

**FAR HILLS UTILITY DISTRICT**  
**MONTGOMERY COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**DECEMBER 31, 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  
Far Hills Utility District  
Montgomery County, Texas

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Far Hills Utility District (the "District") as of and for the year ended December 31, 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 December 31, 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  
Far Hills 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

April 10, 2025

**FAR HILLS UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

Management's discussion and analysis of Far Hills Utility District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 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 financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. 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 like 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 the District's assets, liabilities and, if applicable, deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

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

**FUND FINANCIAL STATEMENTS**

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, operating 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 Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

**FAR HILLS UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 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 Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

**NOTES TO FINANCIAL STATEMENTS**

The accompanying notes to 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 exceeded liabilities and deferred inflows of resources by \$1,643,360 as of December 31, 2024.

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

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

**FAR HILLS UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

	Summary of Changes in the Statement of Net Position		
	2024	2023	Change Positive (Negative)
Current and Other Assets	\$ 11,592,427	\$ 10,484,035	\$ 1,108,392
Right-of-Use Assets (Net of Accumulated Amortization)	18,897	34,537	(15,640)
Capital Assets (Net of Accumulated Depreciation)	11,266,784	11,642,127	(375,343)
Total Assets	<u>\$ 22,878,108</u>	<u>\$ 22,160,699</u>	<u>\$ 717,409</u>
Due to Developer	\$	\$ 1,570,675	\$ 1,570,675
Long-Term Liabilities	18,035,956	16,364,341	(1,671,615)
Other Liabilities	914,030	1,079,264	165,234
Total Liabilities	<u>\$ 18,949,986</u>	<u>\$ 19,014,280</u>	<u>\$ 64,294</u>
Deferred Inflows of Resources	<u>\$ 2,284,762</u>	<u>\$ 2,068,759</u>	<u>\$ (216,003)</u>
Net Position:			
Net Investment in Capital Assets	\$ (4,120,939)	\$ (3,790,851)	\$ (330,088)
Restricted	1,032,436	997,492	34,944
Unrestricted	4,731,863	3,871,019	860,844
Total Net Position	<u>\$ 1,643,360</u>	<u>\$ 1,077,660</u>	<u>\$ 565,700</u>

The following table provides a summary of the District's operations for the years ended December 31, 2024, and December 31, 2023.

	Summary of Changes in the Statement of Activities		
	2024	2023	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 2,083,876	\$ 1,828,586	\$ 255,290
Charges for Services	811,979	954,319	(142,340)
Other Revenues	489,427	463,974	25,453
Total Revenues	<u>\$ 3,385,282</u>	<u>\$ 3,246,879</u>	<u>\$ 138,403</u>
Expenses for Services	<u>2,819,582</u>	<u>2,541,261</u>	<u>(278,321)</u>
Change in Net Position	\$ 565,700	\$ 705,618	\$ (139,918)
Net Position, Beginning of Year	<u>1,077,660</u>	<u>372,042</u>	<u>705,618</u>
Net Position, End of Year	<u>\$ 1,643,360</u>	<u>\$ 1,077,660</u>	<u>\$ 565,700</u>



**FAR HILLS UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

The District's combined fund balances as of December 31, 2024, were \$8,926,327, an increase of \$1,052,894 from the prior year.

The General Fund fund balance increased by \$837,760, primarily due to current year revenues exceeding operating and capital expenditures.

The Debt Service Fund fund balance increased by \$9,409, primarily due to the structure of the District's debt service obligations.

The Capital Projects Fund fund balance increased by \$205,725, primarily due to the use of bond proceeds received from the sale of Series 2024 Bonds in the current fiscal year to fund current year capital costs.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Directors adopted an unappropriated budget for the current year. The budget was not amended. Actual revenues were \$156,266 more than budgeted revenues and actual expenditures were \$69,176 more than budgeted expenditures. This resulted in a positive variance of \$87,090. See the budget to actual comparison for more information.

**CAPITAL ASSETS**

Capital assets as of December 31, 2024, total \$11,266,784 (net of accumulated depreciation) and include land, buildings and equipment as well as the water, wastewater and drainage systems.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2024	2023	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 393,993	\$ 393,993	\$
Construction in Progress	104,066	1,284,578	(1,180,512)
Capital Assets, Net of Accumulated Depreciation:			
Buildings	202,295	219,544	(17,249)
Water System	4,894,206	3,914,627	979,579
Wastewater System	4,782,295	4,923,978	(141,683)
Drainage System	889,929	905,407	(15,478)
Total Net Capital Assets	<u>\$ 11,266,784</u>	<u>\$ 11,642,127</u>	<u>\$ (375,343)</u>

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

The District also entered into a lease agreement for smart meters which is recorded as a right-of-use asset in the government-wide financial statements. See Note 8 for further disclosure.

**FAR HILLS UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**CAPITAL ASSETS (Continued)**

Right-of-Use Assets At Year-End, Net of Accumulated Amortization			
	2024	2023	Change Positive (Negative)
Right-of-Use Assets, Net of Accumulated Amortization:			
Equipment	\$ 18,897	\$ 34,537	\$ (15,640)

**DEBT ACTIVITY**

At the end of the current fiscal year, the District had total debt payable of \$18,667,742. The changes in the debt position of the District during the fiscal year ended December 31, 2024, are summarized as follows:

Bond Debt

Bond Debt Payable, January 1, 2024	\$ 16,875,000
Add: Series 2024 Bond Sale	2,150,000
Less: Bond Principal Paid	<u>385,000</u>
Bond Debt Payable, December 31, 2024	<u>\$ 18,640,000</u>

Capital Lease Payable

Capital Lease Payable, January 1, 2024	\$ 40,889
Less: Capital Lease Principal Paid	<u>13,147</u>
Capital Lease Payable, December 31, 2024	<u>\$ 27,742</u>

The District's bonds carry an underlying rating of "BBB+" by Standard & Poor's Ratings Services ("S&P"). The Series 2018 and Series 2022 bonds carry an insured rating of "AA" by virtue of bond insurance by Build America Mutual Assurance Company. The Series 2020 Refunding and Series 2024 bonds carry an insured ratings of "AA" by virtue of bond insurance issued by Assured Guaranty.

**CONTACTING THE DISTRICT'S FINANCIAL 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 Far Hills Utility District, c/o Radcliffe Adams Barner PLLC, 2929 Allen Parkway, Suite 3450, Houston, TX 77019.

**FAR HILLS UTILITY DISTRICT**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**DECEMBER 31, 2024**

	<u>General Fund</u>	<u>Debt Service Fund</u>
<b>ASSETS</b>		
Cash	\$ 129,882	\$ 326,491
Investments	4,919,996	1,227,114
Receivables:		
Property Taxes	584,327	588,865
Penalty and Interest on Delinquent Taxes		
Service Accounts (Net of Allowance for Doubtful Accounts of \$3,000)	51,921	
Annexation Costs	1,979	
Due from Tax Assessor/Collector		707,359
Due from Other Funds	513,330	
Prepaid Costs	10,458	
Land		
Construction in Progress		
Right-of-Use Asset (Net of Accumulated Amortization)		
Capital Assets (Net of Accumulated Depreciation)		
<b>TOTAL ASSETS</b>	<u>\$ 6,211,893</u>	<u>\$ 2,849,829</u>

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 14,400	\$ 470,773	\$	\$ 470,773
3,010,818	9,157,928		9,157,928
	1,173,192		1,173,192
		13,717	13,717
	51,921		51,921
	1,979		1,979
	707,359		707,359
	513,330	(513,330)	
	10,458	5,100	15,558
		393,993	393,993
		104,066	104,066
		18,897	18,897
		<u>10,768,725</u>	<u>10,768,725</u>
<u>\$ 3,025,218</u>	<u>\$ 12,086,940</u>	<u>\$ 10,791,168</u>	<u>\$ 22,878,108</u>

