

Barker-Cypress Municipal Utility District

Harris County, Texas

Independent Auditor's Report and Financial Statements

March 31, 2019



Barker-Cypress Municipal Utility District

March 31, 2019

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Independent Auditor's Report

Board of Directors
Barker-Cypress Municipal Utility District
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Barker-Cypress Municipal Utility District (the District), as of and for the year ended March 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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. 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 governmental activities and each major fund of the District as of March 31, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. 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 District's basic financial statements. The other information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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 it.

BKD, LLP

Houston, Texas
August 12, 2019

Barker-Cypress Municipal Utility District

Management's Discussion and Analysis

March 31, 2019

Overview of the Financial Statements

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

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

Government-wide Financial Statements

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

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

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

Barker-Cypress Municipal Utility District

Management's Discussion and Analysis (Continued)

March 31, 2019

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

Fund Financial Statements

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

Governmental Funds

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

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

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

Notes to Financial Statements

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

Barker-Cypress Municipal Utility District
Management's Discussion and Analysis (Continued)
March 31, 2019

Financial Analysis of the District as a Whole

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

Summary of Net Position

	2019	2018
Current and other assets	\$ 9,510,586	\$ 6,660,883
Capital assets	<u>12,410,802</u>	<u>12,638,645</u>
Total assets	<u>21,921,388</u>	<u>19,299,528</u>
Deferred outflows of resources	<u>648,635</u>	<u>703,221</u>
Total assets and deferred outflows of resources	<u>\$ 22,570,023</u>	<u>\$ 20,002,749</u>
Long-term liabilities	\$ 18,203,452	\$ 16,847,340
Other liabilities	<u>606,136</u>	<u>418,715</u>
Total liabilities	<u>18,809,588</u>	<u>17,266,055</u>
Net position:		
Net investment in capital assets	(3,135,176)	(3,389,394)
Restricted	1,406,023	1,396,832
Unrestricted	<u>5,489,588</u>	<u>4,729,256</u>
Total net position	<u>\$ 3,760,435</u>	<u>\$ 2,736,694</u>

The total net position of the District increased by \$1,023,741. The majority of the increase in net position is related to tax revenues intended to pay principal on the District's bonded indebtedness, which is shown as long-term liabilities in the government-wide financial statements. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Barker-Cypress Municipal Utility District
Management's Discussion and Analysis (Continued)
March 31, 2019

Summary of Changes in Net Position

	2019	2018
Revenues:		
Property taxes	\$ 2,808,064	\$ 2,795,840
Charges for services	2,182,842	2,161,667
Other revenues	252,205	239,740
	<hr/>	<hr/>
Total revenues	5,243,111	5,197,247
	<hr/>	<hr/>
Expenses:		
Services	2,859,974	2,505,781
Depreciation	486,071	485,329
Debt service	873,325	671,316
	<hr/>	<hr/>
Total expenses	4,219,370	3,662,426
	<hr/>	<hr/>
Change in net position	1,023,741	1,534,821
Net position, beginning of year	2,736,694	1,201,873
	<hr/>	<hr/>
Net position, end of year	\$ 3,760,435	\$ 2,736,694
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Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended March 31, 2019, were \$8,793,898, an increase of \$2,699,050 from the prior year.

The general fund's fund balance increased by \$774,027. This increase was primarily due to property taxes and service revenues exceeding service operation and capital outlay expenditures.

The debt service fund's fund balance increased by \$14,385 primarily due to property tax revenues generated being greater than bond principal and interest requirements.

The capital projects fund's fund balance increased by \$1,910,638 primarily due to proceeds received from the sale of bonds exceeding capital outlay expenditures incurred for the District's share of the sanitary sewer rehabilitation project and other various projects.

Barker-Cypress Municipal Utility District

Management's Discussion and Analysis (Continued)

March 31, 2019

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to investment income, professional fees, repairs and maintenance, and capital outlay expenditures being greater than anticipated, and regional water fee revenues being less than anticipated. In addition, a transfer received from the capital projects fund was not included in the current year budget. The fund balance as of March 31, 2019, was expected to be \$5,433,873 and the actual end-of-year fund balance was \$5,450,975.

Capital Assets and Related Debt

Capital Assets

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

	<u>Capital Assets (Net of Accumulated Depreciation)</u>	
	<u>2019</u>	<u>2018</u>
Land	\$ 2,004,578	\$ 2,004,578
Construction in progress	262,117	23,823
Water facilities	3,530,083	3,714,524
Wastewater facilities	6,595,419	6,895,720
Land improvements	18,605	-
Total capital assets	<u>\$ 12,410,802</u>	<u>\$ 12,638,645</u>

During the current year, additions to capital assets were as follows:

Construction in progress related to wastewater treatment plant improvements, Phase 4, and engineering fees incurred for walking trail improvements and the Queenston waterline	\$ 249,814
Ultra aluminum fence for the Lakes of Pine Forest	<u>19,934</u>
Total additions to capital assets	<u>\$ 269,748</u>

Debt

The changes in the debt position of the District during the fiscal year ended March 31, 2019, are summarized as follows:

Long-term debt payable, beginning of year	\$ 16,847,340
Increases in long-term debt	2,344,877
Decreases in long-term debt	<u>(988,765)</u>
Long-term debt payable, end of year	<u>\$ 18,203,452</u>

Barker-Cypress Municipal Utility District

Management's Discussion and Analysis (Continued)

March 31, 2019

At March 31, 2019, the District had \$27,585,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District.

The District's bonds carry an underlying rating of "A-." The Series 2007 and 2009 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty Corp. The Series 2010, 2012 refunding and 2018 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty Municipal Corp. The Series 2014 and Series 2015 refunding bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company.

Other Relevant Factors

Relationship to the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston (the City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City for full purposes without the District's consent, except as set forth below.

Strategic Partnership Agreement

In 2011, the District entered into a Strategic Partnership Agreement (the Agreement) with the City, which annexed certain portions of the District into the City for "limited purposes," as described therein. Under the terms of the Agreement, the City has agreed it will not annex the District as a whole for full purposes for 30 years following the date of the Agreement, at which time the City has the option to annex the District if it chooses to do so.

Subsequent Event

In April 2019, the District issued its \$2,495,000 unlimited tax refunding bonds, Series 2019, to refund \$700,000 of outstanding Series 2009 bonds and \$1,735,000 of outstanding Series 2010 bonds. The District refunded the bonds to reduce total debt service payments over future years by \$271,419 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$221,129.

Barker-Cypress Municipal Utility District
Statement of Net Position and Governmental Funds Balance Sheet
March 31, 2019

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 289,940	\$ 113,896	\$ 1,002	\$ 404,838	\$ -	\$ 404,838
Certificates of deposit	2,980,000	580,000	-	3,560,000	-	3,560,000
Short-term investments	2,430,764	649,260	2,075,693	5,155,717	-	5,155,717
Receivables:						
Property taxes	38,613	56,667	-	95,280	-	95,280
Service accounts	138,642	-	-	138,642	-	138,642
Tax rebates	3,000	-	-	3,000	-	3,000
Accrued penalty and interest	-	-	-	-	15,272	15,272
Accrued interest	30,295	622	-	30,917	-	30,917
Interfund receivable	47,576	-	-	47,576	(47,576)	-
Due from others	-	3,856	-	3,856	-	3,856
Prepaid expenditures	19,786	-	-	19,786	-	19,786
Operating deposits	83,278	-	-	83,278	-	83,278
Capital assets (net of accumulated depreciation):						
Land	-	-	-	-	2,004,578	2,004,578
Construction in progress	-	-	-	-	262,117	262,117
Infrastructure	-	-	-	-	10,125,502	10,125,502
Land improvements	-	-	-	-	18,605	18,605
Total assets	<u>6,061,894</u>	<u>1,404,301</u>	<u>2,076,695</u>	<u>9,542,890</u>	<u>12,378,498</u>	<u>21,921,388</u>
Deferred Outflows of Resources						
Deferred amount on debt refundings	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>648,635</u>	<u>648,635</u>
Total assets and deferred outflows of resources	<u>\$ 6,061,894</u>	<u>\$ 1,404,301</u>	<u>\$ 2,076,695</u>	<u>\$ 9,542,890</u>	<u>\$ 13,027,133</u>	<u>\$ 22,570,023</u>

