

# **Willow Fork Drainage District**

Fort Bend and Harris Counties, Texas

Independent Auditor's Report and Financial Statements

September 30, 2019



# Willow Fork Drainage District

## September 30, 2019

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## Independent Auditor's Report

Board of Directors  
Willow Fork Drainage District  
Fort Bend and Harris Counties, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Willow Fork Drainage District (the District), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**BKD, LLP**

Houston, Texas  
February 12, 2020

# **Willow Fork Drainage District**

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

### **September 30, 2019**

#### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. This report also contains supplementary information required by the Governmental Accounting Standards Board and other information required by the District's state oversight agency, the Texas Commission on Environmental Quality (the Commission).

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as drainage services. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

#### **Government-wide Financial Statements**

The focus of government-wide financial statements is on the overall financial position and activities of the District. The District's government-wide financial statements include the statement of net position and statement of activities, which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the statement of net position is to attempt to report all of the assets, liabilities, and deferred inflows and outflows of resources of the District. The District reports all of its assets when it acquires or begins to maintain the assets and reports all of its liabilities when they are incurred.

The difference between the District's assets, liabilities, and deferred inflows and outflows of resources is labeled as net position and this difference is similar to the total stockholders' equity presented by a commercial enterprise.

The purpose of the statement of activities is to present the revenues and expenses of the District. Again, the items presented on the statement of activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the District. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues are reported even when they may not be collected for several months or years after the end of the accounting period and expenses are recorded even though they may not have used cash during the current year.

# **Willow Fork Drainage District**

## **Management's Discussion and Analysis (Continued)**

### **September 30, 2019**

Although the statement of activities looks different from a commercial enterprise's statement of income, the financial statement is different only in format, not substance. Whereas the bottom line in a commercial enterprise is its net income, the District reports an amount described as change in net position, essentially the same thing.

#### **Fund Financial Statements**

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. 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 or governmental statutes or regulations.

#### **Governmental Funds**

Governmental-fund financial statements consist of a balance sheet and a statement of revenues, expenditures and changes in fund balances and are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted into cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land and water, sewer and drainage systems. Fund liabilities include amounts that are to be paid within a very short period after the end of the fiscal year. The difference between a fund's assets, liabilities, and deferred inflows and outflows of resources is labeled the fund balance and generally indicates the amount that can be used to finance the next fiscal year's activities. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash, respectively, during the current period or very shortly after the end of the fiscal year.

Because the focus of the government-wide and fund financial statements is different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in the notes to financial statements that describes the adjustments to fund balances to arrive at net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in the notes to financial statements that reconciles the total change in fund balances for all governmental funds to the change in net position, as reported in the governmental activities column in the statement of activities.

#### **Notes to Financial Statements**

The notes to financial statements provide additional information that is essential to a full understanding of the data found in the government-wide and fund financial statements.

**Willow Fork Drainage District**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2019**

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

The District's overall financial position and activities for the past two years are summarized as follows, based on the information included in the government-wide financial statements.

**Summary of Net Position**

	<b>2019</b>	<b>2018</b>
Current and other assets	\$ 17,496,447	\$ 19,158,420
Capital assets	36,447,848	36,515,924
Total assets	53,944,295	55,674,344
Deferred outflows of resources	98,206	142,395
Total assets and deferred outflows of resources	\$ 54,042,501	\$ 55,816,739
Long-term liabilities	\$ 36,252,536	\$ 39,575,774
Other liabilities	590,218	971,162
Total liabilities	36,842,754	40,546,936
Net position:		
Net investment in capital assets	5,728,619	3,949,208
Restricted	7,306,877	8,989,786
Unrestricted	4,164,251	2,330,809
Total net position	\$ 17,199,747	\$ 15,269,803

The total net position of the District increased by \$1,929,944. The majority of the increase in net position is related to tax revenues intended to pay principal on the District's bonded indebtedness, which is shown as long-term liabilities in the government-wide financial statements. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Willow Fork Drainage District**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2019**

**Summary of Changes in Net Position**

	<b>2019</b>	<b>2018</b>
Revenues:		
Property taxes	\$ 7,211,705	\$ 7,558,395
Other revenues	851,370	439,415
	<hr/>	<hr/>
Total revenues	8,063,075	7,997,810
	<hr/>	<hr/>
Expenses:		
Services	3,592,985	5,529,232
Depreciation	1,541,927	1,508,728
Debt service	998,219	1,029,430
	<hr/>	<hr/>
Total expenses	6,133,131	8,067,390
	<hr/>	<hr/>
Change in net position	1,929,944	(69,580)
	<hr/>	<hr/>
Net position, beginning of year	15,269,803	15,339,383
	<hr/>	<hr/>
Net position, end of year	<u>\$ 17,199,747</u>	<u>\$ 15,269,803</u>

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

The District's combined fund balances as of the end of the fiscal year ended September 30, 2019, were \$16,892,285, a decrease of \$1,285,145 from the prior year.

The general fund's fund balance increased by \$1,829,903, primarily as a result of property tax revenues in excess of operating expenditures.

The special revenue fund's fund balance decreased by \$969,624 as a result of operating costs in excess of current year property tax revenues.

The debt service fund's fund balance decreased by \$870,451 because bond principal and interest requirements were greater than property tax revenues generated.

The capital projects fund's fund balance decreased by \$1,274,973, primarily due capital outlay expenditures related to park improvements within the District exceeding investment income.



**Willow Fork Drainage District**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2019**

**General Fund Budgetary Highlights**

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to property taxes revenues and professional fees expenditures being higher than anticipated and repair and maintenance expenditures being lower than anticipated. The fund balance as of September 30, 2019, was expected to be \$3,999,248 and the actual end-of-year fund balance was \$4,145,087.

**Capital Assets and Related Debt**

**Capital Assets**

Capital assets held by the District at the end of the current and previous fiscal years are summarized below:

**Capital Assets (Net of Accumulated Depreciation)**

	<b>2019</b>	<b>2018</b>
Land and improvements	\$ 525,580	\$ 525,580
Construction in progress	3,921,200	3,111,335
Drainage facilities	21,677,883	22,540,063
Park and recreational facilities	10,323,185	10,338,946
	<hr/>	<hr/>
Total capital assets	\$ 36,447,848	\$ 36,515,924
	<hr/>	<hr/>

During the current year, additions to capital assets were as follows:

Construction in progress related to Willow Fork trails, packages 1 and 2,	
Exploration Park bathrooms and the mid-block crossing	\$ 1,429,131
Phase 3 trails pedestrian bridge	44,720
	<hr/>
Total additions to capital assets	\$ 1,473,851
	<hr/>

**Debt**

The changes in the debt position of the District during the fiscal year ended September 30, 2019, are summarized as follows.

**Willow Fork Drainage District**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2019**

Long-term debt payable, beginning of year	\$ 39,575,774
Decreases in long-term debt	<u>(3,323,238)</u>
Long-term debt payable, end of year	<u><u>\$ 36,252,536</u></u>

At September 30, 2019, the District had \$18,645,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the drainage systems within the District.

The District's bonds carry an underlying rating of "A+" by Standard & Poor's. The Series 2012 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty Municipal Corp. The Series 2015 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company. The Series 2015 refunding bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Municipal Assurance Corp. The Series 2017 bonds carry a "A+" rating from Standard & Poor's by virtue of bond insurance issued by National Public Finance Guarantee Corporation.

