

WINDFERN FOREST UTILITY DISTRICT
HARRIS COUNTY, TEXAS
ANNUAL AUDIT REPORT
SEPTEMBER 30, 2015

C O N T E N T S

INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-7
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	8
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	9
NOTES TO THE FINANCIAL STATEMENTS	10-20
SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUND	21
SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY	22
SCHEDULE OF SERVICES AND RATES	23-24
EXPENDITURES FOR THE YEAR ENDED SEPTEMBER 30, 2015	25-26
ANALYSIS OF CHANGES IN DEPOSITS AND TEMPORARY INVESTMENTS, ALL GOVERNMENTAL FUND TYPES	27
SCHEDULE OF TEMPORARY INVESTMENTS	28
TAXES LEVIED AND RECEIVABLE	29-30
LONG-TERM BONDED DEBT SERVICE REQUIREMENTS, BY YEARS	31-32
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT	33
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES, GENERAL FUND	34
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES, DEBT SERVICE FUND	35
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	36-37

Roth & Eyring, PLLC

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January 19, 2016

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Windfern Forest Utility District
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and each fund of Windfern Forest Utility District, as of and for the year ended September 30, 2015, which collectively comprise the District's basic financial statements, as listed in the table of contents, and the related notes to the financial statements.

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 of 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 of 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 assessment of the risk of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each fund of Windfern Forest Utility District as of September 30, 2015, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (Continued)**Other Matters**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on Pages 3 to 7 and Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual, General Fund, on Page 21 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on Pages 22 to 37 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 our 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, we 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 our firm.

North & Arizone, PLLC

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, 2015.

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>2015</u>	<u>2014</u>	<u>Change</u>
Current and other assets	\$ 1,468,771	\$ 1,702,807	\$ (234,036)
Capital assets	8,659,918	8,727,350	(67,432)
Total assets	<u>10,128,689</u>	<u>10,430,157</u>	<u>(301,468)</u>
Long-term liabilities	5,448,333	6,081,026	(632,693)
Other liabilities	963,109	987,028	(23,919)
Total liabilities	<u>6,411,442</u>	<u>7,068,054</u>	<u>(656,612)</u>
Net position:			
Invested in capital assets, net of related debt	2,578,892	2,038,687	540,205
Restricted	322,707	422,121	(99,414)
Unrestricted	815,648	901,295	(85,647)
Total net position	<u>\$ 3,717,247</u>	<u>\$ 3,362,103</u>	<u>\$ 355,144</u>

Summary of Changes in Net Position

	<u>2015</u>	<u>2014</u>	<u>Change</u>
Revenues:			
Property taxes, including related penalty and interest	\$ 1,544,163	\$ 1,421,520	\$ 122,643
Charges for services	1,074,035	1,035,031	39,004
Other revenues	29,268	26,573	2,695
Total revenues	<u>2,647,466</u>	<u>2,483,124</u>	<u>164,342</u>
Expenses:			
Service operations	2,082,707	1,966,419	116,288
Debt service	209,615	238,157	(28,542)
Total expenses	<u>2,292,322</u>	<u>2,204,576</u>	<u>87,746</u>
Change in net position	355,144	278,548	76,596
Net position, beginning of year	<u>3,362,103</u>	<u>3,083,555</u>	<u>278,548</u>
Net position, end of year	<u>\$ 3,717,247</u>	<u>\$ 3,362,103</u>	<u>\$ 355,144</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, 2015, were \$1,150,422, a decrease of \$197,518 from the prior year.

The General Fund balance decreased by \$88,733, in accordance with the District's financial plan.

The Debt Service Fund balance decreased by \$70,066, in accordance with the District's financial plan.

The Capital Projects Fund balance decreased by \$38,719, as authorized expenditures exceeded interest earnings.

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 21 of this report. The budgetary fund balance as of September 30, 2015, was expected to be \$760,658 and the actual end of year fund balance was \$807,948.

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>2015</u>	<u>2014</u>	<u>Change</u>
Land	\$ 570,869	\$ 570,869	\$ 0
Construction in progress	36,408	65,573	(29,165)
Buildings and improvements	583,398	603,515	(20,117)
Water facilities	5,963,678	5,948,004	15,674
Sewer facilities	1,505,565	1,539,389	(33,824)
Totals	<u>\$ 8,659,918</u>	<u>\$ 8,727,350</u>	<u>\$ (67,432)</u>

Changes to capital assets during the fiscal year ended September 30, 2015, are summarized as follows:

Additions:

Replacement of lift station pump	\$ 13,064
Water plant improvements	<u>283,869</u>
Total additions to capital assets	296,933

Decreases:

Depreciation	<u>(364,365)</u>
Net change to capital assets	<u>\$ (67,432)</u>

Debt

Changes in the bonded debt position of the District during the fiscal year ended September 30, 2015, are summarized as follows:

Bonded debt payable, beginning of fiscal year	\$ 6,655,000
Bonds paid	<u>(590,000)</u>
Bonded debt payable, end of fiscal year	<u>\$ 6,065,000</u>

At September 30, 2015, the District had \$2,685,000 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. The insured rating of the District's Series 2011 bonds is AA. There was no change in the bond ratings during the fiscal year ended September 30, 2015.

