

CY-CHAMP PUBLIC UTILITY DISTRICT

HARRIS COUNTY, TEXAS

FINANCIAL REPORT

December 31, 2022

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Houston, Texas 77092

Independent Auditor's Report

Board of Directors
Cy-Champ Public Utility District
Harris County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Cy-Champ Public Utility District (the "District"), as of and for the year ended December 31, 2022, 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 Cy-Champ Public Utility District, as of December 31, 2022, and the respective changes in financial position thereof 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.

Emphasis of Matter

As discussed in Note 3 to the financial statements, the District implemented GASB Statement No. 87, *Leases* during the current fiscal year. Our opinion is not modified with respect to this matter.

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.

***Board of Directors
Cy-Champ Public Utility District
Harris County, Texas***

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.

*Board of Directors
Cy-Champ Public Utility District
Harris County, Texas*

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 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.

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 Texas Supplementary Information schedules are presented for purposes of additional analysis and are 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 information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Texas Supplementary Information schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

W. G. Grath & Co, P.C.

Houston, Texas
April 19, 2023

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Management's Discussion and Analysis

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***Cy-Champ Public Utility District
Management's Discussion and Analysis
December 31, 2022***

Using this Annual Report

Within this section of the financial report of Cy-Champ Public Utility District (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2022. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

In addition to this discussion and analysis, this annual report consists of:

- The District's basic financial statements;
- Notes to the basic financial statements, which provide additional information essential to a full understanding of the data provided in the financial statements;
- Supplementary information required by the Governmental Accounting Standards Board (GASB) concerning the District's budget; and
- Other Texas supplementary information required by the District's state oversight agency, the Texas Commission on Environmental Quality (TCEQ).

Overview of the Financial Statements

The District prepares its basic financial statements using a format that combines fund financial statements and government-wide statements onto one financial statement. The combined statements are the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. Each statement contains an adjustments column which quantifies the differences between the government-wide and fund level statements. Additional details of the adjustments are provided in Note 2 to the basic financial statements.

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District, both long-term and short-term. The District's government-wide financial statements consist of the *Statement of Net Position* and the *Statement of Activities*, which are prepared using the accrual basis of accounting. The *Statement of Net Position* includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual reported as net position. Over time, changes in net position may provide a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

Accounting standards establish three components of net position. The net investment in capital assets component represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets. Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The restricted component of net position consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties. The unrestricted component of net position represents resources not included in the other components.

***Cy-Champ Public Utility District
Management’s Discussion and Analysis
December 31, 2022***

The *Statement of Activities* reports how the District’s net position has changed during the fiscal year. All revenues and expenses are included on this statement, regardless of whether cash has been received or paid.

Fund Financial Statements

The fund financial statements include the *Governmental Funds Balance Sheet* and the *Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. The focus of fund financial statements is on specific activities of the District rather than the District as a whole, reported using modified accrual accounting. These statements report on the District’s use of available financial resources and the balances of available financial resources at the end of the year. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties, governmental statutes or regulations.

For further discussion on the government-wide and fund financial statements, please refer to Note 1 in the financial statements.

Financial Analysis of the District as a Whole

The District’s net position at December 31, 2022, was \$7,160,700. A comparative summary of the District’s overall financial position, as of December 31, 2022 and 2021, is as follows:

	<u>2022</u>	<u>2021</u>
Current assets	\$ 17,952,120	\$ 17,507,107
Capital assets	16,547,606	15,926,929
Total assets	<u>34,499,726</u>	<u>33,434,036</u>
Current liabilities	1,553,328	1,366,702
Long-term liabilities	22,895,248	22,637,505
Total liabilities	<u>24,448,576</u>	<u>24,004,207</u>
Total deferred inflows of resources	<u>2,890,450</u>	<u>2,499,599</u>
Net position		
Net investment in capital assets	(4,388,364)	(4,096,877)
Restricted	3,820,651	3,938,773
Unrestricted	7,728,413	7,088,334
Total net position	<u>\$ 7,160,700</u>	<u>\$ 6,930,230</u>

During the current fiscal year, the District implemented GASB Statement 87, *Leases*, which requires the recognition of capital assets and obligations for leases. In accordance with this standard, the District recognized a right-to-use leased asset and lease obligation for its office space lease measured at the present value of remaining lease payments as of the beginning of the current fiscal year. Prior year data has not been restated to include values for this right-to-use leased asset or lease obligations

***Cy-Champ Public Utility District
Management's Discussion and Analysis
December 31, 2022***

and, as a result, the presentation of prior year data as it relates to leases is not consistent with the current year presentation (see Notes 3 and 7).

The total net position of the District increased during the current fiscal year by \$230,470. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	<u>2022</u>	<u>2021</u>
Revenues		
Property taxes, penalties and interest	\$ 2,484,122	\$ 2,565,339
Charges for services	2,099,535	2,028,368
Other	930,111	1,108,255
Total revenues	<u>5,513,768</u>	<u>5,701,962</u>
Expenses		
Current service operations	4,175,552	3,622,679
Debt interest and fees	581,154	524,929
Debt issuance costs		439,385
Depreciation and amortization	526,592	486,172
Total expenses	<u>5,283,298</u>	<u>5,073,165</u>
Change in net position	230,470	628,797
Net position, beginning of year	<u>6,930,230</u>	<u>6,301,433</u>
Net position, end of year	<u>\$ 7,160,700</u>	<u>\$ 6,930,230</u>

As previously noted, the District implemented GASB 87 during the current year. As a result, prior year data is not consistent with current year data because payments of the same lease are measured, classified and presented differently (See Notes 3 and 7).

Financial Analysis of the District's Funds

The District's combined fund balances, as of December 31, 2022, were \$14,194,741, which consists of \$7,422,704 in the General Fund, \$3,976,495 in the Debt Service Fund and \$2,795,542 in the Capital Projects Fund.

***Cy-Champ Public Utility District
Management’s Discussion and Analysis
December 31, 2022***

General Fund

A comparative summary of the General Fund’s financial position as of December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Total assets	<u>\$ 9,621,420</u>	<u>\$ 8,662,940</u>
Total liabilities	\$ 526,814	\$ 389,356
Total deferred inflows	1,671,902	1,476,574
Total fund balance	<u>7,422,704</u>	<u>6,797,010</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 9,621,420</u>	<u>\$ 8,662,940</u>

A comparative summary of the General Fund’s activities for the current and prior fiscal year is as follows:

	<u>2022</u>	<u>2021</u>
Total revenues	\$ 4,320,278	\$ 3,871,217
Total expenditures	<u>(3,694,584)</u>	<u>(4,517,139)</u>
Revenues over/(under) expenditures	625,694	(645,922)
Other changes in fund balance		<u>96,249</u>
Net change in fund balance	<u>\$ 625,694</u>	<u>\$ (549,673)</u>

The District manages its activities with the objective of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District’s primary financial resources in the General Fund are from a property tax levy, the provision of water and sewer services to customers within the District and City of Houston sales tax rebates. Financial resources are influenced by a variety of factors each year:

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. The 2021 levy was recognized as revenues in the 2022 fiscal year, while the 2020 levy was recognized in the 2021 fiscal year (to the extent that these amounts were collected). Property tax revenues increased from prior year because the District increased the maintenance and operations component of the levy.
- Water and sewer revenues and Regional Water Authority fees are dependent upon customer usage, which fluctuates from year to year as a result of factors beyond the District’s control.
- Sales tax rebates received from the City of Houston under a Strategic Partnership Agreement are dependent on consumer spending at retail stores located within the District’s boundaries and will fluctuate from year to year.

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Management's Discussion and Analysis
December 31, 2022***

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Total assets	<u>\$ 5,299,216</u>	<u>\$ 5,362,376</u>
Total liabilities	\$ 6,005	\$ 32,771
Total deferred inflows	1,316,716	1,121,496
Total fund balance	<u>3,976,495</u>	<u>4,208,109</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 5,299,216</u>	<u>\$ 5,362,376</u>

A comparative summary of the Debt Service Fund's activities for the current and prior fiscal year is as follows:

	<u>2022</u>	<u>2021</u>
Total revenues	\$ 1,151,541	\$ 1,831,780
Total expenditures	<u>(1,383,155)</u>	<u>(1,785,330)</u>
Revenues over/(under) expenditures	(231,614)	46,450
Other changes in fund balance		446,548
Net change in fund balance	<u>\$ (231,614)</u>	<u>\$ 492,998</u>

The District's financial resources in the Debt Service Fund in both the current year and prior year are from property tax revenues. The difference between these financial resources and debt service requirements resulted in changes in fund balance each year. It is important to note that the District sets its annual debt service tax rate as recommended by its financial advisor, who monitors projected cash flows in the Debt Service Fund to ensure that the District will be able to meet its future debt service requirements.

