

WILLOW POINT MUNICIPAL UTILITY DISTRICT

FORT BEND AND WALLER COUNTIES, TEXAS

ANNUAL FINANCIAL REPORT

MAY 31, 2019

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

WILLOW POINT MUNICIPAL UTILITY DISTRICT

FORT BEND AND WALLER COUNTIES, TEXAS

ANNUAL FINANCIAL REPORT

MAY 31, 2019

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Willow Point Municipal
Utility District
Fort Bend and Waller Counties, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Willow Point Municipal Utility District (the "District"), as of and for the year ended May 31, 2019, 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 District'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 May 31, 2019, and the respective changes in financial position 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 the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is 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 financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide any assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

September 5, 2019

**WILLOW POINT MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2019**

Management's discussion and analysis of Willow Point Municipal Utility District's (the "District") financial performance provides an overview of the District's financial activities for the year ended May 31, 2019. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes all of the District's assets and liabilities, and if applicable, deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District's net position changed during the current year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2019**

FUND FINANCIAL STATEMENTS (Continued)

Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the period. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI"). A budgetary comparison schedule is included as RSI for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by \$12,010,572 as of May 31, 2019.

A portion of the District's net position reflects its net investment in capital assets (water and wastewater facilities, less any debt used to acquire those assets that is still outstanding). The District uses those assets to provide water and wastewater services. The following is a comparative analysis of government-wide changes in net position.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2019**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2019	2018	Change Positive (Negative)
Current and Other Assets	\$ 2,551,072	\$ 2,019,442	\$ 531,630
Capital Assets (Net of Accumulated Depreciation)	<u>14,740,353</u>	<u>12,247,044</u>	<u>2,493,309</u>
Total Assets	<u>\$ 17,291,425</u>	<u>\$ 14,266,486</u>	<u>\$ 3,024,939</u>
Due to Developer	\$ 15,843,420	\$ 13,501,724	\$ (2,341,696)
Bonds Payable	10,735,000	10,980,000	245,000
Other Liabilities	<u>2,723,577</u>	<u>258,852</u>	<u>(2,464,725)</u>
Total Liabilities	<u>\$ 29,301,997</u>	<u>\$ 24,740,576</u>	<u>\$ (4,561,421)</u>
Net Position:			
Net Investment in Capital Assets	\$ (13,976,002)	\$ (11,979,081)	\$ (1,996,921)
Restricted	849,618	778,740	70,878
Unrestricted	<u>1,115,812</u>	<u>726,251</u>	<u>389,561</u>
Total Net Position	<u>\$ (12,010,572)</u>	<u>\$ (10,474,090)</u>	<u>\$ (1,536,482)</u>

The following table provides a summary of the District's operations for the years ended May 31, 2019, and May 31, 2018. The District's net position decreased by \$1,536,482.

	Summary of Changes in the Statement of Activities		
	2019	2018	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 1,391,155	\$ 1,058,787	\$ 332,368
Charges for Services	775,370	560,893	214,477
Other Revenues	<u>57,446</u>	<u>28,293</u>	<u>29,153</u>
Total Revenues	<u>\$ 2,223,971</u>	<u>\$ 1,647,973</u>	<u>\$ 575,998</u>
Expenses for Services	<u>3,760,453</u>	<u>2,661,648</u>	<u>(1,098,805)</u>
Change in Net Position	\$ (1,536,482)	\$ (1,013,675)	\$ (522,807)
Net Position, Beginning of Year	<u>(10,474,090)</u>	<u>(9,460,415)</u>	<u>(1,013,675)</u>
Net Position, End of Year	<u>\$ (12,010,572)</u>	<u>\$ (10,474,090)</u>	<u>\$ (1,536,482)</u>

**WILLOW POINT MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2019**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of May 31, 2019, were a deficit of \$112,950, a decrease of \$1,935,935 from the prior year.

The General Fund fund balance increased by \$319,328 from the prior year, primarily due to tax and operating revenues exceeding the costs of operation expenditures.

The Debt Service Fund increased by \$73,675, primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund fund balance decreased by \$2,328,938. The District sold its Series 2018 BAN and used the proceeds to reimburse developers for various projects (see note 12). The BAN which has been recorded as a current liability in the Capital Projects Fund, will be retired upon the issuance of bonds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors amended the budget during the current year to increase revenues across all categories and to increase contracted services, water authority fees, and repairs and maintenance costs. Actual revenues were \$1,063 less than budgeted revenues primarily due to lower than anticipated wastewater service and regional water authority fee revenues, offset by higher than anticipated maintenance taxes and water service revenues. Actual expenditures were \$117,814 more than budgeted expenditures primarily due to higher than anticipated costs across most categories.

CAPITAL ASSETS

Capital assets as of May 31, 2019, total \$14,740,353 (net of accumulated depreciation). These capital assets include the water and wastewater systems, and park assets. Roads are conveyed to the County upon completion.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2019	2018	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 1,266,324	\$ 763,848	\$ 502,476
Construction in Progress	4,698		4,698
Capital Assets, Net of Accumulated Depreciation:			
Water System	2,938,172	2,748,663	189,509
Wastewater System	3,648,567	2,709,400	939,167
Drainage System	6,851,915	5,992,376	859,539
Park Assets	30,677	32,757	(2,080)
Total Net Capital Assets	\$ 14,740,353	\$ 12,247,044	\$ 2,493,309

**WILLOW POINT MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2019**

LONG-TERM DEBT ACTIVITY

At year-end, the District had total bond debt payable of \$10,735,000. The changes in the debt position of the District during the fiscal year ended May 31, 2019, are summarized as follows:

Bond Debt Payable, June 1, 2018	\$ 10,980,000
Less: Bond Principal Paid	<u>245,000</u>
Bond Debt Payable, May 31, 2019	<u>\$ 10,735,000</u>

The Series 2015, Series 2017, and Series 2017 Road bonds do not carry an underlying rating or an insured rating.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Willow Point Municipal Utility District, c/o Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1980 Post Oak Boulevard, Suite 1380, Houston, TX 77056.

WILLOW POINT MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MAY 31, 2019

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 95,412	\$ 48,811
Investments	1,284,106	902,183
Receivables:		
Property Taxes	9,788	10,532
Service Accounts	47,741	
Accrued Interest	477	279
Due from Other Funds	15,783	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 1,453,307	\$ 961,805
LIABILITIES		
Accounts Payable	\$ 201,986	\$
Accrued Interest Payable		
Due to Developers	16,524	
Due to Other Funds		15,783
Due to Taxpayers		5
Security Deposits	59,350	
Bond Anticipation Note Payable		
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 277,860	\$ 15,788
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 9,788	\$ 10,532
FUND BALANCES		
Restricted for Authorized Construction	\$	\$
Restricted for Debt Service		935,485
Unassigned	1,165,659	
TOTAL FUND BALANCES	\$ 1,165,659	\$ 935,485
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,453,307	\$ 961,805
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

The accompanying notes to the financial statements are an integral part of this report.

