

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

RUTHERFORD, TAYLOR & COMPANY, P.C.  
*Certified Public Accountants*  
2802 Washington Street  
Greenville, Texas 75401  
(903) 455-6252

**CASH SPECIAL UTILITY DISTRICT  
ANNUAL FINANCIAL REPORT  
YEAR ENDED DECEMBER 31, 2017**

**TABLE OF CONTENTS**

	<u>Page</u>	<u>Exhibits</u>
<b>INTRODUCTORY SECTION</b>		
Annual Filing Affidavit .....	3	
<b>FINANCIAL SECTION</b>		
<u>Independent Auditor's Reports:</u>		
Report on Basic Financial Statements Accompanied by Required Supplementary Information, Supplementary Information, and Other Information .....	5	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	7	
Schedule of Findings and Questioned Costs.....	9	
Status of Prior Audit Findings and Questioned Costs.....	10	
Corrective Action Plan.....	11	
Management's Discussion and Analysis (Required Supplementary Information) .....	12	
<u>Basic Financial Statements:</u>		
<u>Fund Financial Statements:</u>		
Statement of Fund Net Position – Proprietary Funds .....	16	
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds.....	18	
Statement of Cash Flows – Proprietary Funds .....	19	
Notes to the Financial Statements .....	20	
<u>Other Supplementary Information:</u>		
<b>TEXAS SUPPLEMENTARY INFORMATION (TSI)</b>		
Supplementary Schedules Included Within This Report.....	28	
Independent Auditor's Report on Supplementary Schedules .....	29	
Budgetary Comparison Schedules – Enterprise Fund.....	30	
Services and Rates.....	31	TSI-1
Enterprise Fund Expenditures .....	33	TSI-2
Temporary Investments .....	34	TSI-3
Long-Term Debt Service Requirements by Years .....	35	TSI-5
Changes in Long-Term Bonded Debt .....	36	TSI-6
Comparative Schedule of Revenues and Expenses - Enterprise Fund - Five Years.....	37	TSI-7
Board Members, Key Personnel and Consultants .....	38	TSI-8

CASH SPECIAL UTILITY DISTRICT  
ANNUAL FILING AFFIDAVIT

STATE OF TEXAS

COUNTY OF Hunt

William C REESE

(Name of Duly Authorized District Representative)

of the

Cash Special Utility District

(Name of District)

hereby swear, or affirm, that the District above has reviewed and approved at a meeting of the District's Board

of Directors on the 26 day of March, 2018

its annual audit report for the fiscal period ended December 31, 2017

and that copies of the annual report have been filed in the District's office, located at

172 FM 1564 East, Greenville, TX 75402

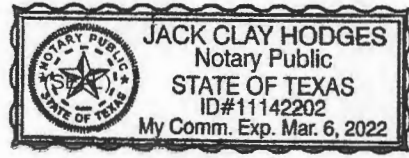
(Address of the District's Office)

This filing affidavit and the attached copy of the audit report will be submitted to the Texas Commission on Environmental Quality to satisfy the annual filing requirements of Texas Water Code Section 49.194.

Date: MARCH 26, 2018 By: William C Reese  
(Signature of District Representative)

William C. Reese, President  
(Typed Name and Title of District Representative)

Sworn to and subscribed to before me this 26 day of March, 2018



Clay Hodges  
(Signature of Notary)

My Commission Expires On: March 6, 2022  
Notary Public of the State of Texas.

FINANCIAL SECTION

## INDEPENDENT AUDITOR'S REPORT

---

### Members of the Board:

We have audited the accompanying financial statements of the business type activities, which are the proprietary funds of the Cash Special Utility District (District), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 policies used and the reasonableness of significant account estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities, which are the proprietary funds of the Cash Special Utility District as of December 31, 2017, and the respective changes in financial position and cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### Change in Accounting Principle

As discussed in Note L to the financial statements, the District adopted various accounting pronouncements issued by the Governmental Accounting Standards Board during the year. Our opinion is not modified with respect to this matter.

## Independent Auditor's Report – Continued

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements as a whole. The schedules identified as Texas Supplementary Information are presented for the purpose of additional analysis, and are 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 basic financial statements. Such information 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 Texas Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

March 8, 2018  
Greenville, Texas

*Rutherford, Taylor & Company, PC*

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

---

Members of the Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business type activities, which are the proprietary funds of the Cash Special Utility District (District), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 8, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Report on Internal Control – Continued

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

March 8, 2018  
Greenville, Texas

*Rutherford, Taylor & Company, PC*



**CASH SPECIAL UTILITY DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2017**

**Schedule  
Reference  
Number**

**Findings**

---

NONE

**CASH SPECIAL UTILITY DISTRICT  
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2017**

**Schedule  
Reference  
Number**

**Prior Findings**

---

NONE

CASH SPECIAL UTILITY DISTRICT  
CORRECTIVE ACTION PLAN  
YEAR ENDED DECEMBER 31, 2017

Schedule  
Reference  
Number

Actions Planned

---

NONE

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

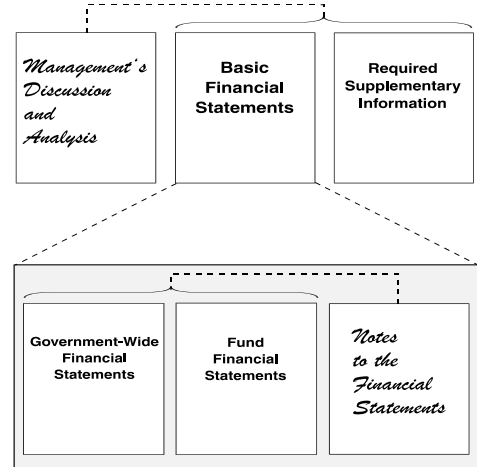
This section of Cash Special Utility District's annual financial report presents our discussion and analysis of the District's financial performance during the year ended December 31, 2017. Please read it in conjunction with the District's basic financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- The District's total net position was \$ 14,141,078 at December 31, 2017.
- During the year, the District's expenses were \$ 657,360 less than the \$ 5,515,634 generated from charges for services and other revenues for business-type activities.
- The District entered into no new debt agreements during the year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements and required supplementary information. Management's Discussion and Analysis provides an overview of the financial activities of the District. The basic financial statements include three statements that present a financial view of the District: The Statement of Fund Net Position presents financial information, including assets and liabilities, representing a one day snapshot; the Statement of Revenues, Expenses and Changes in Fund Net Position presents a review of operating and non-operating activities for the fiscal period; the Statement of Cash Flows reflects the inflows and outflows of cash resources.



