

EMERALD FOREST UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2023

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

EMERALD FOREST UTILITY DISTRICT

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ANNUAL FINANCIAL REPORT

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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, 2023, 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, 2023, 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 PLLC
Certified Public Accountants
Houston, Texas

January 8, 2024

**EMERALD FOREST UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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, 2023. 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, 2023**

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"). 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 \$19,916,007 as of September 30, 2023.

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, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2023	2022	Change Positive (Negative)
Current and Other Assets	\$ 15,023,195	\$ 13,633,162	\$ 1,390,033
Capital Assets (Net of Accumulated Depreciation)	19,270,707	16,169,521	3,101,186
Total Assets	\$ 34,293,902	\$ 29,802,683	\$ 4,491,219
Deferred Outflows of Resources	\$ 163,318	\$ 205,696	\$ (42,378)
Bonds Payable	\$ 7,176,048	\$ 3,657,240	\$ (3,518,808)
Due to Developers	5,980,748	6,422,688	441,940
Other Liabilities	1,384,417	1,091,537	(292,880)
Total Liabilities	\$ 14,541,213	\$ 11,171,465	\$ (3,369,748)
Net Position:			
Net Investment in Capital Assets	\$ 6,895,170	\$ 6,384,067	\$ 511,103
Restricted	2,081,911	1,447,334	634,577
Unrestricted	10,938,926	11,005,513	(66,587)
Total Net Position	\$ 19,916,007	\$ 18,836,914	\$ 1,079,093

The following table provides a summary of the District's operations for the years ended September 30, 2023, and September 30, 2022.

	Summary of Changes in the Statement of Activities		
	2023	2022	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 3,587,451	\$ 3,043,008	\$ 544,443
Charges for Services	3,558,153	3,209,440	348,713
Other Revenues	836,990	316,196	520,794
Total Revenues	\$ 7,982,594	\$ 6,568,644	\$ 1,413,950
Expenses for Services	6,903,501	4,615,499	(2,288,002)
Change in Net Position	\$ 1,079,093	\$ 1,953,145	\$ (874,052)
Net Position, Beginning of Year	18,836,914	16,883,769	1,953,145
Net Position, End of Year	\$ 19,916,007	\$ 18,836,914	\$ 1,079,093

**EMERALD FOREST UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of September 30, 2023, were \$13,531,213, an increase of \$1,167,000 from the prior year.

The General Fund fund balance decreased by \$66,587, primarily due to operating and capital expenditures exceeding property tax and service revenues.

The Debt Service Fund fund balance increased by \$647,414, primarily due to the structure of the District's debt service payments.

The Capital Projects Fund fund balance was created in the current fiscal year with proceeds from the Series 2022 bonds and had a fund balance of \$586,173 at fiscal year end.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District did not amend the budget during the current fiscal year. Actual revenues were \$901,468 more than budgeted revenues. Actual expenditures were \$762,920 more than budgeted expenditures. Actual transfers were \$113,986 more than budgeted transfers. This resulted in a positive budget variance of \$252,534. See the budget to actual comparison for further information.

CAPITAL ASSETS

Capital assets as of September 30, 2023, total \$19,270,707 (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 and the Woodedge Village sanitary sewer rehabilitation.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2023	2022	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 3,027,655	\$ 1,663,655	\$ 1,364,000
Construction in Progress	2,654,458	1,629,018	1,025,440
Capital Assets, Net of Accumulated Depreciation:			
Water System	3,063,373	2,679,998	383,375
Wastewater System	6,417,525	5,992,242	425,283
Drainage System	4,107,696	4,204,608	(96,912)
Total Net Capital Assets	\$ 19,270,707	\$ 16,169,521	\$ 3,101,186

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, 2023**

LONG-TERM DEBT ACTIVITY

As of September 30, 2023, the District had total long-term debt payable of \$6,925,000. The changes in the debt position of the District during the fiscal year ended September 30, 2023, are summarized as follows:

Bond Debt Payable, October 1, 2022	\$ 3,365,000
Add: Bond Sale	4,830,000
Less: Bond Principal Paid	<u>1,270,000</u>
Bond Debt Payable, September 30, 2023	<u>\$ 6,925,000</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, 2023**

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 371,407	\$ 124,962
Investments	11,588,822	1,908,470
Receivables:		
Property Taxes	28,270	44,518
Penalty and Interest on Delinquent Taxes		
Service Accounts	345,245	
Due from Other Funds		14,107
Prepaid Costs	175	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 12,333,919	\$ 2,092,057
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	\$ - 0 -	\$ - 0 -
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 \$ 12,333,919	 \$ 2,092,057

