



Willow Fork Drainage District Fort Bend and Harris Counties, Texas

Independent Auditor's Report and Financial Statements

September 30, 2023



Willow Fork Drainage District
September 30, 2023

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Independent Auditor's Report

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

Opinions

We have audited the 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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance

and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

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

Supplementary 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 accompanying schedules required by the Texas Commission on Environmental Quality listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has 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.

FORVIS, LLP

Houston, Texas
February 5, 2024

Willow Fork Drainage District

Management's Discussion and Analysis

September 30, 2023

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 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, 2023

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, 2023

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

	2023	2022
Current and other assets	\$ 16,219,613	\$ 14,767,966
Capital assets	37,551,494	38,009,375
Total assets	\$ 53,771,107	\$ 52,777,341
Long-term liabilities	\$ 23,447,825	\$ 25,378,529
Other liabilities	444,716	355,143
Total liabilities	23,892,541	25,733,672
Net position:		
Net investment in capital assets	14,948,567	15,448,301
Restricted	7,595,783	4,666,337
Unrestricted	7,334,216	6,929,031
Total net position	\$ 29,878,566	\$ 27,043,669

The total net position of the District increased by \$2,834,897, or about 10 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, as well as other revenues exceeding services and depreciation expenses. 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, 2023

Summary of Changes in Net Position

	<u>2023</u>	<u>2022</u>
Revenues:		
Property taxes	\$ 8,388,654	\$ 7,994,608
Other revenues	<u>1,187,916</u>	<u>381,659</u>
Total revenues	<u>9,576,570</u>	<u>8,376,267</u>
Expenses:		
Services	4,011,265	4,514,391
Depreciation	2,030,433	2,006,049
Debt service	<u>699,975</u>	<u>794,470</u>
Total expenses	<u>6,741,673</u>	<u>7,314,910</u>
Change in net position	2,834,897	1,061,357
Net position, beginning of year	<u>27,043,669</u>	<u>25,982,312</u>
Net position, end of year	<u><u>\$ 29,878,566</u></u>	<u><u>\$ 27,043,669</u></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, 2023, were \$15,711,569, an increase of \$1,351,510 from the prior year.

The general fund's fund balance increased by \$365,248, primarily due to property tax revenues and investment income exceeding service operations and capital outlay expenditures.

The special revenue fund's fund balance increased by \$2,255,550, primarily due to property tax revenues, other income and an interfund transfer in exceeding operating costs and capital outlay expenditures.

The debt service fund's fund balance increased by \$532,061 because property tax revenues and investment income were greater than bond principal and interest requirements and contracted services expenditures.

The capital projects fund's fund balance decreased by \$1,801,349, primarily due to capital outlay expenditures and an interfund transfer out being greater than investment income.

Willow Fork Drainage District
Management's Discussion and Analysis (Continued)
September 30, 2023

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 and investment income revenues and capital outlay expenditures being higher than anticipated and contracted services and repairs and maintenance expenditures being lower than anticipated. In addition, a transfer out was not budgeted. The fund balance as of September 30, 2023, was expected to be \$7,398,732 and the actual end-of-year fund balance was \$7,274,095.

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)

	2023	2022
Land and improvements	\$ 525,580	\$ 525,580
Construction in progress	615,446	107,082
Drainage facilities	22,344,438	22,260,005
Park and recreational facilities	14,066,030	15,116,708
Total capital assets	\$ 37,551,494	\$ 38,009,375

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

Construction in progress, including construction and engineering for Fry Road trail crossing underpass, Katy Independent School District trails and storm water quality park rehabilitation near Exploration Park	\$ 508,364
Willow Fork trails, Phase 3	3,097
Outfall replacement project	407,314
Diversion channel silt hauling	653,777
Total additions to capital assets	\$ 1,572,552

Debt

The changes in the debt position of the District during the fiscal year ended September 30, 2023, are summarized as follows.