RELEVANT FACTORS AND WATER SUPPLY ISSUES

Property Tax Base

The District's tax base increased approximately \$24,600,000 for the 2014 tax year (about 9%) 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 without the District's consent. 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, 2015

	General	Debt Service	Capital Projects	Total	Adjustments (Note 3)	Statement of Net Position
ASSETS						
Cash, including interest-bearing accounts, Note 7	\$ 133,174	\$ 51,523	\$	\$ 184,697	\$	\$ 184,697
Temporary investments, at cost, Note 7	680,680	300,090	\$	980,770	\$	980,770
Receivables:						
Property taxes	7,700	10,122		17,822		17,822
Accrued penalty and interest on property taxes				0	4,504	4,504
Service accounts	95,624			95,624		95,624
Other	22,379			22,379		22,379
Prepaid security service	22,609			22,609		22,609
Maintenance taxes collected not yet transferred from other fund	4,168			4,168	(4,168)	0
Reserves at joint facilities, Note 9	134,844			134,844		134,844
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	607,277	607,277
Depreciable capital assets				0	8,052,641	8,052,641
Total assets	<u>\$1,106,700</u>	<u>\$ 361,735</u>	<u>\$ 0</u>	<u>\$ 1,468,435</u>	<u>8,660,254</u>	<u>10,128,689</u>
LIABILITIES						
Accounts payable	\$ 122,283	\$ 4,971	\$	\$ 127,254		127,254
Accrued interest payable				0	34,393	34,393
Customer deposits	168,769			168,769		168,769
Maintenance taxes collected not yet transferred to other fund		4,168		4,168	(4,168)	0
Long-term liabilities, Note 5:						
Due within one year				0	632,693	632,693
Due in more than one year				0	5,448,333	5,448,333
Total liabilities	<u>291,052</u>	<u>9,139</u>	<u>0</u>	<u>300,191</u>	<u>6,111,251</u>	<u>6,411,442</u>
DEFERRED INFLOWS OF RESOURCES						
Property tax revenues	7,700	10,122	0	17,822	(17,822)	0
FUND BALANCES / NET POSITION						
Fund balances:						
Nonspendable:						
Reserves at joint facilities, Note 9	134,844			134,844	(134,844)	0
Groundwater bank certificates, Note 11	5,522			5,522	(5,522)	0
Assigned to:						
Debt service		342,474		342,474	(342,474)	0
Unassigned	667,582			667,582	(667,582)	0
Total fund balances	<u>807,948</u>	<u>342,474</u>	<u>0</u>	<u>1,150,422</u>	<u>(1,150,422)</u>	<u>0</u>
Total liabilities, deferred inflows, and fund balances	<u>\$1,106,700</u>	<u>\$ 361,735</u>	<u>\$ 0</u>	<u>\$ 1,468,435</u>		
Net position:						
Invested in capital assets, net of related debt					2,578,892	2,578,892
Restricted for debt service					322,707	322,707
Unrestricted					815,648	815,648
Total net position					<u>\$ 3,717,247</u>	<u>\$ 3,717,247</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, 2015

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Note 3)	Statement of Activities
REVENUES						
Property taxes	\$ 734,250	\$ 792,140	\$	\$ 1,526,390	\$ 6,392	\$ 1,532,782
Water service	316,895			316,895		316,895
Water sold to other district	116,257			116,257		116,257
Sewer service	598,294			598,294		598,294
Penalty and interest	15,048	9,495		24,543	1,886	26,429
District administration building rental	28,510			28,510		28,510
Interest on deposits and investments	556	150	52	758		758
Other revenues	27,541			27,541		27,541
Total revenues	1,837,351	801,785	52	2,639,188	8,278	2,647,466
EXPENDITURES / EXPENSES						
Service operations:						
Purchased services, Notes 9 and 10	610,306			610,306		610,306
Professional fees	108,588	2,133		110,721		110,721
Contracted services	73,728	32,351		106,079		106,079
Utilities	88,766			88,766		88,766
Repairs, maintenance and other operating expenditures	273,408			273,408		273,408
Security service	131,635			131,635		131,635
Garbage disposal	230,287			230,287		230,287
District administration building expenses	57,940			57,940		57,940
Administrative expenditures	93,069	15,936	195	109,200		109,200
Depreciation				0	364,365	364,365
Capital outlay / non-capital outlay	296,933			296,933	(296,933)	0
Debt service:						
Principal retirement		590,000		590,000	(590,000)	0
Interest and fees		231,431		231,431	(21,816)	209,615
Total expenditures / expenses	1,964,660	871,851	195	2,836,706	(544,384)	2,292,322
Excess (deficiency) of revenues over expenditures	(127,309)	(70,066)	(143)	(197,518)	552,662	355,144
OTHER FINANCING SOURCES (USES)						
Reimbursement to (from) other fund, Note 7	38,576		(38,576)	0	0	0
Total other financing sources (uses)	38,576	0	(38,576)	0	0	0
Net change in fund balances / net position	(88,733)	(70,066)	(38,719)	(197,518)	552,662	355,144
Beginning of year	896,681	412,540	38,719	1,347,940	2,014,163	3,362,103
End of year	\$ 807,948	\$ 342,474	\$ 0	\$ 1,150,422	\$ 2,566,825	\$ 3,717,247

