

**CIMARRON MUNICIPAL  
UTILITY DISTRICT**

**HARRIS AND FORT BEND COUNTIES, TEXAS**

**FINANCIAL REPORT**

**February 28, 2018**



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## Independent Auditors' Report

Board of Directors  
Cimarron Municipal Utility District  
Harris and Fort Bend Counties, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Cimarron Municipal Utility District, as of and for the year ended February 28, 2018, and the related notes to the financial statements, which collectively comprise the 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 basic 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 basic financial statements are free of material misstatement.

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

***Board of Directors  
Cimarron Municipal Utility District  
Harris and Fort Bend Counties, Texas***

**Opinion**

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 Cimarron Municipal Utility District, as of February 28, 2018, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Other-Matters**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The Texas Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Texas Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied to the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements taken as a whole.

*McGuire & Co, P.C.*

Houston, Texas  
June 20, 2018

## **Management's Discussion and Analysis**

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***Cimarron Municipal Utility District  
Management's Discussion and Analysis  
February 28, 2018***

## **Using this Annual Report**

Within this section of the financial report of Cimarron Municipal Utility District (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended February 28, 2018. This analysis should be read in conjunction with the independent auditors' report and the basic financial statements that follow this section.

In addition to this discussion and analysis, this annual report consists of:

- The District's basic financial statements;
- Notes to the basic financial statements, which provide additional information essential to a full understanding of the data provided in the financial statements;
- Supplementary information required by the Governmental Accounting Standards Board (GASB) concerning the District's budget; and
- Other Texas supplementary information required by the District's state oversight agency, the Texas Commission on Environmental Quality (TCEQ).

## **Overview of the Financial Statements**

The District prepares its basic financial statements using a format that combines fund financial statements and government-wide statements onto one financial statement. The combined statements are the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. Each statement contains an adjustments column which quantifies the differences between the government-wide and fund level statements. Additional details of the adjustments are provided in Note 2 to the basic financial statements.

## **Government-Wide Financial Statements**

The focus of government-wide financial statements is on the overall financial position and activities of the District, both long-term and short-term. The District's government-wide financial statements consist of the *Statement of Net Position* and the *Statement of Activities*, which are prepared using the accrual basis of accounting. The *Statement of Net Position* includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual reported as net position. Over time, changes in net position may provide a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

Accounting standards establish three components of net position. The net investment in capital assets component represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets. Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The restricted component of net position consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties. The unrestricted component of net position represents resources not included in the other components.

***Cimarron Municipal Utility District  
Management's Discussion and Analysis  
February 28, 2018***

The *Statement of Activities* reports how the District's net position has changed during the fiscal year. All revenues and expenses are included on this statement, regardless of whether cash has been received or paid.

**Fund Financial Statements**

The fund financial statements include the *Governmental Funds Balance Sheet* and the *Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. The focus of fund financial statements is on specific activities of the District rather than the District as a whole, reported using modified accrual accounting. These statements report on the District's use of available financial resources and the balances of available financial resources at the end of the year. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties, governmental statutes or regulations.

For further discussion on the government-wide and fund financial statements, please refer to Note 1 in the financial statements.

**Financial Analysis of the District as a Whole**

The District's net position at February 28, 2018, was negative \$2,591,702. A comparative summary of the District's overall financial position, as of February 28, 2018 and 2017, is as follows:

	2018	2017
Current and other assets	\$ 7,600,570	\$ 6,878,892
Capital assets	18,850,589	18,903,844
Total assets	<u>26,451,159</u>	<u>25,782,736</u>
Total deferred outflows of resources	<u>311,936</u>	<u>117,329</u>
Current liabilities	1,592,991	1,463,823
Long-term liabilities	27,761,806	28,377,059
Total liabilities	<u>29,354,797</u>	<u>29,840,882</u>
Net position		
Net investment in capital assets	(7,914,279)	(8,347,394)
Restricted	2,169,080	2,147,698
Unrestricted	3,153,497	2,258,879
Total net position	<u>\$ (2,591,702)</u>	<u>\$ (3,940,817)</u>

***Cimarron Municipal Utility District  
Management's Discussion and Analysis  
February 28, 2018***

The total net position of the District increased during the current fiscal year by \$1,349,115. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	<u>2018</u>	<u>2017</u>
Revenues		
Water and sewer service	\$ 1,398,955	\$ 1,278,156
Property taxes, penalties and interest	3,244,737	3,121,344
Other	<u>2,546,420</u>	<u>2,591,379</u>
Total revenues	<u>7,190,112</u>	<u>6,990,879</u>
Expenses		
Current service operations	3,991,662	3,752,389
Debt interest and fees	1,083,503	1,153,272
Developer interest	100,339	200,987
Debt issuance costs	264,429	
Intergovernmental		258,590
Depreciation	<u>401,064</u>	<u>393,354</u>
Total expenses	<u>5,840,997</u>	<u>5,758,592</u>
Change in net position	1,349,115	1,232,287
Net position, beginning of year	<u>(3,940,817)</u>	<u>(5,173,104)</u>
Net position, end of year	<u>\$ (2,591,702)</u>	<u>\$ (3,940,817)</u>

**Financial Analysis of the District's Funds**

The District's combined fund balances, as of February 28, 2018, were \$6,878,070, which consists of \$4,677,745 in the General Fund, \$2,037,640 in the Debt Service Fund, and \$162,685 in the Capital Projects Fund.

*General Fund*

A comparative summary of the General Fund's financial position as of February 28, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Total assets	<u>\$ 5,141,820</u>	<u>\$ 4,313,616</u>
Total liabilities	\$ 316,006	\$ 328,769
Total deferred inflows	148,069	74,751
Total fund balance	<u>4,677,745</u>	<u>3,910,096</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 5,141,820</u>	<u>\$ 4,313,616</u>

***Cimarron Municipal Utility District  
Management’s Discussion and Analysis  
February 28, 2018***

A comparative summary of the General Fund’s activities for the current and prior fiscal year is as follows:

	<u>2018</u>	<u>2017</u>
Total revenues	\$ 4,457,618	\$ 3,932,602
Total expenditures	<u>(3,689,969)</u>	<u>(3,171,027)</u>
Revenues over expenditures	<u>\$ 767,649</u>	<u>\$ 761,575</u>

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District’s primary financial resources in the General Fund are from a property tax levy, the provision of water and sewer services to customers within the District and City of Houston sales tax rebates. Financial resources are influenced by a variety of factors each year:

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. Property tax revenues increased from prior year because the District increased the maintenance and operations component of the levy and because assessed values increased from prior year.
- Water, sewer and Regional Water Authority revenues are dependent upon customer usage, which fluctuates from year to year as a result of factors beyond the District’s control.
- Sales tax rebates received from the City of Houston under a Strategic Partnership Agreement are dependent on consumer spending at retail stores located within the District’s boundaries and will fluctuate from year to year.

*Debt Service Fund*

A comparative summary of the Debt Service Fund’s financial position as of February 28, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Total assets	<u>\$ 2,228,579</u>	<u>\$ 2,161,681</u>
Total liabilities	\$ 59,499	\$ 13,983
Total deferred inflows	131,440	122,425
Total fund balance	<u>2,037,640</u>	<u>2,025,273</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 2,228,579</u>	<u>\$ 2,161,681</u>

***Cimarron Municipal Utility District  
Management's Discussion and Analysis  
February 28, 2018***

A comparative summary of the Debt Service Fund's activities for the current and prior fiscal year is as follows:

	<u>2018</u>	<u>2017</u>
Total revenues	\$ 2,254,301	\$ 2,372,424
Total expenditures	<u>(2,350,028)</u>	<u>(2,167,580)</u>
Revenues over/(under) expenditures	\$ (95,727)	\$ 204,844
Other changes in fund balance	108,094	
Net change in fund balance	<u>\$ 12,367</u>	<u>\$ 204,844</u>

The District's financial resources in the Debt Service Fund in both the current year and prior year are from property tax revenues. The difference between these financial resources and debt service requirements will result in changes in fund balance each year. It is important to note that the District sets its annual debt service tax rate as recommended by its financial advisor, who monitors projected cash flows in the Debt Service Fund to ensure that the District will be able to meet its future debt service requirements.

During the current year, the District issued \$4,155,000 in refunding bonds to refund \$3,925,000 of its outstanding Series 2010 bonds. This refunding will save the District \$277,544 in future debt service requirements.

*Capital Projects Fund*

A comparative summary of the Capital Projects Fund's financial position as of February 28, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Total assets	<u>\$ 167,185</u>	<u>\$ 327,524</u>
Total liabilities	\$ 4,500	\$ -
Total fund balance	<u>162,685</u>	<u>327,524</u>
Total liabilities and fund balance	<u>\$ 167,185</u>	<u>\$ 327,524</u>

A comparative summary of activities in the Capital Projects Fund for the current and prior fiscal year is as follows:

	<u>2018</u>	<u>2017</u>
Total revenues	\$ 545	\$ 1,569
Total expenditures	<u>(1,380,384)</u>	<u>(1,293,982)</u>
Revenues under expenditures	(1,379,839)	(1,292,413)
Other changes in fund balance	1,215,000	
Net change in fund balance	<u>\$ (164,839)</u>	<u>\$ (1,292,413)</u>

***Cimarron Municipal Utility District  
Management’s Discussion and Analysis  
February 28, 2018***

During the current year, the District issued its \$1,215,000 Series 2017 Unlimited Tax Bonds to reimburse developers for the cost of capital assets constructed within the District. The District’s capital asset activity in the previous fiscal year was for improvements to existing facilities.