In the prior year, the District issued refunding bonds in the amount of \$11,255,000 to refund \$11,455,000 of outstanding Series 2015, Series 2017, and Series 2016 refunding bonds and save \$1,018,778 in future debt service payments.

***Cy-Champ Public Utility District
Management’s Discussion and Analysis
December 31, 2022***

Capital Projects Fund

A comparative summary of the Capital Projects Fund’s financial position as of December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Total assets	<u>\$ 2,795,542</u>	<u>\$ 3,238,699</u>
Total liabilities	\$ -	\$ -
Total fund balance	<u>2,795,542</u>	<u>3,238,699</u>
Total liabilities and fund balance	<u>\$ 2,795,542</u>	<u>\$ 3,238,699</u>

A comparative summary of activities in the Capital Projects Fund for the current and prior fiscal year is as follows:

	<u>2022</u>	<u>2021</u>
Total revenues	\$ 49,403	\$ 15,318
Total expenses	<u>(492,560)</u>	<u>(26,373)</u>
Revenues under expenditures	(443,157)	(11,055)
Other changes in fund balance		<u>(96,249)</u>
Net change in fund balance	<u>\$ (443,157)</u>	<u>\$ (107,304)</u>

The District has not had any significant capital asset activity in the last two years.

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board did not amend the budget during the fiscal year.

Since the District’s budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$464,458 greater than budgeted. The *Budgetary Comparison Schedule* on page 42 of this report provides variance information per financial statement line item.

***Cy-Champ Public Utility District
Management's Discussion and Analysis
December 31, 2022***

Capital Assets

Capital assets held by the District at December 31, 2022 and 2021 are summarized as follows:

	<u>2022</u>	<u>2021</u>
Capital assets not being depreciated		
Land and improvements	\$ 6,079,268	\$ 6,079,268
Capital assets being depreciated/amortized		
Infrastructure	16,235,123	16,235,123
Other facilities	2,340,201	2,340,201
Interest in joint facilities	2,549,198	2,549,198
Impact fees	167,925	167,925
Right-to-use leased asset	1,147,269	
	<u>22,439,716</u>	<u>21,292,447</u>
Less accumulated depreciation/amortization		
Infrastructure	(8,533,519)	(8,226,471)
Other facilities	(1,677,941)	(1,574,093)
Interest in joint facilities	(1,569,908)	(1,533,941)
Impact fees	(118,677)	(110,281)
Right-to-use leased asset	(71,333)	
	<u>(11,971,378)</u>	<u>(11,444,786)</u>
Depreciable capital assets, net	<u>10,468,338</u>	<u>9,847,661</u>
Capital assets, net	<u>\$ 16,547,606</u>	<u>\$ 15,926,929</u>

Lease Obligations

The District has entered into an office lease. During the current year, the District recognized a right-to-use leased asset and lease obligation in the amount of \$1,147,269 for this lease. The balance due for the lease as of December 31, 2022, was \$1,118,594.

Long-Term Debt

At December 31, 2022 and 2021, the District had total bonded debt outstanding as shown below:

<u>Series</u>	<u>2022</u>	<u>2021</u>
2019	\$ 2,530,000	\$ 2,555,000
2020 Refunding	1,970,000	2,205,000
2020A	6,700,000	6,750,000
2021 Refunding	5,910,000	6,095,000
2021A Park Refunding	5,030,000	5,160,000
	<u>\$ 22,140,000</u>	<u>\$ 22,765,000</u>

***Cy-Champ Public Utility District
 Management’s Discussion and Analysis
 December 31, 2022***

At December 31, 2022, the District had \$28,435,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District; \$6,470,000 for parks and recreational facilities; and \$285,000 for refunding purposes.

Next Year’s Budget

In establishing the budget for the next fiscal year, the Board considered various economic factors that may affect the District, most notably projected revenues from property taxes and water/sewer services and the projected cost of operating the District and providing services to customers. A comparison of next year’s budget to current year actual amounts for the General Fund is as follows:

	<u>2022 Actual</u>	<u>2023 Budget</u>
Total revenues	\$ 4,320,278	\$ 4,587,316
Total expenditures	<u>(3,694,584)</u>	<u>(3,870,150)</u>
Revenues over expenditures	625,694	717,166
Beginning fund balance	6,797,010	7,422,704
Ending fund balance	<u><u>\$ 7,422,704</u></u>	<u><u>\$ 8,139,870</u></u>

Property Taxes

The District’s property tax base increased approximately \$128,968,000 for the 2022 tax year from \$696,874,687 to \$825,842,644. This increase was primarily due to new construction in the District and increased property values. For the 2022 tax year, the District has levied a maintenance tax rate of \$0.097 per \$100 of assessed value, a park maintenance tax rate of \$0.097 and a debt service tax rate of \$0.156 per \$100 of assessed value, for a total combined tax rate of \$0.35 per \$100 of assessed value. Tax rates for the 2021 tax year were \$0.10 per \$100 for maintenance and operations, \$0.10 for park maintenance, and \$0.15 per \$100 for debt service for a combined total of \$0.35 per \$100 of assessed value.

Basic Financial Statements

Cy-Champ Public Utility District
Statement of Net Position and Governmental Funds Balance Sheet
December 31, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 649,350	\$ 951,967	\$ -	\$ 1,601,317	\$ -	\$ 1,601,317
Investments	3,085,962	4,025,817	3,022,081	10,133,860		10,133,860
Taxes receivable, net	1,010,159	833,702		1,843,861		1,843,861
Customer service receivables	153,866			153,866		153,866
Due from other governments	166,586			166,586	235,942	402,528
Accrued interest receivable	2,069	5,775		7,844		7,844
Internal balances	744,584	(518,045)	(226,539)			
Prepaid surface water pumpage fees	3,735,550			3,735,550		3,735,550
Prepaid items	46,208			46,208		46,208
Operating reserve	27,086			27,086		27,086
Capital assets not being depreciated					6,079,268	6,079,268
Capital assets, net					10,468,338	10,468,338
Total Assets	\$ 9,621,420	\$ 5,299,216	\$ 2,795,542	\$ 17,716,178	16,783,548	34,499,726
Liabilities						
Accounts payable	\$ 271,774	\$ -	\$ -	\$ 271,774		271,774
Other payables		6,005		6,005		6,005
Customer deposits	255,040			255,040		255,040
Accrued interest payable					184,245	184,245
Obligations under leases						
Due within one year					46,264	46,264
Due after one year					1,072,330	1,072,330
Long-term debt						
Due within one year					790,000	790,000
Due after one year					21,822,918	21,822,918
Total Liabilities	526,814	6,005		532,819	23,915,757	24,448,576
Deferred Inflows of Resources						
Deferred sales taxes	61,072			61,072	(61,072)	
Deferred property taxes	1,610,830	1,316,716		2,927,546	(37,096)	2,890,450
Fund Balances/Net Position						
Fund Balances						
Nonspendable	3,808,844			3,808,844	(3,808,844)	
Restricted		3,976,495	2,795,542	6,772,037	(6,772,037)	
Unassigned	3,613,860			3,613,860	(3,613,860)	
Total Fund Balances	7,422,704	3,976,495	2,795,542	14,194,741	(14,194,741)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 9,621,420	\$ 5,299,216	\$ 2,795,542	\$ 17,716,178		
Net Position						
Net investment in capital assets					(4,388,364)	(4,388,364)
Restricted for debt service					3,820,651	3,820,651
Unrestricted					7,728,413	7,728,413
Total Net Position					\$ 7,160,700	\$ 7,160,700

See notes to basic financial statements.

