payment to escrow agent for refunding	7,185,041	
Principal reduction, bonds and lease	<u>2,195,733</u>	2,080,774
<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	(79,241)	
Issuance discount, net of amortization	<u>(98,002)</u>	(177,243)
<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	12,883	
Uncollected property taxes	<u>37,985</u>	50,868
<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	(15,154)	
Accrued interest	<u>14,042</u>	<u>(1,112)</u>
Change in net position		<u>\$ 2,928,926</u>

NOTE 4: CAPITAL ASSETS

At April 30, 2020, "Invested in capital assets, net of related debt" was \$(2,171,545). 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, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land and easements	\$ 1,579,676	\$	\$	\$ 1,579,676
Drainage ditches/Ponds/Park improvements	5,298,644			5,298,644
Construction in progress	<u>5,121,355</u>	<u>1,318,600</u>		<u>6,439,955</u>
Total capital assets not being depreciated	<u>11,999,675</u>	<u>1,318,600</u>	<u>0</u>	<u>13,318,275</u>
Depreciable capital assets:				
Park improvements	628,902	62,460		691,362
Water system	15,291,326			15,291,326
Sewer system	26,633,698			26,633,698
Drainage system	<u>19,022,200</u>	<u>46,800</u>		<u>19,069,000</u>
Total depreciable capital assets	<u>61,576,126</u>	<u>109,260</u>	<u>0</u>	<u>61,685,386</u>
Less accumulated depreciation for:				
Park improvements	(246,674)	(19,612)		(266,286)
Water system	(3,615,565)	(514,026)		(4,129,591)
Sewer system	(5,379,713)	(800,671)		(6,180,384)
Drainage system	<u>(3,455,419)</u>	<u>(429,479)</u>		<u>(3,884,898)</u>
Total accumulated depreciation	<u>(12,697,371)</u>	<u>(1,763,788)</u>	<u>0</u>	<u>(14,461,159)</u>
Total depreciable capital assets, net	<u>48,878,755</u>	<u>(1,654,528)</u>	<u>0</u>	<u>47,224,227</u>
Total capital assets, net	<u>\$ 60,878,430</u>	<u>\$ (335,928)</u>	<u>\$ 0</u>	<u>\$ 60,542,502</u>
Changes to capital assets:				
Capital outlay		\$ 112,666	\$	
Increase in liability to developers for construction		1,315,194		
Less depreciation expense for the fiscal year		<u>(1,763,788)</u>		
Net increases / decreases to capital assets		<u>\$ (335,928)</u>	<u>\$ 0</u>	

NOTE 5: LONG-TERM LIABILITIES AND CONTINGENT LIABILITIES

Long-term liability activity for the fiscal year ended April 30, 2020, 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	\$ 57,980,000	\$ 7,300,000	\$ 9,110,000	\$ 56,170,000	\$ 2,155,000
Add interest accreted	42,500	15,154		57,654	656
Less deferred amounts:					
Refunding charge	(571,320)	(241,728)	(79,241)	(733,807)	(83,252)
For issuance (discounts) net of premium	<u>198,462</u>	<u>41,026</u>	<u>(163,663)</u>	<u>403,151</u>	<u>(20,770)</u>
Total bonds payable	<u>57,649,642</u>	<u>7,114,452</u>	<u>8,867,096</u>	<u>55,896,998</u>	<u>2,051,634</u>
Lease-purchase agreement, Note 9	<u>1,381,743</u>	<u>0</u>	<u>135,733</u>	<u>1,246,010</u>	<u>139,873</u>
Due to developer (see below)	<u>4,255,845</u>	<u>1,315,194</u>	<u>0</u>	<u>5,571,039</u>	<u>-----</u>
Total long-term liabilities	<u>\$ 63,287,230</u>	<u>\$ 8,429,646</u>	<u>\$ 9,002,829</u>	<u>\$ 62,714,047</u>	<u>\$ 2,191,507</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Bonds payable, beginning of year		\$ 57,980,000
Bonds paid		(2,060,000)
Bonds sold:		
Proceeds	\$ 7,341,026	
Premium	<u>(41,026)</u>	7,300,000
Bonds refunded		<u>(7,050,000)</u>
Bonds payable, end of year		<u>\$ 56,170,000</u>

As of April 30, 2020, the debt service requirements on the bonds outstanding were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest*</u>	<u>Total</u>
2021	\$ 2,155,000	\$ 1,829,820	\$ 3,984,820
2022	1,830,000	1,768,537	3,598,537
2023	1,845,000	1,716,213	3,561,213
2024	2,215,000	1,660,187	3,875,187
2025	2,265,000	1,598,295	3,863,295
2026 - 2030	11,885,000	6,944,108	18,829,108
2031 - 2035	13,300,000	4,932,494	18,232,494
2036 - 2040	16,150,000	2,403,474	18,553,474
2041 - 2044	<u>4,525,000</u>	<u>293,688</u>	<u>4,818,688</u>
	<u>\$ 56,170,000</u>	<u>\$ 23,146,816</u>	<u>\$ 79,316,816</u>

\*Interest on the Premium Compound Interest Bonds which mature October 1, 2020, October 1, 2021 and October 1, 2022 will be paid upon redemption.

