

**WILLOW POINT MUNICIPAL UTILITY DISTRICT**

**FORT BEND AND WALLER COUNTIES, TEXAS**

**ANNUAL FINANCIAL REPORT**

**MAY 31, 2017**

**McCALL GIBSON SWEDLUND BARFOOT PLLC**  
Certified Public Accountants



**WILLOW POINT MUNICIPAL UTILITY DISTRICT**

**FORT BEND AND WALLER COUNTIES, TEXAS**

**ANNUAL FINANCIAL REPORT**

**MAY 31, 2017**



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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, 2017, 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, 2017, 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 14, 2017



**WILLOW POINT MUNICIPAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MAY 31, 2017**

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, 2017. 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 portion of these statements provides 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 first of the government-wide statements is the Statement of Net Position. The Statement of Net Position is the District-wide statement of its financial position presenting information that includes all of the District's assets and liabilities, 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 government-wide portion of 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, 2017**

**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 \$9,460,415 as of May 31, 2017.

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, 2017**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

	Summary of Changes in the Statement of Net Position		
	2017	2016	Change Positive (Negative)
Current and Other Assets	\$ 1,338,069	\$ 1,021,840	\$ 316,229
Capital Assets (Net of Accumulated Depreciation)	12,563,831	8,924,789	3,639,042
Total Assets	<u>\$ 13,901,900</u>	<u>\$ 9,946,629</u>	<u>\$ 3,955,271</u>
Due to Developer	\$ 14,583,839	\$ 11,403,112	\$ (3,180,727)
Bonds Payable	8,590,000	5,520,000	(3,070,000)
Other Liabilities	188,476	146,209	(42,267)
Total Liabilities	<u>\$ 23,362,315</u>	<u>\$ 17,069,321</u>	<u>\$ (6,292,994)</u>
Net Position:			
Net Investment in Capital Assets	\$ (10,361,276)	\$ (7,421,157)	\$ (2,940,119)
Restricted	506,110	319,316	186,794
Unrestricted	394,751	(20,851)	415,602
Total Net Position	<u>\$ (9,460,415)</u>	<u>\$ (7,122,692)</u>	<u>\$ (2,337,723)</u>

The following table provides a summary of the District's operations for the years ended May 31, 2017, and May 31, 2016. The District's net position decreased by \$2,337,723.

	Summary of Changes in the Statement of Activities		
	2017	2016	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 872,447	\$ 316,142	\$ 556,305
Charges for Services	394,308	250,452	143,856
Other Revenues	16,516	9,648	6,868
Total Revenues	<u>\$ 1,283,271</u>	<u>\$ 576,242</u>	<u>\$ 707,029</u>
Expenses for Services	<u>3,620,994</u>	<u>3,212,886</u>	<u>(408,108)</u>
Change in Net Position	\$ (2,337,723)	\$ (2,636,644)	\$ 298,921
Net Position, Beginning of Year	<u>(7,122,692)</u>	<u>(4,486,048)</u>	<u>(2,636,644)</u>
Net Position, End of Year	<u>\$ (9,460,415)</u>	<u>\$ (7,122,692)</u>	<u>\$ (2,337,723)</u>

**WILLOW POINT MUNICIPAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MAY 31, 2017**

**FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS**

The District's combined fund balances as of May 31, 2017, were \$1,209,221, an increase of \$294,940 from the prior year.

The General Fund fund balance increased by \$270,444 from the prior year, primarily due to tax and operating revenues exceeding the costs of operation expenditures.

The Debt Services Fund increased by \$212,670, primarily due to the structure of the District's outstanding debt and the issuance of bonds.

The Capital Projects Fund fund balance decreased by \$188,174, primarily due to capital outlay costs exceeding proceeds from the sale of the Series 2017 bonds.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Directors did not amend the budget during the current year. Actual revenues were \$260,936 more than budgeted revenues primarily due to higher than anticipated maintenance taxes. Actual expenditures were \$92,459 more than budgeted expenditures primarily due to higher than anticipated costs across most categories.