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 100	\$ 144,323	\$	\$ 144,323
151,643	2,337,932		2,337,932
	20,320		20,320
	47,741		47,741
	756		756
	15,783	(15,783)	
		1,266,324	1,266,324
		4,698	4,698
		13,469,331	13,469,331
<u>\$ 151,743</u>	<u>\$ 2,566,855</u>	<u>\$ 14,724,570</u>	<u>\$ 17,291,425</u>
\$ 38	\$ 202,024	\$	\$ 202,024
40,799	40,799	96,399	137,198
	16,524	15,826,896	15,843,420
	15,783	(15,783)	
	5		5
	59,350		59,350
2,325,000	2,325,000		2,325,000
		350,000	350,000
		10,385,000	10,385,000
<u>\$ 2,365,837</u>	<u>\$ 2,659,485</u>	<u>\$ 26,642,512</u>	<u>\$ 29,301,997</u>
<u>\$ -0-</u>	<u>\$ 20,320</u>	<u>\$ (20,320)</u>	<u>\$ -0-</u>
\$ (2,214,094)	\$ (2,214,094)	\$ 2,214,094	\$
	935,485	(935,485)	
	1,165,659	(1,165,659)	
<u>\$ (2,214,094)</u>	<u>\$ (112,950)</u>	<u>\$ 112,950</u>	<u>\$ -0-</u>
<u>\$ 151,743</u>	<u>\$ 2,566,855</u>		
		\$ (13,976,002)	\$ (13,976,002)
		849,618	849,618
		1,115,812	1,115,812
		<u>\$ (12,010,572)</u>	<u>\$ (12,010,572)</u>

The accompanying notes to the financial statements are an integral part of this report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
MAY 31, 2019**

Total Fund Balances - Governmental Funds	\$	(112,950)
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		14,740,353
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Deferred inflows of resources related to property tax revenues on delinquent taxes for the 2018 and prior tax levies became part of recognized revenue in the governmental activities of the District.		20,320
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Due to Developer	\$ (15,826,896)	
Accrued Interest Payable	(96,399)	
Bonds Payable	<u>(10,735,000)</u>	<u>(26,658,295)</u>

Total Net Position - Governmental Activities	\$	<u>(12,010,572)</u>
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The accompanying notes to the financial statements are an integral part of this report.

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**WILLOW POINT MUNICIPAL UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED MAY 31, 2019**

	<u>General Fund</u>	<u>Debt Service Fund</u>
REVENUES		
Property Taxes	\$ 680,777	\$ 718,321
Water Service	194,822	
Wastewater Service	239,727	
Regional Water Authority Fees	209,713	
Penalty and Interest	17,987	13,197
Tap Connection and Inspection Fees	99,924	
Investment Revenues	22,005	15,943
Miscellaneous Revenues	13,084	3,679
TOTAL REVENUES	<u>\$ 1,478,039</u>	<u>\$ 751,140</u>
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 126,161	\$ 3,015
Contracted Services	123,759	37,098
Utilities	57,796	
Regional Water Authority Assessment	212,019	
Repairs and Maintenance	389,121	
Depreciation		
Other	176,832	4,462
Capital Outlay	4,698	
Conveyance of Assets		
Debt Service:		
Bond Principal		245,000
Bond Interest		387,890
Issuance Costs	68,325	
TOTAL EXPENDITURES/EXPENSES	<u>\$ 1,158,711</u>	<u>\$ 677,465</u>
NET CHANGE IN FUND BALANCES	\$ 319,328	\$ 73,675
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION -		
JUNE 1, 2018	<u>846,331</u>	<u>861,810</u>
FUND BALANCES/NET POSITION -		
MAY 31, 2019	<u>\$ 1,165,659</u>	<u>\$ 935,485</u>

The accompanying notes to the financial statements are an integral part of this report.

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 1,399,098	\$ (7,943)	\$ 1,391,155
	194,822		194,822
	239,727		239,727
	209,713		209,713
	31,184		31,184
	99,924		99,924
2,735	40,683		40,683
	16,763		16,763
<u>\$ 2,735</u>	<u>\$ 2,231,914</u>	<u>\$ (7,943)</u>	<u>\$ 2,223,971</u>
\$ 8,386	\$ 137,562	\$	\$ 137,562
	160,857		160,857
	57,796		57,796
	212,019		212,019
	389,121		389,121
		339,916	339,916
22	181,316		181,316
2,226,666	2,231,364	(2,231,364)	
		1,730,199	1,730,199
	245,000	(245,000)	
	387,890	(1,147)	386,743
96,599	164,924		164,924
<u>\$ 2,331,673</u>	<u>\$ 4,167,849</u>	<u>\$ (407,396)</u>	<u>\$ 3,760,453</u>
\$ (2,328,938)	\$ (1,935,935)	\$ 1,935,935	\$
		(1,536,482)	(1,536,482)
<u>114,844</u>	<u>1,822,985</u>	<u>(12,297,075)</u>	<u>(10,474,090)</u>
<u>\$ (2,214,094)</u>	<u>\$ (112,950)</u>	<u>\$ (11,897,622)</u>	<u>\$ (12,010,572)</u>

The accompanying notes to the financial statements are an integral part of this report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2019**

Net Change in Fund Balances - Governmental Funds \$ (1,935,935)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied. (7,943)

Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities. (339,916)

Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected. 2,231,364

Developers may construct certain assets that are reimbursable by the District but will be conveyed to other entities. This conveyance does not impact the governmental funds but is reflected in the Statement of Activities. (1,730,199)

Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities. 245,000

Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end. 1,147

Change in Net Position - Governmental Activities \$ (1,536,482)

The accompanying notes to the financial statements are an integral part of this report.

WILLOW POINT MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2019

NOTE 1. CREATION OF DISTRICT

Willow Point Municipal Utility District (the “District”) was created and is operating pursuant to a special act of the 83rd Texas Legislature, now codified at Chapter 8413 of the Texas Special District Local Laws Code, June 14, 2013, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Texas Commission on Environmental Quality (the “Commission”). The principal functions of the District are to finance, construct, own and operate waterworks, wastewater and drainage facilities, recreational facilities and road facilities and to provide such facilities and services to the customers of the District.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Commission.

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether or not an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statement as component units.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”).