Willow Fork Drainage District
Management's Discussion and Analysis (Continued)
September 30, 2023

Long-term debt payable, beginning of year	\$ 25,378,529
Decreases in long-term debt	<u>(1,930,704)</u>
Long-term debt payable, end of year	<u>\$ 23,447,825</u>

At September 30, 2023, 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 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, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets							
Cash	\$ 38,146	\$ 24,846	\$ -	\$ -	\$ 62,992	\$ -	\$ 62,992
Short-term investments	7,466,775	4,668,155	2,454,674	1,427,926	16,017,530	-	16,017,530
Property tax receivable	23,987	16,945	36,428	-	77,360	-	77,360
Accrued penalty and interest	-	-	-	-	-	39,817	39,817
Interfund receivables	-	9,201	17,814	-	27,015	(27,015)	-
Due from other districts	3,284	-	-	-	3,284	-	3,284
Prepaid expenditures	-	18,630	-	-	18,630	-	18,630
Capital assets (net of accumulated depreciation):							
Land	-	-	-	-	-	525,580	525,580
Construction in progress	-	-	-	-	-	615,446	615,446
Drainage facilities	-	-	-	-	-	22,344,438	22,344,438
Park and recreational facilities	-	-	-	-	-	14,066,030	14,066,030
Total assets	\$ 7,532,192	\$ 4,737,777	\$ 2,508,916	\$ 1,427,926	\$ 16,206,811	\$ 37,564,296	\$ 53,771,107

Willow Fork Drainage District
Statement of Net Position and Governmental Funds Balance Sheet (Continued)
September 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities							
Accounts payable	\$ 129,780	\$ 171,517	\$ -	\$ -	\$ 301,297	\$ -	\$ 301,297
Acerued interest payable	-	-	-	-	-	53,849	53,849
Due to others	52,536	900	-	-	53,436	-	53,436
Interfund payables	15,660	-	4,303	7,052	27,015	(27,015)	-
Retainage payable	36,134	-	-	-	36,134	-	36,134
Long-term liabilities:							
Due within one year	-	-	-	-	-	2,040,000	2,040,000
Due after one year	-	-	-	-	-	21,407,825	21,407,825
Total liabilities	<u>234,110</u>	<u>172,417</u>	<u>4,303</u>	<u>7,052</u>	<u>417,882</u>	<u>23,474,659</u>	<u>23,892,541</u>
Deferred Inflows of Resources							
Deferred property tax revenues	<u>23,987</u>	<u>16,945</u>	<u>36,428</u>	<u>0</u>	<u>77,360</u>	<u>(77,360)</u>	<u>0</u>
Fund Balances/Net Position							
Fund balances:							
Nonspendable, prepaid expenditures	-	18,630	-	-	18,630	(18,630)	-
Restricted:							
Unlimited tax bonds	-	-	2,468,185	-	2,468,185	(2,468,185)	-
Parks and recreation	-	-	-	1,420,874	1,420,874	(1,420,874)	-
Committed to park and recreational facilities	-	4,529,785	-	-	4,529,785	(4,529,785)	-
Assigned, desilting reserve	2,405,597	-	-	-	2,405,597	(2,405,597)	-
Unassigned	4,868,498	-	-	-	4,868,498	(4,868,498)	-
Total fund balances	<u>7,274,095</u>	<u>4,548,415</u>	<u>2,468,185</u>	<u>1,420,874</u>	<u>15,711,569</u>	<u>(15,711,569)</u>	<u>0</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,532,192</u>	<u>\$ 4,737,777</u>	<u>\$ 2,508,916</u>	<u>\$ 1,427,926</u>	<u>\$ 16,206,811</u>		
Net position:							
Net investment in capital assets						14,948,567	14,948,567
Restricted for park operations						4,565,360	4,565,360
Restricted for debt service						2,490,581	2,490,581
Restricted for capital projects						539,842	539,842
Unrestricted						7,334,216	7,334,216
Total net position						<u>\$ 29,878,566</u>	<u>\$ 29,878,566</u>

