

Willow Fork Drainage District

Fort Bend and Harris Counties, Texas

Independent Auditor's Report and Financial Statements

September 30, 2021



Willow Fork Drainage District
September 30, 2021

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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, 2021, 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 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, 2021, 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 14, 2022

Willow Fork Drainage District

Management's Discussion and Analysis

September 30, 2021

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.

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Management's Discussion and Analysis (Continued)
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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.

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Management's Discussion and Analysis (Continued)
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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

	2021	2020
Current and other assets	\$ 16,212,602	\$ 15,640,122
Capital assets	39,572,082	39,236,079
Total assets	55,784,684	54,876,201
Deferred outflows of resources	15,783	52,743
Total assets and deferred outflows of resources	\$ 55,800,467	\$ 54,928,944
Long-term liabilities	\$ 29,144,070	\$ 32,813,795
Other liabilities	674,085	1,525,614
Total liabilities	29,818,155	34,339,409
Net position:		
Net investment in capital assets	13,342,167	10,496,897
Restricted	5,821,842	6,756,545
Unrestricted	6,818,303	3,336,093
Total net position	\$ 25,982,312	\$ 20,589,535

The total net position of the District increased by \$5,392,777, or about 26 percent. 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, 2021

Summary of Changes in Net Position

	<u>2021</u>	<u>2020</u>
Revenues:		
Property taxes	\$ 7,874,604	\$ 7,767,089
Other revenues	<u>3,601,972</u>	<u>1,228,006</u>
Total revenues	<u>11,476,576</u>	<u>8,995,095</u>
Expenses:		
Services	3,402,832	3,181,108
Depreciation	1,834,832	1,541,927
Debt service	<u>846,135</u>	<u>882,272</u>
Total expenses	<u>6,083,799</u>	<u>5,605,307</u>
Change in net position	5,392,777	3,389,788
Net position, beginning of year	<u>20,589,535</u>	<u>17,199,747</u>
Net position, end of year	<u>\$ 25,982,312</u>	<u>\$ 20,589,535</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, 2021, were \$15,495,632, an increase of \$1,416,642 from the prior year.

The general fund's fund balance increased by \$3,834,177, primarily due to reimbursement from the federal government.

The special revenue fund's fund balance decreased by \$903,538, primarily due to operating costs and capital outlay expenditures exceeding current year property tax revenues.

The debt service fund's fund balance decreased by \$42,646 because bond principal and interest requirements were greater than property tax revenues generated.

The capital projects fund's fund balance decreased by \$1,471,351, primarily due to capital outlay expenditures related to park improvements within the District.

Willow Fork Drainage District
Management's Discussion and Analysis (Continued)
September 30, 2021

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 investment income revenues and repairs and maintenance expenditures being lower than anticipated, as well as other income revenues being higher than anticipated. In addition, capital outlay expenditures were incurred and a reimbursement from government entity was received but not budgeted in the current year. The fund balance as of September 30, 2021, was expected to be \$3,047,171 and the actual end-of-year fund balance was \$6,784,913.

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)

	2021	2020
Land and improvements	\$ 525,580	\$ 525,580
Construction in progress	3,111,183	8,251,358
Drainage facilities	23,058,436	20,815,703
Park and recreational facilities	12,876,883	9,643,438
Total capital assets	\$ 39,572,082	\$ 39,236,079

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

Construction and engineering in progress related to Willow Fork trails, Packages 2 and 3, Westheimer Parkway trail crossing, Fry Road trail crossing underpass, trail system mid block crossing, VA9 outfall replacement and Central Green canopy renovation	\$ 1,906,117
Diversion Channel desilting	253,875
Willow Fork trails, Package 1, Phases 2 and 3, trail signage and wayfinding, and Exploration Park bathrooms	10,843
Total additions to capital assets	\$ 2,170,835

Debt

The changes in the debt position of the District during the fiscal year ended September 30, 2021, are summarized as follows.

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Management's Discussion and Analysis (Continued)
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Long-term debt payable, beginning of year	\$ 32,813,795
Decreases in long-term debt	<u>(3,669,725)</u>
Long-term debt payable, end of year	<u>\$ 29,144,070</u>

At September 30, 2021, 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 and for refunding bonds issued for such purposes, and \$3,440,000 of unlimited tax bonds authorized, but unissued, for the purposes of constructing and acquiring recreational facilities and for refunding bonds issued for such purposes.