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

WILLOW POINT MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2019

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current period revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

Fund Financial Statements

As discussed above, the District's fund financial statements are combined with the government-wide statements. The fund statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

Governmental Funds

The District has three governmental funds and considers each to be a major fund.

General Fund - To account for resources not required to be accounted for in another fund, customer service revenues, costs and general expenditures.

WILLOW POINT MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2019

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds (Continued)

Debt Service Fund – To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

Capital Projects Fund – To account for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both “measurable and available.” Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectable within 60 days after year end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end which were considered available to defray the expenditures of the current period. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Interest costs, including developer interest, engineering fees and certain other costs are capitalized as part of the asset.

WILLOW POINT MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2019

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Water System	10-45
Wastewater System	10-45
Drainage System	10-45
All Other Equipment	3-20

Budgeting

In compliance with governmental accounting principles, the Board of Directors annually adopts an unappropriated budget for the General Fund. The budget was amended during the current period.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Directors are considered to be wages subject to federal income tax withholding for payroll purposes only.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position.

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District does not have any nonspendable fund balances.

WILLOW POINT MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2019

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances and does not have any assigned fund balances.

Unassigned: all other spendable amounts in the General Fund.

When expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds.

Accounting 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

WILLOW POINT MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2019

NOTE 3. LONG-TERM DEBT

	<u>Series 2015</u>	<u>Series 2017</u>	<u>Series 2017 Road</u>
Amount Outstanding – May 31, 2019	\$5,290,000	\$2,945,000	\$2,500,000
Interest Rates	2.00% - 4.20%	2.00% - 4.00%	2.00% - 4.00%
Maturity Date	September 1, 2019/2041	September 1, 2019/2042	September 1, 2019/2042
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2022*	September 1, 2023*	September 1, 2023*

* Or any date thereafter at a price of par plus unpaid accrued interest in whole or in part, at the option of the District. Series 2015 term bonds maturing on September 1, 2032, September 1, 2035, September 1, 2038, and September 1, 2041, are subject to mandatory redemption by random selection beginning September 1, 2030, September 1, 2033, September 1, 2036, and September 1, 2039, respectively. Series 2017 term bonds maturing September 1, 2033, September 1, 2039, and September 1, 2042, are subject to mandatory redemption by random selection beginning September 1, 2031, September 1, 2034, and September 1, 2040, respectively. Series 2017 Road term bonds maturing on September 1, 2042 are subject to mandatory redemption by random selection beginning September 1, 2035.

The following is a summary of transactions regarding bonds payable for the year ended May 31, 2019:

	<u>June 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>May 31, 2019</u>
Bonds Payable	<u>\$ 10,980,000</u>	<u>\$ - 0 -</u>	<u>\$ 245,000</u>	<u>\$ 10,735,000</u>
			Amount Due Within One Year	\$ 350,000
			Amount Due After One Year	10,385,000
			Bonds Payable	<u>\$ 10,735,000</u>

As of May 31, 2019, the District has authorized and unissued bonds in the amount of \$87,910,000 for water, wastewater and drainage facilities, authorized but unissued bonds in the amount of \$7,000,000 for recreational facilities, and authorized and unissued bonds in the amount of \$38,500,000 for roads. The District has authorized and unissued refunding bonds totaling one and one-half times the bond authorizations.

WILLOW POINT MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2019

NOTE 3. LONG-TERM DEBT (Continued)

As of May 31, 2019, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2020	\$ 350,000	\$ 382,096	\$ 732,096
2021	355,000	374,921	729,921
2022	365,000	366,646	731,646
2023	370,000	356,746	726,746
2024	375,000	345,947	720,947
2025-2029	2,015,000	1,545,860	3,560,860
2030-2034	2,275,000	1,165,064	3,440,064
2035-2039	2,625,000	684,318	3,309,318
2040-2043	2,005,000	143,425	2,148,425
	<u>\$ 10,735,000</u>	<u>\$ 5,365,023</u>	<u>\$ 16,100,023</u>

During the year ended May 31, 2019, the District levied an ad valorem debt service tax rate of \$0.76 per \$100 of assessed valuation, which resulted in a tax levy of \$714,377 on the adjusted taxable valuation of \$93,996,895 for the 2018 tax year. The bond order and bond resolution required the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 6 for the maintenance tax levy.

The District's tax calendar is as follows:

- Levy Date - October 1 or as soon thereafter as practicable.
- Lien Date - January 1.
- Due Date - Not later than January 31.
- Delinquent Date - February 1, at which time the taxpayer is liable for penalty and interest.

NOTE 4. SIGNIFICANT BOND RESOLUTIONS AND LEGAL REQUIREMENTS

- A. The District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data with respect to the District to the Municipal Securities Rulemaking Board. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.
- B. In the bond resolutions, the District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the Bonds, within the meaning of Section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on the five year anniversary of each use.

WILLOW POINT MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2019

NOTE 4. SIGNIFICANT BOND RESOLUTIONS AND LEGAL REQUIREMENTS
(Continued)

C. In accordance with the Series 2017 and Series 2017 Road bond resolutions, a portion of the bond proceeds were deposited into the Debt Service Fund and reserved for the payment of bond interest during the construction period. This bond interest reserve is reduced as the interest is paid. Transactions for the current year are summarized as follows:

Bond Interest Reserve - June 1, 2018	\$	164,122
Less: Interest - Series 2017 and Series 2017 Road		<u>(96,263)</u>
Bond Interest Reserve - May 31, 2019		<u>\$ 67,859</u>

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At year end, the carrying amount of the District's deposits was \$784,323 and the bank balance was \$785,086. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at May 31, 2019, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 95,412	\$ 400,000	\$ 495,412
DEBT SERVICE FUND	48,811	240,000	288,811
CAPITAL PROJECTS FUND	<u>100</u>	<u> </u>	<u>100</u>
TOTAL DEPOSITS	<u>\$ 144,323</u>	<u>\$ 640,000</u>	<u>\$ 784,323</u>

WILLOW POINT MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2019

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Directors.

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. 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 SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

The District measures its investments in certificates of deposits at acquisition cost.

WILLOW POINT MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2019

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of May 31, 2019, the District had the following investments and maturities:

<u>Fund and Investment Type</u>	<u>Fair Value</u>	<u>Maturities of Less Than 1 Year</u>
<u>GENERAL FUND</u>		
TexPool	\$ 884,106	\$ 884,106
Certificates of Deposit	400,000	400,000
<u>DEBT SERVICE FUND</u>		
TexPool	662,183	662,183
Certificate of Deposit	240,000	240,000
<u>CAPITAL PROJECTS FUND</u>		
TexPool	151,643	151,643
TOTAL INVESTMENTS	<u>\$ 2,337,932</u>	<u>\$ 2,337,932</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District manages credit risk by investing in certificates of deposit with balances below FDIC coverage. At May 31, 2019, the District's investment in TexPool was rated AAAM by Standard and Poor's. The District manages credit risk by investing in certificates of deposit with maturities less than one year

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages interest rate risk by investing in certificates of deposit with maturities of less than one year. The District considers the investment in TexPool to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value.