**CAPITAL ASSETS**

Capital assets as of May 31, 2017, total \$12,563,831 (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			
	2017	2016	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 763,848	\$ 122,231	\$ 641,617
Capital Assets, Net of Accumulated Depreciation:			
Water System	2,854,103	2,679,187	174,916
Wastewater System	2,774,514	2,412,769	361,745
Drainage System	6,136,529	3,673,685	2,462,844
Park Assets	34,837	36,917	(2,080)
Total Net Capital Assets	\$ 12,563,831	\$ 8,924,789	\$ 3,639,042

**WILLOW POINT MUNICIPAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MAY 31, 2017**

**LONG-TERM DEBT ACTIVITY**

At year-end, the District had total bond debt payable of \$8,590,000. The changes in the debt position of the District during the fiscal year ended May 31, 2017, are summarized as follows:

Bond Debt Payable, June 1, 2016	\$ 5,520,000
Add: Bond Sale - Series 2017	<u>3,070,000</u>
Bond Debt Payable, May 31, 2017	<u>\$ 8,590,000</u>

The Series 2015 and Series 2017 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, 2017**

	General Fund	Debt Service Fund
<b>ASSETS</b>		
Cash	\$ 149,062	\$ 29,056
Investments	434,040	570,929
Receivables:		
Property Taxes	10,513	7,009
Service Accounts	29,483	
Due from Other Funds	13,985	
Land		
Capital Assets (Net of Accumulated Depreciation)		
<b>TOTAL ASSETS</b>	<b>\$ 637,083</b>	<b>\$ 606,994</b>
<b>LIABILITIES</b>		
Accounts Payable	\$ 67,027	\$
Accrued Interest Payable		
Due to Developers	6,888	
Due to Other Funds		13,985
Due to Taxpayers		1
Security Deposits	34,550	
Accrued Interest at Time of Sale		2,860
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
<b>TOTAL LIABILITIES</b>	<b>\$ 108,465</b>	<b>\$ 16,846</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	\$ 10,513	\$ 7,009
<b>FUND BALANCES</b>		
Restricted for Authorized Construction	\$	\$
Restricted for Debt Service		583,139
Unassigned	518,105	
<b>TOTAL FUND BALANCES</b>	<b>\$ 518,105</b>	<b>\$ 583,139</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>		
	<b>\$ 637,083</b>	<b>\$ 606,994</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
<b>TOTAL NET POSITION</b>		

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



Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 106,391	\$ 284,509	\$	\$ 284,509
1,586	1,006,555		1,006,555
	17,522		17,522
	29,483		29,483
	13,985	(13,985)	
		763,848	763,848
		11,799,983	11,799,983
<u>\$ 107,977</u>	<u>\$ 1,352,054</u>	<u>\$ 12,549,846</u>	<u>\$ 13,901,900</u>
\$	\$ 67,027	\$	\$ 67,027
		86,898	86,898
	6,888	14,576,951	14,583,839
	13,985	(13,985)	
	1		1
	34,550		34,550
	2,860	(2,860)	
		110,000	110,000
		8,480,000	8,480,000
<u>\$ -0-</u>	<u>\$ 125,311</u>	<u>\$ 23,237,004</u>	<u>\$ 23,362,315</u>
<u>\$ -0-</u>	<u>\$ 17,522</u>	<u>\$ (17,522)</u>	<u>\$ -0-</u>
\$ 107,977	\$ 107,977	\$ (107,977)	\$
	583,139	(583,139)	
	518,105	(518,105)	
<u>\$ 107,977</u>	<u>\$ 1,209,221</u>	<u>\$ (1,209,221)</u>	<u>\$ -0-</u>
<u>\$ 107,977</u>	<u>\$ 1,352,054</u>		
		\$ (10,361,276)	\$ (10,361,276)
		506,110	506,110
		394,751	394,751
		<u>\$ (9,460,415)</u>	<u>\$ (9,460,415)</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, 2017**

Total Fund Balances - Governmental Funds	\$	1,209,221
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital and intangible assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		12,563,831
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Deferred tax revenues on delinquent taxes for the 2016 and prior tax levies became part of recognized revenue in the governmental activities of the District.		20,382
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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	\$ (14,576,951)	
Accrued Interest Payable	(86,898)	
Bonds Payable	<u>(8,590,000)</u>	<u>(23,253,849)</u>
Total Net Position - Governmental Activities		<u>\$ (9,460,415)</u>

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, 2017**

	General Fund	Debt Service Fund
<b>REVENUES</b>		
Property Taxes	\$ 516,355	\$ 341,975
Water Service	100,588	
Wastewater Service	117,342	
Regional Water Authority Fees	99,715	
Penalty and Interest	5,517	3,579
Tap Connection and Inspection Fees	67,567	
Investment Revenues	1,289	1,949
Miscellaneous Revenues	12,938	186
<b>TOTAL REVENUES</b>	<b>\$ 921,311</b>	<b>\$ 347,689</b>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Professional Fees	\$ 85,381	\$
Contracted Services	65,408	24,375
Utilities	42,665	
Regional Water Authority Assessment	103,071	
Repairs and Maintenance	220,007	
Depreciation		
Other	134,335	8,976
Capital Outlay		
Conveyance of Assets		
Debt Service:		
Bond Interest		204,613
Bond Anticipation Note Interest		
Issuance Costs		
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>\$ 650,867</b>	<b>\$ 237,964</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES</b>	<b>\$ 270,444</b>	<b>\$ 109,725</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Long-Term Debt Issued	\$ -0-	\$ 102,945
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 270,444</b>	<b>\$ 212,670</b>
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION - JUNE 1, 2016</b>	<b>247,661</b>	<b>370,469</b>
<b>FUND BALANCES/NET POSITION - MAY 31, 2017</b>	<b>\$ 518,105</b>	<b>\$ 583,139</b>