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 1,664	\$ 498,033	\$	\$ 498,033
585,214	14,082,506		14,082,506
	72,788		72,788
		24,448	24,448
	345,245		345,245
	14,107	(14,107)	
	175		175
		3,027,655	3,027,655
		2,654,458	2,654,458
		13,588,594	13,588,594
<u>\$ 586,878</u>	<u>\$ 15,012,854</u>	<u>\$ 19,281,048</u>	<u>\$ 34,293,902</u>
<u>\$ -0-</u>	<u>\$ - 0 -</u>	<u>\$ 163,318</u>	<u>\$ 163,318</u>
<u>\$ 586,878</u>	<u>\$ 15,012,854</u>	<u>\$ 19,444,366</u>	<u>\$ 34,457,220</u>

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, 2023**

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 975,500	\$
Accrued Interest Payable		
Due to Developers	31,768	
Due to Taxpayers		13,155
Due to Other Funds	14,107	
Security Deposits	373,618	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 1,394,993	\$ 13,155
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 28,270	\$ 44,518
FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 175	\$
Restricted for Authorized Construction		
Restricted for Debt Service		2,034,384
Unassigned	10,910,481	
TOTAL FUND BALANCES	\$ 10,910,656	\$ 2,034,384
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 12,333,919	\$ 2,092,057
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
\$ 705	\$ 976,205	\$	\$ 976,205
		21,439	21,439
	31,768	5,948,980	5,980,748
	13,155		13,155
	14,107	(14,107)	
	373,618		373,618
		925,000	925,000
		6,251,048	6,251,048
<u>\$ 705</u>	<u>\$ 1,408,853</u>	<u>\$ 13,132,360</u>	<u>\$ 14,541,213</u>
<u>\$ -0-</u>	<u>\$ 72,788</u>	<u>\$ (72,788)</u>	<u>\$ - 0 -</u>
\$ 586,173	\$ 175	\$ (175)	\$
	586,173	(586,173)	
	2,034,384	(2,034,384)	
	10,910,481	(10,910,481)	
<u>\$ 586,173</u>	<u>\$ 13,531,213</u>	<u>\$ (13,531,213)</u>	<u>\$ - 0 -</u>
<u>\$ 586,878</u>	<u>\$ 15,012,854</u>		
		\$ 6,895,170	\$ 6,895,170
		2,081,911	2,081,911
		10,938,926	10,938,926
		<u>\$ 19,916,007</u>	<u>\$ 19,916,007</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, 2023**

Total Fund Balances - Governmental Funds	\$ 13,531,213
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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.	163,318
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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.	19,270,707
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Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2022 and prior tax levies became part of recognized revenues in the governmental activities of the District.	97,236
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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	\$ (5,948,980)	
Accrued Interest Payable	(21,439)	
Bonds Payable	<u>(7,176,048)</u>	<u>(13,146,467)</u>

Total Net Position - Governmental Activities	<u>\$ 19,916,007</u>
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The accompanying notes to the financial statements are an integral part of this report.

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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, 2023

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 1,458,582	\$ 2,130,587
Water Service	865,653	
Wastewater Service	929,859	
Regional Water Authority Fees	1,032,937	
Penalty and Interest	30,814	36,327
Tap Connection and Inspection Fees	478,545	
Capacity Reservation Fees	184,539	
Investment Revenues	477,787	114,901
Miscellaneous Revenues	161,381	15,609
TOTAL REVENUES	\$ 5,620,097	\$ 2,297,424
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 356,413	\$ 8,475
Contracted Services	748,693	60,461
Purchased Water Service	13,166	
Utilities	175,467	
Regional Water Authority Assessments	1,178,124	
Repairs and Maintenance	1,010,158	
Depreciation		
Other	721,196	17,349
Capital Outlay	1,597,453	
Developer Interest		
Debt Service:		
Bond Issuance Costs		
Bond Principal		1,270,000
Bond Interest		293,725
TOTAL EXPENDITURES/EXPENSES	\$ 5,800,670	\$ 1,650,010
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	\$ (180,573)	\$ 647,414
OTHER FINANCING SOURCES (USES)		
Transfers In (Out)	\$ 52,780	\$
Proceeds From Issuance of Long-Term Debt		
Bond Discount		
Bond Premium		
Developer Contributions	61,206	
TOTAL OTHER FINANCING SOURCES (USES)	\$ 113,986	\$ - 0 -
NET CHANGE IN FUND BALANCES	\$ (66,587)	\$ 647,414
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - OCTOBER 1, 2022	10,977,243	1,386,970
FUND BALANCES/NET POSITION - SEPTEMBER 30, 2023	\$ 10,910,656	\$ 2,034,384

