

WINDFERN FOREST UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL AUDIT REPORT

SEPTEMBER 30, 2023

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January 16, 2024

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Windfern Forest Utility District
Harris County, Texas

Opinions

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Windfern Forest Utility District as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Windfern Forest Utility District's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Windfern Forest Utility District, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows there of for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Windfern Forest Utility District, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

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

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

INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Windfern Forest Utility District's internal control. Accordingly, no such opinion is expressed. I evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements. I conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Windfern Forest Utility District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

INDEPENDENT AUDITOR'S REPORT (Continued)**Supplementary Information**

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Windfern Forest Utility District's basic financial statements. The supplementary information on Pages 24 to 39 is presented for purposes of additional analysis and is not a required part of the 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. Except for the portion marked "unaudited," the information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it. The accompanying supplementary information includes financial data excerpted from prior year financial statements which were audited by my firm.

A handwritten signature in black ink, appearing to read "M. A. J.", is located in the lower right quadrant of the page.

Management's Discussion and Analysis

Using this Annual Report

Within this section of the Windfern Forest Utility District (the "District") annual report, the District's Board of Directors provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended September 30, 2023.

The annual report consists of a series of financial statements plus additional supplemental information to the financial statements as required by its state oversight agency, the Texas Commission on Environmental Quality. In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program. In the District's case, the single governmental program is provision of water and sewer services. Other activities, such as garbage collection and security service, are minor activities and are not budgeted or accounted for as separate programs. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements, and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

Government-Wide Financial Statements

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

The difference between the District's total assets and total liabilities is labeled as *net position* and this difference is similar to the total owners' equity presented by a commercial enterprise.

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

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

Fund Financial Statements

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

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

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

Because the focus of the government-wide and fund financial statements are different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total fund balances to the amount of net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total change in fund balances for all governmental funds to the change in net position as reported in the governmental activities column in the statement of activities.

Financial Analysis of the District as a Whole

Financial Analysis of the District as a Whole begins with an understanding of how financial resources flow through the District's funds. Resources in the Capital Projects Fund are derived principally from proceeds of the sale of bonds, and expenditures from this fund are subject to the Rules of the Texas Commission on Environmental Quality. Resources in the Debt Service Fund are derived principally from the collection of property taxes and are used for the payment of tax collection costs and bond principal and interest. Resources in the General Fund are derived principally from property taxes and billings for water and sewer services and are used to operate and maintain the system and to pay costs of administration of the District.

Management has financial objectives for each of the District's funds. The financial objective for the Capital Projects Fund is to spend the funds as necessary in accordance with the Rules of the Texas Commission on Environmental Quality. The financial objective for the Debt Service Fund is to levy the taxes necessary to pay the fiscal year debt service requirements plus the cost of levying and collecting taxes, leaving the appropriate fund balance as recommended by the District's financial advisor. The financial objective for the General Fund is to keep the fund's expenditures as low as possible while ensuring that revenues are adequate to cover expenditures and maintaining the fund balance that Management believes is prudent. Management believes that these financial objectives were met during the fiscal year.

Management believes that the required method of accounting for certain elements of the government-wide financial statements makes the government-wide financial statements as a whole not useful for financial analysis. In the government-wide financial statements, capital assets and depreciation expense have been required to be recorded at historical cost. Management's policy is to maintain the District's capital assets in a condition greater than or equal to the condition required by regulatory authorities, and management does not believe that depreciation expense is relevant to the management of the District. In the government-wide financial statements, certain non-cash costs of long-term debt are capitalized and amortized over the life of the related debt. Management believes that this required method of accounting is not useful for financial analysis of the District and prefers to consider the required cash flows of the debt as reported in the fund statements and the notes to the financial statements. In the government-wide financial statements, property tax revenues are required to be recorded in the fiscal year for which the taxes are levied, regardless of the year of collection. Management believes that the cash basis method of accounting for property taxes in the funds provides more useful financial information.

The following required summaries of the District's overall financial position and operations for the past two years are based on the information included in the government-wide financial statements. For the reasons described in the preceding paragraph, a separate analysis of the summaries is not presented.

Summary of Net Position

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Current and other assets	\$ 3,291,949	\$ 3,059,623	\$ 232,326
Capital assets	8,633,216	9,033,978	(400,762)
Total assets	<u>11,925,165</u>	<u>12,093,601</u>	<u>(168,436)</u>
Long-term liabilities	3,077,606	3,844,287	(766,681)
Other liabilities	1,149,994	1,165,820	(15,826)
Total liabilities	<u>4,227,600</u>	<u>5,010,107</u>	<u>(782,507)</u>
Net position:			
Invested in capital assets, net of related debt	4,788,929	4,445,235	343,694
Restricted	1,572,556	1,579,762	(7,206)
Unrestricted	1,336,080	1,058,497	277,583
Total net position	<u>\$ 7,697,565</u>	<u>\$ 7,083,494</u>	<u>\$ 614,071</u>

Summary of Changes in Net Position

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Revenues:			
Property taxes, including related penalty and interest	\$ 1,934,824	\$ 1,828,957	\$ 105,867
Charges for services	1,593,313	1,412,755	180,558
Other revenues	126,289	28,887	97,402
Total revenues	<u>3,654,426</u>	<u>3,270,599</u>	<u>383,827</u>
Expenses:			
Service operations	2,935,871	2,770,729	165,142
Debt service	104,484	123,324	(18,840)
Total expenses	<u>3,040,355</u>	<u>2,894,053</u>	<u>146,302</u>
Change in net position	614,071	376,546	237,525
Net position, beginning of year	<u>7,083,494</u>	<u>6,706,948</u>	<u>376,546</u>
Net position, end of year	<u>\$ 7,697,565</u>	<u>\$ 7,083,494</u>	<u>\$ 614,071</u>

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended September 30, 2023, were \$2,879,939, an increase of \$274,575 from the prior year.

The General Fund balance increased by \$280,338, in accordance with the District's financial plan.

The Debt Service Fund balance decreased by \$26,663, in accordance with the District's financial plan.

The Capital Projects Fund balance increased by \$20,900, as interest earnings exceeded authorized expenditures.

General Fund Budgetary Highlights

The Board of Directors did not amend the budget during the fiscal year. The District's budget is primarily a planning tool. Accordingly, actual results varied from the budgeted amounts. A comparison of actual to budgeted amounts is presented on Page 23 of this report. The budgetary fund balance as of September 30, 2023, was expected to be \$1,055,959 and the actual end of year fund balance was \$1,317,567.

Capital Asset and Debt Administration

Capital Assets

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

	<u>Capital Assets (Net of Accumulated Depreciation)</u>		
	<u>2023</u>	<u>2022</u>	<u>Change</u>
Land	\$ 570,869	\$ 570,869	\$ 0
Buildings and improvements	443,247	464,195	(20,948)
Construction in progress	68,019	85,923	(17,904)
Water facilities	4,715,355	4,980,828	(265,473)
Sewer facilities	<u>2,835,726</u>	<u>2,932,163</u>	<u>(96,437)</u>
Totals	<u>\$ 8,633,216</u>	<u>\$ 9,033,978</u>	<u>\$ (400,762)</u>

Changes to capital assets during the fiscal year ended September 30, 2023, are summarized as follows:

Additions:		
Sanitary sewer improvements		\$ 8,918
Decreases:		
Depreciation		<u>(409,680)</u>
Net change to capital assets		<u>\$ (400,762)</u>

Debt

Changes in the bonded debt position of the District during the fiscal year ended September 30, 2023, are summarized as follows:

Bonded debt payable, beginning of fiscal year	\$ 4,325,000
Bonds paid	<u>(720,000)</u>
Bonded debt payable, end of fiscal year	<u>\$ 3,605,000</u>

At September 30, 2023, the District had \$0 of bonds authorized but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage system within the District.