Cy-Champ Public Utility District

**Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2022**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Water service	\$ 676,403	\$ -	\$ -	\$ 676,403	\$ -	\$ 676,403
Sewer service	420,097			420,097		420,097
Property taxes	1,396,650	1,055,584		2,452,234	(22,371)	2,429,863
City of Houston sales tax rebates	279,902			279,902	25,462	305,364
Interest on capital contribution	202,556			202,556		202,556
Regional Water Authority fees	1,003,035			1,003,035		1,003,035
Tap connection and inspection	13,462			13,462		13,462
Penalties and interest	22,121	35,533		57,654	(3,395)	54,259
Investment earnings	45,106	60,280	49,403	154,789		154,789
Fallen warriors memorial donation	80,000			80,000		80,000
Miscellaneous	180,946	144		181,090	(7,150)	173,940
Total Revenues	4,320,278	1,151,541	49,403	5,521,222	(7,454)	5,513,768
Expenditures/Expenses						
Current service operations						
Purchased services	207,912			207,912		207,912
Professional fees	404,715		380,964	785,679		785,679
Contracted services	149,755	60,949		210,704		210,704
Repairs and maintenance	575,002		111,492	686,494		686,494
Security service	562,229			562,229		562,229
Utilities	84,522			84,522		84,522
Regional Water Authority fees	1,272,421			1,272,421		1,272,421
Administrative	140,810	4,355		145,165		145,165
Park and recreation	190,420			190,420		190,420
Other	28,228	1,674	104	30,006		30,006
Debt service						
Principal		625,000		625,000	(625,000)	
Interest and fees		691,177		691,177	(159,918)	531,259
Lease - principal	28,675			28,675	(28,675)	
Lease - interest	49,895			49,895		49,895
Depreciation and amortization					526,592	526,592
Total Expenditures/Expenses	3,694,584	1,383,155	492,560	5,570,299	(287,001)	5,283,298
Revenues Over/(Under) Expenditures	625,694	(231,614)	(443,157)	(49,077)	49,077	
Change in Net Position					230,470	230,470
Fund Balances/Net Position						
Beginning of the year	6,797,010	4,208,109	3,238,699	14,243,818	(7,313,588)	6,930,230
End of the year	\$ 7,422,704	\$ 3,976,495	\$ 2,795,542	\$ 14,194,741	\$ (7,034,041)	\$ 7,160,700

See notes to basic financial statements.

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Cy-Champ Public Utility District (the “District”) conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). The following is a summary of the most significant policies:

Creation

The District was organized, created and established pursuant to an order of the 62nd Legislature of the State of Texas Regular Session, dated June 4, 1971, and operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on January 20, 1972 and the first bonds were issued on December 15, 1972.

The District’s primary activities include construction, maintenance and operation of water, sewer and drainage facilities. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

Reporting Entity

The District is a political subdivision of the State of Texas governed by an elected five-member board. The GASB has established the criteria for determining the reporting entity for financial statement reporting purposes. To qualify as a primary government, a government must have a separately elected governing body, be legally separate, and be fiscally independent of other state and local governments, while a component unit is a legally separate government for which the elected officials of a primary government are financially accountable. Fiscal independence implies that the government has the authority to adopt a budget, levy taxes, set rates, and/or issue bonds without approval from other 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 statements as component units.

Government-Wide and Fund Financial Statements

Government-wide financial statements display information about the District as a whole. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Interfund activity, if any, has been removed from these statements. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities*.

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. Most governments typically have many funds; however, governmental financial statements focus on the most important or “major” funds with non-major funds aggregated in a single column. The District has three governmental funds, which are all considered major funds.

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

The following is a description of the various funds used by the District:

- The General Fund is used to account for the operations of the District’s water and sewer system and all other financial transactions not reported in other funds. The principal sources of revenue are property taxes and water and sewer service fees and City of Houston shared revenues. Expenditures include costs associated with the daily operations of the District.
- The Debt Service Fund is used to account for the payment of interest and principal on the District’s general long-term debt. The primary source of revenue for debt service is property taxes. Expenditures include costs incurred in assessing and collecting these taxes.
- The Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the District’s water, sewer, drainage and parks and recreational facilities.

As a special-purpose government engaged in a single governmental program, the District has opted to combine its government-wide and fund financial statements in a columnar format showing an adjustments column for reconciling items between the two.

Measurement Focus and Basis of Accounting

The government-wide financial statements use the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, interest earned on investments, City of Houston shared revenues and income from District operations. Property taxes receivable at the end of the fiscal year are treated as deferred inflows because they are not considered available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

Note 2 further details the adjustments from the governmental fund presentation to the government-wide presentation.

Use of Restricted Resources

When both restricted and unrestricted resources are available for use, the District uses restricted resources first, then unrestricted resources as they are needed.

Note 1 – Summary of Significant Accounting Policies (continued)

Prepaid Items

Certain payments made by the District reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At December 31, 2022, an allowance of \$11,952 was provided for possible uncollectible property taxes. An allowance for uncollectible water/sewer accounts was not considered necessary.

Unbilled Service Revenues

Utility revenue is recorded when earned. Customers are billed monthly. The estimated value of services provided but unbilled at year-end has been included in the accompanying financial statements.

Interfund Activity

During the course of operations, transactions occur between individual funds. This can include internal transfers, payables and receivables. This activity is combined as internal balances and is eliminated in both the government-wide and fund financial statement presentation.

Capital Assets

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost of \$50,000 or more and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost. Right-to-use leased assets are valued at the present value of lease payments. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciable capital assets are depreciated (or amortized in the case of intangible assets) using the straight-line method as follows:

Assets	Useful Life
Infrastructure	20-45 years
Other	10-20 years
Interest in joint facilities	Remaining life of contract
Impact fees	Remaining life of contract
Right-to-use leased asset	20 years

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

The District's detention facilities and drainage channels are considered improvements to land and are non-depreciable.

Deferred Inflows and Outflows of Financial Resources

A deferred inflow of financial resources is the acquisition of resources in one period that is applicable to a future period, while a deferred outflow of financial resources is the consumption of financial resources in one period that is applicable to a future period. A deferred inflow results from the acquisition of an asset without a corresponding revenue or assumption of a liability. A deferred outflow results from the use of an asset without a corresponding expenditure or reduction of a liability.

At the fund level, property taxes receivable and City of Houston sales tax rebates receivable that are not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources. Additionally, collections of the 2022 property tax levy are not considered current year revenues and, consequently, are also reported as deferred property taxes.

Deferred inflows of financial resources at the government-wide level consist of the 2022 property tax levy, which was levied to finance the 2023 fiscal year.

Net Position – Governmental Activities

Governmental accounting standards establish the following three components of net position:

Net investment in capital assets – represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets.

Restricted – consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties.

Unrestricted – resources not included in the other components.

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

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. The District's nonspendable fund balance consists of prepaid items and the District's share of operating reserves paid for Kleinwood regional wastewater treatment facilities and the Greens Median Agreement.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District's restricted fund balances consist of unspent bond proceeds in the Capital Projects Fund and property taxes levied for debt service in the Debt Service Fund.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District does not have any committed fund balances.

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

Unassigned - all other spendable amounts in the General Fund.

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

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, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectability of receivables; the value of unbilled utility revenues and receivables; the useful lives and impairment of capital assets. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

Cy-Champ Public Utility District
Notes to Financial Statements
December 31, 2022

Note 2 – Adjustment from Governmental to Government-wide Basis

Reconciliation of the *Governmental Funds Balance Sheet* to the *Statement of Net Position*

Total fund balances, governmental funds		\$ 14,194,741
Future reimbursements from North Harris County Regional Water Authority for the costs associated with chloramine conversion facilities are not financial resources and are not reported in the funds.		235,942
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	\$ 28,518,984	
Less accumulated depreciation/amortization	<u>(11,971,378)</u>	
Change due to capital assets		16,547,606
Obligations under leases are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		(1,118,594)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds, the difference consists of:		
Bonds payable, net	(22,612,918)	
Interest payable on bonds	<u>(184,245)</u>	
Change due to long-term debt		(22,797,163)
Deferred inflows in the fund statements consist of the unavailable portion of property taxes receivable and collections of the 2022 levy. In the government wide statements, however, deferred inflows consist of the entire 2022 property tax levy.		
Fund level deferred property taxes	2,927,546	
Government wide level deferred property taxes	<u>(2,890,450)</u>	
Change due to property taxes		37,096
City of Houston sales tax rebates receivable that are not collected within sixty days of fiscal year end are not considered available to pay current period expenditures and are deferred in the funds.		61,072
Total net position - governmental activities		<u><u>\$ 7,160,700</u></u>

Cy-Champ Public Utility District
Notes to Financial Statements
December 31, 2022

Note 2 – Adjustment from Governmental to Government-wide Basis (continued)

Reconciliation of the *Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances* to the *Statement of Activities*

Net change in fund balances - total governmental funds \$ (49,077)

Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference consist of:

Property taxes and penalties and interest	\$ (25,766)	
City of Houston sales tax revenues	25,462	
		(304)

Credits received from North Harris County Regional Water Authority to reimburse the District for chloramine conversion costs are recognized as revenue when the credit is taken in the funds. In the government wide statements, the full amount of the reimbursement was recorded as revenue and receivable when approved by the Authority. The monthly credit reduces the receivable and includes an interest component.