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

WINDFERN FOREST UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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 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		\$ 1,150,422
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Total capital assets, net		8,659,918
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	\$ (6,065,000)	
Less: Deferred charge on refunding (to be amortized as interest expense)	17,297	
Add: Issuance (premium) net of discount (to be amortized as interest expense)	<u>(33,323)</u>	(6,081,026)
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	4,504	
Uncollected property taxes	<u>17,822</u>	22,326
Some liabilities that do not require the use of current financial resources are not reported as liabilities in the funds:		
Accrued interest		<u>(34,393)</u>
Net position, end of year		<u>\$ 3,717,247</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		\$ (197,518)
<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	\$ 296,933	
Depreciation	<u>(364,365)</u>	(67,432)
<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		590,000
<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>		
Refunding charges	(9,411)	
Issuance premium, net of discount	<u>27,048</u>	17,637
<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	1,886	
Uncollected property taxes	<u>6,392</u>	8,278
<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>4,179</u>
Change in net position		<u>\$ 355,144</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 4: CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2015, 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>65,573</u>	<u>8,052</u>	<u>37,217</u>	<u>36,408</u>
Total capital assets not being depreciated	<u>636,442</u>	<u>8,052</u>	<u>37,217</u>	<u>607,277</u>
Depreciable capital assets:				
Buildings and improvements	804,685			804,685
Furniture and fixtures	62,185			62,185
Water system	8,750,001	275,817		9,025,818
Sewer system	<u>3,636,372</u>	<u>50,281</u>		<u>3,686,653</u>
Total depreciable capital assets	<u>13,253,243</u>	<u>326,098</u>	<u>0</u>	<u>13,579,341</u>
Less accumulated depreciation for:				
Building and improvements	(201,170)	(20,117)		(221,287)
Furniture and fixtures	(62,185)			(62,185)
Water system	(2,787,244)	(260,143)		(3,047,387)
Sewer system	<u>(2,111,736)</u>	<u>(84,105)</u>		<u>(2,195,841)</u>
Total accumulated depreciation	<u>(5,162,335)</u>	<u>(364,365)</u>	<u>0</u>	<u>(5,526,700)</u>
Total depreciable capital assets, net	<u>8,090,908</u>	<u>(38,267)</u>	<u>0</u>	<u>8,052,641</u>
Total capital assets, net	<u>\$ 8,727,350</u>	<u>\$ (30,215)</u>	<u>\$ 37,217</u>	<u>\$ 8,659,918</u>
Changes to capital assets:				
Capital outlay		\$ 296,933		
Assets transferred to depreciable assets		37,217	37,217	
Less depreciation expense for the fiscal year		<u>(364,365)</u>		
Net increases / decreases to capital assets		<u>\$ (30,215)</u>	<u>\$ 37,217</u>	

NOTE 5: LONG-TERM LIABILITIES AND CONTINGENT LIABILITIES

Long-term liability activity for the fiscal year ended September 30, 2015, 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	\$ 6,655,000		\$ 590,000	\$ 6,065,000	\$ 615,000
Add issuance premium (discount)	60,371		27,048	33,323	25,140
Less deferred refunding charges	<u>(26,708)</u>		<u>(9,411)</u>	<u>(17,297)</u>	<u>(7,447)</u>
Total bonds payable	<u>6,688,663</u>	<u>0</u>	<u>607,637</u>	<u>6,081,026</u>	<u>632,693</u>
Total long-term liabilities	<u>\$ 6,688,663</u>	<u>\$ 0</u>	<u>\$ 607,637</u>	<u>\$ 6,081,026</u>	<u>\$ 632,693</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Developer Construction Commitments and Liabilities

At September 30, 2015, there were no developer construction commitments or liabilities.

As of September 30, 2015, the debt service requirements on the bonds outstanding were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 615,000	\$ 206,356	\$ 821,356
2017	655,000	180,219	835,219
2018	680,000	152,382	832,382
2019	525,000	121,780	646,780
2020	550,000	104,468	654,468
2021 - 2025	2,465,000	319,468	2,784,468
2026	575,000	18,687	593,687
	<u>\$ 6,065,000</u>	<u>\$ 1,103,360</u>	<u>\$ 7,168,360</u>

Bonds voted	\$ 19,895,000
Bonds approved for sale and sold	17,210,000
Bonds voted and not issued	2,685,000
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 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.

The bond issues payable at September 30, 2015, were as follows:

	<u>Series 2009</u>	<u>Series 2011</u>
Amounts outstanding, September 30, 2015	\$2,205,000	\$3,860,000
Interest rates	4.25% to 4.50%	2.50% to 3.25%
Maturity dates, serially beginning/ending	August 1, 2016/2020	August 1, 2019/2026
Interest payment dates	February 1/August 1	February 1/August 1
Callable dates	August 1, 2018*	August 1, 2019*

*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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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.