Barker-Cypress Municipal Utility District
Statement of Net Position and Governmental Funds Balance Sheet (Continued)
March 31, 2019

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities						
Accounts payable	\$ 266,259	\$ 626	\$ 25,113	\$ 291,998	\$ -	\$ 291,998
Customer deposits	235,080	-	-	235,080	-	235,080
Due to others	54,000	-	-	54,000	-	54,000
Unearned tap connection fees	16,967	-	-	16,967	-	16,967
Interfund payable	-	42,002	5,574	47,576	(47,576)	-
Retainage payable	-	-	8,091	8,091	-	8,091
Long-term liabilities:						
Due within one year	-	-	-	-	980,000	980,000
Due after one year	-	-	-	-	17,223,452	17,223,452
	<u>572,306</u>	<u>42,628</u>	<u>38,778</u>	<u>653,712</u>	<u>18,155,876</u>	<u>18,809,588</u>
Total liabilities						
	<u>572,306</u>	<u>42,628</u>	<u>38,778</u>	<u>653,712</u>	<u>18,155,876</u>	<u>18,809,588</u>
Deferred Inflows of Resources						
Deferred property tax revenues	<u>38,613</u>	<u>56,667</u>	<u>0</u>	<u>95,280</u>	<u>(95,280)</u>	<u>0</u>
Fund Balances/Net Position						
Fund balances:						
Nonspendable, prepaid expenditures	19,786	-	-	19,786	(19,786)	-
Restricted:						
Unlimited tax bonds	-	1,305,006	-	1,305,006	(1,305,006)	-
Water, sewer and drainage	-	-	2,037,917	2,037,917	(2,037,917)	-
Assigned, operating reserve	83,278	-	-	83,278	(83,278)	-
Unassigned	<u>5,347,911</u>	<u>-</u>	<u>-</u>	<u>5,347,911</u>	<u>(5,347,911)</u>	<u>-</u>
	<u>5,450,975</u>	<u>1,305,006</u>	<u>2,037,917</u>	<u>8,793,898</u>	<u>(8,793,898)</u>	<u>0</u>
Total fund balances						
	<u>5,450,975</u>	<u>1,305,006</u>	<u>2,037,917</u>	<u>8,793,898</u>	<u>(8,793,898)</u>	<u>0</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,061,894</u>	<u>\$ 1,404,301</u>	<u>\$ 2,076,695</u>	<u>\$ 9,542,890</u>		
Net position:						
Net investment in capital assets					(3,135,176)	(3,135,176)
Restricted for debt service					1,376,945	1,376,945
Restricted for capital projects					29,078	29,078
Unrestricted					<u>5,489,588</u>	<u>5,489,588</u>
Total net position					<u>\$ 3,760,435</u>	<u>\$ 3,760,435</u>

Barker-Cypress Municipal Utility District
Statement of Activities and Governmental Funds Revenues,
Expenditures and Changes in Fund Balances
Year Ended March 31, 2019

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$ 1,177,814	\$ 1,663,584	\$ -	\$ 2,841,398	\$ (33,334)	\$ 2,808,064
Tax rebates	9,969	-	-	9,969	-	9,969
Water service	520,752	-	-	520,752	-	520,752
Sewer service	910,335	-	-	910,335	-	910,335
Regional water fee	751,755	-	-	751,755	-	751,755
Penalty and interest	64,830	36,041	-	100,871	(3,434)	97,437
Tap connection and inspection fees	870	-	-	870	-	870
Investment income	92,098	23,359	17,951	133,408	-	133,408
Other income	10,500	21	-	10,521	-	10,521
	<u>3,538,923</u>	<u>1,723,005</u>	<u>17,951</u>	<u>5,279,879</u>	<u>(36,768)</u>	<u>5,243,111</u>
Total revenues						
Expenditures/Expenses						
Service operations:						
Purchased services	1,051,359	-	-	1,051,359	-	1,051,359
Regional water fee	20,466	-	-	20,466	-	20,466
Professional fees	293,762	16,040	-	309,802	801	310,603
Contracted services	486,876	66,304	-	553,180	33	553,213
Utilities	33,986	-	-	33,986	-	33,986
Repairs and maintenance	642,145	-	-	642,145	154,660	796,805
Other expenditures	84,087	9,383	72	93,542	-	93,542
Capital outlay	253,689	-	160,033	413,722	(413,722)	-
Depreciation	-	-	-	-	486,071	486,071
Debt service:						
Principal retirement	-	950,000	-	950,000	(950,000)	-
Interest and fees	-	666,893	-	666,893	15,821	682,714
Debt issuance costs	-	-	190,611	190,611	-	190,611
	<u>2,866,370</u>	<u>1,708,620</u>	<u>350,716</u>	<u>4,925,706</u>	<u>(706,336)</u>	<u>4,219,370</u>
Total expenditures/expenses						
Excess (Deficiency) of Revenues Over Expenditures	<u>672,553</u>	<u>14,385</u>	<u>(332,765)</u>	<u>354,173</u>	<u>669,568</u>	

Barker-Cypress Municipal Utility District
Statement of Activities and Governmental Funds Revenues,
Expenditures and Changes in Fund Balances (Continued)
Year Ended March 31, 2019

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Other Financing Sources (Uses)						
Interfund transfers in (out)	\$ 101,474	\$ -	(101,474)	\$ -	\$ -	
General obligation bonds issued	-	-	2,415,000	2,415,000	(2,415,000)	
Discount on debt issued	-	-	(70,123)	(70,123)	70,123	
	<u>101,474</u>	<u>0</u>	<u>2,243,403</u>	<u>2,344,877</u>	<u>(2,344,877)</u>	
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	774,027	14,385	1,910,638	2,699,050	(2,699,050)	
Change in Net Position					1,023,741	\$ 1,023,741
Fund Balances/Net Position						
Beginning of year	<u>4,676,948</u>	<u>1,290,621</u>	<u>127,279</u>	<u>6,094,848</u>	<u>-</u>	<u>2,736,694</u>
End of year	<u>\$ 5,450,975</u>	<u>\$ 1,305,006</u>	<u>\$ 2,037,917</u>	<u>\$ 8,793,898</u>	<u>\$ 0</u>	<u>\$ 3,760,435</u>

Barker-Cypress Municipal Utility District

Notes to Financial Statements

March 31, 2019

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Barker-Cypress Municipal Utility District (the District) was created by an order of the Texas Water Rights Commission, now known as the Texas Commission on Environmental Quality (the Commission), effective February 20, 1974, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own and operate waterworks, wastewater and drainage facilities and to provide such facilities and services to the customers of the District.

The District is governed by a Board of Directors (the Board) consisting of five individuals who are residents or owners of property within the District and are elected by voters within the District. The Board sets the policies of the District. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America for state and local governments, as defined by the Governmental Accounting Standards Board. The following is a summary of the significant accounting and reporting policies of the District:

Reporting Entity

The accompanying government-wide financial statements present the financial statements of the District. There are no component units that are legally separate entities for which the District is considered to be financially accountable. Accountability is defined as the District's substantive appointment of the voting majority of the component unit's governing board. Furthermore, to be financially accountable, the District must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to, or impose specific financial burdens on, the District.

The District is a participant in two regional wastewater treatment plants, as further described in Note 8. The facilities are governed by the Board of Directors of Jackrabbit Road Public Utility District (Jackrabbit) and Langham Creek Utility District (Langham), respectively. The respective Boards of Directors of those districts have the responsibility of approving budgets, setting rates and determining the day-to-day operations. The District retains an ongoing financial interest and responsibility. The District's operating transactions with the facilities are reported in the general fund. Further financial information for the facilities may be obtained from Schwartz, Page & Harding, L.L.P., 1300 Post Oak Boulevard, Suite 1400, Houston, Texas 77056.