*Special Revenue Fund*

The District uses a Special Revenue Fund to account for the activities of a water plant jointly owned by the District and Harris - Fort Bend Counties Municipal Utility District No. 3. A comparative summary of the Special Revenue Fund’s financial position as of February 28, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Total assets	<u>\$ 159,918</u>	<u>\$ 173,003</u>
Total liabilities	<u>\$ 159,918</u>	<u>\$ 173,003</u>

A comparative summary of activities for the Special Revenue Fund’s current and prior fiscal year is as follows:

	<u>2018</u>	<u>2017</u>
Total revenues	<u>\$ 395,316</u>	<u>\$ 660,743</u>
Total expenditures	<u>(395,316)</u>	<u>(660,743)</u>
Revenues over/(under) expenditures	<u>\$ -</u>	<u>\$ -</u>

Revenues in the Special Revenue Fund primarily consist of charges to participants. The amount the District charges is based upon the actual cost of providing services. Consequently, revenues will equal expenditures each year.

**General Fund Budgetary Highlights**

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board did not amend the budget during the fiscal year.

Since the District’s budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$541,908 greater than budgeted. The *Budgetary Comparison Schedule* on page 38 of this report provides variance information per financial statement line item.

***Cimarron Municipal Utility District  
Management's Discussion and Analysis  
February 28, 2018***

**Capital Assets**

Capital assets held by the District at February 28, 2018 and 2017 are summarized as follows:

	2018	2017
Capital assets not being depreciated		
Land and improvements	\$ 8,124,046	\$ 8,124,046
Construction in progress	46,344	45,603
	<u>8,170,390</u>	<u>8,169,649</u>
Capital assets being depreciated		
Infrastructure	15,138,772	14,791,704
Investment in regional facilities	2,497,157	2,497,157
	<u>17,635,929</u>	<u>17,288,861</u>
Less accumulated depreciation		
Infrastructure	(6,529,436)	(6,183,864)
Investment in regional facilities	(426,294)	(370,802)
	<u>(6,955,730)</u>	<u>(6,554,666)</u>
Depreciable capital assets, net	<u>10,680,199</u>	<u>10,734,195</u>
Capital assets, net	<u>\$ 18,850,589</u>	<u>\$ 18,903,844</u>

Capital asset additions during the current year primarily consist of the following:

- water plant 2 paving improvements,
- drainage channel storm outfall improvements, and
- Red River sanitary sewer rehabilitation.

The District's construction in progress is for engineering and construction costs related to the emergency generator for the regional facilities shared with West Memorial Municipal Utility District.

**Long-Term Debt and Related Liabilities**

As of February 28, 2018, the District owes \$80,000 to developers for completed infrastructure projects, pending acceptance of storm sewer in Grand Crossing by Harris County. The District intends to reimburse the developers from surplus general operating funds pending Harris County acceptance of the facilities.

***Cimarron Municipal Utility District  
Management’s Discussion and Analysis  
February 28, 2018***

At February 28, 2018 and 2017, the District had total bonded debt outstanding as shown below:

Series	2018	2017
2010	\$ 790,000	\$ 4,840,000
2011	10,055,000	10,220,000
2013	2,375,000	2,465,000
2014 Refunding	5,475,000	5,955,000
2015	5,240,000	5,425,000
2017 Refunding	4,110,000	
2017	1,160,000	
	\$ 29,205,000	\$ 28,905,000

During the year, the District issued \$4,155,000 in unlimited tax refunding bonds and \$1,215,000 in unlimited tax bonds for water, sewer, and drainage purposes. At February 28, 2018, the District had \$1,325,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and \$495,000 for refunding purposes.

**Next Year’s Budget**

In establishing the budget for the next fiscal year, the Board considered various economic factors that may affect the District, most notably projected revenues from property taxes, water/sewer services and City of Houston sales tax rebates and the projected cost of operating the District and providing services to customers. A comparison of next year’s budget to current year actual amounts for the General Fund is as follows:

	2018 Actual	2019 Budget
Total revenues	\$ 4,457,618	\$ 4,406,334
Total expenditures	(3,689,969)	(4,300,865)
Revenues over expenditures	767,649	105,469
Beginning fund balance	3,910,096	4,677,745
Ending fund balance	\$ 4,677,745	\$ 4,783,214



## **Basic Financial Statements**

**Cimarron Municipal Utility District**  
**Statement of Net Position and Governmental Funds Balance Sheet**  
**February 28, 2018**

	General Fund	Debt Service Fund	Capital Projects Fund	Special Revenue Fund	Total
<b>Assets</b>					
Cash and investments	\$ 4,508,185	\$ 2,117,403	\$ 71,360	\$ 146,337	\$ 6,843,285
Taxes receivable, net	37,977	131,440			169,417
Customer service receivables, net	191,527				191,527
Due from City of Houston	192,668				192,668
Internal balances	(49,104)	(20,264)	95,825	(26,457)	
Other receivables	3,000				3,000
Due from other districts				40,038	40,038
Prepaid items	11,528				11,528
Operating Reserve - West Memorial Treatment Plant	149,107				149,107
Operating Reserve - Water plant	96,932				96,932
Capital assets not being depreciated					
Capital assets, net					
Total Assets	<u>\$ 5,141,820</u>	<u>\$ 2,228,579</u>	<u>\$ 167,185</u>	<u>\$ 159,918</u>	<u>\$ 7,697,502</u>
<b>Deferred Outflows of Resources</b>					
Deferred difference on refunding					
<b>Liabilities</b>					
Accounts payable	\$ 290,266	\$ -	\$ 4,500	\$ 10,882	\$ 305,648
Other payables		59,499			59,499
Operating reserve				149,036	149,036
Customer deposits	21,000				21,000
Builder deposits	4,740				4,740
Due to developers					
Long-term debt					
Due within one year					
Due after one year					
Total Liabilities	<u>316,006</u>	<u>59,499</u>	<u>4,500</u>	<u>159,918</u>	<u>539,923</u>
<b>Deferred Inflows of Resources</b>					
Deferred property taxes	37,977	131,440			169,417
Deferred City of Houston sales tax	110,092				110,092
	<u>148,069</u>	<u>131,440</u>			<u>279,509</u>
<b>Fund Balances/Net Position</b>					
<b>Fund Balances</b>					
Nonspendable	257,567				257,567
Restricted		2,037,640	162,685		2,200,325
Committed	80,000				80,000
Unassigned	4,340,178				4,340,178
Total Fund Balances	<u>4,677,745</u>	<u>2,037,640</u>	<u>162,685</u>		<u>6,878,070</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,141,820</u>	<u>\$ 2,228,579</u>	<u>\$ 167,185</u>	<u>\$ 159,918</u>	<u>\$ 7,697,502</u>
<b>Net Position</b>					
Net investment in capital assets					
Restricted for debt service					
Unrestricted					
Total Net Position					
See notes to basic financial statements.					

Adjustments	Statement of Net Position
\$ -	\$ 6,843,285
	169,417
	191,527
	192,668
	3,000
	40,038
	11,528
	149,107
(96,932)	
8,170,390	8,170,390
10,680,199	10,680,199
<u>18,753,657</u>	<u>26,451,159</u>
311,936	311,936
	305,648
	59,499
(96,932)	52,104
	21,000
	4,740
80,000	80,000
1,150,000	1,150,000
27,681,806	27,681,806
<u>28,814,874</u>	<u>29,354,797</u>
(169,417)	
<u>(110,092)</u>	
<u>(279,509)</u>	
(257,567)	
(2,200,325)	
(80,000)	
<u>(4,340,178)</u>	
<u>(6,878,070)</u>	
(7,914,279)	(7,914,279)
2,169,080	2,169,080
3,153,497	3,153,497
<u>\$ (2,591,702)</u>	<u>\$ (2,591,702)</u>

