

**WESTCHASE DISTRICT**  
**HARRIS COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**DECEMBER 31, 2020**



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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Westchase District  
Harris County, Texas

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Westchase District (the "District"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Standards applicable to financial audits contained in *Government Accounting Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.





Board of Directors  
Westchase District

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purpose of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Reporting Requirements by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*McCall Gibson Swedlund Barfoot PLLC*

McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

April 9, 2021



**WESTCHASE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

Management's discussion and analysis of Westchase District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2020.

**USING THIS ANNUAL REPORT**

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

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

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

**FUND FINANCIAL STATEMENTS**

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has two governmental fund types. The General Fund accounts for resources not accounted for in another fund, assessment revenues, costs and general expenditures. The Special Revenue Funds account for the activities of the Westchase District Community Fund, a blended component unit of the District, and the 380 Reimbursement Fund.

**WESTCHASE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**FUND FINANCIAL STATEMENTS (Continued)**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

**OTHER INFORMATION**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities and deferred inflows of resources by \$24,517,907 as of December 31, 2020. A portion of the District's net position reflects its investment in capital assets (signage, landscaping, office furniture and equipment, and trails). The following is a comparative analysis of the Statement of Net Position as December 31, 2020 and December 31, 2019:

**WESTCHASE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

	Summary of Changes in the Statement of Net Position		
	2020	2019	Change Positive (Negative)
Cash and Investments	\$ 11,316,453	\$ 6,943,098	\$ 4,373,355
Assessments Receivable	4,474,681	4,029,252	445,429
Grant Receivable	807,571		807,571
Other Assets	437,885	398,537	39,348
Capital Assets (Net of Accumulated Depreciation) See Pages 6 and 7	<u>13,747,498</u>	<u>9,897,471</u>	<u>3,850,027</u>
Total Assets	<u>\$ 30,784,088</u>	<u>\$ 21,268,358</u>	<u>\$ 9,515,730</u>
Deferred Assessment Revenue	\$ 4,944,090	\$ 4,524,086	\$ (420,004)
Other Liabilities	<u>1,322,091</u>	<u>132,101</u>	<u>(1,189,990)</u>
Total Liabilities and Deferred Inflows	<u>\$ 6,266,181</u>	<u>\$ 4,656,187</u>	<u>\$ (1,609,994)</u>
Net Position:			
Investment in Capital Assets	\$ 13,747,498	\$ 9,897,471	\$ 3,850,027
Restricted	5,655,993	2,216,427	3,439,566
Unrestricted	<u>5,114,416</u>	<u>4,498,273</u>	<u>616,143</u>
Total Net Position	<u>\$ 24,517,907</u>	<u>\$ 16,612,171</u>	<u>\$ 7,905,736</u>

The following table provides a summary of the District's operations for the years ended December 31, 2020 and December 31, 2019. The District's net position increased by \$7,905,736.

	Summary of Changes in the Statement of Activities		
	2020	2019	Change Positive (Negative)
Revenues:			
Assessment Revenues	\$ 4,383,446	\$ 4,408,399	\$ (24,953)
380 Reimbursement Revenue	6,559,750	4,102,441	2,457,309
Grant Revenues	1,301,337		1,301,337
Other Revenues	<u>793,838</u>	<u>347,834</u>	<u>446,004</u>
Total Revenues	<u>\$ 13,038,371</u>	<u>\$ 8,858,674</u>	<u>\$ 4,179,697</u>
Expenses for Services	<u>5,132,635</u>	<u>17,338,442</u>	<u>12,205,807</u>
Change in Net Position	\$ 7,905,736	\$ (8,479,768)	\$ 16,385,504
Net Position, Beginning of Year	<u>16,612,171</u>	<u>25,091,939</u>	<u>(8,479,768)</u>
Net Position, End of Year	<u>\$ 24,517,907</u>	<u>\$ 16,612,171</u>	<u>\$ 7,905,736</u>

**WESTCHASE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

The District's combined fund balances as of December 31, 2020, were \$10,767,339, an increase of \$4,063,123 from the prior year.

The General Fund fund balance increased by \$623,557, primarily due to current year assessment and investment revenues in excess of capital outlay and general expenditures.

The Special Revenue Fund - Westchase District Community Fund fund balance increased by \$601,762, due to increased program income. The District has begun a Greenspace fundraising program which accounts for the majority of the \$601,762 increase.

The Special Revenue Fund - 380 Reimbursement Fund fund balance increased by \$2,837,804, primarily due to the receipt of revenues from the City of Houston and grant revenues exceeding capital and other expenditures in the current year.

**GENERAL FUND BUDGETARY HIGHLIGHTS** (see details on page 28)

The Board of Directors amended the budget during the current fiscal year to reduce many budget categories due to uncertainty as a result of the COVID pandemic. Actual revenue was \$10,818 less than budgeted primarily due to lower than anticipated assessment revenues, which were offset by higher than anticipated investment and miscellaneous revenues. Total expenditures were \$649,549 less than budgeted expenditures primarily due to projects in all categories which were less than anticipated or delayed, with the exception of professional fees, area mobility expenditures, and landscaping expenditures.

**CAPITAL ASSETS**

Capital assets as of December 31, 2020, total \$13,747,498 (net of accumulated depreciation) and include signage, landscaping, office furniture, equipment, and trails. Significant capital asset activity during the current fiscal year included the construction and/or engineering related to the landscaping improvements, Woodchase shared use path, Westpark Esplanades, Westchase promenade, Sneed dog park, Deerwood Trail park, transit bus shelters, police vehicle purchase, and emergency call boxes. Additional information on the District's capital assets can be found in Note 6 of this report.

**WESTCHASE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**CAPITAL ASSETS (Continued)**

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2020	2019	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Construction in Progress	\$ 5,579,786	\$ 1,344,690	\$ 4,235,096
Capital Assets, Net of Accumulated Depreciation:			
Entryway Markers	45,173	796	44,377
Street Signs	11,124	16,387	(5,263)
Lighting	268,171	281,447	(13,276)
Esplanades	762,083	867,808	(105,725)
Autos/Trucks	327,198	73,096	254,102
Trails	6,753,963	7,313,247	(559,284)
Total Net Capital Assets	\$ 13,747,498	\$ 9,897,471	\$ 3,850,027

**ASSESSMENT REVENUE ADJUSTMENT TREND ANALYSIS**

	2020	2019	2018	2017
Potential Assessment Revenue	\$ 4,495,420	\$ 4,600,523	\$ 4,645,704	\$ 4,654,184
Actual Revenue	4,423,722	4,434,014	4,413,003	4,285,448
Adjustments	\$ (71,698)	\$ (166,509)	\$ (232,701)	\$ (368,736)
Current Year Adjustments	\$ (24,357)	\$ (123,253)	\$ (196,909)	\$ (247,335)
Previous Year's Adjustments	(47,341)	(43,256)	(35,792)	(121,401)
Total Adjustments	\$ (71,698)	\$ (166,509)	\$ (232,701)	\$ (368,736)

As of the date of the report, the Harris County Appraisal District has confirmed that \$11,292,548, \$101,362,473, \$791,072,888, and \$3,739,608,565 of original property values are under lawsuit or in arbitration status for the 2017, 2018, 2019 and 2020 tax years, respectively. The outcome of the lawsuits or arbitration is unknown at this time. This exposure totals \$4,643,336,474, up \$1,113,421,575 from prior year of \$3,529,914,899.

