

EMERALD FOREST UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2024

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

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McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Emerald Forest Utility District
Harris County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Emerald Forest Utility District (the "District") as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 September 30, 2024, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Board of Directors
Emerald Forest Utility District

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide an assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McCall Gibson Swedlund Barfoot Ellis PLLC

McCall Gibson Swedlund Barfoot Ellis PLLC
Certified Public Accountants
Houston, Texas

January 28, 2025

**EMERALD FOREST UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Management's discussion and analysis of Emerald Forest Utility District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2024. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statement of Net Position includes all of the District's assets, 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 expenditures are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

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

**EMERALD FOREST UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

FUND FINANCIAL STATEMENTS (Continued)

Governmental funds are reported in each of the financial statements. The focus in the fund financial 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 Fund 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") and other supplementary information. The 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 and deferred outflows of resources exceeded liabilities by \$23,650,165 as of September 30, 2024.

A portion of the District's net position reflects its net investment in capital assets (e.g. land, water and wastewater facilities, less any debt used to acquire those assets that is still outstanding).

The following is a comparative analysis of the government-wide changes in net position:

**EMERALD FOREST UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2024	2023	Change Positive (Negative)
Current and Other Assets	\$ 17,052,350	\$ 15,023,195	\$ 2,029,155
Capital Assets (Net of Accumulated Depreciation)	19,344,190	19,270,707	73,483
Total Assets	\$ 36,396,540	\$ 34,293,902	\$ 2,102,638
Deferred Outflows of Resources	\$ 135,683	\$ 163,318	\$ (27,635)
Bonds Payable	\$ 6,223,009	\$ 7,176,048	\$ 953,039
Due to Developers	5,836,880	5,980,748	143,868
Other Liabilities	822,169	1,384,417	562,248
Total Liabilities	\$ 12,882,058	\$ 14,541,213	\$ 1,659,155
Net Position:			
Net Investment in Capital Assets	\$ 8,026,589	\$ 6,895,170	\$ 1,131,419
Restricted	3,718,873	2,081,911	1,636,962
Unrestricted	11,904,703	10,938,926	965,777
Total Net Position	\$ 23,650,165	\$ 19,916,007	\$ 3,734,158

The following table provides a summary of the District's operations for the years ended September 30, 2024, and September 30, 2023.

	Summary of Changes in the Statement of Activities		
	2024	2023	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 4,513,938	\$ 3,587,451	\$ 926,487
Charges for Services	3,104,177	3,558,153	(453,976)
Other Revenues	884,180	836,990	47,190
Total Revenues	\$ 8,502,295	\$ 7,982,594	\$ 519,701
Expenses for Services	4,768,137	6,903,501	2,135,364
Change in Net Position	\$ 3,734,158	\$ 1,079,093	\$ 2,655,065
Net Position, Beginning of Year	19,916,007	18,836,914	1,079,093
Net Position, End of Year	\$ 23,650,165	\$ 19,916,007	\$ 3,734,158

**EMERALD FOREST UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of September 30, 2024, were \$16,118,219, an increase of \$2,587,006 from the prior year.

The General Fund fund balance increased by \$954,605, primarily due to property tax and service revenues exceeding operating and capital expenditures.

The Debt Service Fund fund balance increased by \$1,611,969, primarily due to the structure of the District's debt service payments.

The Capital Projects Fund fund balance increased by \$20,432 primarily due to investment income.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District did not amend the budget during the current fiscal year. Actual revenues were \$372,730 more than budgeted revenues. Actual expenditures were \$294,173 less than budgeted expenditures. This resulted in a positive budget variance of \$666,903. See the budget to actual comparison for further information.

CAPITAL ASSETS

Capital assets as of September 30, 2024, total \$19,344,190 (net of accumulated depreciation) and include the water and wastewater systems. Significant capital asset events completed during the current fiscal year included the FM 1960 wastewater and sanitary sewer extension, lift station no. 5 and the District's share of the disinfection conversion project for water plants no. 2 and 3.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2024	2023	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 3,027,655	\$ 3,027,655	\$
Construction in Progress	670,612	2,654,458	(1,983,846)
Capital Assets, Net of Accumulated Depreciation:			
Water System	2,879,296	3,063,373	(184,077)
Wastewater System	8,756,109	6,417,525	2,338,584
Drainage System	4,010,518	4,107,696	(97,178)
Total Net Capital Assets	\$ 19,344,190	\$ 19,270,707	\$ 73,483

Additional information on the District's capital assets can be found in Note 6 of this report.

**EMERALD FOREST UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

LONG-TERM DEBT ACTIVITY

As of September 30, 2024, the District had total long-term debt payable of \$6,000,000. The changes in the debt position of the District during the fiscal year ended September 30, 2024, are summarized as follows:

Bond Debt Payable, October 1, 2023	\$ 6,925,000
Less: Bond Principal Paid	<u>925,000</u>
Bond Debt Payable, September 30, 2024	<u><u>\$ 6,000,000</u></u>

The District's bonds carry an underlying rating of "A2" from Moody's Investors Service. The District's Series 2016 Refunding bonds and Series 2022 bonds carry an insured rating of "AA" by virtue of bond insurance issued by Build America Mutual Assurance Company.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Emerald Forest Utility District, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, TX 77027.