**Other Relevant Factors**

**Relationship to the City of Houston**

Under Texas law as of the date of this audit, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston (the City), the District must conform to the City ordinance consenting to the creation of the District. In addition, under Texas law as of the date of this audit, the District may be annexed by the City without the District's consent, as of law effective December 1, 2017, but voters must consent to annexation in certain circumstances. If the District is annexed, the City must assume the District's assets and obligations (including the bonded indebtedness) and abolish the District within 90 days.

**Willow Fork Drainage District**  
**Statement of Net Position and Governmental Funds Balance Sheet**  
**September 30, 2019**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
<b>Assets</b>							
Cash	\$ 38,992	\$ 7,675	\$ -	\$ -	\$ 46,667	\$ -	\$ 46,667
Short-term investments	4,173,981	4,507,760	2,539,838	6,014,390	17,235,969	-	17,235,969
Property tax receivable	19,164	8,725	33,642	-	61,531	-	61,531
Accrued penalty and interest	-	-	-	-	-	38,704	38,704
Interfund receivable	5,603	3,351	-	-	8,954	(8,954)	-
Due from other districts	60,026	-	-	-	60,026	-	60,026
Prepaid expenditures	-	53,550	-	-	53,550	-	53,550
Capital assets (net of accumulated depreciation):							
Land	-	-	-	-	-	525,580	525,580
Drainage facilities	-	-	-	-	-	21,677,883	21,677,883
Park and recreational facilities	-	-	-	-	-	10,323,185	10,323,185
Construction in progress	-	-	-	-	-	3,921,200	3,921,200
Total assets	4,297,766	4,581,061	2,573,480	6,014,390	17,466,697	36,477,598	53,944,295
<b>Deferred Outflows of Resources</b>							
Deferred amount on debt refundings	0	0	0	0	0	98,206	98,206
Total assets and deferred outflows of resources	\$ 4,297,766	\$ 4,581,061	\$ 2,573,480	\$ 6,014,390	\$ 17,466,697	\$ 36,575,804	\$ 54,042,501

# Willow Fork Drainage District

## Statement of Net Position and Governmental Funds Balance Sheet (Continued)

### September 30, 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
<b>Liabilities</b>							
Accounts payable	\$ 133,515	\$ 121,896	\$ -	\$ 10,870	\$ 266,281	\$ -	\$ 266,281
Accrued interest payable	-	-	-	-	-	86,291	86,291
Due to others	-	900	-	-	900	-	900
Interfund payable	-	-	8,954	-	8,954	(8,954)	-
Retainage payable	-	-	-	236,746	236,746	-	236,746
Long-term liabilities:							
Due within one year	-	-	-	-	-	3,245,000	3,245,000
Due after one year	-	-	-	-	-	33,007,536	33,007,536
Total liabilities	133,515	122,796	8,954	247,616	512,881	36,329,873	36,842,754
<b>Deferred Inflows of Resources</b>							
Deferred property tax revenues	19,164	8,725	33,642	0	61,531	(61,531)	0
<b>Fund Balances/Net Position</b>							
Fund balances:							
Nonspendable, prepaid expenditures	-	53,550	-	-	53,550	(53,550)	-
Restricted, unlimited tax bonds	-	-	2,530,884	-	2,530,884	(2,530,884)	-
Committed to park and recreational facilities	-	3,345,015	-	5,766,774	9,111,789	(9,111,789)	-
Assigned:							
Future expenditures	-	1,050,975	-	-	1,050,975	(1,050,975)	-
Desilting reserve	368,000	-	-	-	368,000	(368,000)	-
Unassigned	3,777,087	-	-	-	3,777,087	(3,777,087)	-
Total fund balances	4,145,087	4,449,540	2,530,884	5,766,774	16,892,285	(16,892,285)	0
Total liabilities, deferred inflows of resources and fund balances	\$ 4,297,766	\$ 4,581,061	\$ 2,573,480	\$ 6,014,390	\$ 17,466,697		
<b>Net position:</b>							
Net investment in capital assets						5,728,619	5,728,619
Restricted for park operations						4,458,265	4,458,265
Restricted for debt service						2,516,939	2,516,939
Restricted for capital projects						331,673	331,673
Unrestricted						4,164,251	4,164,251
Total net position						\$ 17,199,747	\$ 17,199,747

**Willow Fork Drainage District**  
**Statement of Activities and Governmental Funds Revenues,**  
**Expenditures and Changes in Fund Balances**  
**Year Ended September 30, 2019**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
<b>Revenues</b>							
Property taxes	\$ 3,513,370	\$ 387,655	\$ 3,315,601	\$ -	\$ 7,216,626	\$ (4,921)	\$ 7,211,705
Penalty and interest	-	-	31,821	-	31,821	(233)	31,588
Investment income	78,757	116,370	131,962	156,626	483,715	-	483,715
Other income	36,067	300,000	-	-	336,067	-	336,067
Total revenues	3,628,194	804,025	3,479,384	156,626	8,068,229	(5,154)	8,063,075
<b>Expenditures/Expenses</b>							
Service operations:							
Professional fees	435,145	179,668	7,274	-	622,087	13,070	635,157
Personnel	-	92,178	-	-	92,178	-	92,178
Contracted services	74,239	326,423	55,545	-	456,207	-	456,207
Utilities	-	6,638	-	-	6,638	-	6,638
Repairs and maintenance	1,199,994	723,824	-	-	1,923,818	-	1,923,818
Other expenditures	88,913	389,559	478	37	478,987	-	478,987
Capital outlay	-	55,359	-	1,431,562	1,486,921	(1,486,921)	-
Depreciation	-	-	-	-	-	1,541,927	1,541,927
Debt service:							
Principal retirement	-	-	3,135,000	-	3,135,000	(3,135,000)	-
Interest and fees	-	-	1,151,538	-	1,151,538	(153,319)	998,219
Total expenditures/expenses	1,798,291	1,773,649	4,349,835	1,431,599	9,353,374	(3,220,243)	6,133,131
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	1,829,903	(969,624)	(870,451)	(1,274,973)	(1,285,145)	1,285,145	
<b>Change in Net Position</b>						1,929,944	1,929,944
<b>Fund Balances/Net Position</b>							
Beginning of year	2,315,184	5,419,164	3,401,335	7,041,747	18,177,430	-	15,269,803
End of year	\$ 4,145,087	\$ 4,449,540	\$ 2,530,884	\$ 5,766,774	\$ 16,892,285	\$ 0	\$ 17,199,747

# **Willow Fork Drainage District**

## **Notes to Financial Statements**

**September 30, 2019**

### **Note 1: Nature of Operations and Summary of Significant Accounting Policies**

Willow Fork Drainage District (the District) was created by an order of the Texas Water Commission, now known as the Texas Commission on Environmental Quality (the Commission), effective February 20, 1985, in accordance with the Texas Water Code, Chapter 51. The District operates in accordance with Chapters 49 and 51 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own and operate drainage facilities and to provide such facilities and services to the customers of the District. The voters of the District have also authorized the construction, operation and maintenance of park and recreational facilities.

The District is governed by a Board of Directors (the Board) consisting of five individuals who are residents or owners of property within the District and are elected by voters within the District. The Board sets the policies of the District. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America for state and local governments, as defined by the Governmental Accounting Standards Board. The following is a summary of the significant accounting and reporting policies of the District:

#### ***Reporting Entity***

The accompanying government-wide financial statements present the financial statements of the District. There are no component units that are legally separate entities for which the District is considered to be financially accountable. Accountability is defined as the District's substantive appointment of the voting majority of the component unit's governing board. Furthermore, to be financially accountable, the District must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to, or impose specific financial burdens on, the District.