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

NOTE 6. MAINTENANCE TAX

On November 5, 2013, the voters of the District approved the levy and collection of a maintenance tax in an amount not to exceed \$1.50 per \$100 of assessed valuation. This maintenance tax is to be used to pay expenditures of operating the District. During the year ended May 31, 2019, the District levied a maintenance tax of \$0.72 per \$100 of assessed

WILLOW POINT MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2019

NOTE 6. MAINTENANCE TAX (Continued)

valuation resulting in a levy of \$676,778 on the adjusted taxable valuation of \$93,996,895 for the 2018 tax year.

On November 5, 2013, the voters of the District approved the levy and collection of a parks and recreational maintenance tax in an amount not to exceed \$0.10 per \$100 of assessed valuation. During the current year, the District did not levy a parks and recreational maintenance tax.

NOTE 7. CAPITAL ASSETS

Capital asset activity for the year ended May 31, 2019:

	June 1, 2018	Increases	Decreases	May 31, 2019
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 763,848	\$ 502,476	\$	\$ 1,266,324
Construction in Progress		2,330,749	2,326,051	4,698
Total Capital Assets Not Being Depreciated	<u>\$ 763,848</u>	<u>\$ 2,833,225</u>	<u>\$ 2,326,051</u>	<u>\$ 1,271,022</u>
Capital Assets Subject to Depreciation				
Water System	\$ 3,183,095	\$ 306,791	\$	\$ 3,489,886
Wastewater System	2,930,134	1,009,943		3,940,077
Drainage System	6,486,869	1,009,317		7,496,186
Park Assets	41,606			41,606
Total Capital Assets Subject to Depreciation	<u>\$ 12,641,704</u>	<u>\$ 2,326,051</u>	<u>\$ - 0 -</u>	<u>\$ 14,967,755</u>
Accumulated Depreciation				
Water System	\$ 434,432	\$ 117,282	\$	\$ 551,714
Wastewater System	220,734	70,776		291,510
Drainage System	494,493	149,778		644,271
Park Assets	8,849	2,080		10,929
Total Accumulated Depreciation	<u>\$ 1,158,508</u>	<u>\$ 339,916</u>	<u>\$ - 0 -</u>	<u>\$ 1,498,424</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 11,483,196</u>	<u>\$ 1,986,135</u>	<u>\$ - 0 -</u>	<u>\$ 13,469,331</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 12,247,044</u>	<u>\$ 4,819,360</u>	<u>\$ 2,326,051</u>	<u>\$ 14,740,353</u>

Roadways constructed by the District are accepted by either Fort Bend County or Waller County for maintenance and operation. The roadways conveyed had a total cost to the District in the amount of \$10,100,591, including \$1,730,199 conveyed in the current year.

WILLOW POINT MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2019

NOTE 8. UNREIMBURSED COSTS

In accordance with the terms of development financing agreements, Developers within the District have made expenditures on behalf of the District for various projects. As of May 31, 2019, the District recorded amounts due to Developer of \$15,767,261, for completed projects. Since inception, the Developers have also made operating advances totaling \$538,171. Of these advances, \$478,536 has been reimbursed. Reimbursement for project costs and operating advances will come from proceeds of future bond sales, as allowed by the Commission.

NOTE 9. SEWAGE TREATMENT PLANT LEASE

On November 26, 2013, the District entered an agreement with AUC Group, LP (AUC) to operate and maintain a sewage treatment plant to serve customers of the District. The agreement calls for AUC to operate a Phase I sewage treatment plant capable of treating an average daily flow of 100,000 gallons per day (400,000 gallons per day peak flow) and a future Phase II capable of treating an average daily flow of 200,000 gallons per day (800,000 gallons per day peak flow). The initial term of the agreement is twelve months commencing the first day of the month following substantial completion and startup of Phase I. The term of the agreement for Phase II is 36 months commencing the first day of the month following substantial completion and startup of Phase II. If each Phase installation is not complete within 180 days of engineer notification, the District may terminate the contract under the terms of the contract.

Phase II installation costs total \$77,000, payable in partial payments. Phase I lease payments total \$91,200 payable in 12 monthly installments of \$7,600, with first and last month payable upon execution of the agreement. Phase II lease payments total \$460,800, payable in 36 monthly installments of \$12,800. The agreement may be extended on a month-to-month basis after the initial terms (either Phase I or Phase II) with Phase I extended term monthly rental payments of \$7,600 and Phase II extended term monthly rental payments of \$11,600.

The District has the option to purchase the Phase I and/or Phase II equipment as is, where is at any time during the initial term of the agreement or under any month-to-month extension of the agreement for a residual value as outlined in the agreement.

During a prior year, the District exercised the option to purchase the Phase I equipment for \$490,190. Phase II construction has not been started at this time.

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, error and omission and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage and no settlements have exceeded coverage amounts since inception.

WILLOW POINT MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2019

NOTE 11. NORTH FORT BEND WATER AUTHORITY

The District is located within the boundaries of the North Fort Bend Water Authority (the “Authority”). The Authority was created under Article 16, Section 59 of the Texas Constitution by Senate Bill 1798 (the “Act”), as passed by the 79th Texas Legislature, in 2005. The Act empowers the Authority for purposes including the acquisition and provision of surface water and groundwater for residential, commercial, industrial, agricultural, and other uses, the reduction of groundwater withdrawals, the conservation, preservation, protection, recharge, and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, and the control of subsidence caused by withdrawal of water from those groundwater reservoirs or their subdivisions. The Authority is overseeing that its participants comply with subsidence district pumpage requirements. The District is required to convert its water supply to surface water over a period of time. A seven-member board of directors governs the Authority.

The Authority charges a fee, based on the amount of water pumped from a well, to the owners of wells located within the boundaries of the Authority, unless exempted. This fee enables the Authority to fulfill its purpose and regulatory functions. The current fees being charged are \$3.65 per 1,000 gallons of water pumped from each well and \$4.00 per 1,000 gallons of surface water purchased. Pumpage fees totaled \$212,019 during the current fiscal year.