**Cimarron Municipal Utility District**

**Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances**

**For the Year Ended February 28, 2018**

	General Fund	Debt Service Fund	Capital Projects Fund	Special Revenue Fund	Total
<b>Revenues</b>					
Water service	\$ 588,522	\$ -	\$ -	\$ -	\$ 588,522
Sewer service	810,433				810,433
Garbage service	138,795				138,795
Property taxes	944,956	2,207,799			3,152,755
Penalties and interest	43,041	24,869			67,910
Water supply				395,204	395,204
Tap connection and inspection	306,535				306,535
City of Houston sales tax rebate	707,596				707,596
Regional Water Authority fees	863,847				863,847
Miscellaneous	27,195	9,230			36,425
Investment earnings	26,698	12,403	545	112	39,758
<b>Total Revenues</b>	<b>4,457,618</b>	<b>2,254,301</b>	<b>545</b>	<b>395,316</b>	<b>7,107,780</b>
<b>Expenditures/Expenses</b>					
Current service operations					
Purchased services	893,494				893,494
Professional fees	162,256			5,088	167,344
Contracted services	548,678	54,586		12,032	615,296
Repairs and maintenance	628,483		86,839	91,426	806,748
Utilities	155,227			33,179	188,406
Regional Water Authority fees	826,308			250,069	1,076,377
Administrative	99,956	8,686	126	3,522	112,290
Other	31,707				31,707
Economic development grant	100,000				100,000
Capital outlay	243,860		1,040,434		1,284,294
Debt service					
Principal		1,145,000			1,145,000
Interest and fees		1,029,973			1,029,973
Developer interest			100,339		100,339
Debt issuance costs		111,783	152,646		264,429
Depreciation					
<b>Total Expenditures/Expenses</b>	<b>3,689,969</b>	<b>2,350,028</b>	<b>1,380,384</b>	<b>395,316</b>	<b>7,815,697</b>
<b>Revenues Over/(Under) Expenditures</b>	<b>767,649</b>	<b>(95,727)</b>	<b>(1,379,839)</b>		<b>(707,917)</b>
<b>Other Financing Sources/(Uses)</b>					
Proceeds from sale of bonds			1,215,000		1,215,000
Proceeds from sale of refunding bonds		4,155,000			4,155,000
Payment to refunded bond escrow agent		(4,046,906)			(4,046,906)
<b>Net Change in Fund Balances</b>	<b>767,649</b>	<b>12,367</b>	<b>(164,839)</b>		<b>615,177</b>
<b>Change in Net Position</b>					
Fund Balance/Net Position					
Beginning of the period	3,910,096	2,025,273	327,524		6,262,893
<b>End of the period</b>	<b>\$ 4,677,745</b>	<b>\$ 2,037,640</b>	<b>\$ 162,685</b>	<b>\$ -</b>	<b>\$ 6,878,070</b>

See notes to basic financial statements.

Adjustments	Statement of Activities
\$ -	\$ 588,522
	810,433
	138,795
20,889	3,173,644
3,183	71,093
	395,204
	306,535
58,260	765,856
	863,847
	36,425
	39,758
<u>82,332</u>	<u>7,190,112</u>
	893,494
	167,344
	615,296
	806,748
	188,406
	1,076,377
	112,290
	31,707
	100,000
(1,284,294)	
(1,145,000)	
53,530	1,083,503
	100,339
	264,429
401,064	401,064
<u>(1,974,700)</u>	<u>5,840,997</u>
707,917	
(1,215,000)	
(4,155,000)	
<u>4,046,906</u>	
(615,177)	
1,349,115	1,349,115
<u>(10,203,710)</u>	<u>(3,940,817)</u>
<u>\$ (9,469,772)</u>	<u>\$ (2,591,702)</u>

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## **Note 1 – Summary of Significant Accounting Policies**

The accounting policies of Cimarron Municipal Utility District (the “District”) conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board. The following is a summary of the most significant policies:

### **Creation**

The District was organized, created and established pursuant to an order of the Texas Water Rights Commission, statutory predecessor to the Texas Commission on Environmental Quality, dated February 9, 1976, and operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on December 7, 1976 and the first bonds were sold on December 1, 1977.

The District’s primary activities include construction, maintenance and operation of water, sewer and drainage facilities. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

### **Reporting Entity**

The District is a political subdivision of the State of Texas governed by an elected five-member board. The Governmental Accounting Standards Board has established the criteria for determining whether or not 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 statements as component units.

### **Government-Wide and Fund Financial Statements**

Government-wide financial statements display information about the District as a whole. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Interfund activity, if any, has been removed from these statements. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities*.

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. Most governments typically have many funds; however, governmental financial statements focus on the most important or “major” funds with non-major funds aggregated in a single column. The District has four governmental funds, which are all considered major funds.

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Government-Wide and Fund Financial Statements (continued)**

The following is a description of the various funds used by the District:

- The General Fund is used to account for the operations of the District's water and sewer system and all other financial transactions not reported in other funds. The principal sources of revenue are property taxes, water and sewer service fees and City of Houston sales tax rebates. Expenditures include costs associated with the daily operations of the District.
- The Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt. The primary source of revenue for debt service is property taxes. Expenditures include costs incurred in assessing and collecting these taxes.
- The Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the District's water, sewer and drainage facilities.
- The Special Revenue Fund is used to account for the operation and maintenance of water plant no. 3, which is jointly owned by the District and Harris-Fort Bend Counties Municipal Utility District No. 3. See Note 11 for additional information.

As a special-purpose government engaged in a single governmental program, the District has opted to combine its government-wide and fund financial statements in a columnar format showing an adjustments column for reconciling items between the two.

**Measurement Focus and Basis of Accounting**

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, interest earned on investments and income from District operations. Property taxes receivable at the end of the fiscal year are treated as deferred inflows because they are not considered available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

Note 2 further details the adjustments from the governmental fund presentation to the government-wide presentation.



**Note 1 – Summary of Significant Accounting Policies (continued)**

**Use of Restricted Resources**

When both restricted and unrestricted resources are available for use, the District uses restricted resources first, then unrestricted resources as they are needed.

**Receivables**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At February 28, 2018, allowances of \$15,800 and \$4,000 were provided for possible uncollectible property taxes and water/sewer accounts, respectively.

**Interfund Activity**

During the course of operations, transactions occur between individual funds. This can include internal transfers, payables and receivables. This activity is combined as internal balances and is eliminated in both the government-wide and fund financial statement presentation.

**Capital Assets**

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at the estimated fair market value at the date of donation. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciable capital assets, which primarily consist of water, wastewater and drainage facilities and investments in regional facilities, are depreciated using the straight-line method as follows:

<u>Assets</u>	<u>Useful Life</u>
Infrastructure	20-45 years
Investment in regional facilities	45 years

The District’s detention facilities are considered improvements to land and are non-depreciable.

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Deferred Inflows and Outflows of Financial Resources**

A deferred inflow of financial resources is the acquisition of resources in one period that is applicable to a future period, while a deferred outflow of financial resources is the consumption of financial resources in one period that is applicable to a future period. A deferred inflow results from the acquisition of an asset without a corresponding revenue or assumption of a liability. A deferred outflow results from the use of an asset without a corresponding expenditure or reduction of a liability.

At the fund level, property taxes receivable and City of Houston sales tax rebates not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources.

Deferred outflows of financial resources at the government-wide level are from refunding bond transactions in which the amount required to repay the old debt exceeded the net carrying amount of the old debt. This amount is being amortized to interest expense.

**Net Position – Governmental Activities**

Governmental accounting standards establish the following three components of net position:

Net investment in capital assets – represents the District’s investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets.

Restricted – consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties.

Unrestricted – resources not included in the other components.

**Fund Balances – Governmental Funds**

Governmental accounting standards establish the following fund balance classifications:

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’s nonspendable fund balance consists of prepaid items and operating reserves paid West Memorial Municipal Utility District and to the Special Revenue Fund for the joint water plant.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District’s restricted fund balances consist of unspent bond proceeds in the Capital Projects Fund and property taxes levied for debt service in the Debt Service Fund.

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Fund Balances – Governmental Funds (continued)**

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District's committed fund balance consists of surplus general operating funds committed for developer reimbursements. This reimbursement is pending Harris County acceptance of the facilities.

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 and does not have any assigned fund balances.

Unassigned - all other spendable amounts in the General Fund.

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

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectibility of receivables and the useful lives and impairment of capital assets. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

*Cimarron Municipal Utility District*  
*Notes to Basic Financial Statements*  
*February 28, 2018*

**Note 2 – Adjustment from Governmental to Government-wide Basis**

**Reconciliation of the *Governmental Funds Balance Sheet* to the *Statement of Net Position***

Total fund balance, governmental funds		\$ 6,878,070
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Historical cost		\$ 25,806,319
Less accumulated depreciation		<u>(6,955,730)</u>
Change due to capital assets		18,850,589

The difference between the face amount of bonds refunded and the amount paid to the escrow agent is recorded as a deferred difference on refunding in the <i>Statement of Net Position</i> and amortized to interest expense. It is not recorded in the fund statements because it is not a financial resource.		311,936
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Amounts due to the District's developers for prefunded construction are recorded as a liability in the <i>Statement of Net Position</i> .		(80,000)
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of bonds payable, net.		(28,831,806)
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Receivables that are not collected within sixty days of fiscal year end are not considered available to pay current period expenditures and are deferred in the funds.

Property taxes		169,417
City of Houston sales tax receipts		<u>110,092</u>
		279,509

Total net position - governmental activities		<u><u>\$ (2,591,702)</u></u>
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*Cimarron Municipal Utility District  
Notes to Basic Financial Statements  
February 28, 2018*

**Note 2 – Adjustment from Governmental to Government-wide Basis (continued)**

**Reconciliation of the *Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances* to the *Statement of Activities***

Net change in fund balances - total governmental funds \$ 615,177

Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for:

Property taxes and related penalties and interest	\$ 24,072	
City of Houston sales tax rebates	<u>58,260</u>	
		82,332

Governmental funds report capital outlays for construction costs as expenditures in the funds; however, in the *Statement of Activities*, the cost of long-term assets is capitalized and charged to expense over the estimated useful life of the asset.

