

GREENWOOD UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2017

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Greenwood Utility District
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Greenwood Utility District (the "District"), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 District'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 December 31, 2017, and the respective changes in financial position 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 the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund and each Special Revenue Fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide any assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

May 16, 2018

**GREENWOOD UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Management's discussion and analysis of Greenwood Utility District's (the "District") financial performance provides an overview of the District's financial activities for the year ended December 31, 2017. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes all the District's assets, liabilities and deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has four governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, operating costs and general expenditures. The Special Revenue Funds account for the activities of the wastewater treatment facilities and water facilities. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt

**GREENWOOD UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

FUND FINANCIAL STATEMENTS (Continued)

and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI"). Budgetary comparison schedules are included as RSI for the General Fund and each Special Revenue Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,808,459 as of December 31, 2017. A portion of the District's net position reflects its net investment in capital assets (land and buildings as well as the water, wastewater and drainage facilities, less any debt used to acquire those assets that is still outstanding). The following is a comparative analysis of government-wide changes in net position:

**GREENWOOD UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	<u>Summary of Changes in the Statement of Net Position</u>		
	<u>2017</u>	<u>2016</u>	<u>Change Positive (Negative)</u>
Current and Other Assets	\$ 10,073,429	\$ 9,080,833	\$ 992,596
Capital Assets (Net of Accumulated Depreciation)	<u>22,976,683</u>	<u>20,080,139</u>	<u>2,896,544</u>
Total Assets	<u>\$ 33,050,112</u>	<u>\$ 29,160,972</u>	<u>\$ 3,889,140</u>
Deferred Outflows of Resources	<u>\$ 227,909</u>	<u>\$ 239,539</u>	<u>\$ (11,630)</u>
Due to Developer	\$ 7,013,434	\$ 10,000,447	\$ 2,987,013
Bonds Payable	20,258,635	13,637,085	(6,621,550)
Other Liabilities	<u>1,832,683</u>	<u>1,157,277</u>	<u>(675,406)</u>
Total Liabilities	<u>\$ 29,104,752</u>	<u>\$ 24,794,809</u>	<u>\$ (4,309,943)</u>
Deferred Inflows of Resources	<u>\$ 1,364,810</u>	<u>\$ 995,234</u>	<u>\$ (369,576)</u>
Net Position:			
Net Investment in Capital Assets	\$ (1,150,566)	\$ (513,204)	\$ (637,362)
Restricted	1,372,736	1,376,886	(4,150)
Unrestricted	<u>2,586,289</u>	<u>2,746,786</u>	<u>(160,497)</u>
Total Net Position	<u>\$ 2,808,459</u>	<u>\$ 3,610,468</u>	<u>\$ (802,009)</u>

The following table provides a summary of the District's operations for the years ended December 31, 2017 and December 31, 2016.

	<u>Summary of Changes in the Statement of Activities</u>		
	<u>2017</u>	<u>2016</u>	<u>Change Positive (Negative)</u>
Revenues:			
Property Taxes	\$ 1,022,172	\$ 1,014,116	\$ 8,056
Charges for Services	4,061,323	3,657,777	403,546
Other Revenues	<u>137,518</u>	<u>83,853</u>	<u>53,665</u>
Total Revenues	<u>\$ 5,221,013</u>	<u>\$ 4,755,746</u>	<u>\$ 465,267</u>
Expenses for Services	<u>6,023,022</u>	<u>4,793,794</u>	<u>(1,229,228)</u>
Change in Net Position	\$ (802,009)	\$ (38,048)	\$ (763,961)
Net Position, Beginning of Year	<u>3,610,468</u>	<u>3,648,516</u>	<u>(38,048)</u>
Net Position, End of Year	<u>\$ 2,808,459</u>	<u>\$ 3,610,468</u>	<u>\$ (802,009)</u>

**GREENWOOD UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of December 31, 2017, were \$6,523,677, a decrease of \$231,394 from the prior year.

The General Fund fund balance decreased by \$160,497, primarily due to operating costs exceeding operating revenues.

The Debt Service Fund fund balance increased by \$51,704, primarily due to the structure of the District's outstanding debt service requirements.

The Capital Projects Fund fund balance decreased by \$122,601, primarily due to capital costs and reimbursing a developer in the District with the Series 2017 bond proceeds.

BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the General Fund budget during the fiscal year. Actual revenues were \$381,583 more than budgeted revenues primarily due to higher than expected revenues in almost all categories as a result of growth in the District. Actual expenditures were \$577,889 higher than budgeted expenditures primarily due to higher than expected professional fees, purchased water service, purchase wastewater service, and unbudgeted lease costs. Revenue neutral Special Revenue Fund budgets are also presented.

CAPITAL ASSETS

Capital assets as of December 31, 2017, total \$22,976,683 (net of accumulated depreciation) and include land and the administration building as well as the water, wastewater and drainage systems. Construction in progress consists of engineering and construction costs for the wastewater treatment plant expansion; recoating of the ground storage tank at water plant no. 1; water transmission facility expansion; rehabilitation of administration building; lease of package wastewater treatment plant; and Tidwell Lakes force main. Projects completed in the current year include wastewater treatment plant outfall channel repairs; water line extension on John Ralston Road; water, wastewater and drainage facilities for Bavaria, Sections 1 and 6 and Hidden Meadow, Phase II Sections 4, 5, 6, 7, 13, and 15; Evergreen Villas, Section 3 detention; and clearing and grubbing Bavaria, Section 2.

**GREENWOOD UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

CAPITAL ASSETS (Continued)

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2017	2016	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 87,448	\$ 87,448	\$
Construction in Progress	335,818	206,417	129,401
Capital Assets, Net of Accumulated Depreciation:			
Building	119,619	131,595	(11,976)
Water System	7,118,167	6,575,301	542,866
Wastewater System	8,379,678	7,483,831	895,847
Drainage System	6,935,953	5,595,547	1,340,406
Total Net Capital Assets	\$ 22,976,683	\$ 20,080,139	\$ 2,896,544

LONG-TERM DEBT ACTIVITY

At year-end, the District had total bond debt payable of \$20,730,000. The changes in the debt position of the District during the fiscal year ended December 31, 2017, are summarized as follows:

Bond Debt Payable, January 1, 2017	\$ 13,905,000
Add: Bond Sale	7,195,000
Less: Bond Principal Paid	370,000
Bond Debt Payable, December 31, 2017	\$ 20,730,000

The District's bonds were not rated for the current nor prior years.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Greenwood Utility District, c/o Radcliffe Bobbitt Adams Polley PLLC, 2929 Allen Parkway, Suite 3450, Houston, TX 77019-7120.

GREENWOOD UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2017

	General Fund	Special Revenue Funds	
		Water Facilities	Wastewater Treatment Facilities
ASSETS			
Cash	\$ 433,522	\$ 248,154	\$ 120,156
Investments	2,642,829		
Receivables:			
Property Taxes			
Penalty and Interest on Delinquent Taxes			
Service Accounts (Net of Allowance for Doubtful Accounts of \$4,000)	264,870		
Builder Damages	6,850		
Due from Developer	50,125		
Due from Other Funds	69,684	69,033	92,232
Prepaid Costs	87,140		
Due from Participants		105,807	132,301
Advance for Water Plant Operations	149,908		
Advance for Wastewater Treatment Plant Operations	60,309		
Land			
Construction in Progress			
Capital Assets (Net of Accumulated Depreciation)			
TOTAL ASSETS	<u>\$ 3,765,237</u>	<u>\$ 422,994</u>	<u>\$ 344,689</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges on Refunding Bonds	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 3,765,237</u>	<u>\$ 422,994</u>	<u>\$ 344,689</u>