- Proprietary fund statements offer short- and long-term financial information about the activities the government operates like businesses, such as water sales.

The basic financial statements also include notes that explain some of the information in the basic financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the basic financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

The District's total net position was \$ 14,141,078 at year end.

	District's Net Position		Table A-1
	2017	2016	Total Percentage Change 2016 - 2017
Assets:			
Cash and Cash Equivalents	\$ 702,529	\$ 700,387	0.31%
Other Assets	305,847	263,563	16.04%
Restricted Assets	4,941,276	4,840,570	2.08%
Capital Assets, net of depreciation	15,686,971	15,930,210	-1.53%
Total Assets	<u>\$ 21,636,623</u>	<u>\$ 21,734,730</u>	-0.45%
Deferred Outflows of Resources:	<u>\$ 161,670</u>	<u>\$ 254,052</u>	-36.36%
Liabilities:			
Current Liabilities	\$ 2,146,602	\$ 2,142,360	0.20%
Long-term Liabilities	5,430,000	6,270,000	-13.40%
Total Liabilities	<u>\$ 7,576,602</u>	<u>\$ 8,412,360</u>	-9.93%
Deferred Inflows of Resources:	<u>\$ 80,612</u>	<u>\$ 92,704</u>	-13.04%
Net Position:			
Net Investment in Capital Assets	\$ 9,416,971	\$ 8,835,210	6.58%
Unrestricted	4,724,107	4,648,508	1.63%
Total Net Position	<u>\$ 14,141,078</u>	<u>\$ 13,483,718</u>	4.88%

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

Changes in the District's Net Position			Table A-2
	2017	2016	Total Percentage Change 2016 - 2017
Operating Revenues:			
Charges for Services	\$ 5,329,159	\$ 5,109,381	4.30%
Total Operating Revenues	\$ 5,329,159	\$ 5,109,381	4.30%
Operating Expenses:			
Water Utilities	\$ 4,723,833	\$ 4,224,146	11.83%
Total Operating Expenses	\$ 4,723,833	\$ 4,224,146	11.83%
Non-operating Revenues (Expenses):			
Interest Income	\$ 62,231	\$ 43,149	44.22%
Interest Expense	(133,174)	(150,534)	-11.53%
Gain (Loss) on Sale of Capital Assets	(1,267)	1,878	-167.47%
Customer/Developer Contributions	124,244	439,260	-71.72%
Total Non-operating Revenues (Expenses)	\$ 52,034	\$ 333,753	-84.41%
Increase (Decrease) in Net Position	\$ 657,360	\$ 1,218,988	-46.07%
Net Position - Beginning	13,483,718	12,264,730	9.94%
Net Position - Ending	\$ 14,141,078	\$ 13,483,718	4.88%

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The net position of the District increased \$ 657,360 from the prior year.

Operating revenues totaled \$ 5,329,159. This represents an increase of \$ 219,778 from the prior year operating revenues of \$ 5,109,381.

Overall expenses totaled \$ 4,723,832. This represents an increase of \$ 499,686 from the prior year expenses of \$ 4,224,146. The change represents the general increase of costs related to the operations of the District.

Water sales increased 4.3% over the prior year.

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

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets

At year end the District had invested \$ 26,677,372 in a broad range of capital assets, including land, water distribution systems, buildings, equipment and vehicles (See Table A-3).

<b>District's Capital Assets</b>			<b>Table A-3</b>
	<u>2017</u>	<u>2016</u>	Total Percentage Change <u>2016 - 2017</u>
Land and Improvements	\$ 255,883	\$ 255,883	0.00%
Construction in Progress	705,318	446,013	58.14%
Buildings and Improvements	643,971	563,531	14.27%
Water Distribution System	24,088,999	23,798,936	1.22%
Vehicles and Equipment	914,600	901,094	1.50%
Office Equipment	68,601	68,601	0.00%
Totals at Historical Cost	<u>\$ 26,677,372</u>	<u>\$ 26,034,058</u>	2.47%
Total Accumulated Depreciation	<u>(10,990,401)</u>	<u>(10,103,848)</u>	8.77%
Net Capital Assets	<u><u>\$ 15,686,971</u></u>	<u><u>\$ 15,930,210</u></u>	-1.53%

Long Term Debt

At year end, the District had \$ 6,270,000 in debt outstanding as shown in Table A-4. More detailed information about the District's debt is presented in the notes to the basic financial statements.

<b>District's Long Term Debt</b>			<b>Table A-4</b>
	<u>2017</u>	<u>2016</u>	Total Percentage Change <u>2016 - 2017</u>
Bonds Payable	<u>\$ 6,270,000</u>	<u>\$ 7,095,000</u>	-11.63%
Total Debt Payable	<u><u>\$ 6,270,000</u></u>	<u><u>\$ 7,095,000</u></u>	-11.63%

**BUDGET, ECONOMIC ENVIRONMENT AND RATES**

At this time, Cash Special Utility District is not aware of any decisions or conditions that would impact the District's operations through 2017.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Clay Hodges, General Manager for the District.