Government-wide and Fund Financial Statements

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, wastewater, drainage and other related services. The financial statements of special-purpose governments combine two types of

Barker-Cypress Municipal Utility District

Notes to Financial Statements

March 31, 2019

financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented with a column for adjustments to convert to the government-wide financial statements.

The government-wide financial statements report information on all of the activities of the District. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities generally are financed through taxes, charges for services and intergovernmental revenues. The statement of activities reflects the revenues and expenses of the District.

The fund financial statements provide information about the District's governmental funds. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is directed to specific activities of the District.

The District presents the following major governmental funds:

General Fund – The general fund is the primary operating fund of the District which accounts for all financial resources not accounted for in another fund. Revenues are derived primarily from property taxes, charges for services and interest income.

Debt Service Fund – The debt service fund is used to account for financial resources that are restricted, committed or assigned to expenditures for principal and interest related costs, as well as the financial resources being accumulated for future debt service.

Capital Projects Fund – The capital projects fund is used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays.

Fund Balances – Governmental Funds

The fund balances for the District's governmental funds can be displayed in up to five components:

Nonspendable – Amounts that are not in a spendable form or are required to be maintained intact.

Restricted – Amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed – Amounts that can be used only for the specific purposes determined by resolution of the Board. Commitments may be changed or lifted only by issuance of a resolution by the District's Board.

Barker-Cypress Municipal Utility District

Notes to Financial Statements

March 31, 2019

Assigned – Amounts intended to be used by the District for specific purposes as determined by management. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned – The residual classification for the general fund and includes all amounts not contained in the other classifications.

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Nonexchange transactions, in which the District receives (or gives) value without directly giving (or receiving) equal value in exchange, include property taxes and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Revenues from property taxes are recognized in the period for which the taxes are levied. Intergovernmental revenues are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted. Donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as liabilities.

Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of governmental funds revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are

Barker-Cypress Municipal Utility District

Notes to Financial Statements

March 31, 2019

recognized when both measurable and available. The District considers revenues reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, charges for services and investment income. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when payment is due.

Deferred Outflows and Inflows of Resources

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period.

Interfund Transactions

Transfers from one fund to another fund are reported as interfund receivables and payables if there is intent to repay the amount and if there is the ability to repay the advance on a timely basis. Operating transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Pension Costs

The District does not participate in a pension plan and, therefore, has no pension costs.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Investments and Investment Income

Investments in certificates of deposit, mutual funds, U.S. Government and agency securities, and certain pooled funds, which have a remaining maturity of one year or less at the date of purchase, are recorded at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market values.

Barker-Cypress Municipal Utility District

Notes to Financial Statements

March 31, 2019

Investment income includes dividends and interest income and the net change for the year in the fair value of investments carried at fair value. Investment income is credited to the fund in which the investment is recorded.

Property Taxes

An appraisal district annually prepares appraisal records listing all property within the District and the appraised value of each parcel or item as of January 1. Additionally, on January 1, a tax lien attaches to property to secure the payment of all taxes, penalty and interest ultimately imposed for the year on the property. After the District receives its certified appraisal roll from the appraisal district, the rate of taxation is set by the Board of the District based upon the aggregate appraisal value. Taxes are due and payable October 1 or when billed, whichever is later, and become delinquent after January 31 of the following year.

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended March 31, 2019, include collections during the current period or within 60 days of year-end related to the 2018 and prior years' tax levies.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended March 31, 2019, the 2018 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an individual cost of \$5,000 or more and an estimated useful life of two years or more. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
Water production and distribution facilities	10-45
Wastewater collection and treatment facilities	10-45

Barker-Cypress Municipal Utility District

Notes to Financial Statements

March 31, 2019

Deferred Amount on Debt Refundings

In the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt in a debt refunding is deferred and amortized to interest expense using the effective interest rate method over the remaining life of the old debt or the life of the new debt, whichever is shorter. Such amounts are classified as deferred outflows or inflows of resources.

Debt Issuance Costs

Debt issuance costs, other than prepaid insurance, do not meet the definition of an asset or deferred outflows of resources since the costs are not applicable to a future period and, therefore, are recognized as an expense/expenditure in the period incurred.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Premiums and discounts on bonds are recognized as a component of long-term liabilities and amortized over the life of the related debt using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize premiums and discounts on bonds during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position/Fund Balances

Fund balances and net position are reported as restricted when constraints placed on them are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, generally, it is the District's policy to use restricted resources first.

Reconciliation of Government-wide and Fund Financial Statements

Amounts reported for net position of governmental activities in the statement of net position and fund balances in the governmental funds balance sheet are different because of the following items.

Barker-Cypress Municipal Utility District

Notes to Financial Statements

March 31, 2019

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	\$ 12,410,802
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	95,280
Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.	648,635
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.	15,272
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(18,203,452)</u>
Adjustment to fund balances to arrive at net position.	<u><u>\$ (5,033,463)</u></u>

Amounts reported for change in net position of governmental activities in the statement of activities are different from change in fund balances in the governmental funds statement of revenues, expenditures and changes in fund balances because:

Change in fund balances.	\$ 2,699,050
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation and noncapitalized costs exceeded capital outlay expenditures in the current year.	(227,843)
Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	70,123
Governmental funds report proceeds of bonds because they provide current financial resources to governmental funds. Principal payments on debt are recorded as expenditures. None of these transactions, however, have any effect on net position.	(1,465,000)
Revenues collected in the current year, which have previously been reported in the statement of activities, are reported as revenues in the governmental funds.	(36,768)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(15,821)</u>
Change in net position of governmental activities.	<u><u>\$ 1,023,741</u></u>

Barker-Cypress Municipal Utility District

Notes to Financial Statements

March 31, 2019

Note 2: Deposits, Investments and Investment Income

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; a surety bond; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Texas; or certain collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States.

At March 31, 2019, none of the District's bank balances were exposed to custodial credit risk.

Investments

The District may legally invest in obligations of the United States or its agencies and instrumentalities, direct obligations of Texas or its agencies or instrumentalities, collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, other obligations guaranteed as to principal and interest by the State of Texas or the United States or their agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, obligations of states, agencies and counties and other political subdivisions with an investment rating not less than "A," insured or collateralized certificates of deposit, and certain bankers' acceptances, repurchase agreements, mutual funds, commercial paper, guaranteed investment contracts and investment pools.

The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in Texas CLASS, an external investment pool that is not registered with the Securities and Exchange Commission. A Board of Trustees, elected by the participants, has oversight of Texas CLASS. The District's investments may be redeemed at any time. Texas CLASS attempts to minimize its exposure to market and credit risk through the use of various strategies and credit monitoring techniques and limits its investment in any issuer to the top two ratings issued by nationally recognized statistical rating organizations.

At March 31, 2019, the District has the following investments and maturities.

Barker-Cypress Municipal Utility District
Notes to Financial Statements
March 31, 2019

Type	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
Texas CLASS	<u>\$5,155,717</u>	<u>\$5,155,717</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy does not allow investments in certain mortgage-backed securities, collateralized mortgage obligations with a final maturity date in excess of 10 years and interest rate indexed collateralized mortgage obligations. The external investment pool is presented as an investment with a maturity of less than one year because it is redeemable in full immediately.

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At March 31, 2019, the District's investments in Texas CLASS were rated "AAAm" by Standard & Poor's.

Summary of Carrying Values

The carrying values of deposits and investments shown previously are included in the balance sheet at March 31, 2019, as follows:

Carrying value:	
Deposits	\$ 3,964,838
Investments	<u>5,155,717</u>
Total	<u>\$ 9,120,555</u>

Included in the following statement of net position captions:

Cash	\$ 404,838
Certificates of deposit	3,560,000
Short-term investments	<u>5,155,717</u>
Total	<u>\$ 9,120,555</u>

Investment Income

Investment income of \$133,408 for the year ended March 31, 2019, consisted of interest income.