NOTE 12. SALE OF BOND ANTICIPATION NOTE AND DEFICIT FUND BALANCE

On November 29, 2018, the District closed on the sale of its \$2,325,000 Series 2018 Bond Anticipation Note (“BAN”). Proceeds from the BAN sale were used to reimburse the Developers for: water, sewer, and drainage facilities serving Ansera Trail and Kingsland Blvd., Trails of Katy, Phase 1 and Ansera, Sections 1 and 2; storm water pollution prevention planning; engineering and materials testing; and BAN issuance costs. The BAN will be retired with proceeds of the Series 2019 bond sale in the amount of \$5,000,000 which is anticipated to occur on October 8, 2019, subsequent to year-end.

As of May 31, 2019, the District recorded a deficit fund balance of \$2,214,094 in the Capital Projects Fund. The deficit will be alleviated when the District sells its Series 2019 bonds and the Series 2018 BAN is retired.

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WILLOW POINT MUNICIPAL UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MAY 31, 2019

**WILLOW POINT MUNICIPAL UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MAY 31, 2019**

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Property Taxes	\$ 532,634	\$ 665,568	\$ 680,777	\$ 15,209
Water Service	150,116	170,000	194,822	24,822
Wastewater Service	177,001	252,000	239,727	(12,273)
Regional Water Authority Fee	171,666	250,000	209,713	(40,287)
Penalty and Interest	8,217	12,000	17,987	5,987
Tap Connection and Inspection Fees	65,704	106,904	99,924	(6,980)
Investment Revenues	13,200	13,200	22,005	8,805
Miscellaneous Revenues	9,430	9,430	13,084	3,654
TOTAL REVENUES	<u>\$ 1,127,968</u>	<u>\$1,479,102</u>	<u>\$ 1,478,039</u>	<u>\$ (1,063)</u>
EXPENDITURES				
Services Operations:				
Professional Fees	\$ 101,500	\$ 101,500	\$ 126,161	\$ (24,661)
Contracted Services	98,613	106,968	123,759	(16,791)
Utilities	55,900	55,900	57,796	(1,896)
Regional Water Authority Assessment	171,666	250,000	212,019	37,981
Repairs and Maintenance	253,024	277,703	389,121	(111,418)
Other	135,626	135,626	176,832	(41,206)
Bond Issuance Costs			68,325	(68,325)
Capital Outlay	113,200	113,200	4,698	108,502
TOTAL EXPENDITURES	<u>\$ 929,529</u>	<u>\$1,040,897</u>	<u>\$ 1,158,711</u>	<u>\$(117,814)</u>
NET CHANGE IN FUND BALANCE	\$ 198,439	\$ 438,205	\$ 319,328	\$(118,877)
FUND BALANCE - JUNE 1, 2018	<u>846,331</u>	<u>846,331</u>	<u>846,331</u>	<u>_____</u>
FUND BALANCE - MAY 31, 2019	<u>\$ 1,044,770</u>	<u>\$1,284,536</u>	<u>\$ 1,165,659</u>	<u>\$(118,877)</u>

See accompanying independent auditor's report.

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WILLOW POINT MUNICIPAL UTILITY DISTRICT
SUPPLEMENTARY INFORMATION REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE
MAY 31, 2019

**WILLOW POINT MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2019**

1. SERVICES PROVIDED BY THE DISTRICT DURING THE YEAR:

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

2. RETAIL SERVICE PROVIDERS

a. RETAIL RATES FOR A 5/8" METER (OR EQUIVALENT):

Based on the rate order effective September 6, 2018.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$32.00	10,000	N	\$2.90 \$3.50 \$4.40	10,001 to 20,000 20,001 to 25,000 Over 25,001
WASTEWATER:	\$32.00	10,000	N	\$1.50 \$1.75 \$2.00	10,001 to 20,000 20,001 to 25,000 Over 25,001

SURCHARGE:

North Fort Bend Water Authority Fee	\$ 4.02 per 1,000 gallons	
Garbage Fee per Residential Connection	\$16.12	Y

District employs winter averaging for wastewater usage? X
Yes No

Total monthly charges per 10,000 gallons usage: Water: \$32.00 Wastewater: \$32.00 Surcharge: \$56.32 Total: \$120.32

See accompanying independent auditor's report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2019**

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered	_____	_____	x 1.0	_____
≤ ³ / ₄ "	<u>496</u>	<u>493</u>	x 1.0	<u>493</u>
1"	<u>5</u>	<u>5</u>	x 2.5	<u>13</u>
1½"	<u>4</u>	<u>4</u>	x 5.0	<u>20</u>
2"	<u>11</u>	<u>11</u>	x 8.0	<u>88</u>
3"	_____	_____	x 15.0	_____
4"	_____	_____	x 25.0	_____
6"	_____	_____	x 50.0	_____
8"	_____	_____	x 80.0	_____
10"	_____	_____	x 115.0	_____
Total Water Connections	<u><u>516</u></u>	<u><u>513</u></u>		<u><u>614</u></u>
Total Wastewater Connections	<u><u>491</u></u>	<u><u>488</u></u>	x 1.0	<u><u>488</u></u>

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (Unaudited)

Gallons pumped into system:	57,169,000	Water Accountability Ratio: 96%
		(Gallons billed/Gallons pumped)
Gallons billed to customers:	53,124,000	
Repairs:	2,004,000	

See accompanying independent auditor's report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2019**

3. STANDBY FEES (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes No

Does the District have Operation and Maintenance standby fees? Yes No

4. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes No

Counties in which District is located:

Fort Bend County, Texas
Waller County, Texas

Is the District located within a city?

Entirely Partly Not at all

Is the District located within a city's extraterritorial jurisdiction (ETJ)?

Entirely Partly Not at all

ETJ in which District is located:

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes No

See accompanying independent auditor's report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MAY 31, 2019**

PROFESSIONAL FEES:	
Auditing	\$ 12,000
Engineering	52,850
Legal	<u>61,311</u>
TOTAL PROFESSIONAL FEES	<u>\$ 126,161</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 21,619
Operations and Billing	<u>36,673</u>
TOTAL CONTRACTED SERVICES	<u>\$ 58,292</u>
UTILITIES:	
Electricity	\$ 56,909
Telephone	<u>887</u>
TOTAL UTILITIES	<u>\$ 57,796</u>
REPAIRS AND MAINTENANCE	<u>\$ 389,121</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 6,750
Insurance	12,052
Office Supplies and Postage	7,369
Payroll Taxes	516
Travel and Meetings	4,302
Other	<u>17,438</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 48,427</u>
CAPITAL OUTLAY	<u>\$ 4,698</u>
TAP CONNECTIONS	<u>\$ 52,576</u>
SOLID WASTE DISPOSAL	<u>\$ 65,467</u>