The District's bonds have an underlying rating of A- by Standard & Poor's. The Series 2011 bonds are insured by Assured Guaranty Municipal Corp. and the Series 2020 bonds are insured by Build America Mutual Assurance Corporation. The insured rating of the District's Series 2011 and 2020 bonds is AA. There was no change in the bond ratings during the fiscal year ended September 30, 2023.

On December 30, 2015, the District entered into a 15-year lease/purchase agreement with a financing company for the acquisition of a generator for the District. The agreement provides for 180 monthly payments of \$3,182 at an interest rate of 2.87% per annum. The original principal amount of the agreement was \$465,000 and the unpaid principal balance at September 30, 2023 was \$249,679. The District has the option of prepaying the unpaid balance of the lease/purchase beginning in 2023 and then purchasing the generator for \$1.

RELEVANT FACTORS AND WATER SUPPLY ISSUES

Property Tax Base

The District's tax base increased approximately \$51,690,000 for the 2022 tax year (about 13%) primarily due to the increase in the average assessed valuations on existing property.

Relationship to the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston, the District must conform to a City of Houston ordinance consenting to the creation of the District. In addition, the District may be annexed by the City of Houston. If the District is annexed, the City will assume the District's assets and obligations (including the bonded indebtedness) and dissolve the District within ninety (90) days.

The District is authorized to enter into a strategic partnership agreement with the City of Houston to provide the terms and conditions under which services would be provided and funded by the parties and under which the District would continue to exist for an extended period if the land within the District would be annexed for limited purposes by the City. The terms of any such agreement would be determined by the City and the District.

The District is not aware of any plans regarding annexation or a strategic partnership with the City of Houston.

Water Supply Issues

The District is within the boundaries of the Harris-Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. The District's authority to pump groundwater from its well is subject to annual permits issued by the Subsidence District. On April 14, 1999, the Subsidence District adopted a District Regulatory Plan (the "1999 Plan") to reduce groundwater withdrawal through conversion to surface water in areas within the Subsidence District's jurisdiction. Under the 1999 Plan, the District must submit to the Subsidence District by January 2003 a groundwater reduction plan and begin construction of surface water conversion infrastructure by January 2010, or pay a disincentive fee for any groundwater withdrawn in excess of 20% of the District's total water demand. This same disincentive fee will be imposed under the 1999 Plan if the District's groundwater withdrawal exceeds 70% of the District's total water demand beginning January 2010, exceeds 40% of the District's total water demand beginning January 2025, and exceeds 20% of the District's total water demand beginning January 2035. The issuance of additional bonds by the District in an undetermined amount may be necessary at some time in the future in order to develop surface water conversion infrastructure or to participate in a regional surface water conversion effort. In addition, if the District does not meet the Subsidence District's requirements as described above, the District may be required to pay the disincentive fees adopted by the Subsidence District.

Effective April 2, 2001, the District and the City of Houston (the "City") entered into a forty year water supply contract. Under the terms of the contract, the City agreed to sell water to the District in order for the District to comply with the Groundwater Reduction Plan mandated by the Harris-Galveston Subsidence District. The contract specifies an initial minimum monthly quantity for which it must pay whether taken or not. This quantity can be revised annually in accordance with the terms specified in the contract.

WINDFERN FOREST UTILITY DISTRICT

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

SEPTEMBER 30, 2023

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Net Position</u>
ASSETS						
Cash, including interest-bearing accounts, Note 7	\$ 131,438	\$ 118,512	\$ 675	\$ 250,625	\$	\$ 250,625
Temporary investments, at cost, Note 7	1,053,478	360,196	636,931	2,050,605		2,050,605
Receivables:						
Property taxes	18,513	14,403		32,916		32,916
Accrued penalty and interest on property taxes				0	7,976	7,976
Service accounts	143,626			143,626		143,626
Other	30,400			30,400		30,400
Due from other funds		9,869	123,708	133,577	(133,577)	0
Construction advances at joint facilities, Note 9	417,355		316,688	734,043		734,043
Prepaid security service	14,358			14,358		14,358
Reserves at joint facilities, Note 9	21,878			21,878		21,878
Groundwater bank certificates, at cost, Note 11	5,522			5,522		5,522
Capital assets, net of accumulated depreciation, Note 4:						
Capital assets not being depreciated				0	638,888	638,888
Depreciable capital assets				0	7,994,328	7,994,328
Total assets	<u>\$1,836,568</u>	<u>\$ 502,980</u>	<u>\$1,078,002</u>	<u>\$ 3,417,550</u>	<u>8,507,615</u>	<u>11,925,165</u>
LIABILITIES						
Accounts payable	\$ 174,193	\$ 4,207	\$	\$ 178,400		178,400
Accrued interest payable				0	12,195	12,195
Customer deposits	192,718			192,718		192,718
Due to other funds	133,577			133,577	(133,577)	0
Long-term liabilities, Note 5:						
Due within one year				0	766,681	766,681
Due in more than one year				0	3,077,606	3,077,606
Total liabilities	<u>500,488</u>	<u>4,207</u>	<u>0</u>	<u>504,695</u>	<u>3,722,905</u>	<u>4,227,600</u>
DEFERRED INFLOWS OF RESOURCES						
Property tax revenues	<u>18,513</u>	<u>14,403</u>	<u>0</u>	<u>32,916</u>	<u>(32,916)</u>	<u>0</u>
FUND BALANCES / NET POSITION						
Fund balances:						
Nonspendable:						
Reserves at joint facilities, Note 9	21,878			21,878	(21,878)	0
Construction advances at joint facilities, Note 9	417,355		316,688	734,043	(734,043)	0
Groundwater bank certificates, Note 11	5,522			5,522	(5,522)	0
Committed to construction contracts in progress				0	0	0
Assigned to:						
Debt service		484,370		484,370	(484,370)	0
Capital projects			761,314	761,314	(761,314)	0
Unassigned	<u>872,812</u>			<u>872,812</u>	<u>(872,812)</u>	<u>0</u>
Total fund balances	<u>1,317,567</u>	<u>484,370</u>	<u>1,078,002</u>	<u>2,879,939</u>	<u>(2,879,939)</u>	<u>0</u>
Total liabilities, deferred inflows, and fund balances	<u>\$1,836,568</u>	<u>\$ 502,980</u>	<u>\$1,078,002</u>	<u>\$ 3,417,550</u>		
Net position:						
Invested in capital assets, net of related debt					4,788,929	4,788,929
Restricted for debt service					494,554	494,554
Restricted for capital projects					1,078,002	1,078,002
Unrestricted					<u>1,336,080</u>	<u>1,336,080</u>
Total net position					<u>\$ 7,697,565</u>	<u>\$ 7,697,565</u>