Barker-Cypress Municipal Utility District

Notes to Financial Statements

March 31, 2019

Fair Value Measurements

The District has the following recurring fair value measurements as of March 31, 2019:

- Pooled investments of \$5,155,717 are valued at fair value per share of the pool's underlying portfolio.

Note 3: Capital Assets

A summary of changes in capital assets for the year ended March 31, 2019, is presented below:

Governmental Activities	Balances, Beginning of Year	Additions	Retirements	Balances, End of Year
Capital assets, non-depreciable:				
Land	\$ 2,004,578	\$ -	\$ -	\$ 2,004,578
Construction in progress	23,823	249,814	(11,520)	262,117
Total capital assets, non-depreciable	<u>2,028,401</u>	<u>249,814</u>	<u>(11,520)</u>	<u>2,266,695</u>
Capital assets, depreciable:				
Water production and distribution facilities	6,907,529	-	-	6,907,529
Wastewater collection and treatment facilities	10,450,529	-	-	10,450,529
Land improvements	-	19,934	-	19,934
Total capital assets, depreciable	<u>17,358,058</u>	<u>19,934</u>	<u>0</u>	<u>17,377,992</u>
Less accumulated depreciation:				
Water production and distribution facilities	(3,193,005)	(184,441)	-	(3,377,446)
Wastewater collection and treatment facilities	(3,554,809)	(300,301)	-	(3,855,110)
Land improvements	-	(1,329)	-	(1,329)
Total accumulated depreciation	<u>(6,747,814)</u>	<u>(486,071)</u>	<u>0</u>	<u>(7,233,885)</u>
Total governmental activities, net	<u>\$ 12,638,645</u>	<u>\$ (216,323)</u>	<u>\$ (11,520)</u>	<u>\$ 12,410,802</u>

Barker-Cypress Municipal Utility District
Notes to Financial Statements
March 31, 2019

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended March 31, 2019, were as follows:

Governmental Activities	Balances, Beginning of Year	Increases	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:					
General obligation bonds	\$ 16,395,000	\$ 2,415,000	\$ 950,000	\$ 17,860,000	\$ 980,000
Less discounts on bonds	139,473	70,123	15,098	194,498	-
Add premiums on bonds	591,813	-	53,863	537,950	-
Total governmental activities long-term liabilities	<u>\$ 16,847,340</u>	<u>\$ 2,344,877</u>	<u>\$ 988,765</u>	<u>\$ 18,203,452</u>	<u>\$ 980,000</u>

General Obligation Bonds

	Series 2007	Series 2009
Amounts outstanding, March 31, 2019	\$310,000	\$800,000
Interest rates	4.125%	4.25% to 5.75%
Maturity dates, serially beginning/ending	April 1, 2020	April 1, 2020/2027
Interest payment dates	October 1/ April 1	October 1/ April 1
Callable dates*	April 1, 2017	April 1, 2019
	Series 2010	Refunding Series 2012
Amounts outstanding, March 31, 2019	\$1,735,000	\$1,800,000
Interest rates	4.00% to 5.00%	3.00% to 4.00%
Maturity dates, serially beginning/ending	April 1, 2025/2031	April 1, 2020/2024
Interest payment dates	October 1/ April 1	October 1/ April 1
Callable dates*	April 1, 2019	April 1, 2020

*Or any date thereafter; callable at par plus accrued interest to the date of redemption.

Barker-Cypress Municipal Utility District
Notes to Financial Statements
March 31, 2019

	Series 2014	Refunding Series 2015
Amounts outstanding, March 31, 2019	\$2,580,000	\$8,220,000
Interest rates	3.30% to 3.75%	2.00% to 4.00%
Maturity dates, serially beginning/ending	April 1, 2025/2035	April 1, 2020/2030
Interest payment dates	October 1/ April 1	October 1/ April 1
Callable dates*	April 1, 2022	April 1, 2023
		Series 2018
Amount outstanding, March 31, 2019		\$2,415,000
Interest rates		3.50% to 4.00%
Maturity dates, serially beginning/ending		April 1, 2030/2040
Interest payment dates		October 1/ April 1
Callable date*		April 1, 2024

*Or any date thereafter; callable at par plus accrued interest to the date of redemption.

Annual Debt Service Requirements

The District has been paying the amount due April 1 within the fiscal year preceding this due date, and the following schedule has been prepared assuming that this practice will be followed in future years. The schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at March 31, 2019.

Year	Principal	Interest	Total
2020	\$ 980,000	\$ 689,053	\$ 1,669,053
2021	1,020,000	655,940	1,675,940
2022	1,055,000	625,115	1,680,115
2023	1,095,000	587,240	1,682,240
2024	1,140,000	548,015	1,688,015
2025-2029	6,310,000	2,008,845	8,318,845
2030-2034	4,380,000	807,550	5,187,550
2035-2039	1,650,000	196,138	1,846,138
2040	230,000	8,912	238,912
Total	<u>\$ 17,860,000</u>	<u>\$ 6,126,808</u>	<u>\$ 23,986,808</u>

Barker-Cypress Municipal Utility District
Notes to Financial Statements
March 31, 2019

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

Bonds voted	\$ 59,885,000
Bonds sold	32,300,000
Refunding bonds voted	32,477,340
Refunding bonds sold and applied against voted authorization	2,862,340

Note 5: Significant Bond Order and Commission Requirements

- A. The Bond Orders require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended March 31, 2019, the District levied an ad valorem debt service tax at the rate of \$0.4800 per \$100 of assessed valuation, which resulted in a tax levy of \$1,644,719 on the taxable valuation of \$342,651,108 for the 2018 tax year. The interest and principal requirements to be paid from the tax revenues are \$1,646,745 of which \$1,302,219 has been paid and \$344,526 is due October 1, 2019. The District will utilize available resources to satisfy the requirements.
- B. During the current year, the District transferred \$101,474 from the capital projects fund to the general fund. The transfer was in accordance with the rules of the Commission.

Note 6: Maintenance Taxes

At an election held November 4, 2014, voters authorized a maintenance tax not to exceed \$0.75 per \$100 valuation on all property within the District subject to taxation. During the year ended March 31, 2019, the District levied an ad valorem maintenance tax at the rate of \$0.3400 per \$100 of assessed valuation, which resulted in a tax levy of \$1,165,009 on the taxable valuation of \$342,651,108 for the 2018 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Note 7: Regional Water Authority

The District is within the boundaries of the West Harris County Regional Water Authority (the Authority), which was created by the Texas Legislature. The Authority was created to provide a regional entity to acquire surface water and build the necessary facilities to convert from groundwater to surface water in order to meet conversion requirements mandated by the Harris-Galveston Subsidence District, which regulates groundwater withdrawal. As of March 31, 2019, the Authority was billing the District \$2.95 per 1,000 gallons of water pumped from its wells and \$3.35 per 1,000 gallons of surface water received. These amounts are subject to future increases.

Barker-Cypress Municipal Utility District
Notes to Financial Statements
March 31, 2019

Note 8: Contracts With Other Districts

Regional Wastewater Treatment Facilities

The District entered into an agreement on April 11, 1978 (last amended November 13, 2007), with Jackrabbit for construction and operational cost sharing of wastewater treatment facilities located within Jackrabbit, whereby Jackrabbit agreed to provide, or cause to be provided, wastewater treatment and disposal services for the District and other participating districts. Jackrabbit has oversight responsibilities and holds title for the benefit of the participating districts. Construction costs were shared based on a pro rata share of capacity acquired. The District has contributed approximately \$980,000 for its ownership of 1,115,000 gallons-per-day (gpd) capacity or 21.86 percent of the facilities' 5,100,000 gpd capacity.

Jackrabbit operates the regional facilities. Operational cost sharing is based on each district's ownership of capacity in the facility. The District's share of operational costs for the year was \$268,116. The District has contributed \$62,044 to Jackrabbit as its share of an operating reserve.

The following is condensed audited financial information of the joint facilities as of and for the year ended July 31, 2018.