See accompanying independent auditor's report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MAY 31, 2019**

OTHER EXPENDITURES:	
Chemicals	\$ 9,788
Laboratory Fees	12,943
Permit Fees	3,178
Inspection Fees	32,686
Regional Water Authority Assessment	212,019
Regulatory Assessment	2,119
Sludge Hauling	<u>15,115</u>
TOTAL OTHER EXPENDITURES	<u>\$ 287,848</u>
BOND ISSUANCE COSTS	<u>\$ 68,325</u>
TOTAL EXPENDITURES	<u><u>\$ 1,158,711</u></u>

See accompanying independent auditor's report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT
INVESTMENTS
MAY 31, 2019**

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
TexPool	XXXX0003	Varies	Daily	\$ 884,106	\$
Certificate of Deposit	XXXX6946	2.75%	05/13/20	100,000	128
Certificate of Deposit	XXXX2340	2.50%	02/08/20	100,000	117
Certificate of Deposit	XXXX0582	2.50%	04/08/20	100,000	116
Certificate of Deposit	XXXX4494	2.50%	03/09/20	100,000	116
TOTAL GENERAL FUND				<u>\$ 1,284,106</u>	<u>\$ 477</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0002	Varies	Daily	\$ 449,106	\$
TexPool	XXXX0006	Varies	Daily	213,077	
Certificate of Deposit	XXXX0583	2.50%	02/08/20	240,000	279
TOTAL DEBT SERVICE FUND				<u>\$ 902,183</u>	<u>\$ 279</u>
<u>CAPITAL PROJECTS FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 1,203	\$
TexPool	XXXX0004	Varies	Daily	108,958	
TexPool	XXXX0005	Varies	Daily	6,513	
TexPool	XXXX0007	Varies	Daily	34,969	
TOTAL CAPITAL PROJECTS FUND				<u>\$ 151,643</u>	<u>\$ - 0 -</u>
TOTAL - ALL FUNDS				<u>\$ 2,337,932</u>	<u>\$ 756</u>

See accompanying independent auditor's report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE FOR THE
YEAR ENDED MAY 31, 2019**

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
JUNE 1, 2018	\$	13,787	\$	14,476
Adjustments to Beginning				
Balance		\$ 13,787		\$ 14,476
Original 2018 Tax Levy	\$	679,151	\$	716,882
Adjustment to 2018 Tax Levy		(2,373)	676,778	(2,505)
TOTAL TO BE				
ACCOUNTED FOR		\$ 690,565		\$ 728,853
TAX COLLECTIONS:				
Prior Years	\$	11,496	\$	11,858
Current Year		669,281	680,777	706,463
TAXES RECEIVABLE -				
MAY 31, 2019		\$ 9,788		\$ 10,532
TAXES RECEIVABLE BY				
YEAR:				
2018	\$	7,497	\$	7,914
2017		2,291		2,618
TOTAL		\$ 9,788		\$ 10,532

See accompanying independent auditor's report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE FOR THE
YEAR ENDED MAY 31, 2019**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
PROPERTY VALUATIONS:				
Land	\$ 23,635,390	\$ 21,943,260	\$ 25,409,800	\$ 14,277,230
Improvements	72,783,280	49,963,680	33,188,320	9,156,470
Personal Property	138,986	181,480	182,871	184,946
Exemptions	<u>(2,560,761)</u>	<u>(1,502,608)</u>	<u>(617,086)</u>	<u>(2,557,470)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 93,996,895</u>	<u>\$ 70,585,812</u>	<u>\$ 58,163,905</u>	<u>\$ 21,061,176</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.76	\$ 0.80	\$ 0.60	\$ 0.00
Maintenance	<u>0.72</u>	<u>0.70</u>	<u>0.90</u>	<u>1.50</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 1.48</u>	<u>\$ 1.50</u>	<u>\$ 1.50</u>	<u>\$ 1.50</u>
ADJUSTED TAX LEVY*	<u>\$ 1,391,155</u>	<u>\$ 1,058,787</u>	<u>\$ 872,459</u>	<u>\$ 315,917</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>98.89 %</u>	<u>99.54 %</u>	<u>100.00 %</u>	<u>100.00 %</u>

* Based upon the adjusted tax levy at the time of the audit for the fiscal year in which the tax was levied.

Maintenance Tax – Maximum tax rate of \$1.50 per \$100 of assessed valuation approved by voters November 5, 2013.

Maintenance Tax for Parks and Recreational facilities – Maximum tax rate of \$0.10 per \$100 of assessed valuation approved by voters November 5, 2013.

See accompanying independent auditor's report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICES REQUIREMENTS
MAY 31, 2019**

S E R I E S - 2 0 1 5			
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2020	\$ 125,000	\$ 198,764	\$ 323,764
2021	130,000	196,214	326,214
2022	140,000	192,813	332,813
2023	145,000	188,539	333,539
2024	150,000	184,114	334,114
2025	160,000	179,464	339,464
2026	170,000	174,301	344,301
2027	180,000	168,389	348,389
2028	185,000	161,886	346,886
2029	195,000	154,876	349,876
2030	205,000	147,376	352,376
2031	220,000	139,133	359,133
2032	230,000	130,133	360,133
2033	240,000	120,733	360,733
2034	255,000	110,832	365,832
2035	265,000	100,432	365,432
2036	280,000	89,532	369,532
2037	295,000	77,848	372,848
2038	310,000	65,370	375,370
2039	325,000	52,273	377,273
2040	345,000	38,325	383,325
2041	360,000	23,520	383,520
2042	380,000	7,980	387,980
2043			
	\$ 5,290,000	\$ 2,902,847	\$ 8,192,847

See accompanying independent auditor's report.