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 3,589,169	\$ (1,718)	\$ 3,587,451
	865,653		865,653
	929,859		929,859
	1,032,937		1,032,937
	67,141	(521)	66,620
	478,545		478,545
	184,539		184,539
	592,688		592,688
67,312	244,302		244,302
<u>\$ 67,312</u>	<u>\$ 7,984,833</u>	<u>\$ (2,239)</u>	<u>\$ 7,982,594</u>
\$ 13,010	\$ 377,898	\$ 25,750	\$ 403,648
	809,154		809,154
	13,166		13,166
	175,467		175,467
	1,178,124		1,178,124
860,000	1,870,158		1,870,158
		756,091	756,091
495	739,040		739,040
2,731,711	4,329,164	(4,329,164)	
258,356	258,356		258,356
398,886	398,886		398,886
	1,270,000	(1,270,000)	
	293,725	7,686	301,411
<u>\$ 4,262,458</u>	<u>\$ 11,713,138</u>	<u>\$ (4,809,637)</u>	<u>\$ 6,903,501</u>
<u>\$ (4,195,146)</u>	<u>\$ (3,728,305)</u>	<u>\$ 4,807,398</u>	<u>\$ 1,079,093</u>
\$ (52,780)	\$	\$	\$
4,830,000	4,830,000	(4,830,000)	
(49,251)	(49,251)	49,251	
53,350	53,350	(53,350)	
	61,206	(61,206)	
<u>\$ 4,781,319</u>	<u>\$ 4,895,305</u>	<u>\$ (4,895,305)</u>	<u>\$ - 0 -</u>
\$ 586,173	\$ 1,167,000	\$ (1,167,000)	\$
		1,079,093	1,079,093
	12,364,213	6,472,701	18,836,914
<u>\$ 586,173</u>	<u>\$ 13,531,213</u>	<u>\$ 6,384,794</u>	<u>\$ 19,916,007</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, 2023**

Net Change in Fund Balances - Governmental Funds \$ 1,167,000

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. (1,718)

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. (521)

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. (756,091)

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. 4,303,414

In the Statement of Net Position, the bond discounts are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities. (4,099)

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. 1,270,000

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. (7,686)

Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position. (4,830,000)

Governmental funds report developer contributions as other financing sources. However, in the Statement of Net Position, developer contributions, net any amount paid to the developer, are recorded as a liability. (61,206)

Change in Net Position - Governmental Activities \$ 1,079,093

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, 2023

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, 2023

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, 2023

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, 2023, the General Fund owes the Debt Service Fund \$14,107 for an excess transfer of maintenance tax collections. The Capital Projects Fund also transferred \$52,780 to the General Fund to reimburse for bond issuance costs paid in a prior fiscal year.

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

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:

	Years
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, 2023

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, 2023

NOTE 3. LONG-TERM DEBT

	Refunding Series 2016	Series 2022
Amount Outstanding – September 30, 2023	\$ 3,045,000	\$ 3,880,000
Interest Rates	3.00% - 4.00%	3.00% - 4.65%
Maturity Dates - Beginning/Ending	September 1, 2024/2032	September 1, 2024/2037
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 2013 term bonds maturing September 1, 2023 are subject to mandatory redemption beginning September 1, 2019 by lot or other customary random method. 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, 2023:

	October 1, 2022	Additions	Retirements	September 30, 2023
Bonds Payable	\$ 3,365,000	\$ 4,830,000	\$ 1,270,000	\$ 6,925,000
Unamortized Discounts		(49,251)	(3,197)	(46,054)
Unamortized Premiums	292,240	53,350	48,488	297,102
Bonds Payable, Net	\$ 3,657,240	\$ 4,834,099	\$ 1,315,291	\$ 7,176,048
		Amount Due Within One Year		\$ 925,000
		Amount Due After One Year		6,251,048
		Bonds Payable, Net		\$ 7,176,048

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

NOTE 3. LONG-TERM DEBT (Continued)

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

Fiscal Year	Principal	Interest	Total
2024	\$ 925,000	\$ 257,269	\$ 1,182,269
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
2029-2033	2,350,000	391,775	2,741,775
2034-2037	1,000,000	88,750	1,088,750
	<u>\$ 6,925,000</u>	<u>\$ 1,456,144</u>	<u>\$ 8,381,144</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, 2023, 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 \$2,138,788 on the adjusted taxable valuation of \$585,969,413 for the 2022 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, 2023**