(7,150)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal uses current financial resources. However, neither transaction has any effect on net position. Other elements of debt financing are reported differently between the fund and government wide statements.

Principal payments	625,000	
Interest expense accrual	159,918	
		784,918

Governmental funds report the principal portion of lease payments as expenditures in the funds; however, in the *Statement of Net Position*, these payments are recorded as a reduction to the long-term lease liability.

28,675

In the *Statement of Activities*, the cost of capital assets is charged to depreciation/amortization expense over the estimated useful life of the asset.

(526,592)

Change in net position of governmental activities	\$ 230,470
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Note 3 – Implementation of New Accounting Standard

During the current fiscal year, the District implemented GASB Statement 87 - *Leases*. The purpose of this standard is to enhance the relevance and consistency of information of the District's financing activities based on the principle that leases are financings of the right-to-use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset in the amount of the present value of future lease payments.

GASB 87 requires a retrospective implementation in which existing leases are measured based on the facts and circumstances that exist at the beginning of the year of implementation. As further discussed in Note 7, the District has an office lease subject to GASB 87. Accordingly, the District recognized a right-to-use leased capital asset and lease obligation in the amount of \$1,147,269.

Note 4 – Deposits and Investments

Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits (i.e. cash and certificates of deposit) is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities. The *Public Funds Collateral Act* (Chapter 2257, Texas Government Code) requires that all of the District's deposits with financial institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third-party custodian. The act further specifies the types of securities that can be used as collateral. The District's written investment policy establishes additional requirements for collateralization of deposits.

Investments

The District is authorized by the *Public Funds Investment Act* (Chapter 2256, Texas Government Code) to invest in the following: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including Federal Home Loan Banks, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies or instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) certain A rated or higher obligations of states and political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) certain insured or collateralized certificates of deposit and share certificates, (8) certain fully collateralized repurchase agreements, (9) bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds, with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

Cy-Champ Public Utility District
Notes to Financial Statements
December 31, 2022

Note 4 – Deposits and Investments (continued)

Investments (continued)

The District has adopted a written investment policy to establish the principles by which the District’s investment program should be managed. This policy further restricts the types of investments in which the District may invest.

As of December 31, 2022, the District’s investments consist of the following:

Type	Fund	Carrying Value	Percentage of Total	Rating	Weighted Average Maturity
Certificates of deposit	General	\$ 720,759			
	Debt Service	480,000			
		<u>1,200,759</u>	12%	N/A	N/A
TexPool	General	2,365,203			
	Debt Service	3,545,817			
	Capital Projects	3,022,081			
		<u>8,933,101</u>	88%	AAAm	15 days
Total		<u>\$ 10,133,860</u>	<u>100%</u>		

The District’s investments in certificates of deposit are reported at cost.

TexPool

The District participates in TexPool, the Texas Local Government Investment Pool. The State Comptroller of Public Accounts exercises oversight responsibility of TexPool, which includes (1) the ability to significantly influence operations, (2) designation of management and (3) accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

As permitted by GAAP, TexPool uses amortized cost (which excludes unrealized gains and losses) rather than market value to compute share price and seeks to maintain a constant dollar value per share. Accordingly, the fair value of the District’s position in TexPool is the same as the value of TexPool shares. Investments in TexPool may be withdrawn on a same day basis, as long as the transaction is executed by 3:30 p.m.

*Cy-Champ Public Utility District
 Notes to Financial Statements
 December 31, 2022*

Note 4 – Deposits and Investments (continued)

Investment Credit and Interest Rate Risk

Investment credit risk is the risk that the investor may not recover the value of an investment from the issuer, while interest rate risk is the risk that the value of an investment will be adversely affected by changes in interest rates. The District’s investment policies do not address investment credit and interest rate risk beyond the rating and maturity restrictions established by state statutes.

Note 5 – Interfund Balances and Transactions

Amounts due to/from other funds at December 31, 2022, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General	Debt Service	\$ 518,045	Maintenance tax collections not remitted as of year end.
General	Capital Projects	226,539	Bond application fees paid by the General Fund

Amounts reported as internal balances between funds are considered temporary balances and will be paid during the following fiscal year.

Cy-Champ Public Utility District
Notes to Financial Statements
December 31, 2022

Note 6 – Capital Assets

A summary of changes in capital assets, for the year ended December 31, 2022, is as follows:

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets not being depreciated			
Land and improvements	\$ 6,079,268	\$ -	\$ 6,079,268
Capital assets being depreciated/amortized			
Infrastructure	16,235,123		16,235,123
Other facilities	2,340,201		2,340,201
Interest in joint facilities	2,549,198		2,549,198
Impact fees	167,925		167,925
Right-to-use leased asset		1,147,269	1,147,269
	<u>21,292,447</u>	<u>1,147,269</u>	<u>22,439,716</u>
Less accumulated depreciation/amortization			
Infrastructure	(8,226,471)	(307,048)	(8,533,519)
Other facilities	(1,574,093)	(103,848)	(1,677,941)
Interest in joint facilities	(1,533,941)	(35,967)	(1,569,908)
Impact fees	(110,281)	(8,396)	(118,677)
Right-to-use leased asset		(71,333)	(71,333)
	<u>(11,444,786)</u>	<u>(526,592)</u>	<u>(11,971,378)</u>
Subtotal depreciable capital assets, net	<u>9,847,661</u>	<u>620,677</u>	<u>10,468,338</u>
Capital assets, net	<u>\$ 15,926,929</u>	<u>\$ 620,677</u>	<u>\$ 16,547,606</u>

Depreciation/amortization expense for the current year was \$526,592.

Note 7 - Lease Obligations

On December 6, 2017, the District entered into a lease agreement for building space for the purpose of providing district meeting facilities and an office space dedicated to the use of the local constable deputies that patrol the neighborhood areas. This lease is for a 240-month term with payments commencing February 1, 2018. The lease agreement shall automatically be extended on a month-to-month basis after the initial term, unless otherwise terminated.

The District recognized a lease liability and an intangible right-to-use leased asset in the amount of \$1,147,269, which is measured at the present value remaining lease payments at January 1, 2022 using an estimated incremental borrowing rate of 4.398998%. The remaining balance of the liability at December 31, 2022, is \$1,118,594. The District is responsible for all ordinary expenses related to repairing and maintaining the equipment. During the current year, the District paid \$25,608 for its share of common area maintenance and other expenses. Total annual payments were \$78,570, which includes principal of \$28,675 and interest of \$49,895.

Cy-Champ Public Utility District
Notes to Financial Statements
December 31, 2022

Note 7 - Lease Obligations (continued)

Annual requirement to amortize the long-term lease obligation and related interest is as follows:

Year	Principal	Interest	Total
2023	\$ 46,264	\$ 48,311	\$ 94,575
2024	49,855	46,175	96,030
2025	52,093	43,937	96,030
2026	54,432	41,598	96,030
2027	56,875	39,155	96,030
2028 - 2032	356,921	151,844	508,765
2033 - 2037	492,973	59,200	552,173
2038	9,181	34	9,215
	\$ 1,118,594	\$ 430,254	\$ 1,548,848
Due within one year	\$ 46,264	\$ 48,311	\$ 94,575

Note 8 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	\$ 22,140,000
Unamortized premium	472,918
	\$ 22,612,918
Due within one year	\$ 790,000

*Cy-Champ Public Utility District
Notes to Financial Statements
December 31, 2022*

Note 8 – Long-Term Debt (continued)

The District’s bonds payable at December 31, 2022, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/Ending	Interest Payment Dates	Call Dates
2019	\$ 2,530,000	\$ 2,580,000	2.00% - 2.625%	March 1 2021/2047	March 1, September 1	March 1, 2025
2020 Refunding	1,970,000	2,230,000	2.17%	March 1 2021/2035	March 1, September 1	March 1, 2025
2020A	6,700,000	6,750,000	2.00% - 2.25%	March 1 2022/2047	March 1, September 1	March 1, 2025
2021 Refunding	5,910,000	6,095,000	2.00% - 3.00%	March 1 2022/2039	March 1, September 1	March 1, 2026
2021A Park Refunding	5,030,000	5,160,000	2.00% - 3.00%	March 1 2022/2043	March 1, September 1	March 1, 2026
	<u>\$ 22,140,000</u>					

Payments of principal and interest on all series of bonds are to be provided from taxes levied on all properties within the District. Investment income realized by the Debt Service Fund from investment of idle funds will be used to pay outstanding bond principal and interest. The District is in compliance with the terms of its bond resolutions.