**CONTACTING THE DISTRICT'S MANAGEMENT**

This financial report is designed to provide a general overview of the Westchase District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Westchase District, 10370 Richmond Ave., Suite 1350, Houston, TX 77042.

**WESTCHASE DISTRICT  
STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUNDS BALANCE SHEET  
DECEMBER 31, 2020**

	<u>General Fund</u>	<u>Special Revenue Fund- Westchase District Community Fund</u>
<b>ASSETS</b>		
Cash	\$ 116,408	\$ 667,463
Investments	5,310,620	
Cash with Tax Assessor Collector	335,997	
Receivables:		
Assessments	4,474,681	
Grant		
Other	22,210	1,010
Prepaid Costs	11,814	
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
<b>TOTAL ASSETS</b>	<u>\$ 10,271,730</u>	<u>\$ 668,473</u>
<b>LIABILITIES</b>		
Accounts Payable	\$ 201,987	\$ 1,250
Compensated Absences	11,237	
<b>TOTAL LIABILITIES</b>	<u>\$ 213,224</u>	<u>\$ 1,250</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Assessment Revenues	<u>\$ 4,947,160</u>	<u>\$ -0-</u>
<b>FUND BALANCES</b>		
Nonspendable:		
Prepaid Costs	\$ 11,814	\$
Restricted for Urban Development		
Restricted for Community Support		24,889
Restricted for Greenspace Program for Parks		642,334
Unassigned	5,099,532	
<b>TOTAL FUND BALANCES</b>	<u>\$ 5,111,346</u>	<u>\$ 667,223</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 10,271,730</u>	<u>\$ 668,473</u>
<b>NET POSITION</b>		
Investment in Capital Assets		
Restricted for Special Revenue Fund Operations		
Unrestricted		
<b>TOTAL NET POSITION</b>		

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



Special Revenue Fund- 380 Reimbursement Fund	Total	Adjustments	Statement of Net Position
\$ 311,895	\$ 1,095,766	\$	\$ 1,095,766
4,910,067	10,220,687		10,220,687
	335,997		335,997
	4,474,681		4,474,681
807,571	807,571		807,571
66,854	90,074		90,074
	11,814		11,814
		5,579,786	5,579,786
		8,167,712	8,167,712
<u>\$ 6,096,387</u>	<u>\$ 17,036,590</u>	<u>\$ 13,747,498</u>	<u>\$ 30,784,088</u>
\$ 1,107,617	\$ 1,310,854	\$	\$ 1,310,854
	11,237		11,237
<u>\$ 1,107,617</u>	<u>\$ 1,322,091</u>	<u>\$ -0-</u>	<u>\$ 1,322,091</u>
<u>\$ -0-</u>	<u>\$ 4,947,160</u>	<u>\$ (3,070)</u>	<u>\$ 4,944,090</u>
\$	\$ 11,814	\$ (11,814)	\$
4,988,770	4,988,770	(4,988,770)	
	24,889	(24,889)	
	642,334	(642,334)	
	5,099,532	(5,099,532)	
<u>\$ 4,988,770</u>	<u>\$ 10,767,339</u>	<u>\$ (10,767,339)</u>	<u>\$ - 0 -</u>
<u>\$ 6,096,387</u>	<u>\$ 17,036,590</u>		
		\$ 13,747,498	\$ 13,747,498
		5,655,993	5,655,993
		5,114,416	5,114,416
		<u>\$ 24,517,907</u>	<u>\$ 24,517,907</u>

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

**WESTCHASE DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2020**

Total Fund Balances - Governmental Funds \$ 10,767,339

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 13,747,498

Deferred inflows of resources related to assessment revenues for the 2019 and prior levies became part of recognized revenue in the governmental activities of the District. 3,070

Total Net Position - Governmental Activities \$ 24,517,907

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

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**WESTCHASE DISTRICT**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT**  
**OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>General Fund</u>	Special Revenue Fund- Westchase District <u>Community Fund</u>
<b>REVENUES</b>		
Assessment Revenues	\$ 4,390,860	\$
Corporate Challenge		18,300
Direct Public Support		53,040
Greenspace Program for Parks		604,832
380 Reimbursement Revenues		
Grant Revenues		
Investment and Miscellaneous Revenues	<u>94,422</u>	<u>48</u>
<b>TOTAL REVENUES</b>	<u>\$ 4,485,282</u>	<u>\$ 676,220</u>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Personnel	\$ 962,469	\$
Professional Fees	455,638	4,716
Public Safety	605,824	
Area Mobility	6,419	
Communications	440,293	
Landscaping	681,326	
Planning and Development/Program	5,116	471
Community Donations		65,755
Office and Administration	271,232	3,516
Depreciation		
Capital Outlay	<u>433,408</u>	<u></u>
<b>TOTAL EXPENDITURES/EXPENSES</b>	<u>\$ 3,861,725</u>	<u>\$ 74,458</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 623,557</u>	<u>\$ 601,762</u>
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION -</b>		
<b>JANUARY 1, 2020</b>	<u>4,487,789</u>	<u>65,461</u>
<b>FUND BALANCES/NET POSITION -</b>		
<b>DECEMBER 31, 2020</b>	<u>\$ 5,111,346</u>	<u>\$ 667,223</u>

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

Special Revenue Fund- 380 Reimbursement Fund	Total	Adjustments	Statement of Activities
\$	\$ 4,390,860	\$ (7,414)	\$ 4,383,446
	18,300		18,300
	53,040		53,040
	604,832		604,832
6,559,750	6,559,750		6,559,750
1,301,337	1,301,337		1,301,337
23,196	117,666		117,666
<u>\$ 7,884,283</u>	<u>\$ 13,045,785</u>	<u>\$ (7,414)</u>	<u>\$ 13,038,371</u>
\$	\$ 962,469	\$	\$ 962,469
9,000	469,354		469,354
	605,824		605,824
	6,419		6,419
	440,293		440,293
	681,326		681,326
865,336	870,923		870,923
	65,755		65,755
	274,748		274,748
		755,524	755,524
<u>4,172,143</u>	<u>4,605,551</u>	<u>(4,605,551)</u>	
<u>\$ 5,046,479</u>	<u>\$ 8,982,662</u>	<u>\$ (3,850,027)</u>	<u>\$ 5,132,635</u>
\$ 2,837,804	\$ 4,063,123	\$ (4,063,123)	\$
		7,905,736	7,905,736
<u>2,150,966</u>	<u>6,704,216</u>	<u>9,907,955</u>	<u>16,612,171</u>
<u>\$ 4,988,770</u>	<u>\$ 10,767,339</u>	<u>\$ 13,750,568</u>	<u>\$ 24,517,907</u>

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

**WESTCHASE DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

Net Change in Fund Balances - Governmental Funds	\$ 4,063,123
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report assessments revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the assessments are levied.	(7,414)
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(755,524)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	4,605,551
Change in Net Position - Governmental Activities	<u>\$ 7,905,736</u>

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

**WESTCHASE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 1. CREATION OF DISTRICT**

The District was originally created as the Westchase Area Management District and later the name was changed to the Greater Westchase District. On May 23, 1996, the name was again changed to Westchase District. The District was created by the Texas Legislature under provisions of Senate Bill No. 1601, Chapter 491, of the 74th Legislature effective August 29, 1995 which was codified as subchapter B of Chapter 376, Texas Local Government Code in 1997 and is now codified as Chapter 3802 Special Districts' Local Laws Code. At a public hearing held on December 5, 2018, the District's service plan was adopted for anticipated years 2019-2045. Pursuant to the provisions of Chapter 491, Section 2 of Senate Bill 1601, the District is empowered to promote, develop, encourage, and maintain employment, commerce, transportation, housing, tourism, recreation, arts entertainment, economic development, safety, and the public welfare in the Westchase area of Harris County, Texas. The District's Mission Statement is "To conduct projects and programs to strengthen and promote the Westchase Area as a highly desirable area in which to locate a business, work, shop, live, recreate, or invest, thereby producing increased economic activity resulting in positive economic benefits for the businesses, property owners, tenants, and residents." The Board of Directors held its first meeting on August 29, 1995.