The District's bonds carry an underlying rating of "A+" from Standard & Poor's. The Series 2012 and Refunding Series 2015 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 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, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets							
Cash	\$ 116,294	\$ 24,011	\$ -	\$ -	\$ 140,305	\$ -	\$ 140,305
Short-term investments	6,828,371	3,543,524	1,997,404	3,565,215	15,934,514	-	15,934,514
Property tax receivable	19,603	12,307	37,948	-	69,858	-	69,858
Accrued penalty and interest	-	-	-	-	-	36,593	36,593
Interfund receivable	7,709	6,857	-	-	14,566	(14,566)	-
Due from other districts	19,832	-	-	-	19,832	-	19,832
Prepaid expenditures	-	11,500	-	-	11,500	-	11,500
Capital assets (net of accumulated depreciation):							
Land	-	-	-	-	-	525,580	525,580
Construction in progress	-	-	-	-	-	3,111,183	3,111,183
Drainage facilities	-	-	-	-	-	23,058,436	23,058,436
Park and recreational facilities	-	-	-	-	-	12,876,883	12,876,883
Total assets	6,991,809	3,598,199	2,035,352	3,565,215	16,190,575	39,594,109	55,784,684
Deferred Outflows of Resources							
Deferred amount on debt refundings	0	0	0	0	0	15,783	15,783
Total assets and deferred outflows of resources	\$ 6,991,809	\$ 3,598,199	\$ 2,035,352	\$ 3,565,215	\$ 16,190,575	\$ 39,609,892	\$ 55,800,467

Willow Fork Drainage District
Statement of Net Position and Governmental Funds Balance Sheet (Continued)
September 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities							
Accounts payable	\$ 123,111	\$ 127,467	\$ -	\$ 135,270	\$ 385,848	\$ -	\$ 385,848
Accrued interest payable	-	-	-	-	-	63,566	63,566
Due to others	50,395	900	-	-	51,295	-	51,295
Interfund payable	-	375	14,191	-	14,566	(14,566)	-
Retainage payable	13,787	23,962	-	135,627	173,376	-	173,376
Long-term liabilities:							
Due within one year	-	-	-	-	-	3,785,000	3,785,000
Due after one year	-	-	-	-	-	25,359,070	25,359,070
Total liabilities	187,293	152,704	14,191	270,897	625,085	29,193,070	29,818,155
Deferred Inflows of Resources							
Deferred property tax revenues	19,603	12,307	37,948	0	69,858	(69,858)	0
Fund Balances/Net Position							
Fund balances:							
Nonspendable, prepaid expenditures	-	11,500	-	-	11,500	(11,500)	-
Restricted:							
Unlimited tax bonds	-	-	1,983,213	-	1,983,213	(1,983,213)	-
Parks and recreation	-	-	-	3,294,318	3,294,318	(3,294,318)	-
Committed to park and recreational facilities	-	2,184,708	-	-	2,184,708	(2,184,708)	-
Assigned future expenditures	-	1,236,980	-	-	1,236,980	(1,236,980)	-
Unassigned	6,784,913	-	-	-	6,784,913	(6,784,913)	-
Total fund balances	6,784,913	3,433,188	1,983,213	3,294,318	15,495,632	(15,495,632)	0
Total liabilities, deferred inflows of resources and fund balances	\$ 6,991,809	\$ 3,598,199	\$ 2,035,352	\$ 3,565,215	\$ 16,190,575		
Net position:							
Net investment in capital assets						13,342,167	13,342,167
Restricted for park operations						3,445,495	3,445,495
Restricted for debt service						1,994,188	1,994,188
Restricted for capital projects						382,159	382,159
Unrestricted						6,818,303	6,818,303
Total net position						\$ 25,982,312	\$ 25,982,312