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

WINDFERN FOREST UTILITY DISTRICT

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Note 3)	Statement of Activities
REVENUES						
Property taxes	\$ 1,140,542	\$ 786,709	\$	\$ 1,927,251	\$ (6,700)	\$ 1,920,551
Water service	576,731			576,731		576,731
Water sold to other district, Note 10	126,921			126,921		126,921
Sewer service	830,132			830,132		830,132
Penalty and interest	18,593	14,987		33,580	(714)	32,866
District administration building rental	21,633			21,633		21,633
Interest on deposits and investments	42,591	32,247	29,818	104,656		104,656
Other revenues	40,936			40,936		40,936
Total revenues	2,798,079	833,943	29,818	3,661,840	(7,414)	3,654,426
EXPENDITURES / EXPENSES						
Service operations:						
Purchased services, Notes 9 and 10	782,716			782,716		782,716
Professional fees	252,926	3,576		256,502		256,502
Contracted services	93,409	36,824		130,233		130,233
Utilities	94,198			94,198		94,198
Repairs, maintenance and other operating expenditures	560,724			560,724		560,724
Security service	155,200			155,200		155,200
Garbage disposal	304,519			304,519		304,519
District administration building expenses	119,070			119,070		119,070
Administrative expenditures	116,792	6,237		123,029		123,029
Depreciation				0	409,680	409,680
Capital outlay / non-capital outlay			8,918	8,918	(8,918)	0
Debt service:						
Principal retirement	30,544	720,000		750,544	(750,544)	0
Interest and fees	7,643	93,969		101,612	2,872	104,484
Total expenditures / expenses	2,517,741	860,606	8,918	3,387,265	(346,910)	3,040,355
Excess (deficiency) of revenues over expenditures	280,338	(26,663)	20,900	274,575	339,496	614,071
Net change in fund balances / net position	280,338	(26,663)	20,900	274,575	339,496	614,071
Beginning of year	1,037,229	511,033	1,057,102	2,605,364	4,478,130	7,083,494
End of year	<u>\$ 1,317,567</u>	<u>\$ 484,370</u>	<u>\$ 1,078,002</u>	<u>\$ 2,879,939</u>	<u>\$ 4,817,626</u>	<u>\$ 7,697,565</u>

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

WINDFERN FOREST UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1: REPORTING ENTITY

Windfern Forest Utility District (the "District") was created by Acts of the 62nd Legislature of the State of Texas, Regular Session, 1971, and operates in accordance with Texas Water Code Chapters 49 and 54. The District is a political subdivision of the State of Texas, governed by an elected five member Board of Directors. The Board of Directors held its first meeting on August 10, 1971, and the first bonds were sold on June 29, 1977. The District is subject to the continuing supervision of the Texas Commission on Environmental Quality.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water.

In evaluating how to define the District for financial reporting purposes, the Board of Directors of the District has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there were no other entities which were included as a component unit in the District's financial statements.

As more fully described in Note 9, the District is a participant in the White Oak Bayou Joint Powers Board (the "Board"). Oversight of the Board is exercised by a board of members which is comprised of representatives from the participants. Based on the criteria described above, the Board's financial activity has not been included as a component unit in the District's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board (the "GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board issued through November 30, 1989 (when applicable), that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

Basic Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and governmental fund financial statements (reporting the District's funds). Because the District is a single-program government as defined by the GASB, the District has combined the government-wide statements and the fund financial statements using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements. An additional reconciliation between the fund and the government-wide financial data is presented in Note 3.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. The District's net position is reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The government-wide statement of activities reports the components of the changes in net position during the reporting period.

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for in a separate set of self-balancing accounts that comprises its assets, liabilities, fund balances, revenues and expenditures and changes in fund balances. The District's fund balances are either not spendable, restricted, committed, assigned or unassigned. Nonspendable fund balances are reported as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balances are either not in spendable form or are contractually required to remain intact. Restricted fund balances include amounts that can only be used for the specific purposes stipulated by constitutional provisions, external resource providers or enabling legislation. Committed fund balances include amounts that can only be used for the specific purposes determined by formal action of the District's Board of Directors. Assigned fund balances are intended for a specific purpose but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. The transactions of the District are accounted for in the following funds:

General Fund -- To account for all revenues and expenditures not required to be accounted for in other funds.

Debt Service Fund -- To account for the accumulation of financial resources for, and the payment of, bond principal and interest, paid principally from property taxes levied by the District.

Capital Projects Fund -- To account for financial resources designated to construct or acquire capital assets. Such resources are derived principally from proceeds of the sale of bonds.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Basis of Accounting

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting which recognizes all long-term assets and receivables as well as long-term debt and obligations. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem property taxes are recognized as revenues in the fiscal year for which they have been levied and related penalties and interest are recognized in the fiscal year in which they are imposed. An allowance for uncollectibles is estimated for delinquent property taxes and reported separately in the financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred except for principal and interest on bonds payable which are recorded only when payment is due.

Interfund Activity

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is reported as interfund receivables or payables, as appropriate, as are all other outstanding balances between funds. Operating transfers between funds represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Receivables

Service accounts receivable as reported are considered collectible. The District uses the direct write off method for uncollectible service accounts. Unbilled water and sewer revenues are not material and are not recorded at year end. The District considers service accounts revenues to be available if they are to be collected within 60 days after the end of the fiscal year.

In the fund financial statements, ad valorem taxes and penalties and interest are reported as revenues in the fiscal year in which they become available to finance expenditures of the fiscal year for which they have been levied. Property taxes which have been levied and are not yet collected (or have been collected in advance of the fiscal year for which they have been levied) are recorded as deferred inflow of resources. Property taxes collected after the end of the fiscal year are not included in revenues.

Capital Assets

Capital assets, which include property, plant, equipment, and immovable public domain or "infrastructure" assets are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 (including installation costs, if any, and associated professional fees) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed by the District. Donated capital assets are recorded at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset or increase the value of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

Buildings and improvements	40 years	Plant and equipment	10-45 years
Furniture and fixtures	5 years	Underground lines	45 years

Long-term Liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. Bond premiums and discounts, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable premium or discount. If bonds are refunded and the carrying amount of the new debt is different than the net carrying amount of the old debt, the difference is netted against the new debt and amortized using the effective interest method over the shorter of the remaining life of the refunded debt or the life of the new debt issued.

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

NOTE 3: RECONCILIATION OF FUND TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Reconciliation of year end fund balances to net position:

Total fund balances, end of year		\$ 2,879,939
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Total capital assets, net		8,633,216
Some long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable	\$ (3,605,000)	
Issuance discount net of (premium) (to be amortized as interest expense)	10,392	
Lease-purchase payable	<u>(249,679)</u>	(3,844,287)
Some receivables that do not provide current financial resources are not reported as receivables in the funds:		
Accrued penalty and interest on property taxes receivable	7,976	
Uncollected property taxes	<u>32,916</u>	40,892
Some liabilities that do not require the use of current financial resources are not reported as liabilities in the funds:		
Accrued interest		<u>(12,195)</u>
Net position, end of year		<u>\$ 7,697,565</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Reconciliation of net change in fund balances to change in net position:

Total net change in fund balances	\$	274,575
<p>The funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>		
Capital outlay	\$	8,918
Depreciation	<u>(409,680)</u>	(400,762)
<p>The issuance of long-term debt (bonds payable) provides current financial resources to the funds, while the repayment of the principal of long-term debt consumes the current financial resources of the funds. Neither transaction, however, has any effect on net position. The effect of these differences in the treatment of long-term debt:</p>		
Principal reduction of bonds payable	720,000	
Principal reduction of lease-purchase agreement	<u>30,544</u>	750,544
<p>The funds report the effect of bond premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of these items:</p>		
Issuance discount, net of premium		(6,088)
<p>Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the funds:</p>		
Accrued penalty and interest on property taxes receivable	(714)	
Uncollected property taxes	<u>(6,700)</u>	(7,414)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:</p>		
Accrued interest		<u>3,216</u>
Change in net position	\$	<u>614,071</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 4: CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land and improvements	\$ 570,869	\$	\$	\$ 570,869
Construction in progress	<u>85,923</u>	<u> </u>	<u>17,904</u>	<u>68,019</u>
Total capital assets not being depreciated	<u>656,792</u>	<u>0</u>	<u>17,904</u>	<u>638,888</u>
Depreciable capital assets:				
Buildings and improvements	829,625			829,625
Furniture and fixtures	62,185			62,185
Water system	9,934,050			9,934,050
Sewer system	<u>5,798,198</u>	<u>26,822</u>	<u> </u>	<u>5,825,020</u>
Total depreciable capital assets	<u>16,624,058</u>	<u>26,822</u>	<u>0</u>	<u>16,650,880</u>
Less accumulated depreciation for:				
Building and improvements	(365,430)	(20,948)		(386,378)
Furniture and fixtures	(62,185)			(62,185)
Water system	(4,953,222)	(265,473)		(5,218,695)
Sewer system	<u>(2,866,035)</u>	<u>(123,259)</u>	<u> </u>	<u>(2,989,294)</u>
Total accumulated depreciation	<u>(8,246,872)</u>	<u>(409,680)</u>	<u>0</u>	<u>(8,656,552)</u>
Total depreciable capital assets, net	<u>8,377,186</u>	<u>(382,858)</u>	<u>0</u>	<u>7,994,328</u>
Total capital assets, net	<u>\$ 9,033,978</u>	<u>\$ (382,858)</u>	<u>\$ 17,904</u>	<u>\$ 8,633,216</u>
Changes to capital assets:				
Capital outlay		\$ 8,918	\$	
Assets transferred to depreciable assets		17,904	17,904	
Less depreciation expense for the fiscal year		<u>(409,680)</u>	<u> </u>	
Net increases / decreases to capital assets		<u>\$ (382,858)</u>	<u>\$ 17,904</u>	