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

**FAR HILLS UTILITY DISTRICT**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**DECEMBER 31, 2024**

	<u>General Fund</u>	<u>Debt Service Fund</u>
<b>LIABILITIES</b>		
Accounts Payable	\$ 80,792	\$
Accrued Interest Payable		
Due to Other Funds		513,330
Security Deposits	237,796	
Accrued Bond Interest Received at Time of Sale		4,106
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
Capital Lease Payable, Due Within One Year		
Capital Lease Payable, Due After One Year		
<b>TOTAL LIABILITIES</b>	<u>\$ 318,588</u>	<u>\$ 517,436</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	<u>\$ 1,158,221</u>	<u>\$ 1,166,368</u>
<b>FUND BALANCES</b>		
Nonspendable: Prepaid Costs	\$ 10,458	\$
Restricted for Authorized Construction		
Restricted for Debt Service		1,166,025
Unassigned	<u>4,724,626</u>	
<b>TOTAL FUND BALANCES</b>	<u>\$ 4,735,084</u>	<u>\$ 1,166,025</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u><u>\$ 6,211,893</u></u>	<u><u>\$ 2,849,829</u></u>
<b>NET POSITION</b>		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
<b>TOTAL NET POSITION</b>		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$	\$ 80,792	\$	\$ 80,792
		171,818	171,818
	513,330	(513,330)	
	237,796		237,796
	4,106	(4,106)	
		410,000	410,000
		18,021,838	18,021,838
		13,624	13,624
		14,118	14,118
<u>\$ - 0 -</u>	<u>\$ 836,024</u>	<u>\$ 18,113,962</u>	<u>\$ 18,949,986</u>
 <u>\$ - 0 -</u>	 <u>\$ 2,324,589</u>	 <u>\$ (39,827)</u>	 <u>\$ 2,284,762</u>
\$	\$ 10,458	\$ (10,458)	\$
3,025,218	3,025,218	(3,025,218)	
	1,166,025	(1,166,025)	
	4,724,626	(4,724,626)	
<u>\$ 3,025,218</u>	<u>\$ 8,926,327</u>	<u>\$ (8,926,327)</u>	<u>\$ - 0 -</u>
 <u>\$ 3,025,218</u>	 <u>\$ 12,086,940</u>		
		\$ (4,120,939)	\$ (4,120,939)
		1,032,436	1,032,436
		4,731,863	4,731,863
		<u>\$ 1,643,360</u>	<u>\$ 1,643,360</u>

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

**FAR HILLS UTILITY DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2024**

Total Fund Balances - Governmental Funds	\$	8,926,327
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Bond insurance premiums paid at closing are amortized over the term of the bonds.		5,100
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Right-of-Use assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		18,897
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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.		11,266,784
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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.		53,544
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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:

Accrued Interest Payable	\$ (167,712)	
Capital Lease Payable Within One Year	(13,624)	
Capital Lease Payable After One Year	(14,118)	
Bonds Payable Within One Year	(410,000)	
Bonds Payable After One Year	<u>(18,021,838)</u>	<u>(18,627,292)</u>

Total Net Position - Governmental Activities	\$	<u><u>1,643,360</u></u>
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The accompanying notes to financial  
statements are an integral part of this report.

**FAR HILLS UTILITY DISTRICT**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	General Fund	Debt Service Fund
<b>REVENUES</b>		
Property Taxes	\$ 1,031,378	\$ 1,030,991
Water Service	341,763	
Wastewater Service	391,654	
San Jacinto River Authority Fees	6,651	
Penalty and Interest	12,489	7,054
Tap Connection and Inspection Fees	45,325	
Investment Revenues	252,826	71,717
Miscellaneous Revenues	15,680	
<b>TOTAL REVENUES</b>	<b>\$ 2,097,766</b>	<b>\$ 1,109,762</b>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Professional Fees	\$ 113,448	\$ 1,550
Contracted Services	148,254	21,933
Utilities	91,537	
Repairs and Maintenance	470,640	
San Jacinto River Authority Assessments	172	
Depreciation and Amortization		
Other	276,889	1,301
Conveyance of Assets		
Capital Outlay	144,436	
Developer Interest		
Debt Service:		
Bond Issuance Costs		
Bond Principal		385,000
Capital Lease Principal	13,147	
Bond Interest		690,569
Capital Lease Interest	1,483	
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>\$ 1,260,006</b>	<b>\$ 1,100,353</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 837,760</b>	<b>\$ 9,409</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Long-Term Debt Issued	\$	\$
Bond Discount		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ -0-</b>	<b>\$ -0-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 837,760</b>	<b>\$ 9,409</b>
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION - JANUARY 1, 2024</b>	<b>3,897,324</b>	<b>1,156,616</b>
<b>FUND BALANCES/NET POSITION - DECEMBER 31, 2024</b>	<b>\$ 4,735,084</b>	<b>\$ 1,166,025</b>

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



Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 2,062,369	\$ 21,507	\$ 2,083,876
	341,763		341,763
	391,654		391,654
	6,651		6,651
	19,543	7,043	26,586
	45,325		45,325
149,204	473,747		473,747
	15,680		15,680
<u>\$ 149,204</u>	<u>\$ 3,356,732</u>	<u>\$ 28,550</u>	<u>\$ 3,385,282</u>
\$	\$ 114,998	\$	\$ 114,998
	170,187		170,187
	91,537		91,537
	470,640	4,583	475,223
	172		172
		581,576	581,576
335	278,525		278,525
		46,442	46,442
1,666,375	1,810,811	(1,810,811)	
189,776	189,776		189,776
172,493	172,493		172,493
	385,000	(385,000)	
	13,147	(13,147)	
	690,569	6,981	697,550
	1,483	(380)	1,103
<u>\$ 2,028,979</u>	<u>\$ 4,389,338</u>	<u>\$ (1,569,756)</u>	<u>\$ 2,819,582</u>
<u>\$ (1,879,775)</u>	<u>\$ (1,032,606)</u>	<u>\$ 1,598,306</u>	<u>\$ 565,700</u>
\$ 2,150,000	\$ 2,150,000	\$ (2,150,000)	\$
(64,500)	(64,500)	64,500	
<u>\$ 2,085,500</u>	<u>\$ 2,085,500</u>	<u>\$ (2,085,500)</u>	<u>\$ -0-</u>
\$ 205,725	\$ 1,052,894	\$ (1,052,894)	\$
		565,700	565,700
2,819,493	7,873,433	(6,795,773)	1,077,660
<u>\$ 3,025,218</u>	<u>\$ 8,926,327</u>	<u>\$ (7,282,967)</u>	<u>\$ 1,643,360</u>

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

**FAR HILLS UTILITY DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2024**

Net Change in Fund Balances - Governmental Funds	\$ 1,052,894
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.	21,507
Governmental funds report penalty and interest revenues on property taxes when collected. However, in the government-wide financial statements, revenues are recorded when the penalty and interest are assessed.	7,043
Governmental funds do not account for depreciation and amortization. However, in the government-wide financial statements, capital assets are depreciated while right-of-use assets are amortized. Depreciation and amortization expenses are recorded in the Statement of Activities.	(581,576)
Governmental funds report capital costs 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 assets purchases are expensed in the Statement of Activities.	1,806,228
Assets conveyed to other governmental entities are recorded as expenses in the Statement of Activities.	(46,442)
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.	398,147
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.	(6,601)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the government-wide financial statements.	(2,150,000)
Governmental funds report bond discounts as other financing uses in the year paid. However, in the government-wide statements, bond discounts are amortized over the life of the bonds and the current year amortized portion is added to interest expense.	64,500
Change in Net Position - Governmental Activities	<u>\$ 565,700</u>

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

**FAR HILLS UTILITY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 1. CREATION OF DISTRICT**

Far Hills Utility District, located in Montgomery County, Texas (the “District”), was created by an Order of the Texas Water Rights Commission, presently known as the Texas Commission on Environmental Quality (the “Commission”), effective January 4, 1972. Pursuant to the provisions of Chapters 49 and 51 of the Texas Water Code, 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 and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on February 2, 1972 and the first bonds were sold on November 15, 1972.