Bonds voted	\$ 217,000,000
Bonds approved for sale and sold	69,185,000
Bonds voted and not issued	147,815,000
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. The Series 2009 bonds are further payable from and secured by a lien on and pledge of the net revenues to be received from the operation of the District's waterworks and sanitary sewer system.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The bond issues payable at April 30, 2020, were as follows:

	<u>Series 2009</u>	<u>Series 2010</u>	<u>Series 2013</u>
Amounts outstanding, April 30, 2020	\$260,000	\$150,000	\$8,875,000
Interest rates	4.15%	4.25%	3.00% to 5.00%
Maturity dates, serially beginning/ending	October 1, 2020	October 1, 2020	October 1, 2020/2039
Interest payment dates	October 1/April 1	October 1/April 1	October 1/April 1
Callable dates	October 1, 2018*	October 1, 2019*	October 1, 2021*
	<u>Refunding Series 2014</u>	<u>Series 2015</u>	<u>Refunding Series 2016</u>
Amounts outstanding, April 30, 2020	\$4,280,000	\$8,575,000	\$4,945,000
Interest rates	3.00% to 3.25%	2.50% to 3.75%	2.00% to 4.00%
Maturity dates, serially beginning/ending	October 1, 2020/2025	October 1, 2020/2039	October 1, 2020/2032
Interest payment dates	October 1/April 1	October 1/April 1	October 1/April 1
Callable dates	October 1, 2022*	October 1, 2023*	October 1, 2023*
	<u>Series 2017</u>	<u>Refunding Series 2017A</u>	<u>Series 2018</u>
Amounts outstanding, April 30, 2020	\$7,350,000	\$5,135,000	\$9,300,000
Interest rates	2.00% to 3.75%	2.00% to 3.375%	3.00% to 4.00%
Maturity dates, serially beginning/ending	October 1, 2020/2041	October 1, 2020/2033	October 1, 2020/2043
Interest payment dates	October 1/April 1	October 1/April 1	October 1/April 1
Callable dates	October 1, 2024*	October 1, 2024*	October 1, 2023*
	<u>Refunding Series 2019**</u>		
Amounts outstanding, April 30, 2020	\$7,300,000		
Interest rates	2.00% to 3.00%		
Maturity dates, serially beginning/ending	October 1, 2020/2034		
Interest payment dates	October 1/April 1		
Callable dates	October 1, 2025*		

\*, \*\* - See following page

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

\*\*On July 25, 2019, the District issued \$7,300,000 in unlimited tax refunding bonds to advance refund \$7,050,000 of outstanding Series 2010 bonds. The net proceeds of \$7,185,041 (after payment of \$265,878 in underwriting fees, insurance and other issuance costs including the District's contribution of \$109,893) 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 2010 bonds on October 1, 2019. As a result, these bonds are considered defeased and the liability for these bonds will be removed from the financial statements.

The District refunded the bonds to reduce total debt service payments over future years by approximately \$941,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$740,000.

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, 2020, was \$5,571,039. This amount has been recorded in the government-wide financial statements and in the schedules in Notes 4 and 5.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

On September 16, 2019, the District levied the following ad valorem taxes for the 2019 tax year on the adjusted taxable valuation of \$623,487,747:

	<u>Rate</u>	<u>Amount</u>
Debt service	\$ 0.7200	\$ 4,489,112
Maintenance	<u>0.2800</u>	<u>1,745,766</u>
	<u>\$ 1.0000</u>	<u>\$ 6,234,878</u>

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

2019 tax year total property tax levy	\$ 6,234,878
Appraisal district adjustments to prior year taxes	<u>(16,434)</u>
Statement of Activities property tax revenues	<u>\$ 6,218,444</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.

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 \$9,824,704 and the bank balance was \$9,922,109. Of the bank balance, \$2,130,048 was covered by federal insurance, \$2,423,632 was covered by a letter of credit in favor of the District issued by the Federal Home Loan Bank of Atlanta and \$5,368,429 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 \$12,240,956.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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	\$ 1,359,514
Certificates of deposit	966,903
Temporary investments	<u>4,916,714</u>
	<u>\$ 7,243,131</u>

Capital Projects Fund

For construction of capital assets:

Cash	\$ 670,924
Temporary investments	<u>178,587</u>
	<u>\$ 849,511</u>

During the fiscal year ended April 30, 2020, the District reimbursed the General Fund \$659,033 with the permission of the Texas Commission on Environmental Quality.

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, 2020, the District had physical damage and boiler and machinery coverage of \$22,880,495, 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.

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.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

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, 2020, 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, 2020, pump station facilities costs are billed as follows: Spring Creek Utility District -- 28.5%; Montgomery County Municipal Utility District No. 88 -- 30.7%; Montgomery County Municipal Utility District No. 89 -- 40.8%. Drainage and detention facilities maintenance costs are allocated based on each participating district's capacity. As of April 30, 2020, 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, 2020, the District accrued \$66,606 for its share of the Facilities' operating expenditures and \$3,406 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, 2020, 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, 2020, the District accrued \$67,593 for operating expenditures under the terms of the agreement. At April 30, 2020, 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, 77<sup>th</sup> 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, 2020, 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, 2020 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, 2020, were \$904,394. The District billed its customers \$929,918 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 1<sup>st</sup> 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, 2020, the District made payments of \$177,876 under the provisions of the Lease. Of this amount, \$135,733 was a payment of principal and \$42,143 was interest.