At December 31, 2022, the District had \$28,435,000 unlimited tax bonds authorized, but unissued the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District; \$6,470,000 for park and recreational facilities; and \$285,000 for refunding purposes.

The change in the District’s long-term debt during the year is as follows:

Bonds payable, beginning of year	\$ 22,765,000
Bonds retired	(625,000)
Bonds payable, end of year	<u>\$ 22,140,000</u>

Cy-Champ Public Utility District
Notes to Financial Statements
December 31, 2022

Note 8 – Long-Term Debt (continued)

As of December 31, 2022, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2023	\$ 790,000	\$ 537,689	\$ 1,327,689
2024	825,000	516,268	1,341,268
2025	885,000	493,610	1,378,610
2026	925,000	469,618	1,394,618
2027	945,000	444,788	1,389,788
2028	965,000	419,400	1,384,400
2029	850,000	394,899	1,244,899
2030	875,000	371,210	1,246,210
2031	890,000	346,963	1,236,963
2032	955,000	321,441	1,276,441
2033	995,000	294,346	1,289,346
2034	1,000,000	266,669	1,266,669
2035	1,040,000	238,337	1,278,337
2036	1,120,000	212,495	1,332,495
2037	1,165,000	189,223	1,354,223
2038	950,000	167,526	1,117,526
2039	995,000	147,451	1,142,451
2040	765,000	128,707	893,707
2041	785,000	111,534	896,534
2042	810,000	93,544	903,544
2043	855,000	74,344	929,344
2044	650,000	56,850	706,850
2045	675,000	41,382	716,382
2046	700,000	25,303	725,303
2047	730,000	8,551	738,551
	<u>\$ 22,140,000</u>	<u>\$ 6,372,148</u>	<u>\$ 28,512,148</u>

Note 9 – Property Taxes

On November 3, 1981, the voters of the District authorized the District’s Board of Directors to levy taxes annually for use in financing general operations limited to \$0.10 per \$100 of assessed value and \$0.10 per \$100 of assessed value for recreational facilities. The District’s bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

All property values and exempt status, if any, are determined by the Harris County 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.

Cy-Champ Public Utility District
Notes to Financial Statements
December 31, 2022

Note 9 – Property Taxes (continued)

Property taxes are collected based on rates adopted in the year of the levy. The District’s 2022 fiscal year was financed through the 2021 tax levy, pursuant to which the District levied property taxes of \$0.35 per \$100 of assessed value, of which \$0.10 was allocated to maintenance and operations, \$0.10 was allocated to park maintenance, and \$0.15 was allocated to debt service. The resulting tax levy was \$2,439,061 on the adjusted taxable value of \$696,874,687.

Property taxes levied each October are intended to finance the next fiscal year and are, therefore, not considered available for the District’s use during the current fiscal year. Consequently, 2022 levy collections in the amount of \$1,083,685 have been included with deferred property taxes and are recorded as deferred inflows of resources on the *Governmental Funds Balance Sheet*. On the government-wide *Statement of Net Position*, the full 2022 tax levy of \$2,890,450 is reported as deferred inflows. These amounts will be recognized as revenue in 2023.

Net property taxes receivable, at December 31, 2022, consisted of the following:

Current year taxes receivable	\$ 1,806,765
Prior years taxes receivable	35,272
Less allowance for uncollectible accounts	<u>(11,952)</u>
	1,830,085
Penalty and interest receivable	<u>13,776</u>
Net property taxes receivable	<u><u>\$ 1,843,861</u></u>

Note 10 – Regional Wastewater Facilities

Effective April 9, 1992 (as amended June 1, 1993, September 8, 1997, July 25, 2005, September 9, 2013 and March 16, 2017), Kleinwood Joint Powers Board (the "Board") was formed by an agreement between Champions Municipal Utility District, Cy-Champ Public Utility District, Cypress Forest Public Utility District, Harris County Water Control and Improvement District No. 114, Klein Independent School District, Kleinwood Municipal Utility District and Louetta North Public Utility District (the "Participants") providing for the ownership, operation, maintenance and expansion of the Kleinwood Regional Wastewater Treatment Facilities (the “Facilities”).

Pursuant to the fifth amendment of the agreement, entered into on March 16, 2017, the District sold 265,000 gallons per day (5.3%) of capacity in the Facilities to Champions MUD.

Cy-Champ Public Utility District
Notes to Financial Statements
December 31, 2022

Note 10 – Regional Wastewater Facilities (continued)

At May 31, 2022, participant ownership of capacity in the facilities was as follows:

District	Ownership %
Champions MUD	5.30%
Cy-Champ PUD	21.45%
Cypress Forest PUD	26.50%
Harris County WCID No. 114	16.00%
Klein ISD	3.25%
Kleinwood MUD	15.00%
Louetta North PUD	12.50%
	100.00%

The agreement states that each district owns their individual interest and the Board is the sole party authorized to act on behalf of the districts and to expand and operate the Facilities.

The construction of and additions to the Facilities are to be shared on a pro rata basis, based on the capacity each participant requires. Each participant in the Facilities is responsible for its share of the operating costs of the Facilities. These costs are allocated and billed monthly based upon each participant’s pro rata share of capacity and equivalent single-family connections serviced by the Facilities. Capital costs are allocated and billed based upon percentage of ownership. For the year ended December 31, 2022, the District incurred operating costs of \$207,912.

The agreement provides for the establishment for operating reserves. These reserves consist of funds sufficient to provide for the operation and maintenance costs and a reasonable reserve for ordinary and extraordinary repairs and replacements.

The Board issues separate financial statements for the Facilities each year, which are prepared in accordance with a special purpose framework, the contractual basis of accounting, and are audited by an independent auditor. The contractual basis is a basis of accounting used by an entity to comply with an agreement between the entity and one or more third parties.

Cy-Champ Public Utility District
Notes to Financial Statements
December 31, 2022

Note 10 – Regional Wastewater Facilities (continued)

The following is a summary of the Facilities’ General Fund from the audited financial statements for the fiscal year ended May 31, 2022:

	Board Total	District's Share
Total assets	\$ 687,198	\$ 147,404
Total liabilities	570,711	122,418
Total fund equity	116,487	24,986
Operating reserves	(116,487)	(24,986)
Undesignated fund balance	\$ -	\$ -
Total revenues	\$ 3,350,734	\$ 718,732
Total expenditures	(3,350,734)	(718,732)
Excess revenues (expenditures)	-	-
Fund balance, beginning of the year	116,487	24,986
Fund balance, end of the year	\$ 116,487	\$ 24,986

Reclaimed Water Supply Agreement

On November 1, 2017, the District entered into an agreement with the Board to facilitate the production and distribution of reclaimed water from the Facilities. The Board intends to provide reclaimed water to Champions Municipal Utility District ("Champions") and Cypress Forest Public Utility District ("Cypress Forest"). As a participant to the agreement, the District’s pro rata share of the construction costs and related engineering and technical fees for the reclaimed water facilities is 22.15%. The estimated construction costs for the reclaimed water facilities is approximately \$2,926,804, of which the District’s share is approximately \$648,287. The District paid its estimated pro-rata share to the Board in prior fiscal years.

Pursuant to the agreement, Champions and Cypress Forest will reimburse the Board for all costs incurred in the construction of the reclaimed water facilities (“Capital Recovery Payments”). These Capital Recovery Payments will be credited to the participants based on their pro rata share of the facilities.

The Reclaimed Water Supply Agreement is made subject to approval and execution of an Alternative Water Use Agreement by and among the Board, Champions and Cypress Forest, and the North Harris County Regional Water Authority (“NHCRWA”), providing for Alternative Water Use Credits that in the aggregate at least equal the capital costs to be incurred in connection with design and construction of the systems. Both the Alternative Water Use Agreement and the Reclaimed Water Supply Agreement were approved during the 2018 fiscal year.

Cy-Champ Public Utility District
Notes to Financial Statements
December 31, 2022

Note 11 – Contract for Peace Officer Services

The District has entered into a series of agreements for security services to be provided by deputy constables patrolling within the District. The district incurred costs relating to the agreement of \$562,229 for the fiscal year ended December 31, 2022. At December 31, 2022, the District has also prepaid \$46,208 for January 2023 services.