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 \$498,033 and the bank balances were \$538,612. 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, 2023, as listed below:

	Cash
GENERAL FUND	\$ 371,407
DEBT SERVICE FUND	124,962
CAPITAL PROJECTS FUND	1,664
TOTAL DEPOSITS	\$ 498,033

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

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, 2023**

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of September 30, 2023, 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	\$ 9,633,114	\$ 9,633,114
TexSTAR	1,955,708	1,955,708
<u>DEBT SERVICE FUND</u>		
TexPool	1,908,470	1,908,470
<u>CAPITAL PROJECTS FUND</u>		
TexPool	585,214	585,214
TOTAL INVESTMENTS	<u>\$ 14,082,506</u>	<u>\$ 14,082,506</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2023, the District’s investments in TexPool and TexSTAR were rated “AAAm” by Standard and Poor’s. The District also manages credit risk by investing in certificates of deposit with balances covered in accordance with Texas statutes.

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. The District also manages interest rate risk by investing in certificates of deposits with maturities of approximately one year or less.

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, 2023**

NOTE 6. CAPITAL ASSETS

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

	October 1, 2022	Increases	Decreases	September 30, 2023
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 1,663,655	\$ 1,364,000	\$	\$ 3,027,655
Construction in Progress	<u>1,629,018</u>	<u>3,857,277</u>	<u>2,831,837</u>	<u>2,654,458</u>
Total Capital Assets Not Being Depreciated	<u>\$ 3,292,673</u>	<u>\$ 5,221,277</u>	<u>\$ 2,831,837</u>	<u>\$ 5,682,113</u>
Capital Assets Subject to Depreciation				
Water System	\$ 7,101,895	\$ 564,304	\$	\$ 7,666,199
Wastewater System	13,873,713	903,533		14,777,246
Drainage System	<u>4,361,057</u>			<u>4,361,057</u>
Total Capital Assets Subject to Depreciation	<u>\$ 25,336,665</u>	<u>\$ 1,467,837</u>	<u>\$ - 0 -</u>	<u>\$ 26,804,502</u>
Less Accumulated Depreciation				
Water System	\$ 4,421,897	\$ 180,929	\$	\$ 4,602,826
Wastewater System	7,881,471	478,250		8,359,721
Drainage System	<u>156,449</u>	<u>96,912</u>		<u>253,361</u>
Total Accumulated Depreciation	<u>\$ 12,459,817</u>	<u>\$ 756,091</u>	<u>\$ - 0 -</u>	<u>\$ 13,215,908</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 12,876,848</u>	<u>\$ 711,746</u>	<u>\$ - 0 -</u>	<u>\$ 13,588,594</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 16,169,521</u>	<u>\$ 5,933,023</u>	<u>\$ 2,831,837</u>	<u>\$ 19,270,707</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, 2023, 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 \$1,464,924 on the adjusted taxable valuation of \$585,969,413 for the 2022 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, 2023**

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 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 \$13,166 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.

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 \$330,000.

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

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

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 February 1, 2023, the rate is \$4.10 per 1,000 gallons of water pumped from each well and \$4.55 per 1,000 gallons of surface water received from the Authority. The District recorded an expenditure of \$1,178,124 for fees assessed during the current fiscal year. Subsequent to year end, the Authority rate decreased to \$3.60 per 1,000 gallons of water pumped from each well and to \$4.05 per 1,000 gallons of surface water.

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, 2023

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, 2023, the District recorded an estimated liability of \$5,213,382 in relation to these agreements for facilities that have been completed.

	Beginning Balance	Additions	Reimbursements	Ending Balance
Due to Developers	\$ 6,333,910	\$ 982,781	\$ 1,367,711	\$ 5,948,980

NOTE 13. ANNEXATION OF LAND

On May 24, 2022, the District approved the annexation of approximately 61 acres and redefined the boundaries of the District. The annexation of the land was deemed feasible and advantageous to the District. The District has sufficient waterworks, sanitary sewer, and drainage capacity to supply annexed tracts and is currently completing construction of the necessary facilities to supply services to the annexed land.

NOTE 14. BOND SALE

On October 12, 2022, the District issued its \$4,830,000 Unlimited Tax Bonds, Series 2022. Proceeds from the bonds were used to reimburse a developer for construction, engineering and land costs for the Industrial at FM 1960 detention pond and were used for the District's water meter replacement project. Additional proceeds were used to pay for issuance costs of the bonds.