On October 21, 2014, the District levied the following ad valorem taxes for the 2014 tax year on the adjusted taxable valuation of \$295,407,028:

	Rate	Amount
Debt service	\$ 0.2700	\$ 797,596
Maintenance	0.2500	738,515
	\$ 0.5200	\$ 1,536,111

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

2014 tax year total property tax levy	\$ 1,536,111
Appraisal district adjustments to prior year taxes	(3,329)
Statement of Activities property tax revenues	\$ 1,532,782

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

At the balance sheet date the carrying value and market value of the investments in TexPool was \$980,770.

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	\$ 51,523
Temporary investments	<u>300,090</u>
	<u>\$ 351,613</u>

During the fiscal year ended September 30, 2015, the District reimbursed the General Fund \$38,576 from the Capital Projects Fund in accordance with the rules of the Texas Commission on Environmental Quality.

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, 2015, the District had physical damage and boiler and machinery coverage of \$8,250,000, comprehensive general liability coverage with a per occurrence limit of \$2,000,000 and \$4,000,000 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: CONTRACTS WITH OTHER DISTRICTS

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 \$112,966 as its share of the capital improvements reserve. During the year ended September 30, 2015, the District incurred operating costs of \$293,492 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, 2014:

	<u>Board Total</u>	<u>District's Share</u>
Total assets	\$ 840,727	
Total liabilities	<u>(36,829)</u>	
Total fund balance	803,898	\$ 134,844
Reserve for capital improvements	(711,798)	(112,966)
Operating reserve	<u>(92,100)</u>	<u>(21,878)</u>
Undesignated fund balance	<u>\$ 0</u>	<u>\$ 0</u>
Total revenues	\$ 539,506	\$ 148,100
Total expenditures	<u>(539,506)</u>	<u>(148,100)</u>
Excess revenues (expenditures)	0	0
Increase in reserve for capital improvements	377,106	106,080
Capital improvement expenditures	(132,303)	(37,217)
Interest earnings on reserve for capital improvements	<u>918</u>	<u>258</u>
Change in fund balance	245,721	69,121
Fund balance, beginning of year	<u>558,177</u>	<u>131,108</u>
Fund balance, end of year	<u>\$ 803,898</u>	<u>\$ 200,229</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, 2015, the District incurred operating costs of \$316,814 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 will purchase water from the District at a price specified in the Contract. During the year ended September 30, 2015, the District sold water to No. 261 for \$116,257 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, 2015, 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, 2015.

WINDFERN FOREST UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 645,000	\$ 645,000	\$ 734,250	\$ 89,250
Water service	407,400	407,400	316,895	(90,505)
Water sold to other district	108,000	108,000	116,257	8,257
Sewer service	568,830	568,830	598,294	29,464
Penalty	26,640	26,640	28,510	1,870
District administration building rental	20,670	20,670	15,048	(5,622)
Interest on deposits and investments	144	144	556	412
Other revenues	13,380	13,380	27,541	14,161
TOTAL REVENUES	<u>1,790,064</u>	<u>1,790,064</u>	<u>1,837,351</u>	<u>47,287</u>
EXPENDITURES				
Service operations:				
Purchased services	549,600	549,600	610,306	60,706
Professional fees	118,250	118,250	108,588	(9,662)
Contracted services	58,000	58,000	73,728	15,728
Utilities	98,940	98,940	88,766	(10,174)
Repairs, maintenance and operating expenditures	367,021	367,021	273,408	(93,613)
Security service	132,705	132,705	131,635	(1,070)
Garbage disposal	232,615	232,615	57,940	(174,675)
District administration building expenses	51,758	51,758	230,287	178,529
Administrative expenditures	90,198	90,198	93,069	2,871
Capital outlay	227,000	227,000	296,933	69,933
TOTAL EXPENDITURES	<u>1,926,087</u>	<u>1,926,087</u>	<u>1,964,660</u>	<u>38,573</u>
EXCESS REVENUES (EXPENSES)	(136,023)	(136,023)	(127,309)	8,714
OTHER FINANCING SOURCES (USES)				
Transfer from other fund			38,576	38,576
TOTAL OTHER FINANCIAL SOURCES (USES)	<u>0</u>	<u>0</u>	<u>38,576</u>	<u>38,576</u>
EXCESS SOURCES (USES)	(136,023)	(136,023)	(88,733)	47,290
FUND BALANCE, BEGINNING OF YEAR	<u>896,681</u>	<u>896,681</u>	<u>896,681</u>	<u>0</u>
FUND BALANCE, END OF YEAR	<u>\$ 760,658</u>	<u>\$ 760,658</u>	<u>\$ 807,948</u>	<u>\$ 47,290</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.

