

- **Requires Notification to TCEQ** – Limit landscape watering with sprinklers or irrigation systems at each service address to once every seven (7) days. Exceptions are as follows:
 - foundations, new landscaping, new plantings (first year) of shrubs, and trees may be watered for up to two (2) hours on any day by a hand-held hose, a soaker hose, or a dedicated zone using a drip irrigation system.
 - golf courses may water greens and tee boxes without restrictions.
 - public athletic fields used for competition may be watered twice per week.
 - locations using other sources of water supply for irrigation may irrigate without restrictions. Recommend the use of signs to inform the public that irrigation is provided by other sources.
 - registered and properly functioning ET/Smart irrigation systems and drip irrigation systems may irrigate without restrictions.
- **Requires Notification to TCEQ** – Limit landscape watering with sprinklers or irrigation systems between November 1 and March 31 to once every two (2) weeks. An exception is allowed for landscape associated with new construction that may be watered as necessary for 30 days from the date of the certificate of occupancy, temporary certificate of occupancy, or certificate of completion.
- **Requires Notification to TCEQ** – Prohibit hydro-seeding, hydro-mulching, and sprigging.
- **Requires Notification to TCEQ** – Existing swimming pools may not be drained and refilled (except to replace normal water loss).
- **Requires Notification to TCEQ** – Initiate a rate surcharge as requested by NTMWD.
- **Requires Notification to TCEQ** – Initiate a rate surcharge for all water use over a certain level.
- **Requires Notification to TCEQ** – Prohibit watering of golf courses using treated water, except as needed to keep greens and tee boxes alive.

6.4 Stage 4

6.4.1 Initiation and Termination Conditions for Stage 4

- NTMWD has initiated Stage 4.
- Bear Creek SUD's water demand exceeds the amount that can be delivered to customers.
- Bear Creek SUD's water demand for all or part of the delivery system seriously exceeds delivery capacity because the delivery capacity is inadequate.
- Supply source becomes contaminated.

Exhibit CR-16

- Bear Creek SUD's water supply system is unable to deliver water due to the failure or damage of major water system components.
- Bear Creek SUD's individual plan may be implemented if other criteria dictate.

Stage 4 may terminate when NTMWD terminates its Stage 4 condition or when the circumstances that caused the initiation of Stage 4 no longer prevail.

6.4.2 Goals for Use Reduction and Actions Available under Stage 4

The goal for water use reduction under Stage 4 is a reduction of whatever amount is necessary in the amount of water obtained from NTMWD. If circumstances warrant or if required by NTMWD, the Bear Creek SUD General Manager or Board designee can set a goal for a greater water use reduction.

The Bear Creek SUD General Manager or Board designee must implement any action(s) required by NTMWD. In addition, the Bear Creek SUD General Manager or Board designee may order the implementation of any of the actions listed below, as deemed necessary. Measures described as "requires notification to TCEQ" impose mandatory requirements on member cities and customers. The supplier must notify TCEQ and NTMWD within five (5) business days if these measures are implemented.

- Continue any actions implemented under Stages 1, 2 and 3.
- **Requires Notification to TCEQ** – Prohibit the irrigation of new landscaping using treated water.
- **Requires Notification to TCEQ** – Prohibit washing of vehicles except as necessary for health, sanitation, or safety reasons.
- **Requires Notification to TCEQ** – Prohibit commercial and residential landscape watering, except that foundations and trees may be watered for 2 hours on any day with a hand-held hose, a soaker hose, or a dedicated zone using a drip irrigation system. ET/Smart irrigation systems are not exempt from this requirement.
- **Requires Notification to TCEQ** – Prohibit golf course watering with treated water except for greens and tee boxes.
- **Requires Notification to TCEQ** – Prohibit the permitting of private pools. Pools already permitted may be completed and filled with water. Existing private and public pools may add water to maintain pool levels but may not be drained and refilled.
- **Requires Notification to TCEQ** – Require all commercial water users to reduce water use by a percentage established by the Bear Creek SUD General Manager or Board designee.

- **Requires Notification to TCEQ** – Initiate a rate surcharge for all water use over normal rates for all water use.

7. Procedures for Granting Variances to the Plan

The Bear Creek SUD General Manager or Board designee may grant temporary variances for existing water uses otherwise prohibited under this drought contingency and water emergency response plan if one or more of the following conditions are met:

- Failure to grant such a variance would cause an emergency condition adversely affecting health, sanitation, or fire safety for the public or the person or entity requesting the variance.
- Compliance with this plan cannot be accomplished due to technical or other limitations.
- Alternative methods that achieve the same level of reduction in water use can be implemented.

Variances shall be granted or denied at the discretion of the Bear Creek SUD General Manager or Board designee. All petitions for variances should be in writing and should include the following information:

- Name and address of the petitioners.
- Purpose of water use.
- Specific provisions from which relief is requested.
- Detailed statement of the adverse effect of the provision from which relief is requested.
- Description of the relief requested.
- Period of time for which the variance is sought.
- Alternative measures that will be taken to reduce water use.
- Other pertinent information.

8. Procedures for Enforcing Mandatory Water Use Restrictions

Mandatory water use restrictions may be imposed in Stage 2, Stage 3 and Stage 4 drought contingency and water emergency response stages. The penalties associated with the mandatory water use restrictions will be established by Bear Creek SUD ordinance.

Appendix G and H contains potential ordinances, resolutions, and orders that may be adopted by the Bear Creek SUD board approving the drought contingency plan and water response plan, including enforcement of same.

9. Coordination with the Regional Water Planning Groups

Appendix F includes a copy of a letter sent to the Chair of the Region C water planning group with this model drought contingency and water emergency response plan.

The Bear Creek SUD shall send a draft of its ordinance(s) or other regulation(s) implementing this plan to NTMWD for their review and comment. The Bear Creek SUD shall also send the final ordinance(s) or other regulation(s) to NTMWD.

10. Review and Update of Drought Contingency and Water Emergency Response Plan

As required by TCEQ rules, Bear Creek SUD will review the drought contingency and water emergency response plan every five years. The plan will be updated as appropriate based on new or updated information.

Appendix A – List of References

- (1) Title 30 of the Texas Administrative Code, Part 1, Chapter 288, Subchapter A, Rules 288.1 and 288.2, downloaded from [http://info.sos.state.tx.us/pls/pub/readtac\\$ext.ViewTAC?tac_view=4&ti=30&pt=1&ch=288](http://info.sos.state.tx.us/pls/pub/readtac$ext.ViewTAC?tac_view=4&ti=30&pt=1&ch=288), July 2007.
- (2) Title 30 of the Texas Administrative Code, Part 1, Chapter 288, Subchapter B, Rule 288.20, downloaded from <http://www.tnrcc.state.tx.us/oprd/rules/pdflib/288a.pdf>, July 2007.
- (3) Water Conservation Implementation Task Force: “Texas Water Development Board Report 362, Water Conservation Best Management Practices Guide,” prepared for the Texas Water Development Board, Austin, November 2004.
- (4) Freese and Nichols, Inc.: North Texas Municipal Water District Water Conservation and Drought Contingency and Water Emergency Response Plan, prepared for the North Texas Municipal Water District, Fort Worth, March 2008.

Appendix B – TCEQ Rules

**Texas Commission on Environmental Quality Rules on Municipal
Water Conservation and Drought Contingency Plans**

Texas Administrative Code

TITLE 30

ENVIRONMENTAL QUALITY

PART 1

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

CHAPTER 288

WATER CONSERVATION PLANS, DROUGHT CONTINGENCY PLANS,
GUIDELINES AND REQUIREMENTS

SUBCHAPTER A

WATER CONSERVATION PLANS

RULE §288.1

Definitions

The following words and terms, when used in this document, shall have the following means, unless the context clearly indicates otherwise.

Agricultural or Agriculture: Any of the following activities:

- A. Cultivating the soil to produce crops for human food, animal feed, or planting seed or for the production of fibers;
- B. The practice of floriculture, viticulture, silviculture, and horticulture, including the cultivation of plants in containers or non-soil media by a nursery grower;
- C. Raising, feeding, or keeping animals for breeding purposes or for the production of food or fiber, leather, pelts, or other tangible products having a commercial value;
- D. Raising or keeping equine animals;
- E. Wildlife management; and
- F. Planting cover crops, including cover crops cultivated for transplantation, or leaving land idle for the purpose of participating in any governmental program or normal crop or livestock rotation procedure.

Agricultural Use: The use of water for businesses involving agriculture, including irrigation.

Commercial Use: The use of water for businesses involving goods or services that do not convert materials of a lower order of value into forms having greater usability and commercial value.

Conservation: Those practices, techniques, and technologies that reduce the consumption of water, reduce the loss or waste of water, improve the efficiency in the use of water, or increase the recycling and reuse of water so that a water supply is made available for future or alternative uses.

Drought contingency plan: A strategy or combination of strategies for temporary supply and demand management responses to temporary and potentially recurring water supply shortages and other water supply emergencies. A drought contingency plan may be a separate document identified as such or may be contained within another water management document(s).

Exhibit CR-16

Drought Contingency and
Water Emergency Response Plan

Bear Creek SUD

Industrial use: The use of water in processes designed to convert materials of a lower order of value into forms having greater usability and commercial value, commercial fish production, and the development of power by means other than hydroelectric, but does not include agricultural use.

Irrigation: The agricultural use of water for the irrigation of crops, trees, and pastureland, including, but not limited to, golf courses and parks which do not receive water through a municipal distribution system.

Irrigation water use efficiency: The percentage of that amount of irrigation water which is beneficially used by agriculture crops or other vegetation relative to the amount of water diverted from the source(s) of supply. Beneficial uses of water for irrigation purposes include, but are not limited to, evapotranspiration needs for vegetative maintenance and growth, salinity management, and leaching requirements associated with irrigation.

Mining use: The use of water for mining processes including hydraulic use, drilling, washing sand and gravel, and oil field re-pressuring.

Municipal per capita water use: The sum total of water diverted into a water supply system for residential, commercial, and public and institutional uses divided by actual population served.

Municipal use: The use of potable water within or outside a municipality and its environs whether supplied by a person, privately owned utility, political subdivision, or other entity as well as the use of sewage effluent for certain purposes, including the use of treated water or domestic purposes, fighting fires, sprinkling streets, flushing sewers and drains, watering parks and parkways, and recreational purposes, including public and private swimming pools, the use of potable water in industrial and commercial enterprises supplied by a municipal distribution system without special construction to meet its demands, and for the watering of lawns and family gardens.

Municipal use in gallons per capita per day: The total average daily amount of water diverted or pumped for treatment for potable use by a public water supply system. The calculation is made by dividing the water diverted or pumped for treatment for potable use by population served. Indirect reuse volumes shall be credited against total diversion volumes for the purpose of calculating gallons per capita per day for targets and goals.

Nursery grower: A person engaged in the practice of floriculture, viticulture, silviculture, and horticulture, including the cultivation of plants in containers or non-soil media, who grows more than 50% of the products that the person either sells or leases, regardless of the variety sold, leased, or grown. For the purpose of this definition, grow means the actual cultivation or propagation of the product beyond the mere holding or maintaining of the item prior to sale or lease, and typically includes activities associated with the production or multiplying of stock such as the development of new plants from cuttings, grafts, plugs, or seedlings.

Pollution: The alteration of the physical, thermal, chemical, or biological quality of, or the contamination of, any water in the state that renders the water harmful, detrimental, or injurious to humans, animal life, vegetation, or property, or to the public health, safety, or welfare, or impairs the usefulness or the public enjoyment of the water for any lawful or reasonable purpose.

Public use: The use of water internally by a public water supplier.

Exhibit CR-16

Drought Contingency and
Water Emergency Response Plan

Bear Creek SUD

Public water supplier: An individual or entity that supplies water to the public for human consumption.

Regional water planning group: A group established by the Texas Water Development Board to prepare a regional water plan under Texas Water Code, §16.053.

Residential use: the use of water for domicile purposes.

Regional public water supplier: An individual or entity that for compensation supplies water to the public for human consumption. The term does not include an individual or entity that supplies water to itself or its employees or tenants when that water is not resold to or used by others.

Reuse: The authorized use for one or more beneficial purposes of use of water that remains unconsumed after the water is used for the original purpose of use and before that water is either disposed of or discharged or otherwise allowed to flow into a watercourse, lake, or other body of state-owned water.

Water conservation plan: A strategy or combination of strategies for reducing the volume of water withdrawn from a water supply source, for reducing the loss or waste of water, for maintaining or improving the efficiency in the use of water, for increasing the recycling and reuse of water, and for preventing the pollution of water. A water conservation plan may be a separate document identified as such or may be contained within another water management document(s).

Wholesale public water supplier: An individual or entity that for compensation supplies water to another for resale to the public for human consumption. The term does not include an individual or entity that supplies water to itself or its employees or tenants as an incident of that employee service or tenancy when that water is not resold to or used by others, or an individual or entity that conveys water to another individual or entity, but does not own the right to the water which is conveyed, whether or not for a delivery fee.

Wholesale use: The use of water delivered to a wholesale public water supplier.