	Plant General Fund
Total assets	\$ 408,193
Total liabilities	\$ 113,177
Total fund balance	295,016
Total liabilities and fund balance	\$ 408,193
Total revenues	\$ 1,801,899
Total expenditures	2,259,399
Excess expenditures	\$ (457,500)

Joint Wastewater Treatment Facilities

On July 19, 1982, the District entered into a 40-year contract with Langham for the expansion and operation of a wastewater treatment plant owned by Langham. Construction costs of the plant expansion were shared based on pro rata shares of capacity acquired. The District paid approximately \$825,000 for its ownership of 650,000 gpd capacity.

Barker-Cypress Municipal Utility District

Notes to Financial Statements

March 31, 2019

The agreement was amended June 12, 1986, to redefine operational cost sharing. Subsequent to the amendment, the cost of power, insurance, laboratory testing, permit fees, bookkeeping, auditing and extraordinary repairs are shared based on ownership capacity. All other costs are shared based on plant usage. The District's share of operational costs for the year was \$45,036. The District has contributed \$21,234 to Langham as its share of operating reserve.

On October 8, 1997, the districts entered into a second amendment, pursuant to which the District sold Langham 12,000 gpd.

On December 11, 2001, the districts entered into a third amendment, which provides that the District will sell Langham 332,000 gpd for \$830,000. The sale occurred during a prior year and the District's current share of fixed operating costs is 15.3 percent.

Note 9: Strategic Partnership Agreement

In 2011, the District and the City of Houston (the City) entered into a Strategic Partnership Agreement (the Agreement) under which the City annexed a tract of land (the tract) within the boundaries of the District for limited purposes. The District continues to exercise all powers and functions of a municipal utility district as provided by law. As consideration for the District providing services as detailed in the Agreement, the City agrees to remit one-half of all City sales and use tax revenues generated within the boundaries of the tract. As consideration for the sales tax payments by the City, the District agrees to continue to provide and develop water, sewer and drainage services within the District in lieu of full-purpose annexation. The City agrees it will not annex the District for full purposes or commence any action to annex the District during the term of the Agreement, which is 30 years. During the current year, the District recorded \$9,969 in revenues related to the Agreement.

Note 10: 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; and natural disasters for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts in the past three fiscal years.

Note 11: Subsequent Event

In April 2019, the District issued its \$2,495,000 unlimited tax refunding bonds, Series 2019, to refund \$700,000 of outstanding Series 2009 bonds and \$1,735,000 of outstanding Series 2010 bonds. The District refunded the bonds to reduce total debt service payments over future years by \$271,419 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$221,129.

Required Supplementary Information

Barker-Cypress Municipal Utility District
Budgetary Comparison Schedule – General Fund
Year Ended March 31, 2019

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 1,170,545	\$ 1,177,814	\$ 7,269
Tax rebates	10,100	9,969	(131)
Water service	549,000	520,752	(28,248)
Sewer service	906,000	910,335	4,335
Regional water fee	828,000	751,755	(76,245)
Penalty and interest	53,000	64,830	11,830
Tap connection and inspection fees	5,300	870	(4,430)
Investment income	30,380	92,098	61,718
Other income	7,500	10,500	3,000
	<u>3,559,825</u>	<u>3,538,923</u>	<u>(20,902)</u>
Expenditures			
Service operations:			
Purchased services	1,165,000	1,051,359	113,641
Regional water fee	8,000	20,466	(12,466)
Professional fees	253,000	293,762	(40,762)
Contracted services	507,000	486,876	20,124
Utilities	34,000	33,986	14
Repairs and maintenance	507,600	642,145	(134,545)
Other expenditures	103,300	84,087	19,213
Tap connections	5,000	-	5,000
Capital outlay	220,000	253,689	(33,689)
	<u>2,802,900</u>	<u>2,866,370</u>	<u>(63,470)</u>
Excess of Revenues Over Expenditures	756,925	672,553	(84,372)
Other Financing Sources			
Interfund transfers in	-	101,474	101,474
Excess of Revenues and Transfers In Over Expenditures and Transfers Out	756,925	774,027	17,102
Fund Balance, Beginning of Year	4,676,948	4,676,948	-
Fund Balance, End of Year	<u>\$ 5,433,873</u>	<u>\$ 5,450,975</u>	<u>\$ 17,102</u>

Barker-Cypress Municipal Utility District
Notes to Required Supplementary Information
March 31, 2019

Budgets and Budgetary Accounting

An annual operating budget is prepared for the general fund by the District's consultants. The budget reflects resources expected to be received during the year and expenditures expected to be incurred. The Board of Directors is required to adopt the budget prior to the start of its fiscal year. The budget is not a spending limitation (a legally restricted appropriation). The original budget of the general fund was not amended during fiscal 2019.

The District prepares its annual operating budget on a basis consistent with accounting principles generally accepted in the United States of America. The Budgetary Comparison Schedule – General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Other Information

Barker-Cypress Municipal Utility District
Other Schedules Included Within This Report
March 31, 2019

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

- [X] Notes Required by the Water District Accounting Manual
See "Notes to Financial Statements," Pages 13-27
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [X] Schedule of Long-term Debt Service Requirements by Years
- [X] Changes in Long-term Bonded Debt
- [X] Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund –
Five Years
- [X] Board Members, Key Personnel and Consultants

Barker-Cypress Municipal Utility District

Schedule of Services and Rates

Year Ended March 31, 2019

1. Services provided by the District:

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

2. Retail service providers

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

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels	
Water:	\$ 6.00	3,000	N	\$ 1.45	3,001 to	7,000
				\$ 2.10	7,001 to	20,000
				\$ 2.25	20,001 to	No limit
Wastewater:	\$ 25.00 *	0	Y			
Regional water fee:	\$ 3.69	1	N	\$ 3.69	1 to	No Limit
Does the District employ winter averaging for wastewater usage?					Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Total charges per 10,000 gallons usage (including fees):				Water \$ 55.00	Wastewater \$	25.00

b. Water and wastewater retail connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC**
Unmetered	-	-	x1.0	-
≤ 3/4"	2,094	2,081	x1.0	2,081
1"	12	12	x2.5	30
1 1/2"	2	2	x5.0	10
2"	32	31	x8.0	248
3"	3	3	x15.0	45
4"	5	5	x25.0	125
6"	1	1	x50.0	50
8"	2	2	x80.0	160
10"	-	-	x115.0	-
Total water	2,151	2,137		2,749
Total wastewater	2,116	2,104	x1.0	2,104

3. Total water consumption (in thousands) during the fiscal year:

Gallons pumped into the system:	237,891
Gallons billed to customers:	228,570
Water accountability ratio (gallons billed/gallons pumped):	96.08%

*Residents of Pine Forest Green, Pine Forest Landing, Brookhollow Crossing, Brookhollow Court and Glencairn are charged \$42.55, which includes solid waste disposal. Solid waste disposal is not currently provided by the District within its other subdivisions but is rather provided through the respective homeowner's associations.

**"ESFC" means equivalent single-family connections

Barker-Cypress Municipal Utility District
Schedule of General Fund Expenditures
Year Ended March 31, 2019

Personnel (including benefits)		\$	-
Professional Fees			
Auditing	\$	20,600	
Legal		112,833	
Engineering		160,329	
Financial advisor		-	293,762
Purchased Services for Resale			
Bulk water and wastewater service purchases			1,051,359
Regional Water Fee			20,466
Contracted Services			
Bookkeeping		31,226	
General manager		-	
Appraisal district		-	
Tax collector		-	
Security		207,495	
Other contracted services		152,167	390,888
Utilities			33,986
Repairs and Maintenance			642,145
Administrative Expenditures			
Directors' fees		14,250	
Office supplies		4,123	
Insurance		18,482	
Other administrative expenditures		47,232	84,087
Capital Outlay			
Capitalized assets		249,127	
Expenditures not capitalized		4,562	253,689
Tap Connection Expenditures			-
Solid Waste Disposal			95,988
Fire Fighting			-
Parks and Recreation			-
Other Expenditures			-
Total expenditures		\$	2,866,370

Barker-Cypress Municipal Utility District
Schedule of Temporary Investments
March 31, 2019