WINDFERN FOREST UTILITY DISTRICTSCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION
REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITYSEPTEMBER 30, 2015

(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, 2015

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:	\$8.00	5,000	N	\$1.25 1.50 1.75 3.00	5,001 to 15,000 15,001 to 20,000 20,001 to 30,000 Over 30,000
WASTEWATER:	\$29.00		Y		
SURCHARGE:	\$0.00				

District employs winter averaging for wastewater usage: Yes No

Total charges per 10,000 gallons usage: Water: \$14.25 Wastewater: \$29.00 Surcharge: \$0.00

WINDFERN FOREST UTILITY DISTRICT
SCHEDULE OF SERVICES AND RATES (Continued)
SEPTEMBER 30, 2015

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	1,258	1.0	1,258
1"	7	7	2.5	18
1-1/2"	3	3	5.0	15
2"	16	15	8.0	120
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>1,313</u>	<u>1,289</u>		<u>1,716</u>
Total Wastewater	<u>1,309</u>	<u>1,285</u>	1.0	<u>1,285</u>

*Single family equivalents

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

Gallons pumped into system (unaudited): 315,100
 Gallons billed to customers (unaudited): 261,398

Water Accountability Ratio
 (Gallons billed/ gallons pumped): 83%

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 DISTRICT
EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
CURRENT				
Purchased services:				
Water	\$ 316,814	\$	\$	\$ 316,814
Sewer	293,492			293,492
	<u>610,306</u>	<u>0</u>	<u>0</u>	<u>610,306</u>
Professional fees:				
Auditing	10,250			10,250
Legal	59,879	2,133		62,012
Engineering	38,459			38,459
	<u>108,588</u>	<u>2,133</u>	<u>0</u>	<u>110,721</u>
Contracted services:				
Bookkeeping	24,422			24,422
Operation and billing	49,306			49,306
Tax assessor-collector		19,878		19,878
Central appraisal district		12,473		12,473
	<u>73,728</u>	<u>32,351</u>	<u>0</u>	<u>106,079</u>
Utilities	<u>88,766</u>	<u>0</u>	<u>0</u>	<u>88,766</u>
Repairs, maintenance and other operating expenditures:				
Repairs and maintenance	234,898			234,898
Chemicals	13,454			13,454
Laboratory costs	7,184			7,184
Inspection costs	1,581			1,581
Reconnection and transfer costs	7,250			7,250
TCEQ assessment	4,580			4,580
Other	4,461			4,461
	<u>273,408</u>	<u>0</u>	<u>0</u>	<u>273,408</u>
Security service	<u>131,635</u>	<u>0</u>	<u>0</u>	<u>131,635</u>
Garbage disposal	<u>230,287</u>	<u>0</u>	<u>0</u>	<u>230,287</u>
District administration building expenses	<u>57,940</u>	<u>0</u>	<u>0</u>	<u>57,940</u>

See accompanying independent auditor's report.

WINDFERN FOREST UTILITY DISTRICT

EXPENDITURES (Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<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	\$ 13,800	\$	\$	\$ 13,800
Office supplies and postage	26,093			26,093
Insurance	25,177	250		25,427
Permit fees	10,454			10,454
Other	17,545	15,686	195	33,426
	<u>93,069</u>	<u>15,936</u>	<u>195</u>	<u>109,200</u>
CAPITAL OUTLAY				
Authorized expenditures	<u>296,933</u>	<u>0</u>	<u>0</u>	<u>296,933</u>
DEBT SERVICE				
Principal retirement	<u>0</u>	<u>590,000</u>	<u>0</u>	<u>590,000</u>
Interest and fees:				
Interest		231,431		231,431
Paying agent fees		0		0
	<u>0</u>	<u>231,431</u>	<u>0</u>	<u>231,431</u>
TOTAL EXPENDITURES	<u>\$ 1,964,660</u>	<u>\$ 871,851</u>	<u>\$ 195</u>	<u>\$ 2,836,706</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, 2015

	<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	\$ 1,082,999	\$ 801,785	\$ 52	\$ 1,884,836
Maintenance tax receipts		734,250		734,250
Transfer of maintenance taxes	726,617			726,617
Reimbursement from other fund	38,576		1,723	40,299
Collection of receivable			986	986
Decrease in reserve at joint venture	93,618			93,618
Overpayments from taxpayers		5,076		5,076
	<u>1,941,810</u>	<u>1,541,111</u>	<u>2,761</u>	<u>3,485,682</u>
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS PROVIDED				
APPLICATIONS OF DEPOSITS AND TEMPORARY INVESTMENTS				
Cash disbursements for:				
Current expenditures	1,705,274	50,282	195	1,755,751
Capital outlay	296,933			296,933
Debt service		821,431		821,431
Transfer of maintenance taxes		726,617		726,617
Decrease in customer deposits	5,800			5,800
Reimbursement to other fund	1,723		38,576	40,299
Refund of taxpayer overpayments		6,663		6,663
	<u>2,009,730</u>	<u>1,604,993</u>	<u>38,771</u>	<u>3,653,494</u>
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS APPLIED				
INCREASE (DECREASE) IN DEPOSITS AND TEMPORARY INVESTMENTS	(67,920)	(63,882)	(36,010)	(167,812)
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, BEGINNING OF YEAR	<u>881,774</u>	<u>415,495</u>	<u>36,010</u>	<u>1,333,279</u>
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, END OF YEAR	<u>\$ 813,854</u>	<u>\$ 351,613</u>	<u>\$ 0</u>	<u>\$ 1,165,467</u>

See accompanying independent auditor's report.