## BASIC FINANCIAL STATEMENTS

**CASH SPECIAL UTILITY DISTRICT**  
**STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS**  
**DECEMBER 31, 2017**

		Enterprise Fund
		Water Utilities
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$	702,529
Accounts Receivable		183,474
Prepaid Expenses - Supplies and Materials		122,373
<b>Total Current Assets</b>	<b>\$</b>	<b>1,008,376</b>
Restricted Assets:		
Debt Service	\$	362,072
Construction		3,464,276
Developer Capacity Fee		66,123
Customer Deposits		1,048,805
<b>Total Restricted Assets</b>	<b>\$</b>	<b>4,941,276</b>
Capital Assets, Net	\$	15,686,971
<b>Total Assets</b>	<b>\$</b>	<b>21,636,623</b>
 <b>DEFERRED OUTFLOW OF RESOURCES</b>		
Refunding Penalty	\$	161,670
<b>Total Deferred Outflow of Resources</b>	<b>\$</b>	<b>161,670</b>

The accompanying notes are an integral part of this statement.



**CASH SPECIAL UTILITY DISTRICT**  
**STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS**  
**DECEMBER 31, 2017**

	Enterprise Fund
	Water Utilities
<b>LIABILITIES</b>	
Current Liabilities:	
Accrued Wages Payable	\$ 43,811
Payroll Taxes Payable	1
Accounts Payable	134,613
TCEQ Assessment Payable	20,382
Total Current Liabilities	\$ 198,807
Current Liabilities (Payable from Restricted Assets):	
Accrued Interest Payable	\$ 44,517
Bonds Payable (Current Portion)	840,000
Customer Deposits	1,057,500
Developer Capacity Fees	5,778
Total Current Liabilities (Payable from Restricted Assets)	\$ 1,947,795
Non-Current Liabilities:	
Bonds Payable	\$ 5,430,000
Total Non-Current Liabilities	\$ 5,430,000
<b>Total Liabilities</b>	<b>\$ 7,576,602</b>
<b>DEFERRED INFLOW OF RESOURCES</b>	
Gain on Refunding	\$ 80,612
Total Deferred Inflow of Resources	\$ 80,612
<b>NET POSITION</b>	
Net Investment in Capital Assets	\$ 9,416,971
Unrestricted	4,724,107
<b>Total Net Position</b>	<b>\$ 14,141,078</b>

The accompanying notes are an integral part of this statement.

**CASH SPECIAL UTILITY DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN FUND NET POSITION - PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2017**

		Enterprise Fund
		Water Utilities
<b>OPERATING REVENUES</b>		
Water/Sales	\$	4,582,672
Customer Charges/Fees		746,487
Total Operating Revenues	\$	5,329,159
<b>OPERATING EXPENSES</b>		
Payroll and Benefits	\$	1,227,457
Water Purchases		1,023,385
Repairs and Maintenance		309,154
Supplies		328,093
Professional and Legal Fees		128,044
Insurance		257,086
Other Operating Costs		444,881
Amortization and Depreciation		1,005,733
Total Operating Expenses	\$	4,723,833
Net Operating Revenue (Expenses)	\$	<b>605,326</b>
<b>NON-OPERATING REVENUE (EXPENSES)</b>		
Interest Income	\$	62,231
Interest Expense		(133,174)
Gain (Loss) on Sale of Fixed Assets		(1,267)
Customer/Developer Contributions		124,244
Net Non-Operating Revenue (Expenses)	\$	52,034
Change in Net Position	\$	<b>657,360</b>
Total Net Position - Beginning (January 1)		13,483,718
<b>Total Net Position - Ending (December 31)</b>	<b>\$</b>	<b>14,141,078</b>

The accompanying notes are an integral part of this statement.

**CASH SPECIAL UTILITY DISTRICT  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2017**

	Enterprise Fund
	Water Utilities
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 5,311,598
Cash Payments for Goods and Services	(2,619,484)
Cash Payments to Employees	(1,184,587)
	1,507,527
Net Cash Provided by (Used for) Operating Activities	\$ 1,507,527
Cash Flows from Capital and Other Related	
Financing Activities:	
Sale (Purchase) of Restricted Assets	\$ (100,708)
Principal Paid on Bonds	(825,000)
Interest Paid on Bonds	(151,123)
Sale of Fixed Assets	10,650
Acquisition and Construction of Capital Assets	(682,028)
	(1,748,209)
Net Cash Provided by (Used for) Capital and Other Related	\$ (1,748,209)
Financing Activities	
Net Cash Provided by (Used for) Noncapital Financing Activities	
Change in Customer Deposits	\$ 62,575
Developer Capacity Fee	(6,226)
Customer Contributions	124,244
	180,593
Net Cash Provided by (Used for) Noncapital Financing Activities	\$ 180,593
Cash Flows from Investing Activities:	
Interest Received	\$ 62,231
	62,231
Net Cash Provided by (Used for) Investing Activities	\$ 62,231
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 2,142
Cash and Cash Equivalents - Beginning (January 1)	700,387
<b>Cash and Cash Equivalents - Ending (December 31)</b>	<b>\$ 702,529</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Net Operating Revenue (Expenses)	\$ 605,327
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Amortization and Depreciation	1,005,733
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivables	(17,561)
(Increase) Decrease in Prepaid Expenses, Supplies and Materials	(24,723)
Increase (Decrease) in Accounts Payable	(97,367)
Increase (Decrease) in Accrued Wages Payable	42,941
Increase (Decrease) in Payroll Taxes Payable	(71)
Increase (Decrease) in TCEQ Assessment Payable	228
Increase (Decrease) in Retainage Payable	(6,980)
	(6,980)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ 1,507,527</b>

The accompanying notes are an integral part of this statement.

**CASH SPECIAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

A. Summary of Significant Accounting Policies

Cash Special Utility District was created under Chapter 49 and 65 of the Texas Water Code by order of the Texas Commission of Environmental Quality, (TCEQ) on March 11, 2003.

