

**NORTHWEST FOREST MUNICIPAL UTILITY DISTRICT  
BEAUMONT, TEXAS**

**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**NORTHWEST FOREST MUNICIPAL UTILITY DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

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NORTHWEST FOREST MUNICIPAL DISTRICT  
CERTIFICATE OF BOARD

We, the undersigned, certify that this accompanying audit report of the above named district was reviewed and approved for the year ended September 30, 2024 at a meeting of the Board of Directors held on the \_\_\_\_\_ day of \_\_\_\_\_, 2025.

\_\_\_\_\_  
Board President

\_\_\_\_\_  
Board Secretary



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Northwest Forest Municipal Utility District  
Beaumont, Texas

### Opinions

We have audited the accompanying financial statements of the governmental activities of Northwest Forest Municipal Utility District as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Northwest Forest Municipal Utility 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 of the Northwest Forest Municipal Utility District, as of September 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northwest Forest Municipal Utility 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 Northwest Forest Municipal Utility 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 Northwest Forest Municipal Utility 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 Northwest Forest Municipal Utility 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 budgetary comparison information on page 23 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.

#### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory section on page 1 and the Texas Supplementary Information on pages 24-28 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*Charles E. Reed & Associates, P.C.*

Charles E. Reed & Associates, P.C.  
Certified Public Accountants and Consultants  
Port Arthur, Texas  
September 3, 2025

# NORTHWEST FOREST MUNICIPAL UTILITY DISTRICT

## Management's Discussion and Analysis

As management of the Northwest Forest Municipal Utility District (the District), we offer readers of the District financial statements this narrative overview and analysis of the financial activities of the District for the year ended September 30, 2024. We encourage readers to consider the information presented here in conjunction with the independent auditor's report and the District's financial statements, which follow.

### **Financial Highlights**

- The assets of the District exceeded liabilities as of September 30, 2024, by \$925,017 (net position). Of this amount \$782,752 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The District had expenses associated with governmental activities totaling \$368,915 and total revenues were \$426,798.
- As of September 30, 2024, the District's general fund reported an ending fund balance of \$777,429 an increase of \$70,308 in comparison with the prior year.

### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### **Government-wide Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the District's assets and liabilities, with the difference between the two 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 is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected property taxes).

In the Statement of Net Position and the Statement of Activities, the District report contains one type of activity:

Governmental activities – All of the District's basic services are reported here, including the administration, emergency equipment upkeep and purchases, data processing and general and administrative.

## 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 objects. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance- related requirements. The District has only one type of fund, which is the governmental fund.

The District has the following kinds of funds:

***Governmental Funds-*** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District's only fund is the general fund, a governmental fund.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements.

**Required Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements.

## GOVERNMENT- WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$925,017 at the close of the fiscal year September 30, 2024.

**Table A-1**  
Northwest Forest Municipal Utility District  
Net Position

	2024	2023
Current and Other Assets	\$ 848,455	\$ 762,857
Capital Assets, net	142,265	155,152
Total assets	990,720	918,009
Current and Other Liabilities	65,703	50,875
Long-term liabilities:	-	-
Total Liabilities	65,703	50,875
Net Position:		
Invested in Capital Assets, net		
of Related Debt	142,265	155,152
Unrestricted	782,752	711,982
Total Net Position	\$ 925,017	\$ 867,134

**Changes in net position.** The District had an increase in net position of \$57,883. The difference from the prior year increase of \$31,558, is mainly due to the increase in service fees in the current year.



## GOVERNMENT- WIDE FINANCIAL ANALYSIS... CONTINUED

Key elements of the governmental activities of the District are reflected in the following table.

**Table A-2**  
Changes in Northwest Forest Municipal Utility District's Position

	2024	2023
Revenues		
Service Fees	\$ 156,667	\$ 124,272
Property Taxes	238,963	237,684
Interest Income	30,641	20,647
Other miscellaneous	527	1,270
Total Revenues	<u>\$ 426,798</u>	<u>\$ 383,873</u>
Expenses:		
Purchased Services	246,012	177,307
Supplies	23,507	26,372
Contract Services	86,509	127,359
Depreciation	12,887	21,277
Total Expenses	<u>368,915</u>	<u>352,315</u>
Excess (Deficiency) of Revenues over Expenses	<u>57,883</u>	<u>31,558</u>
Increase/(Decrease) in Net Position	<u>\$ 57,883</u>	<u>\$ 31,558</u>
Net Position, Beginning	<u>867,134</u>	<u>835,576</u>
Net Position, Ending	<u><u>\$ 925,017</u></u>	<u><u>\$ 867,134</u></u>

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As previously noted, the District uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

## GOVERNMENTAL FUNDS

The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of September 30, 2024, the District's governmental fund reported an ending balance of \$777,429, an increase of \$70,308 from the prior year.

## CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

**Capital Assets.** The District's investment in capital assets for its governmental activities as of September 30, 2024, amount to \$142,265, net of accumulated depreciation. This investment in capital assets includes land, buildings, apparatus, emergency equipment, office equipment, furniture and fixtures, and fire prevention equipment.

**Table A-3**  
District's Capital Assets

	<u>2024</u>	<u>2023</u>
Water System	\$ 442,272	\$ 442,272
Sewage System	241,046	241,046
Engineering Fees	123,252	123,252
Land Costs and Easements	21,450	21,450
Other	8,200	8,200
Organization Costs	<u>96,972</u>	<u>96,972</u>
Totals Capital Assets	933,192	933,192
 Total accumulated depreciation	 <u>(790,927)</u>	 <u>(778,040)</u>
Capital Assets, net of Depreciation	<u>\$ 142,265</u>	<u>\$ 155,152</u>

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

\$777,429 of the unrestricted fund balance in the general fund is available for spending in the 2024/2025 budget. The 2024/2025 budget includes total budgeted revenue of \$426,700 and total budgeted expenses of \$426,700.

Unrestricted fund balance – the portion of fund balance that has not been restricted committed, or assigned to specific purposes or other funds.

The tax rate for year 2024 was .515921 on \$100 valuation.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Northwest Forest Municipal Utility District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Northwest Forest MUD, P.O. Box 5879, Beaumont, TX, 77726-5879 or call (409) 892-0889.

NORTHWEST FOREST MUNICIPAL UTILITY DISTRICT  
STATEMENT OF NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 833,202
Taxes Receivable, net of allowance	5,322
Service Accounts Receivable	9,931
Capital Assets:	
Buildings, property, and equipment, net	142,265
TOTAL ASSETS	<u>\$ 990,720</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	20,932
Customer Security Deposits	44,771
TOTAL LIABILITIES	<u>\$ 65,703</u>
NET POSITION	
Invested in Capital Assets, net	\$ 142,265
Unrestricted	782,752
TOTAL NET POSITION	<u>\$ 925,017</u>

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

NORTHWEST FOREST MUNICIPAL UTILITY DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges	Operating	Revenue
		for	Grants and	and Changes in
		Services	Contributions	Net Position
				Primary Governmental Activities
Governmental Activities:				
Purchased service for resale	\$ 246,012	\$ 156,667	\$ -	\$ (89,345)
Supplies & Other	23,507	-	-	\$ (23,507)
Contract & Professional Services	86,509	-	-	\$ (86,509)
Depreciation	12,887	-	-	\$ (12,887)
Total Primary Government	368,915	156,667	-	(212,248)
General Revenues:				
Property taxes, penalties, and interest				238,963
Interest				30,641
Other Miscellaneous				527
Total general revenues				270,131
Change in Net Position				57,883
Net Position - Beginning				867,134
Net Position - Ending				\$ 925,017

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

NORTHWEST FOREST MUNICIPAL UTILITY DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Total Governmental Funds
	<u>General Fund</u>
<u>ASSETS:</u>	
Cash and cash equivalents	\$ 833,202
Property tax receivable (net of allowance)	5,322
Service receivables	<u>9,931</u>
TOTAL ASSETS	<u>\$ 848,455</u>
 <u>LIABILITIES:</u>	
Accounts payable	20,933
Security Deposits	<u>44,771</u>
TOTAL LIABILITIES	<u>65,704</u>
 <u>DEFERRED INFLOWS OF RESOURCES:</u>	
Unavailable revenue - Property tax	<u>5,322</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>5,322</u>
 <u>FUND BALANCES:</u>	
Unrestricted	<u>777,429</u>
Total Fund Balance	<u>777,429</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	 <u>\$ 848,455</u>

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

NORTHWEST FOREST MUNICIPAL UTILITY DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO STATEMENT OF NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Total governmental fund balances in the Balance Sheet	\$ 777,429
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Certain assets are not current financial resources in governmental funds, but instead are reported in the Statement of Net Position.

