

SPANISH COVE PUBLIC UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2023

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ANNUAL FINANCIAL REPORT
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Spanish Cove Public Utility District
Harris County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of Spanish Cove Public Utility District (the "District") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the District as of September 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Board of Directors
Spanish Cove Public Utility District

Supplementary 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 an 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

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

January 2, 2024

**SPANISH COVE PUBLIC UTILITY DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Management’s discussion and analysis of Spanish Cove Public Utility District of Harris County, Texas (the “District”) financial performance provides an overview of the District’s financial activities for the fiscal year ended September 30, 2023. 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 Fund Balance Sheet and (2) the Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. 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 the District’s assets, liabilities and, if applicable, 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 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 one governmental fund type. The General Fund accounts for resources not accounted for in another fund, property tax and customer service revenues, costs and general expenditures.

**SPANISH COVE PUBLIC UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

FUND FINANCIAL STATEMENTS (Continued)

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 Fund Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance 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") and other supplementary information. A budgetary comparison schedule is included as RSI for the General 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 exceeded liabilities by \$985,452 as of September 30, 2023.

A portion of the District's net position reflects its net investment in capital assets (water facilities, less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide water services.

The following is a comparative analysis of government-wide changes in net position:

**SPANISH COVE PUBLIC UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2023	2022	Change Positive (Negative)
Current and Other Assets	\$ 678,573	\$ 594,785	\$ 83,788
Capital Assets (Net of Accumulated Depreciation)	342,281	354,949	(12,668)
Total Assets	\$ 1,020,854	\$ 949,734	\$ 71,120
Other Liabilities	\$ 35,402	\$ 22,465	\$ (12,937)
Net Position:			
Net Investment in Capital Assets	\$ 342,281	\$ 354,949	\$ (12,668)
Unrestricted	643,171	572,320	70,851
Total Net Position	\$ 985,452	\$ 927,269	\$ 58,183

The following table provides a summary of the District's operations for the years ended September 30, 2023, and September 30, 2022.

	Summary of Changes in the Statement of Activities		
	2023	2022	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 184,582	\$ 170,257	\$ 14,325
Charges for Services	71,266	41,154	30,112
Other Revenues	27,466	5,572	21,894
Total Revenues	\$ 283,314	\$ 216,983	\$ 66,331
Expenses for Services	225,131	224,929	(202)
Change in Net Position	\$ 58,183	\$ (7,946)	\$ 66,129
Net Position, Beginning of Year	927,269	935,215	(7,946)
Net Position, End of Year	\$ 985,452	\$ 927,269	\$ 58,183

**SPANISH COVE PUBLIC UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

As of the fiscal year ended September 30, 2023, the General Fund fund balance was \$641,528, an increase of \$72,093 from the prior year, primarily due to tax and service revenues exceeding operating and capital costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal year. Actual revenues were \$72,756 more than budgeted revenues and actual expenditures were \$11,087 less than budgeted expenditures. This resulted in a positive budget variance of \$83,843. See budget to actual comparison for additional analysis.

CAPITAL ASSETS

The District's capital assets as of September 30, 2023, total \$342,281 (net of accumulated depreciation) and include land, as well as the water system.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2023	2022	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 3,460	\$ 3,460	\$
Capital Assets, Net of Accumulated Depreciation:			
Water System	338,821	351,489	(12,668)
Total Net Capital Assets	\$ 342,281	\$ 354,949	\$ (12,668)

**SPANISH COVE PUBLIC UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the District had no bond debt payable. As of September 30, 2023, the District had \$1,120,000 unlimited tax and revenue bonds authorized but unissued for the purposes of acquiring, constructing and improving the water, wastewater and drainage system within the District.

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 Spanish Cove Public Utility District of Harris County, Texas, c/o Smith Murdaugh Little & Bonham, L.L.P., 2727 Allen Parkway, Suite 1100, Houston, TX 77019.