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

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 629,024	\$ 172,384	\$ 1,603,240	\$	\$ 1,603,240
1,327,788	2,794,719	6,765,336		6,765,336
888,233		888,233		888,233
			169,527	169,527
		264,870		264,870
		6,850		6,850
		50,125		50,125
		230,949	(230,949)	
		87,140		87,140
		238,108		238,108
		149,908	(149,908)	
		60,309	(60,309)	
			87,448	87,448
			335,818	335,818
			<u>22,553,417</u>	<u>22,553,417</u>
<u>\$ 2,845,045</u>	<u>\$ 2,967,103</u>	<u>\$ 10,345,068</u>	<u>\$ 22,705,044</u>	<u>\$ 33,050,112</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 227,909</u>	<u>\$ 227,909</u>
<u>\$ 2,845,045</u>	<u>\$ 2,967,103</u>	<u>\$ 10,345,068</u>	<u>\$ 22,932,953</u>	<u>\$ 33,278,021</u>

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

**GREENWOOD UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2017**

	Special Revenue Funds		
	General Fund	Water Facilities	Wastewater Treatment Facilities
LIABILITIES			
Accounts Payable	\$ 488,783	\$ 102,951	\$ 162,562
Accrued Interest Payable			
Due to Other Funds	161,265		55,000
Due to Taxpayers			
Advances from Participants		320,043	127,127
Security Deposits	506,400		
Unearned Tap Revenue	22,500		
Accrued Interest at Time of Sale			
Due to Developers			
Long-Term Liabilities:			
Bonds Payable, Due Within One Year			
Bonds Payable, Due After One Year			
TOTAL LIABILITIES	\$ 1,178,948	\$ 422,994	\$ 344,689
 DEFERRED INFLOWS OF RESOURCES			
Property Taxes	\$ -0-	\$ -0-	\$ -0-
 FUND BALANCES			
Nonspendable:			
Prepaid Costs	\$ 87,140	\$	\$
Water Plant Operations	149,908		
Wastewater Treatment Plant Operations	60,309		
Restricted for Authorized Construction			
Restricted for Debt Service			
Assigned to 2018 Budget	969,207		
Unassigned	1,319,725		
TOTAL FUND BALANCES	\$ 2,586,289	\$ - 0 -	\$ - 0 -
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,765,237	\$ 422,994	\$ 344,689
 NET POSITION			
Net Investment in Capital Assets			
Restricted for Debt Service			
Unrestricted			
TOTAL NET POSITION			

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

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 4,638	\$ 41,408	\$ 800,342	\$	\$ 800,342
			250,294	250,294
5,900	8,784	230,949	(230,949)	
16,194		16,194		16,194
		447,170	(210,217)	236,953
		506,400		506,400
		22,500		22,500
11,141		11,141	(11,141)	
	260,773	260,773	6,752,661	7,013,434
			490,000	490,000
			19,768,635	19,768,635
<u>\$ 37,873</u>	<u>\$ 310,965</u>	<u>\$ 2,295,469</u>	<u>\$ 26,809,283</u>	<u>\$ 29,104,752</u>
<u>\$ 1,525,922</u>	<u>\$ -0-</u>	<u>\$ 1,525,922</u>	<u>\$ (161,112)</u>	<u>\$ 1,364,810</u>
\$	\$	\$ 87,140	\$ (87,140)	\$
		149,908	(149,908)	
		60,309	(60,309)	
	2,656,138	2,656,138	(2,656,138)	
1,281,250		1,281,250	(1,281,250)	
		969,207	(969,207)	
		1,319,725	(1,319,725)	
<u>\$ 1,281,250</u>	<u>\$ 2,656,138</u>	<u>\$ 6,523,677</u>	<u>\$ (6,523,677)</u>	<u>\$ - 0 -</u>
<u>\$ 2,845,045</u>	<u>\$ 2,967,103</u>	<u>\$ 10,345,068</u>		
			\$ (1,150,566)	\$ (1,150,566)
			1,372,736	1,372,736
			2,586,289	2,586,289
			<u>\$ 2,808,459</u>	<u>\$ 2,808,459</u>

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

**GREENWOOD UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2017**

Total Fund Balances - Governmental Funds	\$ 6,523,677
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.	22,976,683
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Deferred charges on refunding bonds are recorded as a deferred outflow in the governmental activities and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.	227,909
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Deferred inflows of resources related to property tax revenues and uncollected penalty and interest revenues on delinquent taxes for the 2016 and prior tax levies became part of recognized revenue in the governmental activities of the District.	330,639
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Due to Developer	\$ (6,752,661)	
Accrued Interest Payable	(239,153)	
Bonds Payable	<u>(20,258,635)</u>	<u>(27,250,449)</u>

Total Net Position - Governmental Activities	<u>\$ 2,808,459</u>
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The accompanying notes to the financial statements are an integral part of this report.

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GREENWOOD UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Special Revenue Funds		
	General Fund	Water Facilities	Wastewater Treatment Facilities
REVENUES			
Property Taxes	\$	\$	\$
Water Service	1,018,845	1,188,855	
Wastewater Service	884,737		1,044,090
Groundwater Reduction Plan Fees	529,524		
Penalty and Interest	74,863		
Tap Connection and Inspection Fees	364,701		
Miscellaneous Revenues	100,073	298	123
TOTAL REVENUES	<u>\$ 2,972,743</u>	<u>\$ 1,189,153</u>	<u>\$ 1,044,213</u>
EXPENDITURES/EXPENSES			
Service Operations:			
Professional Fees	\$ 290,341	\$ 30,089	\$ 43,942
Contracted Services	540,811	20,626	79,796
Purchased Water Service	574,522	1,023,044	472
Purchased Wastewater Service	500,558		
Utilities	35,092	23,528	116,237
Repairs and Maintenance	311,671	52,330	318,811
Depreciation			
Other	712,018	2,085	195,595
Capital Outlay	168,227	37,451	289,360
Debt Service:			
Bond Principal			
Bond Interest			
Bond Issuance Costs			
TOTAL EXPENDITURES/EXPENSES	<u>\$ 3,133,240</u>	<u>\$ 1,189,153</u>	<u>\$ 1,044,213</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	<u>\$ (160,497)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from Issuance of Long-Term Debt	\$	\$	\$
Bond Discount			
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
NET CHANGE IN FUND BALANCES	<u>\$ (160,497)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
CHANGE IN NET POSITION			
FUND BALANCES/NET POSITION - JANUARY 1, 2017	<u>2,746,786</u>	<u>-0-</u>	<u>-0-</u>
FUND BALANCES/NET POSITION - DECEMBER 31, 2017	<u>\$ 2,586,289</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
\$ 1,010,288	\$	\$ 1,010,288	\$ 11,884	\$ 1,022,172
		2,207,700	(574,994)	1,632,706
		1,928,827	(500,558)	1,428,269
		529,524		529,524
20,501		95,364	10,759	106,123
		364,701		364,701
12,909	24,115	137,518		137,518
<u>\$ 1,043,698</u>	<u>\$ 24,115</u>	<u>\$ 6,273,922</u>	<u>\$ (1,052,909)</u>	<u>\$ 5,221,013</u>
\$ 8,056	\$ 32,515	\$ 404,943	\$	\$ 404,943
55,533		696,766		696,766
		1,598,038	(574,994)	1,023,044
		500,558	(500,558)	
		174,857		174,857
		682,812	46,421	729,233
			869,221	869,221
4,017	28	913,743	158,169	1,071,912
	6,697,192	7,192,230	(7,192,230)	
370,000		370,000	(370,000)	
554,388		554,388	102,527	656,915
	396,131	396,131		396,131
<u>\$ 991,994</u>	<u>\$ 7,125,866</u>	<u>\$ 13,484,466</u>	<u>\$ (7,461,444)</u>	<u>\$ 6,023,022</u>
<u>\$ 51,704</u>	<u>\$ (7,101,751)</u>	<u>\$ (7,210,544)</u>	<u>\$ 6,408,535</u>	<u>\$ (802,009)</u>
\$	\$ 7,195,000	\$ 7,195,000	\$ (7,195,000)	\$
	(215,850)	(215,850)	215,850	
<u>\$ -0-</u>	<u>\$ 6,979,150</u>	<u>\$ 6,979,150</u>	<u>\$ (6,979,150)</u>	<u>\$ -0-</u>
\$ 51,704	\$ (122,601)	\$ (231,394)	\$ 231,394	\$
			(802,009)	(802,009)
1,229,546	2,778,739	6,755,071	(3,144,603)	3,610,468
<u>\$ 1,281,250</u>	<u>\$ 2,656,138</u>	<u>\$ 6,523,677</u>	<u>\$ (3,715,218)</u>	<u>\$ 2,808,459</u>