Willow Fork Drainage District
Statement of Activities and Governmental Funds Revenues,
Expenditures and Changes in Fund Balances
Year Ended September 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues							
Property taxes	\$ 3,021,135	\$ 2,435,877	\$ 2,927,289	\$ -	\$ 8,384,301	\$ 4,353	\$ 8,388,654
Penalty and interest	-	-	34,417	-	34,417	2,803	37,220
Investment income	338,243	145,216	203,563	135,474	822,496	-	822,496
Other income	28,200	300,000	-	-	328,200	-	328,200
Total revenues	3,387,578	2,881,093	3,165,269	135,474	9,569,414	7,156	9,576,570
Expenditures/Expenses							
Service operations:							
Professional fees	231,364	213,168	11,560	-	456,092	5,107	461,199
Personnel	-	142,160	-	-	142,160	-	142,160
Contracted services	107,689	384,525	71,350	-	563,564	-	563,564
Utilities	-	23,049	-	-	23,049	-	23,049
Repairs and maintenance	996,710	1,090,490	-	-	2,087,200	73,656	2,160,856
Other expenditures	91,494	568,543	-	400	660,437	-	660,437
Capital outlay	1,511,284	21,456	-	118,575	1,651,315	(1,651,315)	-
Depreciation	-	-	-	-	-	2,030,433	2,030,433
Debt service:							
Principal retirement	-	-	1,945,000	-	1,945,000	(1,945,000)	-
Interest and fees	-	-	689,087	-	689,087	10,888	699,975
Total expenditures/expenses	2,938,541	2,443,391	2,716,997	118,975	8,217,904	(1,476,231)	6,741,673
Excess of Revenues Over Expenditures	449,037	437,702	448,272	16,499	1,351,510	1,483,387	
Other Financing Sources (Uses)							
Interfund transfers in (out)	(83,789)	1,817,848	83,789	(1,817,848)	-	-	
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	365,248	2,255,550	532,061	(1,801,349)	1,351,510	(1,351,510)	
Change in Net Position						2,834,897	2,834,897
Fund Balances/Net Position							
Beginning of year	6,908,847	2,292,865	1,936,124	3,222,223	14,360,059	-	27,043,669
End of year	<u>\$ 7,274,095</u>	<u>\$ 4,548,415</u>	<u>\$ 2,468,185</u>	<u>\$ 1,420,874</u>	<u>\$ 15,711,569</u>	<u>\$ 0</u>	<u>\$ 29,878,566</u>

Willow Fork Drainage District

Notes to Financial Statements

September 30, 2023

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

September 30, 2023

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, 2023

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. 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. 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.

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, 2023

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. 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, 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, 2023

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, 2023, include collections during the current period or within 60 days of year-end related to the 2022 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, 2023, the 2022 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

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.

Willow Fork Drainage District
Notes to Financial Statements
September 30, 2023

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.	\$ 37,551,494
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	77,360
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.	39,817
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(53,849)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(23,447,825)</u>
Adjustment to fund balances to arrive at net position.	<u>\$ 14,166,997</u>

Willow Fork Drainage District
Notes to Financial Statements
September 30, 2023

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.	\$ 1,351,510
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 noncapitalized costs and depreciation expense exceeded capital outlay expenditures in the current year.	(457,881)
Governmental funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position.	1,945,000
Revenues that do not provide current financial resources are not reported as revenues for the funds but are reported as revenues in the statement of activities.	7,156
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>(10,888)</u>
Change in net position of governmental activities.	<u>\$ 2,834,897</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.

At September 30, 2023, none of the District's bank balances were exposed to custodial credit risk.

Willow Fork Drainage District
Notes to Financial Statements
September 30, 2023

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. The District's investments in Texas CLASS are reported at net asset value.

At September 30, 2023, 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	\$ 14,464,095	\$ 14,464,095	\$ -	\$ -	\$ -
Texas CLASS	1,553,435	1,553,435	-	-	-
Totals	<u>\$ 16,017,530</u>	<u>\$ 16,017,530</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 interest rate indexed collateralized mortgage obligations. The external investment pools are presented as investments with a maturity of less than one year because they are redeemable in full immediately.

Willow Fork Drainage District
Notes to Financial Statements
September 30, 2023

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2023, 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, 2023, as follows:

Carrying value:		
Deposits	\$	62,992
Investments		<u>16,017,530</u>
Total	\$	<u><u>16,080,522</u></u>

Investment Income

Investment income of \$822,496 for the year ended September 30, 2023, consisted of interest income.

Fair Value Measurements

The District has the following recurring fair value measurements as of September 30, 2023:

- Pooled investments of \$1,553,435 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, 2023, is presented below:

Governmental Activities	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, non-depreciable:			
Land and improvements	\$ 525,580	\$ -	\$ 525,580
Construction in progress	<u>107,082</u>	<u>508,364</u>	<u>615,446</u>
Total capital assets, non-depreciable	<u>632,662</u>	<u>508,364</u>	<u>1,141,026</u>