At April 30, 2020, 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>
2021	\$ 139,873	\$ 38,003	\$ 177,876
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
2026-2028	<u>502,661</u>	<u>30,970</u>	<u>533,631</u>
	<u>\$ 1,246,010</u>	<u>\$ 177,004</u>	<u>\$ 1,423,014</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 \$425,225 from the City for the fiscal year ended April 30, 2020.

SPRING CREEK UTILITY DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUND  
FOR THE YEAR ENDED APRIL 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 1,513,521	\$ 1,513,521	\$ 1,730,320	\$ 216,799
Water service	1,068,000	1,068,000	1,168,645	100,645
Sewer service	1,476,000	1,476,000	1,613,649	137,649
Surface water fees	945,600	945,600	929,918	(15,682)
Penalty	72,876	72,876	67,945	(4,931)
Sales and Use Taxes	372,000	372,000	425,225	53,225
Tap connection and sewer inspection fees	140,000	140,000	816,385	676,385
Interest on deposits and investments	144,000	144,000	205,748	61,748
Other revenues	0	0	198,436	198,436
<b>TOTAL REVENUES</b>	<b>5,731,997</b>	<b>5,731,997</b>	<b>7,156,271</b>	<b>1,424,274</b>
<b>EXPENDITURES</b>				
Service operations:				
Purchased services	185,518	185,518	134,199	(51,319)
Professional fees	240,950	240,950	249,988	9,038
Contracted services	294,500	294,500	335,677	41,177
Utilities	200,000	200,000	200,119	119
Surface water pumpage fees	931,000	931,000	904,394	(26,606)
Repairs and maintenance	1,057,185	1,138,185	919,649	(218,536)
Other operating expenditures	297,000	329,500	203,245	(126,255)
Security service	765,958	765,958	526,151	(37,849)
Garbage disposal	653,328	653,328	675,462	22,134
Administrative expenditures	287,250	287,250	255,382	(31,868)
Capital outlay	14,500	14,500	424,950	410,450
Debt service:				
Principal and interest	200,000	200,000	177,876	(22,124)
<b>TOTAL EXPENDITURES</b>	<b>5,127,189</b>	<b>5,038,731</b>	<b>5,007,092</b>	<b>(31,639)</b>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<b>604,808</b>	<b>693,266</b>	<b>2,149,179</b>	<b>1,455,913</b>
<b>OTHER FINANCING SOURCES</b>				
Reimbursement from other fund	0	0	659,033	659,033
<b>EXCESS SOURCES (USES)</b>	<b>604,808</b>	<b>693,266</b>	<b>2,808,212</b>	<b>2,114,946</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>9,809,473</b>	<b>9,809,473</b>	<b>9,809,473</b>	<b>0</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 10,414,281</b>	<b>\$ 10,502,739</b>	<b>\$ 12,617,685</b>	<b>\$ 2,114,946</b>

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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
From participants in joint venture:				
Spring Creek Utility District	\$ 118,251	\$ 118,251	\$ 70,012	\$ (48,239)
Montgomery County Municipal Utility District No. 88	126,386	126,386	64,769	(61,617)
Montgomery County Municipal Utility District No. 89	174,225	174,225	91,881	(82,344)
Interest on deposits	<u>0</u>	<u>0</u>	<u>99</u>	<u>99</u>
<b>TOTAL REVENUES</b>	<u>418,862</u>	<u>418,862</u>	<u>226,761</u>	<u>(192,101)</u>
<b>EXPENDITURES</b>				
Service operations:				
Professional fees	12,250	12,250	20,207	7,957
Contracted services	12,900	12,900	13,615	715
Utilities	43,200	43,200	45,667	2,467
Repairs and maintenance	308,712	308,712	131,537	(177,175)
Administrative expenditures	6,800	6,800	3,783	(3,017)
Capital outlay	<u>35,000</u>	<u>35,000</u>	<u>11,952</u>	<u>(23,048)</u>
<b>TOTAL EXPENDITURES</b>	<u>418,862</u>	<u>418,862</u>	<u>226,761</u>	<u>(192,101)</u>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>0</u>
<b>FUND BALANCE, END OF YEAR</b>	<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, 2020

(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, 2020

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, 2020

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"	3,567	3,528	1.0	3,528
1"	42	42	2.5	105
1-1/2"	9	9	5.0	45
2"	47	47	8.0	376
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>3,673</u>	<u>3,634</u>		<u>4,444</u>
Total Wastewater	<u>3,560</u>	<u>3,525</u>	1.0	<u>3,525</u>

\*Single family equivalents

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

Gallons pumped into system (unaudited): 285,971  
 Gallons billed to customers (unaudited): 283,738