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

GREENWOOD UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

Net Change in Fund Balances - Governmental Funds \$ (231,394)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied. 11,884

Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed. 10,759

Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities. (869,221)

Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected. 6,987,640

Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities. 370,000

In the Statement of Net Position, bond discounts are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities. 215,850

Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end. (102,527)

Governmental funds report bond proceeds as other financing sources. However, in the government-wide financial statements, the issuance of debt increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. (7,195,000)

Change in Net Position - Governmental Activities \$ (802,009)

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

GREENWOOD UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1. CREATION OF DISTRICT

Greenwood Utility District of Harris County, Texas (the “District”) was created by Acts of the 61st Legislature of the State of Texas, Regular Session, 1969, as a water control and improvement district in accordance with the Texas Water Code, Chapter 51. On May 14, 1979, the District was converted to a municipal utility district by order of the Texas Water Rights Commission, predecessor to the Texas Commission on Environmental Quality, and validity exists pursuant to Article XVI, Section 59 of the Constitution of the State of Texas as a utility district operating pursuant to Chapters 49 and 54, Water Code. Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on October 2, 1969, and the first bonds were sold on June 4, 1970.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Commission.

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statement as component units.

The District participates in a joint venture for the operation of the Greenwood Waste Disposal System. Since the District exercises oversight responsibility for the plant, the plant’s operations are accounted for in the Special Revenue Fund of the District (see Note 8). The District does not issue separate financial statements for this joint venture.

GREENWOOD UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District also participates in a joint venture for the operation of certain water facilities. Since the District exercises oversight responsibility for the facilities, the facilities are accounted for in a Special Revenue Fund of the District (see Note 9). The District does not issue separate financial statements for this joint venture.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”).

GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District’s Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

GREENWOOD UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

Fund Financial Statements

As discussed above, the District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Governmental Funds Balance Sheet and a Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances.

Governmental Funds

The District has four major governmental funds.

General Fund - To account for resources not required to be accounted for in another fund, customer service revenues, operating costs and general expenditures.

Special Revenue Fund – To account for financial resources collected and administered by the District for the joint operation of the wastewater treatment facilities and the water facilities.

Debt Service Fund - To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

Capital Projects Fund - To account for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both “measurable and available.” Measurable means the amount can be determined. Available means collectible within the current

GREENWOOD UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectible within 60 days after year-end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Property taxes considered available by the District and included in revenue include taxes collected from October 1, 2016, to December 31, 2017, for the 2016 tax levy and taxes collected from January 1, 2017, to December 31, 2017, for the 2015 and prior tax levies. The 2017 tax levy has been fully deferred to meet the cost of operations for the 2018 fiscal year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of December 31, 2017, the General Fund owed the Special Revenue Fund \$69,033 and \$92,232, for water plant operations and wastewater treatment plant operations, respectively; the Capital Projects Fund owed \$8,784 to the General Fund for engineering costs related to the water transmission facility expansion; the Debt Service Fund owed \$5,900 to the General Fund for Series 2015 Refunding bond issuance costs; and the Special Revenue Fund wastewater treatment facility owes the General Fund \$55,000 to reimburse loan for operating funds.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Interest costs, including developer interest, engineering fees and certain other costs are capitalized as part of the asset. Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$10,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

GREENWOOD UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

	Years
Buildings	40
Water System	10-45
Wastewater System	10-45
Drainage System	10-45

Budgeting

In compliance with governmental accounting principles, the Board of Directors annually adopts unappropriated budgets for the General Fund and each Special Revenue Fund. The General Fund budget was not amended during the current fiscal year; both Special Revenue Fund budgets were amended in the current fiscal year.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Directors are subject to federal income tax withholding for payroll purposes only.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position.

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

GREENWOOD UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances. As of December 31, 2017, \$969,207 has been assigned to the 2018 budget.

Unassigned: all other spendable amounts in the General Fund.

When expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds.

Accounting 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3. LONG-TERM DEBT

The following is a summary of transactions regarding the changes in long-term debt for the year ended December 31, 2017:

	January 1, 2017	Additions	Retirements	December 31, 2017
Bonds Payable	\$ 13,905,000	\$ 7,195,000	\$ 370,000	\$ 20,730,000
Unamortized Discounts	(267,915)	(215,850)	(12,400)	(471,365)
Bonds Payable, Net	\$ 13,637,085	\$ 6,979,150	\$ 357,600	\$ 20,258,635
		Amount Due Within One Year		\$ 490,000
		Amount Due After One Year		19,768,635
		Bonds Payable, Net		\$ 20,258,635

GREENWOOD UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 3. LONG-TERM DEBT (Continued)

The District's bonds payable at December 31, 2017, consist of the following:

	Series 2010	Series 2015 Refunding	Series 2015
Amount Outstanding - December 31, 2017	\$2,750,000	\$5,750,000	\$5,035,000
Interest Rates	4.00% - 5.25%	2.00% - 4.10%	3.15% - 4.10%
Maturity Dates – Serially Beginning/Ending	August 1, 2018/2038	August 1, 2018/2037	August 1, 2018/2040
Interest Payment Dates	February 1/ August 1	February 1/ August 1	February 1/ August 1
Callable Dates	February 1, 2018 ⁽¹⁾	August 1, 2022 ⁽²⁾	August 1, 2022 ⁽²⁾

- (1) Bonds maturing on or after August 1, 2018, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on February 1, 2018, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. Term bonds due August 1, 2021, August 1, 2023, August 1, 2026, August 1, 2031, and August 1, 2038, are subject to mandatory redemption on August 1, 2020, August 1, 2022, August 1, 2024, August 1, 2027, and August 1, 2032, respectively.
- (2) Bonds maturing on or after August 1, 2023, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on August 1, 2022, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. Series 2015 Refunding term bonds due August 1, 2028, August 1, 2031, August 1, 2033, and August 1, 2037, are subject to mandatory redemption on August 1, 2027, August 1, 2029, August 1, 2032, and August 1, 2034, respectively. Series 2015 term bonds due August 1, 2033, August 1, 2036, and August 1, 2040, are subject to mandatory redemption on August 1, 2029, August 1, 2034 and August 1, 2037, respectively.

GREENWOOD UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2017
Amount Outstanding - December 31, 2017	\$7,195,000
Interest Rates	2.00% - 5.00%
Maturity Dates – Serially Beginning/Ending	August 1, 2018/2043
Interest Payment Dates	February 1/ August 1
Callable Dates	August 1, 2024 ⁽³⁾

- (3) Bonds maturing on or after August 1, 2025, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on August 1, 2024, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. Series 2017 term bonds due August 1, 2027, August 1, 2030, August 1, 2033, and August 1, 2043, are subject to mandatory redemption on August 1, 2025, August 1, 2028, August 1, 2031, and August 1, 2034, respectively.