In 2010, Westchase District founded Westchase District Community Fund (WDCF), a 501(c)(3) organization to assist Westchase District with additional community needs. This organization was created to take advantage of the 501(c)(3) designation for tax benefits to companies whose employees donate time, their talents and financial support. This eight-member board meets regularly to oversee the operation of the WDCF; which includes, but is not limited to, creating and distributing funding thus adding value to the Westchase District community.

See Note 10 and the accompanying 380 Reimbursement Fund annual financial report for information related to the 380 Reimbursement Fund.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB").

The District is a political subdivision of the State of Texas governed by an appointed board. GASB has established the criteria for determining whether an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separate governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government.

**WESTCHASE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Presentation

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

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

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of net position imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of net position that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

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



**WESTCHASE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Government-Wide Financial Statements (Continued)

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

Fund Financial Statements

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

Governmental Funds

The District has two governmental funds and considers them to be major funds.

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

Special Revenue Funds – To account for the activities of the WDCF and the 380 Reimbursement Fund (see also Note 10).

Basis of Accounting

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

Annual assessments considered available by the District and included in revenue include 2019 assessments collected during the period October 1, 2019 to December 31, 2020. In addition, assessments collected from the 2018 and prior levies during the period January 1, 2019 through December 31, 2020, are included in revenue. The 2020 annual assessment has been fully deferred.

**WESTCHASE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Basis of Accounting (Continued)

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

Capital Assets

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

Assets are capitalized, including infrastructure assets, if they have an original cost greater than approved threshold and useful life. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives and thresholds are as follows:

	<u>Years</u>	<u>Threshold</u>
Trails	15	\$ 50,000
Entryway Markers	10	4,500
Street Signs	15	200
Lease Hold Improvements	5	5,000
Office Furniture and Equipment	3	2,000
Machinery and Equipment	5	2,000
Autos/Trucks	5	5,000
Landscaping Improvements	7	12,000

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District’s Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

**WESTCHASE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Pensions

The District has 47 employees including 10 staff employees, of which 8 are full-time and 2 are part-time, and 37 part-time police officers. The District makes contributions into a simplified employee pension plan for its employees. The District also makes available an IRS Section 457 plan available for its employees to make contributions (see Note 7).

Measurement Focus

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

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

*Nonspendable*: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

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

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

*Assigned*: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances. As of December 31, 2020, the District did not have any assigned fund balances.

*Unassigned*: all other spendable amounts in the General Fund.

**WESTCHASE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement Focus (Continued)

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

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**NOTE 3. DEPOSITS AND INVESTMENTS**

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was \$3,817,771 and the bank balance was \$4,877,619. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at December 31, 2020, as listed below:

**WESTCHASE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 3. DEPOSITS AND INVESTMENTS (Continued)**

Deposits (Continued)

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 116,408	\$ 2,722,005	\$ 2,838,413
SPECIAL REVENUE FUND- WDCF	667,463		667,463
SPECIAL REVENUE FUND- 380 Reimbursement Fund	311,895		311,895
<b>TOTAL DEPOSITS</b>	<b>\$ 1,095,766</b>	<b>\$ 2,722,005</b>	<b>\$ 3,817,771</b>

Investments

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

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District’s investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures all of its portfolio assets at amortized cost. The District measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

The District records all of its investments in certificates of deposit at acquisition cost.

**WESTCHASE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 3. DEPOSITS AND INVESTMENTS (Continued)**

Investments (Continued)

As of December 31, 2020, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 2,588,615	\$ 2,588,615
Certificates of Deposit	2,722,005	2,722,005
<u>SPECIAL REVENUE FUND -</u>		
<u>380 Reimbursement Fund</u>		
TexPool	4,910,067	4,910,067
<b>TOTAL INVESTMENTS</b>	<b>\$10,220,687</b>	<b>\$10,220,687</b>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2020, the District's investment in TexPool was rated AAAM by Standard and Poor's. The District manages credit risk by investing in certificates of deposit with balances below FDIC insurance coverage. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in TexPool to have a maturity of less than one year since the share position can usually be redeemed each day at the discretion of the District unless there has been a significant change in value. The District manages interest rate risk by investing in certificates of deposit with maturities of less than one year.

All cash and investments of the Special Revenue Fund are restricted for the WDCF operations and 380 Reimbursement projects.

**NOTE 4. ANNUAL AD VALOREM ASSESSMENT**

In accordance with Chapter 3802, Texas Special Districts' Local Laws Code, the District may levy ad valorem taxes, assessments, or impact fees in accordance with Chapter 375, Local Government Code, to provide improvements and services for a project or activity the District is authorized to acquire, construct, improve, or provide under this Act.

On October 31, 1995, an order was approved granting a petition for a service plan and an assessment roll for the District. In addition, the order authorized levying annual assessments of \$0.09 per \$100 of valuation as listed in the 1995 assessed rolls against property within the District for a ten-year period. The order provided for increasing the assessment to a maximum of

**WESTCHASE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 4. ANNUAL AD VALOREM ASSESSMENT (Continued)**

\$0.11 per \$100 of assessed valuation after public hearings in future years. The assessment could not exceed \$0.11 without securing a new petition from property owners within the District. The order specified the method of payment and the amount of annual installment of the assessment, and provided for penalties and interest on delinquent assessments and authorized the collection of the assessments.

In the fiscal years between 2002 and 2004, the District petitioned its members and started the process to approve a 20-year service plan. Such service plan amendment was approved in 2004 with the same assessment rates as mentioned above.

In the fiscal year ending 2018, the District petitioned its members and started the process to approve a 26-year service plan. Such service plan amendment was approved in 2019 with the same assessment rates as mentioned above.

For the 2019 tax year and revenue recognition in the 2019 fiscal year, the District levied an ad valorem assessment of \$0.09 per \$100 of assessed valuation, resulting in an original assessment of \$4,524,086 on the property valuation of \$5,026,762,911. As of the fiscal year end, the original assessment has been adjusted with an assessment decrease of \$23,970 and \$4,521,147 of the 2019 assessment has been collected.

For the 2020 tax year and revenue that will be recognized in the 2021 fiscal year, the District levied an ad valorem assessment of \$0.09 per \$100 of assessed valuation, resulting in an assessment of \$4,944,090 on the property valuation of \$5,493,433,244. The current assessed value is preliminary, and the District expects that the centralized tax collector will adjust the values as protested values and additional properties are identified. As of the fiscal year end, \$472,479 of the 2020 assessment was collected. Revenue recognition for the 2020 assessment has been fully deferred to the 2021 fiscal year.