Water Accountability Ratio  
 (Gallons billed/ gallons pumped): 99%

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, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
<b>CURRENT</b>					
Purchased services:					
Water services	\$ 67,593	\$	\$	\$	\$ 67,593
Stormwater facilities	66,606				66,606
	<u>134,199</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>134,199</u>
Professional fees:					
Auditing	10,950	1,250			12,200
Legal	131,885	12,271	13,635	18,189	175,980
Engineering	107,153	6,686			113,839
	<u>249,988</u>	<u>20,207</u>	<u>13,635</u>	<u>18,189</u>	<u>302,019</u>
Contracted services:					
Bookkeeping	40,181	4,500			44,681
Operation and billing	206,036	9,115			215,151
Construction inspector	79,500				79,500
SPA consultant	9,960				9,960
Tax assessor-collector			39,727		39,727
Central appraisal district			49,121		49,121
	<u>335,677</u>	<u>13,615</u>	<u>88,848</u>	<u>0</u>	<u>438,140</u>
Utilities	<u>200,119</u>	<u>45,667</u>	<u>0</u>	<u>0</u>	<u>245,786</u>
Surface water pumpage fees	<u>904,394</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>904,394</u>
Repairs and maintenance	<u>919,649</u>	<u>131,537</u>	<u>0</u>	<u>0</u>	<u>1,051,186</u>
Other operating expenditures:					
Sludge hauling	96,224				96,224
Chemicals	34,835				34,835
Laboratory costs	43,389				43,389
Sewer inspection costs	15,291				15,291
Regulatory assessment	13,506				13,506
	<u>203,245</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>203,245</u>
Security service	<u>526,151</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>526,151</u>
Garbage disposal	<u>675,462</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>675,462</u>
Administrative expenditures:					
Director's fees	21,600				21,600
Communications/Technology	40,241				40,241
Office supplies and postage	78,070	583			78,653
Insurance	40,338	3,200	100		43,638
Permit fees	19,982				19,982
Other	55,151		15,240		70,391
	<u>255,382</u>	<u>3,783</u>	<u>15,340</u>	<u>0</u>	<u>274,505</u>

See accompanying independent auditor's report.



SPRING CREEK UTILITY DISTRICT  
EXPENDITURES (Continued)  
FOR THE YEAR ENDED APRIL 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
<b>CAPITAL OUTLAY</b>					
Authorized expenditures	\$ 112,666	\$ 11,952	\$	\$	\$ 124,618
Tap connection costs	312,284				312,284
	<u>424,950</u>	<u>11,952</u>	<u>0</u>	<u>0</u>	<u>436,902</u>
<b>DEBT SERVICE</b>					
Principal retirement	<u>135,733</u>	<u>0</u>	<u>2,060,000</u>	<u>0</u>	<u>2,195,733</u>
Bond issuance expenditures	<u>0</u>	<u>0</u>	<u>109,893</u>	<u>0</u>	<u>109,893</u>
Interest and fees:					
Interest	42,143		1,844,272		1,886,415
Paying agent fees			6,250		6,250
	<u>0</u>	<u>0</u>	<u>1,850,522</u>	<u>0</u>	<u>1,850,522</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 5,007,092</u>	<u>\$ 226,761</u>	<u>\$ 4,138,238</u>	<u>\$ 18,189</u>	<u>\$ 9,390,280</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, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
<b>SOURCES OF DEPOSITS AND TEMPORARY INVESTMENTS</b>					
Cash receipts from revenues	\$ 5,367,315	\$ 209,152	\$ 4,615,777	\$ 15,867	\$ 10,208,111
Maintenance tax receipts			1,730,320		1,730,320
Transfer of maintenance taxes	1,732,242				1,732,242
Reimbursement from other fund	659,033				659,033
Proceeds from sale of bonds			7,341,026		7,341,026
Increase in customer and builder deposits	184,575				184,575
Landowner construction advances	<u>610,000</u>				<u>610,000</u>
<b>TOTAL DEPOSITS AND TEMPORARY INVESTMENTS PROVIDED</b>	<u>8,553,165</u>	<u>209,152</u>	<u>13,687,123</u>	<u>15,867</u>	<u>22,465,307</u>
<b>APPLICATIONS OF DEPOSITS AND TEMPORARY INVESTMENTS</b>					
Cash disbursements for:					
Current expenditures	4,274,640	201,857	116,795	17,142	4,610,434
Capital outlay	424,950	11,952			436,902
Debt service	177,876		4,020,415		4,198,291
Payment to refunding escrow agent			7,185,041		7,185,041
Refunding bond issuance expenditures			155,985		155,985
Reimbursement to other fund				659,033	659,033
Disbursements from landowner advances	69,441				69,441
Disbursements from insurance proceeds	101,647				101,647
Transfer of maintenance taxes			<u>1,732,242</u>		<u>1,732,242</u>
<b>TOTAL DEPOSITS AND TEMPORARY INVESTMENTS APPLIED</b>	<u>5,048,554</u>	<u>213,809</u>	<u>13,210,478</u>	<u>676,175</u>	<u>19,149,016</u>
<b>INCREASE (DECREASE) IN DEPOSITS AND TEMPORARY INVESTMENTS</b>	3,504,611	(4,657)	476,645	(660,308)	3,316,291
<b>DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, BEGINNING OF YEAR</b>	<u>10,421,700</u>	<u>51,364</u>	<u>6,766,486</u>	<u>1,509,819</u>	<u>18,749,369</u>
<b>DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, END OF YEAR</b>	<u>\$ 13,926,311</u>	<u>\$ 46,707</u>	<u>\$ 7,243,131</u>	<u>\$ 849,511</u>	<u>\$ 22,065,660</u>

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICTSCHEDULE OF CERTIFICATES OF DEPOSIT AND TEMPORARY INVESTMENTSAPRIL 30, 2020