As of December 31, 2017, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2018	\$ 490,000	\$ 764,102	\$ 1,254,102
2019	505,000	862,611	1,367,611
2020	515,000	848,564	1,363,564
2021	530,000	832,601	1,362,601
2022	550,000	815,898	1,365,898
2023-2027	3,035,000	3,776,080	6,811,080
2028-2032	3,685,000	3,122,055	6,807,055
2033-2037	4,530,000	2,259,212	6,789,212
2038-2042	5,610,000	1,145,340	6,755,340
2043	1,280,000	64,000	1,344,000
	\$ 20,730,000	\$ 14,490,463	\$ 35,220,463

GREENWOOD UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 3. LONG-TERM DEBT (Continued)

As of December 31, 2017, the District had authorized but unissued bonds of \$57,865,000 which can be issued for the purposes of acquiring or constructing water, sewer and drainage facilities. At an election held November 3, 2015, District voters approved the issuance of up to \$3,105,000 of park bonds and also authorized the levy of taxes and the pledge of net revenues adequate to provide for payment of debt service for the park bonds. The District also has the authority to issue refunding bonds of 150% of the remaining outstanding bonds.

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount, and certain bonds are further payable from and secured by a lien on and pledge of the net revenues to be received from the operation of the District's waterworks and sanitary sewer system.

During the year ended December 31, 2017, the District levied an ad valorem debt service tax rate of \$0.75 per \$100 of assessed valuation, which resulted in a tax levy of \$1,364,810 on the adjusted taxable valuation of \$181,974,678 for the 2017 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. The District's tax calendar is as follows:

Levy Date	- October 1, or as soon thereafter as practicable.
Lien Date	- January 1.
Due Date	- Upon receipt, but not later than January 31.
Delinquent Date	- February 1, at which time the taxpayer is liable for penalty and interest.

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The bond orders state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data to certain information repositories. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on the five-year anniversary of the issue.

GREENWOOD UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District’s deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the Authority, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District’s deposits was \$1,603,240 and the bank balance was \$1,583,812. The District was not exposed to custodial credit risk at year-end. The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at December 31, 2017, as listed below:

	Cash
GENERAL FUND	\$ 433,522
SPECIAL REVENUE FUNDS	368,310
DEBT SERVICE FUND	629,024
CAPITAL PROJECTS FUND	172,384
TOTAL DEPOSITS	\$ 1,603,240

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District’s financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District’s investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.” No person may invest District funds without express written authority from the Board of Directors.

GREENWOOD UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District and has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in TexPool, an external investment pool that is not SEC-registered. The Texas State Comptroller of Public Accounts has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

As of December 31, 2017, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 2,642,829	\$ 2,642,829
<u>DEBT SERVICE FUND</u>		
TexPool	1,327,788	1,327,788
<u>CAPITAL PROJECTS FUND</u>		
TexPool	<u>2,794,719</u>	<u>2,794,719</u>
TOTAL INVESTMENTS	<u>\$ 6,765,336</u>	<u>\$ 6,765,336</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2017, the District's investment in TexPool was rated AAAM by Standard and Poor's.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in TexPool to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District unless there has been a significant change in value.

GREENWOOD UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Restrictions

All cash and investments of the Special Revenue Fund are restricted for operating the joint water and wastewater treatment facilities. All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

NOTE 6. CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2017:

	January 1, 2017	Increases	Decreases	December 31, 2017
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 87,448	\$	\$	\$ 87,448
Construction in Progress	<u>206,417</u>	<u>3,765,765</u>	<u>3,636,364</u>	<u>335,818</u>
Total Capital Assets Not Being Depreciated	<u>\$ 293,865</u>	<u>\$ 3,765,765</u>	<u>\$ 3,636,364</u>	<u>\$ 423,266</u>
Capital Assets Subject to Depreciation				
Building	\$ 171,576	\$	\$	\$ 171,576
Water System	8,253,684	820,266		9,073,950
Wastewater System	9,769,227	1,217,623		10,986,850
Drainage System	<u>6,872,574</u>	<u>1,598,475</u>		<u>8,471,049</u>
Total Capital Assets Subject to Depreciation	<u>\$ 25,067,061</u>	<u>\$ 3,636,364</u>	<u>\$ - 0 -</u>	<u>\$ 28,703,425</u>
Accumulated Depreciation				
Building	\$ 39,981	\$ 11,976	\$	\$ 51,957
Water System	1,678,383	277,400		1,955,783
Wastewater System	2,285,396	321,776		2,607,172
Drainage System	<u>1,277,027</u>	<u>258,069</u>		<u>1,535,096</u>
Total Accumulated Depreciation	<u>\$ 5,280,787</u>	<u>\$ 869,221</u>	<u>\$ - 0 -</u>	<u>\$ 6,150,008</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 19,786,274</u>	<u>\$ 2,767,143</u>	<u>\$ - 0 -</u>	<u>\$ 22,553,417</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 20,080,139</u>	<u>\$ 6,532,908</u>	<u>\$ 3,636,364</u>	<u>\$ 22,976,683</u>

GREENWOOD UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 7. MAINTENANCE TAX

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for planning, maintaining, repairing and operating of the District’s improvements if such maintenance tax is authorized by a vote of the District’s electorate. Such tax would be in addition to taxes, which the District is authorized to levy for paying principal and interest on outstanding bonds, and any tax bonds, which may be issued in the future. To date, an election has failed to authorize a maintenance tax, and thus no maintenance tax has been levied.

NOTE 8. WASTE DISPOSAL AGREEMENT

On September 9, 1997, the District executed a Waste Disposal Agreement with Parkway Utility District. This agreement replaces the Regional Wastewater Treatment Facilities agreement dated June 1, 1977, as amended by that certain agreement dated August 15, 1977, as further amended by a Settlement and Indemnity Agreement dated November 3, 1983. The agreement provided for the construction of a new wastewater treatment plant (“the Plant”) with a total capacity of 950,000 gallons per day. By deed dated September 16, 1970, the 8.116-acre plant site was conveyed to the District. The District holds legal title to the plant for the benefit of the parties. The capacity is allocated between the districts as follows:

	Ownership Capacity	Gallons-Per-Day Capacity
Greenwood Utility District	41.18%	391,210
Parkway Utility District	<u>58.82</u>	<u>558,790</u>
Total Capacity	<u>100.00%</u>	<u>950,000</u>

On October 26, 2017, the participants entered into an agreement for the District to lease 882,500 gallons of capacity in the facilities from Parkway. The value of the leased capacity is \$0.156 per gallon for a cost of \$137,670. This amount is recorded as payable at year-end.

The District operates the Plant. The variable costs of operating the Plant are allocated to the participants based upon the ratio of the number of gallons billed by each participant to their respective customers. Fixed costs as well as extraordinary repairs, capital improvements and modifications are payable in accordance with each district’s ownership capacity. Engineering costs are split evenly between the participants. The District’s cost of wastewater treatment this fiscal year is \$500,558. The term of this agreement is 40 years.