SPANISH COVE PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
SEPTEMBER 30, 2023

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
Cash	\$ 51,537	\$	\$ 51,537
Investments	589,606		589,606
Receivables:			
Property Taxes	1,366		1,366
Penalty and Interest on Delinquent Taxes		277	277
Service Accounts	32,961		32,961
Accrued Interest	2,826		2,826
Land		3,460	3,460
Capital Assets (Net of Accumulated Depreciation)		338,821	338,821
TOTAL ASSETS	\$ 678,296	\$ 342,558	\$ 1,020,854
LIABILITIES			
Accounts Payable	\$ 24,608	\$	\$ 24,608
Due to Taxpayers	4,119		4,119
Security Deposits	6,675		6,675
TOTAL LIABILITIES	\$ 35,402	\$ - 0 -	\$ 35,402
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	\$ 1,366	\$ (1,366)	\$ - 0 -
FUND BALANCE			
Assigned to 2024 Budget Deficit	\$ 16,664	\$ (16,664)	\$
Unassigned	624,864	(624,864)	
TOTAL FUND BALANCE	\$ 641,528	\$ (641,528)	\$ - 0 -
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 678,296		
NET POSITION			
Net Investment in Capital Assets		\$ 342,281	\$ 342,281
Unrestricted		643,171	643,171
TOTAL NET POSITION		\$ 985,452	\$ 985,452

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

**SPANISH COVE PUBLIC UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

Total Fund Balance - Governmental Fund	\$	641,528
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.</p>		342,281
<p>Deferred inflows of resources related to property tax revenues and penalty and interest receivables on delinquent taxes for the 2022 and prior tax levies became part of recognized revenue in the governmental activities of the District.</p>		<u>1,643</u>
Total Net Position - Governmental Activities	\$	<u>985,452</u>

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

SPANISH COVE PUBLIC UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
REVENUES			
Property Taxes	\$ 185,569	\$ (987)	\$ 184,582
Water Service	37,342		37,342
Groundwater Reduction Fees	15,269		15,269
Penalty and Interest	18,910	(255)	18,655
Miscellaneous Revenues	<u>27,466</u>		<u>27,466</u>
TOTAL REVENUES	<u>\$ 284,556</u>	<u>\$ (1,242)</u>	<u>\$ 283,314</u>
EXPENDITURES/EXPENSES			
Service Operations:			
Professional Fees	\$ 44,248	\$	\$ 44,248
Contracted Services	60,666		60,666
Utilities	15,774		15,774
Groundwater Reduction Fees	29,078		29,078
Repairs and Maintenance	12,449		12,449
Depreciation		21,490	21,490
Other	41,426		41,426
Capital Outlay	<u>8,822</u>	<u>(8,822)</u>	
TOTAL EXPENDITURES/EXPENSES	<u>\$ 212,463</u>	<u>\$ 12,668</u>	<u>\$ 225,131</u>
NET CHANGE IN FUND BALANCE	\$ 72,093	\$ (72,093)	\$
CHANGE IN NET POSITION		58,183	58,183
FUND BALANCE/NET POSITION - OCTOBER 1, 2022	<u>569,435</u>	<u>357,834</u>	<u>927,269</u>
FUND BALANCE/NET POSITION - SEPTEMBER 30, 2023	<u>\$ 641,528</u>	<u>\$ 343,924</u>	<u>\$ 985,452</u>

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

**SPANISH COVE PUBLIC UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Net Change in Fund Balance - Governmental Fund	\$	72,093
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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.		(987)
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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.		(255)
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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.		(21,490)
--	--	----------

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.		8,822
		8,822

Change in Net Position - Governmental Activities	\$	58,183
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The accompanying notes to the financial statements are an integral part of this report.

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SPANISH COVE PUBLIC UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1. CREATION OF DISTRICT

Spanish Cove Public Utility District of Harris County, Texas (the “District”), was created by Acts of the 62nd Legislature of Texas, Regular Session, 1971. 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 June 21, 1971, and the first bonds were sold on December 10, 1971.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic 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 Texas Commission on Environmental Quality (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.