NOTE 5: LONG-TERM LIABILITIES AND CONTINGENT LIABILITIES

Long-term liability activity for the fiscal year ended September 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Bonds payable	\$ 4,325,000	\$	\$ 720,000	\$ 3,605,000	\$ 740,000
Deferred amounts:					
For issuance (discounts) premiums	<u>(16,480)</u>	<u> </u>	<u>(6,088)</u>	<u>(10,392)</u>	<u>(4,751)</u>
Total bonds payable	<u>4,308,520</u>	<u>0</u>	<u>713,912</u>	<u>3,594,608</u>	<u>735,249</u>
Lease/purchase payable	<u>280,223</u>	<u>0</u>	<u>30,544</u>	<u>249,679</u>	<u>31,432</u>
Total long-term liabilities	<u>\$ 4,588,743</u>	<u>\$ 0</u>	<u>\$ 744,456</u>	<u>\$ 3,844,287</u>	<u>\$ 766,681</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of September 30, 2023, the debt service requirements on the bonds outstanding were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 740,000	\$ 73,169	\$ 813,169
2025	760,000	53,169	813,169
2026	785,000	33,987	818,987
2027	330,000	13,200	343,200
2028	330,000	9,900	339,900
2029 - 2030	<u>660,000</u>	<u>9,900</u>	<u>669,900</u>
	<u>\$ 3,605,000</u>	<u>\$ 193,325</u>	<u>\$ 3,798,325</u>

Bonds voted	\$ 19,895,000
Bonds approved for sale and sold	19,895,000
Bonds voted and not issued	0
Refunding bonds voted	4,000,000
Refunding bonds approved for sale and sold	495,000
Refunding bonds voted and not issued	3,505,000

The bond issues payable at September 30, 2023, were as follows:

	<u>Series 2011</u>	<u>Series 2020</u>
Amounts outstanding, September 30, 2023	\$1,640,000	\$1,965,000
Interest rates	3.00% to 3.25%	1.00% to 2.00%
Maturity dates, serially beginning/ending	August 1, 2024/2026	August 1, 2024/2030
Interest payment dates	February 1/August 1	February 1/August 1
Callable dates	August 1, 2019*	August 1, 2025*

*Or any date thereafter at par plus accrued interest to the date of redemption, in whole or in part at the option of the District.

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount. The Series 2011 bonds are further payable from and secured by a first lien on and a pledge of the net revenues derived from the operation of the District's system.

Developer Construction Commitments and Liabilities

At September 30, 2023, there were no developer construction commitments or liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Lease/purchase Agreement

On December 30, 2015, the District entered into a 15 year lease/purchase agreement with a financing company for the acquisition of a generator for the District. The agreement provides for 180 monthly payments of \$3,182 at an interest rate of 2.87% per annum. The original principal amount of the agreement was \$465,000 and the unpaid principal balance at September 30, 2023 was \$249,679. The District has the option of prepaying the unpaid balance of the lease/purchase beginning in 2023 and then purchasing the generator for \$1.

As of September 30, 2023, the contractual payments on the lease/purchase agreement were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 31,432	\$ 6,754	\$ 38,186
2025	32,346	5,841	38,187
2026	33,287	4,899	38,186
2027	34,255	3,932	38,187
2028	35,251	2,935	38,186
2029-2031	<u>83,108</u>	<u>2,812</u>	<u>85,920</u>
	<u>\$ 249,679</u>	<u>\$ 27,173</u>	<u>\$ 276,852</u>

NOTE 6: PROPERTY TAXES

The Harris County Appraisal District has the responsibility for appraising property for all taxing units within the county as of January 1 of each year, subject to review and change by the county Appraisal Review Board. The appraisal roll, as approved by the Appraisal Review Board, must be used by the District in establishing its tax roll and tax rate. The District's taxes are usually levied in the fall, are due when billed and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later. On January 1 of each year, a statutory tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property.

The Bond Resolutions require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes.

At an election on April 5, 1986, the voters within the District authorized a maintenance tax not to exceed \$0.25 per \$100 valuation on all property within the District subject to taxation. This maintenance tax is being used by the General Fund to pay expenditures of operating the District.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

On October 18, 2022, the District levied the following ad valorem taxes for the 2022 tax year on the adjusted taxable valuation of \$455,235,716:

	Rate	Amount
Debt service	\$ 0.1720	\$ 783,005
Maintenance	0.2500	1,138,089
	\$ 0.4220	\$ 1,921,094

A reconciliation of the tax levy to property tax revenues on the Statement of Activities is as follows:

2022 tax year total property tax levy	\$ 1,921,094
Appraisal district adjustments to prior year taxes	(543)
Statement of Activities property tax revenues	\$ 1,920,551

NOTE 7: DEPOSITS AND TEMPORARY INVESTMENTS

The District complied with the requirements of the Public Funds Investment Act during the current fiscal year including the preparation of quarterly investment reports required by the Act.

State statutes authorize the District to invest and reinvest in direct or indirect obligations of the United States, the State of Texas, any county, city, school district, or other political subdivision of the state, or in local government investment pools authorized under the Public Funds Investment Act. Funds of the District may be placed in certificates of deposit of state or national banks or savings and loan associations within the state provided that they are secured in the manner provided for the security of the funds under the laws of the State of Texas. In accordance with the District's investment policies, during the current year the District's funds were invested in interest bearing accounts at authorized financial institutions and in TexPool, a local government investment pool sponsored by the State Comptroller. TexPool is rated AAAM by Standard & Poor's.

In accordance with state statutes and the District's investment policies, the District requires that insurance or security be provided by depositories for all funds held by them. At the balance sheet date, the District's deposits were covered by federal insurance.

At the balance sheet date the carrying value and market value of the investments in TexPool was \$2,050,605.

Deposits and temporary investments restricted by state statutes and the Bond Resolutions:

Debt Service Fund

For payment of debt principal and interest,
paying agent fees and costs of assessing and
collecting taxes:

Cash	\$ 118,512
Temporary investments	360,196
	\$ 478,708

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Capital Projects Fund

For construction of capital assets:

Cash		\$	675
Temporary investments			<u>636,931</u>
		\$	<u>637,606</u>

NOTE 8: RISK MANAGEMENT

The District is exposed to various risks of loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; personal injuries and natural disasters. Significant losses are covered by insurance as described below. There were no significant reductions in insurance coverage from the prior fiscal year. There have been no settlements which have exceeded the insurance coverage for each of the past three fiscal years.