Source Note: The provisions of this §288.1 adopted to be effective May 3, 1993, 18TexReg 2558; amended to be effective February 21, 1999, 24 TexReg 949; amended to be effective April 27, 2000, 25 TexReg 3544; amended to be effective August 15, 2002, 27 TexReg 7146, amended to be effective October 7, 2004, 29 TexReg 9384

Texas Administrative Code

TITLE 30

ENVIRONMENTAL QUALITY

PART 1

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

CHAPTER 288

WATER CONSERVATION PLANS, DROUGHT CONTINGENCY PLANS,
GUIDELINES AND REQUIREMENTS

SUBCHAPTER A

WATER CONSERVATION PLANS

RULE §288.2

**Water Conservation Plans for Municipal Uses by Public
Water Suppliers**

-
- (a) A water conservation plan for municipal water use by public water suppliers shall provide information in response to the following. If the plan does not provide information for each requirement, the public water supplier shall include in the plan an explanation of why the requirement is not applicable.
- (1) Minimum requirements. All water conservation plans for municipal uses by public drinking water suppliers must include the following elements:
- (A) A utility profile including, but not limited to, information regarding population and customer data, water use data, water supply system data, and wastewater system data;
 - (B) Until May 1, 2005, specification of conservation goals including, but not limited to, municipal per capita water use goals, the basis for the development of such goals, and a time frame for achieving the specified goals;
 - (C) Beginning May 1, 2005, specific, quantified five-year and ten-year targets for water savings to include goals for water loss programs and goals for municipal use, in gallons per capita per day. The goals established by a public water supplier under this subparagraph are not enforceable;
 - (D) Metering device(s), within an accuracy of plus or minus 5.0% in order to measure and account for the amount of water diverted from the source of supply.
 - (E) A program for universal metering of both customer and public uses of water, for meter testing and repair, and for periodic meter replacement;
 - (F) Measures to determine and control unaccounted-for uses of water (for example, periodic visual inspections along distribution lines; annual or monthly audit of the water system to determine illegal connections; abandoned services; etc.):

Exhibit CR-16

Drought Contingency and
Water Emergency Response Plan

Bear Creek SUD

- (G) A program of continuing public education and information regarding water conservation;
 - (H) A water rate structure which is not “promotional,” i.e., a rate structure which is cost-based and which does not encourage the excessive use of water.
 - (I) A reservoir systems operations plan, if applicable providing for the coordinated operation of reservoirs owned by the applicant within a common watershed or river basin in order to optimize available water supplies; and
 - (J) A means of implementation and enforcement which shall be evidenced by:
 - (i) a copy of the ordinance, resolution, or tariff, indicating official adoption of the water conservation plan by the water supplier; and
 - (ii) a description of the authority by which the water supplier will implement and enforce the conservation plan; and
 - (K) Documentation of coordination with the regional water planning groups for the service area of the public water supplier in order to ensure consistency with the appropriate approved regional water plans.
- (2) Additional content requirements. Water conservation plans for municipal uses by public drinking water suppliers serving a current population of 5,000 or more and/or a projected population of 5,000 or more within the next ten years subsequent to the effective date of the plan must include the following elements:
- (A) A program of leak detection, repair, and water loss accounting for the water transmission, delivery, and distribution system in order to control unaccounted-for uses of water;
 - (B) A record management system to record water pumped, water deliveries, water sales, and water losses which allows for the segregation of water sales and uses into the following user classes:
 - (i) residential;
 - (ii) commercial;
 - (iii) public and institutional; and
 - (iv) industrial;
 - (C) A requirement in every wholesale water supply contract entered into or renewed after official adoption of the plan (by either ordinance, resolution, or tariff), and including any contract extension, that each successive wholesale customer develop and implement a water conservation plan or water conservation measures using the applicable

- elements in this chapter. If the customer intends to resell the water, then the contract between the initial supplier and customer must provide that the contract for the resale of the water must have water conservation requirements so that each successive customer in the resale of the water will be required to implement water conservation measures in accordance with the provisions of this chapter.
- (3) Additional conservation strategies. Any combination of the following strategies shall be selected by the water supplier, in addition to the minimum requirements in paragraphs (1) and (2) of this subsection, if they are necessary to achieve the stated water conservation goals of the plan. The commission may require that any of the following strategies be implemented by the water supplier if the commission determines that the strategy is necessary to achieve the goals of the water conservation plan:
- (A) Conservation-oriented water rates and water rate structures such as uniform or increasing block rate schedules, and/or seasonal rates, but not flat rate or decreasing block rates;
 - (B) Adoption of ordinances, plumbing codes, and/or rules requiring water conserving plumbing fixtures to be installed in new structures and existing structures undergoing substantial modifications or addition;
 - (C) A program for the replacement or retrofit of water-conserving plumbing fixtures in existing structures;
 - (D) Reuse and/or recycling of wastewater and/or gray water;
 - (E) A program for pressure control and/or reduction in the distribution system and/or for customer connections;
 - (F) A program and/or ordinance(s) for landscape water management;
 - (G) A method for monitoring the effectiveness and efficiency of the water conservation plan; and
 - (H) Any other water conservation practice, method, or technique which the water supplier shows to be appropriate for achieving the stated goal or goals of the water conservation plan.
- (b) A water conservation plan prepared in accordance with 31 TAC §363.15 (relating to Required Water Conservation Plan) of the Texas Water Development Board and substantially meeting the requirements of this section and other applicable commission rules may be submitted to meet application requirements in accordance with a memorandum of understanding between the commission and the Texas Water Development Board.
- (c) Beginning May 1, 2005, a public water supplier for municipal use shall review and update its water conservation plan, as appropriate, based on an assessment of previous five-year and ten-year targets and any other new or updated information. The public water supplier for municipal use shall review and update

Exhibit CR-16

Drought Contingency and
Water Emergency Response Plan

Bear Creek SUD

the next revision of its water conservation plan not later than May 1, 2009, and every five years after that date to coincide with the regional planning group.

Source Note: The provisions of this §288.2 adopted to be effective May 3, 1993, 18 TexReg 2558; amended to be effective February 21, 1999, 24 TexReg 949; amended to be effective April 27, 2000, 25 TexReg 3544; amended to be effective October 7, 2004, 29 TexReg 9384.

Texas Administrative Code

TITLE 30

ENVIRONMENTAL QUALITY

PART 1

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

CHAPTER 288

WATER CONSERVATION PLANS, DROUGHT CONTINGENCY PLANS,
GUIDELINES AND REQUIREMENTS

SUBCHAPTER A

WATER CONSERVATION PLANS

RULE §288.20

Drought Contingency Plans for Municipal Uses by Public Water Suppliers

- (a) A drought contingency plan for a retail public water supplier, where applicable, must include the following minimum elements.
- (1) Minimum requirements. Drought contingency plans must include the following minimum elements.
- (A) Preparation of the plan shall include provisions to actively inform the public and affirmatively provide opportunity for public input. Such acts may include, but are not limited to, having a public meeting at a time and location convenient to the public and providing written notice to the public concerning the proposed plan and meeting.
- (B) Provisions shall be made for a program of continuing public education and information regarding the drought contingency plan.
- (C) The drought contingency plan must document coordination with the regional water planning groups for the service area of the retail public water supplier to ensure consistency with the appropriate approved regional water plans.
- (D) The drought contingency plan must include a description of the information to be monitored by the water supplier, and specific criteria for the initiation and termination of drought response stages, accompanied by an explanation of the rationale or basis for such triggering criteria.
- (E) The drought contingency plan must include drought or emergency response stages providing for the implementation of measures in response to at least the following situations:
- (i) reduction in available water supply up to a repeat of the drought of record;
- (ii) water production or distribution system limitations;
- (iii) supply source contamination; or
- (iv) system outage due to the failure or damage of major water system components (e.g., pumps).
- (F) The drought contingency plan must include the specific, quantified targets for water use reductions to be achieved during periods of water

- shortage and drought. The entity preparing the plan shall establish the targets. The goals established by the entity under this subparagraph are not enforceable.
- (G) The drought contingency plan must include the specific water supply or water demand management measures to be implemented during each stage of the plan including, but not limited to, the following:
 - (i) curtailment of non-essential water uses; and
 - (ii) utilization of alternative water sources and/or alternative delivery mechanisms with the prior approval of the executive director as appropriate (e.g., interconnection with another water system, temporary use of a non-municipal water supply, use of reclaimed water for non-potable purposes, etc.).
 - (H) The drought contingency plan must include the procedures to be followed for the initiation or termination of each drought response stage, including procedures for notification of the public.
 - (I) The drought contingency plan must include procedures for granting variances to the plan.
 - (J) The drought contingency plan must include procedures for the enforcement of any mandatory water use restrictions, including specification of penalties (e.g., fines, water rate surcharges, discontinuation of service) for violations of such restrictions.
- (2) Privately-owned water utilities. Privately-owned water utilities shall prepare a drought contingency plan in accordance with this section and incorporate such plan into their tariff.
 - (3) Wholesale water customers. Any water supplier that receives all or a portion of its water supply from another water supplier shall consult with that supplier and shall include in the drought contingency plan appropriate provisions for responding to reductions in that water supply.
- (b) A wholesale or retail water supplier shall notify the executive director within five business days of the implementation of any mandatory provisions of the drought contingency plan.
 - (c) The retail public water supplier shall review and update, as appropriate, the drought contingency plan, at least every five years, based on new or updated information, such as the adoption or revision of the regional water plan.

Source Note: The provisions of this §288.20 adopted to be effective February 21, 1999, 24 TexReg 949; amended to be effective April 27, 2000, 25 TexReg 3544; amended to be effective October 7, 2004, 29 TexReg 9384.

Drought Contingency and
Water Emergency Response Plan

Bear Creek SUD

Appendix C – TCEQ Water Utility Profile
(Insert latest report)

Drought Contingency and
Water Emergency Response Plan

Bear Creek SUD

Appendix D – NTMWD Customer Annual Water Conservation Report
(Insert latest report)

Appendix E – Considerations for Landscape Water Management Regulations

A. Purpose

The purpose of these proposed landscape water management regulations is to provide a consistent mechanism for preventing the waste of water resources. To enact these provisions, entities must verify legal authority to adopt such provisions, and must promulgate valid rules, orders, or ordinances.

B. Required Measures

The following landscape water conservation measures are required to be included in the landscape management regulations adopted and enforced in this plan.

1. Lawn and Landscape Irrigation Restrictions

- a. a person commits an offense if the person irrigates, waters, or knowingly or recklessly causes or allows the irrigation or watering of any lawn or landscape located on any property owned, leased, or managed by the person between the hours of 10:00a.m. and 6:00 p.m. from April 1 through October 31 of any year.
- b. a person commits an offense if the person knowingly or recklessly irrigates, waters, or causes or allows the irrigation or watering of lawn or landscape located on any property owned, leased, or managed by that person in such a manner that causes:
 - i. over-watering lawn or landscape, such that a constant stream of water overflows from the lawn or landscape onto a street or other drainage area; or
 - ii. irrigating lawn or landscape during any form of precipitation or freezing conditions. This restriction applies to all forms of irrigation, including automatic sprinkler systems; or
 - iii. the irrigation of impervious surfaces or other non-irrigated areas, wind driven water drift taken into consideration.
- c. a person commits an offense if the person knowingly or recklessly allows the irrigation or watering of any lawn or landscape located on any property owned, leased, or managed by the person more than two times per week (Sunday through Saturday).

2. Rain and Freeze Sensors and/or ET or Smart Controllers

- a. any new irrigation system installed on or after January 1, 2013, must be equipped with rain and freeze sensing devices and/or ET or Smart controllers in compliance with state design and installation regulations.

Exhibit CR-16

- b. a person commits an offense on property owned, leased or managed if the person:
 - i. knowingly or recklessly installs or allows the installation of new irrigation systems in violation of Subsection B.2.a; or
 - ii. knowingly or recklessly operates or allows the operation of an irrigation system that does not comply with Subsection B.2.a.
 - 3. Filling or Refilling of Ponds
 - a. a person commits an offense if the person knowingly or recklessly fills or refills any natural or manmade pond located on any property owned, leased, or managed by the person by introducing any treated water to fill or refill the pond. This does not restrict the filling or maintenance of pond levels by the effect of natural water runoff or the introduction of well water into the pond. A pond is considered to be a still body of water with a surface area of 500 square feet or more.
 - 4. Washing of Vehicles
 - a. a person commits an offense if the person knowingly or recklessly washes a vehicle without using a water hose with a shut-off nozzle on any property owned, leased, or managed by the person.
 - 5. Enforcement
 - a. each entity will develop its own set of penalties for violations of the ordinance, order, or resolution. The ordinance, order, or resolution will designate the responsible official(s) to implement and enforce the landscape water conservation measures.
- C. Recommended Measures
 - 1. Lawn and Landscape Irrigation Restrictions
 - a. a person commits an offense if the person knowingly or recklessly operates a lawn or irrigation system or device on property that the person owns, leases, or manages that:
 - i. has broken or missing sprinkler head(s); or
 - ii. has not been properly maintained to prevent the waste of water.
 - b. a person commits an offense if the person knowingly or recklessly over-seeds a lawn with rye or winter grass on property that the person owns, leases, or manages. Golf courses and public athletic fields are exempt from this restriction.
 - c. all new athletic fields must have separate irrigation systems that are capable of irrigating the playing fields separately from other open spaces.
 - 2. Rain and Freeze Sensors

Exhibit CR-16

Drought Contingency and
Water Emergency Response Plan

Bear Creek SUD

- a. existing irrigation systems must be retrofitted with similar rain and freeze sensors capable of multiprogramming within 5 years.

D. Variances

1. In special cases, variances may be granted to persons demonstrating extreme hardship or need. Variances may be granted under the following circumstances:
 - a. the applicant must sign a compliance agreement agreeing to irrigate or water the lawn and/or landscape only in the amount and manner permitted by the variance; and
 - b. the variance must not cause an immediate significant reduction to the water supply; and
 - c. the extreme hardship or need requiring the variance must relate to the health, safety, or welfare of the person making the request; and
 - d. the health, safety, and welfare of the public and the person making the request must not be adversely affected by the request variance.
2. A variance will be revoked upon a finding that:
 - a. the applicant can no longer demonstrate extreme hardship or need; or
 - b. the terms of the compliance agreement are violated; or
 - c. the health, safety, or welfare of the public or other persons requires revocation.

Drought Contingency and
Water Emergency Response Plan

Bear Creek SUD

Appendix F – Example Letter to Region C Water Planning Group

BEAR CREEK SPECIAL UTILITY DISTRICT

July 22, 2014

Region C Water Planning Group
North Texas Municipal Water District
P. O. Box 2408
Wylie, TX 75098

Subject: Bear Creek Special Utility District Drought Contingency and Water
Emergency Response Plan

Dear Sirs:

Enclosed please find a copy of the recently updated Drought Contingency and Water Emergency Response Plan for the Bear Creek Special Utility District a customer buyer from the NTMWD. I am submitting a copy of this plan to the Region C Water Planning Group in accordance with the Texas Water Development Board and Texas Commission on Environmental Quality rules.

Sincerely,

Camille Reagan
General Manager
Bear Creek Special Utility District
P. O. Box 188
Lavon, TX 75166
(972)843-2101

**Appendix G – Resolution Adopting Drought Contingency and Water
Emergency Response Plan**

Resolution No. 2014-1

**A RESOLUTION ADOPTING A DROUGHT CONTINGENCY AND WATER
EMERGENCY RESPONSE PLAN FOR THE BEAR CREEK SPECIAL UTILITY
DISTRICT TO PROMOTE THE RESPONSIBLE USE OF WATER AND TO PROVIDE
FOR PENALTIES AND/OR THE DISCONNECTION OF WATER SERVICE FOR
NONCOMPLIANCE WITH THE PROVISIONS OF THE DROUGHT CONTINGENCY
AND WATER EMERGENCY RESPONSE PLAN.**

WHEREAS, the Bear Creek Special Utility District (the District), recognizes that the amount of water available to its water customers is limited; and

WHEREAS, the District recognizes that due to natural limitations, drought conditions, system failures and other acts of God which may occur, the District cannot guarantee an uninterrupted water supply for all purposes at all times; and

WHEREAS, the Water Code and the regulations of the Texas Commission on Environmental Quality (the “Commission”) require that the District adopt a Drought Contingency and Water Emergency Response Plan; and

WHEREAS, the District has determined an urgent need in the best interest of the public to adopt a Drought Contingency and Water Emergency Response Plan; and

WHEREAS, pursuant to Chapter 65 of the Water Code, the District is authorized to adopt such policies necessary to preserve and conserve its water resources; and

WHEREAS, the Board of Directors of the District desires to adopt the North Texas Municipal Water District (the “NTMWD”) Model Drought Contingency and Water Emergency Response Plan as official District policy for the conservation of water.

**NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE
BEAR CREEK SPECIAL UTILITY DISTRICT THAT:**

Section 1. The Board of Directors hereby approves and adopts the NTMWD Model Water Conservation and Drought Contingency and Water Emergency Response Plan (the “Plan”), attached hereto as Addendum A, as if recited verbatim herein. The District commits to implement the requirements and procedures set forth in the adopted Plan.

Section 2. Any customer, defined pursuant to 30 Tex. Admin. Code Chapter 291, failing to comply with the provisions of the Plan shall be subject to a monetary fine as allowed by law, and/or discontinuance of water service by the District. Proof of a

Exhibit CR-16

Drought Contingency and
Water Emergency Response Plan

Bear Creek SUD

culpable mental state is not required for a conviction of an offense under this section. Each day a customer fails to comply with the Plan is a separate violation. The District's authority to seek injunctive or other civil relief available under the law is not limited by this section.

Section 3. The Board of Directors does hereby find and declare that sufficient written notice of the date, hour, place and subject of the meeting adopting this Resolution was posted at a designated place convenient to the public for the time required by law preceding the meeting, that such place of posting was readily accessible at all times to the general public, and that all of the foregoing was done as required by law at all times during which this Resolution and the subject matter thereof has been discussed, considered and formally acted upon. The Board of Directors further ratifies, approves and confirms such written notice and the posting thereof.

Section 4. The General Manager or designee is hereby directed to file a copy of the Plan and this Ordinance with the Commission in accordance with Title 30, Chapter 288 of the Texas Administrative Code, Further, the Board of Directors hereby authorizes the General Manager or designee to file an amendment to the District's Rate Order to incorporate the Plan therein.

Section 6. (If Applicable) Resolution No. _____, adopted on _____, is hereby repealed.

Approved and adopted by the Bear Creek SUD Board of Directors on this 22nd day of July, 2014.

Herman Stork
President, Board of Directors

Attest:

Leticia Harrison
Secretary

UTILITY PROFILE FOR RETAIL WATER SUPPLIER
Form CR-16-1
Rev. 03/14



UTILITY PROFILE FOR RETAIL WATER SUPPLIER

Fill out this form as completely as possible.
If a field does not apply to your entity, leave it blank.

CONTACT INFORMATION

Name of Utility: Bear Creek SUD

Public Water Supply Identification Number (PWS ID): TX0430037

Certificate of Convenience and Necessity (CCN) Number: 10066

Surface Water Right ID Number: _____

Wastewater ID Number: _____

Completed By: Camille Reagan Title: General Manager

Address: P.O. Box 188 City: Lavon Zip Code: 75166

Email: creagan@bearcreeksud.com Telephone Number: 972-843-2101

Date: 08/01/2018

Regional Water Planning Group: C Map

Groundwater Conservation District: North Te Map

Check all that apply:

- ☒ Received financial assistance of \$500,000 or more from TWDB
- ☐ Have 3,300 or more retail connections
- ☐ Have a surface water right with TCEQ

Section I: Utility Data

A. Population and Service Area Data

- Current service area size in square miles: 21
(Attach or email a copy of the service area map.)
- Provide historical service area population for the previous five years, starting with the most current year.

Year	Historical Population Served By Retail Water Service	Historical Population Served By Wholesale Water Service	Historical Population Served By Wastewater Service
2017	6,933	0	0
2016	6,411	0	0
2015	6,288	0	0
2014	5,523	0	0
2013	5,523	0	0

- Provide the projected service area population for the following decades.

Year	Projected Population Served By Retail Water Service	Projected Population Served By Wholesale Water Service	Projected Population Served By Wastewater Service
2020	8,279	0	0
2030	13,430	0	0
2040	21,817	0	0
2050	35,479	0	0
2060	50,613	0	0

- Describe the source(s)/method(s) for estimating current and projected populations.

Exhibit CR-16

Utility Profile
TWD8 Form No. 1965 - R
Revised on: 4/1/14



B. System Input

Provide system input data for the previous five years.

Total System Input = Self-supplied + Imported – Exported

Year	Self-supplied Water in Gallons	Purchased/Imported Water in Gallons	Exported Water in Gallons	Total System Input	Total GPCD
2017	0	214,349,000	0	214,349,000	85
2016	0	225,667,000	0	225,667,000	96
2015	0	214,274,000	0	214,274,000	93
2014	0	212,420,000	0	212,420,000	105
2013	0	212,420,000	0	212,420,000	105
Historic 5-year Average	0	215,826,000	0	215,826,000	97

C. Water Supply System (Attach description of water system)

- Designed daily capacity of system 1,669,000 gallons per day.
- Storage Capacity:
Elevated 1,100,000 gallons
Ground 569,000 gallons
- List all current water supply sources in gallons.

Water Supply Source	Source Type*	Total Gallons
North Texas Municipal Water	Contract	235,231,000
	Choose One	
	Choose One	
	Choose One	
	Choose One	
	Choose One	

*Select one of the following source types: *Surface water, Groundwater, or Contract*

- If surface water is a source type, do you recycle backwash to the head of the plant?
☐ Yes estimated gallons per day
☐ No

2019.01.14
TWR-2019-01-14-01
REV 01/14/14



D. Projected Demands

1. Estimate the water supply requirements for the next ten years using population trends, historical water use, economic growth, etc.

Year	Population	Water Demands (gallons)
2018	7,517	253,837,929
2019	7,893	266,546,118
2020	8,279	332,368,020
2021	8,693	348,986,421
2022	9,128	366,582,375
2023	9,584	384,830,031
2024	10,063	404,055,240
2025	10,567	424,258,002
2026	11,095	445,438,317
2027	11,650	467,596,185

2. Describe sources of data and how projected water demands were determined. Attach additional sheets if necessary.

Exhibit CR-16



E. High Volume Customers

1. List the annual water use, in gallons, for the five highest volume **RETAIL customers**. Select one of the following water use categories to describe the customer; choose Residential, Industrial, Commercial, Institutional, or Agricultural.

Retail Customer	Water Use Category*	Annual Water Use	Treated or Raw
Lavon Grand Heritage	Commercial	12,842,800	Treated
Corps of Engineers	Commercial	1,949,000	Treated
Community ISD	Institutional	1,390,300	Treated
Latimore Materials Co.	Industrial	1,368,800	Treated
Bee Line Materials	Industrial	1,333,100	Treated

*For definitions on recommended customer categories for classifying customer water use, refer to the online [Guidance and Methodology for Reporting on Water Conservation and Water Use](#).

2. If applicable, list the annual water use for the five highest volume **WHOLESALE customers**. Select one of the following water use categories to describe the customer; choose Municipal, Industrial, Commercial, Institutional, or Agricultural.

Wholesale Customer	Water Use Category*	Annual Water Use	Treated or Raw
	Choose One		Choose One
	Choose One		Choose One
	Choose One		Choose One
	Choose One		Choose One
	Choose One		Choose One

*For definitions on recommended customer categories for classifying customer water use, refer to the online [Guidance and Methodology for Reporting on Water Conservation and Water Use](#).

F. Utility Data Comment Section

Provide additional comments about utility data below.

[illegible]

file:
jrm No. 1963 - R
J on, 4/1/14



Section II: System Data

ii. Retail Connections

1. List the active retail connections by major water use category.

Water Use Category*	Active Retail Connections			
	Metered	Unmetered	Total Connections	Percent of Total Connections
Residential – Single Family	2,216		2,216	96%
Residential – Multi-family (units)	0		0	0%
Industrial	6		6	0%
Commercial	70		70	3%
Institutional	19		19	1%
Agricultural	0		0	0%
TOTAL	2,311	0	2,311	

*For definitions on recommended customer categories for classifying customer water use, refer to the online [Guidance and Methodology for Reporting on Water Conservation and Water Use](#).

2. List the net number of new retail connections by water use category for the previous five years.

Water Use Category*	Net Number of New Retail Connections				
	2017	2016	2015	2014	2013
Residential – Single Family	106	96	260	0	0
Residential – Multi-family (units)	0	0	0	0	0
Industrial	0	0	14	0	0
Commercial	5	7	0	0	0
Institutional	0	1	0	0	0
Agricultural	0	0	0	0	0
TOTAL	111	104	274	0	0

*For definitions on recommended customer categories for classifying customer water use, refer to the online [Guidance and Methodology for Reporting on Water Conservation and Water Use](#).

Exhibit CR-16

Utility Profile
TWD8 Form No. 1965 - R
Revised on: 4/1/14



B. Accounting Data

For the previous five years, enter the number of gallons of RETAIL water provided in each major water use category.

Water Use Category*	Total Gallons of Retail Water				
	2017	2016	2015	2014	2013
Residential - Single Family	156,852,220	181,746,400	174,109,600	163,957,000	163,957,000
Residential – Multi-family	0	0	0	0	0
Industrial	2,211,900	1,394,100	1,396,000	665,900	665,900
Commercial	19,055,500	23,297,900	22,274,100	21,147,900	21,147,900
Institutional	3,981,400	1,846,800	2,276,900	3,786,500	3,786,500
Agricultural	0	0	0	0	0
TOTAL	182,101,020	208,285,200	200,056,600	189,557,300	189,557,300

*For definitions on recommended customer categories for classifying customer water use, refer to the online [Guidance and Methodology for Reporting on Water Conservation and Water Use](#).

C. Residential Water Use

For the previous five years, enter the residential GPCD for single family and multi-family units.

Water Use Category*	Residential GPCD				
	2017	2016	2015	2014	2013
Residential - Single Family	62	78	76	81	81
Residential – Multi-family					

D. Annual and Seasonal Water Use

- For the previous five years, enter the gallons of treated water provided to RETAIL customers.

Month	Total Gallons of Treated Retail Water				
	2017	2016	2015	2014	2013
January	11,144,121	13,442,221	11,501,616	9,512,667	9,512,667
February	9,437,730	12,926,277	10,315,882	9,266,373	9,266,373
March	11,816,152	13,905,555	10,680,005	9,091,469	9,091,469
April	11,274,969	14,091,996	11,701,417	14,480,493	14,480,493
May	14,241,156	13,432,991	11,338,227	16,982,699	16,982,699
June	13,436,598	19,135,136	15,216,603	19,707,998	19,707,998
July	18,489,884	23,953,993	21,766,148	23,575,531	23,575,531
August	22,732,150	26,992,430	33,577,735	22,904,469	22,904,469
September	21,391,948	22,872,266	26,002,111	21,224,135	21,224,135
October	19,004,882	19,542,169	23,293,597	14,574,192	14,574,192
November	16,113,057	14,572,866	13,882,420	17,054,981	17,054,981
December	13,018,372	13,417,301	10,780,839	11,182,292	11,182,292
TOTAL	182,101,019	208,285,201	200,056,600	189,557,299	189,557,299

Exhibit CR-16

Utility Profile
TWDB Form No. 1965 - R
Revised on: 4/1/14



2. For the previous five years, enter the gallons of raw water provided to RETAIL customers.

Month	Total Gallons of Raw Retail Water				
	2017	2016	2015	2014	2013
January	0	0	0	0	0
February	0	0	0	0	0
March	0	0	0	0	0
April	0	0	0	0	0
May	0	0	0	0	0
June	0	0	0	0	0
July	0	0	0	0	0
August	0	0	0	0	0
September	0	0	0	0	0
October	0	0	0	0	0
November	0	0	0	0	0
December	0	0	0	0	0
TOTAL	0	0	0	0	0

3. Summary of seasonal and annual water use.

Water Use	Seasonal and Annual Water Use					Average in Gallons
	2017	2016	2015	2014	2013	
Summer Retail (Treated + Raw)	54,658,632	70,081,559	70,560,486	66,187,998	66,187,998	65,535,335 5yr Average
TOTAL Retail (Treated + Raw)	182,101,019	208,285,201	200,056,600	189,557,299	189,557,299	193,911,484 5yr Average

E. Water Loss

Provide Water Loss data for the previous five years.

Water Loss GPCD = [Total Water Loss in Gallons ÷ Permanent Population Served] ÷ 365

Water Loss Percentage = [Total Water Loss ÷ Total System Input] x 100

Year	Total Water Loss in Gallons	Water Loss in GPCD	Water Loss as a Percentage
2017		0	0%
2016		0	0%
2015	20,355,457	9	10%
2014		0	0%
2013		0	0%
5-year average	4,071,091	2	2%

Exhibit CR-16

Utility Profile
TWDB Form No. 1965 - R
Revised on: 4/1/14



F. Peak Water Use

Provide the Average Daily Water Use and Peak Day Water Use for the previous five years.

Year	Average Daily Use (gal)	Peak Day Use (gal)	Ratio (peak/avg)
2017	594,429	1,365,800	2.30
2016	612,745	1,423,600	2.32
2015	586,862	1,612,600	2.75
2014	470,313	1,448,000	3.08
2013	537,917	1,156,400	2.15

G. Summary of Historic Water Use

Water Use Category	Historic 5-year Average	Percent of Connections	Percent of Water Use
Residential SF	168,124,444	96%	0%
Residential MF	0	0%	0%
Industrial	1,266,760	0%	0%
Commercial	21,384,660	3%	0%
Institutional	3,135,620	1%	0%
Agricultural	0	0%	0%

H. System Data Comment Section

Provide additional comments about system data below.

[illegible]

Section III: Wastewater System Data

If you do not provide wastewater system services then you have completed the Utility Profile. Save and Print this form to submit with your Plan. Continue with the [Water Conservation Plan Checklist](#) to complete your Water Conservation Plan.

A. Wastewater System Data (Attach a description of your wastewater system.)

- Design capacity of wastewater treatment plant(s): _____
gallons per day.
- List the active wastewater connections by major water use category.

Water Use Category*	Active Wastewater Connections			
	Metered	Unmetered	Total Connections	Percent of Total Connections
Municipal			0	0%
Industrial			0	0%
Commercial			0	0%
Institutional			0	0%
Agricultural			0	0%
TOTAL	0	0	0	

- What percent of water is serviced by the wastewater system? ____%
- For the previous five years, enter the number of gallons of wastewater that was treated by the utility.