**EMERALD FOREST UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2024**

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 211,889	\$ 106,544
Investments	12,215,603	3,547,037
Receivables:		
Property Taxes	39,442	60,166
Penalty and Interest on Delinquent Taxes		
Service Accounts	210,283	
Due from Developer	21,331	
Due from Other Funds		21,743
Prepaid Costs	175	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 12,698,723	\$ 3,735,490
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	\$ - 0 -	\$ - 0 -
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 12,698,723	\$ 3,735,490

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 3,567	\$ 322,000	\$	\$ 322,000
605,855	16,368,495		16,368,495
	99,608		99,608
		30,458	30,458
	210,283		210,283
	21,331		21,331
	21,743	(21,743)	
	175		175
		3,027,655	3,027,655
		670,612	670,612
		15,645,923	15,645,923
\$ 609,422	\$ 17,043,635	\$ 19,352,905	\$ 36,396,540
\$ -0-	\$ - 0 -	\$ 135,683	\$ 135,683
\$ 609,422	\$ 17,043,635	\$ 19,488,588	\$ 36,532,223

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

**EMERALD FOREST UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2024**

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 326,259	\$
Accrued Interest Payable		
Due to Developers		
Due to Taxpayers		28,971
Due to Other Funds	21,743	
Security Deposits	446,018	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 794,020	\$ 28,971
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 39,442	\$ 60,166
FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 175	\$
Restricted for Authorized Construction		
Restricted for Debt Service		3,646,353
Unassigned	11,865,086	
TOTAL FUND BALANCES	\$ 11,865,261	\$ 3,646,353
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 12,698,723	\$ 3,735,490
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 2,817	\$ 329,076	\$	\$ 329,076
		18,104	18,104
		5,836,880	5,836,880
	28,971		28,971
	21,743	(21,743)	
	446,018		446,018
		650,000	650,000
		<u>5,573,009</u>	<u>5,573,009</u>
<u>\$ 2,817</u>	<u>\$ 825,808</u>	<u>\$ 12,056,250</u>	<u>\$ 12,882,058</u>
<u>\$ -0-</u>	<u>\$ 99,608</u>	<u>\$ (99,608)</u>	<u>\$ - 0 -</u>
\$ 606,605	\$ 175	\$ (175)	\$
	606,605	(606,605)	
	3,646,353	(3,646,353)	
	<u>11,865,086</u>	<u>(11,865,086)</u>	
<u>\$ 606,605</u>	<u>\$ 16,118,219</u>	<u>\$ (16,118,219)</u>	<u>\$ - 0 -</u>
<u>\$ 609,422</u>	<u>\$ 17,043,635</u>		
		\$ 8,026,589	\$ 8,026,589
		3,718,873	3,718,873
		<u>11,904,703</u>	<u>11,904,703</u>
		<u>\$ 23,650,165</u>	<u>\$ 23,650,165</u>

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

**EMERALD FOREST UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2024**

Total Fund Balances - Governmental Funds	\$ 16,118,219
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Amounts reported for governmental activities in the Statement of Net Position are different because:

The difference between the net carrying amount of refunded bonds and the reacquisition price is recorded as a deferred outflow of resources in the governmental activities and systematically charged to interest expense over the remaining life of the new debt or the old debt, whichever is shorter.	135,683
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Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.	19,344,190
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Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2023 and prior tax levies became part of recognized revenues in the governmental activities of the District.	130,066
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year-end consist of:

Due to Developer	\$ (5,836,880)	
Accrued Interest Payable	(18,104)	
Bonds Payable	(6,223,009)	(12,077,993)

Total Net Position - Governmental Activities	\$ 23,650,165
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The accompanying notes to the financial statements are an integral part of this report.

EMERALD FOREST UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 1,824,047	\$ 2,663,071
Water Service	822,666	
Wastewater Service	943,722	
Regional Water Authority Fees	897,635	
Penalty and Interest	46,193	41,585
Tap Connection and Inspection Fees	73,450	
Capacity Reservation Fees	272,916	
Investment Revenues	644,041	188,161
Miscellaneous Revenues	5,312	15,025
TOTAL REVENUES	\$ 5,529,982	\$ 2,907,842
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 337,460	\$ 12,043
Contracted Services	696,825	76,739
Purchased Water Service	17,043	
Utilities	156,645	
Regional Water Authority Assessments	879,529	
Repairs and Maintenance	893,002	
Depreciation		
Other	607,036	24,822
Capital Outlay	987,837	
Debt Service:		
Bond Principal		925,000
Bond Interest		257,269
TOTAL EXPENDITURES/EXPENSES	\$ 4,575,377	\$ 1,295,873
NET CHANGE IN FUND BALANCES	\$ 954,605	\$ 1,611,969
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - OCTOBER 1, 2023	10,910,656	2,034,384
FUND BALANCES/NET POSITION - SEPTEMBER 30, 2024	\$ 11,865,261	\$ 3,646,353

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 4,487,118	\$ 26,820	\$ 4,513,938
	822,666		822,666
	943,722		943,722
	897,635		897,635
	87,778	6,010	93,788
	73,450		73,450
	272,916		272,916
	832,202		832,202
31,641	51,978		51,978
<u>\$ 31,641</u>	<u>\$ 8,469,465</u>	<u>\$ 32,830</u>	<u>\$ 8,502,295</u>
\$ 10,849	\$ 360,352	\$	\$ 360,352
	773,564		773,564
	17,043		17,043
	156,645		156,645
	879,529		879,529
	893,002		893,002
		782,651	782,651
360	632,218		632,218
	987,837	(968,235)	19,602
	925,000	(925,000)	
	257,269	(3,738)	253,531
<u>\$ 11,209</u>	<u>\$ 5,882,459</u>	<u>\$ (1,114,322)</u>	<u>\$ 4,768,137</u>
\$ 20,432	\$ 2,587,006	\$ (2,587,006)	\$
		3,734,158	3,734,158
586,173	13,531,213	6,384,794	19,916,007
<u>\$ 606,605</u>	<u>\$ 16,118,219</u>	<u>\$ 7,531,946</u>	<u>\$ 23,650,165</u>

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

**EMERALD FOREST UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Net Change in Fund Balances - Governmental Funds \$ 2,587,006

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

Governmental funds report tax revenues when collected. However, in the government-wide financial statements, revenues are recorded in the accounting period for which the taxes are levied. 26,820

Governmental funds report penalty and interest revenues on delinquent property taxes when collected. However, in the government-wide financial statements, revenues are recorded when penalties and interest are assessed. 6,010

Governmental funds do not account for depreciation. However, in the government-wide financial statements, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities. (782,651)

Governmental funds report capital expenditures as expenditures in the period purchased. However, in the government-wide financial statements, capital assets are increased by new purchases that meet the District's threshold for capitalization, and are owned and maintained by the District. All other capital asset purchases are expensed in the Statement of Activities. 968,235