At September 30, 2023, the District had physical damage and boiler and machinery coverage of \$7,550,000, comprehensive general liability coverage with a per occurrence limit of \$1,000,000 and \$3,000,000 general aggregate, worker's compensation liability coverage of \$1,000,000, consultant's crime coverage of \$500,000 and a tax assessor-collector bond of \$50,000.

NOTE 9: REGIONAL WASTEWATER TREATMENT PLANT

Effective May 1, 1992, the District entered into a forty year agreement providing for the ownership, operation, maintenance and expansion of the White Oak Bayou Joint Powers Board (the "Board"). Ownership of the Board is shared by the following participants: The City of Jersey Village -- 40.63%; West Harris County Municipal Utility District No. 1 -- 25.31%; Windfern Forest Utility District -- 28.13%; Harris County Municipal Utility District No. 25 -- 2.81% and Baker Service Tools -- 3.12%. The Board is managed and operated by a board whose five members are appointed by each of the entities participating in the Board. The Board issues no debt. Each participant records its share of the capital assets of the Board in its financial statements.

Each participant is responsible only for its share of the operating costs of the Board which are allocated and billed monthly based upon each participant's pro rata share of total metered flow of effluent entering the Board. Capital costs are allocated and billed based upon percentage of ownership. The District has contributed \$21,878 as its share of the Board's operating reserve and \$734,043 as its share of the capital improvements reserve. During the year ended September 30, 2023, the District incurred operating costs of \$289,451 under this agreement.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The following summary financial data of the Board's General Fund is presented for the Board's fiscal year ended December 31, 2022:

	<u>Board Total</u>	<u>District's Share</u>
Total assets	\$ 2,666,282	
Total liabilities	<u>(43,038)</u>	
Total fund balance	2,623,244	\$ 750,466
Reserve for capital improvements	(2,531,144)	(728,588)
Operating reserve	<u>(92,100)</u>	<u>(21,878)</u>
Undesignated fund balance	<u>\$ 0</u>	<u>\$ 0</u>
Total revenues	\$ 833,817	\$ 271,826
Total expenditures	<u>(775,210)</u>	<u>(271,826)</u>
Excess revenues (expenditures)	58,607	0
Increase in reserve for capital improvements	216,000	66,237
Capital improvement expenditures from reserve	<u>(63,649)</u>	<u>(6,895)</u>
Change in fund balance	210,958	59,342
Fund balance, beginning of year	<u>2,412,286</u>	<u>691,124</u>
Fund balance, end of year	<u>\$ 2,623,244</u>	<u>\$ 750,466</u>

NOTE 10: WATER SUPPLY CONTRACTS

Contract with the City of Houston

Effective April 2, 2001, the District and the City of Houston (the "City") entered into a forty year water supply contract. Under the terms of the contract, the City agreed to sell water to the District in order for the District to comply with the Groundwater Reduction Plan mandated by the Harris-Galveston Subsidence District. The contract specifies an initial minimum monthly quantity for which it must pay whether taken or not. This quantity can be revised annually in accordance with the terms specified in the contract. During the year ended September 30, 2023, the District incurred operating costs of \$493,265 under this agreement.

Contract with Harris County Municipal Utility District No. 261

On June 15, 2010, the District and Harris County Municipal Utility District No. 261 ("No. 261") entered into a 40 year Water Supply and Construction Contract (the "Contract") to construct improvements to the supply of surface water to the districts from the City. Under the terms of the Contract, the District designed and constructed a 12 inch water line and other facilities in consultation with No. 261. After completion of the project, No. 261 is to purchase water from the District at a price specified in the Contract. During the year ended September 30, 2023, the District sold water to No. 261 for \$126,921 under this agreement.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 11: GROUNDWATER BANK CERTIFICATES

The District has purchased Groundwater Bank certificates directly from the issuer, the Harris-Galveston Subsidence District (the "HGSD"). These certificates expire in 20 years and allow the bearer to pump the quantity of water specified on the certificate from wells instead of using surface water as mandated by the HGSD. Certificates can also be used in lieu of a disincentive fee assessed by the HGSD for ground water pumpage in excess of the District's permit as amended. At September 30, 2023, the District had in its possession certificates totaling 13,104 thousand gallons of water . The District values the certificates at cost which resulted in a total cost basis for the certificates on hand of \$5,522 at September 30, 2023.

WINDFERN FOREST UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 958,279	\$ 958,279	\$ 1,140,542	\$ 182,263
Water service	396,000	396,000	576,731	180,731
Water sold to other district	108,160	108,160	126,921	18,761
Sewer service	700,000	700,000	830,132	130,132
Penalty	14,640	14,640	18,593	3,953
District administration building rental	21,960	21,960	21,633	(327)
Interest on deposits and investments	18,000	18,000	42,591	24,591
Other revenues	38,940	38,940	40,936	1,996
TOTAL REVENUES	<u>2,255,979</u>	<u>2,255,979</u>	<u>2,798,079</u>	<u>542,100</u>
EXPENDITURES				
Service operations:				
Purchased services	612,400	612,400	782,716	170,316
Professional fees	142,276	142,276	252,926	110,650
Contracted services	91,760	91,760	93,409	1,649
Utilities	86,400	86,400	94,198	7,798
Repairs, maintenance and operating expenditures	600,154	600,154	560,724	(39,430)
Security service	155,244	155,244	155,200	(44)
Garbage disposal	330,000	330,000	304,519	(25,481)
District administration building expenses	48,000	48,000	119,070	71,070
Administrative expenditures	108,831	108,831	116,792	7,961
Capital outlay	24,000	24,000	0	(24,000)
Debt service	38,184	38,184	38,187	3
TOTAL EXPENDITURES	<u>2,237,249</u>	<u>2,237,249</u>	<u>2,517,741</u>	<u>280,492</u>
EXCESS REVENUES (EXPENDITURES)	18,730	18,730	280,338	261,608
FUND BALANCE, BEGINNING OF YEAR	<u>1,037,229</u>	<u>1,037,229</u>	<u>1,037,229</u>	<u>0</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,055,959</u>	<u>\$ 1,055,959</u>	<u>\$ 1,317,567</u>	<u>\$ 261,608</u>

The District's Board of Directors adopts an annual nonappropriated budget. This budget may be amended throughout the fiscal year and is prepared on a basis consistent with generally accepted accounting principles.

See accompanying independent auditor's report..

WINDFERN FOREST UTILITY DISTRICT
SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION
REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
SEPTEMBER 30, 2023

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

- [X] TSI-1. Services and Rates
- [X] TSI-2. General Fund Expenditures
- [X] TSI-3. Temporary Investments
- [X] TSI-4. Taxes Levied and Receivable
- [X] TSI-5. Long-Term Debt Service Requirements by Years
- [X] TSI-6. Changes in Long-Term Bonded Debt
- [X] TSI-7. Comparative Schedule of Revenues and Expenditures -
General Fund and Debt Service Fund - Five Year
- [X] TSI-8. Board Members, Key Personnel and Consultants

WINDFERN FOREST UTILITY DISTRICT

SCHEDULE OF SERVICES AND RATES

SEPTEMBER 30, 2023

1. Services Provided by the District during the Fiscal Year:

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

2. Retail Service Providers

a. Retail Rates for a 5/8" meter (or equivalent):

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1000 Gallons Over Minimum</u>	<u>Usage Levels</u>
WATER:	\$15.00	5,000	N	\$2.00	5,001 to 15,000
				2.54	15,001 to 20,000
				3.27	20,001 to 30,000
				4.50	Over 30,000
WASTEWATER:	\$41.41		N	\$0.61	Over 5,000
SURCHARGE:	\$0.00				