Month	Total Gallons of Treated Wastewater				
	2017	2016	2015	2014	2013
January					
February					
March					
April					
May					
June					
July					
August					
September					
October					
November					
December					
TOTAL	0	0	0	0	0

ρ^1, ρ^2, \dots
 ρ^1, ρ^2, \dots
 ρ^1, ρ^2, \dots

4. Can treated wastewater be substituted for potable water?

B. Reuse Data

- | Type of Reuse | Total Annual Volume (in gallons) |
|--|----------------------------------|
| On-site irrigation | |
| Plant wash down | |
| Chlorination/de-chlorination | |
| Industrial | |
| Landscape irrigation (parks, golf courses) | |
| Agricultural | |
| Discharge to surface water | |
| Evaporation pond | |
| Other | |
| TOTAL | 0 |

Provide additional comments about wastewater system data below.

[illegible]

Page 531 of 1086

Retail Water Services

Does the applicant provide retail water services?: Y

If yes, has the applicant already submitted to the TWDB the annual water use survey of groundwater and surface water for the last THREE years?: Y

Potable Water Services

Is the applicant a retail public utility that provides potable water?: Y

If yes, has the applicant already submitted a most recently required water loss audit to the TWDB?: Y

Provide Wastewater Services

Does the applicant provide wastewater services?: N

Provide Regional or Wholesale Water Services

Does the applicant provide regional or wholesale water services?: N

Top Ten Customers of Water System

Top Ten Water Customers

Customer Name	Annual Usage (gal)	Percent of Total Water Revenue	Bankruptcy (Y/N)
Lavon Grand Heritage	12,842,800	9.82%	N
Corps of Engineers	1,949,000	1.44%	N
Bee Line Materials	1,333,100	0.94%	N
Lattimore Materials Co.	1,368,800	0.93%	N
Community ISD	139,030	0.82%	N
Canyon Creek Tree Farm	982,600	0.67%	N
KWZ, Inc	64,620	0.46%	N
Gene Mason	445,400	0.32%	N
Educaton Station Academy	348,100	0.22%	N
Sonic Drive In Lavon	303,500	0.18%	N

Top Ten Water System Customers Comments:

Current average Residential Usage and Rate Information

Exhibit CR-16

Service	Date of Last Rate Increase	Avg. Monthly Usage (gallons)	Avg. Monthly Bill (\$)	Avg. Monthly Increase Per Customer (\$)	Projected Monthly Increase Necessary (\$)	Anticipated Date of Projected Rate Increase (Date)
Water	11-19-2017	6,000	\$62.14	\$1.5	\$10	10-01-2018

Number of Customers in Past 5 Years

Customers in Past 5 Years

2018: 2,315

2017: 2,301

2016: 2,136

2015: 2,096

2014: 2,011

Debt

Disclose all issues that may affect the project or the applicant's ability to issue and/or repay debt (such as anticipated lawsuits, judgments, bankruptcies, major customer closings, etc).: None

Has the applicant ever defaulted on any debt?: N

Taxing Authority

Does the applicant have taxing authority?: N

Tax Assessed Valuations

Fiscal Year Ending	Net Taxable Assessed Value (\$)	Tax Rate (\$)	General Fund (\$)	Interest & Sinking Fund (\$)	Tax Levy (\$)	Percentage Current Collections (%)	Percentage Total Collections (%)
2018							
2017							
2016							
2015							
2014							

Tax Assessed Values Comments:

TaxRateTable N/A

TaxAssessedValueByClass_0 N/A

TaxAssessedValueByClass_1 N/A

TaxAssessedValueByClass_2 N/A

TaxAssessedValueByClass_3 N/A

TaxAssessedValueByClass_4 N/A

Top Ten Taxpayers

Taxpayer Name	Assessed Value	Percent of Total	Bankruptcy (Y/N)

Top Ten Taxpayer Comments:

Tax Rate and Sales Tax

Provide the maximum tax rate permitted by law per \$100 of property value.:

Does the applicant collect sales tax?: N

Is the proposed loan tax-exempt?: Y

PRO FORMA OPERATING STMT		30 year scenario		PROPOSED				
Bear Creek SUD		Rate Increase		DWSRF FUNDS	EXISTING CITY		ESTIMATED	
	OPERATING	Necessary to	O&M	\$7,490,000	DEBT ON	RESERVE	ADMIN	
YEAR	INCOME ⁽¹⁾	Service Debt ⁽²⁾	EXPENSES	DEBT SERVICE	W/S SYSTEM	PAYMENTS	PAYMENTS ⁽³⁾	COVERAGE
2019	2,088,907	248,508	1,778,222	94,560	138,786	74,130	33,750	1.64
2020	2,088,907	414,180	1,778,222	369,121	138,786	74,130	33,750	1.18
2021	2,088,907	414,180	1,778,222	367,123	138,787	74,130	27,750	1.19
2022	2,088,907	414,180	1,778,222	369,711	138,786	74,130	26,759	1.19
2023	2,088,907	414,180	1,778,222	366,880	138,787	74,130	25,768	1.20
2024	2,088,907	414,180	1,778,222	368,772	138,786	-	24,777	1.36
2025	2,088,907	414,180	1,778,222	365,314	138,786	-	23,786	1.37
2026	2,088,907	414,180	1,778,222	366,533	138,786	-	22,795	1.37
2027	2,088,907	414,180	1,778,222	367,399	138,787		21,804	1.37
2028	2,088,907	414,180	1,778,222	367,879	138,787		20,813	1.37
2029	2,088,907	414,180	1,778,222	368,082	138,786		19,821	1.38
2030	2,088,907	414,180	1,778,222	368,021	138,786		18,830	1.38
2031	2,088,907	414,180	1,778,222	367,732	138,787		17,839	1.38
2032	2,088,907	414,180	1,778,222	367,210	138,787	-	16,848	1.39
2033	2,088,907	414,180	1,778,222	366,473	126,968		15,857	1.42
2034	2,088,907	414,180	1,778,222	365,516	126,969	-	14,866	1.43
2035	2,088,907	414,180	1,778,222	369,335	126,969	-	13,875	1.42
2036	2,088,907	414,180	1,778,222	367,794			12,884	1.90
2037	2,088,907	414,180	1,778,222	366,044			11,893	1.92
2038	2,088,907	414,180	1,778,222	369,108		-	10,902	1.91
2039	2,088,907	414,180	1,778,222	366,820			9,911	1.92
2040	2,088,907	414,180	1,778,222	369,341			8,920	1.92
2041	2,088,907	414,180	1,778,222	366,557		-	7,929	1.94
2042	2,088,907	414,180	1,778,222	368,606			6,938	1.93
2043	2,088,907	414,180	1,778,222	365,346		-	5,946	1.95
2044	2,088,907	414,180	1,778,222	366,916		-	4,955	1.95
2045	2,088,907	414,180	1,778,222	368,174		-	3,964	1.95
2046	2,088,907	414,180	1,778,222	369,118		-	2,973	1.95
2047	2,088,907	414,180	1,778,222	369,746			1,982	1.95
2048	2,088,907	414,180	1,778,222	365,056		-	991	1.98
2049	2,088,907	414,180	1,778,222	365,189		-	0	1.98

(1) Does not include depreciation or future NTMWD Water Rate Increases

(2) Board will increase rates as necessary to service debt. Pro forma reflects \$10.00 increase effective 2019, additional \$5.00 increase effective 2020.

(3) Administrative payments billed directly to GTUA.

Exhibit CR-16

**BEAR CREEK SUD
FIVE-YEAR COMPARATIVE OPERATING STATEMENT**

Fiscal Year Ended September 30,

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Operating Revenues</u>					
Water Sales	\$ 1,185,455	\$ 1,116,528	\$ 878,791	\$ 709,683	\$ 523,309
Customer Charges/Fees	903,452	827,807	942,174	1,344,762	277,134
Othe Income	\$ -	\$ -	\$ 151,700	\$ 165,450	\$ 88,593
<u>Total Operating Revenue</u>	<u>\$ 2,088,907</u>	<u>\$ 1,944,335</u>	<u>\$ 1,972,665</u>	<u>\$ 2,219,895</u>	<u>\$ 889,036</u>
<u>Operating Expenses</u>					
Payroll and benefits	\$ 400,236	\$ 381,896	\$ 327,463	\$ 282,718	\$ 110,160
Water purchases	612,112	551,497	464,271	423,323	198,326
Repairs and maintenance	387,470	33,382	44,137	19,411	28,996
Utilities	61,369	60,262	61,815	50,671	24,519
Supplies	243,553	237,891	100,841	132,870	28,847
Insurance	151,661	114,604	115,350	85,617	36,472
Dues and Fees	11,264	8,404	9,773	7,693	3,494
Professional fees	95,216	60,252	94,699	51,274	24,195
Other operating expenses	124,487	187,687	237,296	109,486	59,034
<u>Total Operating Expenses</u>	<u>\$ 2,087,368</u>	<u>\$ 1,635,875</u>	<u>\$ 1,455,645</u>	<u>\$ 1,163,063</u>	<u>\$ 514,043</u>
<u>Operating Income</u>	<u>\$ 1,539</u>	<u>\$ 308,460</u>	<u>\$ 517,020</u>	<u>\$ 1,056,832</u>	<u>\$ 374,993</u>

* Excludes bond payments to GTUA and depreciation.

BEAR CREEK SPECIAL UTILITY DISTRICT
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2017

RUTHERFORD, TAYLOR & COMPANY, P.C.
Certified Public Accountants
2802 Washington Street
Greenville, Texas 75401
(903) 455-6252

BEAR CREEK SPECIAL UTILITY DISTRICT
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2017

TABLE OF CONTENTS

	Page	Exhibits
INTRODUCTORY SECTION		
Annual Filing Affidavit.....	3	
FINANCIAL SECTION		
<u>Independent Auditor's Reports:</u>		
Report on Basic Financial Statements Accompanied by Required Supplementary Information, Supplementary Information, and Other Information	5	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	7	
Schedule of Findings and Questioned Costs.....	9	
Status of Prior Findings and Questioned Costs.....	10	
Corrective Action Plan.....	11	
Management's Discussion and Analysis (Required Supplementary Information).....	12	
<u>Basic Financial Statements:</u>		
Fund Financial Statements:		
Statement of Fund Net Position – Proprietary Funds	16	
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds.....	18	
Statement of Cash Flows – Proprietary Funds	19	
Notes to the Financial Statements	20	
<u>Other Supplementary Information:</u>		
TEXAS SUPPLEMENTARY INFORMATION (TSI)		
Supplementary Schedules Included Within This Report	27	
Independent Auditor's Report on Supplementary Schedules.....	28	
Budgetary Comparison Schedule – Enterprise Fund	29	
Services and Rates.....	30	TSI-1
Enterprise Fund Expenditures	32	TSI-2
Temporary Investments	33	TSI-3
Long-Term Debt Service Requirements by Years.....	34	TSI-5
Comparative Schedule of Revenues and Expenses - Enterprise Fund - Five Years.....	35	TSI-7
Board Members, Key Personnel and Consultants	36	TSI-8

**BEAR CREEK SPECIAL UTILITY DISTRICT
ANNUAL FILING AFFIDAVIT**

STATE OF TEXAS

COUNTY OF Collin

I, Herman Stork of the
(Name of Duly Authorized District Representative)

Bear Creek Special Utility District
(Name of District)

hereby swear, or affirm, that the District above has reviewed and approved at a meeting of the District's Board of Directors on the 8th day of MAY 2018,
its annual audit report for the fiscal period ended December 31, 2017
and that copies of the annual report have been filed in the District's office, located at P O Box 188 Lavon, TX 75166
(Address of the District's Office)

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

Date may 8 2018 By Herman Stork
(Signature of District Representative)

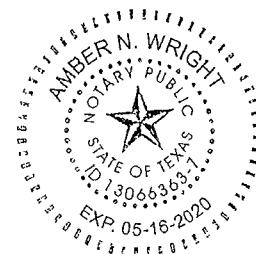
Herman Stork
(Typed Name and Title of District Representative)

Sworn to and subscribed to before me this 8 day of may 2018

(SEAL)

[Signature]
(Signature of Notary)

My Commission Expires On may 16 2020
Notary Public of the State of Texas



FINANCIAL SECTION

**RUTHERFORD,
TAYLOR &
COMPANY, P.C.**
Certified Public Accountants

2802 Washington Street

Greenville, Texas 75401

(903) 455-6252

Fax (903) 455-6667

INDEPENDENT AUDITOR'S REPORT

Members of the Board:

We have audited the accompanying financial statements of the business type activities, which are the proprietary funds of the Bear Creek Special Utility District (District), as of and for the twelve months ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities, which are the proprietary funds of the Bear Creek Special Utility District as of December 31, 2017, and the respective changes in financial position and cash flows thereof for the twelve months then ended, in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the District adopted various accounting pronouncements issued by the Governmental Accounting Standards Board during the year. Our opinion is not modified with respect to this matter.

Exhibit CR-16

Independent Auditor's Report – Continued

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements as a whole. The schedules identified as Texas Supplementary Information are presented for the purpose of additional analysis, and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

April 30, 2018
Greenville, Texas



RUTHERFORD,
TAYLOR &
COMPANY, P.C.
Certified Public Accountants

2802 Washington Street

Greenville, Texas 75401

(903) 455-6252

Fax (903) 455-6667

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

Members of the Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business type activities, which are the proprietary funds of the Bear Creek Special Utility District (District), as of and for the twelve months ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 30, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Exhibit CR-16

Report on Internal Control – Continued

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

April 30, 2018
Greenville, Texas

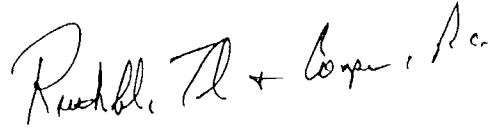
A handwritten signature in black ink, appearing to read "Russell D. Cooper, Jr." with a stylized flourish at the end.

Exhibit CR-16

**BEAR CREEK SPECIAL UTILITY DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2017**

Financial Statements Findings (Section I)

NONE

**BEAR CREEK SPECIAL UTILITY DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2017**

Prior Year Findings (Section II)

2016 – 1 Depository Security

Condition: The District maintained accounts in excess of FDIC limits throughout the year. At year end, the District closed all accounts in these outside financial institutions.