Willow Fork Drainage District
Notes to Financial Statements
September 30, 2023

Governmental Activities (Continued)	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, depreciable:			
Drainage facilities	\$ 39,263,759	\$ 1,061,091	\$ 40,324,850
Park and recreational facilities	20,721,871	3,097	20,724,968
Total capital assets, depreciable	<u>59,985,630</u>	<u>1,064,188</u>	<u>61,049,818</u>
Less accumulated depreciation:			
Drainage facilities	(17,003,754)	(976,658)	(17,980,412)
Park and recreational facilities	(5,605,163)	(1,053,775)	(6,658,938)
Total accumulated depreciation	<u>(22,608,917)</u>	<u>(2,030,433)</u>	<u>(24,639,350)</u>
Total governmental activities, net	<u>\$ 38,009,375</u>	<u>\$ (457,881)</u>	<u>\$ 37,551,494</u>

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended September 30, 2023, were as follows:

Governmental Activities	Balances, Beginning of Year	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:				
General obligation bonds	\$ 25,560,000	\$ 1,945,000	\$ 23,615,000	\$ 2,040,000
Less discounts on bonds	181,471	14,296	167,175	-
Total governmental activities long-term liabilities	<u>\$ 25,378,529</u>	<u>\$ 1,930,704</u>	<u>\$ 23,447,825</u>	<u>\$ 2,040,000</u>

Willow Fork Drainage District
Notes to Financial Statements
September 30, 2023

General Obligation Bonds

	Series 2012	Series 2015
Amounts outstanding, September 30, 2023	\$5,560,000	\$9,075,000
Interest rates	2.00% to 3.00%	2.00% to 3.00%
Maturity dates, serially beginning/ending	September 1, 2024/2033	September 1, 2024/2033
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	September 1, 2019	September 1, 2022
		Series 2017
Amount outstanding, September 30, 2023		\$8,980,000
Interest rates		2.25% to 3.25%
Maturity dates, serially beginning/ending		September 1, 2024/2033
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, 2023:

Year	Principal	Interest	Total
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
2029-2033	<u>12,780,000</u>	<u>1,173,877</u>	<u>13,953,877</u>
Total	<u>\$ 23,615,000</u>	<u>\$ 3,910,169</u>	<u>\$ 27,525,169</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.

Willow Fork Drainage District
Notes to Financial Statements
September 30, 2023

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

- A. 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, 2023, the District levied an ad valorem debt service tax at the rate of \$0.0600 per \$100 of assessed valuation, which resulted in a tax levy of \$2,930,305 on the taxable valuation of \$4,882,073,838 for the 2022 tax year. The interest and principal requirements paid from the tax revenues and available resources were \$2,632,087.

- B. During the current year, the District transferred \$1,817,848 from the capital projects fund to the special revenue fund. The transfer was made in accordance with the rules of the Commission.

Note 6: Maintenance Taxes

At an election held August 10, 1985, voters authorized a maintenance tax not to exceed \$0.25 per \$100 of assessed valuation on all property within the District subject to taxation. On November 8, 2011, voters authorized a maintenance tax for parks and recreational purposes not to exceed \$0.05 per \$100 of assessed valuation within the District subject to taxation in addition to the maintenance tax authorized August 10, 1985. During the year ended September 30, 2023, the District levied an ad valorem maintenance tax at the rate of \$0.0620 and a park tax rate of \$0.0500 for the maintenance and operation of drainage and park and recreational facilities, respectively, both per \$100 of assessed valuation, which resulted in tax levies of \$3,027,982 and \$2,441,921 respectively, on the taxable valuation of \$4,882,073,838 for the 2022 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, 2023

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, 2023, 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. In prior years, the District received reimbursements totaling \$5,138,001 from FEMA for costs incurred to repair damaged facilities. During the current year, the District did not receive any 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 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, 2023

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	\$ 2,881,998	\$ 2,978,064	\$ 3,021,135	\$ 43,071
Investment income	34,803	34,803	338,243	303,440
Other income	27,262	27,262	28,200	938
Total revenues	<u>2,944,063</u>	<u>3,040,129</u>	<u>3,387,578</u>	<u>347,449</u>
Expenditures				
Service operations:				
Professional fees	243,400	243,400	231,364	12,036
Contracted services	139,600	139,600	107,689	31,911
Repairs and maintenance	1,355,244	1,355,244	996,710	358,534
Other expenditures	112,000	112,000	91,494	20,506
Capital outlay	700,000	700,000	1,511,284	(811,284)
Total expenditures	<u>2,550,244</u>	<u>2,550,244</u>	<u>2,938,541</u>	<u>(388,297)</u>
Excess of Revenues Over Expenditures	393,819	489,885	449,037	(40,848)
Other Financing Uses				
Interfund transfers out	-	-	(83,789)	(83,789)
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	393,819	489,885	365,248	(124,637)
Fund Balance, Beginning of Year	<u>6,908,847</u>	<u>6,908,847</u>	<u>6,908,847</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 7,302,666</u>	<u>\$ 7,398,732</u>	<u>\$ 7,274,095</u>	<u>\$ (124,637)</u>