As of the date of the report, the Harris County Appraisal District has confirmed that \$11,292,548, \$101,362,473, \$791,072,888, and \$3,739,608,565 of original property values are under lawsuit or in arbitration status for the 2017, 2018, 2019 and 2020 tax years, respectively. The outcome of the lawsuits or arbitration is unknown at this time.

All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Assessments are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

**NOTE 5. OFFICE LEASE AGREEMENT**

On October 7, 2015, the District executed an operating lease for office space. The term of the lease is seven and a half years from February 1, 2016. During a prior fiscal year, the District made a deposit of \$11,101 for the first month's rent. The District agrees to pay a base rent per square feet per month in accordance with the following schedule:

**WESTCHASE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 5. OFFICE LEASE AGREEMENT (Continued)**

Lease Months	Base Rental Rate
1-12	\$ 21.00
13-24	\$ 21.50
25-36	\$ 22.00
37-48	\$ 22.50
49-60	\$ 23.00
61-72	\$ 23.50
73-84	\$ 24.00
85-90	\$ 24.50

During the current fiscal year, the District recorded \$144,461 in expense in relation to this agreement.

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2020 is as follows:

	January 1, 2020	Increases	Decreases	December 31, 2020
<b>Capital Assets Not Being Depreciated</b>				
Construction in Progress	\$ 1,344,690	\$ 4,605,551	\$ 370,455	\$ 5,579,786
<b>Capital Assets Subject to Depreciation</b>				
Entryway Markers	\$ 261,287	\$ 46,311	\$ -	\$ 307,598
Street Signs	339,328			339,328
Leasehold Improvement	21,812			21,812
Office Furniture and Equipment	107,902			107,902
Lighting	397,183			397,183
Esplanades	1,058,459			1,058,459
Autos/Trucks	237,992	283,786		521,778
Trails	8,713,522	40,358		8,753,880
<b>Total Capital Assets Subject to Depreciation</b>	<b>\$ 11,137,485</b>	<b>\$ 370,455</b>	<b>\$ - 0 -</b>	<b>\$ 11,507,940</b>
<b>Less Accumulated Depreciation</b>				
Entryway Markers	\$ 260,491	\$ 1,934	\$ -	\$ 262,425
Street Signs	322,941	5,263		328,204
Leasehold Improvement	21,812			21,812
Office Furniture and Equipment	107,902			107,902
Lighting	115,736	13,276		129,012
Esplanades	190,651	105,725		296,376
Autos/Trucks	164,896	29,684		194,580
Trails	1,400,275	599,642		1,999,917
<b>Total Accumulated Depreciation</b>	<b>\$ 2,584,704</b>	<b>\$ 755,524</b>	<b>\$ - 0 -</b>	<b>\$ 3,340,228</b>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 8,552,781</b>	<b>\$ (385,069)</b>	<b>\$ - 0 -</b>	<b>\$ 8,167,712</b>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 9,897,471</b>	<b>\$ 4,220,482</b>	<b>\$ 370,455</b>	<b>\$ 13,747,498</b>



**WESTCHASE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 7. PENSION PLANS**

The District is participating in a Simplified Employee Pension Plan in lieu of making contributions to the federal social security system. The District contributes 10% of each employee's salary into the plan. Each employee can designate the specific mutual funds which receive the contribution. All contributions are tax deferred. The employee and employer continue to contribute to Medicare at the rate of 1.45% of gross employee compensation.

Employees of the District may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457. The District established this plan effective October 1, 1997, under the name of Deferred Compensation Plan for Employees of the Westchase District, to enable employees who become covered under the plan to enhance their retirement security by permitting them to enter into agreements with the employer to defer compensation and receive benefits. It is the District's intent that this plan be an "Eligible Deferred Compensation Plan" in the meaning of Section 457 of the Internal Revenue Code of 1986, as amended, and that it be administered in a manner which is consistent with the requirements of that statute so that the federal income taxation of compensation deferred may be deferred until the compensation and any income attributable thereto is paid or otherwise made available under the terms of this Plan. An individual is eligible to participate in this Plan at any time he or she is an employee of the District. During each employment period in which the employee is a participant in the plan, the District shall defer payment of such part of his compensation as is specified by the employee in his Participation Agreement provided that the maximum that each participant may defer under this plan for any taxable year shall not exceed allowable IRS limits.

**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; and natural disasters. The District carries commercial insurance for its fidelity bonds and participates in the Texas Municipal League Intergovernmental Risk Pool (TML) to provide property, general liability, automobile, boiler and machinery, errors and omissions and workers compensation coverage. The District, along with other participating entities, contributes annual amounts determined by TML's management. As claims arise they are submitted and paid by TML. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

**WESTCHASE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 9. ASSIGNED TO MAJOR PROJECTS (LEFTOVERS)**

As of December 31, 2020, the District did not have any funds assigned to major projects. In future years, the District will show surplus (leftover) funds available to be assigned to major projects.

**NOTE 10. 380 AGREEMENT WITH THE CITY OF HOUSTON**

The District developed a Long Range Plan (“LRP”) that anticipates new development on raw land and redevelopment of properties that are under-utilized or deteriorating. The LRP sets out the public infrastructure required for development and redevelopment. The District worked with the City of Houston (“City”) to have the City create by ordinance a new City grant program for funding this public infrastructure under Chapter 380, Texas Local Government Code (the “Program”).

The Program. The Program applies to land within the District as well as certain adjacent areas that need revitalization (the “Impact Area”). Under the Program, the City agrees to allocate two-thirds (2/3) of the incremental increase in the collections of the City’s ad valorem taxes generated from the Impact Area above the January 1, 2011 base year total taxable value during the term of the program (the “Allocated Funds”). While the program anticipates 30 years of projects, the program is authorized and the projects are approved only for the first ten years. The City can authorize two additional ten-year terms and the projects to be approved for those years. Entities who want to undertake an approved project and receive funding must apply.

The Economic Development Agreement. The District and the City entered into an Economic Development Agreement pursuant to which the District administers the Program for the City. The District will receive and review all applications to determine if the proposed projects are consistent with the LRP, are on the approved projects list and meet the District’s criteria. The District will then recommend to the City those that conform for preliminary approval. If a project receives preliminary approval from the City, the District will work with the City to perform a second, more in-depth analysis of the Project and to recommend terms for a development agreement between the City and the applicant for the project, which agreement must be approved by the designated officer of the City. Thereafter, the District will act as paying agent for the City to reimburse the approved applicant with Allocated Funds in accordance with the development agreement. The District may apply to the City to undertake a project and use Allocated Funds to pay for the project.

**WESTCHASE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 11. GRANT AND OTHER AGREEMENTS**

On December 12, 2016, the U.S. Department of Transportation, Federal Transit Administration awarded federal assistance to the District in the amount of \$350,590 for the design and construction of the HCC Trail along the existing Centerpoint easement. The total estimated project costs are \$438,238 of which the District is responsible for \$87,648. In the current fiscal year, the District did not receive assistance from FTA in relation to this agreement.

On July 15, 2020, the U.S. Department of Transportation, Federal Transit Administration awarded federal assistance to the District in the amount of \$1,646,048 for the design and construction of the Elmside shared-use path. The total estimated project costs are \$2,057,560 of which the District is responsible for \$411,512. In the current fiscal year, the District recorded revenues of \$816,938.