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

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of drainage and other related services. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented with a column for adjustments to convert to the government-wide financial statements.

The government-wide financial statements report information on all of the activities of the District. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities generally are financed through taxes, charges for services and intergovernmental revenues. The statement of activities reflects the revenues and expenses of the District.

# **Willow Fork Drainage District**

## **Notes to Financial Statements**

### **September 30, 2019**

The fund financial statements provide information about the District's governmental funds. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is directed to specific activities of the District.

The District presents the following major governmental funds:

*General Fund* – The general fund is the primary operating fund of the District which accounts for all financial resources not accounted for in another fund. Revenues are derived primarily from property taxes, charges for services and interest income.

*Special Revenue Fund* – Accounts for revenues and expenditures involving specific revenue sources that are legally restricted to expenditures for specified purposes. The primary source of revenue is property taxes assessed for parks and recreation.

*Debt Service Fund* – The debt service fund is used to account for financial resources that are restricted, committed or assigned to expenditures for principal and interest related costs, as well as the financial resources being accumulated for future debt service.

*Capital Projects Fund* – The capital projects fund is used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays.

#### ***Fund Balances – Governmental Funds***

The fund balances for the District's governmental funds can be displayed in up to five components:

*Nonspendable* – Amounts that are not in a spendable form or are required to be maintained intact.

*Restricted* – Amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

*Committed* – Amounts that can be used only for the specific purposes determined by resolution of the Board. Commitments may be changed or lifted only by issuance of a resolution by the District's Board.

*Assigned* – Amounts intended to be used by the District for specific purposes as determined by management. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

*Unassigned* – The residual classification for the general fund and includes all amounts not contained in the other classifications.

# **Willow Fork Drainage District**

## **Notes to Financial Statements**

**September 30, 2019**

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

### ***Measurement Focus and Basis of Accounting***

#### **Government-wide Financial Statements**

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Nonexchange transactions, in which the District receives (or gives) value without directly giving (or receiving) equal value in exchange, include property taxes and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Revenues from property taxes are recognized in the period for which the taxes are levied. Intergovernmental revenues are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted. Donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as liabilities.

#### **Fund Financial Statements**

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of governmental funds revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The District considers revenues reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, charges for services and investment income. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when payment is due.



# **Willow Fork Drainage District**

## **Notes to Financial Statements**

### **September 30, 2019**

#### ***Deferred Outflows and Inflows of Resources***

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period.

#### ***Interfund Transactions***

Transfers from one fund to another fund are reported as interfund receivables and payables if there is intent to repay the amount and if there is the ability to repay the advance on a timely basis. Operating transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

#### ***Pension Costs***

The District does not participate in a pension plan and, therefore, has no pension costs.

#### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

#### ***Investments and Investment Income***

Investments in certificates of deposit, mutual funds, U.S. Government and agency securities, and certain pooled funds, which have a remaining maturity of one year or less at the date of purchase, are recorded at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market values.

Investment income includes dividends and interest income and the net change for the year in the fair value of investments carried at fair value. Investment income is credited to the fund in which the investment is recorded.

#### ***Property Taxes***

An appraisal district annually prepares appraisal records listing all property within the District and the appraised value of each parcel or item as of January 1. Additionally, on January 1, a tax lien attaches to property to secure the payment of all taxes, penalty and interest ultimately imposed for the year on the property. After the District receives its certified appraisal roll from the appraisal

# **Willow Fork Drainage District**

## **Notes to Financial Statements**

### **September 30, 2019**

district, the rate of taxation is set by the Board of the District based upon the aggregate appraisal value. Taxes are due and payable October 1 or when billed, whichever is later, and become delinquent after January 31 of the following year.

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended September 30, 2019, include collections during the current period or within 60 days of year-end related to the 2018 and prior years' tax levies.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended September 30, 2019, the 2018 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

#### ***Capital Assets***

Capital assets, which include property, plant, equipment and infrastructure, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an individual cost of \$5,000 or more and an estimated useful life of two years or more. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives as follows:

	<b><u>Years</u></b>
Drainage facilities	10-45
Park and recreational facilities	10-20

#### ***Deferred Amount on Debt Refundings***

In the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt in a debt refunding is deferred and amortized to interest expense using the effective interest rate method over the remaining life of the old debt or the life of the new debt, whichever is shorter. Such amounts are classified as deferred outflows or inflows of resources.

# **Willow Fork Drainage District**

## **Notes to Financial Statements**

### **September 30, 2019**

#### ***Debt Issuance Costs***

Debt issuance costs, other than prepaid insurance, do not meet the definition of an asset or deferred outflows of resources since the costs are not applicable to a future period and, therefore, are recognized as an expense/expenditure in the period incurred.

#### ***Long-term Obligations***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Premiums and discounts on bonds are recognized as a component of long-term liabilities and amortized over the life of the related debt using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize premiums and discounts on bonds during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### ***Net Position/Fund Balances***

Fund balances and net position are reported as restricted when constraints placed on them are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.

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

#### ***Reconciliation of Government-wide and Fund Financial Statements***

Amounts reported for net position of governmental activities in the statement of net position and fund balances in the governmental funds balance sheet are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	\$ 36,447,848
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	61,531
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.	38,704
Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.	98,206

# Willow Fork Drainage District

## Notes to Financial Statements

### September 30, 2019

Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	\$ (86,291)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(36,252,536)</u>
Adjustment to fund balances to arrive at net position.	<u>\$ 307,462</u>

Amounts reported for change in net position of governmental activities in the statement of activities are different from change in fund balances in the governmental funds statement of revenues, expenditures and changes in fund balances because:

Change in fund balances.	\$ (1,285,145)
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation and noncapitalized costs exceeded capital outlay expenditures in the current year.	(68,076)
Governmental funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position.	3,135,000
Revenues collected in the current year, which have previously been reported in the statement of activities, are reported as revenues in the governmental funds.	(5,154)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>153,319</u>
Change in net position of governmental activities.	<u>\$ 1,929,944</u>

## Note 2: Deposits, Investments and Investment Income

### ***Deposits***

Custodial credit risk is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; a surety bond; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Texas; or certain collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States.

# Willow Fork Drainage District

## Notes to Financial Statements

### September 30, 2019

At September 30, 2019, none of the District's bank balances were exposed to custodial credit risk.

#### **Investments**

The District may legally invest in obligations of the United States or its agencies and instrumentalities, direct obligations of Texas or its agencies or instrumentalities, collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, other obligations guaranteed as to principal and interest by the State of Texas or the United States or their agencies and 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, obligations of states, agencies and counties and other political subdivisions with an investment rating not less than "A," insured or collateralized certificates of deposit, and certain bankers' acceptances, repurchase agreements, mutual funds, commercial paper, guaranteed investment contracts and investment pools.

The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in TexPool, an external investment pool that is not registered with the Securities and Exchange Commission. The State Comptroller of Public Accounts of the State of Texas has oversight of TexPool.

