



# BEAR CREEK SUD

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Lavon, Texas 75166

**Date:** April 18, 2022

**Time:** 6:32PM

## MINUTES OF REGULAR BOARD MEETING

**Call to order by:** President Chris Elder

**Directors Present:** Chris Elder, Herman Stork, Leticia Harrison, Robert Haynes, Leon Marshall

**Directors Absent:** Deborah Fato, Colby McClendon

**Public Comment:** None

### **Consent Items:**

Approval of Minutes of Regular Meeting on March 21, 2022.

Approval of March 2022 Financials.

Approval of March 2022 General Manager Report.

*Motion made by Director L. Marshall, seconded by Director H. Stork to approve the March 21, 2022, Minutes of Regular Meeting and the March 2022 General Manager Report.*

*The President called roll for the vote:*

*Director Harrison: Approved*

*Director Marshall: Approved*

*Director Stork: Approved*

*President Elder: Approved*

*Motion carried unanimously. Director Fato, Director Haynes, and Director McClendon absent.*

*Motion by Director H. Stork, seconded by Director R. Haynes to approve the March 2022 Financials.*

*The President called roll for the vote:*

*Director Harrison: Abstain*

*Director Marshall: Approved*

*Director Stork: Approved*

*Director Haynes: Approved*

*President Elder: Approved*

*Motion carried. Director Fato and Director McClendon absent.*

## **Regular Agenda Items:**

### **A. Presentation of 2021 Audit and consideration of approval of 2021 Audit.**

*Robert Lake, of Rutherford Taylor & Company, P.C., presented the 2021 Bear Creek Special Utility District Financial Audit. Mr. Lake stated that page 3 of the audit would need to be completed and the entire audit sent to TCEQ after the audit is accepted by the Board. Mr. Lake stated that the auditors had audited the financial statements of the Bear Creek SUD and in their opinion, the financial statements referred to, presents fairly, in all material respects, the respective financial position of the business type activities, which are the proprietary type funds of the Bear Creek SUD as of December 31, 2021, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America. Mr. Lake stated that the audit 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. The District's Total Net Position was \$18,100,291 at year end. The district's expenses were \$6,067,390 less than the \$9,240,675 generated from charges for services and other revenues for business-type activities. The District continued to receive developer contributions for housing development and infrastructure totaling \$3,386,841. The Change in Net Position for 2021 was \$6,067,390. The District's Current Assets were \$4,976,900, restricted assets \$7,844,380 which includes the restricted assets held in GTUA, Non-Current Assets were \$17,798,318 and the Total Assets were \$30,619,598. The Current Liabilities were \$2,315,545, Non-Current Liabilities were \$10,203,762 and Total Net Position was \$18,100,291. Restricted Assets are assets that are not available to be spent. The Total Operating Revenues were \$5,787,378 and the Total Operating Expenses were \$2,959,680. The Net Operating Revenue (expenses) was \$2,827,698. The Change in Net Position was \$6,067,390. On the Statement of Cash Flows, the Net Cash generated was \$3,039,346. The Net Decrease in Cash due to PS2 project for 2021 was (\$1,138,583). The Net Capital Assets for the district on December 31, 2021, was \$17,798,318. The total debt of the district is \$4,845,558 through the year 2035. The variance with the final budget for the year was \$4,358,547 below budget. Mr. Lake stated that as of year-end, the district was not involved in any pending litigation. In the opinion of the district, there are no significant contingent liabilities relating to compliance with the various rules and regulations in which the district operates. The district's rate structure was challenged by a customer who filed a complaint with the Public Utility Commission (PUC) of the State of Texas. The district answered the complaint and complied with the procedures and requirements established by the state for a public hearing. An agreement with Texas Department of Transportation (TxDOT) provides reimbursement of 59.15% of the total cost of relocation of water lines for the Highway 205 widening project. The total project cost to be reimbursed by TxDOT is approximately \$1,384,140. The only category that was over budget was depreciation and generally depreciation is not budgeted.*

*Board members asked questions of Mr. Lake and the Manager Reagan related to the audit and Mr. Lake's presentation. The item was tabled temporarily for detailed review by the Board.*

*Motion made by Director R. Haynes, seconded by Director H. Stork to accept the 2021 Financial Audit as presented by Rutherford, Taylor & Company, P. C.*

*The President called roll for the vote:*

*Director Harrison: Abstain*

*Director Marshall: Approved*

*Director Stork: Approved*

*Director Haynes: Approved*

*President Elder: Approved*

*Motion carried. Director Fato and Director McClendon absent.*

- B. Discuss and consideration of revisions to Bear Creek SUD Rate Order. *Manager Reagan discussed the increase in material costs that have occurred in the past six months. With the increase of material, the cost of a new meter needs to be increased. Material for meter installations has increased 6.5%. Also, the cost of meters for fire hydrants has increased. The deposit that is being charged is not enough to cover the cost of the meter.*

*Motion made by Director H. Stork, seconded by Director R. Haynes to accept the changes to the Bear Creek SUD Rate Order for Meter Costs for ¾” meters up to 12” meters and increase the deposit for fire hydrant meters.*

*The President called roll for the vote:*

*Director Harrison: Abstain*

*Director Marshall: Approved*

*Director Stork: Approved*

*Director Haynes: Approved*

*President Elder: Approved*

*Motion carried. Director Fato and Director McClendon absent.*

- C. Update on Pump Station No. 2 Project. *Manager Reagan stated that the shutdown to tie-in the NTMWD line is scheduled for April 27, 2022. Farmers Electric Cooperation has assessed an Aid to Construction fee of \$33,731.16 for the installation of underground power to the new pump station. This fee will be paid from the Construction Account. No action was taken.*
- D. Update on Cyber Security Awareness Training. *All employees have completed the cyber security awareness training. Director Marshall has completed the training. All board members will need to complete the training and submit their certificate of completion by June 1, 2022. No action was taken.*

**Board to Set Future Meetings and Agendas:**

*President, C. Elder, asked if anyone had any future meetings to be set or any items for future agendas.*

*Future Meeting set for May 16, 2022, at 6:30 p.m.*

**Adjournment of Regular Meeting at 7:33PM.**

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Chris Elder, President

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Colby McClendon, Secretary

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Camille Reagan, Recorder