On July 27, 2020, the U.S. Department of Transportation, Federal Transit Administration awarded federal assistance to the District in the amount of \$1,040,036 for the design and construction of the Deerwood shared-use path. The total estimated project costs are \$1,300,045 of which the District is responsible for \$260,009. In the current fiscal year, the District recorded revenues of \$484,399.

**NOTE 12. ECONOMIC UNCERTAINTIES**

On March 11, 2020, the World Health Organization declared the COVID-19 virus a global pandemic. As a result, economic uncertainties have arisen which could have an impact on the operations of the District. The District is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty, as the potential financial impact of this pandemic is unknown at this time. The Board of Directors amended the budget during the current fiscal year to reduce many budget categories due to uncertainty as a result of the COVID pandemic.

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**WESTCHASE DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2020**



**WESTCHASE DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Assessment Revenues (Net of Budgeted Refund Reserve of \$100,000)	\$ 4,420,000	\$ 4,420,000	\$ 4,390,860	\$ (29,140)
Investment and Miscellaneous Revenues	<u>91,900</u>	<u>76,100</u>	<u>94,422</u>	<u>18,322</u>
<b>TOTAL REVENUES</b>	<u>\$ 4,511,900</u>	<u>\$ 4,496,100</u>	<u>\$ 4,485,282</u>	<u>\$ (10,818)</u>
<b>EXPENDITURES</b>				
Service Operations:				
Personnel	\$ 1,065,000	\$ 1,016,000	\$ 962,469	\$ 53,531
Professional Fees	459,000	453,000	455,638	(2,638)
Public Safety	662,177	624,360	605,824	18,536
Area Mobility	2,500	2,500	6,419	(3,919)
Communications	490,000	490,000	440,293	49,707
Landscaping	582,000	582,000	681,326	(99,326)
Planning and Development	37,500	12,500	5,116	7,384
Office and Administration	285,000	278,200	271,232	6,968
Capital Outlay/New Opportunities	<u>1,292,714</u>	<u>1,052,714</u>	<u>433,408</u>	<u>619,306</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 4,875,891</u>	<u>\$ 4,511,274</u>	<u>\$ 3,861,725</u>	<u>\$ 649,549</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ (363,991)	\$ (15,174)	\$ 623,557	\$ 638,731
<b>FUND BALANCE - JANUARY 1, 2020</b>	<u>4,487,789</u>	<u>4,487,789</u>	<u>4,487,789</u>	
<b>FUND BALANCE - DECEMBER 31, 2020</b>	<u>\$ 4,123,798</u>	<u>\$ 4,472,615</u>	<u>\$ 5,111,346</u>	<u>\$ 638,731</u>

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**WESTCHASE DISTRICT**  
**SUPPLEMENTARY INFORMATION –**  
**REQUIRED BY *GOVERNMENT AUDITING STANDARDS***  
**DECEMBER 31, 2020**



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

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April 9, 2021

Board of Directors  
Westchase District  
Harris County, Texas

**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Westchase District ("the District") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 9, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies, and therefore material weaknesses may exist that have not been identified. We identified a deficiency in internal control that we consider to be a material weakness (Reference No 2020-001).



Board of Directors  
Westchase District

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

April 9, 2021



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

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April 9, 2021

Board of Directors  
Westchase District  
Harris County, Texas

**Independent Auditor's Report on Compliance for Each Major Program and on Internal Control  
over Compliance Required by the Uniform Guidance**

**Report on Compliance for Each Major Federal Program**

We have audited Westchase District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended December 31, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.





### **Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

### **Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*McCall Gibson Swedlund Barfoot PLLC*

McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston Texas

April 9, 2021



**WESTCHASE DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
U.S. Department of Transportation:			
Federal Transit Grants (Urbanized Area Formula Program) Section 5307-3 Grant (FHWA Transfer)	20.507	TX-2020-128-01	\$ 484,399
Federal Transit Grants (Urbanized Area Formula Program) Section 5307-3 Grant (FHWA Transfer)	20.507	TX-2020-130-01	<u>816,938</u>
Total U.S. Department of Transportation			<u>\$ 1,301,337</u>

See accompanying independent auditor's report.

**WESTCHASE DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES**  
**OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE 1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal award includes the federal grant activity of the District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

**NOTE 2. GRANT AGREEMENTS**

On July 15, 2020, the U.S. Department of Transportation, Federal Transit Administration awarded federal assistance to the District in the amount of \$1,646,048 for the design and construction of the Elmside shared-use path. The total estimated project costs are \$2,057,560 of which the District is responsible for \$411,512. In the current fiscal year, the District recorded revenues of \$816,938.

On July 27, 2020, the U.S. Department of Transportation, Federal Transit Administration awarded federal assistance to the District in the amount of \$1,040,036 for the design and construction of the Deerwood shared-use path. The total estimated project costs are \$1,300,045 of which the District is responsible for \$260,009. In the current fiscal year, the District recorded revenues of \$484,399.

**NOTE 3. MATCHING COSTS**

Matching Costs, the nonfederal share of certain program costs, are not included on the Schedule.

**NOTE 4. INDIRECT COSTS**

The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**WESTCHASE DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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**Section I — Summary of Auditor's Results**

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*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  
     yes     no
- Significant Deficiencies(s) identified that are not considered to be material weaknesses?  
     yes     None reported
- Noncompliance material to financial statements noted?  
     yes     no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?  
     yes     no
- Significant Deficiencies(s) identified that are not considered to be material weakness(es)?  
     yes     None reported
- Type of auditor's report issued on compliance for major programs: Unmodified
- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 of Uniform Guidance     yes     no

**WESTCHASE DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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Identification of major programs:

*CFDA Number(s) Name of Federal Program or Cluster*

**20.507            Department of Transportation Federal Transit Grants (Urbanized Area Formula Program)**  
**Transportation Improvement Program (TIP)**

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Dollar threshold used to distinguish

between type A and type B programs:     \$750,000

Audited Qualified as low-risk auditee?     \_\_\_\_\_ yes       X   no

**WESTCHASE DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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**Section II — Financial Statement Findings**

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Reference No. 2020-001

**Criteria:** Uniform Guidance states that the auditee shall prepare appropriate financial statements, including the schedule of expenditures of federal awards. Management is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework, even if the auditor assists in drafting the financial statements.

**Condition:** The accounting function does not include preparation of the financial statements complete with footnotes in accordance with accounting principles generally accepted in the United States of America. Accordingly, the District has not established internal controls over the preparation of its financial statements. Also, during the course of performing our audit, we prepared various journal entries to present the financial statements on the government-wide basis of accounting. In addition, we prepared the capital asset and depreciation schedules and posted adjustments related to the presentation of the capital assets in the government-wide financial statements.

**Cause:** The District does not employ an individual or consultant with the knowledge and expertise to prepare financial statements complete with footnotes in accordance with accounting principles generally accepted in the United States of America.

**Effect:** This condition and the reliance on the auditor to perform these functions is considered to be a material weakness in the system of internal controls.

**Recommendation:** We recommend that the Board of Directors consider the requirements in the context of other entities of similar size and the District's facts and circumstances.

**View of Responsible Officials:** The Board engages consultants who possess industry knowledge and expertise to provide financial services, as well as legal and professional engineering services. Based on the auditor's unmodified opinion and after reading the financial statements, the Board believes the financial statements to be materially correct. The Board does not think that the addition of an employee or consultant to perform or reperform the annual financial reporting process is necessary nor would it be cost effective.