Status: Complete

Exhibit CR-16

BEAR CREEK SPECIAL UTILITY DISTRICT
CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2017

Corrective Action Plans (Section III)

NONE

BEAR CREEK SPECIAL UTILITY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2017

This section of Bear Creek Special Utility District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year. Please read it in conjunction with the District's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

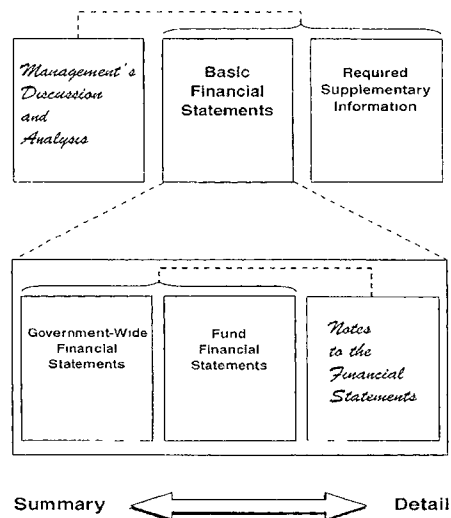
- The District's total net position was \$ 6,815,302 at year end.
- During the year, the District's expenses were \$ 14,533 less than the \$ 2,088,907 generated from charges for services and other revenues for business-type activities.
- The District entered into no new debt agreements during the year

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements and required supplementary information. Management's Discussion and Analysis provides an overview of the financial activities of the District. The basic financial statements include three statements that present a financial view of the District: The Statement of Fund Net Position presents financial information, including assets and liabilities, representing a one day snapshot; the Statement of Revenues, Expenses and Changes in Fund Net Position presents a review of operating and non-operating activities for the fiscal period; the Statement of Cash Flows reflects the inflows and outflows of cash resources.

- Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary fund statements offer short- and long-term financial information about the activities the government operates like businesses, such as water sales

The basic financial statements also include notes that explain some of the information in the basic financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the basic financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.



FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's total net position was \$ 6,815,302 at year end

	2017	2016	Total Percentage Change 2016 - 2017
Assets:			
Cash and Cash Equivalents	\$ 2,021,856	\$ 1,775,483	13.88%
Other Assets	241,721	382,706	-36.84%
Non-Current Assets	6,356,292	6,494,439	-2.13%
Restricted Assets	616,316	610,073	1.02%
Total Assets	\$ 9,236,185	\$ 9,262,701	-0.29%
Liabilities:			
Current Liabilities	\$ 148,422	\$ 139,071	6.72%
Long-term Liabilities	2,272,461	2,322,861	-2.17%
Total Liabilities	\$ 2,420,883	\$ 2,461,932	-1.67%
Net Position:			
Net Investment in Capital Assets	4,479,126	4,547,218	-1.50%
Restricted	628,597	833,503	-24.58%
Unrestricted	1,707,579	1,420,048	20.25%
Total Net Position	\$ 6,815,302	\$ 6,800,769	0.21%

**BEAR CREEK SPECIAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2017**

Table A-2 Changes in Bear Creek Special Utility District's Net Position			
	2017	2016	Total Percentage Change 2016 - 2017
Program Revenues:			
Charges for Services	\$ 2,088,907	\$ 1,944,335	7.44%
Total Revenues	\$ 2,088,907	\$ 1,944,335	7.44%
Expenses			
Water Utilities	\$ 2,347,732	\$ 1,899,381	23.61%
Total Expenses	\$ 2,347,732	\$ 1,899,381	23.61%
Non-Operating Revenues (Expenses)			
Developer/Member Contributions	322,483	301,930	6.81%
Interest Income	6,242	6,269	-0.43%
Interest Expense	(62,567)	(64,462)	-2.94%
Gain (Loss) on Sale of Fixed Assets	-	7,500	-100.00%
Rental Income	7,200	7,500	-4.00%
Net Non-Operating Revenues	\$ 273,358	\$ 258,737	5.65%
Change in Net Position	\$ 14,533	\$ 303,691	-95.21%
Net Position (Beginning) - January 1	6,800,769	6,497,078	4.67%
Net Position (Ending) - December 31	\$ 6,815,302	\$ 6,800,769	0.21%

CAPITAL ASSETS AND DEBT ADMINISTRATION*Capital Assets*

At year end, the District had invested \$ 7,263,442 in a broad range of capital assets, including land, water distribution system, buildings, equipment and vehicles (see Table A-3).

Table A-3 Bear Creek Special Utility District's Capital Assets			
	2017	2016	Total Percentage Change 2016 - 2017
Land and Improvements	\$ 255,368	\$ 255,368	0.00%
Construction in Progress	787,028	670,791	17.33%
Water Distribution System	5,373,339	5,373,339	0.00%
Vehicles and Equipment	395,837	395,837	0.00%
Buildings	451,870	451,870	0.00%
Totals at Historical Cost	\$ 7,263,442	\$ 7,147,205	1.63%
Total Accumulated Depreciation	(922,203)	(661,839)	39.34%
Net Capital Assets	\$ 6,341,239	\$ 6,485,366	-2.22%

Exhibit CR-16

BEAR CREEK SPECIAL UTILITY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2017

Long Term Debt

At year end, the District had \$ 1,862,211 in debt outstanding as shown in Table A-4. More detailed information about the District's debt is presented in the notes to the basic financial statements.

Table A-4			
Bear Creek Special Utility District's Long Term Debt			
	2017	2016	Total Percentage Change 2016 - 2017
Loans Payable	\$ 1,862,211	\$ 1,938,249	-3.92%
Total Debt Payable	<u>\$ 1,862,211</u>	<u>\$ 1,938,249</u>	-3.92%

BUDGET, ECONOMIC ENVIRONMENT AND RATES

At this time Bear Creek Special Utility District is not aware of any decisions or conditions that would impact the District's operations through 2017.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Camille Reagan, General Manager for the District.

BASIC FINANCIAL STATEMENTS

Exhibit CR-16

BEAR CREEK SPECIAL UTILITY DISTRICT
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2017

	Enterprise Fund
	Water Utilities
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 2,021,856
Accounts Receivable	134,338
Prepaid Expenses - Supplies, Materials and Other	107,481
Total Current Assets	<u>\$ 2,263,675</u>
Restricted Assets	
Cash - Board Restricted	\$ 616,316
Total Restricted Assets	<u>\$ 616,316</u>
Non-Current Assets	
SUD Conversion Costs, Net	\$ 14,955
Capital Assets	
Land	255,368
Construction in Progress	787,028
Water Distribution System	5,373,339
Buildings	451,870
Vehicles and Equipment	395,837
Accumulated Depreciation	(922,203)
Total Non-Current Assets	<u>\$ 6,356,194</u>
Total Assets	<u>\$ 9,236,185</u>

The accompanying notes are an integral part of this statement.

Exhibit CR-16

BEAR CREEK SPECIAL UTILITY DISTRICT
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2017

	Enterprise Fund Water Utilities
LIABILITIES	
Current Liabilities.	
Accounts Payable	\$ 17,422
Payroll Liabilities Payable	14,474
TCEQ Assessment Payable	5,909
Accrued Benefits Payable	21,682
Accrued Interest Payable	10,354
Loans Payable, Current Portion	78,581
	<hr/>
Total Current Liabilities	\$ 148,422
	<hr/>
Noncurrent Liabilities.	
Customer Deposits	\$ 488,831
Loans Payable, less Current Portion	1,783,630
	<hr/>
Total Noncurrent Liabilities	\$ 2,272,461
	<hr/>
Total Liabilities	\$ 2,420,883
	<hr/>
NET POSITION	
Net Investment in Capital Assets	\$ 4,479,126
Restricted	628,597
Unrestricted	1,707,579
	<hr/>
Total Net Position	\$ 6,815,302
	<hr/>

The accompanying notes are an integral part of this statement.

Exhibit CR-16

**BEAR CREEK SPECIAL UTILITY DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2017**

	Enterprise Fund Water Utilities
OPERATING REVENUES	
Water Sales	\$ 1,185,455
Customer Charges/Fees	903,452
Total Operating Revenues	<u>\$ 2,088,907</u>
OPERATING EXPENSES	
Payroll and Benefits	\$ 400,236
Water Purchases	612,112
Repairs and Maintenance	387,470
Utilities	61,369
Supplies	243,553
Insurance	151,661
Dues and Fees	11,264
Depreciation and Amortization	260,364
Professional Fees	95,216
Other Operating Expenses	124,487
Total Operating Expenses	<u>\$ 2,347,732</u>
Net Operating Revenue (Expenses)	<u>\$ (258,825)</u>
NON-OPERATING REVENUE (EXPENSES)	
Developer/Member Contributions	\$ 322,483
Interest Income	6,242
Interest Expense	(62,567)
Rental Income	7,200
Net Non-Operating Revenue (Expenses)	<u>\$ 273,358</u>
Change in Net Position	\$ 14,533
Total Net Position - Beginning (January 1)	<u>6,800,769</u>
Total Net Position - Ending (December 31)	<u><u>\$ 6,815,302</u></u>

The accompanying notes are an integral part of this statement

Exhibit CR-16

BEAR CREEK SPECIAL UTILITY DISTRICT STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS YEAR ENDED DECEMBER 31, 2017

	Enterprise Fund Water Utilities
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 2,073,042
Cash Payments for Goods and Services	(1,534,550)
Cash Payments to Employees	(395,596)
Net Cash Provided by (Used for) Operating Activities	\$ 142,896
Cash Flows from Investing Activities:	
Purchase of Property, Plant and Equipment	\$ (115,600)
Net Cash Provided by (Used for) Investing Activities	\$ (115,600)
Cash Flows from Financing Activities	
Payments of Principal on Long-term Financing	\$ (74,154)
Payments of Interest on Long-term Financing	(64,633)
Increase (Decrease) in Customer Deposits	15,900
Developer/Member Contributions	322,483
Rental Income Received	7,200
Net Cash Provided by (Used for) Financing Activities	\$ 206,796
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 234,092
Cash and Cash Equivalents - Beginning (January 1)	1,775,483
Cash and Cash Equivalents - Ending (December 31)	\$ 2,009,575
Reconciliation of Change in Equity to Net Cash	
Provided by Operating Activities	
Operating Income Over (Under) Operating Expense	\$ (258,825)
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities	
Depreciation and Amortization Expense	260,364
(Increase) Decrease in Prepaid Expenses - Supplies, Materials and Other	156,840
(Increase) Decrease in Accounts Receivable	(15,865)
Increase (Decrease) in Accounts Payable	(4,622)
Increase (Decrease) in Payroll Liabilities Payable	2,176
Increase (Decrease) in Accrued Benefits Payable	2,464
Increase (Decrease) in TCEQ Assessment Payable	364
Net Cash Provided by (Used for) Operating Activities	\$ 142,896

The accompanying notes are an integral part of this statement

**BEAR CREEK SPECIAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

A. Summary of Significant Accounting Policies

The Lavon Special Utility District was approved by the voters within the District on May 14, 2011. Effective January 1, 2016, the Lavon Special Utility District became known as the Bear Creek Special Utility District (District). The District is an organization as set forth under the terms and conditions of Article XVI, Section 59 of the Texas Constitution and Chapter 65 of the Texas Water Code.

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

1. Reporting Entity

The Board of Directors (Board), a seven member group constituting an on-going entity, is the level of government which has governance responsibilities over all activities related to providing water services within the jurisdiction of the Bear Creek Special Utility District. Members of the Board are elected by the public; have the authority to make decisions, appoint administrators and managers, and significantly influence operations; and have the primary accountability for fiscal matters. The District is not included in any other governmental "Reporting Entity" as defined by GASB in its Statement No. 14, "The Financial Reporting Entity." There are no component units presented.

2. Basis of Presentation

The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund or account group are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenue and expenses. The fund type utilized by the District is described below:

a. Proprietary fund types include the following –

The *Enterprise Fund* is used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) the governing body has decided periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989 and continue to follow new FASB pronouncements unless they conflict with GASB guidance.

3. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary fund types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and liabilities associated with the operation of these funds are included in the balance sheet. Fund equity is identified as net position.

4. Budget

The Board adopts an annual budget for the Enterprise Fund. The Budget for the Enterprise Fund is adopted under a basis consistent with GAAP. The Board approves amendments to the annual budget as prepared by the General Manager of the District.

**BEAR CREEK SPECIAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

A. Summary of Significant Accounting Policies (Continued)

5. Property, Plant and Equipment

Additions to the utility system are recorded at cost or, if contributed property, at its estimated fair value at time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of fixed assets is recovered by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	30 years
Office Equipment	5-10 years
Equipment	7-10 years
Water Distribution System	40 years
Vehicles	5-7 years

6. Amortization of Equity Fee and Organizational Costs

The District has assets recorded in the basic financial statements entitled "SUD Conversion Costs, Net." Generally accepted accounting principles require that the District capitalize the costs associated with these assets and amortize those costs over a period not less than 60 months, rather than expensing the entire amount in the year incurred. The expense associated with this amortization appears in the basic financial statements as "Amortization." The amount expensed during the year, was \$ 5,982. The amount recorded as an asset (net of amortization) in the basic financial statements at year end, totaled \$ 14,955

7. Prepaid Expenses, Supplies and Materials

Prepaid expenses consist of items paid for in the current period to be used in the following accounting period. Prepaid supplies and materials consist of supplies and repair parts for the distribution system, valued at cost. The cost of supplies and materials is recorded as an expense when consumed rather than when purchased.

8. Cash and Cash Equivalents

Cash and Cash Equivalents are comprised of deposits in financial institutions, including time deposits. For the purpose of the statement of cash flows, a cash equivalent is considered any highly liquid investment with a maturity of ninety days or less.

9. Retirement Plan

The District participates in a Simple IRA plan to provide retirement benefits for its employees. Employees may contribute up to the maximum annual amount as set periodically by the Internal Revenue Service. The District matches employee contributions dollar for dollar up to a maximum of 3% of the employee's compensation or the limit set by the Internal Revenue Service, whichever is less. All matching contributions vest immediately. The District's matching contributions to the Simple IRA plan during the fiscal year totaled approximately \$ 4,736.

10. Compensated Absences

District employees are entitled to certain compensated absences based on their length of employment. Sick leave does not vest, but accumulates and is recorded as an expense as it is paid. Accrued vacation is paid at time of termination of employment.

BEAR CREEK SPECIAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

B Deposits, Securities and Investments

The District's funds appear to be deposited and invested under the terms of a depository contract. The contract requires the depository to pledge approved securities in an amount significant to protect the District's day-to-day balances. The pledge is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. At December 31, 2017, it appears that District cash deposits were properly covered by FDIC insurance or by pledged collateral.

The District's investment policies and types of investments are governed by the Public Funds Investment Act. The Act requires specific training, reporting and establishment of local policies. The District appears to be in compliance with the requirements of the Act.

State statutes and local policy authorize the District to invest in the following types of investment goods:

- a. obligations of the U.S. or its agencies or instrumentalities,
- b. obligations of the State of Texas or its agencies,
- c. obligations guaranteed by the U.S. or State of Texas or their agencies or instrumentalities,
- d. obligations of other states, agencies or political subdivisions having a national investment rating of "A" or greater,
- e. guaranteed or securitized certificates of deposit issued by a bank domiciled in the State of Texas, or
- f. fully collateralized repurchase agreements.