Willow Fork Drainage District
Statement of Activities and Governmental Funds Revenues,
Expenditures and Changes in Fund Balances
Year Ended September 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues							
Property taxes	\$ 2,129,207	\$ 1,277,202	\$ 4,469,758	\$ -	\$ 7,876,167	\$ (1,563)	\$ 7,874,604
Penalty and interest	-	-	51,189	-	51,189	(4,057)	47,132
Investment income	3,057	2,214	2,004	2,319	9,594	-	9,594
Other income	96,422	1,460	-	-	97,882	3,447,364	3,545,246
Total revenues	2,228,686	1,280,876	4,522,951	2,319	8,034,832	3,441,744	11,476,576
Expenditures/Expenses							
Service operations:							
Professional fees	307,947	119,192	7,567	-	434,706	71,139	505,845
Personnel	-	97,013	-	-	97,013	-	97,013
Contracted services	93,097	357,814	65,636	-	516,547	-	516,547
Utilities	-	8,660	-	-	8,660	-	8,660
Repairs and maintenance	913,820	944,640	-	-	1,858,460	58,103	1,916,563
Other expenditures	75,998	281,699	507	-	358,204	-	358,204
Capital outlay	449,850	376,557	-	1,473,670	2,300,077	(2,300,077)	-
Depreciation	-	-	-	-	-	1,834,832	1,834,832
Debt service:							
Principal retirement	-	-	3,570,000	-	3,570,000	(3,570,000)	-
Interest and fees	-	-	921,887	-	921,887	(75,752)	846,135
Total expenditures/expenses	1,840,712	2,185,575	4,565,597	1,473,670	10,065,554	(3,981,755)	6,083,799
Excess (Deficiency) of Revenues Over Expenditures	387,974	(904,699)	(42,646)	(1,471,351)	(2,030,722)	7,423,499	
Other Financing Sources							
Reimbursement from government entity	3,446,203	1,161	-	-	3,447,364	(3,447,364)	
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	3,834,177	(903,538)	(42,646)	(1,471,351)	1,416,642	(1,416,642)	
Change in Net Position						5,392,777	5,392,777
Fund Balances/Net Position							
Beginning of year	2,950,736	4,336,726	2,025,859	4,765,669	14,078,990	-	20,589,535
End of year	<u>\$ 6,784,913</u>	<u>\$ 3,433,188</u>	<u>\$ 1,983,213</u>	<u>\$ 3,294,318</u>	<u>\$ 15,495,632</u>	<u>\$ 0</u>	<u>\$ 25,982,312</u>

Willow Fork Drainage District

Notes to Financial Statements

September 30, 2021

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, as amended, 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

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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, 2021

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, 2021

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, 2021

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, 2021, include collections during the current period or within 60 days of year-end related to the 2020 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, 2021, the 2020 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:

	Years
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, 2021

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.	\$ 39,572,082
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	69,858
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.	36,593

Willow Fork Drainage District
Notes to Financial Statements
September 30, 2021

Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.	\$ 15,783
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(63,566)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(29,144,070)</u>
Adjustment to fund balances to arrive at net position.	<u>\$ 10,486,680</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.	\$ 1,416,642
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 capital outlay expenditures exceeded depreciation and noncapitalized costs in the current year.	336,003
Governmental funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position.	3,570,000
Revenues collected in the current year, which have previously been reported in the statement of activities, are reported as revenues in the governmental funds.	(5,620)
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>75,752</u>
Change in net position of governmental activities.	<u>\$ 5,392,777</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.

Willow Fork Drainage District
Notes to Financial Statements
September 30, 2021

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.

At September 30, 2021, 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, 2021, 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	\$ 14,465,614	\$ 14,465,614	\$ -	\$ -	\$ -
Texas CLASS	1,468,900	1,468,900	-	-	-
Totals	<u>\$ 15,934,514</u>	<u>\$ 15,934,514</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Willow Fork Drainage District
Notes to Financial Statements
September 30, 2021

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 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, 2021, 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, 2021, as follows:

Carrying value:		
Deposits	\$	140,305
Investments		15,934,514
Total	\$	16,074,819

Investment Income

Investment income of \$9,594 for the year ended September 30, 2021, consisted of interest income.

Fair Value Measurements

The District has the following recurring fair value measurements as of September 30, 2021:

- Pooled investments of \$1,468,900 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, 2021, is presented below.

Willow Fork Drainage District
Notes to Financial Statements
September 30, 2021

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	8,251,358	1,906,117	(7,046,292)	3,111,183
Total capital assets, non-depreciable	<u>8,776,938</u>	<u>1,906,117</u>	<u>(7,046,292)</u>	<u>3,636,763</u>
Capital assets, depreciable:				
Drainage facilities	35,930,928	253,875	2,930,651	39,115,454
Park and recreational facilities	13,296,249	10,843	4,115,641	17,422,733
Total capital assets, depreciable	<u>49,227,177</u>	<u>264,718</u>	<u>7,046,292</u>	<u>56,538,187</u>
Less accumulated depreciation:				
Drainage facilities	(15,115,225)	(941,793)	-	(16,057,018)
Park and recreational facilities	(3,652,811)	(893,039)	-	(4,545,850)
Total accumulated depreciation	<u>(18,768,036)</u>	<u>(1,834,832)</u>	<u>0</u>	<u>(20,602,868)</u>
Total governmental activities, net	<u>\$ 39,236,079</u>	<u>\$ 336,003</u>	<u>\$ 0</u>	<u>\$ 39,572,082</u>

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended September 30, 2021, were as follows:

Governmental Activities	Balances, Beginning of Year	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:				
General obligation bonds	\$ 32,915,000	\$ 3,570,000	\$ 29,345,000	\$ 3,785,000
Add premiums on bonds	118,650	118,650	-	-
Less discounts on bonds	219,855	18,925	200,930	-
Total governmental activities long-term liabilities	<u>\$ 32,813,795</u>	<u>\$ 3,669,725</u>	<u>\$ 29,144,070</u>	<u>\$ 3,785,000</u>

Willow Fork Drainage District
Notes to Financial Statements
September 30, 2021

General Obligation Bonds

	Series 2012	Series 2015
Amounts outstanding, September 30, 2021	\$5,980,000	\$9,800,000
Interest rates	2.00% to 3.00%	2.00% to 3.00%
Maturity dates, serially beginning/ending	September 1, 2023/2033	September 1, 2023/2033
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	September 1, 2019	September 1, 2022
	Refunding Series 2015	Series 2017
Amounts outstanding, September 30, 2021	\$3,785,000	\$9,780,000
Interest rates	2.00%	2.25% to 3.25%
Maturity dates, serially beginning/ending	September 1, 2022	September 1, 2023/2033
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	None	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, 2021:

Year	Principal	Interest	Total
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
2027-2031	11,935,000	1,864,006	13,799,006
2032-2033	5,380,000	248,063	5,628,063
Total	<u>\$ 29,345,000</u>	<u>\$ 5,360,043</u>	<u>\$ 34,705,043</u>

Willow Fork Drainage District
Notes to Financial Statements
September 30, 2021

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 and refunding bonds voted	\$ 76,490,000
Drainage and refunding bonds authorization used	57,845,000
Park and refunding bonds voted	29,000,000
Park and refunding 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, 2021, the District levied an ad valorem debt service tax at the rate of \$0.1050 per \$100 of assessed valuation, which resulted in a tax levy of \$4,476,525 on the taxable valuation of \$4,262,193,773 for the 2020 tax year. The interest and principal requirements paid from the tax revenues and available resources were \$4,488,637.

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, 2021, the District levied an ad valorem maintenance tax at the rate of \$0.0500 and a park tax rate of \$0.0300, both per \$100 of assessed valuation, which resulted in tax levies of \$2,131,679 and \$1,279,007 respectively, on the taxable valuation of \$4,262,193,773 for the 2020 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.

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.

Willow Fork Drainage District

Notes to Financial Statements

September 30, 2021

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, 2021, the District has incurred costs of approximately \$7,270,000 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. During the current year, the District received a total of \$3,447,364 in reimbursements from FEMA.

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 did not make a contribution due to an agreement with the District to rollover unused funds previously contributed.

Note 10: Uncertainties

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position and results of operations of the District. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Note 11: Flood Infrastructure Fund Application

During the current year, the District submitted an Application to the Texas Water Development Board (TWDB) requesting a total of \$24,006,760 (combination of grant and loan) from the Legislatively established Flood Infrastructure Fund. The Application seeks funding for the construction of regional flood storage basin to increase the internal flood storage within Barker Reservoir along with related park and recreational facilities (Project Barker). The TWDB has authorized the District to proceed with selling up to \$22,085,000 of its authorized, but unissued,

Willow Fork Drainage District
Notes to Financial Statements
September 30, 2021

bonds for Project Barker, which would be purchased by the TWDB as a zero interest taxable bond. The District has committed to sell up to \$10,000,000 of its authorized, but unissued, bonds for Project Barker, provided other stakeholders fund the remainder of the initial project size. The District is currently soliciting partners from governmental entities to finance Project Barker. As part of Project Barker, the District has been coordinating with the US Army Corps of Engineers on an Outgrant Application and Fort Bend and Harris Counties on sub-lease agreements for access, construction, testing, operating and maintenance rights related to Project Barker.

Required Supplementary Information

Willow Fork Drainage District
Budgetary Comparison Schedule – General Fund
Year Ended September 30, 2021

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 2,136,390	\$ 2,129,207	\$ (7,183)
Investment income	40,000	3,057	(36,943)
Other income	43,000	96,422	53,422
Total revenues	<u>2,219,390</u>	<u>2,228,686</u>	<u>9,296</u>
Expenditures			
Service operations:			
Professional fees	329,800	307,947	21,853
Contracted services	90,600	93,097	(2,497)
Repairs and maintenance	1,575,555	913,820	661,735
Other expenditures	127,000	75,998	51,002
Capital outlay	-	449,850	(449,850)
Total expenditures	<u>2,122,955</u>	<u>1,840,712</u>	<u>282,243</u>
Excess of Revenues Over Expenditures	96,435	387,974	291,539
Other Financing Sources			
Reimbursement from government entity	-	3,446,203	3,446,203
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	96,435	3,834,177	3,737,742
Fund Balance, Beginning of Year	<u>2,950,736</u>	<u>2,950,736</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 3,047,171</u>	<u>\$ 6,784,913</u>	<u>\$ 3,737,742</u>