**WESTCHASE DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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**Section III— Federal Award Findings and Questioned Costs**

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None



**WESTCHASE DISTRICT**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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None

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**WESTCHASE DISTRICT**  
**SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2020**



**WESTCHASE DISTRICT  
GENERAL FUND EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

PERSONNEL EXPENDITURES (Including Benefits)	\$ <u>962,469</u>
PROFESSIONAL FEES:	
Auditing/Accounting	\$ 15,750
Legal	33,131
Delinquent Tax Attorney	246
Tax Collector	1,736
Consultant	<u>404,775</u>
TOTAL PROFESSIONAL FEES	\$ <u>455,638</u>
ADMINISTRATIVE EXPENDITURES:	
Bank Fees	\$ 1,197
Board Meetings	9,516
Copier	4,168
Delivery	256
Insurance	11,323
IT Equipment	17,938
IT Support	27,202
Membership Dues	4,209
Office Operations/Supplies	4,270
Postage	1,756
Database Upgrade	23,840
Printing and Reproduction	896
Records Storage	1,020
Rent	144,461
Staff Development and Training	6,926
Subscriptions	736
Tax Roll Development	3,290
Telephone	5,495
Travel and Entertainment	<u>2,733</u>
TOTAL ADMINISTRATIVE EXPENDITURES	\$ <u>271,232</u>
TOTAL CAPITAL OUTLAY	\$ <u>433,408</u>

See accompanying independent auditor's report.

**WESTCHASE DISTRICT  
GENERAL FUND EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

PUBLIC SAFETY	\$ <u>605,824</u>
AREA MOBILITY	\$ <u>6,419</u>
COMMUNICATIONS	\$ <u>440,293</u>
LANDSCAPING	\$ <u>681,326</u>
PLANNING AND DEVELOPMENT	\$ <u>5,116</u>
TOTAL EXPENDITURES	\$ <u><u>3,861,725</u></u>

Number of persons employed by the District      8      Full-Time      39      Part-Time

See accompanying independent auditor's report.

**WESTCHASE DISTRICT  
INVESTMENTS  
DECEMBER 31, 2020**

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 2,588,615	\$
Certificate of Deposit	XXXX8240	1.6400%	03/18/21	248,005	
Certificate of Deposit	XXXX2881	1.0000%	06/03/21	248,000	
Certificate of Deposit	XXXX3424	1.9800%	02/05/21	248,000	
Certificate of Deposit	XXXX2142	1.4500%	02/28/21	248,000	
Certificate of Deposit	XXXX1830	1.4900%	03/04/21	248,000	
Certificate of Deposit	XXXX9245	0.8500%	06/30/21	245,000	
Certificate of Deposit	XXXX1175	1.7900%	02/28/21	248,000	
Certificate of Deposit	XXXX3885	1.9800%	02/28/21	248,000	
Certificate of Deposit	XXXX3578	1.7362%	03/21/21	248,000	
Certificate of Deposit	XXXX9153	0.4000%	12/17/21	248,000	
Certificate of Deposit	XXXX0751	0.7500%	06/01/21	245,000	
TOTAL GENERAL FUND				<u>\$ 5,310,620</u>	<u>\$ -0-</u>
<u>SPECIAL REVENUE FUND - 380 REIMBURSEMENT FUND</u>					
TexPool	XXXX0002	Varies	Daily	<u>\$ 4,910,067</u>	<u>\$ -0-</u>
TOTAL - ALL FUNDS				<u>\$ 10,220,687</u>	<u>\$ -0-</u>

See accompanying independent auditor's report.

**WESTCHASE DISTRICT**  
**CHANGES IN ASSESSMENTS RECEIVABLE**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Assessments	
ASSESSMENTS RECEIVABLE -		
JANUARY 1, 2020	\$ 4,029,252	
Adjustments to Beginning Balance	<u>(140,639)</u>	\$ 3,888,613
Original 2020 Assessment	\$ 4,877,646	
Adjustment to 2020 Assessment	<u>66,444</u>	<u>4,944,090</u>
TOTAL TO BE ACCOUNTED FOR		\$ 8,832,703
ASSESSMENT COLLECTIONS:		
Prior Years	\$ 3,885,543	
Current Year	<u>472,479</u>	<u>4,358,022</u>
ASSESSMENTS RECEIVABLE -		
DECEMBER 31, 2020		<u>\$ 4,474,681</u>
ASSESSMENTS RECEIVABLE BY		
YEAR:		
2020		\$ 4,471,611
2019		2,939
2018		5
2017		5
2016		5
2015		20
2014		20
2013		19
2012		19
2011		19
2010		<u>19</u>
TOTAL		<u>\$ 4,474,681</u>

See accompanying independent auditor's report.



**WESTCHASE DISTRICT**  
**CHANGES IN ASSESSMENTS RECEIVABLE**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 5,493,433,244</u>	<u>\$ 5,026,762,911</u>	<u>\$ 5,058,467,289</u>	<u>\$ 5,161,195,300</u>
ASSESSMENT RATES PER \$100 VALUATION:	<u>\$ 0.09</u>	<u>\$ 0.09</u>	<u>\$ 0.09</u>	<u>\$ 0.09</u>
ADJUSTED ASSESSMENT LEVIED*	<u>\$ 4,944,090</u>	<u>\$ 4,524,086</u>	<u>\$ 4,552,621</u>	<u>\$ 4,645,076</u>
PERCENTAGE OF ASSESSMENTS COLLECTED TO ASSESSMENTS LEVIED	<u>9.56 %</u>	<u>99.94 %</u>	<u>99.99 %</u>	<u>99.99 %</u>

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

Assessments – Maximum assessment rate of \$0.11 per \$100 of assessed valuation approved on October 31, 1995. Current assessment levied is \$0.09 per \$100 valuation.

See accompanying independent auditor’s report.