EMERALD FOREST UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2023

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

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Property Taxes	\$ 1,161,329	\$ 1,458,582	\$ 297,253
Water Service	1,040,000	865,653	(174,347)
Wastewater Service	1,160,000	929,859	(230,141)
Regional Water Authority Fees	1,097,000	1,032,937	(64,063)
Penalty and Interest	38,000	30,814	(7,186)
Tap Connection and Inspection Fees	2,100	478,545	476,445
Capacity Reservation Fees	145,000	184,539	39,539
Investment Revenues	57,600	477,787	420,187
Miscellaneous Revenues	17,600	161,381	143,781
TOTAL REVENUES	<u>\$ 4,718,629</u>	<u>\$ 5,620,097</u>	<u>\$ 901,468</u>
EXPENDITURES			
Services Operations:			
Professional Fees	\$ 286,000	\$ 356,413	\$ (70,413)
Contracted Services	659,000	748,693	(89,693)
Purchased Water Service	25,000	13,166	11,834
Utilities	206,000	175,467	30,533
Regional Water Authority Fees	1,097,000	1,178,124	(81,124)
Repairs and Maintenance	846,000	1,010,158	(164,158)
Other	467,000	721,196	(254,196)
Capital Outlay	1,451,750	1,597,453	(145,703)
TOTAL EXPENDITURES	<u>\$ 5,037,750</u>	<u>\$ 5,800,670</u>	<u>\$ (762,920)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (319,121)</u>	<u>\$ (180,573)</u>	<u>\$ 138,548</u>
OTHER FINANCING SOURCES(USES)			
Transfers In	\$	\$ 52,780	\$ 52,780
Developer Contributions	_____	61,206	61,206
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ -0-</u>	<u>\$ 113,986</u>	<u>\$ 113,986</u>
NET CHANGE IN FUND BALANCE	\$ (319,121)	\$ (66,587)	\$ 252,534
FUND BALANCE - OCTOBER 1, 2022	<u>10,977,243</u>	<u>10,977,243</u>	_____
FUND BALANCE - SEPTEMBER 30, 2023	<u>\$ 10,658,122</u>	<u>\$ 10,910,656</u>	<u>\$ 252,534</u>

See accompanying independent auditor's report.

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EMERALD FOREST UTILITY DISTRICT
SUPPLEMENTARY INFORMATION REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE
SEPTEMBER 30, 2023

**EMERALD FOREST UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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

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

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order effective 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				\$ 5.01	All

District employs winter averaging for wastewater usage? Yes X No

Total monthly charges per 10,000 gallons usage: Water: \$28.00 Wastewater: \$37.00 Surcharge: \$50.05 Total: \$115.05

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, 2023**

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	4	4	x 1.0	4
≤ ³ / ₄ "	1,869	1,845	x 1.0	1,845
1"	28	26	x 2.5	65
1½"	12	11	x 5.0	55
2"	28	28	x 8.0	224
3"	3	2	x 15.0	30
4"	4	4	x 25.0	100
6"	2	2	x 50.0	100
8"	2	2	x 80.0	160
10"	2	2	x 115.0	230
Total Water Connections	<u>1,954</u>	<u>1,926</u>		<u>2,813</u>
Total Wastewater Connections	<u>1,900</u>	<u>1,952</u>	x 1.0	<u>1,952</u>

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

Gallons pumped into system:	252,310,000	Water Accountability Ratio: 81.3% (Gallons billed and sold/Gallons pumped and purchased)
Gallons purchased:	1,896,000	From: <u>Harris County Fresh Water Supply District No. 61</u>
Gallons billed to customers:	206,700,000	

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, 2023**

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, 2023**

PROFESSIONAL FEES:	
Auditing	\$ 16,000
Engineering	205,969
Legal	<u>134,444</u>
TOTAL PROFESSIONAL FEES	<u>\$ 356,413</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	<u>\$ 13,166</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 20,990
Operations and Billing	139,885
Security	<u>587,818</u>
TOTAL CONTRACTED SERVICES	<u>\$ 748,693</u>
UTILITIES:	
Electricity	\$ 174,393
Telephone	<u>1,074</u>
TOTAL UTILITIES	<u>\$ 175,467</u>
REPAIRS AND MAINTENANCE	<u>\$ 1,010,158</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 24,921
Dues	750
Election Costs	6,166
Insurance	58,496
Office Supplies and Postage	56,308
Payroll Taxes	1,696
Travel and Meetings	9,043
Other	<u>40,141</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 197,521</u>
CAPITAL OUTLAY	<u>\$ 1,597,453</u>

See accompanying independent auditor's report.