Capital outlays	1,284,294	
Depreciation expense	<u>(401,064)</u>	
		883,230

The issuance of long-term debt provides current financial resources in governmental funds, while the repayment of principal uses current financial resources. However, neither transaction has any effect on net assets. Other elements of debt financing are reported differently between the fund and government wide statements.

Principal payments	1,145,000	
Interest expense accrual	(53,530)	
Proceeds from sale of bonds	(1,215,000)	
Proceeds from sale of refunding bonds	(4,155,000)	
Payment to refunded bond escrow agent	<u>4,046,906</u>	
		(231,624)

Change in net position of governmental activities	\$ 1,349,115
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*Cimarron Municipal Utility District*  
*Notes to Basic Financial Statements*  
*February 28, 2018*

**Note 3 – Deposits and Investments**

**Deposit Custodial Credit Risk**

Custodial credit risk as it applies to deposits (i.e. cash) is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities. The *Public Funds Collateral Act* (Chapter 2257, Texas Government Code) requires that all of the District’s deposits with financial institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third party custodian. The act further specifies the types of securities that can be used as collateral. The District’s written investment policy establishes additional requirements for collateralization of deposits.

**Investments**

The District is authorized by the *Public Funds Investment Act* (Chapter 2256, Texas Government Code) to invest in the following: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including Federal Home Loan Banks, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies or instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) certain A rated or higher obligations of states and political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) certain insured or collateralized certificates of deposit and share certificates, (8) certain fully collateralized repurchase agreements, (9) bankers’ acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds, with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

The District has adopted a written investment policy to establish the principles by which the District’s investment program should be managed. This policy further restricts the types of investments in which the District may invest.

As of February 28, 2018, the District’s investments consist of the following:

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
TexPool	General	\$ 2,905,055	AAAm	27 days
	Debt Service	865,214		
	Capital Projects	52		
		<u>\$ 3,770,321</u>		

*Cimarron Municipal Utility District  
 Notes to Basic Financial Statements  
 February 28, 2018*

**Note 3 – Deposits and Investments (continued)**

**TexPool**

The District participates in TexPool, the Texas Local Government Investment Pool. The State Comptroller of Public Accounts exercises oversight responsibility of TexPool, which includes (1) the ability to significantly influence operations, (2) designation of management and (3) accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

As permitted by GAAP, TexPool uses amortized cost (which excludes unrealized gains and losses) rather than market value to compute share price and seeks to maintain a constant dollar value per share. Accordingly, the fair value of the District’s position in TexPool is the same as the value of TexPool shares. Investments in TexPool may be withdrawn on a same day basis, as long as the transaction is executed by 3:30 p.m.

**Investment Credit and Interest Rate Risk**

Investment credit risk is the risk that the investor may not recover the value of an investment from the issuer, while interest rate risk is the risk that the value of an investment will be adversely affected by changes in interest rates. The District’s investment policies do not address investment credit and interest rate risk beyond the rating and maturity restrictions established by state statutes.

**Note 4 – Interfund Balances and Transactions**

Amounts due to/from other funds at February 28, 2018, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	\$ 23,452	Maintenance tax collections not remitted as of year end
General Fund	Capital Projects Fund	14,205	Bond application fees and capital outlay paid by the General Fund
Debt Service Fund	General Fund	3,188	Proceeds from the sale of refunding bonds in excess of bond application fees paid by the General Fund
General Fund	Special Revenue Fund	26,457	Joint water plant participant billings/credits
Capital Projects Fund	General Fund	110,030	Reimbursement of transfer to General Fund during previous fiscal year.

Amounts reported as internal balances between funds are considered temporary balances and will be paid during the following fiscal year.

***Cimarron Municipal Utility District  
Notes to Basic Financial Statements  
February 28, 2018***

**Note 5 – Capital Assets**

A summary of changes in capital assets, for the year ended February 28, 2018, is as follows:

	Beginning Balances	Additions/ Adjustments	Retirements	Ending Balances
Capital assets not being depreciated				
Land and improvements	\$ 8,124,046	\$ -	\$ -	\$ 8,124,046
Construction in progress	45,603	46,344	(45,603)	46,344
	<u>8,169,649</u>	<u>46,344</u>	<u>(45,603)</u>	<u>8,170,390</u>
Capital assets being depreciated				
Infrastructure	14,791,704	347,068		15,138,772
Investment in regional facilities	2,497,157			2,497,157
	<u>17,288,861</u>	<u>347,068</u>		<u>17,635,929</u>
Less accumulated depreciation				
Infrastructure	(6,183,864)	(345,572)		(6,529,436)
Investment in regional facilities	(370,802)	(55,492)		(426,294)
	<u>(6,554,666)</u>	<u>(401,064)</u>		<u>(6,955,730)</u>
Subtotal depreciable capital assets, net	<u>10,734,195</u>	<u>(53,996)</u>		<u>10,680,199</u>
Capital assets, net	<u>\$ 18,903,844</u>	<u>\$ (7,652)</u>	<u>\$ (45,603)</u>	<u>\$ 18,850,589</u>

Depreciation expense for the current year was \$401,064.

**Note 6 – Due to Developers**

The District has entered into financing agreements with developers of property within the District for the financing of the construction of water, sewer and drainage facilities. Under the agreements, the developers will advance funds for the construction of facilities to serve the District. The developers will be reimbursed from other lawfully available funds, subject to approval by TCEQ, as applicable. The District does not record the capital asset and related liability on the government-wide statements until construction of the facilities is complete.

Changes in amounts due to developers during the year are as follows:

Due to developers, beginning of year	\$ 1,016,485
Developer reimbursements	(1,085,754)
Developer funded adjustments	149,269
Due to developers, end of year	<u>\$ 80,000</u>



***Cimarron Municipal Utility District  
Notes to Basic Financial Statements  
February 28, 2018***

**Note 7 – Long–Term Debt**

Long-term debt is comprised of the following:

Bonds payable	\$ 29,205,000
Unamortized discounts	(402,561)
Unamortized premium	29,367
	<u>\$ 28,831,806</u>
Due within one year	<u>\$ 1,150,000</u>

The District’s bonds payable at February 28, 2018, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2010	\$ 790,000	\$ 5,130,000	3.50% - 4.00%	March 1, 2018/2024	September 1, March 1	March 1, 2018
2011	10,055,000	10,525,000	4.00% - 5.50%	March 1, 2016/2036	September 1, March 1	March 1, 2019
2013	2,375,000	2,630,000	2.00% - 4.375%	March 1, 2016/2036	September 1, March 1	March 1, 2021
2014 Refunding	5,475,000	6,585,000	2.00% - 3.125%	March 1, 2015/2031	September 1, March 1	March 1, 2023
2015	5,240,000	5,790,000	2.00% - 3.250%	March 1, 2016/2036	September 1, March 1	March 1, 2024
2017 Refunding	4,110,000	4,155,000	2.76%	March 1, 2018/2031	September 1, March 1	March 1, 2025
2017	1,160,000	1,215,000	2.00% - 4.50%	March 1, 2018/2036	September 1, March 1	March 1, 2025
	<u>\$ 29,205,000</u>					

Payments of principal and interest on all series of bonds are to be provided from taxes levied on all properties within the District. Investment income realized by the Debt Service Fund from investment of idle funds will be used to pay outstanding bond principal and interest. The District is in compliance with the terms of its bond resolutions.

At February 28, 2018, the District had authorized but unissued unlimited tax and revenue bonds in the amount of \$1,325,000 for water, sewer and drainage facilities, unlimited tax bonds in the amount of \$365,000 for water, sewer and drainage facilities and \$495,000 for refunding purposes.

*Cimarron Municipal Utility District*  
*Notes to Basic Financial Statements*  
*February 28, 2018*

**Note 7 – Long-Term Debt (continued)**

On May 17, 2017, the District issued its \$4,155,000 Series 2017 Unlimited Tax Refunding Bonds at a net effective interest rate of 3.038311% to advance refund \$3,925,000 of outstanding Series 2010 bonds. The District advance refunded the bonds to reduce total debt service payments over future years by approximately \$277,544 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$227,273. Proceeds of the bonds were placed in an escrow account with an escrow agent and irrevocably pledged to the payment of future debt service payments. As a result, the refunded bonds are considered defeased and the liability has been removed from the government-wide financial statements. As of February 28, 2018, the outstanding principal of defeased bonds is \$3,925,000.

On December 13, 2017, the District issued its \$1,215,000 Series 2017 Unlimited Tax Bonds at a net effective interest rate of 3.297235%. Proceeds of the bonds were used to reimburse developers for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds.