The District also invests in Texas CLASS, an external investment pool that is not registered with the Securities and Exchange Commission. A Board of Trustees, elected by the participants, has oversight of Texas CLASS. The District's investments may be redeemed at any time. Texas CLASS attempts to minimize its exposure to market and credit risk through the use of various strategies and credit monitoring techniques and limits its investments in any issuer to the top two ratings issued by nationally recognized statistical rating organizations.

At September 30, 2019, the District had the following investments and maturities:

Type	Maturities in Years				
	Amortized Cost/ Fair Value	Less Than 1	1-5	6-10	More Than 10
TexPool	\$ 15,786,131	\$ 15,786,131	\$ -	\$ -	\$ -
Texas CLASS	1,449,838	1,449,838	-	-	-
Totals	<u>\$ 17,235,969</u>	<u>\$ 17,235,969</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**Interest Rate Risk.** As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy does not allow investments in certain mortgage-backed securities, collateralized mortgage obligations with a final maturity date in excess of 10 years and

# Willow Fork Drainage District

## Notes to Financial Statements

### September 30, 2019

interest rate indexed collateralized mortgage obligations. The external investment pools are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

**Credit Risk.** Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2019, the District's investments in TexPool and Texas CLASS were rated "AAAm by Standard & Poor's.

#### ***Summary of Carrying Values***

The carrying values of deposits and investments shown above are included in the balance sheet and statement of net position at September 30, 2019, as follows:

Carrying value:	
Deposits	\$ 46,667
Investments	<u>17,235,969</u>
Total	<u><u>\$ 17,282,636</u></u>

#### ***Investment Income***

Investment income of \$483,715 for the year ended September 30, 2019, consisted of interest income.

#### ***Fair Value Measurements***

The District has the following recurring fair value measurements as of September 30, 2019:

- Pooled investments of \$1,449,838 are valued at fair value per share of the pool's underlying portfolio.

#### **Note 3: Capital Assets**

A summary of changes in capital assets for the year ended September 30, 2019, is presented below:

Governmental Activities	Balances, Beginning of Year	Additions	Reclassi- fications	Balances, End of Year
Capital assets, non-depreciable:				
Land and improvements	\$ 525,580	\$ -	\$ -	\$ 525,580
Construction in progress	<u>3,111,335</u>	<u>1,429,131</u>	<u>(619,266)</u>	<u>3,921,200</u>
Total capital assets, non-depreciable	<u><u>3,636,915</u></u>	<u><u>1,429,131</u></u>	<u><u>(619,266)</u></u>	<u><u>4,446,780</u></u>

# Willow Fork Drainage District

## Notes to Financial Statements

September 30, 2019

<b>Governmental Activities (Continued)</b>	<b>Balances, Beginning of Year</b>	<b>Additions</b>	<b>Reclassi- fications</b>	<b>Balances, End of Year</b>
Capital assets, depreciable:				
Drainage facilities	\$ 35,930,928	\$ -	\$ -	\$ 35,930,928
Park and recreational facilities	12,632,263	44,720	619,266	13,296,249
Total capital assets, depreciable	48,563,191	44,720	619,266	49,227,177
Less accumulated depreciation:				
Drainage facilities	(13,390,865)	(862,180)	-	(14,253,045)
Park and recreational facilities	(2,293,317)	(679,747)	-	(2,973,064)
Total accumulated depreciation	(15,684,182)	(1,541,927)	0	(17,226,109)
Total governmental activities, net	\$ 36,515,924	\$ (68,076)	\$ 0	\$ 36,447,848

### Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended September 30, 2019, were as follows:

<b>Governmental Activities</b>	<b>Balances, Beginning of Year</b>	<b>Decreases</b>	<b>Balances, End of Year</b>	<b>Amounts Due in One Year</b>
Bonds payable:				
General obligation bonds	\$ 39,295,000	\$ 3,135,000	\$ 36,160,000	\$ 3,245,000
Add premiums on bonds	536,937	206,140	330,797	-
Less discounts on bonds	256,163	17,902	238,261	-
Total governmental activities long-term liabilities	\$ 39,575,774	\$ 3,323,238	\$ 36,252,536	\$ 3,245,000

### General Obligation Bonds

	<b>Refunding Series 2009</b>	<b>Refunding Series 2012</b>
Amounts outstanding, September 30, 2019	\$4,445,000	\$545,000
Interest rates	3.00% to 4.50%	2.00% to 3.50%
Maturity dates, serially beginning/ending	September 1, 2020/2021	September 1, 2020/2021
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	September 1, 2019	September 1, 2019

\*Or any date thereafter; callable at par plus accrued interest to the date of redemption.

**Willow Fork Drainage District**  
**Notes to Financial Statements**  
**September 30, 2019**

	<b>Series 2012</b>	<b>Refunding Series 2013</b>
Amounts outstanding, September 30, 2019	\$5,980,000	\$1,710,000
Interest rates	2.00% to 3.00%	2.00% to 3.00%
Maturity dates, serially beginning/ending	September 1, 2023/2033	September 1, 2020
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	September 1, 2019	None

	<b>Series 2015</b>	<b>Refunding Series 2015</b>
Amounts outstanding, September 30, 2019	\$9,800,000	\$3,900,000
Interest rates	2.00% to 3.00%	2.00%
Maturity dates, serially beginning/ending	September 1, 2023/2033	September 1, 2020/2022
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	September 1, 2022	None

	<b>Series 2017</b>
Amount outstanding, September 30, 2019	\$9,780,000
Interest rates	2.25% to 3.25%
Maturity dates, serially beginning/ending	September 1, 2023/2033
Interest payment dates	March 1/ September 1
Callable date*	September 1, 2024

\*Or any date thereafter; callable at par plus accrued interest to the date of redemption.

***Annual Debt Service Requirements***

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at September 30, 2019.



# Willow Fork Drainage District

## Notes to Financial Statements

September 30, 2019

Year	Principal	Interest	Total
2020	\$ 3,245,000	\$ 1,035,487	\$ 4,280,487
2021	3,570,000	918,637	4,488,637
2022	3,785,000	762,787	4,547,787
2023	1,945,000	687,087	2,632,087
2024	2,040,000	646,187	2,686,187
2025-2029	11,180,000	2,468,193	13,648,193
2030-2033	10,395,000	795,789	11,190,789
Total	<u>\$ 36,160,000</u>	<u>\$ 7,314,167</u>	<u>\$ 43,474,167</u>

The bonds are payable from the proceeds of an ad valorem tax levied upon all property within the District subject to taxation, without limitation as to rate or amount.

Drainage bonds voted	\$ 76,490,000
Drainage bonds authorization used	57,845,000
Park bonds voted	29,000,000
Park bonds sold	25,560,000

### Note 5: Significant Bond Resolution and Commission Requirements

The Bond Resolutions require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended September 30, 2019, the District levied an ad valorem debt service tax at the rate of \$0.0850 per \$100 of assessed valuation, which resulted in a tax levy of \$3,328,035 on the taxable valuation of \$3,914,395,912 for the 2018 tax year. The interest and principal requirements paid from the tax revenues and available resources were \$4,281,738.

### Note 6: Maintenance Taxes

At an election held August 10, 1985, voters authorized a maintenance tax not to exceed \$0.25 per \$100 valuation on all property within the District subject to taxation. On November 8, 2011, voters authorized a maintenance tax not to exceed \$0.05 per \$100 valuation within the District subject to taxation in addition to the maintenance tax authorized August 10, 1985. During the year ended September 30, 2019, the District levied an ad valorem maintenance tax at the rate of \$0.0900 and a park tax rate of \$0.0100, both per \$100 of assessed valuation, which resulted in tax levies of \$3,523,802 and \$391,533 respectively, on the taxable valuation of \$3,914,395,912 for the 2018 tax year. The maintenance and park taxes are being used by the general and special revenue funds to pay expenditures of operating the District and park and recreational facilities.