**WESTCHASE DISTRICT  
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES  
GENERAL FUND - TEN YEARS**

	Amounts		
	2020	2019	2018
<b>REVENUES</b>			
Assessment Revenues	\$ 4,390,860	\$ 4,398,663	\$ 4,407,827
Penalty and Interest		7,544	8,129
Match Income			
Grant Revenues			68,952
Investment and Miscellaneous Revenues	94,422	146,261	110,324
<b>TOTAL REVENUES</b>	<b>\$ 4,485,282</b>	<b>\$ 4,552,468</b>	<b>\$ 4,595,232</b>
<b>EXPENDITURES</b>			
Personnel	\$ 962,469	\$ 903,419	\$ 892,137
Professional Fees	455,638	340,680	437,332
Public Safety	605,824	688,318	639,578
Area Mobility	6,419	83,081	21,460
Communications	440,293	390,953	409,956
Landscaping	681,326	764,368	936,236
Planning and Development	5,116	12,220	5,848
Office and Administration	271,232	240,841	251,528
Capital Outlay	433,408	121,817	795,998
<b>TOTAL EXPENDITURES</b>	<b>\$ 3,861,725</b>	<b>\$ 3,545,697</b>	<b>\$ 4,390,073</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 623,557</b>	<b>\$ 1,006,771</b>	<b>\$ 205,159</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In(Out)	\$ - 0 -	\$ - 0 -	\$ - 0 -
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 623,557</b>	<b>\$ 1,006,771</b>	<b>\$ 205,159</b>
<b>BEGINNING FUND BALANCE</b>	<b>4,487,789</b>	<b>3,481,018</b>	<b>3,275,859</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 5,111,346</b>	<b>\$ 4,487,789</b>	<b>\$ 3,481,018</b>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2017	2016	2020	2019	2018	2017	2016
\$ 4,376,741	\$ 3,941,705	97.9 %	96.6 %	95.9 %	68.6 %	78.8 %
5,084	20,306		0.2	0.2	0.1	0.4
182,262	236,655				2.9	4.7
1,740,521	752,512			1.5	27.3	15.0
67,322	57,459	2.1	3.2	2.4	1.1	1.1
<u>\$ 6,371,930</u>	<u>\$ 5,008,637</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 857,235	\$ 853,550	21.5 %	19.8 %	19.4 %	13.5 %	17.0 %
351,716	438,026	10.2	7.5	9.5	5.5	8.8
611,979	618,089	13.5	15.1	13.9	9.6	12.3
40,728	324,703	0.1	1.8	0.5	0.6	6.5
428,726	387,920	9.8	8.6	8.9	6.7	7.7
799,356	743,352	15.2	16.8	20.4	12.5	14.8
8,467	115,492	0.1	0.3	0.1	0.1	2.3
221,388	228,444	6.0	5.3	5.5	3.5	4.6
<u>2,944,160</u>	<u>1,718,344</u>	<u>9.7</u>	<u>2.7</u>	<u>17.3</u>	<u>46.2</u>	<u>34.3</u>
<u>\$ 6,263,755</u>	<u>\$ 5,427,920</u>	<u>86.1 %</u>	<u>77.9 %</u>	<u>95.5 %</u>	<u>98.2 %</u>	<u>108.3 %</u>
\$ 108,175	\$ (419,283)	13.9 %	22.1 %	4.5 %	1.8 %	(8.3) %
\$ 732,388	\$ - 0 -					
\$ 840,563	\$ (419,283)					
<u>2,435,296</u>	<u>2,854,579</u>					
<u>\$ 3,275,859</u>	<u>\$ 2,435,296</u>					

See accompanying independent auditor's report.

**WESTCHASE DISTRICT  
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES  
GENERAL FUND - TEN YEARS**

	Amounts		
	2015	2014	2013
<b>REVENUES</b>			
Assessment Revenues	\$ 3,542,377	\$ 3,148,347	\$ 2,620,990
Penalty and Interest	3,865	3,892	5,707
Match Income		23,881	25,874
Grant Revenues	400,000	1,002,956	
Investment and Miscellaneous Revenues	37,588	19,651	28,128
<b>TOTAL REVENUES</b>	<u>\$ 3,983,830</u>	<u>\$ 4,198,727</u>	<u>\$ 2,680,699</u>
<b>EXPENDITURES</b>			
Personnel	\$ 716,177	\$ 664,397	\$ 654,868
Professional Fees	360,306	366,741	346,193
Public Safety	580,302	544,270	526,238
Area Image	103,421	245,629	85,616
Area Mobility	292,402	300,779	232,333
Communications	373,429	703,174	498,529
Landscaping	66,729	50,160	37,852
Office and Administration	200,052	180,690	172,813
Capital Outlay	1,043,368	198,755	210,621
<b>TOTAL EXPENDITURES</b>	<u>\$ 3,736,186</u>	<u>\$ 3,254,595</u>	<u>\$ 2,765,063</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 247,644</u>	<u>\$ 944,132</u>	<u>\$ (84,364)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In(Out)	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 247,644	\$ 944,132	\$ (84,364)
<b>BEGINNING FUND BALANCE</b>	<u>2,606,935</u>	<u>1,662,803</u>	<u>1,747,167</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 2,854,579</u>	<u>\$ 2,606,935</u>	<u>\$ 1,662,803</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2012	2011	2015	2014	2013	2012	2011
\$ 2,440,981	\$ 2,355,384	89.0 %	75.0 %	97.8 %	84.6 %	96.7 %
3,543	3,640	0.1	0.1	0.2	0.1	0.1
416,949			0.6	1.0	14.4	
	26,770	10.0	23.9			1.1
24,526	51,283	0.9	0.4	1.0	0.9	2.1
<u>\$ 2,885,999</u>	<u>\$ 2,437,077</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 602,508	\$ 581,453	18.0 %	15.8 %	24.5 %	20.9 %	23.8 %
313,008	321,267	9.1	8.7	12.9	10.8	13.2
477,481	430,323	14.6	13.0	19.6	16.5	17.7
38,108	61,875	2.6	5.9	3.2	1.3	2.5
78,830	57,792	7.3	7.2	8.7	2.7	2.4
245,814	206,799	9.4	16.8	18.6	8.5	8.5
515,723	522,925	1.7	1.2	1.4	17.9	21.5
155,466	158,175	5.0	4.3	6.4	5.4	6.5
1,100,508	205,316	26.2	4.7	7.9	38.1	8.4
<u>\$ 3,527,446</u>	<u>\$ 2,545,925</u>	<u>93.9 %</u>	<u>77.6 %</u>	<u>103.2 %</u>	<u>122.1 %</u>	<u>104.5 %</u>
\$ (641,447)	\$ (108,848)	6.1 %	22.4 %	(3.2) %	(22.1) %	(4.5) %
\$ - 0 -	\$ - 0 -					
\$ (641,447)	\$ (108,848)					
2,388,614	2,497,462					
<u>\$ 1,747,167</u>	<u>\$ 2,388,614</u>					

See accompanying independent auditor's report.

**WESTCHASE DISTRICT**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**DECEMBER 31, 2020**

District Mailing Address - Westchase District  
10370 Richmond, Suite 1350  
Houston, TX 77042

District Telephone Number - (713) 780-9434

<b>Board Members</b>	<u>Term of Office (All are Appointed)</u>	<u>Fees of Office for the year ended December 31, 2020</u>	<u>Expense Reimbursements for the year ended December 31, 2020</u>	<u>Title</u>
Cindy Dahl	06/2018 – 06/2021	\$ -0-	\$ -0-	Position 1
Martin Wiltshire	06/2017 – 06/2021	\$ -0-	\$ -0-	Position 2
Donna Flowers	06/2017 – 06/2021	\$ -0-	\$ -0-	Position 3 Secretary/ Investment Officer
John Boriack	12/2019 – 06/2021	\$ -0-	\$ -0-	Position 4
Greg Cardwell	06/2017 – 06/2021	\$ -0-	\$ -0-	Position 5 Assistant Secretary
Steve West	09/2019 – 06/2021	\$ -0-	\$ -0-	Position 6
Jim Russ	12/2019 – 06/2021	\$ -0-	\$ -0-	Position 7
Chris Ball	06/2018 – 06/2021	\$ -0-	\$ -0-	Position 8
Pamela Culver	06/2019 – 06/2023	\$ -0-	\$ -0-	Position 9

See accompanying independent auditor's report.