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Year End Balance</u>	<u>Accrued Interest Receivable</u>
GENERAL FUND				
Certificates of Deposit				
No. 9009002206	2.60%	7/08/20	\$ 242,739	\$ 5,101
No. 6750866385	2.50%	7/20/20	246,281	4,824
No. 6000013257	1.80%	7/09/20	<u>247,036</u>	<u>1,365</u>
			<u>\$ 736,056</u>	<u>\$ 11,290</u>
TexPool				
No. 2568500008	Market	On demand	<u>\$ 7,145,655</u>	<u>\$ 0</u>
DEBT SERVICE FUND				
Certificates of Deposit				
No. 3300035363	2.60%	5/09/20	\$ 240,145	\$ 6,090
No. 440007187	2.65%	5/17/20	240,000	6,081
No. 9590001190373	2.75%	11/07/20	242,719	3,200
No. 51204515	1.85%	5/08/20	<u>244,039</u>	<u>2,152</u>
			<u>\$ 966,903</u>	<u>\$ 17,523</u>
TexPool				
No. 2568500004	Market	On demand	<u>\$ 4,916,714</u>	<u>\$ 0</u>
CAPITAL PROJECTS FUND				
TexPool				
No. 2568500011	Market	On demand	<u>\$ 178,587</u>	<u>\$ 0</u>
Total – All Funds			<u>\$ 13,943,915</u>	<u>\$ 28,813</u>

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED APRIL 30, 2020

	<u>Maintenance Taxes</u>	<u>Debt Service Taxes</u>
RECEIVABLE, BEGINNING OF YEAR	\$ 64,289	\$ 168,650
Additions and corrections to prior year taxes	<u>(4,540)</u>	<u>(11,894)</u>
Adjusted receivable, beginning of year	59,749	156,756
2019 ADJUSTED TAX ROLL	<u>1,745,766</u>	<u>4,489,112</u>
Total to be accounted for	1,805,515	4,645,868
Tax collections: Current tax year	(1,704,546)	(4,383,118)
Prior tax years	<u>(25,774)</u>	<u>(67,021)</u>
RECEIVABLE, END OF YEAR	<u>\$ 75,195</u>	<u>\$ 195,729</u>
RECEIVABLE, BY TAX YEAR		
2009 and prior	\$ 98	\$ 265
2010	98	264
2011	102	275
2012	423	1,142
2013	862	2,332
2014	1,670	4,516
2015	3,037	8,212
2016	4,020	10,869
2017	7,611	20,578
2018	16,054	41,282
2019	<u>41,220</u>	<u>105,994</u>
RECEIVABLE, END OF YEAR	<u>\$ 75,195</u>	<u>\$ 195,729</u>

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT  
TAXES LEVIED AND RECEIVABLE (Continued)  
FOR THE YEAR ENDED APRIL 30, 2020

ADJUSTED PROPERTY VALUATIONS AS OF JANUARY 1 OF TAX YEAR	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Land	\$ 107,839,863	\$ 106,665,533	\$ 104,523,670	\$ 94,005,550
Improvements	602,247,924	543,728,083	515,778,446	473,961,608
Personal property	34,470,970	31,455,312	19,977,793	8,536,154
Less exemptions	<u>(121,071,010)</u>	<u>(114,820,829)</u>	<u>(103,146,792)</u>	<u>(90,152,976)</u>
 TOTAL PROPERTY VALUATIONS	 <u>\$ 623,487,747</u>	 <u>\$ 567,028,099</u>	 <u>\$ 537,133,117</u>	 <u>\$ 486,350,336</u>
 TAX RATES PER \$100 VALUATION				
Debt service tax rates	\$ 0.72000	\$ 0.72000	\$ 0.73000	\$ 0.73000
Maintenance tax rates*	<u>0.28000</u>	<u>0.28000</u>	<u>0.27000</u>	<u>0.27000</u>
 TOTAL TAX RATES PER \$100 VALUATION	 <u>\$ 1.00000</u>	 <u>\$ 1.00000</u>	 <u>\$ 1.00000</u>	 <u>\$ 1.00000</u>
 TAX ROLLS	 <u>\$ 6,234,878</u>	 <u>\$ 5,670,281</u>	 <u>\$ 5,371,331</u>	 <u>\$ 4,863,503</u>
 PERCENT OF TAXES COLLECTED TO TAXES LEVIED	 <u>97.6 %</u>	 <u>99.0 %</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, 2020

Series 2009			
Due During Fiscal Years Ending April 30	Principal Due October 1	Interest Due October 1, April 1	Total
2021	\$ 260,000	\$ 5,395	\$ 265,395

Series 2010			
Due During Fiscal Years Ending April 30	Principal Due October 1	Interest Due October 1, April 1	Total
2021	\$ 150,000	\$ 3,188	\$ 153,188

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT

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

APRIL 30, 2020

Due During Fiscal Years Ending April 30	Series 2013		
	Principal Due October 1	Interest Due October 1, April 1	Total
2021	\$ 25,000	\$ 332,469	\$ 357,469
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>\$ 8,875,000</u>	<u>\$ 5,613,860</u>	<u>\$ 14,488,860</u>

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICTLONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)APRIL 30, 2020

<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>
2021	\$ 795,000	\$ 118,831	\$ 913,831
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>\$ 4,280,000</u>	<u>\$ 373,514</u>	<u>\$ 4,653,514</u>

See accompanying independent auditor's report.