**EMERALD FOREST UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

TAP CONNECTIONS	<u>\$ 1,001</u>
OTHER EXPENDITURES:	
Chemicals	\$ 151,811
Laboratory Fees	65,350
Permit Fees	6,183
Inspection Fees	94,271
Regional Water Authority Assessments	1,178,124
Regulatory Assessment	10,596
Sludge Hauling	<u>194,463</u>
TOTAL OTHER EXPENDITURES	<u>\$ 1,700,798</u>
TOTAL EXPENDITURES	<u>\$ 5,800,670</u>

See accompanying independent auditor's report.

**EMERALD FOREST UTILITY DISTRICT
INVESTMENTS
SEPTEMBER 30, 2023**

<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	\$ 9,633,114	\$
TexSTAR	XXXX1110	Varies	Daily	<u>1,955,708</u>	<u> </u>
TOTAL GENERAL FUND				<u>\$ 11,588,822</u>	<u>\$ - 0 -</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0001	Varies	Daily	<u>\$ 1,908,470</u>	<u>\$ - 0 -</u>
<u>CAPITAL PROJECTS FUND</u>					
TexPool	XXXX0004	Varies	Daily	<u>\$ 585,214</u>	<u>\$ -0-</u>
TOTAL - ALL FUNDS				<u><u>\$ 14,082,506</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, 2023**

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
OCTOBER 1, 2022	\$	28,270		\$ 46,236
Adjustments to Beginning				
Balance		<u>(6,342)</u>	\$ 21,928	<u>(9,919)</u> \$ 36,317
Original 2022 Tax Levy	\$	1,301,958		\$ 1,900,858
Adjustment to 2022 Tax Levy		<u>162,966</u>	<u>1,464,924</u>	<u>237,930</u> <u>2,138,788</u>
TOTAL TO BE				
ACCOUNTED FOR		\$ 1,486,852		\$ 2,175,105
TAX COLLECTIONS:				
Prior Years	\$	7,985		\$ 12,715
Current Year		<u>1,450,597</u>	<u>1,458,582</u>	<u>2,117,872</u> <u>2,130,587</u>
TAXES RECEIVABLE -				
SEPTEMBER 30, 2023		<u>\$ 28,270</u>		<u>\$ 44,518</u>
TAXES RECEIVABLE BY				
YEAR:				
2022	\$	14,327		\$ 20,916
2021		3,396		5,366
2020		2,646		4,287
2019		2,186		3,541
2018		1,181		1,913
2017		911		1,475
2016 and prior		<u>3,623</u>		<u>7,020</u>
TOTAL		<u>\$ 28,270</u>		<u>\$ 44,518</u>

See accompanying independent auditor's report.

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
PROPERTY VALUATIONS:				
Land	\$ 135,787,009	\$ 124,327,099	\$ 101,491,241	\$ 88,246,159
Improvements	479,788,902	354,026,321	316,776,511	309,938,534
Personal Property	21,257,894	14,080,826	14,824,650	13,810,542
Exemptions	<u>(50,864,392)</u>	<u>(21,231,620)</u>	<u>(18,436,021)</u>	<u>(17,098,307)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 585,969,413</u>	<u>\$ 471,202,626</u>	<u>\$ 414,656,381</u>	<u>\$ 394,896,928</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.365	\$ 0.395	\$ 0.405	\$ 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>\$ 0.645</u>	<u>\$ 0.655</u>	<u>\$ 0.655</u>
ADJUSTED TAX LEVY*	<u>\$ 3,603,712</u>	<u>\$ 3,039,257</u>	<u>\$ 2,715,999</u>	<u>\$ 2,586,576</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>99.02 %</u>	<u>99.71 %</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, 2023**

SERIES - 2016 REFUNDING

Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2024	\$ 170,000	\$ 120,100	\$ 290,100
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>\$ 3,045,000</u>	<u>\$ 576,100</u>	<u>\$ 3,621,100</u>

See accompanying independent auditor's report.

**EMERALD FOREST UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2023**

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
2024	755,000	137,169	892,169
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>\$ 3,880,000</u>	<u>\$ 880,044</u>	<u>\$ 4,760,044</u>

See accompanying independent auditor's report.

**EMERALD FOREST UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2023**

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending September 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2024	\$ 925,000	\$ 257,269	\$ 1,182,269
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>\$ 6,925,000</u>	<u>\$ 1,456,144</u>	<u>\$ 8,381,144</u>

See accompanying independent auditor's report.