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 858,330	\$ 14,117	\$ 872,447
	100,588		100,588
	117,342		117,342
	99,715		99,715
	9,096		9,096
	67,567		67,567
154	3,392		3,392
	13,124		13,124
<u>\$ 154</u>	<u>\$ 1,269,154</u>	<u>\$ 14,117</u>	<u>\$ 1,283,271</u>
\$	\$ 85,381	\$	\$ 85,381
	89,783		89,783
	42,665		42,665
	103,071		103,071
	220,007		220,007
		352,234	352,234
11,909	155,220		155,220
2,723,289	2,723,289	(2,723,289)	
		1,914,950	1,914,950
	204,613	32,885	237,498
33,977	33,977		33,977
386,208	386,208		386,208
<u>\$ 3,155,383</u>	<u>\$ 4,044,214</u>	<u>\$ (423,220)</u>	<u>\$ 3,620,994</u>
<u>\$ (3,155,229)</u>	<u>\$ (2,775,060)</u>	<u>\$ 437,337</u>	<u>\$ (2,337,723)</u>
<u>\$ 2,967,055</u>	<u>\$ 3,070,000</u>	<u>\$ (3,070,000)</u>	<u>\$ -0-</u>
\$ (188,174)	\$ 294,940	\$ (294,940)	\$
		(2,337,723)	(2,337,723)
<u>296,151</u>	<u>914,281</u>	<u>(8,036,973)</u>	<u>(7,122,692)</u>
<u>\$ 107,977</u>	<u>\$ 1,209,221</u>	<u>\$ (10,669,636)</u>	<u>\$ (9,460,415)</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, 2017**

Net Change in Fund Balances - Governmental Funds \$ 294,940

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. 14,117

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. (352,234)

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. 2,723,289

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. (1,914,950)

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. (32,885)

Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position. (3,070,000)

Change in Net Position - Governmental Activities \$ (2,337,723)

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, 2017**

**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 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, 2017**

**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, 2017**

**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 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, 2017**

**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 not 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, 2017**

**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, 2017**

**NOTE 3. LONG-TERM DEBT**

	<u>Series 2015</u>	<u>Series 2017</u>
Amount Outstanding – May 31, 2017	\$5,520,000	\$3,070,000
Interest Rates	2.00% - 4.20%	1.75% - 4.00%
Maturity Date	September 1, 2017/2041	September 1, 2018/2042
Interest Payment Dates	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2022*	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.

The following is a summary of transactions regarding bonds payable for the year ended May 31, 2017:

	<u>June 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>May 31, 2017</u>
Bonds Payable	<u>\$ 5,520,000</u>	<u>\$ 3,070,000</u>	<u>\$ -0-</u>	<u>\$ 8,590,000</u>
		Amount Due Within One Year		\$ 110,000
		Amount Due After One Year		<u>8,480,000</u>
		Bonds Payable		<u>\$ 8,590,000</u>

As of May 31, 2017, 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 \$41,000,000 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, 2017**

**NOTE 3. LONG-TERM DEBT (Continued)**

As of May 31, 2017, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2018	\$ 110,000	\$ 295,021	\$ 405,021
2019	245,000	303,065	548,065
2020	250,000	298,272	548,272
2021	255,000	293,096	548,096
2022	265,000	286,821	551,821
2023-2027	1,430,000	1,313,501	2,743,501
2028-2032	1,660,000	1,051,504	2,711,504
2033-2037	1,935,000	702,897	2,637,897
2038-2042	2,320,000	271,468	2,591,468
2043	120,000	2,400	122,400
	<u>\$ 8,590,000</u>	<u>\$ 4,818,045</u>	<u>\$ 13,408,045</u>

During the year ended May 31, 2017, the District levied an ad valorem debt service tax rate of \$0.60 per \$100 of assessed valuation, which resulted in a tax levy of \$348,984 on the adjusted taxable valuation of \$58,163,905 for the 2016 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, 2017**