Capital assets, net of depreciation	142,265
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Recognition of deferred property taxes as revenue increases net position	<u>5,322</u>
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Total net position as reported on the Statement of Net Position for Governmental Activities	<u><u>\$ 925,017</u></u>
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The accompanying notes are an integral part of these financial statements.

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

	Total Governmental Funds <u>General</u>
REVENUES:	
Property taxes, penalties and interest	\$ 238,502
Charges for Services	156,667
Interest Income	30,640
Other Miscellaneous	<u>526</u>
Total Revenues	<u>426,336</u>
EXPENDITURES:	
Current:	
Supplies and Other	23,507
Contract Services & Material	86,509
Purchased service for retail	246,012
Capital Outlay	<u>-</u>
Total Expenditures	<u>356,028</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 70,308
NET CHANGE IN FUND BALANCES	
FUND BALANCE, BEGINNING	<u>707,121</u>
FUND BALANCE, ENDING	<u><u>\$ 777,429</u></u>

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



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

Net change in fund balances - total government funds	\$	70,308
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Government funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlay		-
Depreciation		(12,887)

Because some tax revenues will not be collected after several months after the district's fiscal year end, they are not considered "available" revenue and are deferred in the governmental funds. Deferred revenues increased by this amount during the current period.

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Change in net assets of governmental activities	\$	57,883
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The accompanying notes are an integral part of these financial statements.

**NORTHWEST FOREST MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The financial statements of the Northwest Forest Municipal Utility District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting policies used by the District.

**A. Reporting Entity**

The District is a limited purpose political subdivision of the State of Texas operating as a municipal utility district pursuant Article XVI, Section 59 of the Texas Constitution. The District was created June 15, 1977, by an act of Texas Legislature.

The five member Board of Directors is responsible for all activities related to the waterworks system within the District. The District is not included in any other governmental “reporting entity” as defined in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters. The District provides water service for a rural section of Jefferson County, Texas in an area off State Highway 105.

The accounting and reporting policies of the District relating to the funds included in the accompanying financial statements conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (when applicable). The more significant accounting policies are described below.

The District’s financial statements include the accounts of all District operations. The criteria for including organizations as component units with the District reporting entity, as set forth in Section 2100 of GASB’s *Codification of Governmental Accounting and Financial Reporting Standards*, include whether –

- the organization is legally separate (can sue and be sued in their own name)
- the District holds the corporate powers of the organization.
- the District appoints a voting majority of the organization’s board.
- the District is able to impose its will on the organization.
- the organization has the potential to impose a financial benefit/burden on the District.
- there is fiscal dependency by the organization on the District.

Based on the aforementioned criteria, the District has no component units.

**NORTHWEST FOREST MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued**

**B. Government Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statements of changes in net position) report information on all of the nonfiduciary activities of the primary government. Because the District has only one fund, the general fund, there is no interfund activity to be removed from these statements.

Government activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business- like activities, which rely to a significant extent on fees and charges for funding. The District has no business-like activities.

The statement of activities demonstrates the degree to which the direct expenses of a given structure or segment, are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements would be provided for governmental funds and proprietary funds; however, the District has no proprietary funds. Because the District has only one fund, the general fund, there is only one column in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenue is recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus and the modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible during the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenue to be available if it is collected within 60 days of the current of the current fiscal period. General property taxes and nontax revenues are recorded when received and investment earnings are recorded when earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

**NORTHWEST FOREST MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Amounts reported as program revenue include 1) operating grants and contributions, 2) capital grants and contributions, 3) charges for services, and 4) miscellaneous revenue such as hazmat revenue. Likewise, general revenue includes all taxes.

**D. Budgetary Control/Budget Basis of Accounting**

The District follows these procedures in establishing the budgetary data reflected in the financial statements –

1. During midsummer, the District prepares a proposed budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Any revisions of the budget that alter the expenditures of any funds must be approved by the District's Board of Directors.
3. Formal budgetary integration is employed as a management control device during the year for the General Fund.
4. Budgets for the General Fund are adopted on a cash basis of accounting. The budgetary Comparison Schedule – General Fund presents a comparison of budgetary data to actual results, as well as a reconciliation between the budgetary basis and GAAP basis of accounting. Budgeted amounts are as originally adopted or as amended by the District.