**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:

**FAR HILLS UTILITY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 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.

**FAR HILLS UTILITY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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

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.

Governmental Funds

The District has three governmental funds and considers each fund to be a major fund.

General Fund - To account for resources not required to be accounted for in another fund, customer service revenues, operating 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 the 2023 tax levy collections during the period October 1, 2023, to December 31, 2024, taxes collected from January 1, 2024, to December 31, 2024, for all prior tax levies. The 2024 tax levy has been fully deferred to meet the District's planned expenditures in the 2025 fiscal year.

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 December 31, 2024, the Debt Service Fund owed the General Fund \$513,330 for maintenance tax collections

**FAR HILLS UTILITY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 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 an expenditure 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 \$5,000 or more and a useful life of at least two years. 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>
Buildings	40
Water System	10-45
Wastewater System	10-45
Drainage System	10-45
All Other Equipment	3-20

Right-of-use assets are amortized over the term of the lease, See Note 8.

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

**FAR HILLS UTILITY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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

Measurement Focus (Continued)

measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets, 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 Government 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 ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

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

**FAR HILLS UTILITY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 3. LONG-TERM DEBT**

	Series 2013	Series 2015 Refunding	Series 2015	Series 2018
Amount Outstanding – December 31, 2024	\$ 745,000	\$ 1,260,000	\$ 3,080,000	\$ 1,435,000
Interest Rates	4.50% - 5.00%	3.00% - 3.375%	3.25% - 4.00%	3.00% - 4.00%
Maturity Dates – Serially Beginning/Ending	April 1 2025/2037	April 1 2025/2031	April 1 2025/2041	April 1 2025/2042
Interest Payment Dates	April 1/October 1	April 1/October 1	April 1/October 1	April 1/October 1
Callable Dates	April 1, 2021*	April 1, 2023*	April 1, 2023*	April 1, 2025*
	Refunding Series 2020	Series 2022	Series 2024	
Amount Outstanding – December 31, 2024	\$ 2,035,000	\$ 7,935,000	\$ 2,150,000	
Interest Rates	2.00% - 2.50%	4.50% - 5.00%	4.00% - 8.00%	
Maturity Dates – Serially Beginning/Ending	April 1 2025/2037	April 1 2025/2050	April 1 2025/2051	
Interest Payment Dates	April 1/October 1	April 1/October 1	April 1/October 1	
Callable Dates	April 1, 2026*	October 1, 2028*	October 1, 2030*	

\* Or any date therefore, in whole or in part, at par plus unpaid accrued interest. Series 2013 term bonds maturing April 1, 2024, 2027 and 2037 are subject to mandatory redemption beginning on April 1, 2023, 2025 and 2028, respectively. The Series 2015 Refunding term bonds maturing on April 1, 2027, 2029 and 2031 are subject to mandatory redemption beginning on April 1, 2026, 2028 and 2030 respectively. The Series 2015 term bonds maturing on April 1, 2038 and 2041 are subject to mandatory redemption beginning on April 1, 2036 and 2039, respectively. The Series 2018 term bonds maturing on April 1, 2038 are subject to mandatory redemption beginning on April 1, 2035. The Series 2020 Refunding term bonds maturing on April 1, 2026, 2029 and 2032 are subject to mandatory redemption beginning on April 1, 2023, 2027 and 2030, respectively. The Series 2022 term bonds maturing on April 1, 2033, 2037, 2042 and 2050 are subject to mandatory redemption beginning on April 1, 2030, 2034, 2038 and 2049, respectively. The Series 2024 term bonds maturing on April 1, 2043 are subject to mandatory redemption beginning on April 1, 2038.



**FAR HILLS UTILITY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 3. LONG-TERM DEBT (Continued)**

The following is a summary of transactions regarding bonds payable for the year ended December 31, 2024:

	January 1, 2024	Additions	Retirements	December 31, 2024
Bonds Payable	\$ 16,875,000	\$ 2,150,000	\$ 385,000	\$ 18,640,000
Unamortized Discounts	(153,401)	(64,500)	(9,739)	(208,162)
Bonds Payable, Net	<u>\$ 16,721,599</u>	<u>\$ 2,085,500</u>	<u>\$ 375,261</u>	<u>\$ 18,431,838</u>
		Amount Due Within One Year		\$ 410,000
		Amount Due After One Year		<u>18,021,838</u>
		Bonds Payable, Net		<u>\$ 18,431,838</u>

As of December 31, 2024, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 410,000	\$ 769,083	\$ 1,179,083
2026	425,000	754,151	1,179,151
2027	440,000	738,763	1,178,763
2028	455,000	722,538	1,177,538
2029	470,000	705,422	1,175,422
2030-2034	2,620,000	3,252,816	5,872,816
2035-2039	3,090,000	2,769,364	5,859,364
2040-2044	3,770,000	2,098,831	5,868,831
2045-2049	4,790,000	1,095,500	5,885,500
2050-2051	2,170,000	90,800	2,260,800
	<u>\$ 18,640,000</u>	<u>\$ 12,997,268</u>	<u>\$ 31,637,268</u>

As of December 31, 2024, the District had authorized but unissued bonds in the amount of \$12,945,000 for waterworks, sanitary sewer and drainage facilities and \$38,270,000 for refunding purposes.

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, and are further payable from and secured by a lien on and pledge of the net revenues to be received from the operation of the District's waterworks and wastewater system.

**FAR HILLS UTILITY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 3. LONG-TERM DEBT (Continued)**

During the year ended December 31, 2024, the District levied an ad valorem debt service tax at the rate of \$0.32 per \$100 of assessed valuation, which resulted in a tax levy of \$1,145,962 on the adjusted taxable valuation of \$358,112,951 for the 2024 tax year. The bond orders require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the 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.

**NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS**

The bond orders state that the District is required to provide to the Municipal Securities Rulemaking Board via the Electronic Municipal Market Access system continuing disclosure of annual financial information and operating data with respect to the District. The information is of the general type included in the annual audit report and must be filed within six months after the end of each fiscal year of the District.

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 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 five-year anniversary of each issue.

**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 \$470,773 and the bank balance was \$431,819. The District was not exposed to custodial credit risk at year-end.

**FAR HILLS UTILITY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Deposits (Continued)

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at December 31, 2024, as listed below:

	<u>Cash</u>
GENERAL FUND	\$ 129,882
DEBT SERVICE FUND	326,491
CAPITAL PROJECTS FUND	<u>14,400</u>
TOTAL DEPOSITS	<u>\$ 470,773</u>

Investments

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

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

The District invests in TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Hermes, Inc. manages the daily operations of the pool under contract with the Comptroller. TexPool measures its 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 the TexPool.