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

C. In accordance with the Series 2015 bond and Series 2017 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, 2016	\$	370,009
Add: Bond Issue – Series 2017		102,945
Less: Interest – Series 2015		<u>(204,614)</u>
Bond Interest Reserve – May 31, 2017	\$	<u>268,340</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 \$284,509 and the bank balance was \$287,296. 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, 2017, as listed below:

		<u>Cash</u>
GENERAL FUND	\$	149,062
DEBT SERVICE FUND		29,056
CAPITAL PROJECTS FUND		<u>106,391</u>
TOTAL DEPOSITS	\$	<u>284,509</u>

**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2017**

**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. Authorized investments are summarized as follows: (1) obligations of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or its 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, (5) certain A rated or higher obligations of states, agencies, counties, cities, and other political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) insured or collateralized certificates of deposit, (8) certain fully collateralized repurchase agreements secured by delivery, (9) certain bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

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 meets the criteria established in GASB Statement No. 79 and 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.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2017**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Investments (Continued)

As of May 31, 2017, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 434,040	\$ 434,040
<u>DEBT SERVICE FUND</u>		
TexPool	570,929	570,929
<u>CAPITAL PROJECTS FUND</u>		
TexPool	1,586	1,586
TOTAL INVESTMENTS	\$ 1,006,555	\$ 1,006,555

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At May 31, 2017, the District's investment in TexPool was rated AAAM by Standard and Poor's.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. 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, 2017, the District levied a maintenance tax of \$0.90 per \$100 of assessed valuation resulting in a levy of \$523,475 on the adjusted taxable valuation of \$58,163,905 for the 2016 tax year.



**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2017**

**NOTE 6. MAINTENANCE TAX (Continued)**

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 AND INTANGIBLE ASSETS**

Capital asset activity for the year ended May 31, 2017:

	June 1, 2016	Increases	Decreases	May 31, 2017
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 122,231	\$ 641,617	\$ -0-	\$ 763,848
<b>Capital Assets Subject to Depreciation</b>				
Water System	\$ 2,883,049	\$ 289,626	\$ -	\$ 3,172,675
Wastewater System	2,502,695	427,439	-	2,930,134
Drainage System	3,854,275	2,632,594	-	6,486,869
Park Assets	41,606	-	-	41,606
<b>Total Capital Assets Subject to Depreciation</b>	<b>\$ 9,281,625</b>	<b>\$ 3,349,659</b>	<b>\$ - 0 -</b>	<b>\$ 12,631,284</b>
<b>Accumulated Depreciation</b>				
Water System	\$ 203,862	\$ 114,710	\$ -	\$ 318,572
Wastewater System	89,926	65,694	-	155,620
Drainage System	180,590	169,750	-	350,340
Park Assets	4,689	2,080	-	6,769
<b>Total Accumulated Depreciation</b>	<b>\$ 479,067</b>	<b>\$ 352,234</b>	<b>\$ - 0 -</b>	<b>\$ 831,301</b>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 8,802,558</b>	<b>\$ 2,997,425</b>	<b>\$ - 0 -</b>	<b>\$ 11,799,983</b>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 8,924,789</b>	<b>\$ 3,639,042</b>	<b>\$ - 0 -</b>	<b>\$ 12,563,831</b>

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 \$7,365,060, including \$1,914,950 conveyed in the current year.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2017**

**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, 2017, the District recorded amounts due to Developer of \$14,443,084, for completed projects. Since inception, the Developers have also made operating advances totaling \$538,171. Of these advances, \$404,304 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 the prior year, the District recorded \$60,800 in Phase I lease payments and 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, 2017**

**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 79<sup>th</sup> 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 \$3.05 per 1,000 gallons of water pumped from each well and \$3.40 per 1,000 gallons of surface water purchased. Pumpage fees totaled \$103,071 during the current fiscal year.

**NOTE 12. SALE OF BOND ANTICIPATION NOTE**

On September 27, 2016, the District closed the sale of its \$1,940,000 Series 2016 Bond Anticipation Note (BAN) to Central Bank. Proceeds of the BAN sale were used to reimburse developers within the District ninety percent of the construction and engineering costs of Anserra Regional Phase I detention, Trails of Katy Regional Phase I detention and land acquisition for detention sites remaining. Interest on the BAN was computed at the rate of 3.25%. The BAN was redeemed with proceeds from the Series 2017 bonds. See Note 13.