Willow Fork Drainage District
Budgetary Comparison Schedule – Special Revenue Fund
Year Ended September 30, 2023

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	\$ 2,497,731	\$ 2,401,665	\$ 2,435,877	\$ 34,212
Investment income	38,543	38,543	145,216	106,673
Other income	300,000	300,000	300,000	-
Total revenues	<u>2,836,274</u>	<u>2,740,208</u>	<u>2,881,093</u>	<u>140,885</u>
Expenditures				
Service operations:				
Professional fees	187,000	187,000	213,168	(26,168)
Personnel	140,400	140,400	142,160	(1,760)
Contracted services	395,400	395,400	384,525	10,875
Utilities	26,240	26,240	23,049	3,191
Repairs and maintenance	1,090,364	1,090,364	1,090,490	(126)
Other expenditures	490,900	490,900	568,543	(77,643)
Capital outlay	120,000	120,000	21,456	98,544
Total expenditures	<u>2,450,304</u>	<u>2,450,304</u>	<u>2,443,391</u>	<u>6,913</u>
Excess of Revenues Over Expenditures	385,970	289,904	437,702	147,798
Other Financing Sources				
Interfund transfers in	-	-	1,817,848	1,817,848
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	385,970	289,904	2,255,550	1,965,646
Fund Balance, Beginning of Year	<u>2,292,865</u>	<u>2,292,865</u>	<u>2,292,865</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 2,678,835</u>	<u>\$ 2,582,769</u>	<u>\$ 4,548,415</u>	<u>\$ 1,965,646</u>

Willow Fork Drainage District
Notes to Required Supplementary Information
September 30, 2023

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 amended during fiscal 2023.

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.

Supplementary Information

Willow Fork Drainage District
Other Schedules Included Within This Report
September 30, 2023

(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 13-25
- [X] Schedule of Services
- [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
Year Ended September 30, 2023

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, 2023

Personnel (including benefits)		\$	-
Professional Fees			
Auditing	\$	23,000	
Legal		98,697	
Engineering		109,667	
Financial advisor		-	231,364
		<hr/>	
Purchased Services for Resale			
Bulk water and wastewater service purchases			-
Regional Water Fee			-
Contracted Services			
Bookkeeping		28,983	
General manager		-	
Appraisal district		-	
Tax collector		-	
Security		72,245	
Other contracted services		6,461	107,689
		<hr/>	
Utilities			-
Repairs and Maintenance			996,710
Administrative Expenditures			
Directors' fees		13,886	
Office supplies		4,707	
Insurance		11,976	
Other administrative expenditures		60,925	91,494
		<hr/>	
Capital Outlay			
Capitalized assets		1,459,084	
Expenditures not capitalized		52,200	1,511,284
		<hr/>	
Tap Connection Expenditures			-
Solid Waste Disposal			-
Fire Fighting			-
Parks and Recreation			-
Other Expenditures			-
			<hr/>
Total expenditures		\$	<u>2,938,541</u>

Willow Fork Drainage District
Schedule of Temporary Investments
September 30, 2023

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
TexPool	5.35%	Demand	\$ 6,506,206	\$ -
Texas CLASS	5.54%	Demand	<u>960,569</u>	<u>-</u>
			<u>7,466,775</u>	<u>0</u>
Special Revenue Fund				
TexPool	5.35%	Demand	<u>4,668,155</u>	<u>0</u>
Debt Service Fund				
TexPool	5.35%	Demand	1,852,757	-
TexPool	5.35%	Demand	9,051	-
Texas CLASS	5.54%	Demand	<u>592,866</u>	<u>-</u>
			<u>2,454,674</u>	<u>0</u>
Capital Projects Fund				
TexPool	5.35%	Demand	<u>1,427,926</u>	<u>0</u>
Totals			<u>\$ 16,017,530</u>	<u>\$ 0</u>