The change in the District's long term debt during the year is as follows:

Bonds payable, beginning of period	\$ 28,905,000
Bonds issued	5,370,000
Bonds retired	(1,145,000)
Bonds refunded	<u>(3,925,000)</u>
Bonds payable, end of period	<u><u>\$ 29,205,000</u></u>

*Cimarron Municipal Utility District  
Notes to Basic Financial Statements  
February 28, 2018*

**Note 7 – Long–Term Debt (continued)**

The debt service payment due March 1 was made during the current fiscal year. The following schedule was prepared presuming this practice will continue. As of February 28, 2018, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2019	\$ 1,150,000	\$ 1,049,688	\$ 2,199,688
2020	1,190,000	1,019,822	2,209,822
2021	1,220,000	986,990	2,206,990
2022	1,275,000	949,662	2,224,662
2023	1,315,000	912,761	2,227,761
2024	1,365,000	870,730	2,235,730
2025	1,425,000	827,082	2,252,082
2026	1,475,000	782,514	2,257,514
2027	1,525,000	736,183	2,261,183
2028	1,585,000	688,708	2,273,708
2029	1,650,000	638,761	2,288,761
2030	1,720,000	586,606	2,306,606
2031	1,775,000	531,551	2,306,551
2032	1,895,000	473,873	2,368,873
2033	1,995,000	391,124	2,386,124
2034	2,105,000	303,855	2,408,855
2035	2,210,000	207,718	2,417,718
2036	2,330,000	106,625	2,436,625
	<u>\$ 29,205,000</u>	<u>\$ 12,064,253</u>	<u>\$ 41,269,253</u>

**Note 8 – Property Taxes**

On January 25, 1977, the voters of the District authorized the District’s Board of Directors to levy taxes annually for use in financing general operations limited to \$0.25 per \$100 of assessed value. The District’s bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

All property values and exempt status, if any, are determined by the Harris County Appraisal District and the Fort Bend Central 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 are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

***Cimarron Municipal Utility District  
Notes to Basic Financial Statements  
February 28, 2018***

**Note 8 – Property Taxes (continued)**

Property taxes are collected based on rates adopted in the year of the levy. The District’s 2018 fiscal year was financed through the 2017 tax levy, pursuant to which the District levied property taxes of \$0.365 per \$100 of assessed value, of which \$0.11 was allocated to maintenance and operations and \$0.255 was allocated to debt service. The resulting tax levy was \$3,212,518 on the adjusted taxable value of \$880,142,039.

Net property taxes receivable, at February 28, 2018, consisted of the following:

Current year taxes receivable	\$ 95,686
Prior years taxes receivable	61,112
Less allowance for uncollectible accounts	<u>(15,800)</u>
	140,998
Penalty and interest receivable	<u>28,419</u>
Net property taxes receivable	<u><u>\$ 169,417</u></u>

**Note 9 – Strategic Partnership Agreement**

Effective April 10, 2003, as subsequently amended, the District and the City of Houston (the “City”) entered into a Strategic Partnership Agreement (the “Agreement”) under which the City annexed certain commercial areas of the District for the limited purposes of applying the City’s planning, zoning, health and safety ordinances within the District. The District continues to exercise all powers and functions of a municipal utility district. As consideration for the District providing services described in the Agreement, the City agreed to remit one half of all retail sales taxes collected from retailers in the area annexed. The City agrees that it will not annex all or part of the District during the term of this agreement which is thirty years. During the current year, the District recognized \$707,596 in City of Houston sales tax revenues.

**Note 10 – Financing and Operation of Regional Facilities**

On August 30, 1983, as subsequently amended, the District entered into a thirty-five year agreement with West Memorial Municipal Utility District (“West Memorial”), Interstate Municipal Utility District, Mason Creek Utility District and Harris County Municipal Utility District No. 81, whereby West Memorial agreed to provide the regional wastewater treatment and disposal facilities necessary to serve the participants. West Memorial has oversight responsibilities and holds title to the facilities for the benefit of the participating Districts.

*Cimarron Municipal Utility District  
Notes to Basic Financial Statements  
February 28, 2018*

**Note 10 – Financing and Operation of Regional Facilities (continued)**

The following represents each participant’s capacity and percentage of ownership:

Participant	Million Gallons Capacity	Percent of Ownership
Cimarron Municipal Utility District	2,471,000	38.16%
Interstate Municipal Utility District	1,350,000	20.85%
Harris County Municipal Utility District No. 81	1,255,000	19.38%
Mason Creek Utility District	800,000	12.36%
West Memorial Municipal Utility District	599,000	9.25%
Totals	6,475,000	100.00%

West Memorial operates the regional facilities. Participants are billed monthly based on a contractual formula. During the current year, the District recorded expenditures in the amount of \$563,859 for its share of operating costs. In addition, the District is responsible for its pro rata share of an operating and maintenance reserve, which is equivalent to three months of average budgeted operating and maintenance expenditures. As of February 28, 2018, the District’s share of the operating reserve is \$149,107.

Audited financial statements for the wastewater treatment plant are prepared annually and can be obtained from West Memorial’s attorney. Condensed financial information, as of and for the year ended June 30, 2017, is shown below:

Total Assets	\$ 546,209
Total Liabilities	\$ 113,352
Total Fund Balance - Restricted	432,857
Total Liabilities and Fund Balance	\$ 546,209
Total Revenues	\$ 2,324,488
Total Expenditures	(2,324,488)
Revenues Over Expenditures	
Other Financing Sources - Increase in Operating Reserve	23,020
Net Change in Fund Balance	23,020
Fund Balance, Beginning of Year	409,837
Fund Balance, End of Year	\$ 432,857

**Note 11 – Joint Water Supply Agreement**

On November 17, 2010, the District entered into a Joint Water Plant Operating Agreement, (“the Agreement”) with Harris-Fort Bend Municipal District No. 3 (HFB MUD 3). This Agreement establishes the terms and conditions under which maintenance and operations costs for the joint water plant will be allocated between the districts. The District shall hold legal title for the water plant no. 3 for the benefit of both districts. Each district shall have an undivided equitable interest in the water plant based on the district’s proportionate share of equivalent single family connections. The District has a 65.04% interest in the water plant and HFB MUD 3 has a 34.96% interest in the water plant.

The District has established a Special Revenue Fund to account for activities related to the water plant. Each district is billed monthly for its proportionate share of maintenance and operating expenditures. For the year ended February 28, 2018, the District’s share of the water service billings were \$342,277 and HFB MUD 3’s share of the water service billings were \$52,927. As of February 28, 2018, the District’s and HFB MUD 3’s operating reserves are \$96,932 and \$52,104, respectively.

**Note 12 – West Harris County Regional Water Authority**

The District is within the boundaries of the West Harris County Regional Water Authority (the Authority”), which was created by the Texas Legislature. The Authority is a political subdivision of the State of Texas, governed by an elected nine member Board of Directors. The Authority was created to provide a regional entity to acquire surface water and build the necessary facilities to convert from groundwater to surface water in order to meet conversion requirements mandated by the Harris-Galveston Coastal Subsidence District, which regulates groundwater withdrawal. The District passes these costs on to its customers. During the current fiscal year, the District recognized \$863,847 in revenues and \$1,076,377 in expenditures for surface water. As of February 28, 2018, the Authority’s rates are \$2.70 per 1,000 gallons of water pumped from the District’s wells and \$3.10 for surface water delivered by the Authority. These rates have been in effect since January 2018 and are subject to future increases.

**Note 13 – Economic Development Agreement**

On July 17, 2013, the District entered into an Economic Development Agreement with Costco Wholesale Corporation in order to provide a performance-based economic development grant to the developer to defray a portion of the costs incurred by the developer by building a wholesale merchandise facility in the District. Costco will be paid from revenues received from the Strategic Partnership Agreement (“SPA”) between the District and the City of Houston (“the City”). The amount of the Economic Development Grant for a given year shall be equal to fifty percent of the revenue received by the District from the City pursuant to the SPA from Costco, but not to exceed \$100,000. The initial Economic Development Grant payment shall be made within thirty days of the annual anniversary date of the initial sales tax collection by the City from Costco and ends after ten years. During the current fiscal year, the District recognized \$100,000 in payment to Costco.