**NOTE 13. BOND SALE**

On April 11, 2017, the District issued \$3,070,000 of Unlimited Tax Bonds, Series 2017. Proceeds from the bonds were used to redeem the Series 2016 BAN; reimburse developers the remaining construction and engineering costs of Anserra Regional Phase I detention, Trails of Katy Regional Phase I detention and land acquisition for detention sites remaining; pay capitalized interest; and pay issuance costs of the bonds.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2017**

**NOTE 14. USE OF SURPLUS FUNDS**

On May 31, 2016, the Commission approved the District's application for approval to use surplus Capital Projects Fund monies in the amount of \$290,948 to pay for a portion of the land acquisition costs for phase 1 detention ponds and developer interest related to the purchase of land for water plant no. 1 and wastewater treatment plant no. 1. On July 14, 2016, the District reimbursed developers a total of \$288,538 in accordance with this approval.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**MAY 31, 2017**



**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, 2017**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Property Taxes	\$ 350,595	\$ 516,355	\$ 165,760
Water Service	76,800	100,588	23,788
Wastewater Service	117,000	117,342	342
Regional Water Authority Fee	60,000	99,715	39,715
Penalty and Interest	3,600	5,517	1,917
Tap Connection and Inspection Fees	47,520	67,567	20,047
Investment Revenues	120	1,289	1,169
Miscellaneous Revenues	<u>4,740</u>	<u>12,938</u>	<u>8,198</u>
<b>TOTAL REVENUES</b>	<b>\$ 660,375</b>	<b>\$ 921,311</b>	<b>\$ 260,936</b>
<b>EXPENDITURES</b>			
Services Operations:			
Professional Fees	\$ 95,000	\$ 85,381	\$ 9,619
Contracted Services	66,749	65,408	1,341
Utilities	42,000	42,665	(665)
Regional Water Authority Assessment	54,960	103,071	(48,111)
Repairs and Maintenance	195,736	220,007	(24,271)
Other	<u>103,963</u>	<u>134,335</u>	<u>(30,372)</u>
<b>TOTAL EXPENDITURES</b>	<b>\$ 558,408</b>	<b>\$ 650,867</b>	<b>\$ (92,459)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 101,967</b>	<b>\$ 270,444</b>	<b>\$ 168,477</b>
<b>FUND BALANCE - JUNE 1, 2016</b>	<u>247,661</u>	<u>247,661</u>	<u>          </u>
<b>FUND BALANCE - MAY 31, 2017</b>	<b><u>\$ 349,628</u></b>	<b><u>\$ 518,105</u></b>	<b><u>\$ 168,477</u></b>

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, 2017**



**WILLOW POINT MUNICIPAL UTILITY DISTRICT  
SERVICES AND RATES  
FOR THE YEAR ENDED MAY 31, 2017**

**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 August 30, 2016.

	<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	10,001 to 20,000
				\$3.50	20,001 to 25,000
				\$4.40	Over 25,001
WASTEWATER:	\$32.00	10,000	N	\$1.50	10,001 to 20,000
				\$1.75	20,001 to 25,000
				\$2.00	Over 25,001

**SURCHARGE:**

North Fort Bend Water Authority Fee	\$ 3.36 per 1,000 gallons	
Garbage Fee per Residential Connection	\$15.25	Y

District employs winter averaging for wastewater usage? 

<u>      </u>	<u>  X  </u>
Yes	No

Total monthly charges per 10,000 gallons usage: Water: \$32.00 Wastewater: \$32.00 Surcharge: \$48.85 Total: \$112.85

See accompanying independent auditor's report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT  
SERVICES AND RATES  
FOR THE YEAR ENDED MAY 31, 2017**

**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	_____
≤ <sup>3</sup> / <sub>4</sub> "	<u>250</u>	<u>250</u>	x 1.0	<u>250</u>
1"	<u>3</u>	<u>3</u>	x 2.5	<u>8</u>
1½"	<u>4</u>	<u>4</u>	x 5.0	<u>20</u>
2"	<u>9</u>	<u>9</u>	x 8.0	<u>72</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>266</u></u>	<u><u>266</u></u>		<u><u>350</u></u>
Total Wastewater Connections	<u><u>245</u></u>	<u><u>245</u></u>	x 1.0	<u><u>245</u></u>

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

Gallons pumped into system:	36,730,000	Water Accountability Ratio: 94%
		(Gallons billed/Gallons pumped)
Gallons billed to customers:	34,571,000	

See accompanying independent auditor's report.