GREENWOOD UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 8. WASTE DISPOSAL AGREEMENT (Continued)

As of the fiscal year end the following balances have been recorded:

	<u>Greenwood Utility District</u>	<u>Parkway Utility District</u>	<u>Total</u>
Balance Receivable from Participants	\$ <u>92,232</u>	\$ <u>132,301</u>	\$ <u>224,533</u>
Reserve for Wastewater Treatment Plant Operations	\$ <u>60,309</u>	\$ <u>66,818</u>	\$ <u>127,127</u>

NOTE 9. WATER SUPPLY AGREEMENTS

AGREEMENT FOR FINANCING, CONSTRUCTION, OWNERSHIP,
OPERATION, AND MAINTENANCE OF WATER FACILITIES

The District entered into a water facilities agreement on July 16, 1997, and a surface water facilities agreement on January 20, 1999 with Parkway Utility District (“Parkway”) to provide for the financing, construction, ownership, operation and maintenance of water and surface water facilities. These agreements provide for the negotiation of a water supply agreement with the City of Houston to provide surface water to the joint districts. These agreements provided for the construction of a water transmission line to get water from the City to the districts. The agreements further provided for certain improvements to be made to the District’s water plant facilities in order to be able to furnish water to both districts. The District holds title to the transmission facilities for the benefit of both districts, however, Parkway has an equitable ownership interest in the water plant improvements. The District is responsible for calculating the cost of maintenance of the facilities and bills each district on a pro rata basis based on the number of gallons used by each district. The term of the agreement is 40 years. The District’s cost for water this fiscal year is \$574,522. As of the fiscal year end the following balances have been recorded:

	<u>Greenwood Utility District</u>	<u>Parkway Utility District</u>	<u>Total</u>
Balance Receivable from Participants	\$ <u>69,033</u>	\$ <u>105,807</u>	\$ <u>174,840</u>
Reserve for Water Facilities Operations	\$ <u>149,908</u>	\$ <u>170,135</u>	\$ <u>320,043</u>

GREENWOOD UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 9. WATER SUPPLY AGREEMENTS (Continued)

CITY OF HOUSTON

On March 11, 1998, the District approved an agreement with the City of Houston (the “City”) providing for the supply of water from the City to the District. The charge for water is in accordance with the rates established by City Ordinances. The initial minimum monthly quantity is 800,000 gallons per day. The current rate per 1,000 gallons of water purchased is \$2.98. The term of the agreement is 40 years.

NOTE 10. UNREIMBURSED COSTS

The District has recorded a liability for the costs to construct various water, sewer, drainage and detention facilities funded by developers within the District. The District anticipates issuing bonds to reimburse the developers for these costs.

NOTE 11. RISK MANAGEMENT

The District carries commercial insurance to protect against various risks including loss related to torts, the theft of, damage to or destruction of assets, errors and omissions, and natural disasters. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 12. HURRICANE HARVEY

The Houston area, including Harris County, sustained widespread rain damage and flooding as a result of Hurricane Harvey’s landfall along the Texas Gulf Coast on August 25, 2017, and historic levels of rainfall during the succeeding four days.

According to the District’s operator and engineer, the District’s water and sewer system operated without material damage, however the wastewater treatment plant lost several electrical components which were replaced/repared.

According to the Developers, the Operator, and the Engineer, the flood waters from Hurricane Harvey caused structural flooding within the District of approximately 595 homes and 3 businesses, the wastewater treatment plant and the District’s administrative building during.

Hurricane Harvey could have an adverse impact on the Houston region’s economy, including business activity and development in the region. The District cannot predict what impact, if any, Hurricane Harvey will have on assessed value of homes within the District.

GREENWOOD UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 13. BOND SALE

On December 13, 2017, the District issued \$7,195,000 of Series 2017 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds. Bond proceeds were used to reimburse developers for water, wastewater and drainage facilities for Hidden Meadows, Sections 4, 5, 6, 13 and 15 and Bavaria Section 1; Detention for Bavaria Section 1; utility extensions and lift station for Lennar and Academy annexations; and bond issuance costs.

GREENWOOD UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2017

GREENWOOD UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Water Service	\$ 912,000	\$ 1,018,845	\$ 106,845
Wastewater Service	756,000	884,737	128,737
Groundwater Reduction Plan Fees	498,000	529,524	31,524
Penalty and Interest	75,600	74,863	(737)
Tap Connection and Inspection Fees	295,800	364,701	68,901
Miscellaneous Revenues	<u>53,760</u>	<u>100,073</u>	<u>46,313</u>
TOTAL REVENUES	<u>\$ 2,591,160</u>	<u>\$ 2,972,743</u>	<u>\$ 381,583</u>
EXPENDITURES			
Services Operations:			
Professional Fees	\$ 248,850	\$ 290,341	\$ (41,491)
Contracted Services	545,284	540,811	4,473
Purchased Water Service	549,012	574,522	(25,510)
Purchased Wastewater Service	272,268	500,558	(228,290)
Utilities	34,380	35,092	(712)
Repairs and Maintenance	325,735	311,671	14,064
Other	417,822	712,018	(294,196)
Capital Outlay	<u>162,000</u>	<u>168,227</u>	<u>(6,227)</u>
TOTAL EXPENDITURES	<u>\$ 2,555,351</u>	<u>\$ 3,133,240</u>	<u>\$ (577,889)</u>
NET CHANGE IN FUND BALANCE	\$ 35,809	\$ (160,497)	\$ (196,306)
FUND BALANCE - JANUARY 1, 2017	<u>2,746,786</u>	<u>2,746,786</u>	<u> </u>
FUND BALANCE - DECEMBER 31, 2017	<u>\$ 2,782,595</u>	<u>\$ 2,586,289</u>	<u>\$ (196,306)</u>

See accompanying independent auditor's report.

GREENWOOD UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND -
WATER FACILITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Water Service	\$ 1,142,515	\$ 1,143,775	\$ 1,188,855	\$ 45,080
Miscellaneous Revenues			298	298
TOTAL REVENUES	<u>\$ 1,142,515</u>	<u>\$ 1,143,775</u>	<u>\$ 1,189,153</u>	<u>\$ 45,378</u>
EXPENDITURES				
Services Operations:				
Professional Fees	\$ 24,500	\$ 24,500	\$ 30,089	\$ (5,589)
Contracted Services	18,708	18,708	20,626	(1,918)
Purchased Water Service	1,016,472	1,016,472	1,023,044	(6,572)
Utilities	24,800	24,800	23,528	1,272
Repairs and Maintenance	55,800	55,800	52,330	3,470
Other	2,235	3,495	2,085	1,410
Capital Outlay			37,451	(37,451)
TOTAL EXPENDITURES	<u>\$ 1,142,515</u>	<u>\$ 1,143,775</u>	<u>\$ 1,189,153</u>	<u>\$ (45,378)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
FUND BALANCE - JANUARY 1, 2017				
FUND BALANCE - DECEMBER 31, 2017	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>

See accompanying independent auditor's report.

GREENWOOD UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND -
WASTEWATER TREATMENT FACILITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Wastewater Service	\$ 590,628	\$ 591,888	\$ 1,044,090	\$ 452,202
Miscellaneous Revenues			123	123
TOTAL REVENUES	<u>\$ 590,628</u>	<u>\$ 591,888</u>	<u>\$ 1,044,213</u>	<u>\$ 452,325</u>
EXPENDITURES				
Services Operations:				
Professional Fees	\$ 19,900	\$ 19,900	\$ 43,942	\$ (24,042)
Contracted Services	75,708	75,708	79,796	(4,088)
Purchased Water Service	600	600	472	128
Utilities	123,600	123,600	116,237	7,363
Repairs and Maintenance	188,000	188,000	318,811	(130,811)
Other	182,820	184,080	195,595	(11,515)
Capital Outlay			289,360	(289,360)
TOTAL EXPENDITURES	<u>\$ 590,628</u>	<u>\$ 591,888</u>	<u>\$ 1,044,213</u>	<u>\$ (452,325)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
FUND BALANCE - JANUARY 1, 2017				
FUND BALANCE - DECEMBER 31, 2017	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>

See accompanying independent auditor's report.

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GREENWOOD UTILITY DISTRICT
SUPPLEMENTARY INFORMATION – REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE
DECEMBER 31, 2017

**GREENWOOD UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2017**

1. SERVICES PROVIDED BY THE DISTRICT DURING THE FISCAL YEAR:

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

2. RETAIL SERVICE PROVIDERS

a. RETAIL RATES FOR A 5/8" METER (OR EQUIVALENT):

Based on the rate order effective June 21, 2017.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	\$ 17.00	1,000	N	\$ 2.40 \$ 2.65 \$ 4.05 \$ 4.60 \$ 5.95 \$ 6.00	1,001 to 3,000 3,001 to 4,000 4,001 to 6,000 6,001 to 9,000 9,001 to 26,000 26,000 and up
WASTEWATER:	\$ 28.00	1,000	N	\$ 0.25	1,001 and up
SURCHARGE:	Groundwater Reduction Plan Fees			\$2.98 + 10% per 1,000 gallons	

District employs winter averaging for wastewater usage?