Governmental funds report principal payments on long-term debt as expenditures. However, in the government-wide financial statements, principal payments decrease long-term liabilities and the Statement of Activities is not affected. 925,000

Governmental funds report interest payments on long-term debt as expenditures in the year paid. However, in the government-wide financial statements, interest is accrued on the long-term debt through fiscal year-end. 3,738

Change in Net Position - Governmental Activities \$ 3,734,158

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

EMERALD FOREST UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1. CREATION OF DISTRICT

Emerald Forest Utility District, located in Harris County, Texas (the “District”) was created effective June 1, 1971 by an act of the State of Texas, Regular Session, 1971, in accordance with the Texas Water Code. The District operates under the supervision of the Texas Commission on Environmental Quality (the “Commission”). Pursuant to the provisions of Chapters 54 and 49 of the Texas Water Code, as amended, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, wastewater service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct and maintain parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests, establish, operate and maintain a fire department to perform all fire-fighting activities and develop and finance roads within the District. The Board of Directors held its first meeting on July 8, 1971, and the first bonds were delivered on August 7, 1973.

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”). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Commission.

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

Financial Statement Presentation

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

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

EMERALD FOREST UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

Government-Wide Financial Statements

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

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

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current 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 revenues and expenses in the government-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 Governmental Funds Balance Sheet and a Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances.

EMERALD FOREST UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

Governmental Funds

The District has three governmental funds and considers these funds to be major funds.

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

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

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

Basis of Accounting

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

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of September 30, 2024, the General Fund owes the Debt Service Fund \$21,743 for an excess transfer of maintenance tax collections.

EMERALD FOREST UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 of \$10,000 or more and an estimated useful life of at least two years following the date of acquisition. Depreciation is calculated on each class of depreciable property using no salvage value and the straight-line method of depreciation. Estimated useful lives are as follows:

	<u>Years</u>
Water System	10-45
Wastewater System	10-45
Drainage System	10-45

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 not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Pensions

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

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination

EMERALD FOREST UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

of operating income, changes in net position, financial position, and cash flows. All assets, liabilities, and deferred inflows and outflows of resources 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 Governmental Funds Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

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

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 formal action by the Board. The District does not have any committed fund balances.

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

EMERALD FOREST UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 3. LONG-TERM DEBT

	Refunding Series 2016	Series 2022
Amount Outstanding – September 30, 2024	\$ 2,875,000	\$ 3,125,000
Interest Rates	4.00%	3.00% - 4.00%
Maturity Dates - Beginning/Ending	September 1, 2025/2032	September 1, 2025/2037
Interest Payment Dates	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2024*	September 1, 2028*

* Or on any date thereafter, in whole or in part, at the option of the District, at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. The Refunding Series 2016 term bonds maturing September 1, 2032 are subject to mandatory redemption beginning September 1, 2030, by lot or other customary random method. The Series 2022 bonds maturing September 1, 2027, 2029, 2031, 2033, 2035, and 2037 are subject to mandatory redemption beginning September 1, 2026, 2028, 2030, 2032, 2034, and 2036, respectively.

The following is a summary of transactions regarding bonds payable for the year ended September 30, 2024:

	October 1, 2023	Additions	Retirements	September 30, 2024
Bonds Payable	\$ 6,925,000	\$	\$ 925,000	\$ 6,000,000
Unamortized Discounts	(46,054)		(3,315)	(42,739)
Unamortized Premiums	297,102		31,354	265,748
Bonds Payable, Net	\$ 7,176,048	\$ -0-	\$ 953,039	\$ 6,223,009
			Amount Due Within One Year	\$ 650,000
			Amount Due After One Year	5,573,009
			Bonds Payable, Net	\$ 6,223,009

**EMERALD FOREST UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 3. LONG-TERM DEBT (Continued)

As of September 30, 2024, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 650,000	\$ 217,250	\$ 867,250
2026	660,000	191,250	851,250
2027	665,000	167,100	832,100
2028	675,000	142,750	817,750
2029	680,000	118,000	798,000
2030-2034	1,920,000	308,775	2,228,775
2035-2037	750,000	53,750	803,750
	<u>\$ 6,000,000</u>	<u>\$ 1,198,875</u>	<u>\$ 7,198,875</u>

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount. The District has authorized but unissued tax bonds totaling \$43,535,000 for utilities, \$11,170,000 for refundings, and \$5,020,000 for parks and recreation.

During the year ended September 30, 2024, the District levied an ad valorem debt service tax at the rate of \$0.365 per \$100 of assessed valuation, which resulted in a tax levy of \$2,711,148 on the adjusted taxable valuation of \$742,780,180 for the 2023 tax year. The bond orders require the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for maintenance tax levy.

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. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

**EMERALD FOREST UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

- A. The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of section 148 (f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on each 5th year anniversary of each issue.
- B. The bond orders state that the District is required to annually provide continuing disclosure of certain general financial information and operating data to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (“EMMA”) system. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year-end, the carrying amount of the District’s deposits was \$322,000 and the bank balances were \$375,983. 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 September 30, 2024, as listed below:

	Cash
GENERAL FUND	\$ 211,889
DEBT SERVICE FUND	106,544
CAPITAL PROJECTS FUND	3,567
TOTAL DEPOSITS	\$ 322,000

EMERALD FOREST UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 5. DEPOSITS AND INVESTMENTS

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 Texas Comptroller of Public Accounts has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures all portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

The District invests in the Texas Short Term Asset Reserve Program ("TexSTAR"), an external public funds investment pool that is not SEC-registered. J. P. Morgan Investment Management Inc. provides investment management and Hilltop Securities Inc. provides participant services and marketing under an agreement with the TexSTAR Board of Directors. Custodial, fund accounting and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary J.P. Morgan Investors Services Co. Investments held by TexSTAR are marked to market daily. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District's position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from TexSTAR.