**FAR HILLS UTILITY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Investments (Continued)

As of December 31, 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	\$ 4,919,996	\$ 4,919,996
<u>DEBT SERVICE FUND</u>		
TexPool	1,227,114	1,227,114
<u>CAPITAL PROJECTS FUND</u>		
TexPool	<u>3,010,818</u>	<u>3,010,818</u>
TOTAL INVESTMENTS	<u>\$ 9,157,928</u>	<u>\$ 9,157,928</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2024, the District's investment in TexPool was 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 investment in TexPool 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. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

**FAR HILLS UTILITY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2024:

	January 1, 2024	Increases	Decreases	December 31, 2024
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 393,993	\$	\$	\$ 393,993
Construction in Progress	<u>1,284,578</u>	<u>190,593</u>	<u>1,371,105</u>	<u>104,066</u>
<b>Total Capital Assets Not Being Depreciated</b>	<u>\$ 1,678,571</u>	<u>\$ 190,593</u>	<u>\$ 1,371,105</u>	<u>\$ 498,059</u>
<b>Capital Assets Subject to Depreciation</b>				
Buildings	\$ 572,313	\$	\$	\$ 572,313
Water System	6,150,684	1,345,595		7,496,279
Wastewater System	7,041,978	25,510		7,067,488
Drainage System	<u>1,058,128</u>	<u></u>	<u></u>	<u>1,058,128</u>
<b>Total Capital Assets Subject to Depreciation</b>	<u>\$ 14,823,103</u>	<u>\$ 1,371,105</u>	<u>\$ - 0 -</u>	<u>\$ 16,194,208</u>
<b>Less Accumulated Depreciation</b>				
Buildings	\$ 352,769	\$ 17,249	\$	\$ 370,018
Water System	2,236,057	366,016		2,602,073
Wastewater System	2,118,000	167,193		2,285,193
Drainage System	<u>152,721</u>	<u>15,478</u>	<u></u>	<u>168,199</u>
<b>Total Accumulated Depreciation</b>	<u>\$ 4,859,547</u>	<u>\$ 565,936</u>	<u>\$ - 0 -</u>	<u>\$ 5,425,483</u>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 9,963,556</u>	<u>\$ 805,169</u>	<u>\$ - 0 -</u>	<u>\$ 10,768,725</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 11,642,127</u>	<u>\$ 995,762</u>	<u>\$ 1,371,105</u>	<u>\$ 11,266,784</u>

**NOTE 7. MAINTENANCE TAX**

On May 4, 1972, the voters of the District approved the levy and collection of a maintenance tax in an unlimited amount per \$100 of assessed valuation of taxable property within the District. During the fiscal year ended December 31, 2024, the District levied an ad valorem maintenance tax at the rate of \$0.318 per \$100 of assessed valuation, which resulted in a tax levy of \$1,138,800 on the adjusted taxable valuation of \$358,112,951 for the 2024 tax year.

**NOTE 8. CAPITAL LEASE**

On March 17, 2016, the District entered into an equipment lease-purchase agreement with Government Capital Corporation to finance the acquisition and installation of electronic water meters. The financed amount was \$120,854 with an incremental borrowing rate of 3.629%. Ten annual payments of \$14,631 are due beginning March 15, 2017 and ending March 15, 2026.

**FAR HILLS UTILITY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 8. CAPITAL LEASE (Continued)**

In 2022, the District implemented GASB Statement No. 87 Leases which became effective for reporting periods beginning after December 15, 2019. However, due to the pandemic, the GASB 87 effective date was delayed to periods beginning after June 15, 2021.

Right-to-Use assets, current year amortization expense and accumulated amortization is summarized below:

	January 1, 2024	Increases	Decreases	December 31, 2024
<b>Right-to-Use Assets Subject to Amortization</b>				
Equipment	\$ 65,817	\$ - 0 -	\$ - 0 -	\$ 65,817
<b>Accumulated Amortization</b>				
Equipment	\$ 31,280	\$ 15,640	\$ - 0 -	\$ 46,920
<b>Total Right-to-Use Assets, Net of Accumulated Amortization</b>	<u>\$ 34,537</u>	<u>\$ (15,640)</u>	<u>\$ - 0 -</u>	<u>\$ 18,897</u>

During the current fiscal year, the District recorded lease expenditures in the amount of \$14,630 of which \$13,147 was applied to principal and \$1,483 applied to interest and the District's proportionate share of operating costs. The changes in lease liability during the current fiscal year are summarized as follows:

Capital Lease Payable, January 1, 2024	\$ 40,889
Less: Capital Lease Principal Paid	<u>13,147</u>
Capital Lease Payable, December 31, 2024	<u>\$ 27,742</u>

Future lease payments are summarized below:

Fiscal Year	Principal	Interest	Total
2025	\$ 13,624	\$ 1,007	\$ 14,631
2026	<u>14,118</u>	<u>512</u>	<u>14,630</u>
	<u>\$ 27,742</u>	<u>\$ 1,519</u>	<u>\$ 29,261</u>

**FAR HILLS UTILITY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 9. LONE STAR GROUND WATER CONSERVATION DISTRICT**

The District is located within the boundaries of the Lone Star Ground Water Conservation District (the “Conservation District”). The Conservation District was created under Article 16, Section 59 of the Texas Constitution by House Bill 1842 (the “Act”), as passed by the 77th Texas Legislature, in 2001. The Act empowers the Conservation District for purposes including the acquisition and provision of surface water and groundwater for residential, commercial, industrial, agricultural, and other uses, the reduction of groundwater withdrawals, the conservation, preservation, protection, recharge, and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, and the control of subsidence caused by withdrawal of water from those groundwater reservoirs or their subdivisions. The Conservation District is overseeing that its participants comply with subsidence district pumpage requirements.

The Conservation District charges a fee based on the amount of water pumped from a well to the owner of wells located within the boundaries of the Conservation District, unless exempted. The fee enables the Conservation District to fulfill its purpose and regulatory functions. The fee for non-exempt 2024 permit was \$0.085 per 1,000 gallons of water pumped from each well. The fee for non-exempt 2024 Catahoula Aquifer was \$0.06 per 1,000 gallons of water pumped. During the current fiscal year, the District recorded an expenditure of \$15,542 to the Conservation District.

**NOTE 10. 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. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amount for the past three fiscal years.

**NOTE 11. SAN JACINTO RIVER AUTHORITY**

On June 1, 2010, the District entered into the Contract for Groundwater Reduction Planning, Alternative Water Supply, and Related Goods and Services with the San Jacinto River Authority (the “Authority”). The District and the Authority operate within the boundaries of Lone Star Groundwater Conservation District (the “Conservation District”). See also Note 9. The Authority has developed supplies of surface water that, when taken together with groundwater withdrawals to be permitted by the Conservation District, are reasonably believed to be adequate to satisfy the total water demands of Montgomery County. A surface water treatment and transmission system (the “Project”) is proposed to be designed, constructed, operated, and maintained by the Authority in order to provide phased treatment, transmission, and delivery of the Authority’s surface water to regulated users for blending with groundwater supplies, so that regulated users may continue to pump groundwater. The Authority will develop a Groundwater Reduction Plan (the “GRP”) for all participants. The Authority charges a fee, currently \$2.67 per 1,000 gallons, based on the amount of groundwater pumped from each well. This fee enables the

**FAR HILLS UTILITY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 11. SAN JACINTO RIVER AUTHORITY (Continued)**

Authority to achieve, maintain and implement the GRP. The term of this contract expires on December 31, 2045. The Catahoula Aquifer is exempt from the GRP. During the current fiscal year, the District recorded an expenditure of \$172 in relation to this contract.

**NOTE 12. UNREIMBURSED COSTS**

The District has entered into certain financing and reimbursement agreements with a Developer within the District which provides for the Developer to advance funds to or on behalf of the District for water, sewer and drainage facilities. The District has an obligation to reimburse the Developer for these costs from future bond issues to the extent approved by the Commission. The following table summarizes the current year activity related to unreimbursed developer costs for completed projects:

Due to Developer, beginning of year	\$ 1,565,409
Current Year Activity	<u>(1,565,409)</u>
Due to Developer, end of year	<u><u>\$ -0-</u></u>

**NOTE 13. BOND SALE**

On October 17, 2024, the District closed on the sale of its \$2,150,000 Series 2024 Unlimited Tax and Revenue Bonds. Proceeds were used to reimburse the Developer for construction of water, wastewater and drainage facilities and outfalls serving French Quarter, Section 4. In addition, proceeds were used to pay bond issuances costs.