District employs winter averaging for wastewater usage: Yes No

Total charges per 10,000 gallons usage: Water: \$25.00 Wastewater: \$44.46 Surcharge: \$0.00

WINDFERN FOREST UTILITY DISTRICT
SCHEDULE OF SERVICES AND RATES (Continued)
SEPTEMBER 30, 2023

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	0	0	1.0	0
< or = 3/4"	1,281	1,275	1.0	1,275
1"	8	8	2.5	20
1-1/2"	3	3	5.0	15
2"	18	18	8.0	144
3"	0	0	15.0	0
4"	1	1	25.0	25
6"	4	4	50.0	200
8"	1	1	80.0	80
10"	0	0	115.0	0
Total Water	<u>1,316</u>	<u>1,310</u>		<u>1,759</u>
Total Wastewater	<u>1,262</u>	<u>1,256</u>	1.0	<u>1,256</u>

*Single family equivalents

3. Total Water Consumption during the Fiscal Year (rounded to thousands):

Gallons pumped into system (unaudited): 316,483
 Gallons billed to customers (unaudited): 268,713

Water Accountability Ratio
 (Gallons billed/ gallons pumped): 85%

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes No

If yes, date of the most recent Commission Order: _____

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

If yes, date of the most recent Commission Order: _____

WINDFERN FOREST UTILITY DISTRICTEXPENDITURESFOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
CURRENT				
Purchased services:				
Water	\$ 493,265	\$	\$	\$ 493,265
Sewer	289,451			289,451
	<u>782,716</u>	<u>0</u>	<u>0</u>	<u>782,716</u>
Professional fees:				
Auditing	10,950			10,950
Legal	121,511	3,576		125,087
Engineering	120,465			120,465
	<u>252,926</u>	<u>3,576</u>	<u>0</u>	<u>256,502</u>
Contracted services:				
Bookkeeping	31,679			31,679
Operation and billing	61,730			61,730
Tax assessor-collector		22,815		22,815
Central appraisal district		14,009		14,009
	<u>93,409</u>	<u>36,824</u>	<u>0</u>	<u>130,233</u>
Utilities	<u>94,198</u>	<u>0</u>	<u>0</u>	<u>94,198</u>
Repairs, maintenance and other operating expenditures:				
Repairs and maintenance	494,652			494,652
Chemicals	16,630			16,630
Laboratory costs	17,358			17,358
Inspection costs	2,550			2,550
Reconnection and transfer costs	9,881			9,881
TCEQ assessment	6,797			6,797
Other	12,856			12,856
	<u>560,724</u>	<u>0</u>	<u>0</u>	<u>560,724</u>
Security service	<u>155,200</u>	<u>0</u>	<u>0</u>	<u>155,200</u>
Garbage disposal	<u>304,519</u>	<u>0</u>	<u>0</u>	<u>304,519</u>
District administration building expenses	<u>119,070</u>	<u>0</u>	<u>0</u>	<u>119,070</u>

See accompanying independent auditor's report.

WINDFERN FOREST UTILITY DISTRICT
EXPENDITURES (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
CURRENT				
Administrative expenditures:				
Director's fees	\$ 13,637	\$	\$	\$ 13,637
Office supplies and postage	33,995			33,995
Insurance	25,909	150		26,059
Permit fees	10,536			10,536
Other	32,715	6,087		38,802
	<u>116,792</u>	<u>6,237</u>	<u>0</u>	<u>123,029</u>
CAPITAL OUTLAY				
Authorized expenditures	<u>0</u>	<u>0</u>	<u>8,918</u>	<u>8,918</u>
DEBT SERVICE				
Principal retirement	<u>30,544</u>	<u>720,000</u>	<u>0</u>	<u>750,544</u>
Interest and fees:				
Interest	7,643	92,469		100,112
Paying agent fees	1,500	1,500		1,500
	<u>7,643</u>	<u>93,969</u>	<u>0</u>	<u>101,612</u>
TOTAL EXPENDITURES	<u>\$ 2,517,741</u>	<u>\$ 860,606</u>	<u>\$ 8,918</u>	<u>\$ 3,387,265</u>

See accompanying independent auditor's report.

WINDFERN FOREST UTILITY DISTRICT

ANALYSIS OF CHANGES IN DEPOSITS AND TEMPORARY INVESTMENTS
ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
SOURCES OF DEPOSITS AND TEMPORARY INVESTMENTS				
Cash receipts from revenues excluding maintenance taxes	\$ 1,623,759	\$ 833,943	\$ 29,818	\$ 2,487,520
Maintenance tax receipts		1,140,542		1,140,542
Transfer of maintenance taxes	1,144,656			1,144,656
Reimbursement from other fund	257,604			257,604
Increase in customer deposits	3,275			3,275
Overpayments from taxpayers		14,731		14,731
	<u>3,029,294</u>	<u>1,989,216</u>	<u>29,818</u>	<u>5,048,328</u>
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS PROVIDED				
APPLICATIONS OF DEPOSITS AND TEMPORARY INVESTMENTS				
Cash disbursements for:				
Current expenditures	2,519,168	46,557		2,565,725
Capital outlay			8,918	8,918
Debt service	38,187	813,969		852,156
Advance to joint facilities	59,550			59,550
Reimbursement to other fund			257,604	257,604
Transfer of maintenance taxes		1,144,656		1,144,656
Refund of taxpayer overpayments		14,728		14,728
	<u>2,616,905</u>	<u>2,019,910</u>	<u>266,522</u>	<u>4,903,337</u>
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS APPLIED				
INCREASE (DECREASE) IN DEPOSITS AND TEMPORARY INVESTMENTS	412,389	(30,694)	(236,704)	144,991
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, BEGINNING OF YEAR	<u>772,527</u>	<u>509,402</u>	<u>874,310</u>	<u>2,156,239</u>
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, END OF YEAR	<u>\$ 1,184,916</u>	<u>\$ 478,708</u>	<u>\$ 637,606</u>	<u>\$ 2,301,230</u>

See accompanying independent auditor's report.

WINDFERN FOREST UTILITY DISTRICT
SCHEDULE OF TEMPORARY INVESTMENTS
SEPTEMBER 30, 2023

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Year End Balance</u>	<u>Accrued Interest Receivable</u>
GENERAL FUND				
TexPool				
No. 2552000003	Market	On demand	\$ <u>1,053,478</u>	\$ <u>0</u>
DEBT SERVICE FUND				
TexPool				
No. 2552000001	Market	On demand	\$ <u>360,196</u>	\$ <u>0</u>
CAPITAL PROJECTS FUND				
TexPool				
No. 2552000003	Market	On demand	\$ <u>636,931</u>	\$ <u>0</u>
Total – All Funds			\$ <u>2,050,605</u>	\$ <u>0</u>

See accompanying independent auditor's report.

WINDFERN FOREST UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Maintenance Taxes</u>	<u>Debt Service Taxes</u>
RECEIVABLE, BEGINNING OF YEAR	\$ 21,268	\$ 18,348
Additions and corrections to prior year taxes	<u>(302)</u>	<u>(241)</u>
Adjusted receivable, beginning of year	20,966	18,107
2022 ADJUSTED TAX ROLL	<u>1,138,089</u>	<u>783,005</u>
Total to be accounted for	1,159,055	801,112
Tax collections: Current tax year	(1,129,368)	(777,005)
Prior tax years	<u>(11,174)</u>	<u>(9,704)</u>
RECEIVABLE, END OF YEAR	<u>\$ 18,513</u>	<u>\$ 14,403</u>
RECEIVABLE, BY TAX YEAR		
2013	\$ 5	\$ 11
2014	30	32
2015	30	30
2016	149	143
2017	855	821
2018	896	825
2019	781	718
2020	2,330	2,050
2021	4,716	3,773
2022	<u>8,721</u>	<u>6,000</u>
RECEIVABLE, END OF YEAR	<u>\$ 18,513</u>	<u>\$ 14,403</u>

See accompanying independent auditor's report.