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
Certificates of Deposit				
No. 5005228	2.40%	08/11/19	\$ 240,000	\$ 3,661
No. 95900011877146	2.75%	02/25/20	240,000	651
No. 414	2.00%	04/23/19	240,000	4,484
No. 83240341	2.40%	07/23/19	100,000	1,650
No. 66000766	2.05%	06/07/19	240,000	4,003
No. 12201	2.65%	01/24/20	240,000	1,150
No. 9009004333	2.00%	05/14/19	240,000	4,221
No. 80002008	2.71%	02/19/20	240,000	713
No. 4188776	2.65%	03/07/20	240,000	401
No. 460018508	2.65%	03/08/20	240,000	401
No. 0123046929	2.04%	04/17/19	240,000	4,655
No. 12594	2.60%	02/02/20	240,000	975
No. 3216000312	2.40%	09/05/19	240,000	3,330
Texas CLASS	2.60%	Demand	2,407,967	-
Texas CLASS	2.60%	Demand	22,797	-
			<u>5,410,764</u>	<u>30,295</u>
Debt Service Fund				
Certificates of Deposit				
No. 440005740	2.70%	03/10/20	100,000	148
No. 80002229	2.71%	03/21/20	240,000	160
No. 6116412	2.65%	03/13/20	240,000	314
Texas CLASS	2.60%	Demand	649,260	-
			<u>1,229,260</u>	<u>622</u>
Capital Projects Fund				
Texas CLASS	2.60%	Demand	2,075,693	0
Totals			<u>\$ 8,715,717</u>	<u>\$ 30,917</u>

Barker-Cypress Municipal Utility District
Analysis of Taxes Levied and Receivable
Year Ended March 31, 2019

	Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year	\$ 52,308	\$ 76,306
Additions and corrections to prior years' taxes	(890)	(774)
Adjusted receivable, beginning of year	<u>51,418</u>	<u>75,532</u>
 2018 Original Tax Levy	 1,102,098	 1,555,903
Additions and corrections	62,911	88,816
Adjusted tax levy	<u>1,165,009</u>	<u>1,644,719</u>
Total to be accounted for	1,216,427	1,720,251
Tax collections: Current year	(1,135,188)	(1,602,619)
Prior years	(42,626)	(60,965)
Receivable, end of year	<u><u>\$ 38,613</u></u>	<u><u>\$ 56,667</u></u>
 Receivable, by Years		
2018	\$ 29,821	\$ 42,100
2017	5,422	7,229
2016	1,434	2,720
2015	950	1,966
2014	591	1,538
2013	348	974
2012	37	109
2011	2	7
2010	2	6
2009	2	6
2008	2	6
2007	<u>2</u>	<u>6</u>
Receivable, end of year	<u><u>\$ 38,613</u></u>	<u><u>\$ 56,667</u></u>

Barker-Cypress Municipal Utility District
Analysis of Taxes Levied and Receivable (Continued)
Year Ended March 31, 2019

	2018	2017	2016	2015
Property Valuations				
Land	\$ 88,167,499	\$ 87,081,623	\$ 79,403,835	\$ 78,825,451
Improvements	351,798,047	341,526,304	328,096,865	300,788,792
Personal property	5,618,640	5,808,796	5,564,910	5,204,142
Exemptions	<u>(102,933,078)</u>	<u>(102,601,770)</u>	<u>(95,526,106)</u>	<u>(92,746,684)</u>
Total property valuations	<u>\$ 342,651,108</u>	<u>\$ 331,814,953</u>	<u>\$ 317,539,504</u>	<u>\$ 292,071,701</u>
Tax Rates per \$100 Valuation				
Debt service tax rates	\$ 0.4800	\$ 0.4800	\$ 0.5500	\$ 0.6000
Maintenance tax rates*	<u>0.3400</u>	<u>0.3600</u>	<u>0.2900</u>	<u>0.2900</u>
Total tax rates per \$100 valuation	<u>\$ 0.8200</u>	<u>\$ 0.8400</u>	<u>\$ 0.8400</u>	<u>\$ 0.8900</u>
Tax Levy	<u>\$ 2,809,728</u>	<u>\$ 2,787,236</u>	<u>\$ 2,667,322</u>	<u>\$ 2,599,428</u>
Percent of Taxes Collected to				
Taxes Levied**	<u>97%</u>	<u>99%</u>	<u>99%</u>	<u>99%</u>

*Maximum tax rate approved by voters: \$0.75 on November 4, 2014

**Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

Barker-Cypress Municipal Utility District
Schedule of Long-term Debt Service Requirements by Years
March 31, 2019

Due During Fiscal Years Ending March 31	Series 2007		Total
	Principal Due April 1	Interest Due October 1, April 1	
2020	<u>\$ 310,000</u>	<u>\$ 12,788</u>	<u>\$ 322,788</u>

The District pays the amount due April 1 prior to that date. This schedule shows the amounts due within the fiscal years assuming this practice will continue in the future.

Barker-Cypress Municipal Utility District
Schedule of Long-term Debt Service Requirements by Years (Continued)
March 31, 2019

Due During Fiscal Years Ending March 31	Series 2009		Total
	Principal Due April 1	Interest Due October 1, April 1	
2020	\$ 100,000	\$ 45,000	\$ 145,000
2021	100,000	39,375	139,375
2022	100,000	33,750	133,750
2023	100,000	28,125	128,125
2024	100,000	22,500	122,500
2025	100,000	16,875	116,875
2026	100,000	11,250	111,250
2027	100,000	5,625	105,625
	<hr/>	<hr/>	<hr/>
Totals	\$ 800,000	\$ 202,500	\$ 1,002,500
	<hr/>	<hr/>	<hr/>

The District pays the amount due April 1 prior to that date. This schedule shows the amounts due within the fiscal years assuming this practice will continue in the future.

Barker-Cypress Municipal Utility District
Schedule of Long-term Debt Service Requirements by Years (Continued)
March 31, 2019

Due During Fiscal Years Ending March 31	Series 2010		Total
	Principal Due April 1	Interest Due October 1, April 1	
2020	\$ -	\$ 79,000	\$ 79,000
2021	-	79,000	79,000
2022	-	79,000	79,000
2023	-	79,000	79,000
2024	-	79,000	79,000
2025	200,000	79,000	279,000
2026	200,000	71,000	271,000
2027	200,000	62,750	262,750
2028	150,000	54,500	204,500
2029	150,000	48,125	198,125
2030	335,000	41,750	376,750
2031	500,000	25,000	525,000
Totals	<u>\$ 1,735,000</u>	<u>\$ 777,125</u>	<u>\$ 2,512,125</u>

The District pays the amount due April 1 prior to that date. This schedule shows the amounts due within the fiscal years assuming this practice will continue in the future.

Barker-Cypress Municipal Utility District
Schedule of Long-term Debt Service Requirements by Years (Continued)
March 31, 2019

Due During Fiscal Years Ending March 31	Refunding Series 2012		
	Principal Due April 1	Interest Due October 1, April 1	Total
2020	\$ 330,000	\$ 68,700	\$ 398,700
2021	340,000	58,800	398,800
2022	360,000	45,200	405,200
2023	375,000	30,800	405,800
2024	395,000	15,800	410,800
Totals	<u>\$ 1,800,000</u>	<u>\$ 219,300</u>	<u>\$ 2,019,300</u>

The District pays the amount due April 1 prior to that date. This schedule shows the amounts due within the fiscal years assuming this practice will continue in the future.

Barker-Cypress Municipal Utility District
Schedule of Long-term Debt Service Requirements by Years (Continued)
March 31, 2019

Due During Fiscal Years Ending March 31	Series 2014		Total
	Principal Due April 1	Interest Due October 1, April 1	
2020	\$ -	\$ 91,315	\$ 91,315
2021	-	91,315	91,315
2022	-	91,315	91,315
2023	-	91,315	91,315
2024	-	91,315	91,315
2025	30,000	91,315	121,315
2026	35,000	90,325	125,325
2027	35,000	89,170	124,170
2028	40,000	88,015	128,015
2029	40,000	86,695	126,695
2030	200,000	85,375	285,375
2031	200,000	78,625	278,625
2032	500,000	71,875	571,875
2033	500,000	54,375	554,375
2034	500,000	36,875	536,875
2035	500,000	18,750	518,750
Totals	<u>\$ 2,580,000</u>	<u>\$ 1,247,970</u>	<u>\$ 3,827,970</u>

The District pays the amount due April 1 prior to that date. This schedule shows the amounts due within the fiscal years assuming this practice will continue in the future.