**EMERALD FOREST UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of September 30, 2024, 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	\$ 10,153,427	\$ 10,153,427
TexSTAR	2,062,176	2,062,176
<u>DEBT SERVICE FUND</u>		
TexPool	3,547,037	3,547,037
<u>CAPITAL PROJECTS FUND</u>		
TexPool	605,855	605,855
TOTAL INVESTMENTS	\$ 16,368,495	\$ 16,368,495

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2024, the District’s investments in TexPool and TexSTAR were rated “AAAm” by Standard and Poor’s.

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

Restrictions

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

**EMERALD FOREST UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2024:

	October 1, 2023	Increases	Decreases	September 30, 2024
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 3,027,655	\$	\$	\$ 3,027,655
Construction in Progress	<u>2,654,458</u>	<u>856,134</u>	<u>2,839,980</u>	<u>670,612</u>
Total Capital Assets Not Being Depreciated	<u>\$ 5,682,113</u>	<u>\$ 856,134</u>	<u>\$ 2,839,980</u>	<u>\$ 3,698,267</u>
Capital Assets Subject to Depreciation				
Water System	\$ 7,666,199	\$	\$	\$ 7,666,199
Wastewater System	14,777,246	2,839,980		17,617,226
Drainage System	<u>4,361,057</u>			<u>4,361,057</u>
Total Capital Assets Subject to Depreciation	<u>\$ 26,804,502</u>	<u>\$ 2,839,980</u>	<u>\$ - 0 -</u>	<u>\$ 29,644,482</u>
Less Accumulated Depreciation				
Water System	\$ 4,602,826	\$ 184,077	\$	\$ 4,786,903
Wastewater System	8,359,721	501,396		8,861,117
Drainage System	<u>253,361</u>	<u>97,178</u>		<u>350,539</u>
Total Accumulated Depreciation	<u>\$ 13,215,908</u>	<u>\$ 782,651</u>	<u>\$ - 0 -</u>	<u>\$ 13,998,559</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 13,588,594</u>	<u>\$ 2,057,329</u>	<u>\$ - 0 -</u>	<u>\$ 15,645,923</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 19,270,707</u>	<u>\$ 2,913,463</u>	<u>\$ 2,839,980</u>	<u>\$ 19,344,190</u>

The District has financed certain drainage facilities which have been conveyed to other entities for maintenance. Capital assets are added above when the facilities are placed into service.

NOTE 7. MAINTENANCE TAX

On November 6, 2007, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$0.25 per \$100 of assessed valuation of taxable property within the District. During the year ended September 30, 2024, the District levied an ad valorem maintenance tax at the rate of \$0.25 per \$100 of assessed valuation, which resulted in a tax levy of \$1,856,950 on the adjusted taxable valuation of \$742,780,180 for the 2023 tax year. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and sanitary sewer system.

EMERALD FOREST UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 8. CONTRACTS WITH OTHER ENTITIES

On August 25, 1977, the District entered into a contract to supply water and sewer services to the Cypress-Fairbanks Independent School District (the “School”) to a tract outside the District for a term of 30 years. The contract was most recently amended February 14, 2011 and extended the term from year to year unless terminated with six months’ notice. The maximum amount of water to be supplied is 100,000 gallons per day, and the maximum amount of sewage to be treated is 75,000 gallons per day. The School is billed as a single-family unit at the rates set forth in the District’s rate order. On November 11, 2024, subsequent to year end, the contract was amended.

On August 11, 2003, the District entered into the third amendment to the Water Service Agreement with Harris County Fresh Water Supply District No. 61 (“District No. 61”) to provide 35,000 gallons per day to the District. The District is responsible for payment of surface water fees to the North Harris County Regional Water Authority for water received from District No. 61. The District recorded \$17,043 in expenditures for water purchases from District No. 61 during the current fiscal year.

NOTE 9. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

The District is located within the boundaries of the North Harris County Regional Water Authority (the “Authority”). The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 2965 (the “Act”), as passed by the seventy-fifth Texas Legislature, in 1999. The Act empowers the Authority to provide for the conservation, preservation, protection, recharge and prevention of waste of groundwater, and for the reduction of groundwater withdrawals. The Authority has entered into a contract for purchase of surface water from the City of Houston, Texas to assure that its participants comply with the Harris-Galveston Subsidence District (“HGSD”) pumpage requirements, which mandate that districts within HGSD boundaries, including the District, convert a percentage of their water use to surface water over a period of time.

On July 6, 2020, the District and the Authority entered into an interlocal agreement which calls on the Authority to contract and install, at its sole cost and expense, certain chloramination equipment at the District’s water plants nos. 2 and 3 and additional Authority equipment, including, but not limited to water lines and control valves and related equipment. This is being done as part of the expansion of the Authority’s surface water distribution system to meet the 2025 surface water conservation requirements of the HGSD.

EMERALD FOREST UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 9. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY
(Continued)

Additionally, the agreement calls for the Authority to install and construct the necessary equipment to convert the District's existing chlorine gas disinfection system to a bleach disinfection system at water plants nos. 2 and 3. Upon completion of this project, the District will reimburse the Authority 100% of all reasonable and necessary costs associated with the permitting, construction and inspection by the Authority. The current cost estimate for the construction and installation of this conversion project is \$415,420. During the current fiscal year, this project was completed and the District reimbursed the Authority \$349,518.

The Authority currently charges a fee, based on the amount of water pumped from a well, to the owner of wells located within the boundaries of the Authority, unless exempted. This fee enables the Authority to fulfill its purpose and regulatory functions. As of October 1, 2023, the rate is \$3.60 per 1,000 gallons of water pumped from each well and \$4.05 per 1,000 gallons of surface water received from the Authority. The District recorded an expenditure of \$879,529 for fees assessed during the current fiscal year.

NOTE 10. STRATEGIC PARTNERSHIP AGREEMENT

Effective May 9, 2002, the District entered into a Strategic Partnership Agreement ("SPA") with the City of Houston, Texas. The term of the SPA is 30 years from the effective date. Under the agreement, and in accordance with Subchapter F of Chapter 43 of the Texas Local Government Code, the City has annexed the District for the limited purposes of applying the City's Planning, Zoning, Health, and Safety Ordinances within the District.