SPRING CREEK UTILITY DISTRICT  
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)  
APRIL 30, 2020

Due During Fiscal Years Ending April 30	Series 2015		
	Principal Due October 1	Interest Due October 1, April 1	Total
2021	\$ 200,000	\$ 294,312	\$ 494,312
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>\$ 8,575,000</u>	<u>\$ 4,221,065</u>	<u>\$ 12,796,065</u>

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT  
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)  
APRIL 30, 2020

Due During Fiscal Years Ending April 30	Series 2016		
	Principal Due October 1	Interest Due October 1, April 1	Total
2021	\$ 65,000	\$ 191,550	\$ 256,550
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
<b>TOTALS</b>	<b><u>\$ 4,945,000</u></b>	<b><u>\$ 1,671,900</u></b>	<b><u>\$ 6,616,900</u></b>

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICTLONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)APRIL 30, 2020

Due During Fiscal Years Ending April 30	Series 2017		
	Principal Due October 1	Interest Due October 1, April 1	Total
2021	\$ 325,000	\$ 223,562	\$ 548,562
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>\$ 7,350,000</u>	<u>\$ 2,820,468</u>	<u>\$ 10,170,468</u>

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT  
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)  
APRIL 30, 2020

Due During Fiscal Years Ending April 30	Series 2017A		
	Principal Due October 1	Interest Due October 1, April 1*	Total
2021	\$ 85,000	\$ 146,744	\$ 231,744
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
<b>TOTALS</b>	<b><u>\$ 5,135,000</u></b>	<b><u>\$ 1,398,991</u></b>	<b><u>\$ 6,533,991</u></b>

\*Interest on the Premium Compound Interest Bonds which mature October 1, 2020, October 1, 2021 and October 1, 2022 will be paid upon redemption.

SPRING CREEK UTILITY DISTRICTLONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)APRIL 30, 2020

<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>
2021	\$ 200,000	\$ 313,906	\$ 513,906
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>\$ 9,300,000</u>	<u>\$ 5,156,766</u>	<u>\$ 14,456,766</u>

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICTLONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)APRIL 30, 2020

<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>
2021	\$ 50,000	\$ 199,863	\$ 249,863
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	<u>750,000</u>	<u>11,250</u>	<u>761,250</u>
TOTALS	<u>\$ 7,300,000</u>	<u>\$ 1,881,669</u>	<u>\$ 9,181,669</u>

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICT

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

APRIL 30, 2020

Due During Fiscal Years Ending April 30	Annual Requirements for All Series		
	Total Principal Due	Total Interest Due*	Total
2021	\$ 2,155,000	\$ 1,829,820	\$ 3,984,820
2022	1,830,000	1,768,537	3,598,537
2023	1,845,000	1,716,213	3,561,213
2024	2,215,000	1,660,187	3,875,187
2025	2,265,000	1,598,295	3,863,295
2026	2,295,000	1,532,285	3,827,285
2027	2,325,000	1,463,328	3,788,328
2028	2,390,000	1,391,502	3,781,502
2029	2,415,000	1,316,877	3,731,877
2030	2,460,000	1,240,116	3,700,116
2031	2,520,000	1,158,952	3,678,952
2032	2,565,000	1,074,688	3,639,688
2033	2,640,000	989,010	3,629,010
2034	2,725,000	900,593	3,625,593
2035	2,850,000	809,251	3,659,251
2036	3,000,000	710,142	3,710,142
2037	3,100,000	602,173	3,702,173
2038	3,225,000	488,407	3,713,407
2039	3,350,000	368,813	3,718,813
2040	3,475,000	233,939	3,708,939
2041	1,300,000	137,032	1,437,032
2042	1,325,000	90,156	1,415,156
2043	950,000	49,875	999,875
2044	950,000	16,625	966,625
TOTALS	\$ 56,170,000	\$ 23,146,816	\$ 79,316,816

\*Interest on the Premium Compound Interest Bonds which mature October 1, 2020, 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, 2020

	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>(4)</u>
Bond Series:	2009	2010	2013	2014
Interest Rate:	4.15%	4.25%	3.00% to 5.00%	3.00% to 3.25%
Dates Interest Payable:	October 1/ April 1	October 1/ April 1	October 1/ April 1	October 1/ April 1
Maturity Dates:	October 1, 2020	October 1, 2020	October 1, 2020/2039	October 1, 2020/2025
Bonds Outstanding at Beginning of Current Year	\$ 520,000	\$ 7,325,000	\$ 8,900,000	\$ 5,050,000
Less Retirements	<u>(260,000)</u>	<u>(7,175,000)</u>	<u>(25,000)</u>	<u>(770,000)</u>
Bonds Outstanding at End of Current Year	<u>\$ 260,000</u>	<u>\$ 150,000</u>	<u>\$ 8,875,000</u>	<u>\$ 4,280,000</u>
Current Year Interest Paid:	<u>\$ 16,185</u>	<u>\$ 9,031</u>	<u>\$ 333,718</u>	<u>\$ 138,456</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

See accompanying independent auditor's report.