Barker-Cypress Municipal Utility District
Schedule of Long-term Debt Service Requirements by Years (Continued)
March 31, 2019

Due During Fiscal Years Ending March 31	Refunding Series 2015		
	Principal Due April 1	Interest Due October 1, April 1	Total
2020	\$ 240,000	\$ 300,250	\$ 540,250
2021	580,000	295,450	875,450
2022	595,000	283,850	878,850
2023	620,000	266,000	886,000
2024	645,000	247,400	892,400
2025	820,000	221,600	1,041,600
2026	870,000	188,800	1,058,800
2027	915,000	154,000	1,069,000
2028	1,125,000	117,400	1,242,400
2029	1,200,000	72,400	1,272,400
2030	610,000	24,400	634,400
Totals	<u>\$ 8,220,000</u>	<u>\$ 2,171,550</u>	<u>\$ 10,391,550</u>

The District pays the amount due April 1 prior to that date. This schedule shows the amounts due within the fiscal years assuming this practice will continue in the future.

Barker-Cypress Municipal Utility District
Schedule of Long-term Debt Service Requirements by Years (Continued)
March 31, 2019

Due During Fiscal Years Ending March 31	Series 2018		Total
	Principal Due April 1	Interest Due October 1, April 1	
2020	\$ -	\$ 92,000	\$ 92,000
2021	-	92,000	92,000
2022	-	92,000	92,000
2023	-	92,000	92,000
2024	-	92,000	92,000
2025	-	92,000	92,000
2026	-	92,000	92,000
2027	-	92,000	92,000
2028	-	92,000	92,000
2029	-	92,000	92,000
2030	115,000	92,000	207,000
2031	230,000	87,400	317,400
2032	230,000	78,200	308,200
2033	230,000	70,150	300,150
2034	230,000	61,525	291,525
2035	230,000	52,900	282,900
2036	230,000	44,275	274,275
2037	230,000	35,650	265,650
2038	230,000	26,738	256,738
2039	230,000	17,825	247,825
2040	230,000	8,912	238,912
Totals	\$ 2,415,000	\$ 1,495,575	\$ 3,910,575

The District pays the amount due April 1 prior to that date. This schedule shows the amounts due within the fiscal years assuming this practice will continue in the future.

Barker-Cypress Municipal Utility District
Schedule of Long-term Debt Service Requirements by Years (Continued)
March 31, 2019

Fiscal Years Ending March 31	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2020	\$ 980,000	\$ 689,053	\$ 1,669,053
2021	1,020,000	655,940	1,675,940
2022	1,055,000	625,115	1,680,115
2023	1,095,000	587,240	1,682,240
2024	1,140,000	548,015	1,688,015
2025	1,150,000	500,790	1,650,790
2026	1,205,000	453,375	1,658,375
2027	1,250,000	403,545	1,653,545
2028	1,315,000	351,915	1,666,915
2029	1,390,000	299,220	1,689,220
2030	1,260,000	243,525	1,503,525
2031	930,000	191,025	1,121,025
2032	730,000	150,075	880,075
2033	730,000	124,525	854,525
2034	730,000	98,400	828,400
2035	730,000	71,650	801,650
2036	230,000	44,275	274,275
2037	230,000	35,650	265,650
2038	230,000	26,738	256,738
2039	230,000	17,825	247,825
2040	230,000	8,912	238,912
Totals	<u>\$ 17,860,000</u>	<u>\$ 6,126,808</u>	<u>\$ 23,986,808</u>

Barker-Cypress Municipal Utility District

Changes in Long-term Bonded Debt

Year Ended March 31, 2019

	Bond		
	Series 2007	Series 2009	Series 2010
Interest rates	4.125%	4.25% to 5.75%	4.00% to 5.00%
Dates interest payable	October 1/ April 1	October 1/ April 1	October 1/ April 1
Maturity dates	April 1, 2020	April 1, 2020/2027	April 1, 2025/2031
Bonds outstanding, beginning of current year	\$ 605,000	\$ 900,000	\$ 1,735,000
Bonds sold during current year	-	-	-
Retirements, principal	295,000	100,000	-
Bonds outstanding, end of current year	\$ 310,000	\$ 800,000	\$ 1,735,000
Interest paid during current year	\$ 24,956	\$ 49,250	\$ 79,000
Paying agent's name and address:			
Series 2007	- Regions Bank, Houston, Texas		
Series 2009	- Regions Bank, Houston, Texas		
Series 2010	- Regions Bank, Houston, Texas		
Series 2012	- U.S. Bank, N.A., Houston, Texas		
Series 2014	- Regions Bank, Houston, Texas		
Series 2015	- Regions Bank, Houston, Texas		
Series 2018	- Regions Bank, Houston, Texas		
Bond authority:			
	Tax Bonds	Other Bonds	Refunding Bonds
Amount authorized by voters	\$ 59,885,000	0	\$ 32,477,340
Amount issued/applied against authorization	\$ 32,300,000	0	\$ 2,862,340
Remaining to be issued	\$ 27,585,000	0	\$ 29,615,000
Debt service fund cash and temporary investment balances as of March 31, 2019:			\$ 1,343,156
Average annual debt service payment (principal and interest) for remaining term of all debt:			\$ 1,142,229

Issues

Refunding Series 2012	Series 2014	Refunding Series 2015	Series 2018	Totals
3.00% to 4.00%	3.30% to 3.75%	2.00% to 4.00%	3.50% to 4.00%	
October 1/ April 1	October 1/ April 1	October 1/ April 1	October 1/ April 1	
April 1, 2020/2024	April 1, 2025/2035	April 1, 2020/2030	April 1, 2030/2040	
\$ 2,120,000	\$ 2,580,000	\$ 8,455,000	\$ -	\$ 16,395,000
-	-	-	2,415,000	2,415,000
320,000	-	235,000	-	950,000
<u>\$ 1,800,000</u>	<u>\$ 2,580,000</u>	<u>\$ 8,220,000</u>	<u>\$ 2,415,000</u>	<u>\$ 17,860,000</u>
<u>\$ 78,300</u>	<u>\$ 91,315</u>	<u>\$ 304,950</u>	<u>\$ 38,333</u>	<u>\$ 666,104</u>