WINDFERN FOREST UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2023

ADJUSTED PROPERTY VALUATIONS AS OF JANUARY 1 OF TAX YEAR	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Land	\$ 96,519,845	\$ 96,546,917	\$ 83,445,768	\$ 65,972,653
Improvements	365,986,240	313,461,111	307,201,305	314,841,187
Personal property	7,817,182	7,422,148	7,178,419	6,757,258
Less exemptions	<u>(15,087,551)</u>	<u>(13,881,643)</u>	<u>(12,136,423)</u>	<u>(10,977,524)</u>
 TOTAL PROPERTY VALUATIONS	 <u>\$ 455,235,716</u>	 <u>\$ 403,548,533</u>	 <u>\$ 385,689,069</u>	 <u>\$ 376,593,574</u>
TAX RATES PER \$100 VALUATION				
Debt service tax rates	\$ 0.17200	\$ 0.20000	\$ 0.22000	\$ 0.23000
Maintenance tax rates	<u>0.25000</u>	<u>0.25000</u>	<u>0.25000</u>	<u>0.25000</u>
 TOTAL TAX RATES PER \$100 VALUATION	 <u>\$ 0.42200</u>	 <u>\$ 0.45000</u>	 <u>\$ 0.47000</u>	 <u>\$ 0.48000</u>
TAX ROLLS	<u>\$ 1,921,094</u>	<u>\$ 1,815,968</u>	<u>\$ 1,812,739</u>	<u>\$ 1,807,649</u>
PERCENT OF TAXES COLLECTED TO TAXES LEVIED	<u>99.2 %</u>	<u>99.5 %</u>	<u>99.8 %</u>	<u>99.9 %</u>

*Maximum tax rate approved by voters on April 5, 1986: \$0.25

WINDFERN FOREST UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS
SEPTEMBER 30, 2023

<u>Due During Fiscal Years Ending September 30</u>	<u>Series 2011</u>		
	<u>Principal Due August 1</u>	<u>Interest Due February 1, August 1</u>	<u>Total</u>
2024	\$ 520,000	\$ 51,319	\$ 571,319
2025	545,000	35,719	580,719
2026	<u>575,000</u>	<u>18,687</u>	<u>593,687</u>
TOTALS	<u>\$ 1,640,000</u>	<u>\$ 105,725</u>	<u>\$ 1,745,725</u>

<u>Due During Fiscal Years Ending September 30</u>	<u>Series 2020</u>		
	<u>Principal Due August 1</u>	<u>Interest Due February 1, August 1</u>	<u>Total</u>
2024	\$ 220,000	\$ 21,850	\$ 241,850
2025	215,000	17,450	232,450
2026	210,000	15,300	225,300
2027	330,000	13,200	343,200
2028	330,000	9,900	339,900
2029	330,000	6,600	336,600
2030	<u>330,000</u>	<u>3,300</u>	<u>333,300</u>
TOTALS	<u>\$ 1,965,000</u>	<u>\$ 87,600</u>	<u>\$ 2,052,600</u>

See accompanying independent auditor's report.

WINDFERN FOREST UTILITY DISTRICTLONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)SEPTEMBER 30, 2023

<u>Due During Fiscal Years Ending September 30</u>	<u>Annual Requirements for All Series</u>		
	<u>Total Principal Due</u>	<u>Total Interest Due</u>	<u>Total</u>
2024	\$ 740,000	\$ 73,169	\$ 813,169
2025	760,000	53,169	813,169
2026	785,000	33,987	818,987
2027	330,000	13,200	343,200
2028	330,000	9,900	339,900
2029	330,000	6,600	336,600
2030	<u>330,000</u>	<u>3,300</u>	<u>333,300</u>
TOTALS	<u>\$ 3,605,000</u>	<u>\$ 193,325</u>	<u>\$ 3,798,325</u>

See accompanying independent auditor's report.

WINDFERN FOREST UTILITY DISTRICT
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>(1)</u>	<u>(2)</u>	<u>Totals</u>
Bond Series:	2011	2020	
Interest Rate:	3.00% to 3.25%	1.00% to 2.00%	
Dates Interest Payable:	February 1/ August 1	February 1/ August 1	
Maturity Dates:	August 1, 2024/2026	August 1, 2024/2030	
Bonds Outstanding at Beginning of Current Year	\$ 2,130,000	\$ 2,195,000	\$ 4,325,000
Less Retirements	<u>(490,000)</u>	<u>(230,000)</u>	<u>(720,000)</u>
Bonds Outstanding at End of Current Year	<u>\$ 1,640,000</u>	<u>\$ 1,965,000</u>	<u>\$ 3,605,000</u>
Current Year Interest Paid:	<u>\$ 66,018</u>	<u>\$ 26,451</u>	<u>\$ 92,469</u>

Bond Descriptions and Original Amount of Issue

- (1) Windfern Forest Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2011 (\$3,860,000)
- (2) Windfern Forest Utility District Unlimited Tax Bonds, Series 2020 (\$2,685,000)

Paying Agent/Registrar

- (1) (2) The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

<u>Bond Authority</u>	<u>Tax Bonds</u>	<u>Other Bonds</u>	<u>Refunding Bonds</u>
Amount Authorized by Voters:	\$ 19,895,000	\$ 0	\$ 4,000,000
Amount Issued:	19,895,000		495,000
Remaining to be Issued:	0		3,505,000

Net Debt Service Fund deposits and investments balances as of September 30, 2023: \$484,370
Average annual debt service payment for remaining term of all debt: 542,618

See accompanying independent auditor's report.

WINDFERN FOREST UTILITY DISTRICT

COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,
GENERAL FUND

FOR YEARS ENDED SEPTEMBER 30

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2023	2022	2021	2020	2019	2023	2022	2021	2020	2019
REVENUES										
Property taxes	\$ 1,140,542	\$ 1,003,694	\$ 961,537	\$ 941,929	\$ 896,562	40.7 %	41.3 %	44.5 %	43.0 %	42.2 %
Water service	576,731	438,509	390,244	406,868	397,226	20.6	18.0	18.0	18.6	18.7
Water sold to other district	126,921	111,731	115,416	95,838	104,249	4.5	4.6	5.3	4.4	4.9
Sewer service	830,132	691,861	658,244	659,654	653,522	29.7	28.4	30.4	30.2	30.8
Penalty	18,593	15,842	15,021	14,987	13,123	0.7	0.7	0.7	0.7	0.6
Tap connection and inspection fees	0	103,036	0	0	0	0.0	4.2	0.0	0.0	0.0
District administration building rental	21,633	12,250	10,975	5,950	19,275	0.8	0.5	0.5	0.3	0.9
Interest on deposits and investments	42,591	5,519	491	6,862	17,819	1.5	0.2	0.0	0.3	0.8
Other revenues	40,936	51,776	13,206	54,833	22,704	1.5	2.1	0.6	2.5	1.1
TOTAL REVENUES	2,798,079	2,434,218	2,165,134	2,186,921	2,124,480	100.0	100.0	100.0	100.0	100.0
EXPENDITURES										
Current:										
Purchased services	782,716	643,380	592,008	675,942	614,026	27.9	26.5	27.2	31.0	29.0
Professional fees	252,926	177,597	177,382	169,863	234,240	9.0	7.3	8.2	7.8	11.0
Contracted services	93,409	73,361	86,573	88,780	74,784	3.3	3.0	4.0	4.1	3.5
Utilities	94,198	94,057	87,089	88,030	91,674	3.4	3.9	4.0	4.0	4.3
Repairs, maintenance and other operating expenditures	560,724	623,818	471,012	433,588	384,532	20.1	25.6	21.8	19.8	18.1
Security service	155,200	148,731	147,227	142,278	138,336	5.5	6.1	6.8	6.5	6.5
Garbage disposal	304,519	280,696	261,036	252,408	257,836	10.9	11.5	12.1	11.5	12.1
District administration building expenses	119,070	50,799	42,980	52,083	88,190	4.3	2.1	2.0	2.4	4.2
Administrative expenditures	116,792	83,387	83,885	83,457	85,768	4.2	3.4	3.9	3.8	4.0
Capital outlay	0	200,702	307,821	81,866	345,929	0.0	8.2	14.2	3.7	16.3
Debt service	38,187	38,187	38,187	38,187	38,187	1.4	1.6	1.8	1.7	1.8
TOTAL EXPENDITURES	2,517,741	2,414,715	2,295,200	2,106,482	2,353,502	90.0	99.2	106.0	96.3	110.8
EXCESS REVENUES (EXPENDITURES)	\$ 280,338	\$ 19,503	\$ (130,066)	\$ 80,439	\$ (229,022)	10.0 %	0.8 %	(6.0) %	3.7 %	(10.8) %
TOTAL ACTIVE RETAIL WATER CONNECTIONS	1,310	1,315	1,307	1,306	1,308					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	1,256	1,310	1,304	1,302	1,304					