Willow Fork Drainage District
Budgetary Comparison Schedule – Special Revenue Fund
Year Ended September 30, 2021

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 1,281,830	\$ 1,277,202	\$ (4,628)
Investment income	40,000	2,214	(37,786)
Other income	300,000	1,460	(298,540)
Total revenues	<u>1,621,830</u>	<u>1,280,876</u>	<u>(340,954)</u>
Expenditures			
Service operations:			
Professional fees	210,000	119,192	90,808
Personnel	105,000	97,013	7,987
Contracted services	380,000	357,814	22,186
Utilities	6,000	8,660	(2,660)
Repairs and maintenance	1,049,800	944,640	105,160
Other expenditures	588,200	281,699	306,501
Capital outlay	225,000	376,557	(151,557)
Total expenditures	<u>2,564,000</u>	<u>2,185,575</u>	<u>378,425</u>
Deficiency of Revenues Over Expenditures	(942,170)	(904,699)	37,471
Other Financing Sources			
Reimbursement from government entity	-	1,161	1,161
Deficiency of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(942,170)	(903,538)	38,632
Fund Balance, Beginning of Year	<u>4,336,726</u>	<u>4,336,726</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 3,394,556</u>	<u>\$ 3,433,188</u>	<u>\$ 38,632</u>

Willow Fork Drainage District
Notes to Required Supplementary Information
September 30, 2021

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 2021.

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, 2021

(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 12-25
- [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, 2021

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, 2021

Personnel (including benefits)		\$	-
Professional Fees			
Auditing	\$ 20,800		
Legal	149,094		
Engineering	138,053		
Financial advisor	-		
	<hr/>		307,947
Purchased Services for Resale			
Bulk water and wastewater service purchases			-
Regional Water Fee			-
Contracted Services			
Bookkeeping	16,100		
General manager	-		
Appraisal district	-		
Tax collector	-		
Security	73,681		
Other contracted services	3,316		
	<hr/>		93,097
Utilities			-
Repairs and Maintenance			913,820
Administrative Expenditures			
Directors' fees	12,600		
Office supplies	3,375		
Insurance	13,039		
Other administrative expenditures	46,984		
	<hr/>		75,998
Capital Outlay			
Capitalized assets	391,747		
Expenditures not capitalized	58,103		
	<hr/>		449,850
Tap Connection Expenditures			-
Solid Waste Disposal			-
Fire Fighting			-
Parks and Recreation			-
Other Expenditures			-
			<hr/>
Total expenditures		\$	<u>1,840,712</u>

Willow Fork Drainage District
Schedule of Temporary Investments
September 30, 2021

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
TexPool	0.04%	Demand	\$ 5,920,074	\$ -
Texas CLASS	0.04%	Demand	<u>908,297</u>	<u>-</u>
			<u>6,828,371</u>	<u>0</u>
Special Revenue Fund				
TexPool	0.04%	Demand	<u>3,543,524</u>	<u>0</u>
Debt Service Fund				
TexPool	0.04%	Demand	1,397,371	-
Texas CLASS	0.04%	Demand	560,603	-
TexPool	0.04%	Demand	<u>39,430</u>	<u>-</u>
			<u>1,997,404</u>	<u>0</u>
Capital Projects Fund				
TexPool	0.04%	Demand	<u>3,565,215</u>	<u>0</u>
Totals			<u><u>\$ 15,934,514</u></u>	<u><u>\$ 0</u></u>

Willow Fork Drainage District
Analysis of Taxes Levied and Receivable
Year Ended September 30, 2021