# **Willow Fork Drainage District**

## **Notes to Financial Statements**

**September 30, 2019**

### **Note 7: 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 natural disasters for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts in the past three fiscal years.

### **Note 8: Hurricane Harvey**

The greater Houston area, including the District, is subject to occasional severe weather events, including tropical storms and hurricanes. Since 2015, the greater Houston area, including the District, has experienced four storms exceeding a 0.2 percent probability (*i.e.* "500-year flood" events), including Hurricane Harvey. The Houston area sustained widespread flooding as a result of Hurricane Harvey's landfall along the Texas Gulf Coast on August 25, 2017, and historic levels of rainfall during the succeeding four days. The District sustained material damage at its diversion channel for which costs to repair are shared with Grand Lakes Water Control Improvement District, as well as repair costs for damage incurred at the District's park and Exploration Park, several channels including VA1, VA3, VA9, VA11, VA12, VA14 and storm line cleaning. As of September 30, 2019, the District has incurred costs of approximately \$3,038,000 and has filed a claim with the Federal Emergency Management Agency (FEMA) for assistance with these costs. Additional flooding could have an adverse impact on the region's economy, including business activity and development in the region. The District cannot predict what impact, if any, flooding will have on the assessed value of homes within the District.

### **Note 9: Interlocal Governmental Agreement for Recreational Facilities**

The District entered into an Interlocal Governmental Agreement for Recreational Facilities (the Interlocal Agreement) dated July 9, 2013, with Cinco Municipal Utility District No. 12 (District No. 12). Per the Interlocal Agreement, District No. 12 is to contribute \$50,000 annually to the District for costs associated with event planning for Central Green. During the current year, District No. 12 contributed the annual \$50,000 payment and an additional \$250,000 to the District to be used solely at the District's park for an event entertainment series.

## **Required Supplementary Information**

**Willow Fork Drainage District**  
**Budgetary Comparison Schedule – General Fund**  
**Year Ended September 30, 2019**

	<b>Original Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Property taxes	\$ 3,618,340	\$ 3,513,370	\$ (104,970)
Investment income	40,000	78,757	38,757
Other income	24,000	36,067	12,067
	<u>3,682,340</u>	<u>3,628,194</u>	<u>(54,146)</u>
<b>Expenditures</b>			
Service operations:			
Professional fees	229,000	435,145	(206,145)
Contracted services	87,300	74,239	13,061
Repairs and maintenance	1,583,976	1,199,994	383,982
Other expenditures	98,000	88,913	9,087
	<u>1,998,276</u>	<u>1,798,291</u>	<u>199,985</u>
<b>Excess of Revenues Over Expenditures</b>	1,684,064	1,829,903	145,839
<b>Fund Balance, Beginning of Year</b>	<u>2,315,184</u>	<u>2,315,184</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ 3,999,248</u></u>	<u><u>\$ 4,145,087</u></u>	<u><u>\$ 145,839</u></u>

**Willow Fork Drainage District**  
**Budgetary Comparison Schedule – Special Revenue Fund**  
**Year Ended September 30, 2019**

	<b>Original Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Property taxes	\$ 388,620	\$ 387,655	\$ (965)
Investment income	60,000	116,370	56,370
Other income	250,000	300,000	50,000
	<u>698,620</u>	<u>804,025</u>	<u>105,405</u>
<b>Expenditures</b>			
Service operations:			
Professional fees	210,000	179,668	30,332
Personnel	105,000	92,178	12,822
Contracted services	370,000	326,423	43,577
Utilities	6,000	6,638	(638)
Repairs and maintenance	821,210	723,824	97,386
Other expenditures	434,800	389,559	45,241
Capital outlay	569,000	55,359	513,641
	<u>2,516,010</u>	<u>1,773,649</u>	<u>742,361</u>
<b>Deficiency of Revenues Over Expenditures</b>	(1,817,390)	(969,624)	847,766
<b>Fund Balance, Beginning of Year</b>	<u>5,419,164</u>	<u>5,419,164</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ 3,601,774</u></u>	<u><u>\$ 4,449,540</u></u>	<u><u>\$ 847,766</u></u>

**Willow Fork Drainage District**  
**Notes to Required Supplementary Information**  
**September 30, 2019**

***Budgets and Budgetary Accounting***

Annual operating budgets are prepared for the general fund and special revenue fund by the District's consultants. The budgets reflect resources expected to be received during the year and expenditures expected to be incurred. The Board of Directors is required to adopt the budgets prior to the start of its fiscal year. The budgets are not a spending limitation (a legally restricted appropriation). The original budgets of the general fund and special revenue fund were not amended during fiscal 2019.

The District prepares its annual operating budgets on a basis consistent with accounting principles generally accepted in the United States of America. The Budgetary Comparison Schedule – General Fund and Special Revenue Fund present the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

## **Other Information**

**Willow Fork Drainage District**  
**Other Schedules Included Within This Report**  
**September 30, 2019**

(Schedules included are checked or explanatory notes provided for omitted schedules.)

- [X] Notes Required by the Water District Accounting Manual  
See "Notes to Financial Statements," Pages 12-24
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [X] Schedule of Long-term Debt Service Requirements by Years
- [X] Changes in Long-term Bonded Debt
- [X] Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund –  
Five Years
- [X] Board Members, Key Personnel and Consultants



**Willow Fork Drainage District**  
**Schedule of Services and Rates**  
**Year Ended September 30, 2019**

1. Services provided by the District:

<input type="checkbox"/> Retail Water	<input type="checkbox"/> Wholesale Water	<input checked="" type="checkbox"/> Drainage
<input type="checkbox"/> Retail Wastewater	<input type="checkbox"/> Wholesale Wastewater	<input type="checkbox"/> Irrigation
<input checked="" type="checkbox"/> Parks/Recreation	<input type="checkbox"/> Fire Protection	<input checked="" type="checkbox"/> Security
<input type="checkbox"/> Solid Waste/Garbage	<input checked="" type="checkbox"/> Flood Control	<input type="checkbox"/> Roads
<input type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)		
<input type="checkbox"/> Other _____		

**Willow Fork Drainage District**  
**Schedule of General Fund Expenditures**  
**Year Ended September 30, 2019**

<b>Personnel (including benefits)</b>		\$	-
<b>Professional Fees</b>			
Auditing	\$	18,600	
Legal		92,845	
Engineering		323,700	
Financial advisor		-	435,145
<b>Purchased Services for Resale</b>			
Bulk water and wastewater service purchases			-
<b>Regional Water Fee</b>			-
<b>Contracted Services</b>			
Bookkeeping		13,700	
General manager		-	
Appraisal district		-	
Tax collector		-	
Security		60,539	
Other contracted services		-	74,239
<b>Utilities</b>			-
<b>Repairs and Maintenance</b>			1,199,994
<b>Administrative Expenditures</b>			
Directors' fees		16,725	
Office supplies		3,502	
Insurance		11,228	
Other administrative expenditures		57,458	88,913
<b>Capital Outlay</b>			
Capitalized assets		-	
Expenditures not capitalized		-	-
<b>Tap Connection Expenditures</b>			-
<b>Solid Waste Disposal</b>			-
<b>Fire Fighting</b>			-
<b>Parks and Recreation</b>			-
<b>Other Expenditures</b>			-
Total expenditures		\$	1,798,291