**EMERALD FOREST UTILITY DISTRICT
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Description	Original Bonds Issued	Bonds Outstanding October 1, 2022
Emerald Forest Utility District Unlimited Tax Refunding Bonds - Series 2013	\$ 4,475,000	\$ 155,000
Emerald Forest Utility District Unlimited Tax Refunding Bonds - Series 2016	3,545,000	3,210,000
Emerald Forest Utility District Unlimited Tax Bonds - Series 2022	<u>4,830,000</u>	
TOTAL	<u>\$ 12,850,000</u>	<u>\$ 3,365,000</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>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, 2023:			<u>\$ 2,033,432</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:			<u>\$ 598,653</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, 2023</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 155,000	\$ 5,038	\$	The Bank of New York Mellon Trust Company, N.A. Dallas, Texas
	165,000	125,050	3,045,000	The Bank of New York Mellon Trust Company, N.A. Dallas, Texas
<u>4,830,000</u>	<u>950,000</u>	<u>163,637</u>	<u>3,880,000</u>	The Bank of New York Mellon Trust Company, N.A. Dallas, Texas
<u>\$ 4,830,000</u>	<u>\$ 1,270,000</u>	<u>\$ 293,725</u>	<u>\$ 6,925,000</u>	

See accompanying independent auditor's report.

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

	Amount		
	2023	2022	2021
REVENUES			
Property Taxes	\$ 1,458,582	\$ 1,178,086	\$ 1,023,602
Water Service	865,653	874,404	930,286
Wastewater Service	929,859	953,954	797,693
Regional Water Authority Fees	1,032,937	1,078,005	979,950
Penalty and Interest	30,814	40,195	36,629
Tap Connection and Inspection Fees	478,545	53,428	260,724
Investment Revenues	477,787	77,148	12,029
Miscellaneous Revenues	345,920	710,936	214,077
TOTAL REVENUES	\$ 5,620,097	\$ 4,966,156	\$ 4,254,990
EXPENDITURES			
Professional Fees	\$ 356,413	\$ 415,852	\$ 383,264
Contracted Services	748,693	704,162	577,542
Purchased Water Service	13,166	14,632	22,888
Utilities	175,467	229,669	224,667
Regional Water Authority Fees	1,178,124	1,167,981	1,240,953
Repairs and Maintenance	1,010,158	760,475	696,157
Other	721,196	377,029	417,012
Capital Outlay	1,597,453	1,698,890	410,179
TOTAL EXPENDITURES	\$ 5,800,670	\$ 5,368,690	\$ 3,972,662
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (180,573)	\$ (402,534)	\$ 282,328
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	\$ 52,780	\$	\$
Developer Contributions	61,206	1,354,100	
TOTAL OTHER FINANCING SOURCES (USES)	\$ 113,986	\$ 1,354,100	\$ - 0 -
NET CHANGE IN FUND BALANCE	\$ (66,587)	\$ 951,566	\$ 282,328
BEGINNING FUND BALANCE	10,977,243	10,025,677	9,743,349
ENDING FUND BALANCE	\$ 10,910,656	\$ 10,977,243	\$ 10,025,677

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2020	2019	2023	2022	2021	2020	2019
\$ 983,307	\$ 904,554	26.0 %	23.7 %	24.1 %	25.2 %	23.8 %
757,848	749,534	15.4	17.6	21.9	19.4	19.7
867,908	883,299	16.5	19.2	18.7	22.2	23.2
855,760	766,471	18.4	21.7	23.0	21.9	20.2
32,353	39,821	0.5	0.8	0.9	0.8	1.0
12,543	23,047	8.5	1.1	6.1	0.3	0.6
116,062	201,944	8.5	1.6	0.3	3.0	5.3
282,002	234,033	6.2	14.3	5.0	7.2	6.2
<u>\$ 3,907,783</u>	<u>\$ 3,802,703</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 283,484	\$ 303,944	6.3 %	8.4 %	9.0 %	7.3 %	8.0 %
487,593	485,221	13.3	14.2	13.6	12.5	12.8
13,839	15,702	0.2	0.3	0.5	0.4	0.4
174,760	165,472	3.1	4.6	5.3	4.5	4.4
1,039,475	898,337	21.0	23.5	29.2	26.6	23.6
545,844	522,292	18.0	15.3	16.4	14.0	13.7
351,050	371,722	12.8	7.6	9.8	9.0	9.8
247,163	388,992	28.4	34.2	9.6	6.3	10.2
<u>\$ 3,143,208</u>	<u>\$ 3,151,682</u>	<u>103.1 %</u>	<u>108.1 %</u>	<u>93.4 %</u>	<u>80.6 %</u>	<u>82.9 %</u>
<u>\$ 764,575</u>	<u>\$ 651,021</u>	<u>(3.1) %</u>	<u>(8.1) %</u>	<u>6.6 %</u>	<u>19.4 %</u>	<u>17.1 %</u>
\$	\$					
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>					
\$ 764,575	\$ 651,021					
<u>8,978,774</u>	<u>8,327,753</u>					
<u>\$ 9,743,349</u>	<u>\$ 8,978,774</u>					

See accompanying independent auditor's report.