	Maintenance Taxes	Park Taxes	Debt Service Taxes
Receivable, Beginning of Year	\$ 21,398	\$ 12,308	\$ 37,715
Additions and corrections to prior years' taxes	<u>(4,267)</u>	<u>(1,806)</u>	<u>(6,534)</u>
Adjusted receivable, beginning of year	<u>17,131</u>	<u>10,502</u>	<u>31,181</u>
 2020 Original Tax Levy	 2,130,707	 1,278,424	 4,474,485
Additions and corrections	<u>972</u>	<u>583</u>	<u>2,040</u>
Adjusted tax levy	<u>2,131,679</u>	<u>1,279,007</u>	<u>4,476,525</u>
Total to be accounted for	2,148,810	1,289,509	4,507,706
Tax collections: Current year	(2,124,782)	(1,274,869)	(4,462,042)
Prior years	<u>(4,425)</u>	<u>(2,333)</u>	<u>(7,716)</u>
Receivable, end of year	<u>\$ 19,603</u>	<u>\$ 12,307</u>	<u>\$ 37,948</u>
 Receivable, by Years			
2020	\$ 6,897	\$ 4,138	\$ 14,483
2019	3,867	2,255	5,800
2018	2,948	328	2,784
2017	1,018	1,273	2,418
2016	1,129	1,411	2,682
2015	741	927	1,762
2014	485	693	1,456
2013	426	608	1,278
2012	404	674	1,481
2011	701	-	1,519
2010	392	-	850
2009	212	-	459
2008	98	-	212
2007	88	-	205
2006	138	-	277
2005	4	-	7
2004	3	-	3
2003	-	-	2
2000	<u>52</u>	<u>-</u>	<u>270</u>
Receivable, end of year	<u>\$ 19,603</u>	<u>\$ 12,307</u>	<u>\$ 37,948</u>

Willow Fork Drainage District
Analysis of Taxes Levied and Receivable (Continued)
Year Ended September 30, 2021

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Property Valuations				
Land	\$ 949,766,352	\$ 944,610,904	\$ 930,419,893	\$ 859,305,167
Improvements	3,774,133,750	3,705,421,835	3,405,762,505	3,718,563,354
Personal property	82,137,684	84,216,556	80,210,313	82,277,681
Exemptions	<u>(543,844,013)</u>	<u>(533,011,757)</u>	<u>(501,996,799)</u>	<u>(560,939,104)</u>
Total property valuations	<u>\$ 4,262,193,773</u>	<u>\$ 4,201,237,538</u>	<u>\$ 3,914,395,912</u>	<u>\$ 4,099,207,098</u>
Tax Rates per \$100 Valuation				
Debt service tax rates (a)	\$ 0.1050	\$ 0.0900	\$ 0.0850	\$ 0.0950
Park tax rates* (b)	0.0300	0.0350	0.0100	0.0500
Maintenance tax rates* (c)	<u>0.0500</u>	<u>0.0600</u>	<u>0.0900</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>
Tax Levy	<u>\$ 7,887,211</u>	<u>\$ 7,774,692</u>	<u>\$ 7,243,370</u>	<u>\$ 7,585,167</u>
Percent of Taxes Collected to Taxes Levied**	<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 for parks and recreational purposes on November 8, 2011

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

(a) Debt service tax rates are used to pay the debt service on both park and drainage bonds.

(b) These taxes are allocated only to the design, construction, operation and maintenance of the District's parks and recreational facilities.

(c) These taxes are allocated only to the design, construction, operation and maintenance of the District's drainage facilities.

Willow Fork Drainage District
Schedule of Long-term Debt Service Requirements by Years
September 30, 2021

Due During Fiscal Years Ending September 30	Series 2012		Total
	Principal Due September 1	Interest Due March 1, September 1	
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	<u>\$ 5,980,000</u>	<u>\$ 1,166,431</u>	<u>\$ 7,146,431</u>

Willow Fork Drainage District
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2021

Due During Fiscal Years Ending September 30	Series 2015		
	Principal Due September 1	Interest Due March 1, September 1	Total
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	\$ 9,800,000	\$ 2,066,875	\$ 11,866,875

Willow Fork Drainage District
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2021

Due During Fiscal Years Ending September 30	Refunding Series 2015		
	Principal Due September 1	Interest Due March 1, September 1	Total
2022	<u>\$ 3,785,000</u>	<u>\$ 75,700</u>	<u>\$ 3,860,700</u>

Willow Fork Drainage District
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2021

Due During Fiscal Years Ending September 30	Series 2017		Total
	Principal Due September 1	Interest Due March 1, September 1	
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	\$ 2,051,037	\$ 11,831,037

Willow Fork Drainage District
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2021

Due During Fiscal Years Ending September 30	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
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	\$ 29,345,000	\$ 5,360,043	\$ 34,705,043

Willow Fork Drainage District
Changes in Long-term Bonded Debt
Year Ended September 30, 2021

	Bond		
	Refunding Series 2009	Refunding Series 2012	Series 2012
Interest rates	4.50%	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, 2023/2033
Bonds outstanding, beginning of current year	\$ 3,210,000	\$ 280,000	\$ 5,980,000
Retirements, principal	3,210,000	280,000	-
Bonds outstanding, end of current year	\$ 0	\$ 0	\$ 5,980,000
Interest paid during current year	\$ 144,450	\$ 9,800	\$ 148,612