**Willow Fork Drainage District**  
**Schedule of Temporary Investments**  
**September 30, 2019**

	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Face Amount</b>	<b>Accrued Interest Receivable</b>
<b>General Fund</b>				
TexPool	2.14%	Demand	\$ 3,277,471	\$ -
Texas CLASS	2.17%	Demand	896,510	-
			<u>4,173,981</u>	<u>0</u>
<b>Park Fund</b>				
TexPool	2.14%	Demand	<u>4,507,760</u>	<u>0</u>
<b>Debt Service Fund</b>				
TexPool	2.14%	Demand	1,960,519	-
Texas CLASS	2.17%	Demand	553,328	-
TexPool	2.14%	Demand	25,991	-
			<u>2,539,838</u>	<u>0</u>
<b>Capital Projects Fund</b>				
TexPool	2.14%	Demand	<u>6,014,390</u>	<u>0</u>
			<u>6,014,390</u>	<u>0</u>
Totals			<u>\$ 17,235,969</u>	<u>\$ 0</u>

**Willow Fork Drainage District**  
**Analysis of Taxes Levied and Receivable**  
**Year Ended September 30, 2019**

	<b>Maintenance Taxes</b>	<b>Park Taxes</b>	<b>Debt Service Taxes</b>
<b>Receivable, Beginning of Year</b>	\$ 15,625	\$ 12,393	\$ 38,434
Additions and corrections to prior years' taxes	<u>(6,893)</u>	<u>(7,546)</u>	<u>(17,226)</u>
Adjusted receivable, beginning of year	<u>8,732</u>	<u>4,847</u>	<u>21,208</u>
 <b>2018 Original Tax Levy</b>	 3,505,475	 389,497	 3,310,726
Additions and corrections	<u>18,327</u>	<u>2,036</u>	<u>17,309</u>
Adjusted tax levy	<u>3,523,802</u>	<u>391,533</u>	<u>3,328,035</u>
Total to be accounted for	3,532,534	396,380	3,349,243
Tax collections: Current year	(3,515,015)	(390,557)	(3,319,736)
Prior years	<u>1,645</u>	<u>2,902</u>	<u>4,135</u>
Receivable, end of year	<u><u>\$ 19,164</u></u>	<u><u>\$ 8,725</u></u>	<u><u>\$ 33,642</u></u>
 <b>Receivable, by Years</b>			
2018	\$ 8,787	\$ 976	\$ 8,299
2017	1,576	1,970	3,743
2016	1,502	1,877	3,567
2015	998	1,248	2,371
2014	691	986	2,072
2013	567	810	1,701
2012	515	858	1,887
2011	920	-	1,993
2010	1,058	-	2,292
2009	1,163	-	2,520
2008	379	-	822
2007	340	-	794
2006	364	-	728
2005	128	-	289
2004	123	-	292
2003	1	-	2
2000	<u>52</u>	<u>-</u>	<u>270</u>
Receivable, end of year	<u><u>\$ 19,164</u></u>	<u><u>\$ 8,725</u></u>	<u><u>\$ 33,642</u></u>

**Willow Fork Drainage District**  
**Analysis of Taxes Levied and Receivable (Continued)**  
**Year Ended September 30, 2019**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Property Valuations</b>				
Land	\$ 930,419,893	\$ 859,305,167	\$ 798,662,066	\$ 838,497,943
Improvements	3,405,762,505	3,718,563,354	3,731,987,447	3,630,253,877
Personal property	80,210,313	82,277,681	77,921,389	76,127,964
Exemptions	<u>(501,996,799)</u>	<u>(560,939,104)</u>	<u>(408,644,595)</u>	<u>(521,199,337)</u>
Total property valuations	<u>\$ 3,914,395,912</u>	<u>\$ 4,099,207,098</u>	<u>\$ 4,199,926,307</u>	<u>\$ 4,023,680,447</u>
<b>Tax Rates per \$100 Valuation</b>				
Debt service tax rates	\$ 0.0850	\$ 0.0950	\$ 0.0950	\$ 0.0950
Park tax rates	0.0100	0.0500	0.0500	0.0500
Maintenance tax rates*	<u>0.0900</u>	<u>0.0400</u>	<u>0.0400</u>	<u>0.0400</u>
Total tax rates per \$100 valuation	<u>\$ 0.1850</u>	<u>\$ 0.1850</u>	<u>\$ 0.1850</u>	<u>\$ 0.1850</u>
<b>Tax Levy</b>	<u>\$ 7,243,370</u>	<u>\$ 7,585,167</u>	<u>\$ 7,770,628</u>	<u>\$ 7,444,867</u>
<b>Percent of Taxes Collected to Taxes Levied**</b>	<u>99%</u>	<u>99%</u>	<u>99%</u>	<u>99%</u>

\*Maximum tax rate approved by voters: \$0.25 on August 10, 1985 and an additional \$0.05 on November 8, 2011

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

**Willow Fork Drainage District**  
**Schedule of Long-term Debt Service Requirements by Years**  
**September 30, 2019**

Due During Fiscal Years Ending September 30	Refunding Series 2009		
	Principal Due September 1	Interest Due March 1, September 1	Total
2020	\$ 1,235,000	\$ 200,025	\$ 1,435,025
2021	<u>3,210,000</u>	<u>144,450</u>	<u>3,354,450</u>
Totals	<u>\$ 4,445,000</u>	<u>\$ 344,475</u>	<u>\$ 4,789,475</u>

**Willow Fork Drainage District**  
**Schedule of Long-term Debt Service Requirements by Years (Continued)**  
**September 30, 2019**

Due During Fiscal Years Ending September 30	Refunding Series 2012		
	Principal Due September 1	Interest Due March 1, September 1	Total
2020	\$ 265,000	\$ 19,075	\$ 284,075
2021	280,000	9,800	289,800
Totals	<u>\$ 545,000</u>	<u>\$ 28,875</u>	<u>\$ 573,875</u>

**Willow Fork Drainage District**  
**Schedule of Long-term Debt Service Requirements by Years (Continued)**  
**September 30, 2019**

Due During Fiscal Years Ending September 30	Series 2012		Total
	Principal Due September 1	Interest Due March 1, September 1	
2020	\$ -	\$ 148,612	\$ 148,612
2021	-	148,612	148,612
2022	-	148,612	148,612
2023	420,000	148,612	568,612
2024	440,000	140,212	580,212
2025	465,000	130,972	595,972
2026	490,000	120,742	610,742
2027	510,000	109,717	619,717
2028	540,000	97,987	637,987
2029	565,000	84,488	649,488
2030	590,000	70,363	660,363
2031	620,000	55,613	675,613
2032	655,000	38,563	693,563
2033	685,000	20,550	705,550
Totals	\$ 5,980,000	\$ 1,463,655	\$ 7,443,655



**Willow Fork Drainage District**  
**Schedule of Long-term Debt Service Requirements by Years (Continued)**  
**September 30, 2019**

Due During Fiscal Years Ending September 30	Refunding Series 2013		
	Principal Due September 1	Interest Due March 1, September 1	Total
2020	<u>\$ 1,710,000</u>	<u>\$ 51,300</u>	<u>\$ 1,761,300</u>

