

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

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

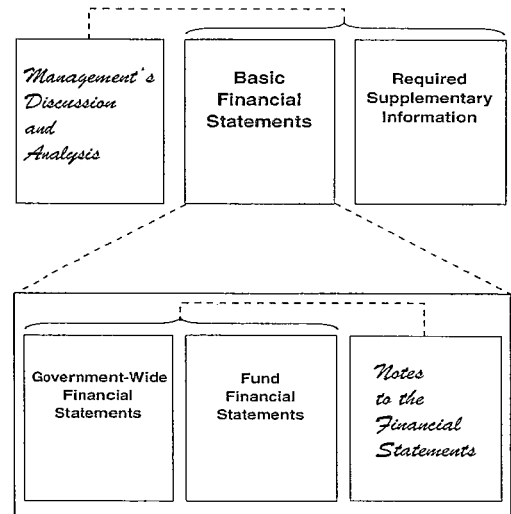
This section of Bear Creek Special Utility District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year. Please read it in conjunction with the District's basic financial statements, which follow this section.

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	<u>\$ 2,088,907</u>	<u>\$ 1,944,335</u>	7.44%
Expenses:			
Water Utilities	\$ 2,347,732	\$ 1,899,381	23.61%
Total Expenses	<u>\$ 2,347,732</u>	<u>\$ 1,899,381</u>	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	<u>\$ 273,358</u>	<u>\$ 258,737</u>	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	<u><u>\$ 6,815,302</u></u>	<u><u>\$ 6,800,769</u></u>	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	<u>451,870</u>	<u>451,870</u>	0.00%
Totals at Historical Cost	\$ 7,263,442	\$ 7,147,205	1.63%
Total Accumulated Depreciation	<u>(922,203)</u>	<u>(661,839)</u>	39.34%
Net Capital Assets	<u><u>\$ 6,341,239</u></u>	<u><u>\$ 6,485,366</u></u>	-2.22%

**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			
	<u>2017</u>	<u>2016</u>	<u>Total Percentage Change 2016 - 2017</u>
Loans Payable	<u>\$ 1,862,211</u>	<u>\$ 1,938,249</u>	-3.92%
Total Debt Payable	<u><u>\$ 1,862,211</u></u>	<u><u>\$ 1,938,249</u></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

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	\$	2,263,675
Restricted Assets:		
Cash - Board Restricted	\$	616,316
Total Restricted Assets	\$	616,316
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	\$	6,356,194
Total Assets	\$	9,236,185

The accompanying notes are an integral part of this statement.

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
Total Current Liabilities	\$ 148,422
Noncurrent Liabilities:	
Customer Deposits	\$ 488,831
Loans Payable, less Current Portion	1,783,630
Total Noncurrent Liabilities	\$ 2,272,461
Total Liabilities	\$ 2,420,883
NET POSITION	
Net Investment in Capital Assets	\$ 4,479,126
Restricted	628,597
Unrestricted	1,707,579
Total Net Position	\$ 6,815,302

The accompanying notes are an integral part of this statement.

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
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Total Operating Revenues	\$	2,088,907
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
		<hr/>
Total Operating Expenses	\$	2,347,732
Net Operating Revenue (Expenses)	\$	(258,825)
NON-OPERATING REVENUE (EXPENSES)		
Developer/Member Contributions	\$	322,483
Interest Income		6,242
Interest Expense		(62,567)
Rental Income		7,200
		<hr/>
Net Non-Operating Revenue (Expenses)	\$	273,358
Change in Net Position	\$	14,533
Total Net Position - Beginning (January 1)		6,800,769
		<hr/>
Total Net Position - Ending (December 31)	\$	6,815,302
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The accompanying notes are an integral part of this statement.

**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.