WILLOW POINT MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICES REQUIREMENTS
MAY 31, 2019

S E R I E S - 2 0 1 7				
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1/ March 1	Total	
2020	\$ 125,000	\$ 99,508	\$	224,508
2021	125,000	96,882		221,882
2022	125,000	94,008		219,008
2023	125,000	90,882		215,882
2024	125,000	87,508		212,508
2025	125,000	83,882		208,882
2026	125,000	80,133		205,133
2027	125,000	76,289		201,289
2028	125,000	72,257		197,257
2029	125,000	68,070		193,070
2030	125,000	63,758		188,758
2031	125,000	59,320		184,320
2032	125,000	54,695		179,695
2033	120,000	50,040		170,040
2034	120,000	45,480		165,480
2035	120,000	40,800		160,800
2036	120,000	36,000		156,000
2037	120,000	31,200		151,200
2038	120,000	26,400		146,400
2039	120,000	21,600		141,600
2040	120,000	16,800		136,800
2041	120,000	12,000		132,000
2042	120,000	7,200		127,200
2043	120,000	2,400		122,400
	\$ 2,945,000	\$ 1,317,112	\$	4,262,112

See accompanying independent auditor's report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICES REQUIREMENTS
MAY 31, 2019**

SERIES - 2017 ROAD

Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2020	\$ 100,000	\$ 83,824	\$ 183,824
2021	100,000	81,825	181,825
2022	100,000	79,825	179,825
2023	100,000	77,325	177,325
2024	100,000	74,325	174,325
2025	100,000	71,325	171,325
2026	100,000	68,325	168,325
2027	100,000	65,325	165,325
2028	100,000	62,263	162,263
2029	100,000	59,075	159,075
2030	100,000	55,763	155,763
2031	100,000	52,325	152,325
2032	100,000	48,825	148,825
2033	100,000	45,263	145,263
2034	110,000	41,388	151,388
2035	110,000	37,263	147,263
2036	110,000	33,000	143,000
2037	110,000	28,600	138,600
2038	110,000	24,200	134,200
2039	110,000	19,800	129,800
2040	110,000	15,400	125,400
2041	110,000	11,000	121,000
2042	110,000	6,600	116,600
2043	110,000	2,200	112,200
	<u>\$ 2,500,000</u>	<u>\$ 1,145,064</u>	<u>\$ 3,645,064</u>

See accompanying independent auditor's report.

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**WILLOW POINT MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICES REQUIREMENTS
MAY 31, 2019**

**ANNUAL REQUIREMENTS
FOR ALL SERIES**

Due During Fiscal Years Ending May 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2020	\$ 350,000	\$ 382,096	\$ 732,096
2021	355,000	374,921	729,921
2022	365,000	366,646	731,646
2023	370,000	356,746	726,746
2024	375,000	345,947	720,947
2025	385,000	334,671	719,671
2026	395,000	322,759	717,759
2027	405,000	310,003	715,003
2028	410,000	296,406	706,406
2029	420,000	282,021	702,021
2030	430,000	266,897	696,897
2031	445,000	250,778	695,778
2032	455,000	233,653	688,653
2033	460,000	216,036	676,036
2034	485,000	197,700	682,700
2035	495,000	178,495	673,495
2036	510,000	158,532	668,532
2037	525,000	137,648	662,648
2038	540,000	115,970	655,970
2039	555,000	93,673	648,673
2040	575,000	70,525	645,525
2041	590,000	46,520	636,520
2042	610,000	21,780	631,780
2043	230,000	4,600	234,600
	<u>\$ 10,735,000</u>	<u>\$ 5,365,023</u>	<u>\$ 16,100,023</u>

See accompanying independent auditor's report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED MAY 31, 2019**

Description	Original Bonds Issued	Bonds Outstanding June 1, 2018
Willow Point Municipal Utility District Unlimited Tax Bonds - Series 2015	\$ 5,520,000	\$ 5,410,000
Willow Point Municipal Utility District Unlimited Tax Bonds - Series 2017	3,070,000	3,070,000
Willow Point Municipal Utility District Unlimited Tax Road Bonds - Series 2017	<u>2,500,000</u>	<u>2,500,000</u>
TOTAL	<u>\$ 11,090,000</u>	<u>\$ 10,980,000</u>

Bond Authority:	<u>Utility Bonds</u>	<u>Refunding Bonds</u>	<u>Road Bonds</u>
Amount Authorized by Voters	\$ 96,500,000	\$ 144,750,000	\$ 41,000,000
Amount Issued	<u>8,590,000</u>	<u> </u>	<u>2,500,000</u>
Remaining to be Issued	<u>\$ 87,910,000</u>	<u>\$ 144,750,000</u>	<u>\$ 38,500,000</u>

*

Debt Service Fund cash, investments and cash with paying agent balances as of May 31, 2019:	<u>\$ 950,994</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:	<u>\$ 670,834</u>

See Note 3 for interest rate, interest payment dates and maturity dates.

* Includes all bonds secured with tax revenues. Bonds in this category may also be secured with other revenues in combination with taxes.

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding May 31, 2019</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 120,000	\$ 201,214	\$ 5,290,000	The Bank Of New York Mellon Trust Company, N.A. Dallas, TX
	125,000	101,851	2,945,000	The Bank Of New York Mellon Trust Company, N.A. Dallas, TX
		84,825	2,500,000	The Bank Of New York Mellon Trust Company, N.A. Dallas, TX
<u>\$ - 0 -</u>	<u>\$ 245,000</u>	<u>\$ 387,890</u>	<u>\$ 10,735,000</u>	
<u>Park Bonds</u>				
\$ 7,000,000				
<u>\$ 7,000,000</u>				

See accompanying independent auditor's report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – FIVE YEARS**