SPRING CREEK UTILITY DISTRICT  
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT (Continued)  
FOR THE YEAR ENDED APRIL 30, 2020

	<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, 2020/2039	October 1, 2020/2032	October 1, 2020/2041	October 1, 2020/2033
Bonds Outstanding at Beginning of Current Year	\$ 8,775,000	\$ 5,015,000	\$ 7,675,000	\$ 5,220,000
Less Retirements	<u>(200,000)</u>	<u>(70,000)</u>	<u>(325,000)</u>	<u>(85,000)</u>
Bonds Outstanding at End of Current Year	<u>\$ 8,575,000</u>	<u>\$ 4,945,000</u>	<u>\$ 7,350,000</u>	<u>\$ 5,135,000</u>
Current Year Interest Paid:	<u>\$ 299,312</u>	<u>\$ 192,673</u>	<u>\$ 233,313</u>	<u>\$ 149,219</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, 2020

	<u>(9)</u>	<u>(10)</u>	<u>Totals</u>
Bond Series:	2018	2019	
Interest Rate:	3.00% to 4.00%	2.00% to 3.00%	
Dates Interest Payable:	October 1/ April 1	October 1/ April 1	
Maturity Dates:	October 1, 2020/2043	October 1, 2020/2034	
Bonds Outstanding at Beginning of Current Year	\$ 9,500,000	\$ 0	\$ 57,980,000
Add Bonds Sold		7,300,000	7,300,000
Less Retirements	<u>(200,000)</u>	<u>0</u>	<u>(9,110,000)</u>
Bonds Outstanding at End of Current Year	<u>\$ 9,300,000</u>	<u>\$ 7,300,000</u>	<u>\$ 56,170,000</u>
Current Year Interest Paid:	<u>\$ 321,906</u>	<u>\$ 150,459</u>	<u>\$ 1,844,272</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 2016 (\$7,300,000)

Paying Agent/Registrar

(9) (10) 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:	\$ 77,000,000	\$ 0	\$ 4,000,000
Amount Issued:	69,185,000		3,949,308
Remaining to be Issued:	7,815,000		50,692

Net Debt Service Fund deposits and investments balances as of April 30, 2020: \$7,253,255  
Average annual debt service payment for remaining term of all debt: 3,304,867

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				
	2020	2019	2018	2017	2016	2020	2019	2018	2017	2016
<b>REVENUES</b>										
Property taxes	\$ 1,730,320	\$ 1,584,905	\$ 1,443,661	\$ 1,323,345	\$ 1,230,746	24.3 %	27.0 %	24.3 %	22.3 %	24.3 %
Water service	1,168,645	905,619	912,620	1,085,817	751,048	16.3	15.5	15.4	18.4	14.8
Sewer service	1,613,649	1,497,074	1,483,775	1,446,580	1,378,728	22.5	25.6	25.0	24.4	27.2
Surface water fees	929,918	879,320	851,162	837,385	706,823	13.0	15.1	14.3	14.2	13.9
Penalty	67,945	57,006	77,196	74,038	71,854	0.9	1.0	1.3	1.3	1.4
Sales and Use Taxes	425,225	377,397	521,021	0	0	5.9	6.5	8.8	0.0	0.0
Tap connection and sewer inspection fees	816,385	185,578	455,635	938,850	765,850	11.4	3.2	7.7	15.9	15.1
Interest on deposits and temporary investments	205,748	174,383	50,228	28,369	18,556	2.9	3.0	0.8	0.5	0.4
Other	198,436	178,176	143,583	175,141	148,416	2.8	3.1	2.4	3.0	2.9
<b>TOTAL REVENUES</b>	<b>7,156,271</b>	<b>5,839,458</b>	<b>5,938,881</b>	<b>5,909,525</b>	<b>5,072,021</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>EXPENDITURES</b>										
Current:										
Purchased services	134,199	122,561	213,267	203,768	142,512	1.9	2.1	3.6	3.4	2.8
Professional fees	249,988	291,266	265,869	279,711	296,006	3.5	5.0	4.5	4.7	5.8
Contracted services	335,677	315,907	271,911	281,038	267,414	4.7	5.4	4.6	4.8	5.3
Utilities	200,119	168,799	182,308	176,933	157,283	2.8	2.9	3.1	3.0	3.1
Surface water pumpage fees	904,394	822,936	723,292	790,224	671,965	12.6	14.1	12.1	13.4	13.3
Repairs and maintenance	919,649	802,712	775,912	805,346	747,775	12.9	13.7	13.0	13.6	14.8
Other operating expenditures	203,245	140,472	141,326	226,799	158,413	2.8	2.4	2.4	3.8	3.1
Security service	526,151	336,722	274,895	232,601	47,637	7.4	5.8	4.6	3.9	0.9
Garbage disposal	675,462	633,818	617,215	601,896	618,700	9.4	10.9	10.4	10.2	12.2
Administrative expenditures	255,382	289,022	259,749	192,939	157,699	3.6	4.9	4.4	3.3	3.1
Capital outlay	424,950	2,439,706	881,973	962,172	789,967	5.9	41.8	14.9	16.3	15.6
Debt service principal and interest	177,876	177,877	0	0	0	2.5	3.0	0.0	0.0	0.0
<b>TOTAL EXPENDITURES</b>	<b>5,007,092</b>	<b>6,541,798</b>	<b>4,607,717</b>	<b>4,753,427</b>	<b>4,055,371</b>	<b>70.0</b>	<b>112.0</b>	<b>77.6</b>	<b>80.4</b>	<b>80.0</b>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<b>\$ 2,149,179</b>	<b>\$ (702,340)</b>	<b>\$ 1,331,164</b>	<b>\$ 1,156,098</b>	<b>\$ 1,016,650</b>	<b>30.0 %</b>	<b>(12.0) %</b>	<b>22.4 %</b>	<b>19.6 %</b>	<b>20.0 %</b>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<b>3,634</b>	<b>3,579</b>	<b>3,521</b>	<b>3,471</b>	<b>3,419</b>					
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<b>3,525</b>	<b>3,518</b>	<b>3,461</b>	<b>3,423</b>	<b>3,377</b>					