Willow Fork Drainage District
Analysis of Taxes Levied and Receivable
Year Ended September 30, 2023

	Maintenance Taxes	Park Taxes	Debt Service Taxes
Receivable, Beginning of Year	\$ 20,184	\$ 12,814	\$ 40,009
Additions and corrections to prior years' taxes	<u>(3,044)</u>	<u>(1,913)</u>	<u>(6,597)</u>
Adjusted receivable, beginning of year	<u>17,140</u>	<u>10,901</u>	<u>33,412</u>
2022 Original Tax Levy	3,009,113	2,426,704	2,912,045
Additions and corrections	<u>18,869</u>	<u>15,217</u>	<u>18,260</u>
Adjusted tax levy	<u>3,027,982</u>	<u>2,441,921</u>	<u>2,930,305</u>
Total to be accounted for	3,045,122	2,452,822	2,963,717
Tax collections: Current year	(3,017,691)	(2,433,622)	(2,920,346)
Prior years	<u>(3,444)</u>	<u>(2,255)</u>	<u>(6,943)</u>
Receivable, end of year	<u>\$ 23,987</u>	<u>\$ 16,945</u>	<u>\$ 36,428</u>
Receivable, by Years			
2022	\$ 10,291	\$ 8,299	\$ 9,959
2021	3,396	2,038	7,131
2020	2,098	1,259	4,405
2019	2,123	1,238	3,184
2018	2,132	237	2,014
2017	747	934	1,774
2016	912	1,140	2,167
2015	548	685	1,301
2014	322	460	966
2013	287	410	861
2012 and prior	<u>1,131</u>	<u>245</u>	<u>2,666</u>
Receivable, end of year	<u>\$ 23,987</u>	<u>\$ 16,945</u>	<u>\$ 36,428</u>

Willow Fork Drainage District
Analysis of Taxes Levied and Receivable (Continued)
Year Ended September 30, 2023

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Property Valuations				
Land	\$ 999,486,759	\$ 995,438,572	\$ 949,766,352	\$ 944,610,904
Improvements	5,038,752,128	3,928,445,802	3,774,133,750	3,705,421,835
Personal property	92,652,603	86,603,371	82,137,684	84,216,556
Exemptions	<u>(1,248,817,652)</u>	<u>(680,547,279)</u>	<u>(543,844,013)</u>	<u>(533,011,757)</u>
Total property valuations	<u>\$ 4,882,073,838</u>	<u>\$ 4,329,940,466</u>	<u>\$ 4,262,193,773</u>	<u>\$ 4,201,237,538</u>
Tax Rates per \$100 Valuation				
Debt service tax rates (a)	\$ 0.0600	\$ 0.1050	\$ 0.1050	\$ 0.0900
Park tax rates* (b)	0.0500	0.0300	0.0300	0.0350
Maintenance tax rates* (c)	<u>0.0620</u>	<u>0.0500</u>	<u>0.0500</u>	<u>0.0600</u>
Total tax rates per \$100 valuation	<u>\$ 0.1720</u>	<u>\$ 0.1850</u>	<u>\$ 0.1850</u>	<u>\$ 0.1850</u>
Tax Levy	<u>\$ 8,400,208</u>	<u>\$ 8,012,791</u>	<u>\$ 7,887,211</u>	<u>\$ 7,774,692</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, 2023

Due During Fiscal Years Ending September 30	Series 2012		
	Principal Due September 1	Interest Due March 1, September 1	Total
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>\$ 5,560,000</u>	<u>\$ 869,207</u>	<u>\$ 6,429,207</u>

Willow Fork Drainage District
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2023

Due During Fiscal Years Ending September 30	Series 2015		
	Principal Due September 1	Interest Due March 1, September 1	Total
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	\$ 9,075,000	\$ 1,531,875	\$ 10,606,875

Willow Fork Drainage District
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2023

Due During Fiscal Years Ending September 30	Series 2017		
	Principal Due September 1	Interest Due March 1, September 1	Total
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	<u>\$ 8,980,000</u>	<u>\$ 1,509,087</u>	<u>\$ 10,489,087</u>

Willow Fork Drainage District
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2023

Due During Fiscal Years Ending September 30	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
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>\$ 23,615,000</u>	<u>\$ 3,910,169</u>	<u>\$ 27,525,169</u>

Willow Fork Drainage District
Changes in Long-term Bonded Debt
Year Ended September 30, 2023