See accompanying independent auditor's report.

WINDFERN FOREST UTILITY DISTRICT
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,
DEBT SERVICE FUND
FOR YEARS ENDED SEPTEMBER 30

	<u>AMOUNT</u>					<u>PERCENT OF TOTAL REVENUES</u>				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
REVENUES										
Property taxes	\$ 786,709	\$ 803,425	\$ 846,399	\$ 866,589	\$ 825,226	94.3 %	98.0 %	98.5 %	97.4 %	96.8 %
Penalty and interest	14,987	10,505	11,599	16,050	17,109	1.8	1.3	1.4	1.8	2.0
Accrued interest on bonds received at date of sale	0	0	0	2,115	0	0.0	0.0	0.0	0.2	0.0
Interest and other	<u>32,247</u>	<u>5,341</u>	<u>617</u>	<u>4,960</u>	<u>10,151</u>	<u>3.9</u>	<u>0.7</u>	<u>0.1</u>	<u>0.6</u>	<u>1.2</u>
TOTAL REVENUES	<u>833,943</u>	<u>819,271</u>	<u>858,615</u>	<u>889,714</u>	<u>852,486</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
EXPENDITURES										
Current:										
Professional fees	3,576	3,419	3,611	5,089	6,314	0.4	0.4	0.4	0.6	0.7
Contracted services	36,824	35,043	33,325	35,626	34,464	4.4	4.3	3.9	4.0	4.0
Other expenditures	6,237	6,431	6,439	4,705	4,312	0.7	0.8	0.7	0.5	0.5
Debt service:										
Principal retirement	720,000	705,000	695,000	550,000	525,000	86.4	86.0	81.0	61.8	61.6
Interest and fees	<u>93,969</u>	<u>110,394</u>	<u>123,498</u>	<u>105,219</u>	<u>123,281</u>	<u>11.3</u>	<u>13.5</u>	<u>14.4</u>	<u>11.8</u>	<u>14.5</u>
TOTAL EXPENDITURES	<u>860,606</u>	<u>860,287</u>	<u>861,873</u>	<u>700,639</u>	<u>693,371</u>	<u>103.2</u>	<u>105.0</u>	<u>100.4</u>	<u>78.7</u>	<u>81.3</u>
EXCESS REVENUES (EXPENDITURES)	<u>\$ (26,663)</u>	<u>\$ (41,016)</u>	<u>\$ (3,258)</u>	<u>\$ 189,075</u>	<u>\$ 159,115</u>	<u>(3.2) %</u>	<u>(5.0) %</u>	<u>(0.4) %</u>	<u>21.3 %</u>	<u>18.7 %</u>

See accompanying independent auditor's report.

WINDFERN FOREST UTILITY DISTRICTBOARD MEMBERS, KEY PERSONNEL AND CONSULTANTSSEPTEMBER 30, 2023

Complete District Mailing Address: Windfern Forest Utility District
c/o Bracewell LLP
711 Louisiana Street, Suite 2300
Houston, Texas 77002

District Business Telephone No.: 713-223-2300

Submission date of the most recent District Registration Form: June 13, 2023

Limit on Fees of Office that a Director may receive during a fiscal year: \$7,200

BOARD MEMBERS

<u>Name and Address</u>	<u>Term of Office (Elected/ Appointed)</u>	<u>Fees of Office Paid</u>	<u>Expense Reimb.</u>	<u>Title at Year End</u>
Karen Hlavenka c/o Bracewell LLP 711 Louisiana Street, Suite 2300 Houston, Texas 77002	Elected 5/01/21- 5/03/25	\$ 4,169	\$ 1,713	President
Eddie H. Mendel, Jr. c/o Bracewell LLP 711 Louisiana Street, Suite 2300 Houston, Texas 77002	Elected 5/06/23- 5/01/27	2,464	0	Vice President
Phyllis Schoelman c/o Bracewell LLP 711 Louisiana Street, Suite 2300 Houston, Texas 77002	Elected 5/01/21- 5/03/25	2,977	2,328	Assistant Vice President
Shari B. North c/o Bracewell LLP 711 Louisiana Street, Suite 2300 Houston, Texas 77002	Elected 5/06/23- 5/01/27	2,013	769	Secretary/ Treasurer
Ann Murphree c/o Bracewell LLP 711 Louisiana Street, Suite 2300 Houston, Texas 77002	Elected 5/01/21- 5/03/25	2,014	0	Assistant Secretary

See accompanying independent auditor's report.

WINDFERN FOREST UTILITY DISTRICTBOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (Continued)SEPTEMBER 30, 2023CONSULTANTS

<u>Name and Address</u>	<u>Date Hired</u>	<u>Fees and Expense Reimbursements</u>	<u>Title at Year End</u>
Bracewell LLP 711 Louisiana Street, Suite 2300 Houston, Texas 77002	12/20/11	\$ 121,511	Attorney
Perdue, Brandon, Fielder, Collins & Mott, L.L.P. 1235 N. Loop West, Suite 600 Houston, Texas 77008	3/19/96	3,576	Delinquent Tax Attorney
McLennan & Associates, L.P. 1717 St. James Place Houston, Texas 77056	4/20/04	35,018	Bookkeeper
Jorge Diaz 1717 St. James Place Houston, Texas 77056	1/17/17	0	Investment Officer
Si Environmental, LLC 9835 Whithorn Drive Houston, Texas 77065	7/02/12	567,403	Operator
Jacobs Engineering Group, Inc. 5995 Rogerdale Road Houston, Texas 77072	11/17/09	120,708	Engineer
B & A Municipal Tax Service, LLC 13333 Northwest Freeway, Suite 505 Houston, Texas 77040	8/23/16	27,987	Tax Assessor- Collector
Harris County Appraisal District P.O. Box 900275 Houston, Texas 77292	Legislative Action	14,009	Central Appraisal District
Masterson Advisors, LLC 3 Greenway Plaza, Suite 1100 Houston, Texas 77046	5/15/18	0	Financial Advisor
Mark C. Eyring, CPA, PLLC 12702 Century Drive, Suite C2 Stafford, Texas 77477	Prior to 1992	10,950	Independent Auditor

See accompanying independent auditor's report.