The general purpose financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

1. Reporting Entity

The Board of Directors (Board), a nine member group constituting an on-going entity, is the level of government which has governance responsibilities over all activities related to providing water services within the jurisdiction of the Cash Special Utility District. Members of the Board are elected by the public, have the authority to make decisions, appoint administrators and managers, and significantly influence operations; and have the primary accountability for fiscal matters. The District is not included in any other governmental "Reporting Entity" as defined by GASB in its Statement No. 14, "The Financial Reporting Entity." There are no component units presented.

2. Basis of Presentation

The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund or account group are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenue and expenses. The fund type utilized by the District is described below:

a. Proprietary fund types include the following –

The *Enterprise Fund* is used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) the governing body has decided periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989 and continue to follow new FASB pronouncements unless they conflict with GASB guidance.

3. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary fund types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and liabilities associated with the operation of these funds are included in the balance sheet. Fund equity is identified as net position.

4. Budget

The Board adopts an annual budget for the Enterprise Fund. The Budget for the Enterprise Fund is adopted under a basis consistent with GAAP. The Board approves amendments to the annual budget as prepared by the General Manager of the District.

**CASH SPECIAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

A. Summary of Significant Accounting Policies (Continued)

5. Capital Assets

Additions to the utility system are recorded at cost or, if contributed property, at its estimated fair value at time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of capital assets is recovered by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Office Equipment	3-7 years
Equipment and Vehicles	5-10 years
Water Distribution System	20-40 years

6. Prepaid Expenses - Supplies and Materials

Prepaid expenses consist of items or services paid for in the current period to be utilized in following accounting periods. Prepaid supplies and materials consist of supplies and repair parts for the distribution system, valued at cost. The cost of supplies and materials is recorded as an expense when consumed rather than when purchased.

7. Cash and Cash Equivalents

Cash and Cash Equivalents are comprised of deposits in financial institutions, including time deposits. For the purpose of the statement of cash flows, a cash equivalent is considered any highly liquid investment with a maturity of ninety days or less. Restricted assets are not included.

8. Compensated Absences

District employees are entitled to certain compensated absences based on their length of employment. Sick leave accumulates, but does not vest, and will only be expensed when used.

B. Capital Assets

The following is a summary of changes in capital assets for the year:

	Beginning Balances	Additions and Reclassifications	Disposals	Ending Balances
Land and Improvements	\$ 255,883	\$ -	\$ -	\$ 255,883
Construction in Progress	446,013	339,745	80,440	705,318
Water Distribution System	23,798,936	290,063	-	24,088,999
Buildings and Improvements	563,531	80,440	-	643,971
Vehicles and Equipment	901,094	52,220	38,714	914,600
Office Equipment	68,601	-	-	68,601
<b>Totals at Historical Cost</b>	<b>\$ 26,034,058</b>	<b>\$ 762,468</b>	<b>\$ 119,154</b>	<b>\$ 26,677,372</b>
Less Accumulated Depreciation for:				
Water Distribution System	\$ 9,343,871	\$ 810,887	\$ -	\$ 10,154,758
Buildings and Improvements	197,715	18,199	-	215,914
Vehicles and Equipment	502,674	80,754	26,797	556,631
Office Equipment	59,588	3,510	-	63,098
<b>Total Accumulated Depreciation</b>	<b>\$ 10,103,848</b>	<b>\$ 913,350</b>	<b>\$ 26,797</b>	<b>\$ 10,990,401</b>
<b>Net Capital Assets</b>	<b>\$ 15,930,210</b>	<b>\$ (150,882)</b>	<b>\$ 92,357</b>	<b>\$ 15,686,971</b>

**CASH SPECIAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

C. Deposits, Securities and Investments

The District's funds are deposited and invested under the terms of an agreement with the financial institution. The agreement requires the depository to pledge approved securities in an amount significant to protect the District's day-to-day balances. The pledge is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. At December 31, 2017, all District cash deposits appear to be covered by FDIC insurance or by pledged collateral held by the depository in the District's name. The District's deposits appear to have been properly secured throughout the fiscal year.

The District's investment policies and types of investments are governed by the Public Funds Investment Act. The Act requires specific training, reporting and establishment of local policies. The District appears to be in compliance with the requirements of the Act.

State statutes and local policy authorize the District to invest in the following types of investment goods:

- a. obligations of the U.S. or its agencies or instrumentalities,
- b. obligations of the State of Texas or its agencies,
- c. obligations guaranteed by the U.S. or State of Texas or their agencies or instrumentalities,
- d. obligations of other states, agencies or political subdivisions having a national investment rating of "A" or greater,
- e. guaranteed or secured certificates of deposit issued by a bank domiciled in the State of Texas, or
- f. fully collateralized repurchase agreements.

District investments include deposits in TexSTAR, an external investment pool, and investments held with Edward Jones. These investments are reported at share price (fair value) and are presented as Restricted Assets.

*Texas Short Term Asset Reserve Program (TexSTAR)* has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. These two acts provide for the creation of public funds investment pools (including TexSTAR) and authorize eligible governmental entities (Participants) to invest their public funds and funds under their control through the investment pools.

J. P. Morgan Investment Management, Inc. (JPMIM) and First Southwest Asset Management, Inc. (FSAM) serve as co-administrators for TexSTAR under an agreement with the TexSTAR board of directors (Board). JPMIM provides investment services, and FSAM provides participant services and marketing. Custodial, transfer agency, fund accounting and depository services are provided by JPMorgan Chase Bank and/or its subsidiary J.P. Morgan Investor Services Co.

The Board may establish separate Funds within TexSTAR from time to time. Participants choose the Funds in which their deposits are invested. Participants' assets in the Funds are represented by units of beneficial interest (units). The Board may issue an unlimited number of units in each Fund.

TexSTAR is rated AAAM by Standard & Poor's rating agency. This rating and the fund's operational settings allow the fund to comply with the requirement of the Public Funds Investment Act.

**CASH SPECIAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

C. Deposits, Securities and Investments (Continued)

The following table categorizes the District's investments at year end:

	<u>Credit Rating</u>	<u>Fair Value</u>
TexSTAR	AAAm	\$ 3,875,735
Edward Jones	AAA	1,560,541
Total		<u>\$ 5,436,276</u>

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the Districts' name. At year end, the District does not appear to be exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District does not appear to be exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District does not appear to be exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District does not appear to be exposed to foreign currency risk.