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”).

The 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:

SPANISH COVE PUBLIC UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- 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.

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 Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balance.

SPANISH COVE PUBLIC UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

The District has one governmental fund and considers it to be a major fund.

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

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 collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectable 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 during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current 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.

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. Engineering fees and certain other costs are capitalized as part of the asset.

SPANISH COVE PUBLIC UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 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:

	Years
Buildings	40
Water System	10-45
All Other Equipment	5-20

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District’s Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original budget amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that the directors are considered employees for federal payroll tax 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:

SPANISH COVE PUBLIC UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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. The District does not have any nonspendable fund balances.

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. The District does not have any restricted fund balances.

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 September 30, 2023, the District has assigned \$16,664 of the General Fund fund balance for a projected budget deficit for the fiscal year ending September 30, 2024.

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 District has authorized but unissued tax and revenue bonds totaling \$1,120,000 for the purposes of acquiring, constructing and improving the water wastewater and drainage system within the District.

**SPANISH COVE PUBLIC UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 4. 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 District, 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 \$231,537 and the bank balance was \$231,906. The bank balance was fully covered by federal depository insurance and 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 September 30, 2023, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 51,537	\$ 180,000	\$ 231,537

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.

SPANISH COVE PUBLIC UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 4. 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 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 Texas Cooperative Liquid Assets Securities System Trust (“Texas CLASS”), an external public funds investment pool that is not SEC-registered. Public Trust Advisors, LLC serves as the pool’s administrator and investment advisor. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board. UMB Bank, N.A. serves as custodian for the pool. Investments held by Texas CLASS are priced to market on a weekly basis. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District’s position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from Texas CLASS.

The District records its investment in certificates of deposit at acquisition cost.

As of September 30, 2023, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities Of Less Than 1 Year
<u>GENERAL FUND</u>		
Texas CLASS	\$ 409,606	\$ 409,606
Certificates of Deposit	180,000	180,000
TOTAL INVESTMENTS	\$ 589,606	\$ 589,606

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2023, the District’s investment in Texas CLASS was rated “AAAm” by Standard and Poor’s. The District also manages credit risk by investing in certificates of deposit with balances below FDIC coverage.

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 Texas CLASS 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. The District also manages also interest rate risk by typically investing in certificates of deposit with maturities of one year or less.

**SPANISH COVE PUBLIC UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 5. RISK MANAGEMENT

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

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023:

	October 1, 2022	Increases	Decreases	September 30, 2023
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 3,460	\$ - 0 -	\$ - 0 -	\$ 3,460
Capital Assets Subject to Depreciation				
Water System	\$ 1,415,899	\$ 8,822	\$ - 0 -	\$ 1,424,721
Accumulated Depreciation				
Water System	\$ 1,064,410	\$ 21,490	\$ - 0 -	\$ 1,085,900
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 351,489</u>	<u>\$ (12,668)</u>	<u>\$ - 0 -</u>	<u>\$ 338,821</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 354,949</u>	<u>\$ (12,668)</u>	<u>\$ - 0 -</u>	<u>\$ 342,281</u>

NOTE 7. MAINTENANCE TAX

On April 4, 1981, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$1.20 per \$100 of assessed valuation of taxable property within the District. During the year ended September 30, 2023, the District levied an ad valorem maintenance tax at the rate of \$0.54317 per \$100 of assessed valuation, which resulted in a tax levy of \$177,140 on the adjusted taxable valuation of \$32,612,188 for the 2022 tax year. This maintenance tax is to be used by the General Fund to pay expenditures of operations.