District investments include deposits in money market accounts and certificates of deposit. All money market accounts and certificates of deposit are reported at share price (fair value) and are presented as cash and cash equivalents.

The following table categorizes the District's investment at year end:

	Credit Rating	Fair Value
Certificate of Deposit	n/a	\$ 199,996
Money Market Accounts	n/a	416,320
Total		<u>\$ 616,316</u>

In addition, the following is disclosed regarding coverage of combined cash balances on the date of highest balance:

- a. Name of bank: Independent Bank, McKinney, Texas.
- b. Amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$ 2,143,773
- c. Largest cash, savings and time deposit combined account balances amounted to \$ 2,194,940 and occurred during the month of December 2017.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$ 250,000

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

- a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

**BEAR CREEK SPECIAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

B. Deposits, Securities and Investments (Continued)

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the Districts' name. At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

C. Capital Assets

The following is a summary of changes in capital assets for the year.

	Beginning Balances	Additions and Reclassifications	Retirements	Ending Balances
Land and Improvements	\$ 255,368	\$ -	\$ -	\$ 255,368
Construction in Progress	670,791	116,237	-	787,028
Buildings	451,870	-	-	451,870
Water Distribution System	5,373,339	-	-	5,373,339
Vehicles	395,837	-	-	395,837
Totals at Historical Cost	\$ 7,147,205	\$ 116,237	\$ -	\$ 7,263,442
Less Accumulated Depreciation for:				
Buildings	\$ 39,185	\$ 14,406	\$ -	\$ 53,591
Water Distribution System	382,682	39,197	-	421,879
Vehicles	239,972	206,761	-	446,733
Total Accumulated Depreciation	\$ 661,839	\$ 260,364	\$ -	\$ 922,203
Net Capital Assets	\$ 6,485,366	\$ (144,127)	\$ -	\$ 6,341,239

Exhibit CR-16

(Page 5 of 6)

BEAR CREEK SPECIAL UTILITY DISTRICT NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2017

D. Long - Term Obligations

The following schedule presents changes in long-term obligations for the fiscal year:

	Balance Beginning	Additions	Retirements	Balance Ending	Current Portion of Debt
Loans	\$ 1,938,249	\$ -	\$ 76,038	\$ 1,862,211	\$ 78,581
Total	\$ 1,938,249	\$ -	\$ 76,038	\$ 1,862,211	\$ 78,581

Loans Payable

The District executed an agreement with Independent Bank to refinance the USDA -- Rural Development Loans for a savings of \$ 566,323 in interest payments. The note is for 20 years and requires monthly principle payments of \$ 11,566 and interest on the unpaid principle at 3.25%.

Payee	Interest Rate	Original Issue	Current Outstanding
Independent Bank	3.250%	\$ 2,030,468	\$ 1,862,211
Total			\$ 1,862,211

Maturities of loan balances at year end are as follows:

Year Ending December 31	Principal	Interest	Total Requirements
2018	\$ 78,581	\$ 60,205	\$ 138,786
2019	81,210	57,576	138,786
2020	83,771	55,016	138,787
2021	86,729	52,057	138,786
2022	89,631	49,156	138,787
2023-2027	495,052	198,880	693,932
2028-2032	583,583	110,350	693,933
2033-2035	363,654	17,252	380,906
Totals	\$ 1,862,211	\$ 600,492	\$ 2,462,703

E. Customer Deposits

The District requires each new customer to pay \$ 200, which is held as a refundable deposit to secure payment of the customer's water bill. At year end, the District's obligation totaled \$ 460,650.

**BEAR CREEK SPECIAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

F. Litigation

As of year end, the District was not involved in a pending litigation.

G. 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; injuries to employees; and natural disasters. During fiscal year end, the District purchased commercial insurance to cover these liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

H. Subsequent Events

District Management has evaluated subsequent events through April 30, 2018, which is the date the financial statements were available to be issued. There do not appear to be any events occurring after year end that could have a material effect on the financial statements at year end as presented.

I. Change in Accounting Principles

In fiscal year 2017, the District adopted three new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

- Statement No. 72, *Fair Value Measurement and Application*
 - Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*
 - Statement No. 77, *Tax Abatement Disclosures*
- a) Statement No. 72 requires state and local governments to measure investments at fair value using a consistent definition and valuation techniques; also defines what assets and liabilities governments should measure at fair value and expands fair value disclosures in financial disclosure notes. While the Statement generally requires restatement of prior period balances in the year of implementation, the nature of the District's investments was such that their carrying amount was not affected.
 - b) The GAAP hierarchy prioritizes guidance governments follow when preparing U.S. GAAP financial statements. Statement No. 76 reduces authoritative GAAP hierarchy from four categories to two and lists the order of priority for pronouncements to which a government should look for guidance.
 - c) Statement No. 77 requires governments granting tax abatements to individuals and businesses to disclose program information in the notes to the financial statements through the agreement's duration and also requires disclosures about tax abatements entered into by other governments that reduce the reporting government's tax revenue. Prior year balances were not restated because there are no tax abatements associated with the District or any other government which affect the District's tax revenue.

TEXAS SUPPLEMENTARY INFORMATION (TSI)
(Other Supplementary Information)

Exhibit CR-16

**BEAR CREEK SPECIAL UTILITY DISTRICT
SUPPLEMENTARY SCHEDULES INCLUDED WITHIN THIS REPORT
YEAR ENDED DECEMBER 31, 2017**

<u>Exhibit ID</u>	<u>Exhibit Title</u>	<u>Page</u>
	Independent Auditor's Report on Supplementary Schedules	28
	Budgetary Comparison Schedule – Enterprise Fund	29
TSI-1	Services and Rates	30
TSI-2	Enterprise Fund Expenditures	32
TSI-3	Temporary Investments	33
TSI-5	Long-Term Debt Service Requirements by Years	34
TSI-7	Comparative Schedule of Revenues and Expenses Enterprise Fund - Five Years	35
TSI-8	Board Members, Key Personnel and Consultants	36

The following schedules are not applicable to this District.

- I. Analysis of Taxes Levied and Receivable

RUTHERFORD,
TAYLOR &
COMPANY, P.C.
Certified Public Accountants

2802 Washington Street

Greenville, Texas 75401

(903) 455-6252

Fax (903) 455-6667

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

Members of the Board.

In our opinion, the accompanying information is stated accurately in all material respects in relation to the basic financial statements, taken as a whole, of the Bear Creek Special Utility District for the twelve months ended December 31, 2017, which are covered by our opinion presented in the first section of this report.

The accompanying information is supplementary to the basic financial statements and is not essential for a fair presentation of financial position, results of operations or cash flows.

Our audit, which was made for the purpose of forming an opinion on the basic financial statements taken as a whole, included such tests of the accounting records, from which the supplementary information was compiled, and such other auditing procedures as we considered necessary in the circumstances.

April 30, 2018
Greenville, Texas

Ruth L. Taylor, P.C.

Exhibit CR-16

BEAR CREEK SPECIAL UTILITY DISTRICT ENTERPRISE FUND BUDGETARY COMPARISON SCHEDULE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
OPERATING REVENUES				
Water Sales	\$ 1,150,000	\$ 1,150,000	\$ 1,185,455	\$ 35,455
Charges for Services	1,025,000	1,025,000	903,452	(121,548)
Total Operating Revenues	<u>\$ 2,175,000</u>	<u>\$ 2,175,000</u>	<u>\$ 2,088,907</u>	<u>\$ (86,093)</u>
OPERATING EXPENSES				
Payroll and Benefits	\$ 435,000	\$ 435,000	\$ 400,236	\$ 34,764
Water Purchases	630,000	630,000	612,112	17,888
Repairs and Maintenance	75,000	75,000	387,470	(312,470)
Utilities	70,400	70,400	61,369	9,031
Supplies	195,000	195,000	243,553	(48,553)
Insurance	176,000	176,000	151,661	24,339
Dues and Fees	18,000	18,000	11,264	6,736
Professional and Legal Fees	244,000	294,000	95,216	198,784
Depreciation and Amortization	-	-	260,364	(260,364)
Other Operating Costs	183,300	188,300	124,487	63,813
Total Operating Expenses	<u>\$ 2,026,700</u>	<u>\$ 2,081,700</u>	<u>\$ 2,347,732</u>	<u>\$ (266,032)</u>
NON-OPERATING REVENUES (EXPENSES)				
Developer/Member Contributions	\$ 150,000	\$ 150,000	\$ 322,483	\$ 172,483
Interest Income	12,000	12,000	6,242	(5,758)
Interest Expense	(12,000)	(12,000)	(62,567)	(50,567)
Rental Income	7,200	7,200	7,200	-
Net Non-Operating Revenues (Expenses)	<u>\$ 157,200</u>	<u>\$ 157,200</u>	<u>\$ 273,358</u>	<u>\$ 116,158</u>
Change in Net Position	<u>\$ 305,500</u>	<u>\$ 250,500</u>	<u>\$ 14,533</u>	<u>\$ (235,967)</u>
Net Position - Beginning (January 1)	6,800,769	6,800,769	6,800,769	-
Net Position - Ending (December 31)	<u><u>\$ 7,106,269</u></u>	<u><u>\$ 7,051,269</u></u>	<u><u>\$ 6,815,302</u></u>	<u><u>\$ (235,967)</u></u>

Exhibit CR-16

TSI-1
(Page 1 of 2)

BEAR CREEK SPECIAL UTILITY DISTRICT SERVICES AND RATES YEAR ENDED DECEMBER 31, 2017

1 Services provided by the District.

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

2 Retail Rates Based on 3/4" Meter:

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1000 Gallons Over Minimum	Usage Levels
WATER:	\$ 25.00	0	N	\$ 6.05	0 to 5,000
				\$ 6.71	5,001 to 10,000
				\$ 7.70	10,001 to 15,000
				\$ 9.52	15,001 to 25,000
				\$ 10.73	25,001 to unlimited

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

Total charges per 10,000 gallons usage: Water \$ 89.12

b. Water Retail Connections.

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered	0	0	x1.0	0
≤ 3/4"	2,253	2,207	x1.0	2,207
1"	28	28	x2.5	70
1 1/2"	0	0	x5.0	0
2"	19	19	x8.0	152
3"	1	1	x15.0	15
4"	0	0	x25.0	0
Total Water	2,301	2,255		0
Total Wastewater	0	0	x1.0	0

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

Gallons pumped into system: 216,966,500
Gallons billed to customers: 184,723,600
Water Accountability Percent: 85 %

**BEAR CREEK SPECIAL UTILITY DISTRICT
SERVICES AND RATES
YEAR ENDED DECEMBER 31, 2017**

4. Standby Fees. District does not levy standby fees.

5. Location of District:
County(ies) in which district is located Collin / Rockwall
Is the District located entirely in one county? Yes _____ No X
Is the District located within a city? Entirely _____ Partly X Not at all _____
City(ies) in which District is located. Lavon / Fate
Is the District located within a city's extra territorial jurisdiction (ETJ)?
Entirely _____ Partly X Not at all _____
ETJ's in which District is located Lavon, Rockwall, Fate
Is the general membership of the Board appointed by an office outside the District?
Yes _____ No X
If Yes, by whom? N/A

Exhibit CR-16

TSI-2

**BEAR CREEK SPECIAL UTILITY DISTRICT
ENTERPRISE FUND EXPENDITURES
YEAR ENDED DECEMBER 31, 2017**

Payroll and Benefits	\$	400,236
Water Purchases		612,112
Repairs and Maintenance		387,470
Utilities		61,369
Supplies		243,553
Insurance		151,661
Dues and Fees		11,264
Professional and Legal Fees		95,216
Depreciation and Amortization		260,364
Other Operating Costs		124,487
Interest Expense		<u>62,567</u>
Total Expenses	\$	<u><u>2,410,299</u></u>

Number of persons employed by the District:

Full Time	<u>6</u>
Part Time	<u>0</u>

Exhibit CR-16

TSI-3

**BEAR CREEK SPECIAL UTILITY DISTRICT
TEMPORARY INVESTMENTS
YEAR ENDED DECEMBER 31, 2017**

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at Year End
Money Market		0.010%		\$ 416,320	*
Wells Fargo Bank CD	022818	1.050%	2/28/2018	99,959	*
Morgan Stanley Private Bank CD	042718	1.450%	4/27/2018	100,037	*
Total				<u>\$ 616,316</u>	<u>\$ -</u>

* Interest is paid on a monthly basis

Exhibit CR-16

TSI-5

BEAR CREEK SPECIAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
INDEPENDENT BANK - BY YEARS
YEAR ENDED DECEMBER 31, 2017

Year Ending December 31	Principal	Interest	Total Requirements
2018	\$ 78,581	\$ 60,205	\$ 138,786
2019	81,210	57,576	138,786
2020	83,771	55,016	138,787
2021	86,729	52,057	138,786
2022	89,631	49,156	138,787
2023-2027	495,052	198,880	693,932
2028-2032	583,583	110,350	693,933
2033-2035	363,654	17,252	380,906
Total	\$ 1,862,211	\$ 600,492	\$ 2,462,703

**BEAR CREEK SPECIAL UTILITY DISTRICT
COMPARATIVE STATEMENT OF REVENUES AND EXPENSES
ALL PROPRIETARY FUND TYPES
FIVE YEARS ENDED DECEMBER 31, 2017**