**FAR HILLS UTILITY DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2024**

**FAR HILLS UTILITY DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 1,010,000	\$ 1,031,378	\$ 21,378
Water Service	366,500	341,763	(24,737)
Wastewater Service	346,500	391,654	45,154
San Jacinto River Authority Fees	6,000	6,651	651
Penalty and Interest	5,500	12,489	6,989
Tap Connection and Inspection Fees	60,000	45,325	(14,675)
Investment Revenues	120,000	252,826	132,826
Miscellaneous Revenues	27,000	15,680	(11,320)
<b>TOTAL REVENUES</b>	<u>\$ 1,941,500</u>	<u>\$ 2,097,766</u>	<u>\$ 156,266</u>
<b>EXPENDITURES</b>			
Service Operations:			
Professional Fees	\$ 142,500	\$ 113,448	\$ 29,052
Contracted Services	142,800	148,254	(5,454)
Utilities	107,300	91,537	15,763
Repairs and Maintenance	389,700	470,640	(80,940)
San Jacinto River Authority Assessments	6,000	172	5,828
Other	387,900	276,889	111,011
Capital Outlay		144,436	(144,436)
Debt Service:			
Capital Lease Principal	13,147	13,147	
Capital Lease Interest	1,483	1,483	
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,190,830</u>	<u>\$ 1,260,006</u>	<u>\$ (69,176)</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 750,670	\$ 837,760	\$ 87,090
<b>FUND BALANCE - JANUARY 1, 2024</b>	<u>3,897,324</u>	<u>3,897,324</u>	
<b>FUND BALANCE - DECEMBER 31, 2024</b>	<u><u>\$ 4,647,994</u></u>	<u><u>\$ 4,735,084</u></u>	<u><u>\$ 87,090</u></u>

See accompanying independent auditor's report.

**FAR HILLS UTILITY DISTRICT**  
**SUPPLEMENTARY INFORMATION REQUIRED BY THE**  
**WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**  
**DECEMBER 31, 2024**

**FAR HILLS UTILITY DISTRICT  
SERVICES AND RATES  
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

<u>  X  </u>	Retail Water	<u>      </u>	Wholesale Water	<u>      </u>	Drainage
<u>  X  </u>	Retail Wastewater	<u>      </u>	Wholesale Wastewater	<u>      </u>	Irrigation
<u>      </u>	Parks/Recreation	<u>      </u>	Fire Protection	<u>      </u>	Security
<u>      </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 approved January 12, 2023, effective February 1, 2023.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	\$ 19.80	2,000	N	\$ 1.55 1.70 2.40 2.95 3.25 3.85 4.00 4.60	2,001 to 5,000 5,001 to 10,000 10,001 to 15,000 15,001 to 20,000 20,001 to 30,000 30,001 to 35,000 35,001 to 50,000 50,001 and up
WASTEWATER:	\$ 36.30	5,000	N	0.19	5,001 and up
SURCHARGE:					
San Jacinto River Authority Assessments			N	\$ 0.10	0,001 and up
TCEQ Regulatory Assessments			N	0.5 % of water and wastewater charges	

District employs winter averaging for wastewater usage?	<u>      </u>	<u>  X  </u>
	Yes	No

Total monthly charges per 10,000 gallons usage: Water: \$32.95 Wastewater: \$37.25 Surcharge: \$1.35 Total: \$ 71.55

See accompanying independent auditor's report.

**FAR HILLS UTILITY DISTRICT  
SERVICES AND RATES  
FOR THE YEAR ENDED DECEMBER 31, 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			x 1.0	
≤¾"	<u>743</u>	<u>732</u>	x 1.0	<u>732</u>
1"	<u>91</u>	<u>91</u>	x 2.5	<u>228</u>
1½"	<u>1</u>	<u>1</u>	x 5.0	<u>5</u>
2"	<u>6</u>	<u>6</u>	x 8.0	<u>48</u>
3"	<u>2</u>	<u>2</u>	x 15.0	<u>30</u>
4"	<u>1</u>	<u>1</u>	x 25.0	<u>25</u>
6"			x 50.0	
8"	<u>1</u>	<u>1</u>	x 80.0	<u>80</u>
10"			x 115.0	
Total Water Connections	<u><u>845</u></u>	<u><u>834</u></u>		<u><u>1,148</u></u>
Total Wastewater Connections	<u><u>822</u></u>	<u><u>811</u></u>	x 1.0	<u><u>811</u></u>

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

Gallons pumped into system: 82,200,000      Water Accountability Ratio: 97.24 %  
(Gallons billed and used/Gallons pumped and purchased)

Gallons billed to customers: 79,935,000

See accompanying independent auditor's report.

**FAR HILLS UTILITY DISTRICT  
SERVICES AND RATES  
FOR THE YEAR ENDED DECEMBER 31, 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:

Montgomery County, Texas

Is the District located within a city?

Entirely ☐ Partly ☐ Not at all ☒

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

Entirely ☒ Partly ☐ Not at all ☐

ETJ's in which District is located:

City of Conroe, Texas

Are Board Members appointed by an office outside the District?

Yes ☐ No ☒

See accompanying independent auditor's report.

**FAR HILLS UTILITY DISTRICT  
GENERAL FUND EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2024**

PROFESSIONAL FEES:	
Auditing	\$ 24,250
Engineering	34,880
Legal	<u>54,318</u>
TOTAL PROFESSIONAL FEES	<u>\$ 113,448</u>
CONTRACTED SERVICES:	
Bookkeeping and Billings	\$ 37,500
Operations	<u>110,754</u>
TOTAL CONTRACTED SERVICES	<u>\$ 148,254</u>
UTILITIES	<u>\$ 91,537</u>
REPAIRS AND MAINTENANCE	<u>\$ 470,640</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 17,161
Insurance	33,987
Office Supplies and Postage	27,931
Payroll Taxes	1,636
Travel and Meetings	3,182
Other	<u>33,302</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 117,199</u>
CAPITAL OUTLAY	<u>\$ 144,436</u>
TAP CONNECTIONS	<u>\$ 13,917</u>

See accompanying independent auditor's report.

**FAR HILLS UTILITY DISTRICT  
GENERAL FUND EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2024**

OTHER EXPENDITURES:

Chemicals	\$ 36,953
Inspection Fees	3,327
Laboratory Fees	37,498
Permit Fees	18,660
Commission Regulatory Assessment	3,415
San Jacinto River Authority Assessments	172
Sludge Hauling	<u>45,920</u>

TOTAL OTHER EXPENDITURES	<u>\$ 145,945</u>
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DEBT SERVICE:

Capital Lease Principal	\$ 13,147
Capital Lease Interest	<u>1,483</u>

TOTAL DEBT SERVICE	<u>\$ 14,630</u>
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TOTAL EXPENDITURES	<u><u>\$ 1,260,006</u></u>
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See accompanying independent auditor's report.



**FAR HILLS UTILITY DISTRICT**  
**INVESTMENTS**  
**DECEMBER 31, 2024**

<u>Fund</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	XXXX0002	Varies	Daily	\$ 4,919,996	\$ - 0 -
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 1,073,466	\$
TexPool	XXXX0004	Varies	Daily	153,648	
TOTAL DEBT SERVICE FUND				\$ 1,227,114	\$ - 0 -
<u>CAPITAL PROJECTS FUND</u>					
TexPool	XXXX0003	Varies	Daily	\$ 3,010,818	\$ - 0 -
TOTAL - ALL FUNDS				\$ 9,157,928	\$ - 0 -

See accompanying independent auditor's report.