Paying agent's name and address:

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

Bond authority:

	Drainage and Refunding Bonds	Park and Refunding Bonds	Refunding Bonds
Amount authorized by voters	\$ 76,490,000	\$ 29,000,000	0
Authorization used	\$ 57,845,000	\$ 25,560,000	0
Remaining to be issued	\$ 18,645,000	\$ 3,440,000	0

Debt service fund cash and temporary investment balances as of September 30, 2021: \$ 1,997,404

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 2,892,087

Issues

Series 2015	Refunding Series 2015	Series 2017	Totals
2.00% to 3.00%	2.00%	2.25% to 3.25%	
March 1/ September 1	March 1/ September 1	March 1/ September 1	
September 1, 2023/2033	September 1, 2022	September 1, 2023/2033	
\$ 9,800,000	\$ 3,865,000	\$ 9,780,000	\$ 32,915,000
-	80,000	-	3,570,000
<u>\$ 9,800,000</u>	<u>\$ 3,785,000</u>	<u>\$ 9,780,000</u>	<u>\$ 29,345,000</u>
<u>\$ 267,500</u>	<u>\$ 77,300</u>	<u>\$ 270,975</u>	<u>\$ 918,637</u>

Willow Fork Drainage District
Comparative Schedule of Revenues and Expenditures – General Fund
Five Years Ended September 30,

	Amounts				
	2021	2020	2019	2018	2017
General Fund					
Revenues					
Property taxes	\$ 2,129,207	\$ 2,516,097	\$ 3,513,370	\$ 1,634,461	\$ 1,679,459
Investment income	3,057	40,331	78,757	55,368	37,025
Other income	96,422	11,412	36,067	21,177	44,639
Total revenues	<u>2,228,686</u>	<u>2,567,840</u>	<u>3,628,194</u>	<u>1,711,006</u>	<u>1,761,123</u>
Expenditures					
Service operations:					
Professional fees	307,947	284,155	432,445	365,061	215,466
Contracted services	93,097	82,345	76,939	67,264	64,131
Repairs and maintenance	913,820	765,561	1,199,994	3,150,060	1,132,805
Other expenditures	75,998	80,975	88,913	79,526	69,853
Capital outlay	449,850	3,036,675	-	426	204,916
Total expenditures	<u>1,840,712</u>	<u>4,249,711</u>	<u>1,798,291</u>	<u>3,662,337</u>	<u>1,687,171</u>
Excess (Deficiency) of Revenues Over Expenditures	387,974	(1,681,871)	1,829,903	(1,951,331)	73,952
Other Financing Sources					
Reimbursement from government entity	3,446,203	487,520	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	3,834,177	(1,194,351)	1,829,903	(1,951,331)	73,952
Fund Balance, Beginning of Year	<u>2,950,736</u>	<u>4,145,087</u>	<u>2,315,184</u>	<u>4,266,515</u>	<u>4,192,563</u>
Fund Balance, End of Year	<u>\$ 6,784,913</u>	<u>\$ 2,950,736</u>	<u>\$ 4,145,087</u>	<u>\$ 2,315,184</u>	<u>\$ 4,266,515</u>
Total Active Retail Water Connections	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total Active Retail Wastewater Connections	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Percent of Fund Total Revenues

2021	2020	2019	2018	2017
95.5 %	98.0 %	96.8 %	95.5 %	95.4 %
0.1	1.6	2.2	3.2	2.1
4.4	0.4	1.0	1.3	2.5
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
13.8	11.1	12.0	21.4	12.2
4.2	3.2	2.1	3.9	3.6
41.0	29.8	33.1	184.1	64.3
3.4	3.1	2.4	4.7	4.0
<u>20.2</u>	<u>118.3</u>	<u>-</u>	<u>0.0</u>	<u>11.5</u>
<u>82.6</u>	<u>165.5</u>	<u>49.6</u>	<u>214.1</u>	<u>95.6</u>
<u><u>17.4 %</u></u>	<u><u>(65.5) %</u></u>	<u><u>50.4 %</u></u>	<u><u>(114.1) %</u></u>	<u><u>4.4 %</u></u>

Willow Fork Drainage District
Comparative Schedule of Revenues and Expenditures – Debt Service Fund
Five Years Ended September 30,