All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

SPANISH COVE PUBLIC UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

**NOTE 8. CITY OF HOUSTON WATER SUPPLY AND GROUNDWATER
REDUCTION PLAN WHOLESALE AGREEMENT**

The District entered into a City of Houston Water Supply and Groundwater Reduction Plan Agreement for Regulatory Area 3 of the Harris-Galveston Subsidence District (the “Agreement”). The Agreement is with the City of Houston, Texas (the “City”). Under the terms of the Agreement the City is responsible for the design, construction and operation of a project to meet compliance criteria of the Harris-Galveston Subsidence District (the “Subsidence District”). That criteria has deadlines as follows: January 2005 for commencement of construction of the initial phase; January 2010 deadline to reduce groundwater withdrawals such that the City and participants, including the District, have a group withdrawal from groundwater of no more than 70 percent of overall demand.

The City will decide when the District must connect to the project and the amount of water to be taken, both a minimum and maximum. However, the City will not require the District to take water from the project in excess of the then current Subsidence District regulatory requirements. The City can specify where the District will connect to the system.

The City will develop a Ground Reduction Plan (the “GRP”) for itself and the District. The description of the project will be included in the GRP. The GRP will be based upon the project and shall include a plan for co-permitting all groundwater wells owned or controlled by the other participants in accordance with requirements of the Subsidence District. The Agreement calls for the City to file the GRP with the Subsidence District at such time as necessary to secure compliance for itself and the participants. The City and District agree to cooperate to allow co-permitting of their wells under the Subsidence District’s rules as provided in the GRP.

Charges to the District will commence on (1) the date the District must renew its Subsidence District water well permit in 2003; (2) the inception date for the initial Subsidence District water well permit issued after 2003 for which the District is subject to disincentive fees; or (3) the date on which delivery of treated water to the District for the project commences if (1) or (2) have not occurred. The payment amount is calculated as follows:

- Until the date on which the District connects or is required by the City to connect to the project:
 - $R \times P \times Q$ where
 - R is the GRP Rate per thousands of gallons
 - Q is a quantity of groundwater pumped by the District in thousands of gallons
 - P is 30 percent through 2016, 70 percent from 2017 through 2026, and thereafter is 80 percent, except such percentage may be increased or reduced by the City

SPANISH COVE PUBLIC UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

**NOTE 8. CITY OF HOUSTON WATER SUPPLY AND GROUNDWATER
REDUCTION PLAN WHOLESALE AGREEMENT (Continued)**

After the date on which the District connects to the project or is required to connect to the project by the City, the District will pay the amount determined by the formula:

○ $R \times C$

- R is the GRP rate per thousand gallons. This rate is based on the ordinance rate as published by the City
- C is the Contract Quantity or such greater quantity of water taken by the District in thousands of gallons

The term of the agreement is until noon on December 31, 2040, unless sooner terminated pursuant to the terms of the Agreement. As of September 30, 2023, the District has not been required to connect to the project. During the current fiscal year, the District recorded expenditures of \$29,078 related to this contract.

SPANISH COVE PUBLIC UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2023

**SPANISH COVE PUBLIC UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 172,000	\$ 185,569	\$ 13,569
Water Service	24,750	37,342	12,592
Groundwater Reduction Fees	10,750	15,269	4,519
Penalty and Interest	300	18,910	18,610
Miscellaneous Revenues	4,000	27,466	23,466
TOTAL REVENUES	<u>\$ 211,800</u>	<u>\$ 284,556</u>	<u>\$ 72,756</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 40,000	\$ 44,248	\$ (4,248)
Contracted Services	39,960	60,666	(20,706)
Utilities	13,310	15,774	(2,464)
Groundwater Reduction Fees	20,000	29,078	(9,078)
Repairs and Maintenance	56,350	12,449	43,901
Other	33,930	41,426	(7,496)
Capital Outlay	20,000	8,822	11,178
TOTAL EXPENDITURES	<u>\$ 223,550</u>	<u>\$ 212,463</u>	<u>\$ 11,087</u>
NET CHANGE IN FUND BALANCE	\$ (11,750)	\$ 72,093	\$ 83,843
FUND BALANCE - OCTOBER 1, 2022	<u>569,435</u>	<u>569,435</u>	<u> </u>
FUND BALANCE - SEPTEMBER 30, 2023	<u>\$ 557,685</u>	<u>\$ 641,528</u>	<u>\$ 83,843</u>

See accompanying independent auditor's report.