_____	<u> X </u>
Yes	No

Total monthly charges per 10,000 gallons usage: Water: \$52.30 Wastewater: \$30.25 Surcharge: \$32.70 Total: \$115.25

See accompanying independent auditor's report.

GREENWOOD UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2017

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤¾"	2,382	2,082	x 1.0	2,082
1"	5	5	x 2.5	13
1½"	2	2	x 5.0	10
2"	14	14	x 8.0	112
3"			x 15.0	
4"	2	2	x 25.0	50
6"	1	1	x 50.0	50
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u>2,406</u>	<u>2,106</u>		<u>2,317</u>
Total Wastewater Connections	<u>2,352</u>	<u>2,052</u>	x 1.0	<u>2,052</u>

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (Unaudited)

Gallons pumped into system:	57,823,000	Water Accountability Ratio: 88% (Gallons billed/Gallons pumped and purchased)
Gallons billed to customers:	164,470,000	
Gallons purchased:	129,408,000	From: <u>City of Houston, Texas</u>

See accompanying independent auditor's report.

**GREENWOOD UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2017**

4. STANDBY FEES (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes No

Does the District have Operation and Maintenance standby fees? Yes No

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes No

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely Partly Not at all

Is the District located within a city's extraterritorial jurisdiction (ETJ)?

Entirely Partly Not at all

ETJ in which District is located:

City of Houston, Texas.

Are Board Members appointed by an office outside the District?

Yes No

See accompanying independent auditor's report.

GREENWOOD UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2017

PROFESSIONAL FEES:	
Auditing	\$ 16,900
Arbitrage Analysis	360
Engineering	170,644
Legal	<u>102,437</u>
TOTAL PROFESSIONAL FEES	<u>\$ 290,341</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	\$ 574,522
Purchased Wastewater Service	<u>500,558</u>
TOTAL PURCHASED SERVICES FOR RESALE	<u>\$ 1,075,080</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 22,362
Management Fee	9,900
Operations and Billing	<u>20,000</u>
TOTAL CONTRACTED SERVICES	<u>\$ 52,262</u>
UTILITIES:	
Electricity	\$ 30,349
Telephone	<u>4,743</u>
TOTAL UTILITIES	<u>\$ 35,092</u>
REPAIRS AND MAINTENANCE	<u>\$ 311,671</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 36,000
Election Costs	7,054
Insurance	13,322
Office Supplies and Postage	69,745
Payroll Taxes	2,754
Travel and Meetings	9,920
Other	<u>27,143</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 165,938</u>
CAPITAL OUTLAY	<u>\$ 168,227</u>

See accompanying independent auditor's report.

GREENWOOD UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2017

TAP CONNECTIONS	\$ <u>155,964</u>
SOLID WASTE DISPOSAL	\$ <u>287,108</u>
SECURITY	\$ <u>201,441</u>
OTHER EXPENDITURES:	
Chemicals	\$ 10,436
Generator Rental	3,400
Inspection Fees	61,060
Laboratory Fees	13,217
Lease Joint Wastewater Treatment Plant Capacity	137,670
Lease Wastewater Treatment Plant	120,000
Permit Fees	4,024
Reconnection Fees	30,593
Regulatory Assessment	<u>9,716</u>
TOTAL OTHER EXPENDITURES	\$ <u>390,116</u>
TOTAL EXPENDITURES	\$ <u>3,133,240</u>

See accompanying independent auditor's report.

GREENWOOD UTILITY DISTRICT
INVESTMENTS
DECEMBER 31, 2017

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
TexPool	XXXX0003	Varies	Daily	\$ 2,642,829	\$ - 0 -
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 1,327,788	\$ - 0 -
<u>CAPITAL PROJECTS FUND</u>					
TexPool	XXXX0002	Varies	Daily	\$ 2,763,717	\$
TexPool	XXXX0004	Varies	Daily	31,002	
TOTAL CAPITAL PROJECTS FUND				\$ 2,794,719	\$ - 0 -
TOTAL - ALL FUNDS				\$ 6,765,336	\$ - 0 -

See accompanying independent auditor's report.

GREENWOOD UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2017

	Debt Service Taxes	
TAXES RECEIVABLE - JANUARY 1, 2017	\$ 680,071	
Adjustments to Beginning Balance	26,938	\$ 707,009
Original 2017 Tax Levy	\$ 927,477	
Adjustment to 2017 Tax Levy	437,333	1,364,810
TOTAL TO BE ACCOUNTED FOR		\$ 2,071,819
TAX COLLECTIONS:		
Prior Years	\$ 545,897	
Current Year	637,689	1,183,586
TAXES RECEIVABLE - DECEMBER 31, 2017		\$ 888,233
TAXES RECEIVABLE BY		
YEAR:		
2017		\$ 727,121
2016		24,031
2015		13,646
2014		9,603
2013		9,314
2012		8,423
2011		7,524
2010		6,058
2009		6,449
2008		7,981
2007		6,861
2006		7,392
2005		11,142
2004		10,136
2003		7,777
2002		6,748
2001		5,540
2000 and prior		12,487
TOTAL TAXES RECEIVABLE		\$ 888,233

See accompanying independent auditor's report.

GREENWOOD UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016	2015	2014
PROPERTY VALUATIONS:				
Land	\$ 46,482,485	\$ 34,283,691	\$ 32,457,874	\$ 26,038,693
Improvements	159,567,649	121,708,931	96,304,469	61,765,114
Personal Property	4,552,570	3,839,136	4,393,656	3,585,109
Exemptions	(28,628,026)	(27,133,911)	(20,974,708)	(17,098,916)
TOTAL PROPERTY VALUATIONS	\$ 181,974,678	\$ 132,697,847	\$ 112,181,291	\$ 74,290,000
TAX RATES PER \$100 VALUATION:				
Debt Service	<u>\$ 0.75</u>	<u>\$ 0.75</u>	<u>\$ 0.90</u>	<u>\$ 0.99</u>
ADJUSTED TAX LEVY*	<u>\$ 1,364,810</u>	<u>\$ 995,234</u>	<u>\$ 1,010,381</u>	<u>\$ 735,862</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>46.72 %</u>	<u>97.59 %</u>	<u>98.65 %</u>	<u>98.69 %</u>

* Based upon the adjusted tax levy at the time of the audit for the fiscal year in which the tax was levied.

Maintenance Tax – A maintenance tax has not been approved by the voters.

See accompanying independent auditor's report.

GREENWOOD UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2017

S E R I E S - 2 0 1 0				
Due During Fiscal Years Ending December 31	Principal Due August 1	Interest Due February 1/ August 1	Total	
2018	\$ 80,000	\$ 139,072	\$	219,072
2019	85,000	135,873		220,873
2020	85,000	132,302		217,302
2021	90,000	128,563		218,563
2022	90,000	124,602		214,602
2023	95,000	120,328		215,328
2024	95,000	115,815		210,815
2025	95,000	111,065		206,065
2026	100,000	106,315		206,315
2027	105,000	101,315		206,315
2028	105,000	95,855		200,855
2029	110,000	90,395		200,395
2030	110,000	84,675		194,675
2031	115,000	78,955		193,955
2032	120,000	72,975		192,975
2033	125,000	66,675		191,675
2034	125,000	60,112		185,112
2035	125,000	53,550		178,550
2036	130,000	46,987		176,987
2037	135,000	40,163		175,163
2038	630,000	33,075		663,075
2039				
2040				
2041				
2042				
2043				
	\$ 2,750,000	\$ 1,938,667	\$	4,688,667

See accompanying independent auditor's report.