Note 12 – Parkway Maintenance Agreement

The District and Harris County Municipal Utility District No. 191 entered into an agreement, on September 22, 1997, for sharing the costs of landscaping irrigation and maintenance of recreational facilities between the two districts. For the current fiscal year, the District recorded \$44,232 in park maintenance reimbursements related to this agreement.

Note 13 – Regional Water Authority

Creation and Purpose

The North Harris County Regional Water Authority (the “Authority”) was created by House Bill 2965, Acts of the 76th Legislature, Regular Session 1999, and was confirmed by an election held on January 15, 2000. The Authority is a political subdivision of the State of Texas, governed by an elected five member board of directors and was created to provide a regional entity to develop and implement a strategy for complying with the surface water conversion requirements mandated by the Harris Galveston Coastal Subsidence District, which regulates groundwater withdrawal. The Authority is responsible for the construction and maintenance of the necessary facilities to provide surface water as an alternative to groundwater. The Authority began providing surface water in January 2011 and continues to construct additional facilities to expand its service delivery area.

Fees

The Authority charges a groundwater pumpage fee to all permitted well owners within its boundaries and a surface water fee for all surface water provided to water suppliers. In 2022, the groundwater pumpage fee was \$4.60 per 1,000 gallons and the surface water fee was \$5.05 per 1,000 gallons. These fees are subject to change. For the fiscal year ended December 31, 2022, the District recorded \$1,043,401 for surface water received and \$229,020 in groundwater pumpage fees. The District billed its customers \$1,003,035 to offset the fees charged by the Authority.

Note 13 – Regional Water Authority (continued)

Capital Contributions

On July 7, 2003 (amended effective October 2, 2003), the District and the Authority entered into a Capital Contribution Contract (the “Contract 1”). In accordance with the Contract 1, District contributed \$1,808,791 to the Authority, during the fiscal year ended December 31, 2003, to pay for its share of the costs of construction infrastructure to bring surface water to the District. Under the terms of the Contract 1, the District will receive a credit in the amount of \$91,480 annually for the first six years, beginning in 2004, and \$131,819 annually for the next 24 years. This credit is to be applied: first, against the District’s pumpage fee, if any; second, against any amounts due to the Authority for water purchases or any other reason; and third, paid to the District by the Authority in installments as payments are due, not less frequently than annually. The credit is based upon the amortization of the District’s contribution at the interest rate of 5.0575% over 30 years. For the current year, the District received \$72,921 in principal and earned \$58,898 in interest on the contribution.

On February 7, 2005, the District and the Authority entered into a Capital Contribution Contract (the “Contract 2”). In accordance with the Contract 2, the District contributed \$1,190,942 to the Authority, during the fiscal year ended December 31, 2005, to pay for its share of the costs of constructing infrastructure to bring surface water to the District. Under the terms of the Contract 2, the District will receive a credit in the amount of \$27,823 for 2005, \$57,269 annually for the next four years, and \$81,220 annually for the next 26 years. This credit is to be applied: first, against the District’s pumpage fee, if any; second, against any amounts due to the Authority for water purchase or any other reason; and, third paid to the District by the Authority in installments as payments are due, not less frequently than annually. The credit is based upon the amortization of the District’s construction at the interest rate of 4.8087% over 31 years. For the current year, the District received \$42,083 in principal and earned \$39,138 in interest on the contribution.

On July 7, 2008, the District and the Authority entered into a Capital Contribution Contract (“Contract 3”). In accordance with the Contract 3, the District contributed \$2,400,831 to the Authority, during the fiscal year ended December 31, 2008, to pay for its share of the costs of constructing infrastructure to bring surface water to the District. Under the terms of the Contract 3, the District will receive a credit in the amount of \$129,410 for 2009, \$129,057 annually for the next four years, and \$176,812 annually for the next 25 years. This credit is to be applied: first, against the District’s pumpage fee, if any; second, against any amounts due to the Authority for water purchases or any other reason; and, third paid to the District by the Authority in installments as payments are due, not less frequently than annually. The credit is based upon the amortization of the District’s contribution at the interest rate of 5.3755% over 31 years. For the current year, the District received \$72,291 in principal and earned \$104,520 in interest on the contribution.

Cy-Champ Public Utility District
Notes to Financial Statements
December 31, 2022

Note 13 – Regional Water Authority (continued)

Capital Contributions (continued)

The combined future amortization of capital contributions is as follows:

Fiscal Years Ending December 31	Principal	Interest	Total
2023	\$ 196,892	\$ 192,958	\$ 389,850
2024	206,983	182,867	389,850
2025	217,591	172,259	389,850
2026	228,744	161,107	389,851
2027	240,471	149,381	389,852
2028	252,799	137,052	389,851
2029	265,759	124,092	389,851
2030	279,387	110,464	389,851
2031	293,713	96,138	389,851
2032	308,777	81,074	389,851
2033	324,614	65,237	389,851
2034	209,445	48,587	258,032
2035	220,286	37,746	258,032
2036	150,467	26,345	176,812
2037	158,555	18,256	176,811
2038	181,066	9,733	190,799
Total	<u>\$ 3,735,549</u>	<u>\$ 1,613,296</u>	<u>\$ 5,348,845</u>

Chloramination Credit

The Authority agreed to reimburse the District \$299,184 for costs incurred for the construction of a chloramines disinfection system. The District will receive the reimbursement over 30 years at 6% interest by taking credits against fees due to the Authority. For the current fiscal year, the District received a credit in the amount of \$21,735, which is recorded as revenue in the fund statements. At the government wide level, the full amount of the credit was recorded as revenue with a corresponding receivable in the current year. The receivable will be reduced, and interest revenues recorded as the credit is taken.

Cy-Champ Public Utility District
Notes to Financial Statements
December 31, 2022

Note 13 – Regional Water Authority (continued)

Chloramination Credit (continued)

The following schedule summarizes the amortization of future annual chloramination credits at the government wide level:

Fiscal Years Ending December 31	Principal	Interest	Total
2023	\$ 7,579	\$ 14,156	\$ 21,735
2024	8,034	13,701	21,735
2025	8,516	13,219	21,735
2026	9,027	12,708	21,735
2027	9,568	12,167	21,735
2028	10,142	11,593	21,735
2029	10,751	10,984	21,735
2030	11,396	10,339	21,735
2031	12,080	9,655	21,735
2032	12,804	8,931	21,735
2033	13,573	8,162	21,735
2034	14,387	7,348	21,735
2035	15,250	6,485	21,735
2036	16,165	5,570	21,735
2037	17,135	4,600	21,735
2038	18,163	3,572	21,735
2039	19,253	2,482	21,735
2040	20,408	1,327	21,735
2041	1,711	7	1,718
Total	<u>\$ 235,942</u>	<u>\$ 157,006</u>	<u>\$ 392,948</u>

Note 14 – Greens Median Agreement

On August 1, 2009, the District entered into a ten-year agreement with other districts bounding the Highway FM 1960 in Harris County, Texas. The agreement continues after the initial period unless terminated according to the provisions of the agreement and provides for the establishment of the Green Medians Joint Powers Board, which is authorized to landscape and maintain the traffic islands on FM 1960. The District has committed up to \$1,050 per month for this project. Beginning in January 2011, this amount is subject to annual cost of living increases to be approved by the Joint Powers Board, provided that no such annual increase shall exceed five percent.

During the current fiscal year, the District recorded expenditures of \$12,968 per this agreement. As of December 31, 2022, the District has an operating reserve of \$2,100 recorded on the *Statement of Net Position*.

Note 15 – Strategic Partnership Agreement

Effective December 2, 2002, the District and the City of Houston (the “City”) entered into a Strategic Partnership Agreement (the “SPA”) as authorized by Texas Local Government code Section 43.0751. Effective July 11, 2006, the District and the City entered into a First Amendment to the SPA (the “First Amendment”), to include additional land, and to extend the thirty (30) year term of the SPA to run from the effective date of the First Amendment. Effective December 14, 2009, the District and the City entered into a Second Amendment to the SPA (the “Second Amendment”), to include additional land, and to extend the thirty (30) year term of the SPA to run from the effective date of the Second Amendment. Effective November 4, 2010, the District and the City entered into a Third Amended and Restated SPA.