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SPANISH COVE PUBLIC UTILITY DISTRICT
SUPPLEMENTARY INFORMATION REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE
SEPTEMBER 30, 2023

**SPANISH COVE PUBLIC UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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

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

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order effective April 4, 2023.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$ 50.00	10,000	N	\$ 1.75	10,001 and up

SURCHARGE:

City of Houston
Groundwater
Reduction
Fees

\$ 2.76 per 1,000 gallons of metered water usage

District employs winter averaging for wastewater usage?

_____ X
Yes No

Total quarterly charges per 10,000 gallons usage: Water: \$50.00 Surcharge: \$27.60 Total: \$77.60

See accompanying independent auditor’s report.

**SPANISH COVE PUBLIC UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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	<u> </u>	<u> </u>	x 1.0	<u> </u>
≤ ³ / ₄ "	<u> 119 </u>	<u> 119 </u>	x 1.0	<u> 119 </u>
1"	<u> </u>	<u> </u>	x 2.5	<u> </u>
1½"	<u> </u>	<u> </u>	x 5.0	<u> </u>
2"	<u> </u>	<u> </u>	x 8.0	<u> </u>
3"	<u> </u>	<u> </u>	x 15.0	<u> </u>
4"	<u> </u>	<u> </u>	x 25.0	<u> </u>
6"	<u> </u>	<u> </u>	x 50.0	<u> </u>
8"	<u> </u>	<u> </u>	x 80.0	<u> </u>
10"	<u> </u>	<u> </u>	x 115.0	<u> </u>
Total Water Connections	<u> 119 </u>	<u> 119 </u>		<u> 119 </u>
Total Wastewater Connections	<u> N/A </u>	<u> N/A </u>	x 1.0	<u> N/A </u>

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

Gallons pumped into system:	10,384,000	Water Accountability Ratio: 72%
		(Gallons billed and sold/Gallons pumped and purchased)
Gallons billed to customers:	7,509,000	

See accompanying independent auditor's report.

**SPANISH COVE PUBLIC UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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

Does the District have Debt Service standby fees? Yes ___ No X

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes X No _____

County in which District is located:

Harris County

Is the District located within a city?

Entirely _____ Partly _____ Not at all X

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

Entirely X 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 X

See accompanying independent auditor's report.

**SPANISH COVE PUBLIC UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

PROFESSIONAL FEES:	
Auditing	\$ 10,750
Legal	32,143
Delinquent Tax Attorney	<u>1,355</u>
TOTAL PROFESSIONAL FEES	<u>\$ 44,248</u>
CONTRACTED SERVICES:	
Appraisal District	\$ 1,279
Bookkeeping	26,275
Operations and Billing	22,032
Tax Collector	<u>11,080</u>
TOTAL CONTRACTED SERVICES	<u>\$ 60,666</u>
UTILITIES:	
Electricity	\$ 14,770
Telephone	<u>1,004</u>
TOTAL UTILITIES	<u>\$ 15,774</u>
REPAIRS AND MAINTENANCE	<u>\$ 12,449</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 8,573
Insurance	5,735
Legal Notices	851
Office Supplies and Postage	5,687
Payroll Expenses	656
Other	<u>12,380</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 33,882</u>
CAPITAL OUTLAY	<u>\$ 8,822</u>
OTHER EXPENDITURES:	
Chemicals	\$ 5,666
Laboratory Fees	379
Permit Fees	1,349
Groundwater Reduction Fees	29,078
Regulatory Assessment	<u>150</u>
TOTAL OTHER EXPENDITURES	<u>\$ 36,622</u>
TOTAL EXPENDITURES	<u><u>\$ 212,463</u></u>

See accompanying independent auditor's report.