GREENWOOD UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2017

SERIES - 2015 REFUNDING

Due During Fiscal Years Ending December 31	Principal Due August 1	Interest Due February 1/ August 1	Total
2018	\$ 180,000	\$ 207,510	\$ 387,510
2019	185,000	203,910	388,910
2020	195,000	200,210	395,210
2021	200,000	195,335	395,335
2022	210,000	190,335	400,335
2023	215,000	184,560	399,560
2024	230,000	178,110	408,110
2025	240,000	170,635	410,635
2026	255,000	162,835	417,835
2027	260,000	153,910	413,910
2028	280,000	144,160	424,160
2029	295,000	133,660	428,660
2030	310,000	121,860	431,860
2031	330,000	109,460	439,460
2032	345,000	96,260	441,260
2033	360,000	82,460	442,460
2034	380,000	68,060	448,060
2035	405,000	52,480	457,480
2036	425,000	35,875	460,875
2037	450,000	18,450	468,450
2038			
2039			
2040			
2041			
2042			
2043			
	<u>\$ 5,750,000</u>	<u>\$ 2,710,075</u>	<u>\$ 8,460,075</u>

See accompanying independent auditor's report.

GREENWOOD UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2017

S E R I E S - 2 0 1 5				
Due During Fiscal Years Ending December 31	Principal Due August 1	Interest Due February 1/ August 1	Total	
2018	\$ 120,000	\$ 194,705	\$	314,705
2019	120,000	190,805		310,805
2020	120,000	186,905		306,905
2021	125,000	183,005		308,005
2022	130,000	178,943		308,943
2023	130,000	174,717		304,717
2024	135,000	170,623		305,623
2025	140,000	166,235		306,235
2026	140,000	161,475		301,475
2027	150,000	156,505		306,505
2028	150,000	150,955		300,955
2029	155,000	145,180		300,180
2030	160,000	138,980		298,980
2031	160,000	132,580		292,580
2032	170,000	126,180		296,180
2033	175,000	119,380		294,380
2034	185,000	112,380		297,380
2035	190,000	104,980		294,980
2036	200,000	97,380		297,380
2037	205,000	89,380		294,380
2038	195,000	80,975		275,975
2039	870,000	72,980		942,980
2040	910,000	37,310		947,310
2041				
2042				
2043				
	\$ 5,035,000	\$ 3,172,558	\$	8,207,558

See accompanying independent auditor's report.

GREENWOOD UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2017

S E R I E S - 2 0 1 7			
Due During Fiscal Years Ending December 31	Principal Due August 1	Interest Due February 1/ August 1	Total
2018	\$ 110,000	\$ 222,815	\$ 332,815
2019	115,000	332,023	447,023
2020	115,000	329,147	444,147
2021	115,000	325,698	440,698
2022	120,000	322,018	442,018
2023	125,000	317,937	442,937
2024	125,000	313,438	438,438
2025	130,000	308,687	438,687
2026	135,000	303,488	438,488
2027	135,000	298,087	433,087
2028	145,000	292,688	437,688
2029	145,000	286,525	431,525
2030	155,000	280,362	435,362
2031	160,000	273,775	433,775
2032	165,000	266,575	431,575
2033	170,000	259,150	429,150
2034	175,000	251,500	426,500
2035	185,000	242,750	427,750
2036	190,000	233,500	423,500
2037	195,000	224,000	419,000
2038	200,000	214,250	414,250
2039	205,000	204,250	409,250
2040	210,000	194,000	404,000
2041	1,170,000	183,500	1,353,500
2042	1,220,000	125,000	1,345,000
2043	1,280,000	64,000	1,344,000
	\$ 7,195,000	\$ 6,669,163	\$ 13,864,163

See accompanying independent auditor's report.

GREENWOOD UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2017

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending December 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2018	\$ 490,000	\$ 764,102	\$ 1,254,102
2019	505,000	862,611	1,367,611
2020	515,000	848,564	1,363,564
2021	530,000	832,601	1,362,601
2022	550,000	815,898	1,365,898
2023	565,000	797,542	1,362,542
2024	585,000	777,986	1,362,986
2025	605,000	756,622	1,361,622
2026	630,000	734,113	1,364,113
2027	650,000	709,817	1,359,817
2028	680,000	683,658	1,363,658
2029	705,000	655,760	1,360,760
2030	735,000	625,877	1,360,877
2031	765,000	594,770	1,359,770
2032	800,000	561,990	1,361,990
2033	830,000	527,665	1,357,665
2034	865,000	492,052	1,357,052
2035	905,000	453,760	1,358,760
2036	945,000	413,742	1,358,742
2037	985,000	371,993	1,356,993
2038	1,025,000	328,300	1,353,300
2039	1,075,000	277,230	1,352,230
2040	1,120,000	231,310	1,351,310
2041	1,170,000	183,500	1,353,500
2042	1,220,000	125,000	1,345,000
2043	1,280,000	64,000	1,344,000
	<u>\$ 20,730,000</u>	<u>\$ 14,490,463</u>	<u>\$ 35,220,463</u>

See accompanying independent auditor's report.

GREENWOOD UTILITY DISTRICT
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED DECEMBER 31, 2017

Description	Original Bonds Issued	Bonds Outstanding January 1, 2017
Greenwood Utility District Unlimited Tax Bonds - Series 2010	\$ 3,155,000	\$ 2,960,000
Greenwood Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds - Series 2015	5,900,000	5,790,000
Greenwood Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2015	5,155,000	5,155,000
Greenwood Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2017	<u>7,195,000</u>	<u> </u>
TOTAL	<u><u>\$ 21,405,000</u></u>	<u><u>\$ 13,905,000</u></u>
Bond Authority:	<u>Utility Bonds*</u>	<u>Park Bonds</u>
Amount Authorized by Voters	\$ 83,420,000	\$ 3,105,000
Amount Issued	<u>25,555,000</u>	<u> </u>
Remaining to be Issued	<u><u>\$ 57,865,000</u></u>	<u><u>\$ 3,105,000</u></u>

* The District has the authority to issue refunding bonds of 150% of the balance of outstanding bonds.

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding December 31, 2017</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 210,000	\$ 147,473	\$ 2,750,000	Wells Fargo Bank N.A. Houston, TX
	40,000	208,310	5,750,000	Bank of Texas Austin, TX
	120,000	198,605	5,035,000	Bank of Texas Austin, TX
<u>7,195,000</u>			<u>7,195,000</u>	UMB Bank N.A. Dallas, TX
<u>\$ 7,195,000</u>	<u>\$ 370,000</u>	<u>\$ 554,388</u>	<u>\$ 20,730,000</u>	

Debt Service Fund cash and investment balances as of December 31, 2017: \$ 1,956,812

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 1,354,633

See Note 3 for interest rate, interest payment dates and maturity dates.

See accompanying independent auditor's report.