The District will continue to develop, to own, and to operate and maintain a water, wastewater, and drainage system in the District. The taxable property within the District is not liable for any present or future debts of the City, and current and future taxes levied by the City may not be levied on taxable property within the District. The City's municipal courts have jurisdiction to adjudicate criminal cases filed under the Planning, Zoning, Health and Safety Ordinances and certain state laws. The District's assets, liabilities, indebtedness, and obligations will remain the responsibility of the District during the period preceding full-purpose annexation. The District will pay an annual \$100 fee to the City for the provision of city services in lieu of full-purpose annexation. The qualified voters of the District may vote in City elections pursuant to Local Government Code. The City is responsible for notifying the voters within the District.

The City shall impose a Sales and Use Tax within the portion of the District covered by the SPA on the receipts from the sale and use at retail of taxable items at the rate of one percent or the rate specified under future amendments to Chapter 321 of the Tax Code. The City agrees to pay to the District an amount equal to one-half of all Sales and Use Tax receipts generated within the District. The City agrees to deliver to the District its share of the sales tax receipts within 30 days of the City receiving the funds from the State Controller's office. During the current fiscal year, the District recorded no revenues related to the SPA.

EMERALD FOREST UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 11. 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 for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 12. DUE TO DEVELOPERS

The District has executed development financing agreements with developers within the District. The agreements call for the developers to fund costs associated with water, wastewater and drainage facilities, until such time as the District sells bonds. As of September 30, 2024, the District recorded an estimated liability of \$5,836,880 in relation to these agreements for facilities that have been completed.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reimbursements</u>	<u>Ending Balance</u>
Due to Developers	<u>\$ 5,948,980</u>	<u>\$ - 0 -</u>	<u>\$ 112,100</u>	<u>\$ 5,836,880</u>

EMERALD FOREST UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2024

**EMERALD FOREST UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 1,775,172	\$ 1,824,047	\$ 48,875
Water Service	818,000	822,666	4,666
Wastewater Service	879,000	943,722	64,722
Regional Water Authority Fees	932,000	897,635	(34,365)
Penalty and Interest	37,000	46,193	9,193
Tap Connection and Inspection Fees	19,600	73,450	53,850
Capacity Reservation Fees	185,000	272,916	87,916
Investment Revenues	450,000	644,041	194,041
Miscellaneous Revenues	61,480	5,312	(56,168)
TOTAL REVENUES	\$ 5,157,252	\$ 5,529,982	\$ 372,730
EXPENDITURES			
Services Operations:			
Professional Fees	\$ 317,000	\$ 337,460	\$ (20,460)
Contracted Services	716,000	696,825	19,175
Purchased Water Service	15,000	17,043	(2,043)
Utilities	133,200	156,645	(23,445)
Regional Water Authority Fees	932,000	879,529	52,471
Repairs and Maintenance	1,004,000	893,002	110,998
Other	610,350	607,036	3,314
Capital Outlay	1,142,000	987,837	154,163
TOTAL EXPENDITURES	\$ 4,869,550	\$ 4,575,377	\$ 294,173
NET CHANGE IN FUND BALANCE	\$ 287,702	\$ 954,605	\$ 666,903
FUND BALANCE - OCTOBER 1, 2023	10,910,656	10,910,656	
FUND BALANCE - SEPTEMBER 30, 2024	\$ 11,198,358	\$ 11,865,261	\$ 666,903

See accompanying independent auditor's report.

EMERALD FOREST UTILITY DISTRICT
SUPPLEMENTARY INFORMATION REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE
SEPTEMBER 30, 2024

**EMERALD FOREST UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

1. SERVICES PROVIDED BY THE DISTRICT DURING THE FISCAL YEAR:

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

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order effective on June 1, 2023.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	\$ 17.00	6,000	N	\$ 2.75 \$ 3.25 \$ 3.75 \$ 4.25	6,001 to 10,000 10,001 to 15,000 15,001 to 25,000 25,001 and up
WASTEWATER:	\$22.00*	6,000	N	\$ 3.75	6,001 and up
SURCHARGE:					
Regional Water Authority Fees				\$ 4.46	All

District employs winter averaging for wastewater usage?
 X
 Yes No

Total monthly charges per 10,000 gallons usage: Water: \$28.00 Wastewater: \$37.00 Surcharge: \$44.60 Total: \$109.60

*Residents in Woodedge Village have a \$42.00 minimum sewer rate.

See accompanying independent auditor's report.

**EMERALD FOREST UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered	<u>1</u>	<u>1</u>	x 1.0	<u>1</u>
≤ ³ / ₄ "	<u>1,868</u>	<u>1,839</u>	x 1.0	<u>1,839</u>
1"	<u>28</u>	<u>26</u>	x 2.5	<u>65</u>
1½"	<u>12</u>	<u>11</u>	x 5.0	<u>55</u>
2"	<u>29</u>	<u>28</u>	x 8.0	<u>224</u>
3"	<u>3</u>	<u>2</u>	x 15.0	<u>30</u>
4"	<u>3</u>	<u>3</u>	x 25.0	<u>75</u>
6"	<u>2</u>	<u>2</u>	x 50.0	<u>100</u>
8"	<u>2</u>	<u>2</u>	x 80.0	<u>160</u>
10"	<u>2</u>	<u>2</u>	x 115.0	<u>230</u>
Total Water Connections	<u><u>1,950</u></u>	<u><u>1,916</u></u>		<u><u>2,779</u></u>
Total Wastewater Connections	<u><u>1,952</u></u>	<u><u>1,915</u></u>	x 1.0	<u><u>1,915</u></u>

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

Gallons pumped into system:	269,434,000	Water Accountability Ratio: 81% (Gallons billed and sold/Gallons pumped and purchased)
Gallons purchased:	2,864,000	From: <u>Harris County Fresh Water Supply District No. 61</u>
Gallons billed to customers:	220,676,000	

Note: The District is aware of the low accountability ratio and is in the process of performing leak surveys, commercial meter testing and has replaced meters with electronic smart meters.