During the term of the SPA (i) the commercial portion of the District is annexed by the City for limited purposes of extending the City sales tax and certain City services, (ii) the City has agreed not to annex the District for full purposes without the District’s consent, (iii) 50% of the City sales tax revenues generated within the area made subject to the SPA will be distributed to the District and (iv) the area made subject to the SPA will continue to receive water and wastewater treatment service from the District and will remain subject to District taxing authority.

The District recorded City of Houston sales tax revenues of \$305,364 for the year ended December 31, 2022.

Note 16 – 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 personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Note 17 – Subsequent Event

On March 23, 2023, the District issued its \$6,470,000 Series 2023 Unlimited Tax Park Bonds at a net effective rate of 4.398998%. Proceeds from the bonds will be used to finance the construction of park and recreational improvements serving the District.

Required Supplementary Information

*Cy-Champ Public Utility District
 Required Supplementary Information - Budgetary Comparison Schedule - General Fund
 For the Year Ended December 31, 2022*

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water service	\$ 550,000	\$ 676,403	\$ 126,403
Sewer service	370,000	420,097	50,097
Property taxes	1,401,400	1,396,650	(4,750)
City of Houston sales tax rebates	284,000	279,902	(4,098)
Interest on capital contribution	411,586	202,556	(209,030)
Regional Water Authority fees	765,000	1,003,035	238,035
Tap connection and inspection	8,100	13,462	5,362
Penalties and interest	16,000	22,121	6,121
Investment earnings	2,000	45,106	43,106
Fallen warriors memorial donation	1,000	80,000	79,000
Miscellaneous	47,000	180,946	133,946
Total Revenues	3,856,086	4,320,278	464,192
Expenditures			
Current service operations			
Purchased services	190,000	207,912	(17,912)
Professional fees	468,000	404,715	63,285
Contracted services	150,900	149,755	1,145
Repairs and maintenance	380,500	575,002	(194,502)
Security service	565,000	562,229	2,771
Utilities	86,000	84,522	1,478
Regional Water Authority fees	1,395,000	1,272,421	122,579
Administrative	134,389	140,810	(6,421)
Park and recreation	200,000	190,420	9,580
Other	26,100	28,228	(2,128)
Capital outlay	20,000		20,000
Debt service			
Lease - principal	76,074	28,675	47,399
Lease - interest	2,887	49,895	(47,008)
Total Expenditures	3,694,850	3,694,584	266
Revenues Over Expenditures	161,236	625,694	464,458
Fund Balance			
Beginning of the year	6,797,010	6,797,010	
End of the year	\$ 6,958,246	\$ 7,422,704	\$ 464,458

Cy-Champ Public Utility District
Notes to Required Supplementary Information
December 31, 2022

Budgets and Budgetary Accounting

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. There were no amendments to the budget during the year.

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Texas Supplementary Information

Cy-Champ Public Utility District
TSI-1. Services and Rates
December 31, 2022

1. Services provided by the District During the Fiscal Year:

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

2. Retail Service Providers

a. Retail Rates for a 5/8" meter (or equivalent):

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels
Water:	\$ 13.00	10,000	N	\$ 1.00	10,001 to 20,000
				\$ 1.25	20,001 to 30,000
				\$ 2.75	30,001 to 40,000
				\$ 3.75	over 40,000
Wastewater:	\$ 7.00	50,000	N	\$ 0.50	over 50,000
Surface water:	\$ 3.80	per 1,000 gallons			

District employs winter averaging for wastewater usage? Yes No

Total charges per 10,000 gallons usage: Water \$ 51.00 Wastewater \$ 7.00

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"	1,117	1,117	x 1.0	1,117
1"	49	49	x 2.5	123
1.5"	17	17	x 5.0	85
2"	52	52	x 8.0	416
3"	1	1	x 15.0	15
4"	2	2	x 25.0	50
6"	3	3	x 50.0	150
8"	1	1	x 80.0	80
10"			x 115.0	
Total Water	1,242	1,242		2,036
Total Wastewater	1,171	1,171	x 1.0	1,171

See accompanying auditors' report.

Cy-Champ Public Utility District
TSI-1. Services and Rates
December 31, 2022

3. Total Water Consumption during the fiscal year (rounded to the nearest thousand):

Gallons pumped into system:	<u>49,443,000</u>	Water Accountability Ratio:
		(Gallons billed and sold / Gallons pumped and purchased)
Gallons purchased from NHCRWA:	<u>221,234,000</u>	<u>94.96%</u>
Gallons billed to customers:	<u>257,044,000</u>	

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes No

If yes, Date of the most recent commission Order: _____

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

If yes, Date of the most recent commission Order: _____

5. Location of District:

Is the District located entirely within one county? Yes No

County(ies) in which the District is located: Harris County

Is the District located within a city? Entirely Partly Not at all

City(ies) in which the District is located: _____

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

Entirely Partly Not at all

ETJs in which the District is located: City of Houston

Are Board members appointed by an office outside the district? Yes No

If Yes, by whom? _____

See accompanying auditors' report.

*Cy-Champ Public Utility District
TSI-2. General Fund Expenditures
For the Year Ended December 31, 2022*

Purchased services	<u>\$ 207,912</u>
Professional fees	
Legal	75,186
Audit	18,000
Engineering	310,629
Financial advisor	900
	<u>404,715</u>
Contracted services	
Bookkeeping	42,595
Operator	107,160
	<u>149,755</u>
Repairs and maintenance	<u>575,002</u>
Security service	<u>562,229</u>
Utilities	<u>84,522</u>
Regional Water Authority costs	
Groundwater pumpage fees	229,020
Surface water fees	1,043,401
	<u>1,272,421</u>
Administrative	
Directors fees	19,950
Printing and office supplies	26,127
Insurance	49,496
Other	45,237
	<u>140,810</u>
Park and recreation	<u>190,420</u>
Other	<u>28,228</u>
Debt service	
Lease - principal	28,675
Lease - interest	49,895
	<u>78,570</u>
Total expenditures	<u><u>\$ 3,694,584</u></u>

See accompanying auditors' report.

Cy-Champ Public Utility District
TSI-3. Investments
December 31, 2022

Fund	Interest Rate	Maturity Date	Balance at End of Year	Interest Receivable
General				
TexPool	Variable	N/A	\$ 1,895,623	\$ -
TexPool	Variable	N/A	469,580	
Certificate of deposit	0.25%	11/23/23	240,000	689
Certificate of deposit	4.00%	12/20/23	240,000	690
Certificate of deposit	3.99%	11/03/23	240,759	690
			<u>3,085,962</u>	<u>2,069</u>
Debt Service				
TexPool	Variable	N/A	3,545,817	
Certificate of deposit	2.75%	02/22/23	240,000	4,556
Certificate of deposit	3.50%	08/05/23	240,000	1,219
			<u>4,025,817</u>	<u>5,775</u>
Capital Projects				
TexPool	Variable	N/A	16,529	
TexPool	Variable	N/A	1,262,389	
TexPool	Variable	N/A	1,548,556	
TexPool	Variable	N/A	194,607	
			<u>3,022,081</u>	
Total - All Funds			<u>\$ 10,133,860</u>	<u>\$ 7,844</u>

See accompanying auditors' report.

Cy-Champ Public Utility District
TSI-4. Taxes Levied and Receivable
December 31, 2022

	Maintenance Taxes	Debt Service Taxes	Totals	
Taxes Receivable, Beginning of Year	\$ 815,980	\$ 635,586	\$ 1,451,566	
Adjustments	(37,815)	(34,116)	(71,931)	
Adjusted Receivable	778,165	601,470	1,379,635	
2022 Original Tax Levy	1,513,879	1,217,346	2,731,225	
Adjustments	88,256	70,969	159,225	
Adjusted Tax Levy	1,602,135	1,288,315	2,890,450	
Total to be accounted for	2,380,300	1,889,785	4,270,085	
Tax collections:				
Current year	600,671	483,014	1,083,685	
Prior years	769,470	586,845	1,356,315	
Total Collections	1,370,141	1,069,859	2,440,000	
Taxes Receivable, End of Year	\$ 1,010,159	\$ 819,926	\$ 1,830,085	
Taxes Receivable, By Years				
2022	\$ 1,001,464	\$ 805,301	\$ 1,806,765	
2021	4,862	3,646	8,508	
2020	739	1,848	2,587	
2019 and prior	3,094	9,131	12,225	
Taxes Receivable, End of Year	\$ 1,010,159	\$ 819,926	\$ 1,830,085	
	2022	2021	2020	2019
Property Valuations				
Land	\$ 161,431,102	\$ 157,465,657	\$ 136,235,289	\$ 125,036,524
Improvements	655,801,711	500,446,371	496,752,038	478,044,272
Personal Property	163,007,281	167,798,673	217,371,623	158,157,476
Exemptions	(154,397,450)	(128,836,014)	(127,793,332)	(107,693,789)
Total Property Valuations	\$ 825,842,644	\$ 696,874,687	\$ 722,565,618	\$ 653,544,483
Tax Rates per \$100 Valuation *				
Maintenance tax rates	\$ 0.097	\$ 0.10	\$ 0.10	\$ 0.10
Park maintenance tax rates	0.097	0.10		
Debt service tax rates	0.156	0.15	0.25	0.27
	\$ 0.350	\$ 0.35	\$ 0.35	\$ 0.37
Adjusted Tax Levy:	\$ 2,890,450	\$ 2,439,061	\$ 2,528,980	\$ 2,418,115
Percentage of Taxes Collected to Taxes Levied ***	37.49%	99.65%	99.90%	99.93%

* Maximum Maintenance Tax Rate Approved by Voters: \$0.10 on November 3, 1981

* Maximum Recreational Facilities Tax Rate Approved by Voters: \$0.10 on November 3, 1981

*** Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

See accompanying auditors' report.