GREENWOOD UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2017	2016	2015
REVENUES			
Water Service	\$ 1,018,845	\$ 908,220	\$ 775,984
Wastewater Service	884,737	772,825	661,722
Groundwater Reduction Plan Fees	529,524	475,848	396,296
Penalty and Interest	74,863	76,425	76,323
Tap Connection and Inspection Fees	364,701	519,195	359,396
Miscellaneous Revenues	<u>100,073</u>	<u>64,877</u>	<u>47,077</u>
TOTAL REVENUES	<u>\$ 2,972,743</u>	<u>\$ 2,817,390</u>	<u>\$ 2,316,798</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 290,341	\$ 226,289	\$ 279,431
Contracted Services	540,811	471,864	460,270
Purchased Water Service	574,522	471,769	442,294
Purchased Wastewater Service	500,558	326,246	262,399
Utilities	35,092	35,623	21,987
Repairs and Maintenance	311,671	312,703	168,382
Other	712,018	424,338	435,647
Capital Outlay	<u>168,227</u>	<u>48,144</u>	<u>93,292</u>
TOTAL EXPENDITURES	<u>\$ 3,133,240</u>	<u>\$ 2,316,976</u>	<u>\$ 2,163,702</u>
NET CHANGE IN FUND BALANCE	\$ (160,497)	\$ 500,414	\$ 153,096
BEGINNING FUND BALANCE	<u>2,746,786</u>	<u>2,246,372</u>	<u>2,093,276</u>
ENDING FUND BALANCE	<u>\$ 2,586,289</u>	<u>\$ 2,746,786</u>	<u>\$ 2,246,372</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues							
2014	2013	2017	2016	2015	2014	2013			
\$ 695,537	\$ 672,017	34.3 %	32.3 %	33.5 %	33.3 %	39.3 %			
592,728	525,036	29.8	27.4	28.6	28.4	30.7			
339,444	297,129	17.8	16.9	17.1	16.2	17.4			
64,537	49,925	2.5	2.7	3.3	3.1	2.9			
350,320	139,445	12.3	18.4	15.5	16.8	8.1			
46,401	26,678	3.3	2.3	2.0	2.2	1.6			
<u>\$ 2,088,967</u>	<u>\$ 1,710,230</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>			
\$ 232,372	\$ 193,694	9.8 %	8.0 %	12.1 %	11.1 %	11.3 %			
390,189	328,497	18.2	16.7	19.9	18.7	19.2			
371,904	327,308	19.3	16.7	19.1	17.8	19.1			
214,079	189,703	16.8	11.6	11.3	10.2	11.1			
21,567	11,520	1.2	1.3	0.9	1.0	0.7			
131,182	141,074	10.5	11.1	7.4	6.4	8.3			
399,827	210,608	24.0	15.1	18.8	19.1	12.3			
818		5.7	1.7	4.0					
<u>\$ 1,761,938</u>	<u>\$ 1,402,404</u>	<u>105.5 %</u>	<u>82.2 %</u>	<u>93.5 %</u>	<u>84.3 %</u>	<u>82.0 %</u>			
\$ 327,029	\$ 307,826	<u>(5.5) %</u>	<u>17.8 %</u>	<u>6.5 %</u>	<u>15.7 %</u>	<u>18.0 %</u>			
<u>1,766,247</u>	<u>1,458,421</u>								
<u>\$ 2,093,276</u>	<u>\$ 1,766,247</u>								

See accompanying independent auditor's report.

GREENWOOD UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2017	2016	2015
REVENUES			
Property Taxes	\$ 1,010,288	\$ 1,019,129	\$ 807,819
Penalty and Interest	20,501	36,168	45,851
Miscellaneous Revenues	12,909	4,860	887
TOTAL REVENUES	\$ 1,043,698	\$ 1,060,157	\$ 854,557
EXPENDITURES			
Tax Collection Expenditures	\$ 66,106	\$ 60,508	\$ 63,465
Debt Service Principal	370,000	235,000	270,000
Debt Service Interest and Fees	555,888	492,927	322,241
Bond Issuance Costs			251,291
TOTAL EXPENDITURES	\$ 991,994	\$ 788,435	\$ 906,997
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 51,704	\$ 271,722	\$ (52,440)
OTHER FINANCING SOURCES (USES)			
Proceeds from Issuance of Refunding Bonds	\$	\$	\$ 5,900,000
Payment to Refunded Bond Escrow Agent			(5,590,284)
Bond Discount			(50,846)
TOTAL OTHER FINANCING SOURCES (USES)	\$ - 0 -	\$ - 0 -	\$ 258,870
NET CHANGE IN FUND BALANCE	\$ 51,704	\$ 271,722	\$ 206,430
BEGINNING FUND BALANCE	1,229,546	957,824	751,394
ENDING FUND BALANCE	\$ 1,281,250	\$ 1,229,546	\$ 957,824
TOTAL ACTIVE RETAIL WATER CONNECTIONS	2,106	2,002	1,649
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	2,052	1,952	1,613

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2014	2013	2017	2016	2015	2014	2013
\$ 753,874	\$ 626,926	96.8 %	96.1 %	94.6 %	91.1 %	94.0 %
73,816	39,363	2.0	3.4	5.4	8.9	5.9
323	618	1.2	0.5			0.1
<u>\$ 828,013</u>	<u>\$ 666,907</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 69,522	\$ 53,242	6.3 %	5.7 %	7.3 %	8.3 %	7.9 %
195,000	185,000	35.5	22.2	31.6	23.6	27.7
443,301	451,387	53.3	46.5	37.7	53.5	67.7
				29.4		
<u>\$ 707,823</u>	<u>\$ 689,629</u>	<u>95.1 %</u>	<u>74.4 %</u>	<u>106.0 %</u>	<u>85.4 %</u>	<u>103.3 %</u>
<u>\$ 120,190</u>	<u>\$ (22,722)</u>	<u>4.9 %</u>	<u>25.6 %</u>	<u>(6.0) %</u>	<u>14.6 %</u>	<u>(3.3) %</u>
\$	\$					
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>					
\$ 120,190	\$ (22,722)					
631,204	653,926					
<u>\$ 751,394</u>	<u>\$ 631,204</u>					
<u>1,419</u>	<u>1,168</u>					
<u>1,385</u>	<u>1,149</u>					

See accompanying independent auditor's report.

GREENWOOD UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2017

District Mailing Address - Greenwood Utility District
c/o Radcliffe Bobbitt Adams Polley PLLC
2929 Allen Parkway, Suite 3450
Houston, TX 77019-7120

District Telephone Number - (713) 237-1221

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended December 31, 2017	Expense Reimbursements for the year ended December 31, 2017	Title
Billy O’Neill	05/15 05/19 (Elected)	\$ 7,200	\$ 6,452	President
Gary Flight	05/17 05/21 (Elected)	\$ 7,200	\$ 203	Vice President
J. Dean Tankersley	05/17 05/21 (Elected)	\$ 7,200	\$ 806	Secretary
Robert Primeaux	05/15 05/19 (Elected)	\$ 7,200	\$ 1,471	Assistant Secretary
John Wisener	05/17 05/21 (Elected)	\$ 7,200	\$ 1,513	Director

Notes: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District’s developers or with any of the District’s consultants.

Submission date of most recent District Registration Form (TWC Sections 36.054 and 49.054):
May 2, 2018.

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution (TWC Section 49.060) on September 3, 2003. Fees of Office are the amounts actually paid to a Director during the District’s current fiscal year.

See accompanying independent auditor’s report.

GREENWOOD UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2017

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended December 31, 2017 District</u>	<u>Fees for the year ended December 31, 2017 Water Facilities</u>	<u>Fees for the year ended December 31, 2017 Wastewater Treatment Facilities</u>	<u>Title</u>
Radcliffe Bobbitt Adams Polley PLLC	11/09/97	\$ 170,468 \$ 180,840	\$ 28,349 \$ -0-	\$ 16,917 \$ -0-	General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	01/20/99	\$ 16,900 \$ 15,900	\$ 3,000	\$ 3,000	Auditor Bond Related
FSG Information Systems, LP	03/01/16	\$ 34,255	\$ 8,294	\$ 8,836	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/08/95	\$ 8,056	\$ -0-	\$ -0-	Delinquent Tax Attorney
A & S Engineers, Inc.	12/10/96	\$ 259,659	\$ 15,712	\$ 87,340	Engineer
Blich Associates, Inc.	04/09/97	\$ 96,404	\$ -0-	\$ -0-	Financial Advisor
Municipal District Services	04/01/08	\$ 526,692	\$ 64,357	\$ 393,276	Operator
Thomas W. Lee, R.T.A.	11/01/97	\$ 41,334	\$ -0-	\$ -0-	Tax Assessor/ Collector
Systems Project Management, L.L.C.	05/01/08	\$ 10,200	\$ -0-	\$ -0-	Project Management

See accompanying independent auditor's report.