WINDFERN FOREST UTILITY DISTRICT
SCHEDULE OF TEMPORARY INVESTMENTS
SEPTEMBER 30, 2015

	<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>\$ 680,680</u>	<u>\$ 0</u>
DEBT SERVICE FUND				
TexPool				
No. 2552000001	Market	On demand	<u>\$ 300,090</u>	<u>\$ 0</u>
Total – All Funds			<u>\$ 980,770</u>	<u>\$ 0</u>

WINDFERN FOREST UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Maintenance Taxes</u>	<u>Debt Service Taxes</u>
RECEIVABLE, BEGINNING OF YEAR	\$ 4,614	\$ 6,816
Additions and corrections to prior year taxes	<u>(1,179)</u>	<u>(2,150)</u>
Adjusted receivable, beginning of year	3,435	4,666
2014 ADJUSTED TAX ROLL	<u>738,515</u>	<u>797,596</u>
Total to be accounted for	741,950	802,262
Tax collections: Current tax year	(733,280)	(791,942)
Prior tax years	<u>(970)</u>	<u>(198)</u>
RECEIVABLE, END OF YEAR	<u>\$ 7,700</u>	<u>\$ 10,122</u>
RECEIVABLE, BY TAX YEAR		
2009	\$ 5	\$ 9
2010	228	426
2011	276	466
2012	536	978
2013	1,420	2,589
2014	<u>5,235</u>	<u>5,654</u>
RECEIVABLE, END OF YEAR	<u>\$ 7,700</u>	<u>\$ 10,122</u>

See accompanying independent auditor's report.

WINDFERN FOREST UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

ADJUSTED PROPERTY VALUATIONS AS OF JANUARY 1 OF TAX YEAR	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Land	\$ 64,227,665	\$ 42,129,652	\$ 41,663,671	\$ 41,662,938
Improvements	233,886,617	230,500,734	220,171,019	218,776,765
Personal property	5,722,337	5,912,561	4,988,835	5,333,737
Less exemptions	<u>(8,429,591)</u>	<u>(7,689,423)</u>	<u>(6,594,851)</u>	<u>(6,855,738)</u>
 TOTAL PROPERTY VALUATIONS	 <u>\$ 295,407,028</u>	 <u>\$ 270,853,524</u>	 <u>\$ 260,228,674</u>	 <u>\$ 258,917,702</u>
TAX RATES PER \$100 VALUATION				
Debt service tax rates	\$ 0.27000	\$ 0.30000	\$ 0.31000	\$ 0.31000
Maintenance tax rates	<u>0.25000</u>	<u>0.22000</u>	<u>0.17000</u>	<u>0.17000</u>
 TOTAL TAX RATES PER \$100 VALUATION	 <u>\$ 0.52000</u>	 <u>\$ 0.52000</u>	 <u>\$ 0.48000</u>	 <u>\$ 0.48000</u>
TAX ROLLS	<u>\$ 1,536,111</u>	<u>\$ 1,408,433</u>	<u>\$ 1,249,092</u>	<u>\$ 1,242,799</u>
PERCENT OF TAXES COLLECTED TO TAXES LEVIED	<u>99.3 %</u>	<u>99.7 %</u>	<u>99.9 %</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, 2015

<u>Due During Fiscal Years Ending September 30</u>	<u>Series 2009</u>		
	<u>Principal Due August 1</u>	<u>Interest Due February 1, August 1</u>	<u>Total</u>
2016	\$ 615,000	\$ 95,087	\$ 710,087
2017	655,000	68,950	723,950
2018	680,000	41,113	721,113
2019	125,000	10,512	135,512
2020	130,000	5,200	135,200
TOTALS	<u>\$ 2,205,000</u>	<u>\$ 220,862</u>	<u>\$ 2,425,862</u>

<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>
2016	\$	\$ 111,269	\$ 111,269
2017		111,269	111,269
2018		111,269	111,269
2019	400,000	111,268	511,268
2020	420,000	99,268	519,268
2021	445,000	88,768	533,768
2022	465,000	77,644	542,644
2023	490,000	66,018	556,018
2024	520,000	51,319	571,319
2025	545,000	35,719	580,719
2026	575,000	18,687	593,687
TOTALS	<u>\$ 3,860,000</u>	<u>\$ 882,498</u>	<u>\$ 4,742,498</u>

See accompanying independent auditor's report.