**E. Encumbrances**

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances lapse at year end. There were no encumbrances outstanding at September 30, 2024.

**F. Property Taxes Receivable**

In the governmental fund financial statements, property taxes that are measurable and available (receivable within the current period and collected within the current period or within 60 days thereafter to be used to pay liabilities of the current period) are recognized as revenue in the year of levy. Property taxes that are measurable, but not available are recorded net of estimated uncollectible amounts, as deferred revenues in the year of levy. Such deferred revenues are recognized as revenue in the fiscal year in which they become available.

**NORTHWEST FOREST MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Capital Assets**

Capital assets which include property, furniture, equipment, and water/sewer systems, are reported in the applicable governmental activities column in the government wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. When assets are retired or otherwise disposed of, the related costs or other recorded amounts are removed.

Assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Water System	15-25
Sewer Systems	25
Other	5-25

**H. Long-term Liabilities**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

**I. Use of Estimates**

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

**J. Fund Balances/Net Position**

As these financial statements, the District has adopted GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." His Statement provides more clearly defined fund balance categories to make the nature and extent of constraints placed on government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints:

- Non-spendable – includes fund balance amounts that cannot be spent because they are not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purpose which are externally imposed by creditors, grantors, contributors, or imposed by the laws or regulations of other governments.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and which does not lapse at year-end. To be reported as committed amounts

**NORTHWEST FOREST MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

cannot be used for any other purpose unless the District takes the highest-level action to remove or change the constraint.

- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates authority.
- Unassigned – includes fund balance amounts that have not been restricted, committed, or assigned to specific purposes or other funds.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the District's policy is to first apply restricted fund balance. When expenditures are incurred for purposes for which committed, assigned fund balances are available, the District's policy is to first apply committed fund balance, then assigned fund balance, and finally unsigned fund balance. The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution or formal action of the Board. This is done through adoption and amendment of the budget.

In the government-wide financial statements, net position represents the difference between 1) assets and deferred outflows of resources and 2) liabilities and deferred inflows of resources. Net position invested in capital assets are reduced by accumulated depreciation and by outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use by the board of directors, designation, or through enabling legislations adopted by the District or through external restriction imposed by creditors, grantors, or laws or regulations of other governments. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and then unrestricted resources as they are needed.

**NOTE 2 -CASH AND INVESTMENTS**

The District maintains cash accounts that are available for use by the general fund, the District's only fund type. The District conducts all of its banking transactions with its depository bank, Texas First Bank.

Deposits: At September 30, 2024, the carrying amount of the District's deposits was \$833,052 and the bank balance was \$834,469. The entire carrying amount was covered by Federal Deposit Insurance or collateralized with securities. Texas First Bank fully collateralized any deposits in excess of FDIC insurance. Cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are as follows:

Category 1 – Deposits are insured or collateralized with securities held by the entity or by its agent in the entity's name.

Category 2 – Deposits which are collateralized with securities held by pledging financial institutions, trust departments, or agent in the entity's name.

Category 3 – Deposits which are not collateralized.

Based on these three levels of risks, the District's deposits are all classified as Category 1.

**NORTHWEST FOREST MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**NOTE 2 -CASH AND INVESTMENTS... CONTINUED**

Investments: The District has no cash investments.

**NOTE 3- PROPERTY TAXES**

District property taxes are assessed by the Jefferson County Appraisal District as mandated in the State Property Tax Code.

The District contracts with the Jefferson County Tax Assessor/Collector on an annual basis, from tax year to tax year, until either party makes a decision to terminate the collections contract, with written notice. The Jefferson County Tax Assessor/Collector transmits current and delinquent tax collections to the District periodically throughout each month, along with computerized statements detailing the transactions. They also furnish the District with a month end summary.

Property taxes are attached as an enforceable lien on the property as of January 1<sup>st</sup>. Taxes are levied on October 1<sup>st</sup> and payable by January 31<sup>st</sup> of the following year. Taxes paid after January 31<sup>st</sup> are subject to penalty and interest. Taxes are considered delinquent after June 30<sup>th</sup> and are subject to attorney fees in addition to penalty and interest. The District's taxes are billed and collected by the county. The District's property tax revenues are recognized as collected.