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

	Amount		
	2023	2022	2021
REVENUES			
Property Taxes	\$ 2,130,587	\$ 1,861,887	\$ 1,658,260
Penalty and Interest	36,327	23,360	22,475
Investment Revenues	114,901	12,295	616
Miscellaneous Revenues	<u>15,609</u>	<u>1,992</u>	<u>751</u>
TOTAL REVENUES	<u>\$ 2,297,424</u>	<u>\$ 1,899,534</u>	<u>\$ 1,682,102</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 85,035	\$ 71,324	\$ 62,724
Debt Service Principal	1,270,000	715,000	1,995,000
Debt Service Interest and Fees	<u>294,975</u>	<u>154,188</u>	<u>206,007</u>
TOTAL EXPENDITURES	<u>\$ 1,650,010</u>	<u>\$ 940,512</u>	<u>\$ 2,263,731</u>
NET CHANGE IN FUND BALANCE	\$ 647,414	\$ 959,022	\$ (581,629)
BEGINNING FUND BALANCE	<u>1,386,970</u>	<u>427,948</u>	<u>1,009,577</u>
ENDING FUND BALANCE	<u>\$ 2,034,384</u>	<u>\$ 1,386,970</u>	<u>\$ 427,948</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>1,926</u>	<u>1,916</u>	<u>1,911</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>1,952</u>	<u>1,897</u>	<u>1,892</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2020	2019	2023	2022	2021	2020	2019
\$ 1,592,955	\$ 1,465,451	92.7 %	98.1 %	98.7 %	98.0 %	96.0 %
22,368	25,733	1.6	1.2	1.3	1.4	1.7
9,087	33,489	5.0	0.6		0.6	2.2
	1,505	0.7	0.1			0.1
<u>\$ 1,624,410</u>	<u>\$ 1,526,178</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 65,923	\$ 66,975	3.7 %	3.8 %	3.7 %	4.1 %	4.4 %
770,000	1,910,000	55.3	37.6	118.6	47.4	125.1
243,810	307,515	12.8	8.1	12.2	15.0	20.1
<u>\$ 1,079,733</u>	<u>\$ 2,284,490</u>	<u>71.8 %</u>	<u>49.5 %</u>	<u>134.5 %</u>	<u>66.5 %</u>	<u>149.6 %</u>
\$ 544,677	\$ (758,312)	28.2 %	50.5 %	(34.5) %	33.5 %	(49.6) %
464,900	1,223,212					
<u>\$ 1,009,577</u>	<u>\$ 464,900</u>					
<u>1,899</u>	<u>1,903</u>					
<u>1,878</u>	<u>1,885</u>					

See accompanying independent auditor's report.

**EMERALD FOREST UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2023**

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, 2023	Expense Reimbursements for the year ended September 30, 2023	Title
Bobby G. Dillard	05/20 05/24 (Elected)	\$ 4,634	\$ 1,642	President
Robert M. Kimball	05/20 05/24 (Elected)	\$ 4,964	\$ 2,661	Vice President
William B. Schmidt	05/22 05/26 (Elected)	\$ 5,534	\$ 2,682	Secretary
Donald F. Brooks	05/22 05/26 (Elected)	\$ 2,550	\$ 148	Assistant Vice President
DeWayne High	05/22 05/26 (Elected)	\$ 4,484	\$ 1,909	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 9, 2022

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, 2023

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended September 30, 2023</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	07/28/03	\$ 137,949 \$ 140,702	General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	09/11/17	\$ 16,000 \$ 7,250	Auditor Bond Related
District Data Services, Inc.	03/09/20	\$ 20,990 \$ 3,000	Bookkeeper Bond Related
Baxter & Woodman, Inc.	10/08/18	\$ 382,381 \$ 13,487	Engineer Bond Related
Masterson Advisors LLC	05/14/18	\$ 103,292	Financial Advisor
Regional Water Corporation	06/26/12	\$ 1,373,056	Operator
Perdue, Brandon, Fielder, Collins & Mott, LLP	03/11/96	\$ 8,475	Delinquent Tax Attorney
Bob Leared Interests	05/24/74	\$ 42,859	Tax Assessor/ Collector
Stephanie Viator	05/08/23	\$ -0-	Investment Officer

See accompanying independent auditor's report.