	Bond Issues			
	Series 2012	Series 2015	Series 2017	Totals
Interest rates	2.00% to 3.00%	2.00% to 3.00%	2.25% to 3.25%	
Dates interest payable	March 1/ September 1	March 1/ September 1	March 1/ September 1	
Maturity dates	September 1, 2024/2033	September 1, 2024/2033	September 1, 2024/2033	
Bonds outstanding, beginning of current year	\$ 5,980,000	\$ 9,800,000	\$ 9,780,000	\$ 25,560,000
Retirements, principal	420,000	725,000	800,000	1,945,000
Bonds outstanding, end of current year	\$ 5,560,000	\$ 9,075,000	\$ 8,980,000	\$ 23,615,000
Interest paid during current year	\$ 148,612	\$ 267,500	\$ 270,975	\$ 687,087

Paying agent's name and address:

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

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, 2023: \$ 2,454,674

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 2,752,517

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

	Amounts				
	2023	2022	2021	2020	2019
General Fund					
Revenues					
Property taxes	\$ 3,021,135	\$ 2,159,988	\$ 2,129,207	\$ 2,516,097	\$ 3,513,370
Investment income	338,243	49,631	3,057	40,331	78,757
Other income	28,200	26,308	96,422	11,412	36,067
Total revenues	<u>3,387,578</u>	<u>2,235,927</u>	<u>2,228,686</u>	<u>2,567,840</u>	<u>3,628,194</u>
Expenditures					
Service operations:					
Professional fees	231,364	383,726	307,947	284,155	432,445
Contracted services	107,689	120,634	93,097	82,345	76,939
Repairs and maintenance	996,710	946,884	913,820	765,561	1,199,994
Other expenditures	91,494	103,814	75,998	80,975	88,913
Capital outlay	1,511,284	568,802	449,850	3,036,675	-
Total expenditures	<u>2,938,541</u>	<u>2,123,860</u>	<u>1,840,712</u>	<u>4,249,711</u>	<u>1,798,291</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>449,037</u>	<u>112,067</u>	<u>387,974</u>	<u>(1,681,871)</u>	<u>1,829,903</u>
Other Financing Sources (Uses)					
Interfund transfers in (out)	(83,789)	11,867	-	-	-
Reimbursement from government entity	-	-	3,446,203	487,520	-
Total other financing sources (uses)	<u>(83,789)</u>	<u>11,867</u>	<u>3,446,203</u>	<u>487,520</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	365,248	123,934	3,834,177	(1,194,351)	1,829,903
Fund Balance, Beginning of Year	<u>6,908,847</u>	<u>6,784,913</u>	<u>2,950,736</u>	<u>4,145,087</u>	<u>2,315,184</u>
Fund Balance, End of Year	<u>\$ 7,274,095</u>	<u>\$ 6,908,847</u>	<u>\$ 6,784,913</u>	<u>\$ 2,950,736</u>	<u>\$ 4,145,087</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

2023	2022	2021	2020	2019
89.2 %	96.6 %	95.5 %	98.0 %	96.8 %
10.0	2.2	0.1	1.6	2.2
<u>0.8</u>	<u>1.2</u>	<u>4.4</u>	<u>0.4</u>	<u>1.0</u>
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
6.8	17.2	13.8	11.1	12.0
3.2	5.4	4.2	3.2	2.1
29.4	42.4	41.0	29.8	33.1
2.7	4.6	3.4	3.1	2.4
<u>44.6</u>	<u>25.4</u>	<u>20.2</u>	<u>118.3</u>	<u>-</u>
<u>86.7</u>	<u>95.0</u>	<u>82.6</u>	<u>165.5</u>	<u>49.6</u>
<u><u>13.3 %</u></u>	<u><u>5.0 %</u></u>	<u><u>17.4 %</u></u>	<u><u>(65.5) %</u></u>	<u><u>50.4 %</u></u>