*Cimarron Municipal Utility District*  
*Notes to Basic Financial Statements*  
*February 28, 2018*

**Note 14 – Risk Management**

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

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## **Required Supplementary Information**

*Cimarron Municipal Utility District  
Required Supplementary Information - Budgetary Comparison Schedule - General Fund  
For the Year Ended February 28, 2018*

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Water service	\$ 576,000	\$ 588,522	\$ 12,522
Sewer service	600,000	810,433	210,433
Garbage service	231,000	138,795	(92,205)
Property taxes	700,900	944,956	244,056
Penalties and interest	48,000	43,041	(4,959)
Tap connection and inspection	19,200	306,535	287,335
City of Houston sales tax rebate	720,000	707,596	(12,404)
Regional Water Authority fees	780,000	863,847	83,847
Miscellaneous	10,800	27,195	16,395
Investment earnings	6,000	26,698	20,698
Total Revenues	<u>3,691,900</u>	<u>4,457,618</u>	<u>765,718</u>
<b>Expenditures</b>			
Current service operations			
Purchased services	1,228,447	893,494	334,953
Professional fees	158,100	162,256	(4,156)
Contracted services	509,504	548,678	(39,174)
Repairs and maintenance	619,410	628,483	(9,073)
Utilities	132,000	155,227	(23,227)
Regional Water Authority fees	300,000	826,308	(526,308)
Administrative	124,698	99,956	24,742
Other	29,000	31,707	(2,707)
Economic development grant		100,000	(100,000)
Capital outlay	365,000	243,860	121,140
Total Expenditures	<u>3,466,159</u>	<u>3,689,969</u>	<u>(223,810)</u>
<b>Revenues Over Expenditures</b>	225,741	767,649	541,908
<b>Fund Balance</b>			
Beginning of the period	3,910,096	3,910,096	
<b>End of the period</b>	<u>\$ 4,135,837</u>	<u>\$ 4,677,745</u>	<u>\$ 541,908</u>

*Cimarron Municipal Utility District  
 Required Supplementary Information - Budgetary Comparison Schedule - Special Revenue Fund  
 For the Year Ended February 28, 2018*

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Water supply	\$ 764,100	\$ 395,204	\$ (368,896)
Investment earnings		112	112
<b>Total Revenues</b>	<b>764,100</b>	<b>395,316</b>	<b>(368,784)</b>
<b>Expenditures</b>			
Current service operations			
Professional fees	10,900	5,088	5,812
Contracted services	13,360	12,032	1,328
Repairs and maintenance	66,000	91,426	(25,426)
Utilities	55,000	33,179	21,821
Regional Water Authority fees	600,000	250,069	349,931
Administrative	13,540	3,522	10,018
Other	5,300		5,300
<b>Total Expenditures</b>	<b>764,100</b>	<b>395,316</b>	<b>368,784</b>
<b>Revenues Over Expenditures</b>			
<b>Fund Balance:</b>			
Beginning of the period			
<b>End of the period</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

*Cimarron Municipal Utility District*  
*Notes to Required Supplementary Information*  
*February 28, 2018*

**Budgets and Budgetary Accounting**

An annual unappropriated budget is adopted for the General Fund and Special Revenue Fund by the District's Board of Directors. The budgets are prepared using the same method of accounting as for financial reporting. There were no amendments to the budgets during the year.

## **Texas Supplementary Information**

**Cimarron Municipal Utility District**  
**TSI-1. Services and Rates**  
**February 28, 2018**

1. Services provided by the District During the Fiscal Period:

- Retail Water       Wholesale Water       Solid Waste / Garbage       Drainage  
 Retail Wastewater       Wholesale Wastewater       Flood Control       Irrigation  
 Parks / Recreation       Fire Protection       Roads       Security  
 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):

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels	
Water:	\$ 9.00	6,000	N	\$ 1.25	6,001	to 10,000
				\$ 1.50	10,001	to 15,000
				\$ 1.75	15,001	to 20,000
				\$ 2.00	20,001	to No limit
Wastewater:	\$ 26.22	- 0 -	Y	N/A	- 0 -	to No limit
Surface water:	\$	- 0 -	N	\$ 2.97	- 0 -	to No limit

District employs winter averaging for wastewater usage?  Yes  No

Total charges per 10,000 gallons usage: Water \$ 43.70 Wastewater \$ 26.22

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"	1,500	1,488	x 1.0	1,488
1"	20	20	x 2.5	50
1.5"	31	31	x 5.0	155
2"	83	83	x 8.0	664
3"			x 15.0	
4"	2	2	x 25.0	50
6"	3	3	x 50.0	150
8"	7	7	x 80.0	560
10"			x 115.0	
12"			x 155.0	
Total Water	1,646	1,634		3,117
Total Wastewater	1,571	1,559	x 1.0	1,559

See accompanying auditors' report.

**Cimarron Municipal Utility District**  
**TSI-1. Services and Rates**  
**February 28, 2018**

3. Total Water Consumption during the fiscal period (rounded to the nearest thousand):  
 (You may omit this information if your district does not provide water)

Gallons pumped into system:	<u>433,304,000</u>	Water Accountability Ratio: (Gallons billed/sold// gallons pumped/purchased) <u>94.56%</u>
Gallons billed to customers:	<u>352,154,000</u>	
*Gallons sold:	<u>57,588,000</u>	

4. Standby Fees (authorized only under TWC Section 49.231):  
 (You may omit this information if your district does not levy standby fees)

Does the District have Debt Service standby fees? Yes  No

If yes, Date of the most recent commission Order: \_\_\_\_\_

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

If yes, Date of the most recent commission Order: \_\_\_\_\_

5. Location of District (required for first audit year or when information changes,  
 otherwise this information may be omitted):

Is the District located entirely within one county? Yes  No

County(ies) in which the District is located: Harris and Fort Bend

Is the District located within a city? Entirely  Partly  Not at all

City(ies) in which the District is located: \_\_\_\_\_

Is the District located within a city's extra territorial jurisdiction (ETJ)?  
 Entirely  Partly  Not at all

ETJs in which the District is located: City of Houston

Are Board members appointed by an office outside the district? Yes  No

If Yes, by whom? \_\_\_\_\_

\* Gallons sold to Harris-Fort Bend County MUD 3 and Harris County MUD 81

See accompanying auditors' report.

*Cimarron Municipal Utility District  
TSI-2 General Fund Expenditures  
For the Year Ended February 28, 2018*

Purchased services		<u>\$ 893,494</u>
Professional fees		
Legal		94,162
Engineering		51,394
Audit		16,700
		<u>162,256</u>
Contracted services		
Bookkeeping		22,368
Operator		90,140
Garbage collection		235,716
Tap connection and inspection		73,979
Tax assessor collector		3,367
Security		123,108
		<u>548,678</u>
Repairs and maintenance		<u>628,483</u>
Utilities		<u>155,227</u>
Regional Water Authority fees		<u>826,308</u>
Administrative		
Directors fees		19,050
Printing and office supplies		25,223
Insurance		36,585
Other		19,098
		<u>99,956</u>
Other		<u>31,707</u>
Economic development grant		<u>100,000</u>
Capital outlay		<u>243,860</u>
Total expenditures		<u><u>\$ 3,689,969</u></u>

Reporting of Utility Services in Accordance with HB 3693:

	<u>Usage</u>	<u>Cost</u>
Electrical	1,408,022 kWh	\$ 155,227
Water	N/A	N/A
Natural Gas	N/A	N/A

See accompanying auditors' report.



*Cimarron Municipal Utility District*  
*TSI-3. Investments*  
*February 28, 2018*

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year
General				
TexPool	0792100002	Variable	N/A	\$ 2,905,055
Debt Service				
TexPool	0792100001	Variable	N/A	865,214
Capital Projects				
TexPool	0792100003	Variable	N/A	52
Total - All Funds				\$ 3,770,321

See accompanying auditors' report.

***Cimarron Municipal Utility District  
TSI-4. Taxes Levied and Receivable  
February 28, 2018***

	Maintenance Taxes	Debt Service Taxes	Totals	
Taxes Receivable, Beginning of Year	\$ 22,919	\$ 97,191	\$ 120,110	
Adjustments to Prior Year Tax Levy	(10,241)	(35,342)	(45,583)	
Adjustments to Reserve for Uncollectibles	(101)	(1,826)	(1,927)	
Adjusted Receivable	12,577	60,023	72,600	
2017 Original Tax Levy	918,006	2,128,104	3,046,110	
Adjustments	50,151	116,257	166,408	
Adjusted Tax Levy	968,157	2,244,361	3,212,518	
Total to be accounted for	980,734	2,304,384	3,285,118	
Tax collections:				
Current year	939,319	2,177,513	3,116,832	
Prior years	3,438	23,850	27,288	
Total Collections	942,757	2,201,363	3,144,120	
Taxes Receivable, End of Year	\$ 37,977	\$ 103,021	\$ 140,998	
Taxes Receivable, By Years				
2017	\$ 28,838	\$ 66,848	\$ 95,686	
2016	4,452	14,593	19,045	
2015	1,094	4,648	5,742	
2014 and prior	3,593	16,932	20,525	
Taxes Receivable, End of Year	\$ 37,977	\$ 103,021	\$ 140,998	
	2017	2016	2015	2014
Property Valuations:				
Land	\$ 291,483,902	\$ 273,195,778	\$ 259,081,143	\$ 215,208,726
Improvements	617,465,515	560,889,105	452,431,806	362,570,185
Personal Property	46,721,934	46,950,561	46,146,314	29,830,631
Exemptions	(75,529,312)	(78,734,106)	(83,275,623)	(75,048,338)
Total Property Valuations	\$ 880,142,039	\$ 802,301,338	\$ 674,383,640	\$ 532,561,204
Tax Rates per \$100 Valuation:				
Maintenance tax rates	\$ 0.110	\$ 0.090	\$ 0.08	\$ 0.03
Debt service tax rates	0.255	0.295	0.34	0.54
Total Tax Rates per \$100 Valuation	\$ 0.365	\$ 0.385	\$ 0.42	\$ 0.57
Adjusted Tax Levy:	\$ 3,212,518	\$ 3,088,860	\$ 2,832,411	\$ 3,035,599
Percentage of Taxes Collected to Taxes Levied **	97.02%	99.38%	99.80%	99.87%

\* Maximum Maintenance Tax Rate Approved by Voters: \$0.25 on January 25, 1977

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

See accompanying auditors' report.