The effective tax rate .519751 per \$100 valuation for the tax year 2023 was approved by the Board of Directors. An analysis of taxes receivable for the year ended September 30, 2024:

Taxes receivable – September 30, 2024	\$5,322
Provision for uncollectible taxes	<u>-</u>
Net Taxes Receivable – September 30, 2024	\$5,322

**NOTE 4 -CAPITAL ASSETS**

A summary of changes in general fixed assets follows:

**Governmental Activities**

	Beginning Balance	Additions	Deletions	Ending Balance
Water System	442,272	-	-	442,272
Sewer System	241,046	-	-	241,046
Engineering Fees	123,252	-	-	123,252
Land Costs and Easements	21,450	-	-	21,450
Other	8,200	-	-	8,200
Organization Costs	96,972	-	-	96,972
Total Capital Assets	933,192	-	-	933,192
Less Accumulated Depreciation	(778,040)	(12,887)		(790,927)
Total Capital Assets, Net	155,152	(12,887)	-	142,265

Depreciation expense for the year was \$12,887.

**NORTHWEST FOREST MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**NOTE 5 -PURCHASED SERVICES**

The District has contracted with the City of Beaumont, Texas, whereby the City will provide water and sewage treatment services to the District. The District contracts with Keel Enterprises, LLC as systems operator, and J.R. Edwards & Associates for its accounting work. All services provided by the District are on a contractual basis. The District has no employees.

**NOTE 6 -RISK MANAGEMENT**

The District is exposed to various risks of losses related to theft of, damage to and destruction of fixed assets; error and omission; and natural disasters. The District has obtained commercial insurance coverage for these risks.

**NOTE 7 - LEASES**

Due to the short-term nature of the contracts in effect, the leases are classified as short-term leasers and as such, no lease asset or liability has been recognized.

**NOTE 8 - SUBSEQUENT EVENTS**

Events that occur after the statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net position date require disclosure in the accompanying notes. Management evaluated the activity of the District as of September 30, 2024 through September 3, 2025, the date the financial statements were available to be issued with no items noted.



## **REQUIRED SUPPLEMENTARY INFORMATION**

NORTHWEST FOREST MUNICIPAL UTILITY DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL-GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Original and Final Budget (Unaudited)	Actual	Variance Positive (Negative)
REVENUES:			
Property taxes, penalties and interest	\$ 225,000	\$ 238,502	\$ 13,502
Charges for services	140,560	156,667	16,107
Other miscellaneous	2,300	31,166	28,866
Total Revenue	<u>367,860</u>	<u>426,336</u>	<u>58,476</u>
EXPENDITURES			
Supplies and other	18,950	23,507	4,557
Contract services	80,500	86,509	6,009
Capital acquisitions	102,660	-	(102,660)
Purchased services for resale	165,750	246,012	80,262
Total Expenditures	<u>367,860</u>	<u>356,028</u>	<u>(11,832)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	70,308	70,308
FUND BALANCE, BEGINNING	707,121	707,121	
FUND BALANCE, ENDING	<u>\$ 707,121</u>	<u>\$ 777,429</u>	

## **SUPPLEMENTARY INFORMATION**

NORTHWEST FOREST MUNICIPAL UTILITY DISTRICT  
SERVICE AND RATES  
SEPTEMBER 30, 2024

1) Services Provided by the District during the Fiscal Year:

<input checked="" type="checkbox"/> Retail Water <input checked="" type="checkbox"/> Retail Wastewater <input type="checkbox"/> Parks/recreation <input type="checkbox"/> Solid Waste/Garbage <input type="checkbox"/> Participates in joint venture, regional system, and/or wastewater service (Other than emergency interconnect) <input type="checkbox"/> Other (specify): _____	<input type="checkbox"/> Wholesale Water <input type="checkbox"/> Wholesale Wastewater <input type="checkbox"/> Fire Protection <input type="checkbox"/> Flood Control <input type="checkbox"/> Drainage <input type="checkbox"/> Irrigation <input type="checkbox"/> Security <input type="checkbox"/> Roads
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2) Retail Rates Based on 5/8" Meter

a. Retail rates for a 5/8" meter (or equivalent): 3/4"