WINDFERN FOREST UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)
SEPTEMBER 30, 2015

<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>
2016	\$ 615,000	\$ 206,356	\$ 821,356
2017	655,000	180,219	835,219
2018	680,000	152,382	832,382
2019	525,000	121,780	646,780
2020	550,000	104,468	654,468
2021	445,000	88,768	533,768
2022	465,000	77,644	542,644
2023	490,000	66,018	556,018
2024	520,000	51,319	571,319
2025	545,000	35,719	580,719
2026	575,000	18,687	593,687
TOTALS	\$ 6,065,000	\$ 1,103,360	\$ 7,168,360

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, 2015

	<u>(1)</u>	<u>(2)</u>	<u>Totals</u>
Bond Series:	2009	2011	
Interest Rate:	4.25% to 4.50%	2.50% to 3.25%	
Dates Interest Payable:	February 1/ August 1	February 1/ August 1	
Maturity Dates:	August 1, 2016/2020	August 1, 2019/2026	
Bonds Outstanding at Beginning of Current Year	\$ 2,795,000	\$ 3,860,000	\$ 6,655,000
Less Retirements	<u>(590,000)</u>	<u>0</u>	<u>(590,000)</u>
Bonds Outstanding at End of Current Year	<u>\$ 2,205,000</u>	<u>\$ 3,860,000</u>	<u>\$ 6,065,000</u>
Current Year Interest Paid:	<u>\$ 120,162</u>	<u>\$ 111,269</u>	<u>\$ 231,431</u>

Bond Descriptions and Original Amount of Issue

- (1) Windfern Forest Utility District Unlimited Tax Refunding Bonds, Series 2009 (\$4,835,000)
(2) Windfern Forest Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2011 (\$3,860,000)

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:	17,210,000		495,000
Remaining to be Issued:	2,685,000		3,505,000

Net Debt Service Fund deposits and investments balances as of September 30, 2015: \$342,474
Average annual debt service payment for remaining term of all debt: 651,669

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				
	2015	2014	2013	2012	2011	2015	2014	2013	2012	2011
REVENUES										
Property taxes	\$ 734,250	\$ 596,467	\$ 442,328	\$ 439,503	\$ 411,495	39.9 %	36.0 %	30.8 %	31.1 %	28.8 %
Water service	316,895	322,827	339,984	354,718	369,921	17.2	19.5	23.6	25.1	25.9
Water sold to other district	116,257	99,634	0	0	0	6.4	6.0	0.0	0.0	0.0
Sewer service	598,294	587,560	586,335	572,627	587,940	32.6	35.5	40.7	40.4	41.0
Penalty	15,048	14,624	20,188	17,020	21,458	0.8	0.9	1.4	1.2	1.5
District administration building rental	28,510	25,510	25,310	23,525	31,550	1.6	1.5	1.8	1.7	2.2
Interest on deposits and investments	556	249	1,049	1,279	1,143	0.0	0.0	0.1	0.1	0.1
Other revenues	27,541	10,386	23,023	5,588	7,056	1.5	0.6	1.6	0.4	0.5
TOTAL REVENUES	1,837,351	1,657,257	1,438,217	1,414,260	1,430,563	100.0	100.0	100.0	100.0	100.0
EXPENDITURES										
Current:										
Purchased services	610,306	369,911	407,973	424,295	338,476	33.1	22.4	28.4	30.0	23.6
Professional fees	108,588	177,959	153,956	122,046	148,909	5.9	10.7	10.7	8.6	10.4
Contracted services	73,728	71,855	72,394	103,420	112,519	4.0	4.3	5.0	7.3	7.9
Utilities	88,766	97,699	82,875	85,819	99,267	4.8	5.9	5.8	6.1	6.9
Repairs, maintenance and other operating expenditures	273,408	368,683	342,437	249,917	238,632	14.9	22.3	23.8	17.6	16.7
Security service	131,635	127,904	126,010	127,904	126,674	7.2	7.7	8.9	9.0	8.9
Garbage disposal	230,287	222,108	221,484	222,857	224,063	12.5	13.4	15.4	15.8	15.7
District administration building expenses	57,940	46,579	59,942	51,225	42,149	3.2	2.8	4.2	3.6	2.9
Administrative expenditures	93,069	87,206	96,399	78,180	62,769	5.1	5.3	6.7	5.5	4.4
Capital outlay	296,933	67,111	14,753	0	60,031	16.2	4.0	1.0	0.0	4.2
TOTAL EXPENDITURES	1,964,660	1,637,015	1,580,223	1,485,663	1,453,489	106.9	98.8	109.9	103.5	101.6
EXCESS REVENUES (EXPENDITURES)	\$ (127,309)	\$ 20,242	\$ (142,006)	\$ (51,403)	\$ (22,926)	(6.9) %	1.2 %	(9.9) %	(3.5) %	(1.6) %
TOTAL ACTIVE RETAIL WATER CONNECTIONS	1,289	1,294	1,290	1,298	1,292					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	1,285	1,291	1,287	1,288	1,242					

See accompanying independent auditor's report.