**WILLOW POINT MUNICIPAL UTILITY DISTRICT  
GENERAL FUND EXPENDITURES  
FOR THE YEAR ENDED MAY 31, 2017**

PROFESSIONAL FEES:	
Auditing	\$ 11,250
Engineering	20,988
Legal	<u>53,143</u>
TOTAL PROFESSIONAL FEES	<u>\$ 85,381</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 15,150
Operations and Billing	<u>23,718</u>
TOTAL CONTRACTED SERVICES	<u>\$ 38,868</u>
UTILITIES:	
Electricity	\$ 41,728
Telephone	<u>937</u>
TOTAL UTILITIES	<u>\$ 42,665</u>
REPAIRS AND MAINTENANCE	<u>\$ 220,007</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 4,650
Insurance	11,165
Office Supplies and Postage	5,413
Payroll Taxes	440
Travel and Meetings	270
Other	<u>6,533</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 28,471</u>
TAP CONNECTIONS	<u>\$ 42,565</u>
SOLID WASTE DISPOSAL	<u>\$ 26,540</u>

See accompanying independent auditor's report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT  
GENERAL FUND EXPENDITURES  
FOR THE YEAR ENDED MAY 31, 2017**

OTHER EXPENDITURES:	
Chemicals	\$ 5,964
Laboratory Fees	13,868
Permit Fees	21,498
Reconnection Fees	191
Inspection Fees	20,628
Regional Water Authority Assessment	103,071
Regulatory Assessment	<u>1,150</u>
TOTAL OTHER EXPENDITURES	<u>\$ 166,370</u>
TOTAL EXPENDITURES	<u><u>\$ 650,867</u></u>

See accompanying independent auditor's report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT  
INVESTMENTS  
MAY 31, 2017**

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
TexPool	XXXX0003	Varies	Daily	\$ 434,040	\$ -0-
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0002	Varies	Daily	\$ 570,929	\$ -0-
<u>CAPITAL PROJECTS FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 1,586	\$ -0-
TOTAL - ALL FUNDS				<u>\$ 1,006,555</u>	<u>\$ -0-</u>

See accompanying independent auditor's report.



**WILLOW POINT MUNICIPAL UTILITY DISTRICT  
TAXES LEVIED AND RECEIVABLE FOR THE  
YEAR ENDED MAY 31, 2017**

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
JUNE 1, 2016	\$	3,405	\$	-0-
Adjustments to Beginning				
Balance		<u>(12)</u>	\$	3,393
				<u>\$ -0-</u>
Original 2016 Tax Levy	\$	517,174	\$	344,783
Adjustment to 2016 Tax Levy		<u>6,301</u>	<u>523,475</u>	<u>4,201</u>
TOTAL TO BE				
ACCOUNTED FOR		\$	526,868	\$
				348,984
TAX COLLECTIONS:				
Prior Years	\$	3,393	\$	
Current Year		<u>512,962</u>	<u>516,355</u>	<u>341,975</u>
				<u>341,975</u>
TAXES RECEIVABLE -				
MAY 31, 2017		<u>\$</u>	<u>10,513</u>	<u>\$</u>
				<u>7,009</u>

See accompanying independent auditor's report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT  
TAXES LEVIED AND RECEIVABLE FOR THE  
YEAR ENDED MAY 31, 2017**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
PROPERTY VALUATIONS:				
Land	\$ 25,409,800	\$ 14,277,230	\$ 5,195,150	\$ 4,893,430
Improvements	33,188,320	9,156,470	34,830	
Personal Property	182,871	184,946	103,787	
Exemptions	<u>(617,086)</u>	<u>(2,557,470)</u>	<u>(131,995)</u>	<u>(3,669,269)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 58,163,905</u>	<u>\$ 21,061,176</u>	<u>\$ 5,201,772</u>	<u>\$ 1,224,161</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.60	\$ 0.00	\$ 0.00	\$ 0.00
Maintenance	<u>0.90</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 1.50</u>	<u>\$ 1.50</u>	<u>\$ 1.50</u>	<u>\$ 1.50</u>
ADJUSTED TAX LEVY*	<u>\$ 872,459</u>	<u>\$ 315,917</u>	<u>\$ 78,027</u>	<u>\$ 18,362</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>97.99 %</u>	<u>100.00 %</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, 2017**

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
2018	\$ 110,000	\$ 203,514	\$ 313,514
2019	120,000	201,214	321,214
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			
	\$ 5,520,000	\$ 3,307,575	\$ 8,827,575

See accompanying independent auditor's report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT  
LONG-TERM DEBT SERVICES REQUIREMENTS  
MAY 31, 2017**

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
2018	\$	\$ 91,507	\$ 91,507
2019	125,000	101,851	226,851
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
	\$ 3,070,000	\$ 1,510,470	\$ 4,580,470

See accompanying independent auditor's report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT  
LONG-TERM DEBT SERVICES REQUIREMENTS  
MAY 31, 2017**