**WESTCHASE DISTRICT**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**DECEMBER 31, 2020**

<b>Board Members</b>	Term of Office (All are Appointed)	Fees of Office for the year ended December 31, 2020	Expense Reimbursements for the year ended December 31, 2020	Title
Mark Taylor	06/2019 – 06/2023	\$ -0-	\$ -0-	Position 10 Treasurer
Stacy Hunt	06/2019 – 06/2023	\$ -0-	\$ -0-	Position 11
Philip M. Schneidau	06/2019 – 06/2023	\$ -0-	\$ -0-	Position 12 Assistant Treasurer
David J. Lee	06/2019 – 06/2023	\$ -0-	\$ -0-	Position 13 Vice Chairman
Donald Thomas	06/2019 – 06/2023	\$ -0-	\$ -0-	Position 14
Anthony Blunsen	06/2019 – 06/2023	\$ -0-	\$ -0-	Position 15
Harry Greenblatt	06/2019 – 06/2023	\$ -0-	\$ -0-	Position 16 Chairman
Andrew R. Lear	06/2019 – 06/2023	\$ -0-	\$ -0-	Position 17

Notes: Submission date of most recent District Registration Form: May 16, 2019.

See accompanying independent auditor's report.

**WESTCHASE DISTRICT**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**DECEMBER 31, 2020**

<u>District Consultants:</u>	Date Hired	Fees for the year ended December 31, 2020	Expense Reimbursements for the year ended December 31, 2020	Title
Asukura Robinson Company, LLC 1902 Washington Ave., Suite A Houston, TX 77007	09/07/12	\$ 1,040	\$ -0-	Beautification
BQR Advertising 2500 Tanglewilde, Suite 105 Houston, TX 77063	08/20/08	\$ 275,821	\$ 2,168	Marketing/ Advertising
BGE 10777 Westheimer, Suite 400 Houston, TX 77042	03/31/10	\$ -0-	\$ -0-	Engineer
Creative Circle, LLC P.O. Box 74008799 Chicago, IL 60674-8799	10/30/15	\$ -0-	\$ -0-	Marketing/ Advertising
District Management Services 1418 W. Brooklake Houston, TX 77077	01/01/07	\$ 404,775	\$ 113	Consultant
EHRA 10555 Westoffice Dr. Houston, TX 77042	2016	\$ -0-	\$ -0-	Engineer
Jeanne H. McDonald, P.C. 2277 Plaza Drive, Suite 280 Sugar Land, TX 77479	12/01/99	\$ 1,241	\$ 18	Attorney
Lockwood, Andrews Newman 2925 Briarpark Dr. Suite 400 Houston, TX 77042	05/06/16	\$ 230,673	\$ 2,903	Engineer
McCall Gibson Swedlund Barfoot PLLC 13100 Wortham Center Drive Suite 235 Houston, TX 77065	01/03/11	\$ 13,500	\$ -0-	Auditor
Phelps Dunbar LLP P.O. Box 974798 Dallas, TX 75397-4798	04/13/18	\$ -0-	\$ -0-	Attorney
Route 5 Landscaping Architecture LLC P.O. Box 131322 Houston, TX 77219	08/29/17	\$ 14,550	\$ 520	Landscape Architecture

See accompanying independent auditor's report.



**WESTCHASE DISTRICT**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**DECEMBER 31, 2020**

<u>District Consultants:</u>	<u>Date Hired</u>	<u>Fees for the year ended December 31, 2020</u>	<u>Expense Reimbursements for the year ended December 31, 2020</u>	<u>Title</u>
Saxum 621 N. Robinson Oklahoma City, OK 73102	12/04/20	\$ 2,862	\$-0-	Marketing/ Advertising
SK Law 1980 Post Oak, Suite 1380 Houston, TX 77056	05/12/20	\$ 20,729	\$ 219	Legal Counsel
Talley Landscape Service PO Box 211 Orchard, TX 77464	07/15/20	\$ 72,573	\$-0-	Landscape Consultant
<u>WDCF Consultants:</u>	<u>Date Hired</u>	<u>Fees for the year ended December 31, 2020</u>	<u>Expense Reimbursements for the year ended December 31, 2020</u>	<u>Title</u>
McCall Gibson Swedlund Barfoot PLLC 13100 Wortham Center Drive, Suite 235 Houston, TX 77065	01/03/11	\$ 4,000	\$ -0-	Auditor

See accompanying independent auditor's report.

**WESTCHASE DISTRICT**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**DECEMBER 31, 2020**

<b>380 Reimbursement Consultants:</b>	Date Hired	Fees for the year ended December 31, 2020	Expense Reimbursements for the year ended December 31, 2020	Title
A La Cart Food Service Consulting Group 1113 Vine St., Suite 150 Houston, TX 77002	05/20/20	\$ 11,500	\$ -0-	Food Service
Binkley & Barfield 1710 Seamist Dr. Houston, TX 77008	11/03/14	\$ 210,102	\$ -0-	Engineer
BQR Advertising 2500 Tanglewilde, Suite 105 Houston, TX 77063	08/20/08	\$ 623	\$ -0-	Marketing/ Advertising
Design Workshop 300 Main Street, Suite 201 Houston, TX 77002	09/01/03	\$ 34,436	\$ -0-	Marketing/ Advertising
Dini Spheris 2727 Allen Parkway, Suite 1650 Houston, TX 7719	03/01/19	\$ 63,000	\$ -0-	Fundraiser Consultant
EHRA 10555 Westoffice Drive Houston, TX 77042	2016	\$ -0-	\$ -0-	Engineer
Gauge Engineering 3200 Wilcrest Dr., Suite 220 Houston, TX 77042	12/14/20	\$ 48,353	\$ -0-	Engineer
The Goodman Corporation 3200 Travis St., Suite 200 Houston, TX 77006	12/06/10	\$ 118,995	\$ -0-	Grants
Jeanne H. McDonald, P.C. 2277 Plaza Drive, Suite 280 Sugar Land, TX 77479	12/01/99	\$ 1,754	\$ -0-	Attorney
Leonidas Walthall, P.C. 9999 Bellaire Blvd, Suite 350 Houston, TX 77036	10/19/20	\$ 1,000	\$ -0-	Legal Counsel
Lockwood, Andrews Newman 2925 Briarpark Dr. Suite 400 Houston, TX 77042	05/06/16	\$ 388,803	\$ 4,361	Engineer

See accompanying independent auditor's report.

**WESTCHASE DISTRICT**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**DECEMBER 31, 2020**

<u><b>380 Reimbursement Consultants:</b></u>	<u>Date Hired</u>	<u>Fees for the year ended December 31, 2020</u>	<u>Expense Reimbursements for the year ended December 31, 2020</u>	<u>Title</u>
Minor Design Group 1601 W. Webster St., Suite 3 Houston, TX 77019	09/29/20	\$ 2,800	\$ -0-	Marketing/ Advertising
Pastorini-Bosby Talent Agency 14825 St. Mary's Lane, Suite 100 Houston, TX 77079	2018	\$ 757	\$ -0-	Marketing/ Advertising
The Office of James Burnett 711 Louisiana St., Suite 111 Houston, TX 77002	04/28/17	\$ 381,639	\$ 11,379	Beautification
Raba Kistner P.O. Box 971037 Dallas, TX 75397-1037	10/16/20	\$ 11,203	\$ -0-	Engineering
Saxum 621 N. Robinson Oklahoma City, OK 73102	12/04/20	\$ 28,885	\$ -0-	Marketing/ Advertising
SK Law 1980 Post Oak, Suite 1380 Houston, TX 77056	05/12/20	\$ 5,741	\$ -0-	Legal Counsel
<u><b>Federal Compliance:</b></u>				
McCall Gibson Swedlund Barfoot PLLC 13100 Wortham Center Drive, Suite 235 Houston, TX 77065	01/03/11	\$ 9,000	\$ -0-	Auditor

See accompanying independent auditor's report.