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

	Amounts				
	2023	2022	2021	2020	2019
Debt Service Fund					
Revenues					
Property taxes	\$ 2,927,289	\$ 4,535,428	\$ 4,469,758	\$ 3,773,005	\$ 3,315,601
Penalty and interest	34,417	21,290	51,189	33,017	31,821
Investment income	203,563	35,121	2,004	45,094	131,962
Total revenues	<u>3,165,269</u>	<u>4,591,839</u>	<u>4,522,951</u>	<u>3,851,116</u>	<u>3,479,384</u>
Expenditures					
Current:					
Professional fees	11,560	7,948	7,567	5,808	7,274
Contracted services	71,350	68,576	65,636	64,567	55,545
Other expenditures	-	-	507	478	478
Debt service:					
Principal retirement	1,945,000	3,785,000	3,570,000	3,245,000	3,135,000
Interest and fees	689,087	765,537	921,887	1,040,288	1,151,538
Total expenditures	<u>2,716,997</u>	<u>4,627,061</u>	<u>4,565,597</u>	<u>4,356,141</u>	<u>4,349,835</u>
Excess (Deficiency) of Revenues Over Expenditures	448,272	(35,222)	(42,646)	(505,025)	(870,451)
Other Financing Sources (Uses)					
Interfund transfers in (out)	83,789	(11,867)	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	532,061	(47,089)	(42,646)	(505,025)	(870,451)
Fund Balance, Beginning of Year	<u>1,936,124</u>	<u>1,983,213</u>	<u>2,025,859</u>	<u>2,530,884</u>	<u>3,401,335</u>
Fund Balance, End of Year	<u>\$ 2,468,185</u>	<u>\$ 1,936,124</u>	<u>\$ 1,983,213</u>	<u>\$ 2,025,859</u>	<u>\$ 2,530,884</u>

Percent of Fund Total Revenues

2023	2022	2021	2020	2019
92.5 %	98.8 %	98.8 %	97.9 %	95.3 %
1.1	0.4	1.1	0.9	0.9
<u>6.4</u>	<u>0.8</u>	<u>0.1</u>	<u>1.2</u>	<u>3.8</u>
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
0.4	0.2	0.2	0.2	0.2
2.2	1.5	1.5	1.7	1.6
-	-	0.0	0.0	0.0
61.4	82.4	78.9	84.2	90.1
<u>21.8</u>	<u>16.7</u>	<u>20.4</u>	<u>27.0</u>	<u>33.1</u>
<u>85.8</u>	<u>100.8</u>	<u>101.0</u>	<u>113.1</u>	<u>125.0</u>
<u>14.2 %</u>	<u>(0.8) %</u>	<u>(1.0) %</u>	<u>(13.1) %</u>	<u>(25.0) %</u>

Willow Fork Drainage District
Board Members, Key Personnel and Consultants
Year Ended September 30, 2023

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>September 15, 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
John Savage	Elected 05/22- 05/26	\$ 7,002	\$ 1,076	President
Gregg Nady	Elected 05/22- 05/26	0	907	Vice President
Sarah Hubbell	Appointed 09/22- 05/24	7,200	4,682	Secretary
Alexander Bray	Elected 05/22- 05/26	4,839	2,615	Assistant Vice President
Joseph Robinson	Elected 11/20- 05/24	6,481	4,027	Assistant Secretary

*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, 2023

Consultants	Date Hired	Fees and Expense Reimbursements	Title
AECOM, Inc.	03/06/85	\$ 61,938	Engineer
Allen Boone Humphries Robinson LLP	07/28/03	179,046	General Counsel
Yvonne Arceneaux	11/01/13	81,273	Park Manager
Artesian Financial Services	04/14/22	71,652	Bookkeeper
Champions Hydro-Lawn, Inc.	06/17/93	2,454,394	Landscape and Maintenance Operator
Fort Bend Central Appraisal District	Legislative Action	66,806	Appraiser
Fort Bend County Tax Office	06/12/03	11,560	Tax Assessor/ Collector
FORVIS, LLP	04/10/86	25,000	Auditor
Harris Central Appraisal District	Legislative Action	4,544	Appraiser
Inframark, LLC	02/12/15	16,138	Operator
LJA Engineering, Inc.	07/18/18	184,586	Engineer
On-site Protection Inc.	04/14/16	258,803	Security
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	1996	0	Delinquent Tax Attorney

Willow Fork Drainage District
Board Members, Key Personnel and Consultants (Continued)
Year Ended September 30, 2023

Consultants (Continued)	Date Hired	Fees and Expense Reimbursements	Title
Rathmann & Associates, L.P.	05/08/03	\$ 0	Financial Advisor
April Renberg	05/22/19	7,906	Communications Consultant
TBG Partners	11/12/09	89,056	Landscape Architect
Investment Officers			
Joseph Robinson	07/13/06	N/A	Director
Lisa Rickert	04/14/22	N/A	Bookkeeper