**CASH SPECIAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

**D. Long - Term Obligations**

The following schedule presents changes in long-term debt for the year:

Bonds Payable	\$ 7,095,000	\$ -	\$ 825,000	\$ -	\$ 6,270,000	\$ 840,000
Unamortized Premium	-				-	

The following are outstanding debt at year end:

Description	Interest Rate	Original Amount	Outstanding Balance
Revenue Refunding and Improvement Bonds, Series 2014	2.13%	\$ 8,695,000	\$ 6,270,000

Debt service requirements to maturity on bonds at year end are as follows:

Year Ending December 31	Principal	Interest	Total Requirements
2018	\$ 840,000	\$ 133,551	\$ 973,551
2019	855,000	115,659	970,659
2020	880,000	97,448	977,448
2021	895,000	78,704	973,704
2022	910,000	59,640	969,640
2023-2024	1,890,000	60,599	1,950,599
Totals	\$ 6,270,000	\$ 545,601	\$ 6,815,601

**E. Refunding Penalty**

In 2004, the District issued Revenue Refunding and Improvement Bonds, Series 2004, in the amount of \$ 14,300,000, which they utilized, in part, to refund their notes payable to CoBank, ACB. As a condition of the original debt agreement with CoBank, the District was obligated to pay a refunding penalty in the amount of \$ 1,362,645, amortized over a fifteen-year period. Annual write off of the penalty is \$ 92,383 and is reflected as amortization expense. The remaining amount recorded as "Deferred Outflows – Refunding Penalty," in the basic financial statements totals \$ 161,670 at year end.

**F. Customer Deposits**

The District requires each new customer to pay \$ 200, which is held as a refundable deposit to secure payment of the customer's final water bill. At year end, the District's obligation for refundable deposits owed to water customers totaled \$ 1,057,500.

**G. Litigation**

The District does not appear to be involved in any litigation at year end.

**H. Joint Agreements**

The District has entered into equity agreements with North Texas Municipal Water District (NTMWD) and Sabine River Authority (SRA).



**CASH SPECIAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

I. 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; injuries to employees; and natural disasters. During fiscal year 2017, the District purchased commercial insurance to cover these liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance for each of the past three fiscal years.

J. Subsequent Events

The District's management has evaluated subsequent events through March 8, 2018, the date which the financial statements were available for issue.

K. Pension Plans

*457(b) Deferred Compensation Plan*

The District established a 457(b) deferred compensation plan for the employees of the District. The plan is a voluntary program where employees can elect to defer portions of their annual compensation. There is no responsibility of the District to match elective deferrals made by the employees.

*Cash Special Utility District Profit Sharing Plan*

The District contributes to the Cash Special Utility District Profit Sharing Plan (Plan), a defined contribution pension plan, for its full time employees. The Plan is administered by the District's Board with Edward Jones acting as the trustee. Benefit terms, including contribution requirements, for the Plan are established and may be amended by the District's Board. The District is required to contribute 7% of employee's annual compensation to individual employee accounts for each participating employee. For the year ended December 31, 2017, the District contributed \$ 67,747 to the Plan.

Employees are eligible for contributions after attaining age 16, employed full time, and completing two years of service. The Plan has a vesting schedule in place as follows:

<u>Years of Service</u>	<u>Vested Percentage</u>
Less than 1	-0-
1	-0-
2	20%
3	40%
4	40%
5	80%
6 or more	100%

Nonvested contributions are forfeited upon termination of employment and such forfeitures are allowed to pay administrative expenses of the Plan. Any remaining forfeitures will be used to restore rehired participants balances and then to various other purposes allowed in the plan document.

There is no liability at year end to the Plan.

**CASH SPECIAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017**

L. Change in Accounting Principles

In fiscal year 2017, the District adopted three new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

- Statement No. 72, *Fair Value Measurement and Application*
  - Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*
  - Statement No. 77, *Tax Abatement Disclosures*
- a) Statement No. 72 requires state and local governments to measure investments at fair value using a consistent definition and valuation techniques; also defines what assets and liabilities governments should measure at fair value and expands fair value disclosures in financial disclosure notes. While the Statement generally requires restatement of prior period balances in the year of implementation, the nature of the District's investments was such that their carrying amount was not affected.
- b) The GAAP hierarchy prioritizes guidance governments follow when preparing U.S. GAAP financial statements. Statement No. 76 reduces authoritative GAAP hierarchy from four categories to two and lists the order of priority for pronouncements to which a government should look for guidance.
- c) Statement No. 77 requires governments granting tax abatements to individuals and businesses to disclose program information in the notes to the financial statements through the agreement's duration and also requires disclosures about tax abatements entered into by other governments that reduce the reporting government's tax revenue. Prior year balances were not restated because there are no tax abatements associated with the District or any other government which affect the District's tax revenue.

TEXAS SUPPLEMENTARY INFORMATION (TSI)  
(Other Supplementary Information)

**CASH SPECIAL UTILITY DISTRICT  
SUPPLEMENTARY SCHEDULES INCLUDED WITHIN THIS REPORT  
YEAR ENDED DECEMBER 31, 2017**

Exhibit ID	Exhibit Title	Page
	Independent Auditor's Report on Supplementary Schedules	29
	Budgetary Comparison – Enterprise Fund	30
TSI-1	Services and Rates	31
TSI-2	Enterprise Fund Expenditures	33
TSI-3	Temporary Investments	34
TSI-5	Long-Term Debt Service Requirements by Years	35
TSI-6	Changes in Long-Term Bonded Debt	36
TSI-7	Comparative Schedule of Revenues and Expenses Enterprise Fund - Five Years	37
TSI-8	Board Members, Key Personnel and Consultants	38

The following schedules are not applicable to this District.