See accompanying independent auditor's report.

**EMERALD FOREST UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

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

Does the District have Debt Service standby fees? Yes No

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes No

County or Counties in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely Partly Not at all

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

Entirely Partly Not at all

ETJ's in which District is located:

City of Houston, Texas.

Are Board Members appointed by an office outside the District?

Yes No

See accompanying independent auditor's report.

**EMERALD FOREST UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

PROFESSIONAL FEES:	
Auditing	\$ 17,000
Engineering	192,883
Legal	<u>127,577</u>
TOTAL PROFESSIONAL FEES	<u>\$ 337,460</u>
 PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	<u>\$ 17,043</u>
 CONTRACTED SERVICES:	
Bookkeeping	\$ 21,290
Operations and Billing	138,629
Security	407,400
Solid Waste Disposal	<u>129,506</u>
TOTAL CONTRACTED SERVICES	<u>\$ 696,825</u>
 UTILITIES:	
Electricity	\$ 155,732
Telephone	<u>913</u>
TOTAL UTILITIES	<u>\$ 156,645</u>
 REPAIRS AND MAINTENANCE	<u>\$ 893,002</u>
 ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 28,895
Dues	2,250
Insurance	68,879
Office Supplies and Postage	39,578
Payroll Taxes	1,950
Travel and Meetings	10,282
Other	<u>16,688</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 168,522</u>
 CAPITAL OUTLAY	<u>\$ 987,837</u>

See accompanying independent auditor's report.

**EMERALD FOREST UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

TAP CONNECTIONS	<u>\$ 59,939</u>
OTHER EXPENDITURES:	
Chemicals	\$ 203,248
Laboratory Fees	70,354
Permit Fees	14,133
Inspection Fees	13,952
Regional Water Authority Assessments	879,529
Regulatory Assessment	8,513
Sludge Hauling	<u>68,375</u>
TOTAL OTHER EXPENDITURES	<u>\$ 1,258,104</u>
TOTAL EXPENDITURES	<u>\$ 4,575,377</u>

See accompanying independent auditor's report.

**EMERALD FOREST UTILITY DISTRICT
INVESTMENTS
SEPTEMBER 30, 2024**

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
TexPool	XXXX0005	Varies	Daily	\$ 10,153,427	\$
TexSTAR	XXXX1110	Varies	Daily	<u>2,062,176</u>	<u> </u>
TOTAL GENERAL FUND				<u>\$ 12,215,603</u>	<u>\$ - 0 -</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0001	Varies	Daily	<u>\$ 3,547,037</u>	<u>\$ - 0 -</u>
<u>CAPITAL PROJECTS FUND</u>					
TexPool	XXXX0004	Varies	Daily	<u>\$ 605,855</u>	<u>\$ -0-</u>
TOTAL - ALL FUNDS				<u><u>\$ 16,368,495</u></u>	<u><u>\$ - 0 -</u></u>

See accompanying independent auditor's report.

**EMERALD FOREST UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
OCTOBER 1, 2023	\$	28,270		\$ 44,518
Adjustments to Beginning				
Balance		<u>(21,731)</u>	\$ 6,539	<u>(32,429)</u> \$ 12,089
Original 2023 Tax Levy	\$	1,692,216		\$ 2,470,635
Adjustment to 2023 Tax Levy		<u>164,734</u>	<u>1,856,950</u>	<u>240,513</u> <u>2,711,148</u>
TOTAL TO BE				
ACCOUNTED FOR			\$ 1,863,489	\$ 2,723,237
TAX COLLECTIONS:				
Prior Years	\$	(10,281)		\$ (15,047)
Current Year		<u>1,834,328</u>	<u>1,824,047</u>	<u>2,678,118</u> <u>2,663,071</u>
TAXES RECEIVABLE -				
SEPTEMBER 30, 2024			<u>\$ 39,442</u>	<u>\$ 60,166</u>
TAXES RECEIVABLE BY				
YEAR:				
2023			\$ 22,622	\$ 33,030
2022			5,416	7,907
2021			3,094	4,888
2020			2,311	3,744
2019			1,480	2,398
2018			743	1,204
2017 and prior			<u>3,776</u>	<u>6,995</u>
TOTAL			<u>\$ 39,442</u>	<u>\$ 60,166</u>

See accompanying independent auditor's report.

**EMERALD FOREST UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
PROPERTY VALUATIONS:				
Land	\$ 170,581,808	\$ 135,787,009	\$ 124,327,099	\$ 101,491,241
Improvements	566,077,733	479,788,902	354,026,321	316,776,511
Personal Property	97,329,401	21,257,894	14,080,826	14,824,650
Exemptions	<u>(91,208,762)</u>	<u>(50,864,392)</u>	<u>(21,231,620)</u>	<u>(18,436,021)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 742,780,180</u>	<u>\$ 585,969,413</u>	<u>\$ 471,202,626</u>	<u>\$ 414,656,381</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.365	\$ 0.365	\$ 0.395	\$ 0.405
Maintenance	<u>0.250</u>	<u>0.250</u>	<u>0.250</u>	<u>0.250</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.615</u>	<u>\$ 0.615</u>	<u>\$ 0.645</u>	<u>\$ 0.655</u>
ADJUSTED TAX LEVY*	<u>\$ 4,568,098</u>	<u>\$ 3,603,712</u>	<u>\$ 3,039,257</u>	<u>\$ 2,715,999</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>98.78 %</u>	<u>99.63 %</u>	<u>99.74 %</u>	<u>99.78 %</u>

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

** Maintenance Tax – Maximum tax rate of \$0.25 per \$100 of assessed valuation was approved by voters on November 6, 2007.

See accompanying independent auditor's report.