Barker-Cypress Municipal Utility District

Comparative Schedule of Revenues and Expenditures – General Fund

Five Years Ended March 31,

	Amounts				
	2019	2018	2017	2016	2015
General Fund					
Revenues					
Property taxes	\$ 1,177,814	\$ 1,170,810	\$ 915,975	\$ 844,155	\$ 669,480
Rebate revenue	9,969	9,690	11,250	7,700	8,071
Water service	520,752	523,817	537,248	538,773	501,824
Sewer service	910,335	913,264	902,597	800,415	797,035
Regional water fee	751,755	724,586	691,658	649,743	603,079
Penalty and interest	64,830	65,176	72,714	75,757	67,331
Tap connection and inspection fees	870	35,845	-	244,727	3,455
Investment income	92,098	29,780	17,003	12,279	8,436
Other income	10,500	-	-	5,150	50,433
Total revenues	<u>3,538,923</u>	<u>3,472,968</u>	<u>3,148,445</u>	<u>3,178,699</u>	<u>2,709,144</u>
Expenditures					
Service operations:					
Purchased services	1,051,359	957,200	1,140,504	940,551	953,839
Regional water fee	20,466	34,649	7,576	30,828	6,203
Professional fees	293,762	283,879	222,987	236,129	270,287
Contracted services	486,876	486,758	481,177	461,828	443,808
Utilities	33,986	33,404	37,623	41,449	37,728
Repairs and maintenance	642,145	493,318	541,612	457,216	341,648
Other expenditures	84,087	94,482	95,078	92,619	100,941
Tap connections	-	35,610	-	112,045	3,200
Capital outlay	<u>253,689</u>	<u>168,382</u>	<u>110,144</u>	<u>510,975</u>	<u>176,327</u>
Total expenditures	<u>2,866,370</u>	<u>2,587,682</u>	<u>2,636,701</u>	<u>2,883,640</u>	<u>2,333,981</u>
Excess of Revenues Over Expenditures	672,553	885,286	511,744	295,059	375,163
Other Financing Sources					
Interfund transfers in	<u>101,474</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,179</u>
Excess of Revenues and Transfers In Over Expenditures and Transfers Out	774,027	885,286	511,744	295,059	382,342
Fund Balance, Beginning of Year	<u>4,676,948</u>	<u>3,791,662</u>	<u>3,279,918</u>	<u>2,984,859</u>	<u>2,602,517</u>
Fund Balance, End of Year	<u>\$ 5,450,975</u>	<u>\$ 4,676,948</u>	<u>\$ 3,791,662</u>	<u>\$ 3,279,918</u>	<u>\$ 2,984,859</u>
Total Active Retail Water Connections	<u>2,137</u>	<u>2,139</u>	<u>2,135</u>	<u>2,136</u>	<u>2,143</u>
Total Active Retail Wastewater Connections	<u>2,104</u>	<u>2,108</u>	<u>2,101</u>	<u>2,102</u>	<u>2,130</u>

Percent of Fund Total Revenues

2019	2018	2017	2016	2015
33.3 %	33.7 %	29.1 %	26.6 %	24.7 %
0.3	0.3	0.4	0.2	0.3
14.7	15.1	17.1	16.9	18.5
25.7	26.3	28.7	25.2	29.4
21.3	20.8	21.9	20.4	22.3
1.8	1.9	2.3	2.4	2.5
0.0	1.0	-	7.7	0.1
2.6	0.9	0.5	0.4	0.3
0.3	-	-	0.2	1.9
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
29.7	27.6	36.2	29.6	35.2
0.6	1.0	0.2	1.0	0.2
8.3	8.2	7.1	7.4	10.0
13.7	14.0	15.3	14.5	16.4
1.0	1.0	1.2	1.3	1.4
18.1	14.2	17.2	14.4	12.6
2.4	2.7	3.1	2.9	3.7
-	1.0	-	3.5	0.1
7.2	4.8	3.5	16.1	6.5
<u>81.0</u>	<u>74.5</u>	<u>83.8</u>	<u>90.7</u>	<u>86.1</u>
<u><u>19.0 %</u></u>	<u><u>25.5 %</u></u>	<u><u>16.2 %</u></u>	<u><u>9.3 %</u></u>	<u><u>13.9 %</u></u>

Barker-Cypress Municipal Utility District
Comparative Schedule of Revenues and Expenditures – Debt Service Fund
Five Years Ended March 31,

	Amounts				
	2019	2018	2017	2016	2015
Debt Service Fund					
Revenues					
Property taxes	\$ 1,663,584	\$ 1,572,887	\$ 1,740,937	\$ 1,755,277	\$ 1,745,162
Penalty and interest	36,041	80,054	23,205	20,983	35,498
Investment income	23,359	10,708	7,506	4,299	4,002
Other income	21	14	11	7	2
Total revenues	<u>1,723,005</u>	<u>1,663,663</u>	<u>1,771,659</u>	<u>1,780,566</u>	<u>1,784,664</u>
Expenditures					
Current:					
Professional fees	16,040	8,109	4,631	6,156	13,095
Contracted services	66,304	53,163	58,515	57,925	57,841
Other expenditures	9,383	10,133	9,887	8,596	8,672
Debt service:					
Principal retirement	950,000	820,000	1,115,000	955,000	1,020,000
Interest and fees	666,893	657,449	698,690	852,857	812,559
Debt issuance costs	-	-	-	302,159	-
Total expenditures	<u>1,708,620</u>	<u>1,548,854</u>	<u>1,886,723</u>	<u>2,182,693</u>	<u>1,912,167</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>14,385</u>	<u>114,809</u>	<u>(115,064)</u>	<u>(402,127)</u>	<u>(127,503)</u>
Other Financing Sources (Uses)					
General obligation bonds issued	-	-	-	8,775,000	-
Payments to escrow agent	-	-	-	(8,965,594)	-
Premium on debt issued	-	-	-	504,602	-
Total other financing sources	<u>0</u>	<u>0</u>	<u>0</u>	<u>314,008</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>14,385</u>	<u>114,809</u>	<u>(115,064)</u>	<u>(88,119)</u>	<u>(127,503)</u>
Fund Balance, Beginning of Year	<u>1,290,621</u>	<u>1,175,812</u>	<u>1,290,876</u>	<u>1,378,995</u>	<u>1,506,498</u>
Fund Balance, End of Year	<u>\$ 1,305,006</u>	<u>\$ 1,290,621</u>	<u>\$ 1,175,812</u>	<u>\$ 1,290,876</u>	<u>\$ 1,378,995</u>

Percent of Fund Total Revenues

2019	2018	2017	2016	2015
96.6 %	94.6 %	98.3 %	98.6 %	97.8 %
2.1	4.8	1.3	1.2	2.0
1.3	0.6	0.4	0.2	0.2
0.0	0.0	0.0	0.0	0.0
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
0.9	0.5	0.3	0.4	0.7
3.9	3.2	3.3	3.2	3.2
0.5	0.6	0.6	0.5	0.5
55.2	49.3	62.9	53.6	57.2
38.7	39.5	39.4	47.9	45.5
<u>-</u>	<u>-</u>	<u>-</u>	<u>17.0</u>	<u>-</u>
<u>99.2</u>	<u>93.1</u>	<u>106.5</u>	<u>122.6</u>	<u>107.1</u>
<u><u>0.8 %</u></u>	<u><u>6.9 %</u></u>	<u><u>(6.5) %</u></u>	<u><u>(22.6) %</u></u>	<u><u>(7.1) %</u></u>

Barker-Cypress Municipal Utility District
Board Members, Key Personnel and Consultants
Year Ended March 31, 2019

Complete District mailing address:	Barker-Cypress Municipal Utility District c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Boulevard, Suite 1400 Houston, Texas 77056
District business telephone number:	713.623.4531
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	December 4, 2018
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200

Board Members	Term of Office Elected & Expires	Fees*	Expense Reimbursements	Title at Year-end
M.T. Marks	Elected 05/18- 05/22	\$ 1,950	\$ 17	President
Chance Vinklerek	Elected 05/18- 05/22	4,200	1,404	Vice President
Susan Skiles	Elected 05/16- 05/20	1,800	0	Secretary
Darryl Davis	Elected 05/16- 05/20	2,400	361	Assistant Secretary
Bill Grzanka	Appointed 08/17- 05/20	3,900	2,100	Assistant Secretary

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

Barker-Cypress Municipal Utility District
Board Members, Key Personnel and Consultants (Continued)
Year Ended March 31, 2019

Consultants	Date Hired	Fees and Expense Reimbursements	Title
BKD, LLP	03/14/86	\$ 22,100	Auditor
Harris County Appraisal District	Legislative Action	25,914	Appraiser
Hilltop Securities Inc.	10/08/02	0	Former Financial Advisor
Inframark, LLC	02/17/81	739,363	Operator
Jones & Carter, Inc.	06/08/83	314,714	Engineer
Masterson Advisors LLC	05/08/18	54,979	Financial Advisor
Municipal Accounts & Consulting, L.P.	04/08/03	37,693	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/24/06	16,040	Delinquent Tax Attorney
Schwartz, Page & Harding, L.L.P.	04/05/78	192,886	General Counsel
Wheeler & Associates, Inc.	04/05/78	51,300	Tax Assessor/ Collector
Investment Officers			
Mark M. Burton and Ghia Lewis	02/11/03	N/A	Bookkeepers