		Minimum Charge	Minimum Usage	Flat Rate Y/N		Rate per 1000 Gallons over Minimum Use	Usage Levels
Water:	\$	10.55	3,000	N	\$	3.50	N/A
Wastewater:	\$	23.65	3,000	N	\$	2.47	N/A
Surcharge:	\$	N/A					

District employs winter averaging for wastewater usage? Yes ☐ No ☒

Total water and sewer charges per 10,000 gallons usage (including surcharges) \$ 76.20

b. Retail Service Providers: Number of retail water and/or wastewater\* connections within the District as of the fiscal year end. Provide actual numbers and single family equivalents (ESFC) as noted:

Meter Size	Active Connections	ESFC Factor	Active ESFCs
Unmetered	-	x 1.0	-
≤ 3/4"	239	x 1.0	239
1"	-	x 2.5	-
2"	-	x 8.0	-
Total	239		239

3) Retail Service Providers: Number of retail water and/or wastewater\* connections within the District as of the fiscal year end. Provide actual numbers and single family equivalents (ESFC) as noted (continued):

\* Number of connections relates to water service, if provided. Otherwise, the number of wastewater connections should be provided.

\*\* :Inactive" means that water and wastewater connections were madem but service is not being provided.

4) Total Water Consumption during the Fiscal Year (rounded to the nearest thousand):

Gallons purchased: 19,406,441

Gallons sold: 19,116,069

5) No  
Does the District have Debt Service standby fees? No  
Does the District have Operation and Maintenance standby fees? No

6) Jefferson  
County in which District is located  
Is the District located entirely within one county? Yes  
Is the District located within a City? Not at all  
Is the District located within a city's extra territorial jurisdiction (ETJ)? Entirely  
ETJ's in which the District is located. Beaumont  
Is the general membership of the Board appointed by an office outside the Distri: No

NORTHWEST FOREST MUNICIPAL UTILITY DISTRICT  
SCHEDULE OF GENERAL FUND OPERATING EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

**Professional Fees:**

Accounting & Audit	\$ 9,785
Legal	8,770

**Purchased Services for Resale:**

Bulk water and wastewater services purchases	197,207
Garbage Service	48,805

**Contracted Services:**

Monthly Operations	67,429
Appraisal district	2,067

<b>Utilities</b>	7,661
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<b>Telephone</b>	715
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<b>Capital Outlay</b>	-
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<b>Repairs and Maintenance</b>	-
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**Administrative Expenditures:**

Office Supplies	-
Insurance	4,118
Other administrative expenses	9,471

<b>Total Expenses</b>	<u><u>\$ 356,028</u></u>
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Number of persons employed by the District:

Full time - 0      Part time - 0

NORTHWEST FOREST MUNICIPAL UTILITY DISTRICT  
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	AMOUNTS					PERCENT OF TOTAL OPERATING REVENUES				
	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019
<b>REVENUES:</b>										
Property taxes, penalties and interest	\$ 238,502	\$ 124,272	\$ 143,240	\$ 215,546	\$ 132,384	55.9%	32.5%	38.6%	61.6%	36.5%
Charges for services	156,667	236,495	225,717	132,656	213,279	36.7%	61.8%	60.9%	37.9%	58.8%
Interest	30,640	20,647	-	211	342	7.2%	5.4%	0.0%	0.0%	0.1%
Other miscellaneous	526	1,270	1,859	1,539	16,580	0.1%	0.3%	0.5%	0.4%	4.6%
<b>Total Revenues</b>	<b>426,336</b>	<b>382,684</b>	<b>370,816</b>	<b>349,952</b>	<b>362,585</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>99.9%</b>	<b>100.0%</b>
<b>EXPENDITURES</b>										
Purchased services for resale	246,012	177,307	169,809	145,581	150,883	57.7%	46.3%	45.8%	41.6%	41.6%
Professional Fees	18,555	27,069	14,948	21,088	26,221	4.4%	7.1%	4.0%	6.0%	7.2%
Director Fees	-	-	850	-	-	0.0%	0.0%	0.2%	0.0%	0.0%
Supplies and materials	-	1,565	6,942	2,823	2,721	0.0%	0.4%	1.9%	0.8%	0.8%
Contract services	67,954	65,240	50,269	31,845	72,183	15.9%	17.0%	13.6%	9.1%	19.9%
Management fee	-	20,000	30,000	30,000	30,000	0.0%	5.2%	8.1%	8.6%	8.3%
Taxes and insurance	4,118	3,578	4,812	5,009	4,630	1.0%	0.9%	1.3%	1.4%	1.3%
Appraisal and other fees	2,067	2,358	2,921	2,190	1,780	0.5%	0.6%	0.8%	0.6%	0.5%
Other expenditures	17,322	33,921	14,484	23,954	19,427	4.1%	8.9%	3.9%	6.8%	5.4%
Capital Outlay	-	66,262	-	82,296	-	0.0%	17.3%	0.0%	23.5%	0.0%
<b>Total Expenditures</b>	<b>356,028</b>	<b>397,300</b>	<b>295,035</b>	<b>344,786</b>	<b>307,845</b>	<b>83.5%</b>	<b>103.8%</b>	<b>79.6%</b>	<b>98.5%</b>	<b>84.9%</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>70,308</b>	<b>(14,616)</b>	<b>75,781</b>	<b>5,166</b>	<b>54,740</b>	<b>16.5%</b>	<b>-3.8%</b>	<b>20.4%</b>	<b>1.4%</b>	<b>15.1%</b>
<b>Total Active Retail Water/Waste Connections</b>	<b>239</b>	<b>244</b>	<b>244</b>	<b>239</b>	<b>242</b>					

NORTHWEST FOREST MUNICIPAL UTILITY DISTRICT  
INSURANCE COVERAGE  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

<u>Type of Coverage</u>	<u>Amount of Coverage</u>	<u>Insurer</u>		
		<u>Name</u>	<u>Type of Corporation Stock/Mutual</u>	<u>Policy Clause Co-insurance</u>
Commercial General Aggregate Limit	\$ 2,000,000	MESA Underwriters Specialty Insurance CO	Stock	No
Products, Completed Operations	2,000,000	MESA Underwriters Specialty Insurance CO	Stock	No
Personal and Advertising Injury Limit	1,000,000	MESA Underwriters Specialty Insurance CO	Stock	No
Each Occurrence Limit	1,000,000	MESA Underwriters Specialty Insurance CO	Stock	No
Damages to Premises Rented to You	100,000	MESA Underwriters Specialty Insurance CO	Stock	No
Medical Expenses Limit	5,000	MESA Underwriters Specialty Insurance CO	Stock	No

NORTHWEST FOREST MUNICIPAL UTILITY DISTRICT  
SCHEDULE OF BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS  
SEPTEMBER 30, 2024

Complete District Mailing Address:  
Northwest Forest Municipal Utility District  
P.O. Box 5879  
Beaumont, Texas 77726

District Business Telephone Number:  
(409) 892-0889

<u>Names:</u>	<u>Term of Office (Elected or Appointed) or Date Hired</u>	<u>Fees or Expense Reimbursements FYE 9/30/24</u>	<u>Title at Year End</u>
<b>Board of Directors:</b>			
Mark McKee 12775 Sequoia Lane Beaumont, TX 77713	(Elected) 05/18-05/2026	\$ -	President
Kyle Knupple 12740 Sequoia Lane Beaumont, TX 77713	(Elected) 05/18-05/28	\$ -	Vice President
Lisa Fenner 12775 Fir Lane Beaumont, TX 77713	(Elected) 05/18-05/26	\$ -	Secretary
Teresa Robertson 12930 Larch Ln Beaumont, TX 77713	(Elected) 06/23-10/28 f	\$ -	Director
Kevin Roach 12755 Sequoia Lane Beaumont, TX 77713	(Elected) 01/22-01/26	\$ -	Director

No director is disqualified from serving on this Board under the Texas Water Code.

**Consultants:**

Guy Goodson Germer PLLC 550 Fannin, Suite 400 Beaumont, TX 77701	\$ 8,770	Legal Counsel
J.R. Edwards & Assoc 1465 Cornerstone Court, Ste. A Beaumont, TX 77706	\$ 3,100	Accountants
Keel Enterprises, LLC 15126 Atlantic Rd Sour Lake, TX 77659	\$ 67,429	Management