TSI-4            Analysis of Taxes Levied and Receivable

**RUTHERFORD,  
TAYLOR &  
COMPANY, P.C.**  
*Certified Public Accountants*

---

2802 Washington Street

Greenville, Texas 75401

(903) 455-6252

Fax (903) 455-6667

**INDEPENDENT AUDITOR'S REPORT  
ON SUPPLEMENTARY SCHEDULES**

---

Members of the Board:

In our opinion, the accompanying information is stated accurately in all material respects in relation to the basic financial statements, taken as a whole, of the Cash Special Utility District for the year ended December 31, 2017, which are covered by our opinion presented in the first section of this report.

The accompanying information is supplemental to the basic financial statements and is not essential for a fair presentation of financial position, results of its operations or cash flows.

Our audit, which was made for the purpose of forming an opinion on the basic financial statements taken as a whole, included such tests of the accounting records, from which the supplementary information was compiled, and such other auditing procedures as we considered necessary in the circumstances.

March 8, 2018  
Greenville, Texas

*Rutherford, Taylor & Company, P.C.*

**CASH SPECIAL UTILITY DISTRICT  
ENTERPRISE FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OPERATING REVENUES</b>				
Water/Sales	\$ 4,535,000	\$ 4,532,000	\$ 4,582,672	\$ 50,672
Customer Charges/Fees	610,000	610,000	735,837	125,837
<b>Total Operating Revenues</b>	<b>\$ 5,145,000</b>	<b>\$ 5,142,000</b>	<b>\$ 5,318,509</b>	<b>\$ 176,509</b>
<b>OPERATING EXPENSES</b>				
Payroll and Benefits	\$ 1,244,000	\$ 1,259,000	\$ 1,227,457	\$ 31,543
Water Purchased	1,040,000	1,040,000	1,023,385	16,615
Repairs and Maintenance	350,000	425,000	309,154	115,846
Supplies	325,000	380,000	328,093	51,907
Other Operating Costs	488,000	493,000	444,881	48,119
Professional and Legal Fees	-	-	128,044	(128,044)
Insurance	261,000	288,000	257,085	30,915
Amortization and Depreciation	900,000	910,000	1,005,733	(95,733)
<b>Total Operating Expenses</b>	<b>\$ 4,608,000</b>	<b>\$ 4,795,000</b>	<b>\$ 4,723,832</b>	<b>\$ 71,168</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest Income	\$ 40,000	\$ 40,000	\$ 62,231	\$ 22,231
Interest Expense	(152,000)	(152,000)	(133,174)	18,826
Gain/Loss on Sale of Capital Asset	-	-	1,267	1,267
Customer Contributions	75,000	75,000	124,244	49,244
<b>Net Nonoperating Revenues (Expenses)</b>	<b>\$ (37,000)</b>	<b>\$ (37,000)</b>	<b>\$ 54,568</b>	<b>\$ 91,568</b>
<b>Change in Net Position</b>	<b>\$ 500,000</b>	<b>\$ 310,000</b>	<b>\$ 649,245</b>	<b>\$ 339,245</b>
<b>Net Position - Beginning (January 1)</b>	<b>13,483,718</b>	<b>13,483,718</b>	<b>13,483,718</b>	<b>-</b>
<b>Net Position - Ending (December 31)</b>	<b>\$ 13,983,718</b>	<b>\$ 13,793,718</b>	<b>\$ 14,132,963</b>	<b>\$ 339,245</b>

**CASH SPECIAL UTILITY DISTRICT  
SERVICES AND RATES  
YEAR ENDED DECEMBER 31, 2017**

1. Services provided by the District:

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

2. a. Retail Rates Based on 5/8" Meter:

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1000 Gallons Over Minimum		Usage Levels	
WATER:	\$ 28.70	0	N	\$ 3.95	0	to	5,000
				\$ 4.40	5,001	to	10,000
				\$ 4.95	10,001	to	15,000
				\$ 5.50	15,001	to	20,000
				\$ 5.75	20,001	to	25,000
				\$ 7.50	25,001	to	unlimited
WASTEWATER:	\$ n/a	0	N	\$ n/a	n/a	to	n/a
	\$ n/a	0	N	\$ n/a	n/a	to	n/a

District employs winter averaging for wastewater usage? Yes      No X

Total charges per 10,000 gallons usage: Water \$ 70.45 Wastewater \$ n/a

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unbilled	0	0	x1.0	0
≤ 3/4"	0	1	x1.0	1
1"	35	35	x2.5	88
5/8"	7,146	6,488	x2.5	16,220
1 1/2"	2	2	x5.0	10
2"	11	11	x8.0	88
3"	0	0	x15.0	0
4"	0	0	x25.0	0
6"	0	0	x	0
Total Water	7,194	6,537		0
Total Wastewater	0	0	x1.0	0

**CASH SPECIAL UTILITY DISTRICT  
SERVICES AND RATES  
YEAR ENDED DECEMBER 31, 2017**

3. Total water consumption (rounded to the nearest 1,000) during the fiscal year:

Gallons pumped into system: 632,318,000

Gallons billed to customers: 544,317,000

Water Accountability %: 86.08  
%

4. Standby Fees: District does not levy standby fees.

5. Location of District:

County(ies) in which district is located. Hunt, Hopkins, Rains and Rockwall

Is the District located entirely in one county? Yes \_\_\_ No X

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

City(ies) in which district is located. n/a

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

ETJ's in which district is located. Greenville

Is the general membership of the Board appointed by an office outside the district?  
Yes \_\_\_ No X

If Yes, by whom? n/a



**CASH SPECIAL UTILITY DISTRICT  
ENTERPRISE FUND EXPENSES  
YEAR ENDED DECEMBER 31, 2017**

Payroll and Benefits	\$	1,227,457
Professional and Legal Fees		128,044
Water Purchased		1,023,385
Repairs and Maintenance		309,154
Supplies		328,093
Other Operating Costs		444,881
Insurance		257,086
Amortization and Depreciation		1,005,733
Interest Expense		133,174
Total Expenses	\$	4,857,007