**FAR HILLS UTILITY DISTRICT  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Maintenance Taxes</u>		<u>Debt Service Taxes</u>	
TAXES RECEIVABLE -				
JANUARY 1, 2024	\$ 523,979		\$ 524,967	
Adjustments to Beginning				
Balance	<u>7,754</u>	\$ 531,733	<u>7,363</u>	\$ 532,330
Original 2024 Tax Levy	\$ 1,049,829		\$ 1,056,431	
Adjustment to 2024 Tax Levy	<u>88,971</u>	<u>1,138,800</u>	<u>89,531</u>	<u>1,145,962</u>
TOTAL TO BE				
ACCOUNTED FOR		\$ 1,670,533		\$ 1,678,292
TAX COLLECTIONS:				
Prior Years	\$ 512,312		\$ 511,924	
Current Year	<u>573,894</u>	<u>1,086,206</u>	<u>577,503</u>	<u>1,089,427</u>
TAXES RECEIVABLE -				
DECEMBER 31, 2024		<u>\$ 584,327</u>		<u>\$ 588,865</u>
TAXES RECEIVABLE BY				
YEAR:				
2024	\$ 564,906		\$ 568,459	
2023	10,796		10,796	
2022	4,032		5,022	
2021	2,619		2,467	
2020	560		555	
2019	502		496	
2018	469		529	
2017	211		256	
2016	<u>232</u>		<u>285</u>	
TOTAL	<u>\$ 584,327</u>		<u>\$ 588,865</u>	

See accompanying independent auditor's report.

**FAR HILLS UTILITY DISTRICT**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
PROPERTY VALUATIONS:				
Land	\$ 132,463,031	\$ 133,387,814	\$ 86,862,360	\$ 66,561,520
Improvements	295,101,223	250,593,610	260,081,870	153,677,720
Personal Property	2,599,346	2,367,601	1,538,166	1,150,346
Exemptions	<u>(72,050,649)</u>	<u>(63,117,919)</u>	<u>(59,778,619)</u>	<u>(8,887,278)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 358,112,951</u>	<u>\$ 323,231,106</u>	<u>\$ 288,703,777</u>	<u>\$ 212,502,308</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.320	\$ 0.32	\$ 0.355	\$ 0.325
Maintenance**	<u>0.318</u>	<u>0.32</u>	<u>0.285</u>	<u>0.345</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.638</u>	<u>\$ 0.64</u>	<u>\$ 0.640</u>	<u>\$ 0.670</u>
ADJUSTED TAX LEVY*	<u>\$ 2,284,762</u>	<u>\$ 2,068,759</u>	<u>\$ 1,847,819</u>	<u>\$ 1,423,866</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>50.39 %</u>	<u>98.96 %</u>	<u>99.51 %</u>	<u>99.64 %</u>

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

\*\* Maintenance Tax – An unlimited tax rate was approved by voters on May 4, 1972.

See accompanying independent auditor's report.

**FAR HILLS UTILITY DISTRICT**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**DECEMBER 31, 2024**

S E R I E S - 2 0 1 3			
Due During Fiscal Years Ending December 31	Principal Due April 1	Interest Due April 1/ October 1	Total
2025	\$ 45,000	\$ 35,463	\$ 80,463
2026	55,000	33,213	88,213
2027	55,000	30,737	85,737
2028	55,000	28,125	83,125
2029	60,000	25,250	85,250
2030	60,000	22,250	82,250
2031	65,000	19,125	84,125
2032	65,000	15,875	80,875
2033	60,000	12,750	72,750
2034	60,000	9,750	69,750
2035	60,000	6,750	66,750
2036	55,000	3,875	58,875
2037	50,000	1,250	51,250
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
	<u>\$ 745,000</u>	<u>\$ 244,413</u>	<u>\$ 989,413</u>

See accompanying independent auditor's report.

**FAR HILLS UTILITY DISTRICT**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**DECEMBER 31, 2024**

S E R I E S - 2 0 1 5 R E F U N D I N G			
Due During Fiscal Years Ending December 31	Principal Due April 1	Interest Due April 1/ October 1	Total
2025	\$ 165,000	\$ 37,263	\$ 202,263
2026	165,000	32,313	197,313
2027	170,000	27,288	197,288
2028	180,000	21,925	201,925
2029	185,000	16,222	201,222
2030	195,000	10,041	205,041
2031	200,000	3,375	203,375
2032			
2033			
2034			
2035			
2036			
2037			
2038			
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2041			
2042			
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2047			
2048			
2049			
2050			
2051			
	<u>\$ 1,260,000</u>	<u>\$ 148,427</u>	<u>\$ 1,408,427</u>

See accompanying independent auditor's report.

**FAR HILLS UTILITY DISTRICT**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**DECEMBER 31, 2024**

S E R I E S - 2 0 1 5			
Due During Fiscal Years Ending December 31	Principal Due April 1	Interest Due April 1/ October 1	Total
2025	\$ 55,000	\$ 118,413	\$ 173,413
2026	60,000	116,506	176,506
2027	60,000	114,444	174,444
2028	60,000	112,344	172,344
2029	65,000	110,156	175,156
2030	70,000	107,750	177,750
2031	75,000	105,122	180,122
2032	75,000	102,356	177,356
2033	80,000	99,450	179,450
2034	80,000	96,450	176,450
2035	85,000	93,356	178,356
2036	85,000	90,116	175,116
2037	90,000	86,725	176,725
2038	495,000	75,391	570,391
2039	520,000	55,400	575,400
2040	550,000	34,000	584,000
2041	575,000	11,500	586,500
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
	<u>\$ 3,080,000</u>	<u>\$ 1,529,479</u>	<u>\$ 4,609,479</u>

See accompanying independent auditor's report.

**FAR HILLS UTILITY DISTRICT**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**DECEMBER 31, 2024**

S E R I E S - 2 0 1 8				
Due During Fiscal Years Ending December 31	Principal Due April 1	Interest Due April 1/ October 1	Total	
2025	\$ 40,000	\$ 47,844	\$	87,844
2026	40,000	46,444		86,444
2027	45,000	45,169		90,169
2028	45,000	43,819		88,819
2029	45,000	42,469		87,469
2030	45,000	41,090		86,090
2031	45,000	39,656		84,656
2032	45,000	38,194		83,194
2033	50,000	36,650		86,650
2034	50,000	35,025		85,025
2035	50,000	33,369		83,369
2036	55,000	31,597		86,597
2037	55,000	29,740		84,740
2038	50,000	27,969		77,969
2039	50,000	26,250		76,250
2040	40,000	24,675		64,675
2041	40,000	23,275		63,275
2042	645,000	11,287		656,287
2043				
2044				
2045				
2046				
2047				
2048				
2049				
2050				
2051				
	<u>\$ 1,435,000</u>	<u>\$ 624,522</u>	<u>\$</u>	<u>2,059,522</u>

See accompanying independent auditor's report.

**FAR HILLS UTILITY DISTRICT**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**DECEMBER 31, 2024**

REFUNDING SERIES - 2020				
Due During Fiscal Years Ending December 31	Principal Due April 1	Interest Due April 1/ October 1	Total	
2025	\$ 45,000	\$ 47,075	\$	92,075
2026	40,000	46,225		86,225
2027	45,000	45,375		90,375
2028	45,000	44,475		89,475
2029	45,000	43,575		88,575
2030	45,000	42,619		87,619
2031	45,000	41,606		86,606
2032	255,000	38,231		293,231
2033	270,000	32,325		302,325
2034	280,000	25,963		305,963
2035	290,000	19,194		309,194
2036	305,000	11,938		316,938
2037	325,000	4,063		329,063
2038				
2039				
2040				
2041				
2042				
2043				
2044				
2045				
2046				
2047				
2048				
2049				
2050				
2051				
	<u>\$ 2,035,000</u>	<u>\$ 442,664</u>	<u>\$</u>	<u>2,477,664</u>

See accompanying independent auditor's report.