**Willow Fork Drainage District**  
**Schedule of Long-term Debt Service Requirements by Years (Continued)**  
**September 30, 2019**

Due During Fiscal Years Ending September 30	Series 2015		Total
	Principal Due September 1	Interest Due March 1, September 1	
2020	\$ -	\$ 267,500	\$ 267,500
2021	-	267,500	267,500
2022	-	267,500	267,500
2023	725,000	267,500	992,500
2024	775,000	253,000	1,028,000
2025	800,000	235,563	1,035,563
2026	825,000	216,562	1,041,562
2027	850,000	195,938	1,045,938
2028	875,000	172,562	1,047,562
2029	900,000	148,500	1,048,500
2030	950,000	121,500	1,071,500
2031	1,000,000	93,000	1,093,000
2032	1,025,000	63,000	1,088,000
2033	1,075,000	32,250	1,107,250
Totals	<u>\$ 9,800,000</u>	<u>\$ 2,601,875</u>	<u>\$ 12,401,875</u>

**Willow Fork Drainage District**  
**Schedule of Long-term Debt Service Requirements by Years (Continued)**  
**September 30, 2019**

Due During Fiscal Years Ending September 30	Refunding Series 2015		
	Principal Due September 1	Interest Due March 1, September 1	Total
2020	\$ 35,000	\$ 78,000	\$ 113,000
2021	80,000	77,300	157,300
2022	<u>3,785,000</u>	<u>75,700</u>	<u>3,860,700</u>
Totals	<u>\$ 3,900,000</u>	<u>\$ 231,000</u>	<u>\$ 4,131,000</u>

**Willow Fork Drainage District**  
**Schedule of Long-term Debt Service Requirements by Years (Continued)**  
**September 30, 2019**

Due During Fiscal Years Ending September 30	Series 2017		Total
	Principal Due September 1	Interest Due March 1, September 1	
2020	\$ -	\$ 270,975	\$ 270,975
2021	-	270,975	270,975
2022	-	270,975	270,975
2023	800,000	270,975	1,070,975
2024	825,000	252,975	1,077,975
2025	830,000	234,412	1,064,412
2026	850,000	213,662	1,063,662
2027	870,000	192,413	1,062,413
2028	890,000	169,575	1,059,575
2029	920,000	145,100	1,065,100
2030	925,000	117,500	1,042,500
2031	930,000	89,750	1,019,750
2032	960,000	61,850	1,021,850
2033	980,000	31,850	1,011,850
Totals	\$ 9,780,000	\$ 2,592,987	\$ 12,372,987

**Willow Fork Drainage District**  
**Schedule of Long-term Debt Service Requirements by Years (Continued)**  
**September 30, 2019**

Due During Fiscal Years Ending September 30	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2020	\$ 3,245,000	\$ 1,035,487	\$ 4,280,487
2021	3,570,000	918,637	4,488,637
2022	3,785,000	762,787	4,547,787
2023	1,945,000	687,087	2,632,087
2024	2,040,000	646,187	2,686,187
2025	2,095,000	600,947	2,695,947
2026	2,165,000	550,966	2,715,966
2027	2,230,000	498,068	2,728,068
2028	2,305,000	440,124	2,745,124
2029	2,385,000	378,088	2,763,088
2030	2,465,000	309,363	2,774,363
2031	2,550,000	238,363	2,788,363
2032	2,640,000	163,413	2,803,413
2033	2,740,000	84,650	2,824,650
Totals	<u>\$ 36,160,000</u>	<u>\$ 7,314,167</u>	<u>\$ 43,474,167</u>

# Willow Fork Drainage District

## Changes in Long-term Bonded Debt

### Year Ended September 30, 2019

	<b>Bond</b>		
	<b>Refunding Series 2009</b>	<b>Refunding Series 2012</b>	<b>Series 2012</b>
Interest rates	3.00% to 4.50%	2.00% to 3.50%	2.00% to 3.00%
Dates interest payable	March 1/ September 1	March 1/ September 1	March 1/ September 1
Maturity dates	September 1, 2020/2021	September 1, 2020/2021	September 1, 2023/2033
Bonds outstanding, beginning of current year	\$ 5,615,000	\$ 795,000	\$ 5,980,000
Retirements, principal	<u>1,170,000</u>	<u>250,000</u>	<u>-</u>
Bonds outstanding, end of current year	<u>\$ 4,445,000</u>	<u>\$ 545,000</u>	<u>\$ 5,980,000</u>
Interest paid during current year	<u>\$ 252,675</u>	<u>\$ 26,575</u>	<u>\$ 148,613</u>

Paying agent's name and address:

<b>Series 2009R</b>	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
<b>Series 2012R</b>	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
<b>Series 2012</b>	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
<b>Series 2013R</b>	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
<b>Series 2015</b>	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
<b>Series 2015R</b>	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
<b>Series 2017</b>	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Bond authority:	<b>Drainage Bonds</b>	<b>Park Bonds</b>	<b>Refunding Bonds</b>
Amount authorized by voters	\$ 76,490,000	\$ 29,000,000	0
Authorization used	<u>\$ 57,845,000</u>	<u>\$ 25,560,000</u>	<u>0</u>
Remaining to be issued	<u>\$ 18,645,000</u>	<u>\$ 3,440,000</u>	<u>0</u>

Debt service fund cash and temporary investment balances as of September 30, 2019: \$ 2,539,838

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 3,105,298

**Issues**

<b>Refunding Series 2013</b>	<b>Series 2015</b>	<b>Refunding Series 2015</b>	<b>Series 2017</b>	<b>Totals</b>
2.00% to 3.00%	2.00% to 3.00%	2.00%	2.25% to 3.25%	
March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1	
September 1, 2020	September 1, 2023/2033	September 1, 2020/2022	September 1, 2023/2033	
\$ 3,390,000	\$ 9,800,000	\$ 3,935,000	\$ 9,780,000	\$ 39,295,000
1,680,000	-	35,000	-	3,135,000
<u>\$ 1,710,000</u>	<u>\$ 9,800,000</u>	<u>\$ 3,900,000</u>	<u>\$ 9,780,000</u>	<u>\$ 36,160,000</u>
<u>\$ 101,700</u>	<u>\$ 267,500</u>	<u>\$ 78,700</u>	<u>\$ 270,975</u>	<u>\$ 1,146,738</u>

# Willow Fork Drainage District

## Comparative Schedule of Revenues and Expenditures – General Fund

### Five Years Ended September 30,

	Amounts				
	2019	2018	2017	2016	2015
<b>General Fund</b>					
<b>Revenues</b>					
Property taxes	\$ 3,513,370	\$ 1,634,461	\$ 1,679,459	\$ 1,606,719	\$ 1,284,395
Investment income	78,757	55,368	37,025	17,684	4,947
Other income	36,067	21,177	44,639	32,613	49,410
Total revenues	3,628,194	1,711,006	1,761,123	1,657,016	1,338,752
<b>Expenditures</b>					
Service operations:					
Professional fees	435,145	365,061	215,466	225,480	200,977
Contracted services	74,239	67,264	64,131	63,962	62,672
Repairs and maintenance	1,199,994	3,150,060	1,132,805	819,787	1,177,967
Other expenditures	88,913	79,526	69,853	71,545	82,731
Capital outlay	-	426	204,916	3,044,415	1,398,042
Total expenditures	1,798,291	3,662,337	1,687,171	4,225,189	2,922,389
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	1,829,903	(1,951,331)	73,952	(2,568,173)	(1,583,637)
<b>Fund Balance, Beginning of Year</b>	2,315,184	4,266,515	4,192,563	6,760,736	8,344,373
<b>Fund Balance, End of Year</b>	\$ 4,145,087	\$ 2,315,184	\$ 4,266,515	\$ 4,192,563	\$ 6,760,736
<b>Total Active Retail Water Connections</b>	N/A	N/A	N/A	N/A	N/A
<b>Total Active Retail Wastewater Connections</b>	N/A	N/A	N/A	N/A	N/A