*Cimarron Municipal Utility District*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2010--by Years*  
*February 28, 2018*

Due During Fiscal Years Ending	Principal Due March 1	Interest Due September 1, March 1	Total
2019	\$ 130,000	\$ 27,650	\$ 157,650
2020	125,000	23,100	148,100
2021	130,000	18,725	148,725
2022	135,000	14,175	149,175
2023	135,000	9,450	144,450
2024	135,000	4,724	139,724
	<u>\$ 790,000</u>	<u>\$ 97,824</u>	<u>\$ 887,824</u>

See accompanying auditors' report.

*Cimarron Municipal Utility District*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2011--by Years*  
*February 28, 2018*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due March 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2019	\$ 170,000	\$ 479,688	\$ 649,688
2020	180,000	472,888	652,888
2021	180,000	463,888	643,888
2022	190,000	453,988	643,988
2023	195,000	446,388	641,388
2024	205,000	438,588	643,588
2025	215,000	430,388	645,388
2026	220,000	421,788	641,788
2027	220,000	411,888	631,888
2028	220,000	402,538	622,538
2029	220,000	393,188	613,188
2030	220,000	383,562	603,562
2031	220,000	373,662	593,662
2032	1,320,000	363,212	1,683,212
2033	1,395,000	300,512	1,695,512
2034	1,475,000	234,250	1,709,250
2035	1,560,000	160,500	1,720,500
2036	1,650,000	82,500	1,732,500
	<u>\$ 10,055,000</u>	<u>\$ 6,713,416</u>	<u>\$ 16,768,416</u>

See accompanying auditors' report.

*Cimarron Municipal Utility District*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2013--by Years*  
*February 28, 2018*

Due During Fiscal Years Ending	Principal Due March 1	Interest Due September 1, March 1	Total
2019	\$ 90,000	\$ 89,700	\$ 179,700
2020	95,000	87,787	182,787
2021	100,000	85,531	185,531
2022	105,000	82,906	187,906
2023	110,000	79,231	189,231
2024	115,000	75,381	190,381
2025	115,000	71,356	186,356
2026	120,000	67,331	187,331
2027	125,000	63,131	188,131
2028	130,000	58,756	188,756
2029	135,000	53,556	188,556
2030	145,000	48,156	193,156
2031	150,000	42,356	192,356
2032	155,000	36,356	191,356
2033	160,000	29,768	189,768
2034	170,000	22,968	192,968
2035	175,000	15,531	190,531
2036	180,000	7,875	187,875
	<u>\$ 2,375,000</u>	<u>\$ 1,017,676</u>	<u>\$ 3,392,676</u>

See accompanying auditors' report.

*Cimarron Municipal Utility District*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2014 Refunding--by Years*  
*February 28, 2018*

Due During Fiscal Years Ending	Principal Due March 1	Interest Due September 1, March 1	Total
2019	\$ 495,000	\$ 149,469	\$ 644,469
2020	515,000	139,569	654,569
2021	530,000	129,269	659,269
2022	550,000	116,019	666,019
2023	570,000	102,269	672,269
2024	595,000	85,169	680,169
2025	620,000	67,319	687,319
2026	240,000	48,719	288,719
2027	250,000	41,519	291,519
2028	260,000	34,018	294,018
2029	275,000	26,218	301,218
2030	280,000	17,968	297,968
2031	295,000	9,218	304,218
	<u>\$ 5,475,000</u>	<u>\$ 966,743</u>	<u>\$ 6,441,743</u>

See accompanying auditors' report.

*Cimarron Municipal Utility District*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2015--by Years*  
*February 28, 2018*

Due During Fiscal Years Ending	Principal Due March 1	Interest Due September 1, March 1	Total
2019	\$ 195,000	\$ 154,063	\$ 349,063
2020	205,000	150,162	355,162
2021	210,000	146,063	356,063
2022	220,000	141,862	361,862
2023	230,000	137,463	367,463
2024	240,000	130,562	370,562
2025	255,000	123,363	378,363
2026	265,000	115,712	380,712
2027	275,000	107,763	382,763
2028	290,000	99,512	389,512
2029	305,000	90,813	395,813
2030	320,000	81,662	401,662
2031	330,000	72,063	402,063
2032	345,000	61,749	406,749
2033	365,000	50,538	415,538
2034	380,000	38,675	418,675
2035	395,000	26,325	421,325
2036	415,000	13,488	428,488
	<u>\$ 5,240,000</u>	<u>\$ 1,741,838</u>	<u>\$ 6,981,838</u>

See accompanying auditors' report.

*Cimarron Municipal Utility District*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2017 Refunding--by Years*  
*February 28, 2018*

Due During Fiscal Years Ending	Principal Due March 1	Interest Due September 1, March 1	Total
2019	\$ 20,000	\$ 113,436	\$ 133,436
2020	20,000	112,884	132,884
2021	20,000	112,332	132,332
2022	20,000	111,780	131,780
2023	20,000	111,228	131,228
2024	20,000	110,676	130,676
2025	160,000	110,124	270,124
2026	570,000	105,708	675,708
2027	595,000	89,976	684,976
2028	620,000	73,554	693,554
2029	650,000	56,442	706,442
2030	685,000	38,502	723,502
2031	710,000	19,596	729,596
	<u>\$ 4,110,000</u>	<u>\$ 1,166,238</u>	<u>\$ 5,276,238</u>

See accompanying auditors' report.



*Cimarron Municipal Utility District*  
*TSI-5. Long-Term Debt Service Requirements*  
*Series 2017--by Years*  
*February 28, 2018*

Due During Fiscal Years Ending	Principal Due March 1	Interest Due September 1, March 1	Total
2019	\$ 50,000	\$ 35,682	\$ 85,682
2020	50,000	33,432	83,432
2021	50,000	31,182	81,182
2022	55,000	28,932	83,932
2023	55,000	26,732	81,732
2024	55,000	25,630	80,630
2025	60,000	24,532	84,532
2026	60,000	23,256	83,256
2027	60,000	21,906	81,906
2028	65,000	20,330	85,330
2029	65,000	18,544	83,544
2030	70,000	16,756	86,756
2031	70,000	14,656	84,656
2032	75,000	12,556	87,556
2033	75,000	10,306	85,306
2034	80,000	7,962	87,962
2035	80,000	5,362	85,362
2036	85,000	2,762	87,762
	<u>\$ 1,160,000</u>	<u>\$ 360,518</u>	<u>\$ 1,520,518</u>

See accompanying auditors' report.

*Cimarron Municipal Utility District*  
*TSI-5. Long-Term Debt Service Requirements*  
*All Bonded Debt Series--by Years*  
*February 28, 2018*

Due During Fiscal Years Ending	Principal Due March 1	Interest Due September 1, March 1	Total
2019	\$ 1,150,000	\$ 1,049,688	\$ 2,199,688
2020	1,190,000	1,019,822	2,209,822
2021	1,220,000	986,990	2,206,990
2022	1,275,000	949,662	2,224,662
2023	1,315,000	912,761	2,227,761
2024	1,365,000	870,730	2,235,730
2025	1,425,000	827,082	2,252,082
2026	1,475,000	782,514	2,257,514
2027	1,525,000	736,183	2,261,183
2028	1,585,000	688,708	2,273,708
2029	1,650,000	638,761	2,288,761
2030	1,720,000	586,606	2,306,606
2031	1,775,000	531,551	2,306,551
2032	1,895,000	473,873	2,368,873
2033	1,995,000	391,124	2,386,124
2034	2,105,000	303,855	2,408,855
2035	2,210,000	207,718	2,417,718
2036	2,330,000	106,625	2,436,625
	<u>\$ 29,205,000</u>	<u>\$ 12,064,253</u>	<u>\$ 41,269,253</u>

See accompanying auditors' report.

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**Cimarron Municipal Utility District**  
**TSI-6. Change in Long-Term Bonded Debt**  
**February 28, 2018**

	Bond Issue			
	Series 2010	Series 2011	Series 2013	Series 2014 Refunding
Interest rate	3.50% - 4.00%	4.00% - 5.50%	2.00% - 4.375%	2.00% - 3.125%
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
Maturity dates	3/1/18 - 3/1/24	3/1/16 - 3/1/36	3/1/16 - 3/1/36	3/1/15 - 3/1/31
Beginning bonds outstanding	\$ 4,840,000	\$ 10,220,000	\$ 2,465,000	\$ 5,955,000
Bonds issued				
Bonds refunded	(3,925,000)			
Bonds retired	(125,000)	(165,000)	(90,000)	(480,000)
Ending bonds outstanding	<u>\$ 790,000</u>	<u>\$ 10,055,000</u>	<u>\$ 2,375,000</u>	<u>\$ 5,475,000</u>
Interest paid during fiscal year	<u>\$ 32,650</u>	<u>\$ 486,288</u>	<u>\$ 91,500</u>	<u>\$ 159,069</u>
Paying agent's name and city				
Series 2010	Wells Fargo Bank, N.A., Houston, Texas			
Series 2011	Wells Fargo Bank, N.A., Fort Worth, Texas			
Series 2005 Refunding	JP Morgan Chase, Dallas, Texas			
Series 2013, 2014 Refunding, 2015, 2017 Refunding and 2017	Regions Bank, Houston, Texas			
Bond Authority:	WSD Unlimited Tax and Revenue Bonds	WSD Unlimited Tax Bonds	Refunding Bonds	
Amount Authorized by Voters	\$ 40,670,000	\$ 10,000,000	\$ 6,000,000	
Amount Issued	(39,345,000)	(9,635,000)	(5,505,000)	
Remaining To Be Issued	<u>\$ 1,325,000</u>	<u>\$ 365,000</u>	<u>\$ 495,000</u>	

All bonds are secured with tax revenues. Bonds may also be secured with other revenues in combination with taxes.