ANNUAL REQUIREMENTS  
FOR ALL SERIES

Due During Fiscal Years Ending May 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2018	\$ 110,000	\$ 295,021	\$ 405,021
2019	245,000	303,065	548,065
2020	250,000	298,272	548,272
2021	255,000	293,096	548,096
2022	265,000	286,821	551,821
2023	270,000	279,421	549,421
2024	275,000	271,622	546,622
2025	285,000	263,346	548,346
2026	295,000	254,434	549,434
2027	305,000	244,678	549,678
2028	310,000	234,143	544,143
2029	320,000	222,946	542,946
2030	330,000	211,134	541,134
2031	345,000	198,453	543,453
2032	355,000	184,828	539,828
2033	360,000	170,773	530,773
2034	375,000	156,312	531,312
2035	385,000	141,232	526,232
2036	400,000	125,532	525,532
2037	415,000	109,048	524,048
2038	430,000	91,770	521,770
2039	445,000	73,873	518,873
2040	465,000	55,125	520,125
2041	480,000	35,520	515,520
2042	500,000	15,180	515,180
2043	120,000	2,400	122,400
	<u>\$ 8,590,000</u>	<u>\$ 4,818,045</u>	<u>\$ 13,408,045</u>

See accompanying independent auditor's report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT  
CHANGE IN LONG-TERM BOND DEBT  
FOR THE YEAR ENDED MAY 31, 2017**

Description	Original Bonds Issued	Bonds Outstanding June 1, 2016
Willow Point Municipal Utility District Unlimited Tax Bonds - Series 2015	\$ 5,520,000	\$ 5,520,000
Willow Point Municipal Utility District Unlimited Tax Bonds - Series 2017	<u>3,070,000</u>	<u>                    </u>
<b>TOTAL</b>	<u>\$ 8,590,000</u>	<u>\$ 5,520,000</u>

Bond Authority:	<u>Utility Bonds</u>	<u>Refunding Bonds</u>	<u>Road Bonds</u>	<u>Park Bonds</u>
Amount Authorized by Voters	\$ 96,500,000	\$ 216,750,000	\$ 41,000,000	\$ 7,000,000
Amount Issued	<u>8,590,000</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Remaining to be Issued	<u>\$ 87,910,000</u>	<u>\$ 216,750,000</u>	<u>\$ 41,000,000</u>	<u>\$ 7,000,000</u>

\*

Debt Service Fund cash, investments and cash with paying agent balances as of  
May 31, 2017: \$ 599,985

Average annual debt service payment (principal and interest) for remaining term  
of all debt: \$ 515,694

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, 2017</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$	\$ 204,613	\$ 5,520,000	The Bank Of New York Mellon Trust Company, N.A. Dallas, TX
<u>3,070,000</u>			<u>3,070,000</u>	The Bank Of New York Mellon Trust Company, N.A. Dallas, TX
<u>\$ 3,070,000</u>	<u>\$ - 0 -</u>	<u>\$ 204,613</u>	<u>\$ 8,590,000</u>	

See accompanying independent auditor's report.

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

	Amounts		
	2017	2016	2015
<b>REVENUES</b>			
Property Taxes	\$ 516,355	\$ 312,737	\$ 84,288
Water Service	100,588	65,642	33,889
Wastewater Service	117,342	75,856	34,483
Regional Water Authority Fee	99,715	58,590	30,023
Penalty and Interest	5,517	9,331	2,702
Tap Connection and Inspection Fees	67,567	41,033	87,086
Investment Revenues	1,289	155	41
Miscellaneous Revenues	12,938	8,287	5,410
<b>TOTAL REVENUES</b>	<u>\$ 921,311</u>	<u>\$ 571,631</u>	<u>\$ 277,922</u>
<b>EXPENDITURES</b>			
Professional Fees	\$ 85,381	\$ 102,762	\$ 116,875
Contracted Services	65,408	62,316	41,528
Lease Costs			60,800
Utilities	42,665	43,702	43,375
Regional Water Authority Assessment	103,071	60,321	31,207
Repairs and Maintenance	220,007	158,948	127,740
Other	134,335	112,383	151,639
<b>TOTAL EXPENDITURES</b>	<u>\$ 650,867</u>	<u>\$ 540,432</u>	<u>\$ 573,164</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 270,444</u>	<u>\$ 31,199</u>	<u>\$ (295,242)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In (Out)	\$	\$ 60,800	\$
Developer Advances		170,100	226,821
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>\$ - 0 -</u>	<u>\$ 230,900</u>	<u>\$ 226,821</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 270,444	\$ 262,099	\$ (68,421)
<b>BEGINNING FUND BALANCE</b>	<u>247,661</u>	<u>(14,438)</u>	<u>53,983</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 518,105</u>	<u>\$ 247,661</u>	<u>\$ (14,438)</u>

See accompanying independent auditor's report.