**SPANISH COVE PUBLIC UTILITY DISTRICT
INVESTMENTS
SEPTEMBER 30, 2023**

<u>Fund</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
Texas CLASS	XXXX0001	Varies	Daily	\$ 409,606	
Certificate of Deposit	XXXX3026	4.18%	01/04/24	50,000	1,540
Certificate of Deposit	XXXX3070	5.00%	05/25/24	65,000	1,131
Certificate of Deposit	XXXX5463	5.44%	08/09/24	<u>65,000</u>	<u>155</u>
TOTAL GENERAL FUND				<u>\$ 589,606</u>	<u>\$ 2,826</u>

See accompanying independent auditor's report.

**SPANISH COVE PUBLIC UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Maintenance Taxes	
TAXES RECEIVABLE -		
OCTOBER 1, 2022	\$ 2,353	
Adjustments to Beginning		
Balance	7,442	\$ 9,795
Original 2022 Tax Levy	\$ 159,394	
Adjustment to 2022 Tax Levy	17,746	177,140
TOTAL TO BE		
ACCOUNTED FOR		\$ 186,935
 TAX COLLECTIONS:		
Prior Years	\$ 9,516	
Current Year	176,053	185,569
 TAXES RECEIVABLE -		
SEPTEMBER 30, 2023		\$ 1,366
 TAXES RECEIVABLE BY		
YEAR:		
2022		\$ 1,087
2021		260
2018		6
2017		13
		\$ 1,366

See accompanying independent auditor's report.

**SPANISH COVE PUBLIC UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
PROPERTY VALUATIONS:				
Land	\$ 13,347,403	\$ 9,686,455	\$ 9,564,281	\$ 7,928,265
Improvements	30,924,219	31,089,495	23,931,696	24,043,944
Personal Property	1,016,345	950,915	1,032,255	815,229
Exemptions	<u>(12,675,779)</u>	<u>(12,820,372)</u>	<u>(8,108,826)</u>	<u>(8,182,259)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 32,612,188</u>	<u>\$ 28,906,493</u>	<u>\$ 26,419,406</u>	<u>\$ 24,605,179</u>
TAX RATES PER \$100 VALUATION:				
Maintenance	<u>\$ 0.54317</u>	<u>\$ 0.59213</u>	<u>\$ 0.66398</u>	<u>\$ 0.66779</u>
ADJUSTED TAX LEVY*	<u>\$ 177,140</u>	<u>\$ 171,164</u>	<u>\$ 175,419</u>	<u>\$ 164,311</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED				
	<u>99.39 %</u>	<u>99.85 %</u>	<u>100.00 %</u>	<u>100.00 %</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 – Maximum tax rate of \$1.20 per \$100 of assessed valuation approved by voters on April 4, 1981.

See accompanying independent auditor's report.

SPANISH COVE PUBLIC UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2023	2022	2021
REVENUES			
Property Taxes	\$ 185,569	\$ 170,670	\$ 176,932
Water Service	37,342	25,948	25,135
Groundwater Reduction Fees	15,269	11,568	10,644
Penalty and Interest	18,910	3,776	3,219
Insurance Reimbursement			117,260
Miscellaneous Revenues	27,466	5,572	18,416
TOTAL REVENUES	\$ 284,556	\$ 217,534	\$ 351,606
EXPENDITURES			
Professional Fees	\$ 44,248	\$ 44,265	\$ 45,964
Contracted Services	60,666	49,797	44,688
Utilities	15,774	14,472	14,862
Groundwater Reduction Fees	29,078	13,848	41,276
Repairs and Maintenance/Capital Outlay	21,271	38,442	275,297
Other	41,426	43,056	31,029
TOTAL EXPENDITURES	\$ 212,463	\$ 203,880	\$ 453,116
NET CHANGE IN FUND BALANCE	\$ 72,093	\$ 13,654	\$ (101,510)
BEGINNING FUND BALANCE	569,435	555,781	657,291
ENDING FUND BALANCE	\$ 641,528	\$ 569,435	\$ 555,781
TOTAL ACTIVE RETAIL WATER CONNECTIONS	119	119	118

See accompanying independent auditor's report.