Debt Service Fund cash and temporary investments balances as of February 28, 2018:	<u>\$ 2,117,403</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:	<u>\$ 2,292,736</u>

See accompanying auditors' report.

Bond Issue			
Series 2015	Series 2017 Refunding	Series 2017	Totals
2.00% - 3.25%	2.76%	2.00% - 4.50%	
9/1; 3/1	9/1; 3/1	9/1; 3/1	
3/1/16 - 3/1/36	3/1/18 - 3/1/31	3/1/18 - 3/1/36	
\$ 5,425,000	\$ -	\$ -	\$ 28,905,000
	4,155,000	1,215,000	5,370,000
			(3,925,000)
(185,000)	(45,000)	(55,000)	(1,145,000)
<u>\$ 5,240,000</u>	<u>\$ 4,110,000</u>	<u>\$ 1,160,000</u>	<u>\$ 29,205,000</u>
<u>\$ 157,763</u>	<u>\$ 90,468</u>	<u>\$ 9,539</u>	<u>\$ 1,027,277</u>

**Cimarron Municipal Utility District**  
**TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund**  
**For the Last Five Fiscal Periods**

	Amounts				
	2018	2017	2016	2015	2014**
Revenues					
Water service	\$ 588,522	\$ 578,926	\$ 571,751	\$ 503,607	\$ 677,412
Sewer service	810,433	699,230	637,281	530,503	672,565
Garbage service	138,795	233,360	241,982	279,673	376,801
Property taxes	944,956	696,109	534,724	164,111	263,392
Penalties and interest	43,041	53,734	40,445	39,949	73,209
Tap connection and inspection	306,535	184,467	266,009	166,779	465,425
City of Houston sales tax rebate	707,596	709,850	744,205	603,094	472,235
Regional Water Authority fees	863,847	758,006	721,371	581,974	802,874
Miscellaneous	27,195	12,775	13,478	11,831	24,087
Investment earnings	26,698	6,145	4,051	3,398	5,489
Total Revenues	4,457,618	3,932,602	3,775,297	2,884,919	3,833,489
Expenditures					
Current service operations					
Purchased services	893,494	1,049,280	859,849	717,081	1,114,420
Professional fees	162,256	168,339	204,102	157,082	242,157
Contracted services	548,678	527,338	483,592	395,437	602,844
Repairs and maintenance	628,483	587,416	569,235	443,231	634,186
Utilities	155,227	123,874	122,867	117,800	153,608
Regional Water Authority fees	826,308	320,132	361,866	358,612	358,954
Administrative	99,956	118,755	106,362	88,648	180,359
Other	31,707	26,964	16,122	14,418	
Economic development grant	100,000	100,000	100,000	100,000	
Capital outlay	243,860	148,929		311,283	63,567
Interest					999
Intergovernmental			188,109		
Total Expenditures	3,689,969	3,171,027	3,012,104	2,703,592	3,351,094
Revenues Over Expenditures	\$ 767,649	\$ 761,575	\$ 763,193	\$ 181,327	\$ 482,395

\*Percentage is negligible

\*\*Seventeen month period

See accompanying auditors' report.

Percent of Fund Total Revenues

2018	2017	2016	2015	2014**
13%	15%	16%	18%	18%
18%	18%	17%	18%	18%
3%	6%	6%	10%	10%
21%	18%	14%	6%	7%
1%	1%	1%	1%	2%
7%	5%	7%	6%	12%
16%	18%	20%	21%	12%
19%	19%	19%	20%	20%
1%	*	*	*	1%
1%	*	*	*	*
100%	100%	100%	100%	100%

20%	27%	23%	25%	29%
4%	4%	5%	5%	6%
12%	13%	13%	14%	16%
14%	15%	15%	15%	17%
3%	3%	3%	4%	4%
19%	8%	10%	12%	9%
2%	3%	3%	3%	5%
1%	1%	*	*	
2%	3%	3%	3%	
5%	4%		11%	2%
				*
		5%		
82%	81%	80%	92%	88%
18%	19%	20%	8%	12%

**Cimarron Municipal Utility District**

**TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund  
For the Last Five Fiscal Periods**

	Amounts				
	2018	2017	2016	2015	2014**
Revenues					
Property taxes	\$ 2,207,799	\$ 2,334,526	\$ 2,215,879	\$ 2,953,443	\$ 4,735,495
Penalties and interest	24,869	14,009	12,636	19,330	21,938
Accrued interest on bonds sold			13,297	10,491	3,423
Miscellaneous	9,230	19,918		12,835	
Investment earnings	12,403	3,971	2,221	2,384	11,064
Total Revenues	<u>2,254,301</u>	<u>2,372,424</u>	<u>2,244,033</u>	<u>2,998,483</u>	<u>4,771,920</u>
Expenditures					
Tax collection services	63,272	53,830	58,449	49,935	70,071
Debt service					
Principal	1,145,000	1,005,000	990,000	1,795,000	3,200,000
Interest and fees	1,029,973	1,108,750	1,059,413	1,179,481	1,742,593
Debt issuance costs	111,783		1,500	174,605	
Early extinguishment of debt				10,000	
Total Expenditures	<u>2,350,028</u>	<u>2,167,580</u>	<u>2,109,362</u>	<u>3,209,021</u>	<u>5,012,664</u>
Revenues Over/(Under) Expenditures	<u>\$ (95,727)</u>	<u>\$ 204,844</u>	<u>\$ 134,671</u>	<u>\$ (210,538)</u>	<u>\$ (240,744)</u>
Total Active Retail Water Connections	<u>1,634</u>	<u>1,611</u>	<u>1,604</u>	<u>1,596</u>	<u>1,573</u>
Total Active Retail Wastewater Connections	<u>1,559</u>	<u>1,546</u>	<u>1,545</u>	<u>1,534</u>	<u>1,514</u>

\*Percentage is negligible

\*\*Seventeen month period

See accompanying auditors' report.



Percent of Fund Total Revenues

2018	2017	2016	2015	2014**
98%	98%	98%	99%	99%
1%	1%	1%	1%	1%
		1%	*	*
*	1%		*	
1%	*	*	*	*
100%	100%	100%	100%	100%
3%	2%	3%	2%	1%
51%	42%	44%	60%	67%
46%	47%	47%	39%	37%
5%		*	6%	
			*	
105%	91%	94%	107%	105%
(5%)	9%	6%	(7%)	(5%)

***Cimarron Municipal Utility District  
TSI-8. Board Members, Key Personnel and Consultants  
February 28, 2018***

Complete District Mailing Address: 3200 Southwest Freeway, Suite 2600, Houston, TX 77027  
 District Business Telephone Number: (713) 860-6400  
 Submission Date of the most recent District Registration Form  
 (TWC Sections 36.054 and 49.054): November 15, 2017  
 Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200  
 (Set by Board Resolution -- TWC Section 49.0600)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
<b>Board Members</b>				
Richard May	5/16 to 5/20	\$ 1,950	\$ 244	President
David F. Jones	5/14 to 5/18	3,450	332	Vice President
David Aitken	5/16 to 5/20	6,450	2,283	Secretary
John Linn	5/16 to 5/20	5,250	1,155	Assistant Secretary
Gary Russell	11/16 to 5/18	1,950	342	Assistant Vice President
<b>Consultants</b>				
Allen Boone Humphries Robinson LLP	2003	<u>Amounts Paid</u>		Attorney
<i>General legal fees</i>		\$ 78,904		
<i>Bond counsel</i>		87,760		
Si Environmental, LLC	2012			Operator
Municipal Accounts & Consulting, LP	2017	18,278		Bookkeeper
Bob Leared Interests	1977	28,011		Tax Collector
Harris County Appraisal District	Legislature	21,926		Property Valuation
Fort Bend Central Appraisal District	Legislature	874		Property Valuation
Perdue, Brandon, Fielder, Collins, & Mott, LLP	1996	8,030		Delinquent Tax Attorney
Van De Wiele Engineering, Inc.	1997	66,548		Engineer
McGrath & Co., PLLC	Annual	21,700		Auditor
Robert W. Baird & Co.	2015	68,410		Financial Advisor
McLennan & Associates	2004	18,278		Former Bookkeeper

\* *Fees of Office* are the amounts actually paid to a director during the District's fiscal year.  
 See accompanying auditors' report.