	AMOUNTS					PERCENT OF FUND TOTAL REVENUE				
	2017	2016	2015	2014	2013	2017	2016	2015	2014	2013
OPERATING REVENUE										
Water Sales	\$ 1,185,455	\$ 1,116,528	\$ 878,791	\$ 709,683	\$ 523,309	56.75%	57.42%	50.72%	34.54%	61.11%
Customer Charges/Fees	903,452	827,807	854,002	1,344,762	332,977	43.25%	42.58%	49.28%	65.46%	38.89%
TOTAL OPERATING REVENUE	\$ 2,088,907	\$ 1,944,335	\$ 1,732,793	\$ 2,054,445	\$ 856,286	100.00%	100.00%	100.00%	100.00%	100.00%
OPERATING EXPENSES										
Payroll and Benefits	\$ 400,236	\$ 381,896	\$ 327,463	\$ 282,718	\$ 110,160	19.16%	19.64%	18.90%	13.76%	12.86%
Water Purchases	612,112	551,497	464,271	423,323	198,326	29.30%	28.36%	26.79%	20.61%	23.16%
Repairs and Maintenance	387,470	33,382	44,137	19,411	28,996	18.55%	1.72%	2.55%	0.94%	3.39%
Utilities	61,369	60,262	61,815	50,671	24,519	2.94%	3.10%	3.57%	2.47%	2.86%
Supplies	243,553	237,891	100,841	132,870	28,847	11.66%	12.24%	5.82%	6.47%	3.37%
Insurance	151,661	114,604	115,350	85,617	36,472	7.26%	5.89%	6.66%	4.17%	4.26%
Dues and Fees	11,264	8,404	9,773	7,693	3,494	0.54%	0.43%	0.56%	0.37%	0.41%
Professional and Legal Fees	95,216	60,252	94,699	51,274	24,195	4.56%	3.10%	5.47%	2.50%	2.83%
Depreciation and Amortization	260,364	263,506	227,892	101,834	92,035	12.46%	13.55%	13.15%	4.96%	10.75%
Other Operating Costs	124,487	187,687	237,296	109,486	62,025	5.96%	9.65%	13.69%	5.33%	7.24%
TOTAL OPERATING EXPENSES	\$ 2,347,732	\$ 1,899,381	\$ 1,683,537	\$ 1,264,897	\$ 609,069	112.39%	97.69%	97.16%	61.57%	71.13%
NET OPERATING REVENUE (EXPENSES)	\$ (258,825)	\$ 44,954	\$ 49,256	\$ 789,548	\$ 247,217	-12.39%	2.31%	2.84%	38.43%	28.87%
NON-OPERATING REVENUE (EXPENSES)										
Developer/Member Contributions	\$ 322,483	\$ 301,930	\$ 213,822	\$ 144,750	\$ 32,750	0.00%	0.00%	0.00%	0.00%	0.00%
Interest Income	6,242	6,269	10,512	2,986	6,065	0.30%	0.32%	0.61%	0.15%	0.71%
Interest Expense	(62,567)	(64,462)	(103,605)	(96,610)	(49,123)	-3.00%	-3.32%	-5.98%	-4.70%	-5.74%
Gain (Loss) on Sale of Fixed Assets	-	7,500	1,924	-	-	0.00%	-0.39%	-0.11%	0.00%	0.00%
Rental Income	7,200	7,500	26,050	20,700	-	0.34%	-0.39%	-1.50%	-1.01%	0.00%
NET NON-OPERATING REVENUE (EXPENSES)	\$ 273,358	\$ 258,737	\$ 148,703	\$ 71,826	\$ (10,308)	-2.35%	-3.76%	-6.99%	-5.56%	-5.03%
NET REVENUE (EXPENSES)	\$ 14,533	\$ 303,691	\$ 197,959	\$ 861,374	\$ 236,909	-14.74%	-1.45%	-4.14%	32.87%	23.84%

Exhibit CR-16

TSI-8

**BEAR CREEK SPECIAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
YEAR ENDED DECEMBER 31, 2017**

Complete District Mailing Address	P O Box 188, Lavon, TX 75166
District Business Telephone Number	972-843-2101
Submission Date of the most recent District Registration Form	August 17, 2017
Limit on Fees of Office that a Director may receive during a fiscal year	\$ 588

<u>Names</u>	<u>Term of Office (Elected or Appointed or Date Hired)</u>	<u>Fees of Office Paid FYE Date</u>	<u>Expense Reimbursements FYE Date</u>	<u>Title at Year End</u>
Board Members:				
Herman Stork	3 Yrs	\$ 588	\$ -	President
Bryan Block	3 Yrs	\$ 588	\$ -	Vice-Pres
Leticia Harrison	3 Yrs	\$ 294	\$ -	Secretary
Jeffrey Bialecki	3 Yrs	\$ 588	\$ -	Treasurer
Chris Elder	3 Yrs	\$ 588	\$ -	Director
Robert Haynes	3 Yrs	\$ 588	\$ -	Director
Kevin Hutchinson	3 Yrs	\$ 588	\$ -	Director
Consultants:				
Coats Rose		\$ 2,089	\$ -	Attorney
Rutherford, Taylor & Company, P.C		\$ 8,950	\$ -	Auditor
Kimley Horn		\$ 136,906	\$ -	Engineer
Gay, McCall, Isaacks & Roberts		\$ 24,267	\$ -	Attorney

GREATER TEXOMA UTILITY AUTHORITY

Annual Financial Report

For the Year Ended September 30, 2017

GREATER TEXOMA UTILITY AUTHORITY
Annual Financial Report
For the Year Ended September 30, 2017

TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 9
 BASIC FINANCIAL STATEMENTS	
Proprietary Funds Financial Statements	
Statement of Net Position	10
Statement of Revenues, Expenses and Changes in Net Position	11
Statement of Cash Flows	12 - 13
Notes to Financial Statements	14 - 57
 COMBINING FINANCIAL STATEMENTS	
Nonmajor Enterprise funds	
Statement of Net Position	58 - 61
Statement of Revenues, Expenses and Changes in Net Position	62 - 64
Statement of Cash Flows	65 - 70
 SUPPLEMENTAL SCHEDULES	
Anna Project Enterprise Fund	
Schedules of Net Position	71
Comparative Schedule of Revenue, Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual	72
Schedules of Cash Flows	73 - 74
Anna/Melissa Project Enterprise Fund	
Schedules of Net Position	75
Comparative Schedule of Revenue, Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual	76
Schedules of Cash Flows	77 - 78
Argyle Enterprise Fund	
Schedules of Net Position	79
Comparative Schedule of Revenue, Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual	80
Schedules of Cash Flows	81 - 82
Bells Enterprise Fund	
Schedules of Net Position	83
Comparative Schedule of Revenue, Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual	84
Schedules of Cash Flows	85 - 86
Bolivar Water Supply Enterprise Fund	
Schedules of Net Position	87
Comparative Schedule of Revenue, Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual	88
Schedules of Cash Flows	89 - 90

Exhibit CR-16

GREATER TEXOMA UTILITY AUTHORITY
Annual Financial Report
For the Year Ended September 30, 2017

Collin Grayson Municipal Alliance Enterprise Fund	
Schedules of Net Position	91
Comparative Schedule of Revenue, Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual	92
Schedules of Cash Flows	93 - 94
Collinsville Enterprise Fund	
Schedules of Net Position	95
Comparative Schedule of Revenue, Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual	96
Schedules of Cash Flows	97 - 98
Dorchester Enterprise Fund	
Schedules of Net Position	99
Comparative Schedule of Revenue, Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual	100
Schedules of Cash Flows	101 - 102
Ector Enterprise Fund	
Schedules of Net Position	103
Comparative Schedule of Revenue, Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual	104
Schedules of Cash Flows	105 - 106
Gainesville Enterprise Fund	
Schedules of Net Position	107
Comparative Schedule of Revenue, Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual	108
Schedules of Cash Flows	109 - 110
General Enterprise Fund	
Schedules of Net Position	111
Comparative Schedule of Revenue, Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual	112
Schedules of Cash Flows	113 - 114
Gober MUD Enterprise Fund	
Schedules of Net Position	115
Comparative Schedule of Revenue, Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual	116
Schedules of Cash Flows	117 - 118
Gunter Enterprise Fund	
Schedules of Net Position	119
Comparative Schedule of Revenue, Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual	120
Schedules of Cash Flows	121 - 122
Howe Enterprise Fund	
Schedules of Net Position	123
Comparative Schedule of Revenue, Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual	124
Schedules of Cash Flows	125 - 126
Krum Enterprise Fund	
Schedules of Net Position	127
Comparative Schedule of Revenue, Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual	128
Schedules of Cash Flows	129 - 130

GREATER TEXOMA UTILITY AUTHORITY
Annual Financial Report
For the Year Ended September 30, 2017

Lake Kiowa SUD	
Schedules of Net Position	131
Comparative Schedule of Revenue, Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual	132
Schedules of Cash Flows	133 - 134
Lake Texoma Allocation Project Enterprise Fund	
Schedules of Net Position	135
Comparative Schedule of Revenue, Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual	136
Schedules of Cash Flows	137 - 138
Leonard Enterprise Fund	
Schedules of Net Position	139
Comparative Schedule of Revenue, Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual	140
Schedules of Cash Flows	141 - 142
Melissa Enterprise Fund	
Schedules of Net Position	143
Comparative Schedule of Revenue, Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual	144
Schedules of Cash Flows	145 - 146
Northwest Grayson Enterprise Fund	
Schedules of Net Position	147
Comparative Schedule of Revenue, Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual	148
Schedules of Cash Flows	149 - 150
Paradise Enterprise Fund	
Schedules of Net Position	151
Comparative Schedule of Revenue, Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual	152
Schedules of Cash Flows	153 - 154
Pottsboro Enterprise Fund	
Schedules of Net Position	155
Comparative Schedule of Revenue, Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual	156
Schedules of Cash Flows	157 - 158
Princeton Enterprise Fund	
Schedules of Net Position	159
Comparative Schedule of Revenue, Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual	160
Schedules of Cash Flows	161 - 162
Sadler Enterprise Fund	
Schedules of Net Position	163
Comparative Schedule of Revenue, Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual	164
Schedules of Cash Flows	165 - 166
Savoy Enterprise Fund	
Schedules of Net Position	167
Comparative Schedule of Revenue, Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual	168
Schedules of Cash Flows	169 - 170

Exhibit CR-16

GREATER TEXOMA UTILITY AUTHORITY Annual Financial Report For the Year Ended September 30, 2017

Sherman Enterprise Fund	
Schedules of Net Position	171
Comparative Schedule of Revenue, Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual	172
Schedules of Cash Flows	173 - 174
Solid Waste Enterprise Fund	
Schedules of Net Position	175
Comparative Schedule of Revenue, Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual	176
Schedules of Cash Flows	177 - 178
Southmayd Enterprise Fund	
Schedules of Net Position	179
Comparative Schedule of Revenue, Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual	180
Schedules of Cash Flows	181 - 182
Tom Bean Enterprise Fund	
Schedules of Net Position	183
Comparative Schedule of Revenue, Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual	184
Schedules of Cash Flows	185 - 186
Van Alstyne Enterprise Fund	
Schedules of Net Position	187
Comparative Schedule of Revenue, Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual	188
Schedules of Cash Flows	189 - 190
Whitewright Enterprise Fund	
Schedules of Net Position	191
Comparative Schedule of Revenue, Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual	192
Schedules of Cash Flows	193 - 194
Debt Service Requirements to Maturity	195 - 278
OTHER SUPPLEMENTAL INFORMATION	
Schedule of Revenue Bond Coverage	279
Schedule of Insurance Coverage	280
FEDERAL AWARDS	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	281 - 282
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.....	283 - 284
Schedule of Findings and Questioned Costs	285
Summary of Prior Year Audit Findings.....	286
Schedule of Expenditures of Federal Awards	287 - 288

Members.
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

**HANKINS, EASTUP, DEATON,
TONN & SEAY**
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

902 NORTH LOCUST
P.O. BOX 977
DENTON, TX 76202-0977
TEL (940) 387-8563
FAX (940) 383-4746

Independent Auditor's Report

Board of Directors
Greater Texoma Utility Authority
5100 Airport Drive
Denison, Texas 75020

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Greater Texoma Utility Authority (the Authority), as of and for the year September 30, 2017 and the related notes to the financial statements, which collectively comprise the basic financial statements of the Authority as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority as of September 30, 2017 and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The combining nonmajor fund financial statements, supplemental schedules, and other supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The combining nonmajor fund financial statements, supplemental schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, supplemental schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other supplemental information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2018, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Denton, Texas
January 8, 2018

BASIC FINANCIAL STATEMENTS

GREATER TEXOMA UTILITY AUTHORITY Management's Discussion and Analysis

As management of the Greater Texoma Utility Authority (the Authority), we offer readers of our financial statements this narrative and overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2017. Please read it in conjunction with the independent auditor's report on page 1 and the Authority's Basic Financial Statements that begin on page 10.

AUTHORITY PROFILE

The Greater Texoma Utility Authority was created pursuant its enabling legislation and the applicable provisions of Chapters 30, 49, and 54 of the Texas Water Code. The Greater Texoma Utility Authority is a political subdivision of the State of Texas. By legislative approval in 1983, the entity's name was changed from Greater Texoma Municipal Utility District to Greater Texoma Utility Authority. In the beginning, the Authority encompassed the entire territory within the boundaries of the cities of Sherman and Denison, Texas. Through an election held on August 11, 1979, both cities confirmed the Authority's legislative ability to issue revenue bonds, contract for services related to water, sewer, or solid waste activities and to implement any other activities that Member Cities might wish to contract for and finance. After creation of the Authority, the cities of Gunter, Howe, Pottsboro, Tioga, Tom Bean, Whitewright, Whitesboro, Gainesville, Muenster, Bailey, Valley View, Leonard, Van Alstyne, Collinsville, Ector and Anna each requested annexation to the Authority and were annexed through the actions of the Authority's Board of Directors.

The Authority's Board of Directors is comprised of nine members who were appointed by the City Councils of the Member Cities of the Authority. Three members of the Board each are appointed by the cities of Denison and Sherman, while the City of Gainesville and the City of Anna appoint one member each and one at-large member is chosen by the remaining Member Cities. The administrative offices of the Authority are located at the North Texas Regional Airport and provide operational and management control of the Authority's operations.

GREATER TEXOMA UTILITY AUTHORITY List of Participating Entities

Member Cities:		Other Participants:	
Sherman	Leonard	Argyle Water Supply Corp.	City of Melissa
Denison	Muenster	City of Bells	Northwest Grayson County WCID#1
Gainesville	Pottsboro	Bolivar Water Supply Corp.	Town of Oak Ridge
Anna	Tioga	Town of Callisburg	City of Paradise
Bailey	Tom Bean	Town of Dorchester	City of Sadler
Collinsville	Valley View	Gober Municipal Utility District	City of Savoy
Ector	Van Alstyne	City of Lindsay	City of Southmayd
Gunter	Whitesboro	City of Princeton	Marilee SUD
Howe	Whitewright	Red River Authority	Two Way SUD
		North Texas Grndwater Dist.	Woodbine Water Supply
		Red River Grndwater Dist.	Lake Kiowa SUD
		City of Krum	

FINANCIAL HIGHLIGHTS

The Authority's combined net position was \$14,771,686 at September 30, 2017.

During the year, the Authority's charges for services, nonoperating revenues, capital grant funds and transfers out exceeded the total operating and nonoperating expenses by \$2,036,438.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. Since the Authority is engaged only in business-type activities, its basic financial statements are comprised of only two components: 1) enterprise fund financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

The Greater Texoma Utility Authority presents its financial statements using the economic resources measurement focus and accrual basis of accounting which is the same measurement focus and basis of accounting employed by private-sector business enterprises. The basic financial statements can be found on pages 10 through 13 of this report.

The *statement of net position* presents information on all of the Authority's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. All the Authority's assets are reported whether they serve the current year or future years.