**FAR HILLS UTILITY DISTRICT  
LONG-TERM DEBT SERVICE REQUIREMENTS  
DECEMBER 31, 2024**

S E R I E S - 2 0 2 2				
Due During Fiscal Years Ending December 31	Principal Due April 1	Interest Due April 1/ October 1	Total	
2025	\$ 45,000	\$ 391,250	\$	436,250
2026	50,000	388,875		438,875
2027	50,000	386,375		436,375
2028	50,000	383,875		433,875
2029	50,000	381,375		431,375
2030	50,000	379,000		429,000
2031	55,000	376,638		431,638
2032	60,000	374,050		434,050
2033	55,000	371,462		426,462
2034	60,000	368,800		428,800
2035	65,000	365,831		430,831
2036	65,000	362,744		427,744
2037	65,000	359,656		424,656
2038	60,000	356,688		416,688
2039	60,000	353,837		413,837
2040	65,000	350,869		415,869
2041	70,000	347,663		417,663
2042	65,000	344,456		409,456
2043	735,000	325,456		1,060,456
2044	770,000	288,750		1,058,750
2045	805,000	249,375		1,054,375
2046	840,000	208,250		1,048,250
2047	875,000	165,375		1,040,375
2048	915,000	120,625		1,035,625
2049	955,000	73,875		1,028,875
2050	1,000,000	25,000		1,025,000
2051				
	<u>\$ 7,935,000</u>	<u>\$ 8,100,150</u>	<u>\$</u>	<u>16,035,150</u>

See accompanying independent auditor's report.

**FAR HILLS UTILITY DISTRICT**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**DECEMBER 31, 2024**

S E R I E S - 2 0 2 4				
Due During Fiscal Years Ending December 31	Principal Due April 1	Interest Due April 1/ October 1	Total	
2025	\$ 15,000	\$ 91,775	\$	106,775
2026	15,000	90,575		105,575
2027	15,000	89,375		104,375
2028	20,000	87,975		107,975
2029	20,000	86,375		106,375
2030	25,000	84,575		109,575
2031	20,000	82,775		102,775
2032	25,000	81,288		106,288
2033	25,000	79,975		104,975
2034	30,000	78,600		108,600
2035	25,000	77,225		102,225
2036	30,000	76,000		106,000
2037	30,000	74,800		104,800
2038	35,000	73,500		108,500
2039	35,000	72,100		107,100
2040	40,000	70,600		110,600
2041	35,000	69,100		104,100
2042	40,000	67,600		107,600
2043	50,000	65,800		115,800
2044	50,000	63,800		113,800
2045	60,000	61,600		121,600
2046	70,000	59,000		129,000
2047	80,000	56,000		136,000
2048	90,000	52,600		142,600
2049	100,000	48,800		148,800
2050	110,000	44,600		154,600
2051	1,060,000	21,200		1,081,200
	<u>\$ 2,150,000</u>	<u>\$ 1,907,613</u>	<u>\$</u>	<u>4,057,613</u>

See accompanying independent auditor's report.

**FAR HILLS UTILITY DISTRICT  
LONG-TERM DEBT SERVICE REQUIREMENTS  
DECEMBER 31, 2024**

ANNUAL REQUIREMENTS FOR ALL SERIES			
Due During Fiscal Years Ending December 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2025	\$ 410,000	\$ 769,083	\$ 1,179,083
2026	425,000	754,151	1,179,151
2027	440,000	738,763	1,178,763
2028	455,000	722,538	1,177,538
2029	470,000	705,422	1,175,422
2030	490,000	687,325	1,177,325
2031	505,000	668,297	1,173,297
2032	525,000	649,994	1,174,994
2033	540,000	632,612	1,172,612
2034	560,000	614,588	1,174,588
2035	575,000	595,725	1,170,725
2036	595,000	576,270	1,171,270
2037	615,000	556,234	1,171,234
2038	640,000	533,548	1,173,548
2039	665,000	507,587	1,172,587
2040	695,000	480,144	1,175,144
2041	720,000	451,538	1,171,538
2042	750,000	423,343	1,173,343
2043	785,000	391,256	1,176,256
2044	820,000	352,550	1,172,550
2045	865,000	310,975	1,175,975
2046	910,000	267,250	1,177,250
2047	955,000	221,375	1,176,375
2048	1,005,000	173,225	1,178,225
2049	1,055,000	122,675	1,177,675
2050	1,110,000	69,600	1,179,600
2051	1,060,000	21,200	1,081,200
	\$ 18,640,000	\$ 12,997,268	\$ 31,637,268

See accompanying independent auditor's report.

**FAR HILLS UTILITY DISTRICT**  
**CHANGES IN LONG-TERM BOND DEBT**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

Description	Original Bonds Issued*	Bonds Outstanding January 1, 2024
Far Hills Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2013	\$ 1,185,000	\$ 790,000
Far Hills Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds - Series 2015	2,535,000	1,420,000
Far Hills Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2015	3,470,000	3,135,000
Far Hills Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2018	1,660,000	1,475,000
Far Hills Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds - Series 2020	2,195,000	2,075,000
Far Hills Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2022	7,980,000	7,980,000
Far Hills Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2024	<u>2,150,000</u>	
<b>TOTAL</b>	<u><u>\$ 21,175,000</u></u>	<u><u>\$ 16,875,000</u></u>
 Bond Authority:	<u>Tax Bonds</u>	<u>Refunding Bonds</u>
Amount Authorized by Voters	\$ 35,200,000	\$ 39,000,000
Amount Issued	<u>22,255,000</u>	<u>730,000</u>
Remaining to be Issued	<u><u>\$ 12,945,000</u></u>	<u><u>\$ 38,270,000</u></u>

See accompanying independent auditor's report.

Current Year Transactions				
Bonds Sold	Retirements		Bonds Outstanding December 31, 2024	Paying Agent
	Principal	Interest		
\$	\$ 45,000	\$ 37,431	\$ 745,000	Bank of Texas Austin, TX
	160,000	42,138	1,260,000	Bank of Texas Austin, TX
	55,000	120,131	3,080,000	Bank of Texas Austin, TX
	40,000	49,444	1,435,000	UMB Bank, N.A. Houston, TX
	40,000	47,925	2,035,000	UMB Bank, N.A. Houston, TX
	45,000	393,500	7,935,000	UMB Bank, N.A. Houston, TX
2,150,000			2,150,000	UMB Bank, N.A. Houston, TX
\$ 2,150,000	\$ 385,000	\$ 690,569	\$ 18,640,000	

Debt Service Fund cash and investment balances and Amount Due  
from Tax Assessor/Collector at December 31, 2024:

\$ 2,260,964

Average annual debt service payment (principal and interest) for remaining term  
of all debt:

\$ 1,171,751

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

See accompanying independent auditor's report.