Number of persons employed by the District:

Full Time	21
Part Time	0

**CASH SPECIAL UTILITY DISTRICT  
TEMPORARY INVESTMENTS  
YEAR ENDED DECEMBER 31, 2017**

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at Year End
<u>Enterprise Fund</u>					
TexSTAR Investments *	1160010400	0.2417%	Monthly	\$ 3,464,276	\$ -
TexSTAR Investments *	1160015660	0.2417%	Monthly	31,775	-
TexSTAR Investments *	1160022990	0.2417%	Monthly	17,612	-
TexSTAR Investments *	1160030000	0.2417%	Monthly	362,072	-
Edward Jones *	MMA	0.0100%	Monthly	25,875	-
Edward Jones *	MMA	0.0100%	Monthly	76,877	-
Edward Jones *	535705	6.5000%	2/1/2031	2,809	-
Edward Jones *	687399	6.0000%	12/1/2032	2,782	-
Edward Jones *	684199	6.0000%	1/1/2033	829	-
Edward Jones *	555667	5.5000%	7/1/2033	2,053	-
Edward Jones *	003094	6.0000%	6/20/2031	3,041	-
Edward Jones *	003052	6.0000%	3/20/2031	8,223	-
Edward Jones *	303826	6.0000%	3/1/2026	7,696	-
Edward Jones *	555000	6.0000%	10/1/2032	3,965	-
Edward Jones *	01491	6.0000%	2/1/2033	8,183	-
Edward Jones *	604245	5.5000%	4/15/2033	9,913	-
Edward Jones *	256552	5.5000%	1/1/2037	13,287	-
Edward Jones *	003865	6.0000%	6/20/2036	7,438	-
Edward Jones *	004559	5.0000%	10/20/2039	17,111	-
Edward Jones *	004680	5.5000%	4/20/2040	16,471	-
Edward Jones *	004802	5.0000%	9/20/2040	18,358	-
Edward Jones *	004924	5.0000%	1/20/2041	19,188	-
Edward Jones *	005234	4.5000%	11/20/2041	33,865	-
Edward Jones *	MA1224	3.5000%	8/20/2043	71,164	-
Edward Jones *	MA1223	3.0000%	8/20/2043	71,959	-
Edward Jones *	MA0154	3.5000%	6/20/2042	57,413	-
Edward Jones *	MA1676	3.0000%	2/20/1944	56,202	-
Edward Jones *	MA2446	4.0000%	12/20/2044	41,011	-
Edward Jones *	MA2892	3.5000%	6/20/2045	61,754	-
Edward Jones *	13596	4.0000%	7/1/2024	16,804	-
Edward Jones *	MA3037	5.0000%	8/20/2045	59,537	-
Edward Jones *	33583CVJ5	2.4000%	5/17/2022	105,000	-
Edward Jones *	9497485FO	1.0500%	5/18/2018	98,000	-
Edward Jones *	9497485G8	1.2500%	5/20/2019	98,000	-
Edward Jones *	140420ZB9	1.3500%	5/11/2020	98,000	-
Edward Jones *	140420ZC7	1.6000%	5/11/2021	98,000	-
Edward Jones *	AS4582	4.0000%	3/1/2045	122,307	-
Edward Jones *	MA4452	4.0000%	5/20/2030	120,156	-
Edward Jones *	MA1600	3.5000%	10/1/2043	109,271	-
Total				<u>\$ 5,438,277</u>	<u>\$ -</u>

\* The District's interest-bearing investments do not accrue interest due to interest being paid monthly.

**CASH SPECIAL UTILITY DISTRICT  
LONG-TERM DEBT SERVICE REQUIREMENTS  
SERIES 2014 - BY YEAR  
YEAR ENDED DECEMBER 31, 2017**

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2018	\$ 840,000	\$ 133,551	\$ 973,551
2019	855,000	115,659	970,659
2020	880,000	97,448	977,448
2021	895,000	78,704	973,704
2022	910,000	59,640	969,640
2023	935,000	40,257	975,257
2024	955,000	20,342	975,342
Total	<u>\$ 6,270,000</u>	<u>\$ 545,601</u>	<u>\$ 6,815,601</u>

**CASH SPECIAL UTILITY DISTRICT  
CHANGES IN LONG-TERM BONDED DEBT  
YEAR ENDED DECEMBER 31, 2017**

	<u>Bond Issues</u>			
	Series			
	<u>2014</u>			
Interest Rate		2.13%		
Dates Interest Payable		3/1 - 9/1		
Maturity Date		9/1/2024		
Beginning Bonds Outstanding	\$	7,095,000		
Bonds Sold During the Fiscal Year		-		
Bonds Retired During the Fiscal Year		<u>825,000</u>		
Ending Bonds Outstanding	\$	<u>6,270,000</u>		
Interest Paid During the Fiscal Year	\$	139,032		
Paying Agent's Name and City	<u>The Bank of New York Trust Co, N.A., Dallas, Texas</u>			
Bond Authority:	Tax Bonds		Other Bonds	Refunding Bonds
Amount Issued	\$	-	\$	-
Remaining To Be Issued	\$	-	\$	-
Debt Service Fund cash and temporary investment balances as of December 31, 2017:		\$	362,072	
Average annual debt service payment (Principal and Interest) for remaining term of all debt:		\$	973,657	

**CASH SPECIAL UTILITY DISTRICT  
COMPARATIVE STATEMENT OF REVENUES AND EXPENSES  
ALL PROPRIETARY FUND TYPES  
FIVE YEARS ENDED DECEMBER 31, 2017**