**EMERALD FOREST UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024**

SERIES - 2016 REFUNDING

Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2025	\$ 425,000	\$ 115,000	\$ 540,000
2026	435,000	98,000	533,000
2027	440,000	80,600	520,600
2028	450,000	63,000	513,000
2029	455,000	45,000	500,000
2030	215,000	26,800	241,800
2031	220,000	18,200	238,200
2032	235,000	9,400	244,400
2033			
2034			
2035			
2036			
2037			
	<u>\$ 2,875,000</u>	<u>\$ 456,000</u>	<u>\$ 3,331,000</u>

See accompanying independent auditor's report.

**EMERALD FOREST UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024**

S E R I E S - 2 0 2 2

Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2025	\$ 225,000	\$ 102,250	\$ 327,250
2026	225,000	93,250	318,250
2027	225,000	86,500	311,500
2028	225,000	79,750	304,750
2029	225,000	73,000	298,000
2030	250,000	66,250	316,250
2031	250,000	58,750	308,750
2032	250,000	51,250	301,250
2033	250,000	43,125	293,125
2034	250,000	35,000	285,000
2035	250,000	26,563	276,563
2036	250,000	18,125	268,125
2037	250,000	9,062	259,062
	<u>\$ 3,125,000</u>	<u>\$ 742,875</u>	<u>\$ 3,867,875</u>

See accompanying independent auditor's report.

**EMERALD FOREST UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2024**

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending September 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2025	\$ 650,000	\$ 217,250	\$ 867,250
2026	660,000	191,250	851,250
2027	665,000	167,100	832,100
2028	675,000	142,750	817,750
2029	680,000	118,000	798,000
2030	465,000	93,050	558,050
2031	470,000	76,950	546,950
2032	485,000	60,650	545,650
2033	250,000	43,125	293,125
2034	250,000	35,000	285,000
2035	250,000	26,563	276,563
2036	250,000	18,125	268,125
2037	250,000	9,062	259,062
	<u>\$ 6,000,000</u>	<u>\$ 1,198,875</u>	<u>\$ 7,198,875</u>

See accompanying independent auditor's report.

**EMERALD FOREST UTILITY DISTRICT
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Description	Original Bonds Issued	Bonds Outstanding October 1, 2023
Emerald Forest Utility District		
Unlimited Tax Refunding Bonds - Series 2016	\$ 3,545,000	\$ 3,045,000
Emerald Forest Utility District		
Unlimited Tax Bonds - Series 2022	<u>4,830,000</u>	<u>3,880,000</u>
TOTAL	<u>\$ 8,375,000</u>	<u>\$ 6,925,000</u>

Bond Authority:	<u>Tax Bonds</u>	<u>Park Bonds</u>	<u>Refunding Bonds</u>
Amount Authorized by Voters	\$ 61,000,000	\$ 5,020,000	\$ 13,650,000
Amount Issued	<u>17,465,000</u>	<u> </u>	<u>2,480,000*</u>
Remaining to be Issued	<u>\$ 43,535,000</u>	<u>\$ 5,020,000</u>	<u>\$ 11,170,000</u>
Debt Service Fund cash and investment balances as of September 30, 2024:			<u>\$ 3,653,581</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:			<u>\$ 553,760</u>

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

* Amount issued refers to incremental debt, not total issued.

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding September 30, 2024</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 170,000	\$ 120,100	\$ 2,875,000	The Bank of New York Mellon Trust Company, N.A. Dallas, Texas
	<u>755,000</u>	<u>137,169</u>	<u>3,125,000</u>	The Bank of New York Mellon Trust Company, N.A. Dallas, Texas
<u>\$ - 0 -</u>	<u>\$ 925,000</u>	<u>\$ 257,269</u>	<u>\$ 6,000,000</u>	

See accompanying independent auditor's report.

EMERALD FOREST UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUE AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amount		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 1,824,047	\$ 1,458,582	\$ 1,178,086
Water Service	822,666	865,653	874,404
Wastewater Service	943,722	929,859	953,954
Regional Water Authority Fees	897,635	1,032,937	1,078,005
Penalty and Interest	46,193	30,814	40,195
Tap Connection and Inspection Fees	73,450	478,545	53,428
Investment Revenues	644,041	477,787	77,148
Miscellaneous Revenues	278,228	345,920	710,936
TOTAL REVENUES	\$ 5,529,982	\$ 5,620,097	\$ 4,966,156
EXPENDITURES			
Professional Fees	\$ 337,460	\$ 356,413	\$ 415,852
Contracted Services	696,825	748,693	704,162
Purchased Water Service	17,043	13,166	14,632
Utilities	156,645	175,467	229,669
Regional Water Authority Fees	879,529	1,178,124	1,167,981
Repairs and Maintenance	893,002	1,010,158	760,475
Other	607,036	721,196	377,029
Capital Outlay	987,837	1,597,453	1,698,890
TOTAL EXPENDITURES	\$ 4,575,377	\$ 5,800,670	\$ 5,368,690
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 954,605	\$ (180,573)	\$ (402,534)
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	\$	\$ 52,780	\$
Developer Contributions		61,206	1,354,100
TOTAL OTHER FINANCING SOURCES (USES)	\$ - 0 -	\$ 113,986	\$ 1,354,100
NET CHANGE IN FUND BALANCE	\$ 954,605	\$ (66,587)	\$ 951,566
BEGINNING FUND BALANCE	10,910,656	10,977,243	10,025,677
ENDING FUND BALANCE	\$ 11,865,261	\$ 10,910,656	\$ 10,977,243