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

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2020	2019	2018	2017	2016	2020	2019	2018	2017	2016
<b>REVENUES</b>										
Property taxes	\$ 4,450,139	\$ 4,079,893	\$ 3,903,231	\$ 3,577,934	\$ 3,327,573	96.4 %	96.0 %	97.9 %	97.5 %	96.6 %
Penalty and interest	47,003	49,841	44,531	64,114	87,628	1.0	1.2	1.1	1.7	2.5
Accrued interest on bonds received at date of sale	13,374	12,674	1,291	13,600	21,121	0.3	0.3	0.1	0.4	0.6
Interest on deposits and investments	107,626	106,700	39,210	14,546	11,342	2.3	2.5	0.9	0.4	0.3
<b>TOTAL REVENUES</b>	<b>4,618,142</b>	<b>4,249,108</b>	<b>3,988,263</b>	<b>3,670,194</b>	<b>3,447,664</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>EXPENDITURES</b>										
Current:										
Professional fees	13,635	16,515	14,367	20,796	31,310	0.3	0.4	0.4	0.6	0.9
Contracted services	88,848	89,223	82,924	77,532	71,967	1.9	2.1	2.1	2.1	2.1
Other expenditures	15,340	14,921	14,623	13,424	23,592	0.3	0.4	0.4	0.4	0.7
Debt service:										
Principal retirement	2,060,000	1,820,000	1,815,000	1,445,000	1,140,000	44.6	42.8	45.4	39.4	33.1
Refunding contribution	109,893	0	0	0	0	2.4	0.0	0.0	0.0	0.0
Interest and fees	1,850,522	2,039,101	1,781,721	1,738,558	1,565,338	40.1	48.0	44.7	47.3	45.4
<b>TOTAL EXPENDITURES</b>	<b>4,138,238</b>	<b>3,979,760</b>	<b>3,708,635</b>	<b>3,295,310</b>	<b>2,832,207</b>	<b>89.6</b>	<b>93.7</b>	<b>93.0</b>	<b>89.8</b>	<b>82.2</b>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<b>\$ 479,904</b>	<b>\$ 269,348</b>	<b>\$ 279,628</b>	<b>\$ 374,884</b>	<b>\$ 615,457</b>	<b>10.4 %</b>	<b>6.3 %</b>	<b>7.0 %</b>	<b>10.2 %</b>	<b>17.8 %</b>

SPRING CREEK UTILITY DISTRICTBOARD MEMBERS, KEY PERSONNEL AND CONSULTANTSAPRIL 30, 2020

Complete District Mailing Address: Spring Creek Utility District  
c/o Roach & Mitchell, 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: July 8, 2018

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>
John Dale Healy 8156 S. Wadsworth Blvd., E-474 Littleton, Colorado 80128	Elected 5/07/16- 5/02/20	\$ 1,650	\$ 0	President
Claude Humbert 29639 Legends Line Drive Spring, Texas 77386	Elected 5/05/18- 5/07/22	4,950	2,668	Vice President
Frederick Sunderman 3646 Fuller Bluff Spring, Texas 77386	Elected 5/05/18- 5/07/22	5,100	678	Secretary
Leslie Gourley 2506 Leichester Drive Spring, Texas 77386	Appointed 7/16/18- 5/07/22	4,950	949	Assistant Secretary
Mark Fusca 2811 Legends Knoll Drive Spring, Texas 77386	Elected 5/07/16- 5/02/20	4,950	2,542	Treasurer

See accompanying independent auditor's report.

SPRING CREEK UTILITY DISTRICTBOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (Continued)APRIL 30, 2020CONSULTANTS

<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	\$ 175,980 73,813 Bonds	Attorney
Myrtle Cruz, Inc. 3401 Louisiana, Suite 400 Houston, Texas 77002	5/20/03	50,140 2,500 Bonds	Bookkeeper
Municipal Operations & Consulting, Inc. 312 Spring Hill Dr., Suite 100 Spring, Texas 77386	1/01/10	1,173,149	Operator
A&S Engineers, Inc. 10377 Stella Link Road Houston, Texas 77025	5/24/11	125,791	Engineer
ASB Construction Services, Inc. 7118 Durango Creek Drive Magnolia, Texas 77354	6/07/11	79,500	Construction Inspector
Triton Consulting Group 810 S. Mason Road, Suite 309 Katy, Texas 77450	7/21/18	40,241	Communications/ Technology
Mike Arterburn 11500 Northwest Freeway, Suite 465 Houston, Texas 77092	7/28/14	49,974 1,000 Bonds	Tax Assessor- Collector
Montgomery Central Appraisal District P.O. Box 2233 Conroe, Texas 77305	Legislative Action	49,121	Central Appraisal District
Masterson Advisors, LLC 3 Greenway Plaza, Suite 1100 Houston, Texas 77046	5/16/18	76,211 Bonds	Financial Advisor
Mark C. Eyring, CPA, PLLC 12702 Century Drive, Suite C2 Stafford, Texas 77477	Prior to 1992	12,200 750 Bonds	Independent Auditor

See accompanying independent auditor's report.