	AMOUNTS					PERCENT OF FUND TOTAL REVENUE				
	2017	2016	2015	2014	2013	2017	2016	2015	2014	2013
<b>OPERATING REVENUE</b>										
Water Sales	\$ 4,582,672	\$ 4,480,991	\$ 4,362,550	\$ 4,065,019	\$ 4,181,205	86.16%	87.70%	88.94%	90.38%	92.35%
Customer Charges/Fees	735,837	628,390	542,743	432,814	346,175	13.84%	12.30%	11.06%	9.62%	7.65%
<b>TOTAL OPERATING REVENUE</b>	<b>\$ 5,318,509</b>	<b>\$ 5,109,381</b>	<b>\$ 4,905,293</b>	<b>\$ 4,497,833</b>	<b>\$ 4,527,380</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>OPERATING EXPENSES</b>										
Payroll and Benefits	\$ 1,227,457	\$ 1,134,477	\$ 1,063,287	\$ 1,089,708	\$ 998,123	23.08%	22.20%	21.68%	24.23%	22.05%
Water Purchased	1,023,385	952,913	881,847	782,571	729,886	19.24%	18.65%	17.98%	17.40%	16.12%
Repairs and Maintenance	309,154	196,603	232,826	332,555	319,283	5.81%	3.85%	4.75%	7.39%	7.05%
Supplies	328,093	288,725	310,071	240,017	147,058	6.17%	5.65%	6.32%	5.34%	3.25%
Professional Fees	128,044	29,319	33,837	36,866	16,732	2.41%	0.57%	0.69%	0.82%	0.37%
Insurance	257,085	205,101	195,366	146,252	186,509	4.83%	4.01%	3.98%	3.25%	4.12%
Other Operating Costs	444,881	431,168	447,735	464,907	445,008	8.36%	8.44%	9.13%	10.34%	9.83%
Amortization and Depreciation	1,005,733	985,840	954,472	911,533	1,091,489	18.91%	19.29%	19.46%	20.27%	24.11%
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 4,723,832</b>	<b>\$ 4,224,146</b>	<b>\$ 4,119,441</b>	<b>\$ 4,004,409</b>	<b>\$ 3,934,088</b>	<b>88.82%</b>	<b>82.67%</b>	<b>83.98%</b>	<b>89.03%</b>	<b>86.90%</b>
<b>NET OPERATING REVENUE (EXPENSES)</b>	<b>\$ 594,677</b>	<b>\$ 885,235</b>	<b>\$ 785,852</b>	<b>\$ 493,424</b>	<b>\$ 593,292</b>	<b>11.18%</b>	<b>17.33%</b>	<b>16.02%</b>	<b>10.97%</b>	<b>13.10%</b>
<b>NONOPERATING REVENUE (EXPENSES)</b>										
Gain (Loss) on Sale of Capital Assets	\$ 1,267	\$ 1,878	\$ -	\$ 15,891	\$ (3,350)	0.02%	0.04%	0.00%	0.35%	-0.07%
Interest Income	62,231	43,149	24,496	46,901	7,912	1.17%	0.84%	0.50%	1.04%	0.17%
Interest Expense	(133,174)	(150,534)	(166,988)	(344,373)	(447,134)	-2.50%	-2.95%	-3.40%	-7.66%	-9.88%
Grant Proceeds	-	-	19,671	3,000	-	0.00%	0.00%	0.40%	0.07%	0.00%
Debt Issuance Costs	-	-	-	(123,125)	-	0.00%	0.00%	0.00%	-2.74%	0.00%
Customer/Developer Contributions	124,244	439,260	129,270	214,288	65,085	2.34%	8.60%	2.64%	4.76%	1.44%
<b>NET NONOPERATING REVENUE (EXPENSES)</b>	<b>\$ 54,568</b>	<b>\$ 333,753</b>	<b>\$ 6,449</b>	<b>\$ (187,418)</b>	<b>\$ (377,487)</b>	<b>1.03%</b>	<b>6.53%</b>	<b>0.13%</b>	<b>-4.17%</b>	<b>-8.34%</b>
<b>NET REVENUE (EXPENSES)</b>	<b>\$ 649,245</b>	<b>\$ 1,218,988</b>	<b>\$ 792,301</b>	<b>\$ 306,006</b>	<b>\$ 215,805</b>	<b>12.21%</b>	<b>23.86%</b>	<b>16.15%</b>	<b>6.80%</b>	<b>4.77%</b>

**CASH SPECIAL UTILITY DISTRICT  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
YEAR ENDED DECEMBER 31, 2017**

Complete District Mailing Address: P.O. Box 8129 Greenville, Texas 75404-8129  
 District Business Telephone Number: 903-883-2695  
 Submission Date of the most recent District Registration Form: January 2018

	<u>Term of Office (Elected or Appointed or Date Hired)</u>	<u>Fees of Office Paid 12/31/2017</u>	<u>Expense Reimbursements 12/31/2017</u>	<u>Title at Year End</u>
<b>Board Members:</b>				
William Reese	2014 - 2017	\$ 450	\$ 255	President
Vernon Pippin	2015 - 2018	\$ -	\$ -	Vice-Pres./Retired
James Fortenberry	2014 - 2017	\$ 450	\$ -	Sec/Tres
Bobby Don Ayers	2014 - 2017	\$ 500	\$ -	Director
Craig Driggers	2014 - 2016	\$ 250	\$ -	Director
Bryan Delgado	2013 - 2016	\$ 300	\$ -	Director
Norris Mayberry	2015 - 2018	\$ 300	\$ -	Director
Staley Cash	2015 - 2018	\$ 300	\$ -	Director
Kevin Chilcoat	2013 - 2016	\$ 450	\$ 270	Director/VP
Bill Watkins	2017 - 2020	\$ 100	\$ -	Director
<b>Key Administrative Personnel:</b>				
Clay Hodges		\$ 133,025	\$ 194	General Manager
<b>Consultants:</b>				
McLean & Howard, LLP		\$ 1,495	\$ -	Attorney
James D. Bradbury, PLLC		\$ 33,959	\$ -	Attorney
Rutherford, Taylor & Company, P.C.		\$ 10,500	\$ -	Auditor
Velvin & Weeks, P.C.		\$ 87,623	\$ -	Engineer