The *statement of revenues, expenses and changes in net position* presents information showing how the Authority's net position changed during the most recent fiscal year. It provides the user information on the Authority's operating revenues and expenses, non-operating revenues and expenses, and whether the Authority's financial position has improved or deteriorated as a result of the year's operations. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows for future fiscal periods. Liabilities are considered regardless of whether they must be paid in the current or future years.

The *statement of cash flows* presents the Authority's cash and cash equivalents during the period reported on. This information can assist the user of the report in determining how the Authority financed its activities and how it met its cash requirements.

The *notes to financial statements* provide additional information that is essential to a full understanding of the data provided in the statements and can be found beginning on page 14 of this report.

FINANCIAL ANALYSIS

The Authority enters into contracts with its Participating Entities to provide certain water and sewer facilities. Revenues for the Authority are derived from Participating Entities for amortization of bonded debt, reserve fund payments, a pro-rata portion of the administrative and overhead costs of the Authority, extraordinary or unexpected expense payments, and the cost of maintenance and operation of the projects if the Authority is the operator.

Exhibit CR-16

Statement of Net Position

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
Current Assets	\$ 50,234,881	\$ 48,400,149
Restricted Assets	11,157,693	8,445,996
Capital Assets (Net)	116,239,960	109,759,856
Total Noncurrent Assets	127,397,653	118,205,852
TOTAL ASSETS	177,632,534	166,606,001
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Refunding	282,462	357,094
 <u>LIABILITIES</u>		
Current Liabilities	13,683,629	13,045,109
Noncurrent Liabilities	149,459,681	141,182,738
TOTAL LIABILITIES	163,143,310	154,227,847
 <u>NET POSITION</u>		
Net Investment in Capital Assets	(950,480)	(2,928,028)
Restricted	14,513,832	19,094,691
Unrestricted	1,208,334	(3,431,415)
TOTAL NET POSITION	\$ 14,771,686	\$ 12,735,248

Net position may serve over time as a useful indicator of an entity's financial position. In the case of the Authority, the total net position equaled \$14,771,686. A portion of the Authority's total net position in the amount of \$14,513,832 represents resources that are subject to external restrictions on how they may be used. These constraints are comprised of external restrictions imposed by creditors (such as bond covenants), laws or regulations of other governments, or restrictions imposed by law through constitutional provisions or enabling legislation. Unrestricted net position is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements and totals \$1,208,334 at September 30, 2017. This balance is not an indication that the Authority has insufficient resources available to meet financial obligations next year, but rather the result of having long-term commitments that are more than currently available resources.

Exhibit CR-16

Statement of Revenues, Expenses and Changes in Net Position

	<u>2017</u>	<u>2016</u>
Operating Revenue		
Charges for Services	\$ 15,425,976	\$ 14,741,145
Nonoperating Revenues		
Investment Income	527,886	242,119
Total Revenues	<u>15,953,862</u>	<u>14,983,264</u>
Operating Expenses		
Operating Expense	3,767	4,998
General and Administrative	2,996,444	2,363,156
Maintenance and Repairs	38	5,971
Depreciation	6,157,489	5,672,152
Nonoperating Expenses		
Amortization of Bond Premium	(76,591)	(75,124)
Interest Expense	4,102,418	3,481,519
Bond Issuance Costs	536,098	885,080
Amortization of Loss on Early Retirement of Debt	74,631	74,569
Landfill Closure and Postclosure Care Costs	4,874	9,939
Total Expenses	<u>13,799,168</u>	<u>12,422,260</u>
Contributions		
Capital Contributions	10,250	258,969
Transfers In (Out)	<u>(128,506)</u>	<u>-</u>
Change in Net Position	2,036,438	2,819,973
Net Position, October 1	<u>12,735,248</u>	<u>9,915,275</u>
Net Position, September 30	<u><u>\$ 14,771,686</u></u>	<u><u>\$ 12,735,248</u></u>

The Authority's total revenue increased approximately 5% (\$684,831) and the change in net position decreased \$783,535 as compared to the previous year. The total of all operating and non-operating expense was \$13,799,168, an increase of 11.1% from the previous year. The increase in total expenses was due primarily to an increase in the amount of depreciation on projects placed in service.

The increase in revenues is due to several new contract revenue bonds that were issued during the current fiscal year. The increase in investment income is due to new bond issues and increased earnings on related investments.

DEBT ADMINISTRATION AND CAPITAL ASSETS

Long-Term Debt

During the fiscal year ended September 30, 2017, the Authority issued additional debt as follows:

- City of Ector for Series 2017 Clean Water State Revolving Fund \$480,000
- City of Krum for Series 2017 Drinking Water State Revolving Fund \$1,225,000
- Lake Kiowa SUD for Series 2017 Drinking Water State Revolving Fund \$2,125,000

Exhibit CR-16

- City of Sherman for Series 2017 Drinking Water State Revolving Fund \$7,155,000
- City of Sherman for Series 2017A Contract Revenue Bonds \$5,880,000
- City of Tom Bean for Series 2017 Contract Revenue Bonds \$135,000

The Authority had \$155,335,163 in long-term debt outstanding as of September 30, 2017. More detailed information about the Authority's long-term liabilities is presented in the notes to the financial statements.

Outstanding Long-term Debt

	2017	2016
City of Anna	\$ 6,350,000	\$ 6,615,000
Anna-Melissa	4,310,000	4,655,000
Argyle Water Supply Corp.	2,010,000	2,110,000
City of Bells	600,000	635,000
Bolivar Water Supply Corp.	900,000	965,000
Collin Grayson Municipal Alliance	14,345,000	14,660,000
City of Collinsville	10,000	20,000
Town of Dorchester	357,000	387,000
City of Ector	822,000	378,000
City of Gainesville	7,563,616	8,105,295
Gober Municipal Utility District	55,000	65,000
City of Howe	608,243	752,464
City of Krum	5,800,000	4,695,000
Lake Kiowa SUD	5,420,000	3,475,000
Lake Texoma	15,434,110	16,416,209
City of Leonard	-	405,000
City of Melissa	1,855,000	1,970,000
Northwest Grayson Water Control & Improvement District	1,155,000	1,230,000
City of Paradise	65,000	85,000
City of Pottsboro	1,778,716	2,009,729
City of Princeton	3,700,000	3,920,000
City of Sadler	165,000	165,000
City of Savoy	10,000	20,000
City of Sherman	75,206,478	65,966,461
City of Southmayd	50,000	60,000
City of Tom Bean	1,510,000	1,450,000
City of Van Alstyne	4,590,000	4,785,000
City of Whitewright	665,000	695,000
Total	<u>\$ 155,335,163</u>	<u>\$ 146,695,158</u>

Exhibit CR-16

Capital Assets

At the end of 2017, the Authority had \$116,239,960 in land, building and improvements, office furniture and equipment, landfill equipment and machinery, and construction in progress net of accumulated depreciation in the amount of \$53,819,059. During the current fiscal year, the Authority spent \$13,001,526 in capital assets related to projects for the City of Anna., City of Gainesville, City of Krum, Lake Kiowa SUD, Northwest Grayson County WCID #1, City of Sadler, City of Sherman, City of Tom Bean, City of Van Alstyne and City of Whitewright. More detailed information about the Authority's capital assets is presented in notes to the financial statements.

Capital Assets (Net of Depreciation)

	2017	2016
Projects in Service	\$ 73,217,088	\$ 69,713,248
Water Storage Rights	20,021,383	20,021,383
Construction in Progress	21,822,535	18,827,105
Land	1,139,147	1,139,146
Machinery & Equipment	39,807	58,980
	<u>\$ 116,239,960</u>	<u>\$ 109,759,862</u>

FUTURE PLANS AND ACTIVITIES TO BE UNDERTAKEN IN THE FISCAL YEAR ENDING SEPTEMBER 30, 2018, AND BEYOND.

The Authority has several projects to be undertaken in the next fiscal year and beyond including the following:

City of Sherman Projects

In 2015, the Authority issued bonds for the engineering and construction of a water treatment plant expansion and new elevated storage tank for the city. The plant is currently has a capacity of 10 million gallons per day (mgd), and is planned to be expanded to 20 mgd. Construction of the water treatment plant expansion has begun and is expected to be complete in early 2019. In regards to the elevated storage tank, this project should be complete in early 2018.

At the City's wastewater treatment plant, the Authority expects to complete the new biosolids dewatering facility at the wastewater treatment plant in 2018. This project is currently substantially complete.

A major sewer interceptor in the Blalock Industrial Park will be replaced and began construction in 2017. A new lift station and pipeline serving the recently annexed Preston Club community will likely begin construction in 2018.

There are also several smaller water and wastewater pipeline projects that the Authority is financing which will be constructed by the City of Sherman's crews. These projects will be undertaken as time allows but have already begun.

City of Princeton Projects

The Authority is in the process of issuing bonds for the City to construct a new wholesale water delivery point which will include a meter vault, ground storage tank and pump station. This project is under design with the hopes of beginning construction in 2018. There are also some additional funds set aside in this bond issue retrofit the remaining water meters in the City of Princeton. Many of the meters were retrofitted from a previous bond issue.

Exhibit CR-16

City of Van Alstyne Projects

The Authority has issued bonds for the engineering and construction of some improvements to the City's wastewater system and treatment plant. The Authority also issued bonds for the engineering and construction of some improvements to the City's water system; including a connection to the surface water supply from the Collin-Grayson Municipal Alliance Pipeline. The City is now able to receive surface water. The Authority is planning to begin construction on a Chloramine conversion project in 2018. This will add ammonia feeds at all of the City's well sites which will set the City up long term for receiving surface water.

City of Krum Protect

The Authority has issued bonds for construction of a new water well in the City of Krum. This project will increase the capacity of the City's water system and enable them to continue meeting the TCEQ's standards. This project is anticipated to begin design in early 2018 with the goal of bidding the project in late 2018.

Lake Kiowa SUD Projects

The Authority issued bonds in late 2016 for the engineering and construction of several water transmission lines. These funds are to complete phase 1 (of 5) as well as phase 2 of the Lake Kiowa SUD's long term replacement goals. Phase 2 was bid in 2016 and should begin construction in early 2018.

City of Tom Bean

In 2015, the Authority issued bonds for a new water well and appurtenances for the City of Tom Bean. After bidding this project last year, the funding for the project was not enough to award the contract. The Authority pursued an additional bond issue and awarded contract in late 2017. This project is expected to be complete in 2018.

City of Pottsboro

The Authority is in the process of issuing bonds for the City to construct a new wastewater treatment plant. This project is currently being studied and will likely begin design in 2018.

City of Paradise

The Authority is in the process of issuing bonds for the City to construct new water lines that will extend water service to residents of Paradise. This project is currently being under design and is anticipated to begin construction in 2018.

Exhibit CR-16

GREATER TEXOMA UTILITY AUTHORITY Statement of Net Position Proprietary Funds September 30, 2017

	COLLIN- GRAYSON	LAKE TEXOMA	SHERMAN	OTHER FUNDS	TOTALS
<u>ASSETS</u>					
Current Assets					
Cash and Cash Equivalents	\$ 4,226	\$ 732	\$ 120,738	\$ 298,433	\$ 424,129
Temporary Investments	-	-	275,469	45,879	321,348
Interest Receivable	-	-	163,470	-	163,470
Restricted Cash, Cash Equivalents and Investments:					
Cash and Cash Equivalents	635,386	266,248	17,179,544	7,461,513	25,542,691
Temporary Investments	-	-	23,026,500	-	23,026,500
Accounts Receivable	280,916	-	-	153,746	434,662
Due from Other Funds	19,556	-	271,206	22,405	313,167
Prepaid Expenses	-	-	-	8,914	8,914
Total Current Assets	<u>940,084</u>	<u>266,980</u>	<u>41,036,927</u>	<u>7,990,890</u>	<u>50,234,881</u>
Noncurrent Assets:					
Restricted Assets					
Cash and Cash Equivalents	26,013	247,992	1,198,695	997,503	2,470,203
Temporary Investments	485,022	1,067,750	2,248,863	4,795,902	8,597,537
Interest Receivable	6,721	12,647	23,384	47,201	89,953
Capital Assets, Net	<u>13,342,702</u>	<u>20,021,383</u>	<u>39,772,863</u>	<u>43,103,012</u>	<u>116,239,960</u>
Total Noncurrent Assets	<u>13,860,458</u>	<u>21,349,772</u>	<u>43,243,805</u>	<u>48,943,618</u>	<u>127,397,653</u>
TOTAL ASSETS	<u>14,800,542</u>	<u>21,616,752</u>	<u>84,280,732</u>	<u>56,934,508</u>	<u>177,632,534</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Loss on Refunding	-	-	136,827	145,635	282,462
<u>LIABILITIES</u>					
Current Liabilities					
Accounts Payable	600	-	900,430	42,686	943,716
Due to Other Funds	-	52,033	-	261,134	313,167
Retainage Payable	-	-	835,895	33,441	869,336
Accrued Interest Payable	489,567	63,644	774,589	512,038	1,839,838
Unearned Revenue	-	165,833	-	736,749	902,582
Accrued Compensated Absences	-	-	-	34,737	34,737
Revenue Bonds Payable Current Portion	<u>330,000</u>	<u>1,024,253</u>	<u>4,330,000</u>	<u>3,096,000</u>	<u>8,780,253</u>
Total Current Liabilities	<u>820,167</u>	<u>1,305,763</u>	<u>6,840,914</u>	<u>4,716,785</u>	<u>13,683,629</u>
Noncurrent Liabilities					
Accrued Interest Payable	2,904,771	-	-	-	2,904,771
Revenue Bonds Payable	5,340,000	14,409,857	70,876,478	47,253,575	137,879,910
State Participation (TWDB Interest)	<u>8,675,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,675,000</u>
Total Noncurrent Liabilities	<u>16,919,771</u>	<u>14,409,857</u>	<u>70,876,478</u>	<u>47,253,575</u>	<u>149,459,681</u>
TOTAL LIABILITIES	<u>17,739,938</u>	<u>15,715,620</u>	<u>77,717,392</u>	<u>51,970,360</u>	<u>163,143,310</u>
<u>NET POSITION</u>					
Net Investment in Capital Assets	(1,002,298)	4,587,273	(4,429,824)	(105,631)	(950,480)
Restricted:					
Debt Service (Expendable)	(2,241,196)	1,365,160	10,601,220	4,788,648	14,513,832
Unrestricted	<u>304,098</u>	<u>(51,301)</u>	<u>528,771</u>	<u>426,766</u>	<u>1,208,334</u>
TOTAL NET POSITION	<u>\$ (2,939,396)</u>	<u>\$ 5,901,132</u>	<u>\$ 6,700,167</u>	<u>\$ 5,109,783</u>	<u>\$ 14,771,686</u>