		Percentage of Total Revenues				
<u>2020</u>	<u>2019</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
\$ 159,686	\$ 157,516	65.2 %	78.5 %	50.5 %	76.1 %	73.3 %
24,428	21,401	13.1	11.9	7.1	11.6	10.0
11,026	10,134	5.4	5.3	3.0	5.2	4.7
2,590	2,899	6.6	1.7	0.9	1.2	1.3
				33.3		
<u>12,384</u>	<u>22,996</u>	<u>9.7</u>	<u>2.6</u>	<u>5.2</u>	<u>5.9</u>	<u>10.7</u>
\$ <u>210,114</u>	\$ <u>214,946</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 41,084	\$ 43,764	15.5 %	20.3 %	13.1 %	19.6 %	20.4 %
41,656	30,262	21.3	22.9	12.7	19.8	14.1
11,833	11,145	5.5	6.7	4.2	5.6	5.2
18,045	15,048	10.2	6.4	11.7	8.6	7.0
114,886	83,979	7.5	17.7	78.3	54.7	39.1
<u>32,043</u>	<u>51,033</u>	<u>14.6</u>	<u>19.8</u>	<u>8.8</u>	<u>15.3</u>	<u>23.7</u>
\$ <u>259,547</u>	\$ <u>235,231</u>	<u>74.6 %</u>	<u>93.8 %</u>	<u>128.8 %</u>	<u>123.6 %</u>	<u>109.5 %</u>
\$ (49,433)	\$ (20,285)	<u>25.4 %</u>	<u>6.2 %</u>	<u>(28.8) %</u>	<u>(23.6) %</u>	<u>(9.5) %</u>
<u>706,724</u>	<u>727,009</u>					
\$ <u>657,291</u>	\$ <u>706,724</u>					
<u>120</u>	<u>120</u>					

See accompanying independent auditor's report.

**SPANISH COVE PUBLIC UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2023**

District Mailing Address - Spanish Cove Public Utility District of
Harris County, Texas
c/o Smith, Murdaugh, Little & Bonham L.L.P.
2727 Allen Parkway, Suite 1100
Houston, TX 77019

District Telephone Number - (713) 652-6500

Board Members	Term of Office (Elected or Appointed)	Fees for the year ended <u>September 30, 2023</u>	Expense Reimbursements for the year ended <u>September 30, 2023</u>	<u>Title</u>
Eldon Gizinski	05/20 05/24 (Elected)	\$ 2,013	\$ -0-	President
Doyle Bowers, Jr.	05/20 05/24 (Elected)	\$ 1,492	\$ -0-	Vice President
Tommy E. Curry	05/22 05/26 (Elected)	\$ 2,013	\$ -0-	Secretary
David Hilditch	05/22 05/26 (Elected)	\$ 1,192	\$ 550	Treasurer
Darnell Housley, Jr.	05/20 05/24 (Elected)	\$ 1,863	\$ -0-	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: November 17, 2023

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). Fees of Office are the amounts actually paid to a Director during the District’s current fiscal year.

See accompanying independent auditor’s report.

**SPANISH COVE PUBLIC UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2023**

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended September 30, 2023</u>	<u>Title</u>
Smith, Murdaugh, Little & Bonham, L.L.P.	06/21/71	\$ 35,223	General Counsel
McCall Gibson Swedlund Barfoot PLLC	09/02/14	\$ 10,750	Auditor
Municipal Accounts & Consulting, L.P.	06/13/03	\$ 28,292	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	04/05/88	\$ 1,355	Delinquent Tax Attorney
Mark Burton	06/13/03	\$ -0-	Investment Officer
Benry Utility Services, Inc.	8/02/16	\$ 51,474	Operator
Bob Leared Interests	02/27/76	\$ 16,774	Tax Assessor/ Collector

See accompanying independent auditor's report.