	Amounts				
	2021	2020	2019	2018	2017
Debt Service Fund					
Revenues					
Property taxes	\$ 4,469,758	\$ 3,773,005	\$ 3,315,601	\$ 3,876,550	\$ 3,988,834
Penalty and interest	51,189	33,017	31,821	31,908	27,300
Investment income	2,004	45,094	131,962	98,345	47,769
Total revenues	<u>4,522,951</u>	<u>3,851,116</u>	<u>3,479,384</u>	<u>4,006,803</u>	<u>4,063,903</u>
Expenditures					
Current:					
Professional fees	7,567	5,808	7,274	7,580	5,092
Contracted services	65,636	64,567	55,545	61,494	58,406
Other expenditures	507	478	478	476	508
Debt service:					
Principal retirement	3,570,000	3,245,000	3,135,000	3,030,000	2,940,000
Interest and fees	921,887	1,040,288	1,151,538	1,245,137	1,228,435
Total expenditures	<u>4,565,597</u>	<u>4,356,141</u>	<u>4,349,835</u>	<u>4,344,687</u>	<u>4,232,441</u>
Deficiency of Revenues Over Expenditures	(42,646)	(505,025)	(870,451)	(337,884)	(168,538)
Fund Balance, Beginning of Year	<u>2,025,859</u>	<u>2,530,884</u>	<u>3,401,335</u>	<u>3,739,219</u>	<u>3,907,757</u>
Fund Balance, End of Year	<u>\$ 1,983,213</u>	<u>\$ 2,025,859</u>	<u>\$ 2,530,884</u>	<u>\$ 3,401,335</u>	<u>\$ 3,739,219</u>

Percent of Fund Total Revenues

2021	2020	2019	2018	2017
98.8 %	97.9 %	95.3 %	96.7 %	98.1 %
1.1	0.9	0.9	0.8	0.7
<u>0.1</u>	<u>1.2</u>	<u>3.8</u>	<u>2.5</u>	<u>1.2</u>
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
0.2	0.2	0.2	0.2	0.1
1.5	1.7	1.6	1.5	1.4
0.0	0.0	0.0	0.0	0.0
78.9	84.2	90.1	75.6	72.4
<u>20.4</u>	<u>27.0</u>	<u>33.1</u>	<u>31.1</u>	<u>30.2</u>
<u>101.0</u>	<u>113.1</u>	<u>125.0</u>	<u>108.4</u>	<u>104.1</u>
<u><u>(1.0) %</u></u>	<u><u>(13.1) %</u></u>	<u><u>(25.0) %</u></u>	<u><u>(8.4) %</u></u>	<u><u>(4.1) %</u></u>

Willow Fork Drainage District
Board Members, Key Personnel and Consultants
Year Ended September 30, 2021

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):	<u>January 12, 2022</u>
Limit on fees of office that a director may receive during a fiscal year:	<u>\$ 7,200</u>

Board Members	Term of Office Elected & Expires*	Fees**	Expense Reimbursements	Title at Year-end
Wendy Duncan	Elected 11/20- 05/24	\$ 7,200	\$ 1,805	President
John Savage	Appointed 06/21- 05/22	1,500	0	Secretary
Gregg Nady	Appointed 09/20- 05/22	0	990	Assistant Vice President
Joseph Robinson	Elected 11/20- 05/24	4,050	27	Assistant Secretary
John Poulter	Elected 05/18- 05/21	4,800	6	Resigned
Dan Smith	Elected 05/18- 08/21	5,250	24	Resigned

*May 2020 directors' election was deferred until November 2020.

**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, 2021

Consultants	Date Hired	Fees and Expense Reimbursements	Title
AECOM, Inc.	03/06/85	\$ 87,526	Engineer
Allen Boone Humphries Robinson LLP	07/28/03	264,790	General Counsel
Yvonne Arceneaux	11/01/13	75,700	Park Manager
BKD, LLP	04/10/86	20,800	Auditor
Champions Hydro-Lawn, Inc.	05/24/16	1,727,392	Landscape and Maintenance Operator
F. Matuska, Inc.	07/13/06	37,414	Bookkeeper
Fort Bend Central Appraisal District	Legislative Action	54,571	Appraiser
Fort Bend County Tax Office	06/12/03	8,393	Tax Assessor/ Collector
Harris County Appraisal District	Legislative Action	4,885	Appraiser
Inframark, LLC	02/12/15	104,883	Operator
LJA Engineering, Inc.	08/09/18	92,385	Engineer
On-site Protection Inc.	04/14/16	261,181	Security
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	1996	7,567	Delinquent Tax Attorney
Rathmann & Associates, L.P.	05/08/03	0	Financial Advisor
April Renberg	05/22/19	7,081	Communications Consultant
TBG Partners	11/12/09	198,959	Landscape Architect
Investment Officer			
Joseph Robinson	07/13/06	N/A	Director