	Amounts		
	2019	2018	2017
REVENUES			
Property Taxes	\$ 680,777	\$ 490,827	\$ 516,355
Water Service	194,822	137,494	100,588
Wastewater Service	239,727	169,198	117,342
Regional Water Authority Fee	209,713	154,376	99,715
Penalty and Interest	17,987	8,118	5,517
Tap Connection and Inspection Fees	99,924	87,352	67,567
Investment Revenues	22,005	7,960	1,289
Miscellaneous Revenues	13,084	8,964	12,938
TOTAL REVENUES	<u>\$ 1,478,039</u>	<u>\$ 1,064,289</u>	<u>\$ 921,311</u>
EXPENDITURES			
Professional Fees	\$ 126,161	\$ 75,260	\$ 85,381
Contracted Services	123,759	88,685	65,408
Lease Costs			
Utilities	57,796	55,125	42,665
Regional Water Authority Assessment	212,019	152,533	103,071
Repairs and Maintenance	389,121	224,050	220,007
Other	176,832	129,990	134,335
Bond Issuance Costs	68,325		
Capital Outlay	4,698	10,420	
TOTAL EXPENDITURES	<u>\$ 1,158,711</u>	<u>\$ 736,063</u>	<u>\$ 650,867</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 319,328</u>	<u>\$ 328,226</u>	<u>\$ 270,444</u>
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	\$	\$	\$
Developer Advances			
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
NET CHANGE IN FUND BALANCE	\$ 319,328	\$ 328,226	\$ 270,444
BEGINNING FUND BALANCE	<u>846,331</u>	<u>518,105</u>	<u>247,661</u>
ENDING FUND BALANCE	<u>\$ 1,165,659</u>	<u>\$ 846,331</u>	<u>\$ 518,105</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2016	2015	2019	2018	2017	2016	2015
\$ 312,737	\$ 84,288	46.0 %	46.2 %	56.2 %	54.8 %	30.4 %
65,642	33,889	13.2	12.9	10.9	11.5	12.2
75,856	34,483	16.2	15.9	12.7	13.3	12.4
58,590	30,023	14.2	14.5	10.8	10.2	10.8
9,331	2,702	1.2	0.8	0.6	1.6	1.0
41,033	87,086	6.8	8.2	7.3	7.2	31.3
155	41	1.5	0.7	0.1		
8,287	5,410	0.9	0.8	1.4	1.4	1.9
<u>\$ 571,631</u>	<u>\$ 277,922</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 102,762	\$ 116,875	8.5 %	7.1 %	9.3 %	18.0 %	42.1 %
62,316	41,528	8.4	8.3	7.1	10.9	14.9
	60,800					21.9
43,702	43,375	3.9	5.2	4.6	7.6	15.6
60,321	31,207	14.3	14.3	11.2	10.6	11.2
158,948	127,740	26.3	21.1	23.9	27.8	46.0
112,383	151,639	12.0	12.2	14.6	19.7	54.6
		4.6				
		0.3	1.0			
<u>\$ 540,432</u>	<u>\$ 573,164</u>	<u>78.3 %</u>	<u>69.2 %</u>	<u>70.7 %</u>	<u>94.6 %</u>	<u>206.3 %</u>
<u>\$ 31,199</u>	<u>\$ (295,242)</u>	<u>21.7 %</u>	<u>30.8 %</u>	<u>29.3 %</u>	<u>5.4 %</u>	<u>(106.3) %</u>
\$ 60,800	\$					
<u>170,100</u>	<u>226,821</u>					
<u>\$ 230,900</u>	<u>\$ 226,821</u>					
\$ 262,099	\$ (68,421)					
<u>(14,438)</u>	<u>53,983</u>					
<u>\$ 247,661</u>	<u>\$ (14,438)</u>					

See accompanying independent auditor's report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS**

	Amounts		
	2019	2018	2017
REVENUES			
Property Taxes	\$ 718,321	\$ 557,219	\$ 341,975
Penalty and Interest	13,197	4,355	3,579
Investment Revenues	15,943	7,613	1,949
Miscellaneous Revenues	3,679	2,951	186
TOTAL REVENUES	<u>\$ 751,140</u>	<u>\$ 572,138</u>	<u>\$ 347,689</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 42,325	\$ 39,632	\$ 32,601
Debt Service Principal	245,000	110,000	
Debt Service Interest and Fees	390,140	313,485	205,363
TOTAL EXPENDITURES	<u>\$ 677,465</u>	<u>\$ 463,117</u>	<u>\$ 237,964</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 73,675</u>	<u>\$ 109,021</u>	<u>\$ 109,725</u>
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	<u>\$ - 0 -</u>	<u>\$ 169,650</u>	<u>102,945</u>
NET CHANGE IN FUND BALANCE	\$ 73,675	\$ 278,671	\$ 212,670
BEGINNING FUND BALANCE	<u>861,810</u>	<u>583,139</u>	<u>370,469</u>
ENDING FUND BALANCE	<u>\$ 935,485</u>	<u>\$ 861,810</u>	<u>\$ 583,139</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>513</u>	<u>384</u>	<u>266</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>488</u>	<u>361</u>	<u>245</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2016	2015	2019	2018	2017	2016	2015
\$		95.6 %	97.4 %	98.3 %		%
		1.8	0.8	1.0		
531		2.1	1.3	0.6	100.0	
		0.5	0.5	0.1		
<u>531.0</u>		<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0</u>	
\$ 71		5.6 %	6.9 %	9.4 %	13.4 %	
		32.6	19.2			
<u>39,218</u>		<u>51.9</u>	<u>54.8</u>	<u>59.1</u>	<u>7,385.7</u>	
\$ <u>39,289</u>		<u>90.1 %</u>	<u>80.9 %</u>	<u>68.5 %</u>	<u>7,399.1</u>	
\$ (38,758)		9.9 %	19.1 %	31.5 %	(7,299.1)	N/A
<u>409,227</u>						
\$ 370,469						
\$ <u>370,469</u>	<u>N/A</u>					
<u>189</u>	<u>135</u>					
<u>176</u>	<u>123</u>					

See accompanying independent auditor's report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MAY 31, 2019**

District Mailing Address - Willow Point Municipal Utility District
c/o Sanford Kuhl Hagan Kugle Parker Kahn, LLP
1980 Post Oak Boulevard, Suite 1380
Houston, TX 77056-3970

District Telephone Number - (713) 850-9000

Board Members	Term of Office (Elected or Appointed)	Fees of office for the year ended May 31, 2019	Expense reimbursements for the year ended May 31, 2019	Title
Ryan B. Niles	05/2016 – 05/2020 (Elected)	\$ 450	\$ 33	President
Will Gutowsky, P.E.	05/2018 – 05/2022 (Elected)	\$ 1,950	\$ 212	Vice President
Doug Schmidt	05/2016 – 05/2020 (Elected)	\$ 600	\$ 55	Secretary
David L. Salley	05/2018 – 05/2022 (Elected)	\$ 1,050	\$ 16	Assistant Secretary
Simon VanDyk	05/2018 – 05/2020 (Appointed)	\$ 2,700	\$ 2,196	Assistant Secretary

Notes: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District’s developers or with any of the District’s consultants.

Submission date of most recent District Registration Form: May 11, 2018.

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution. Fees of Office are the amounts actually paid to a Director during the District’s current fiscal year.

See accompanying independent auditor’s report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MAY 31, 2019**

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended May 31, 2019</u>	<u>Title</u>
Sanford Kuhl Hagan Kugle Parker Kahn LLP	01/22/13	\$ 66,453 \$ 30,300 \$ 3,015	General Counsel/ Bond Counsel/ Delinquent Tax Attorney
McCall Gibson Swedlund Barfoot PLLC	06/25/14	\$ 12,000 \$ 7,750	Auditor Bond Related
Municipal Accounts & Consulting, L.P.	05/03/18	\$ 23,022 \$ 2,250	Bookkeeper Bond Related
Jones & Carter, Inc.	01/22/13	\$ 106,331	Engineer
Masterson Advisors LLC	05/03/18	\$ 23,250	Financial Advisor
Mark Burton		\$ -0-	Investment Officer
Ghia Lewis		\$ -0-	Investment Officer
Si Environmental LLC	08/14/13	\$ 388,443	Operator
Utility Tax Services, LLC	06/19/13	\$ 26,644	Tax Assessor/ Collector

See accompanying independent auditor's report.