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2021	2020	2024	2023	2022	2021	2020
\$ 1,023,602	\$ 983,307	33.1 %	26.0 %	23.7 %	24.1 %	25.2 %
930,286	757,848	14.9	15.4	17.6	21.9	19.4
797,693	867,908	17.1	16.5	19.2	18.7	22.2
979,950	855,760	16.2	18.4	21.7	23.0	21.9
36,629	32,353	0.8	0.5	0.8	0.9	0.8
260,724	12,543	1.3	8.5	1.1	6.1	0.3
12,029	116,062	11.6	8.5	1.6	0.3	3.0
214,077	282,002	5.0	6.2	14.3	5.0	7.2
<u>\$ 4,254,990</u>	<u>\$ 3,907,783</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 383,264	\$ 283,484	6.1 %	6.3 %	8.4 %	9.0 %	7.3 %
577,542	487,593	12.6	13.3	14.2	13.6	12.5
22,888	13,839	0.3	0.2	0.3	0.5	0.4
224,667	174,760	2.8	3.1	4.6	5.3	4.5
1,240,953	1,039,475	15.9	21.0	23.5	29.2	26.6
696,157	545,844	16.1	18.0	15.3	16.4	14.0
417,012	351,050	11.0	12.8	7.6	9.8	9.0
410,179	247,163	17.9	28.4	34.2	9.6	6.3
<u>\$ 3,972,662</u>	<u>\$ 3,143,208</u>	<u>82.7 %</u>	<u>103.1 %</u>	<u>108.1 %</u>	<u>93.4 %</u>	<u>80.6 %</u>
<u>\$ 282,328</u>	<u>\$ 764,575</u>	<u>17.3 %</u>	<u>(3.1) %</u>	<u>(8.1) %</u>	<u>6.6 %</u>	<u>19.4 %</u>
\$	\$					
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>					
\$ 282,328	\$ 764,575					
<u>9,743,349</u>	<u>8,978,774</u>					
<u>\$ 10,025,677</u>	<u>\$ 9,743,349</u>					

See accompanying independent auditor's report.

**EMERALD FOREST UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUE AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS**

	Amount		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 2,663,071	\$ 2,130,587	\$ 1,861,887
Penalty and Interest	41,585	36,327	23,360
Investment Revenues	188,161	114,901	12,295
Miscellaneous Revenues	15,025	15,609	1,992
TOTAL REVENUES	\$ 2,907,842	\$ 2,297,424	\$ 1,899,534
EXPENDITURES			
Tax Collection Expenditures	\$ 111,279	\$ 85,035	\$ 71,324
Debt Service Principal	925,000	1,270,000	715,000
Debt Service Interest and Fees	259,594	294,975	154,188
TOTAL EXPENDITURES	\$ 1,295,873	\$ 1,650,010	\$ 940,512
NET CHANGE IN FUND BALANCE	\$ 1,611,969	\$ 647,414	\$ 959,022
BEGINNING FUND BALANCE	2,034,384	1,386,970	427,948
ENDING FUND BALANCE	\$ 3,646,353	\$ 2,034,384	\$ 1,386,970
TOTAL ACTIVE RETAIL WATER CONNECTIONS	1,916	1,926	1,916
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	1,915	1,952	1,897

See accompanying independent auditor's report.

		Percentage of Total Revenues				
<u>2021</u>	<u>2020</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
\$ 1,658,260	\$ 1,592,955	91.6 %	92.7 %	98.1 %	98.7 %	98.0 %
22,475	22,368	1.4	1.6	1.2	1.3	1.4
616	9,087	6.5	5.0	0.6		0.6
<u>751</u>		<u>0.5</u>	<u>0.7</u>	<u>0.1</u>		
<u>\$ 1,682,102</u>	<u>\$ 1,624,410</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 62,724	\$ 65,923	3.8 %	3.7 %	3.8 %	3.7 %	4.1 %
1,995,000	770,000	31.8	55.3	37.6	118.6	47.4
<u>206,007</u>	<u>243,810</u>	<u>8.9</u>	<u>12.8</u>	<u>8.1</u>	<u>12.2</u>	<u>15.0</u>
<u>\$ 2,263,731</u>	<u>\$ 1,079,733</u>	<u>44.5 %</u>	<u>71.8 %</u>	<u>49.5 %</u>	<u>134.5 %</u>	<u>66.5 %</u>
\$ (581,629)	\$ 544,677	<u>55.5 %</u>	<u>28.2 %</u>	<u>50.5 %</u>	<u>(34.5) %</u>	<u>33.5 %</u>
<u>1,009,577</u>	<u>464,900</u>					
<u>\$ 427,948</u>	<u>\$ 1,009,577</u>					
<u>1,911</u>	<u>1,899</u>					
<u>1,892</u>	<u>1,878</u>					

See accompanying independent auditor's report.

**EMERALD FOREST UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2024**

District Mailing Address - Emerald Forest Utility District
c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, TX 77027

District Telephone Number - (713) 860-6400

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended September 30, 2024	Expense Reimbursements for the year ended September 30, 2024	Title
Bobby G. Dillard	05/24 05/28 (Elected)	\$ 6,244	\$ 2,401	President
Robert M. Kimball	05/24 05/28 (Elected)	\$ 5,052	\$ 2,433	Vice President
William B. Schmidt	05/22 05/26 (Elected)	\$ 4,910	\$ 1,602	Secretary
Donald F. Brooks	05/22 05/26 (Elected)	\$ 2,976	\$ 16	Assistant Vice President
DeWayne High	05/22 05/26 (Elected)	\$ 6,315	\$ 3,829	Assistant Secretary

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

Submission date of most recent District Registration Form: May 17, 2024

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution (TWC Section 49.060) on July 9, 2001. Fees of Office are the amounts paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

EMERALD FOREST UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2024

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended September 30, 2024</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	07/28/03	\$ 133,391 \$ -0-	General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	09/11/17	\$ 17,000 \$ -0-	Auditor Bond Related
District Data Services, Inc.	03/09/20	\$ 21,290 \$ -0-	Bookkeeper Bond Related
Baxter & Woodman, Inc.	10/08/18	\$ 233,626 \$ 14,107	Engineer Bond Related
Masterson Advisors LLC	05/14/18	\$ -0-	Financial Advisor
Regional Water Corporation	06/26/12	\$ 1,236,120	Operator
Perdue, Brandon, Fielder, Collins & Mott, LLP	03/11/96	\$ 12,043	Delinquent Tax Attorney
Bob Leared Interests	05/24/74	\$ 41,287	Tax Assessor/ Collector
Stephanie Viator	05/08/23	\$ -0-	Investment Officer

See accompanying independent auditor's report.