WINDFERN FOREST UTILITY DISTRICT

COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND

FOR YEARS ENDED SEPTEMBER 30

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2015	2014	2013	2012	2011	2015	2014	2013	2012	2011
REVENUES										
Property taxes	\$ 792,140	\$ 814,586	\$ 806,604	\$ 801,556	\$ 694,663	98.8 %	98.8 %	98.8 %	96.3 %	97.9 %
Penalty and interest	9,495	9,578	9,245	14,206	13,727	1.2	1.2	1.1	1.7	1.9
Accrued interest on bonds received at date of sale	0	0	0	5,873	0	0.0	0.0	0.0	0.7	0.0
Interest and other	150	223	706	11,106	1,136	0.0	0.0	0.1	1.3	0.2
TOTAL REVENUES	<u>801,785</u>	<u>824,387</u>	<u>816,555</u>	<u>832,741</u>	<u>709,526</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	2,133	2,468	3,414	3,114	2,712	0.3	0.3	0.4	0.4	0.4
Contracted services	32,351	30,218	29,183	29,935	28,762	4.0	3.7	3.6	3.6	4.1
Other expenditures	15,936	14,384	8,512	9,010	14,567	2.0	1.7	1.0	1.1	2.1
Debt service:										
Principal retirement	590,000	555,000	530,000	515,000	495,000	73.5	67.4	64.9	61.8	69.7
Interest and fees	231,431	255,131	275,831	273,628	197,418	28.9	30.9	33.8	32.9	27.8
TOTAL EXPENDITURES	<u>871,851</u>	<u>857,201</u>	<u>846,940</u>	<u>830,687</u>	<u>738,459</u>	<u>108.7</u>	<u>104.0</u>	<u>103.7</u>	<u>99.8</u>	<u>104.1</u>
EXCESS REVENUES (EXPENDITURES)	<u>\$ (70,066)</u>	<u>\$ (32,814)</u>	<u>\$ (30,385)</u>	<u>\$ 2,054</u>	<u>\$ (28,933)</u>	<u>(8.7) %</u>	<u>(4.0) %</u>	<u>(3.7) %</u>	<u>0.2 %</u>	<u>(4.1) %</u>

See accompanying independent auditor's report.

WINDFERN FOREST UTILITY DISTRICTBOARD MEMBERS, KEY PERSONNEL AND CONSULTANTSSEPTEMBER 30, 2015

Complete District Mailing Address: Windfern Forest Utility District
 c/o Bracewell & Giuliani 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: May 19, 2015

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>
Eddie H. Mendel, Jr. c/o Bracewell & Giuliani LLP 711 Louisiana Street, Suite 2300 Houston, Texas 77002	Elected 5/09/15- 5/04/19	\$ 5,850	\$ 1,292	President
J. Patrick Going c/o Bracewell & Giuliani LLP 711 Louisiana Street, Suite 2300 Houston, Texas 77002	Elected 5/11/13- 5/06/17	1,650	126	Vice President
Kurt Schoelman c/o Bracewell & Giuliani LLP 711 Louisiana Street, Suite 2300 Houston, Texas 77002	Elected 5/11/13- 5/06/17	2,850	2,153	Secretary/ Treasurer
Shari B. North c/o Bracewell & Giuliani LLP 711 Louisiana Street, Suite 2300 Houston, Texas 77002	Elected 5/09/15- 5/04/19	1,950	784	Assistant Secretary/ Treasurer
Karen Hlavenka c/o Bracewell & Giuliani LLP 711 Louisiana Street, Suite 2300 Houston, Texas 77002	Appointed 3/17/15- 5/06/17	1,500	728	Assistant Vice President

See accompanying independent auditor's report.

WINDFERN FOREST UTILITY DISTRICTBOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (Continued)SEPTEMBER 30, 2015CONSULTANTS

<u>Name and Address</u>	<u>Date Hired</u>	<u>Fees and Expense Reimbursements</u>	<u>Title at Year End</u>
Bracewell & Giuliani LLP 711 Louisiana Street, Suite 2300 Houston, Texas 77002	12/20/11	\$ 59,879	Attorney
Perdue, Brandon, Fielder, Collins & Mott, L.L.P. 1235 N. Loop West, Suite 600 Houston, Texas 77008	3/19/96	2,133	Delinquent Tax Attorney
McLennan & Associates, L.P. 3100 S. Gessner, Suite 310 Houston, Texas 77079	4/20/04	26,111	Bookkeeper
Shirley McLennan 3100 S. Gessner, Suite 310 Houston, Texas 77079	4/20/04	0	Investment Officer
Texas Operations & Professional Services 9835 Whithorn Drive Houston, Texas 77065	7/02/12	327,493	Operator
Jacobs Engineering Group, Inc. 5995 Rogerdale Road Houston, Texas 77072	11/17/09	80,850	Engineer
Cathy Wheeler 6935 Barney Road, Suite 110 Houston, Texas 77092	12/18/07	31,731	Tax Assessor- Collector
Harris County Appraisal District P.O. Box 900275 Houston, Texas 77292	Legislative Action	12,473	Central Appraisal District
First Southwest Company 700 Milam Street, Suite 500 Houston, Texas 77002	Prior to 1992	0	Financial Advisor
Roth & Eyring, PLLC 12702 Century Drive, Suite C2 Stafford, Texas 77477	Prior to 1992	10,250	Independent Auditor

See accompanying independent auditor's report.