**FAR HILLS UTILITY DISTRICT**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**GENERAL FUND - FIVE YEARS**

	Amounts		
	2024	2023	2022
<b>REVENUES</b>			
Property Taxes	\$ 1,031,378	\$ 811,286	\$ 733,945
Water Service	341,763	361,867	337,296
Wastewater Service	391,654	341,450	340,118
San Jacinto River Authority Fees	6,651	20,927	7,496
Penalty and Interest	12,489	9,775	5,904
Tap Connection and Inspection Fees	45,325	206,005	70,690
Investment Revenues	252,826	187,566	49,073
Developer Contributions			
Miscellaneous Revenues	15,680	17,695	19,546
<b>TOTAL REVENUES</b>	<u>\$ 2,097,766</u>	<u>\$ 1,956,571</u>	<u>\$ 1,564,068</u>
<b>EXPENDITURES</b>			
Professional Fees	\$ 113,448	\$ 106,035	\$ 113,460
Contracted Services	148,254	133,452	122,401
Purchased Water Service			20,540
Utilities	91,537	91,640	102,642
Repairs and Maintenance	470,640	408,032	326,561
San Jacinto River Authority Assessments	172	3,801	4,736
Other	276,889	281,115	225,644
Capital Outlay	144,436	104,416	198,343
Debt Service:			
Capital Lease Principal	13,147	12,686	12,242
Capital Lease Interest	1,483	1,944	2,388
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,260,006</u>	<u>\$ 1,143,121</u>	<u>\$ 1,128,957</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 837,760</u>	<u>\$ 813,450</u>	<u>\$ 435,111</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In (Out)	<u>\$ - 0 -</u>	<u>\$ 14,298</u>	<u>\$ 29,122</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 837,760	\$ 827,748	\$ 464,233
<b>BEGINNING FUND BALANCE</b>	<u>3,897,324</u>	<u>3,069,576</u>	<u>2,605,343</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 4,735,084</u>	<u>\$ 3,897,324</u>	<u>\$ 3,069,576</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2021	2020	2024	2023	2022	2021	2020
\$ 661,634	\$ 646,801	49.1 %	41.4 %	47.0 %	46.0 %	36.0 %
226,797	217,316	16.3	18.5	21.6	15.7	12.1
290,283	236,598	18.7	17.5	21.7	20.1	13.2
5,535	5,849	0.3	1.1	0.5	0.4	0.3
9,194	964	0.6	0.5	0.4	0.6	0.1
229,635	204,800	2.2	10.5	4.5	15.9	11.4
839	11,693	12.1	9.6	3.1	0.1	0.7
	452,730					25.3
18,017	16,124	0.7	0.9	1.2	1.2	0.9
<u>\$ 1,441,934</u>	<u>\$ 1,792,875</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 104,878	\$ 92,355	5.4 %	5.4 %	7.3 %	7.3 %	5.2 %
121,845	104,633	7.1	6.8	7.8	8.5	5.8
				1.3		
43,929	58,552	4.4	4.7	6.6	3.0	3.3
235,015	232,680	22.4	20.9	20.9	16.3	13.0
4,736			0.2	0.3	0.3	
257,447	156,050	13.2	14.4	14.4	17.9	8.7
303,954	823,793	6.9	5.3	12.7	21.1	45.9
11,813	11,400	0.6	0.6	0.8	0.8	0.6
2,817	3,231	0.1	0.1	0.2	0.2	0.2
<u>\$ 1,086,434</u>	<u>\$ 1,482,694</u>	<u>60.1 %</u>	<u>58.4 %</u>	<u>72.3 %</u>	<u>75.4 %</u>	<u>82.7 %</u>
<u>\$ 355,500</u>	<u>\$ 310,181</u>	<u>39.9 %</u>	<u>41.6 %</u>	<u>27.7 %</u>	<u>24.6 %</u>	<u>17.3 %</u>
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>					
\$ 355,500	\$ 310,181					
<u>2,249,843</u>	<u>1,939,662</u>					
<u>\$ 2,605,343</u>	<u>\$ 2,249,843</u>					

See accompanying independent auditor's report.

**FAR HILLS UTILITY DISTRICT**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**DEBT SERVICE FUND - FIVE YEARS**

	Amounts		
	2024	2023	2022
<b>REVENUES</b>			
Property Taxes	\$ 1,030,991	\$ 1,010,527	\$ 687,899
Penalty and Interest	7,054	11,860	7,756
Investment Revenues	71,717	69,531	14,674
Miscellaneous Revenues			
<b>TOTAL REVENUES</b>	<u>\$ 1,109,762</u>	<u>\$ 1,091,918</u>	<u>\$ 710,329</u>
<b>EXPENDITURES</b>			
Tax Collection Expenditures	\$ 21,984	\$ 17,109	\$ 14,155
Debt Service Principal	385,000	330,000	320,000
Debt Service Interest and Fees	693,369	624,021	320,700
Bond Issuance Costs			
Payment to Refunded Bond Escrow Agent			
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,100,353</u>	<u>\$ 971,130</u>	<u>\$ 654,855</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 9,409</u>	<u>\$ 120,788</u>	<u>\$ 55,474</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Long-Term Debt Issued	\$	\$	\$ 394,625
Refunding Bonds			
Payment to Refunded Bond Escrow Agent			
Bond Discount			
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 394,625</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 9,409	\$ 120,788	\$ 450,099
<b>BEGINNING FUND BALANCE</b>	<u>1,156,616</u>	<u>1,035,828</u>	<u>585,729</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 1,166,025</u>	<u>\$ 1,156,616</u>	<u>\$ 1,035,828</u>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<u>834</u>	<u>819</u>	<u>775</u>
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<u>811</u>	<u>796</u>	<u>752</u>

See accompanying independent auditor's report.



		Percentage of Total Revenues				
2021	2020	2024	2023	2022	2021	2020
\$ 657,411	\$ 639,332	92.9 %	92.5 %	96.8 %	98.7 %	98.3 %
8,465	6,185	0.6	1.1	1.1	1.3	0.9
295	3,338	6.5	6.4	2.1		0.5
	2,252					0.3
<u>\$ 666,171</u>	<u>\$ 651,107</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 14,649	\$ 17,443	2.0 %	1.6 %	2.0 %	2.2 %	2.7 %
310,000	285,000	34.7	30.2	45.0	46.5	43.8
330,919	344,161	62.5	57.1	45.1	49.7	52.9
	133,008					20.4
	18,336					2.8
<u>\$ 655,568</u>	<u>\$ 797,948</u>	<u>99.2 %</u>	<u>88.9 %</u>	<u>92.1 %</u>	<u>98.4 %</u>	<u>122.6 %</u>
<u>\$ 10,603</u>	<u>\$ (146,841)</u>	<u>0.8 %</u>	<u>11.1 %</u>	<u>7.9 %</u>	<u>1.6 %</u>	<u>(22.6) %</u>
\$	\$					
	2,195,000					
	(2,007,426)					
	(58,430)					
<u>\$ - 0 -</u>	<u>\$ 129,144</u>					
\$ 10,603	\$ (17,697)					
575,126	592,823					
<u>\$ 585,729</u>	<u>\$ 575,126</u>					
<u>725</u>	<u>612</u>					
<u>702</u>	<u>591</u>					

See accompanying independent auditor's report.

District Mailing Address - Far Hills Utility District  
10320 Cude Cemetery Road  
Willis, TX 77318

District Telephone Number - (713) 237-1221

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**FAR HILLS UTILITY DISTRICT**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**DECEMBER 31, 2024**

	<u>Date Hired</u>	<u>Fees for the year ended December 31, 2024</u>	<u>Title</u>
<b>Consultants:</b>			
Radcliffe Adams Barner PLLC	09/14/94	\$ 54,381	General Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	12/14/94	\$ 21,750 \$ 2,500	Auditor Bond Related
Myrtle Cruz, Inc.	05/01/11	\$ 41,957	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, LLP	06/09/99	\$ 2,187	Delinquent Tax Attorney
Langford Engineering, Inc.	10/10/01	\$ 204,744	Engineer
Blitch Associates, Inc.	11/12/09	\$ -0-	Financial Advisor
M. Marlon Ivy & Associates, Inc.	08/15/15	\$ 318,507	Operator
Montgomery County Tax Assessor/Collector	10/01/15	\$ 420	Tax Assessor/ Collector
Terry Holland	01/12/12	\$ -0-	Investment Officer

See accompanying independent auditor's report.