Percentage of Total Revenues					
2014	2017	2016	2015	2014	
\$ 18,362	56.2 %	54.8 %	30.4 %	45.4 %	
1,024	10.9	11.5	12.2	2.5	
	12.7	13.3	12.4		
	10.8	10.2	10.8		
	0.6	1.6	1.0		
21,036	7.3	7.2	31.3	52.1	
2	0.1				
	1.4	1.4	1.9		
<u>\$ 40,424</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	
\$ 54,310	9.3 %	18.0 %	42.1 %	134.4 %	
11,735	7.1	10.9	14.9	29.0	
			21.9		
1,549	4.6	7.6	15.6	3.8	
	11.2	10.6	11.2		
9,979	23.9	27.8	46.0	24.7	
45,926	14.6	19.7	54.6	113.6	
<u>\$ 123,499</u>	<u>70.7 %</u>	<u>94.6 %</u>	<u>206.3 %</u>	<u>305.5 %</u>	
<u>\$ (83,075)</u>	<u>29.3 %</u>	<u>5.4 %</u>	<u>(106.3) %</u>	<u>(205.5) %</u>	
\$					
<u>126,250</u>					
\$ 126,250					
\$ 43,175					
<u>10,808</u>					
<u>\$ 53,983</u>					

See accompanying independent auditor's report.

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

	Amounts		
	2017	2016	2015
<b>REVENUES</b>			
Property Taxes	\$ 341,975	\$	
Penalty and Interest	3,579		
Investment Revenues	1,949	531	
Miscellaneous Revenues	186		
<b>TOTAL REVENUES</b>	<b>\$ 347,689</b>	<b>\$ 531</b>	
<b>EXPENDITURES</b>			
Tax Collection Expenditures	\$ 32,601	\$ 71	
Debt Service Interest and Fees	205,363	39,218	
<b>TOTAL EXPENDITURES</b>	<b>\$ 237,964</b>	<b>\$ 39,289</b>	
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 109,725</b>	<b>\$ (38,758)</b>	
<b>OTHER FINANCING SOURCES (USES)</b>			
Long-Term Debt Issued	\$ 102,945	\$ 409,227	
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 212,670</b>	<b>\$ 370,469</b>	
<b>BEGINNING FUND BALANCE</b>	<b>370,469</b>		
<b>ENDING FUND BALANCE</b>	<b>\$ 583,139</b>	<b>\$ 370,469</b>	N/A
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<b>266</b>	<b>189</b>	<b>135</b>
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<b>245</b>	<b>176</b>	<b>123</b>

See accompanying independent auditor's report.



**WILLOW POINT MUNICIPAL UTILITY DISTRICT  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
MAY 31, 2017**

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

	<u>Term of Office (Elected or Appointed)</u>	<u>Fees of office for the year ended May 31, 2017</u>	<u>Expense reimbursements for the year ended May 31, 2017</u>	<u>Title</u>
<b>Board Members</b>				
Ryan B. Niles	05/2016 – 05/2020 (Elected)	\$ 1,200	\$ 86	President
Will Gutowsky, P.E.	05/2014 – 05/2018 (Elected)	\$ 900	\$ 65	Vice President
Doug Schmidt	05/2016 – 05/2020 (Elected)	\$ 900	\$ 81	Secretary
David L. Salley	05/2014 – 05/2018 (Elected)	\$ 1,200	\$ 17	Assistant Secretary
Rodney Heisch	05/2016 – 05/2020 (Elected)	\$ 450	\$ 22	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 (TWC Sections 36.054 and 49.054):  
May 13, 2016.

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution (TWC Section 49.060). 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, 2017**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees for the year ended May 31, 2017</u>	<u>Title</u>
Sanford Kuhl Hagan Kugle Parker Kahn LLP	01/22/13	\$ 53,143 \$ 123,679 \$ 198	General Counsel/ Bond Counsel/ Delinquent Tax Attorney
McCall Gibson Swedlund Barfoot PLLC	06/25/14	\$ 11,250 \$ 12,900	Auditor Bond Related
FSG Information Systems, LP	07/30/15	\$ 18,310	Bookkeeper
Jones & Carter, Inc.	01/22/13	\$ 93,035	Engineer
FirstSouthwest, a Division of Hilltop Securities Inc.	02/21/13	\$ 87,347	Financial Advisor
Mary Ann Mihills	07/30/15	\$ -0-	Investment Officer
Si Environmental LLC	08/14/13	\$ 181,996	Operator
Utility Tax Services, LLC	06/19/13	\$ 26,781	Tax Assessor/ Collector

See accompanying independent auditor's report.