**Percent of Fund Total Revenues**

<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
96.8 %	95.5 %	95.4 %	97.0 %	95.9 %
2.2	3.2	2.1	1.0	0.4
<u>1.0</u>	<u>1.3</u>	<u>2.5</u>	<u>2.0</u>	<u>3.7</u>
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
12.0	21.4	12.2	13.6	15.0
2.1	3.9	3.6	3.9	4.7
33.1	184.1	64.3	49.5	88.0
2.4	4.7	4.0	4.3	6.2
<u>-</u>	<u>0.0</u>	<u>11.5</u>	<u>183.7</u>	<u>104.4</u>
<u>49.6</u>	<u>214.1</u>	<u>95.6</u>	<u>255.0</u>	<u>218.3</u>
<u><u>50.4 %</u></u>	<u><u>(114.1) %</u></u>	<u><u>4.4 %</u></u>	<u><u>(155.0) %</u></u>	<u><u>(118.3) %</u></u>

# Willow Fork Drainage District

## Comparative Schedule of Revenues and Expenditures – Debt Service Fund

### Five Years Ended September 30,

	Amounts				
	2019	2018	2017	2016	2015
<b>Debt Service Fund</b>					
<b>Revenues</b>					
Property taxes	\$ 3,315,601	\$ 3,876,550	\$ 3,988,834	\$ 3,816,735	\$ 3,851,440
Penalty and interest	31,821	31,908	27,300	23,928	21,968
Investment income	131,962	98,345	47,769	20,951	3,876
Other income	-	-	-	-	51,440
Total revenues	<u>3,479,384</u>	<u>4,006,803</u>	<u>4,063,903</u>	<u>3,861,614</u>	<u>3,928,724</u>
<b>Expenditures</b>					
Current:					
Professional fees	7,274	7,580	5,092	3,730	4,548
Contracted services	55,545	61,494	58,406	54,422	53,789
Other expenditures	478	476	508	507	474
Debt service:					
Principal retirement	3,135,000	3,030,000	2,940,000	2,845,000	2,765,000
Interest and fees	1,151,538	1,245,137	1,228,435	1,173,813	1,143,682
Debt issuance costs	-	-	-	-	155,178
Debt defeasance	-	-	-	-	6,000
Total expenditures	<u>4,349,835</u>	<u>4,344,687</u>	<u>4,232,441</u>	<u>4,077,472</u>	<u>4,128,671</u>
<b>Deficiency of Revenues Over Expenditures</b>	<u>(870,451)</u>	<u>(337,884)</u>	<u>(168,538)</u>	<u>(215,858)</u>	<u>(199,947)</u>
<b>Other Financing Sources (Uses)</b>					
General obligation bonds issued	-	-	-	-	4,060,000
Discount on debt issued	-	-	-	-	(38,239)
Deposit with escrow agent	-	-	-	-	(3,853,714)
Total other financing sources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>168,047</u>
<b>Deficiency of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<u>(870,451)</u>	<u>(337,884)</u>	<u>(168,538)</u>	<u>(215,858)</u>	<u>(31,900)</u>
<b>Fund Balance, Beginning of Year</b>	<u>3,401,335</u>	<u>3,739,219</u>	<u>3,907,757</u>	<u>4,123,615</u>	<u>4,155,515</u>
<b>Fund Balance, End of Year</b>	<u>\$ 2,530,884</u>	<u>\$ 3,401,335</u>	<u>\$ 3,739,219</u>	<u>\$ 3,907,757</u>	<u>\$ 4,123,615</u>

**Percent of Fund Total Revenues**

<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
95.3 %	96.7 %	98.1 %	98.8 %	98.0 %
0.9	0.8	0.7	0.6	0.6
3.8	2.5	1.2	0.6	0.1
-	-	-	-	1.3
100.0	100.0	100.0	100.0	100.0
0.2	0.2	0.1	0.1	0.1
1.6	1.5	1.4	1.4	1.4
0.0	0.0	0.0	0.0	0.0
90.1	75.6	72.4	73.7	70.4
33.1	31.1	30.2	30.4	29.1
-	-	-	-	3.9
-	-	-	-	0.2
125.0	108.4	104.1	105.6	105.1
(25.0) %	(8.4) %	(4.1) %	(5.6) %	(5.1) %

**Willow Fork Drainage District**  
**Board Members, Key Personnel and Consultants**  
**Year Ended September 30, 2019**

Complete District mailing address:	Willow Fork Drainage District c/o Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, Texas 77027
District business telephone number:	713.860.6400
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	July 23, 2018
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200

<b>Board Members</b>	<b>Term of Office Elected &amp; Expires</b>	<b>Fees*</b>	<b>Expense Reimbursements</b>	<b>Title at Year-end</b>
Richard Ward	Elected 05/18- 05/22	\$ 6,450	\$ 1,637	President
Dan Smith	Elected 05/18- 05/22	4,950	3,597	Vice President
John Poulter	Elected 05/18- 05/22	4,500	3,421	Secretary
Wendy Duncan	Appointed 05/17- 05/20	7,200	1,985	Assistant Vice President
Joseph Robinson	Elected 05/16- 05/20	4,800	2,031	Assistant Secretary

\*Fees are the amounts actually paid to a director during the District's fiscal year.

**Willow Fork Drainage District**  
**Board Members, Key Personnel and Consultants (Continued)**  
**Year Ended September 30, 2019**

<b>Consultants</b>	<b>Date Hired</b>	<b>Fees and Expense Reimbursements</b>	<b>Title</b>
AECOM, Inc.	03/06/85	\$ 125,948	Engineer
Allen Boone Humphries Robinson LLP	07/28/03	143,210	General Counsel
Yvonne Arceneaux	11/01/13	74,468	Park Manager
BKD, LLP	04/10/86	18,600	Auditor
Champions Hydro-Lawn, Inc.	05/24/16	1,789,569	Landscape and Maintenance
FMataska, Inc.	07/13/06	34,828	Bookkeeper
Fort Bend Central Appraisal District	Legislative Action	21,637	Appraiser
Fort Bend County Tax Office	06/12/03	8,318	Tax Assessor/ Collector
Harris County Appraisal District	Legislative Action	2,061	Appraiser
Inframark LLC	02/12/15	76,627	Operator
LJA Engineering, Inc.	08/09/18	323,650	Engineer
On-site Protection Inc.	04/14/16	229,971	Security
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	1996	7,274	Delinquent Tax Attorney
Rathmann & Associates, L.P.	05/08/03	0	Financial Advisor
April Renberg	05/22/19	15,806	Communications
TGB Partners	11/12/09	138,246	Landscape Architect
<b>Investment Officer</b>			
Joseph Robinson	07/13/06	N/A	Director