Cy-Champ Public Utility District
TSI-5. Long-Term Debt Service Requirements
Series 2019--by Years
December 31, 2022

<u>Due During Fiscal Years Ending</u>	<u>Principal Due March 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2023	\$ 25,000	\$ 60,413	\$ 85,413
2024	25,000	59,913	84,913
2025	50,000	59,163	109,163
2026	50,000	58,163	108,163
2027	50,000	57,163	107,163
2028	50,000	56,163	106,163
2029	75,000	54,913	129,913
2030	75,000	53,413	128,413
2031	75,000	51,913	126,913
2032	75,000	50,319	125,319
2033	100,000	48,350	148,350
2034	100,000	46,100	146,100
2035	100,000	43,850	143,850
2036	100,000	41,538	141,538
2037	125,000	38,866	163,866
2038	125,000	35,819	160,819
2039	125,000	32,694	157,694
2040	125,000	29,569	154,569
2041	125,000	26,444	151,444
2042	150,000	23,006	173,006
2043	150,000	19,163	169,163
2044	150,000	15,225	165,225
2045	150,000	11,288	161,288
2046	175,000	7,022	182,022
2047	180,000	2,363	182,363
	<u>\$ 2,530,000</u>	<u>\$ 982,833</u>	<u>\$ 3,512,833</u>

See accompanying auditors' report.

Cy-Champ Public Utility District
TSI-5. Long-Term Debt Service Requirements
Series 2020 Refunding--by Years
December 31, 2022

<u>Due During Fiscal Years Ending</u>	<u>Principal Due March 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2023	\$ 240,000	\$ 40,145	\$ 280,145
2024	255,000	34,774	289,774
2025	255,000	29,241	284,241
2026	265,000	23,599	288,599
2027	270,000	17,794	287,794
2028	275,000	11,881	286,881
2029	50,000	8,355	58,355
2030	55,000	7,215	62,215
2031	60,000	5,968	65,968
2032	60,000	4,665	64,665
2033	60,000	3,364	63,364
2034	60,000	2,062	62,062
2035	65,000	705	65,705
	<u>\$ 1,970,000</u>	<u>\$ 189,768</u>	<u>\$ 2,159,768</u>

See accompanying auditors' report.

Cy-Champ Public Utility District
TSI-5. Long-Term Debt Service Requirements
Series 2020A--by Years
December 31, 2022

Due During Fiscal Years Ending	Principal Due March 1	Interest Due March 1, September 1	Total
2023	\$ 50,000	\$ 142,344	\$ 192,344
2024	50,000	141,344	191,344
2025	50,000	140,344	190,344
2026	50,000	139,344	189,344
2027	50,000	138,344	188,344
2028	50,000	137,344	187,344
2029	100,000	135,844	235,844
2030	100,000	133,844	233,844
2031	100,000	131,844	231,844
2032	100,000	129,844	229,844
2033	100,000	127,844	227,844
2034	100,000	125,844	225,844
2035	100,000	123,844	223,844
2036	400,000	118,844	518,844
2037	425,000	110,594	535,594
2038	425,000	102,094	527,094
2039	450,000	93,344	543,344
2040	450,000	84,063	534,063
2041	475,000	74,234	549,234
2042	475,000	63,844	538,844
2043	500,000	52,875	552,875
2044	500,000	41,625	541,625
2045	525,000	30,094	555,094
2046	525,000	18,281	543,281
2047	550,000	6,188	556,188
	<u>\$ 6,700,000</u>	<u>\$ 2,544,052</u>	<u>\$ 9,244,052</u>

See accompanying auditors' report.

Cy-Champ Public Utility District
TSI-5. Long-Term Debt Service Requirements
Series 2021 Refunding--by Years
December 31, 2022

<u>Due During Fiscal Years Ending</u>	<u>Principal Due March 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2023	\$ 275,000	\$ 161,375	\$ 436,375
2024	280,000	153,050	433,050
2025	315,000	144,125	459,125
2026	320,000	134,600	454,600
2027	330,000	124,850	454,850
2028	340,000	114,800	454,800
2029	370,000	104,150	474,150
2030	380,000	92,900	472,900
2031	385,000	81,425	466,425
2032	420,000	69,350	489,350
2033	425,000	56,675	481,675
2034	430,000	43,850	473,850
2035	460,000	30,500	490,500
2036	350,000	20,100	370,100
2037	350,000	13,100	363,100
2038	230,000	7,300	237,300
2039	250,000	2,500	252,500
	<u>\$ 5,910,000</u>	<u>\$ 1,354,650</u>	<u>\$ 7,264,650</u>

See accompanying auditors' report.

Cy-Champ Public Utility District
TSI-5. Long-Term Debt Service Requirements
Series 2021A Park Refunding--by Years
December 31, 2022

Due During Fiscal Years Ending	Principal Due March 1	Interest Due March 1, September 1	Total
2023	\$ 200,000	\$ 133,412	\$ 333,412
2024	215,000	127,187	342,187
2025	215,000	120,737	335,737
2026	240,000	113,912	353,912
2027	245,000	106,637	351,637
2028	250,000	99,212	349,212
2029	255,000	91,637	346,637
2030	265,000	83,838	348,838
2031	270,000	75,813	345,813
2032	300,000	67,263	367,263
2033	310,000	58,113	368,113
2034	310,000	48,813	358,813
2035	315,000	39,438	354,438
2036	270,000	32,013	302,013
2037	265,000	26,663	291,663
2038	170,000	22,313	192,313
2039	170,000	18,913	188,913
2040	190,000	15,075	205,075
2041	185,000	10,856	195,856
2042	185,000	6,694	191,694
2043	205,000	2,306	207,306
	<u>\$ 5,030,000</u>	<u>\$ 1,300,845</u>	<u>\$ 6,330,845</u>

See accompanying auditors' report.

Cy-Champ Public Utility District
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
December 31, 2022

Due During Fiscal Years Ending	Principal Due March 1	Interest Due March 1, September 1	Total
2023	\$ 790,000	\$ 537,689	\$ 1,327,689
2024	825,000	516,268	1,341,268
2025	885,000	493,610	1,378,610
2026	925,000	469,618	1,394,618
2027	945,000	444,788	1,389,788
2028	965,000	419,400	1,384,400
2029	850,000	394,899	1,244,899
2030	875,000	371,210	1,246,210
2031	890,000	346,963	1,236,963
2032	955,000	321,441	1,276,441
2033	995,000	294,346	1,289,346
2034	1,000,000	266,669	1,266,669
2035	1,040,000	238,337	1,278,337
2036	1,120,000	212,495	1,332,495
2037	1,165,000	189,223	1,354,223
2038	950,000	167,526	1,117,526
2039	995,000	147,451	1,142,451
2040	765,000	128,707	893,707
2041	785,000	111,534	896,534
2042	810,000	93,544	903,544
2043	855,000	74,344	929,344
2044	650,000	56,850	706,850
2045	675,000	41,382	716,382
2046	700,000	25,303	725,303
2047	730,000	8,551	738,551
	<u>\$ 22,140,000</u>	<u>\$ 6,372,148</u>	<u>\$ 28,512,148</u>

See accompanying auditors' report.

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Cy-Champ Public Utility District
TSI-6. Change in Long-Term Bonded Debt
December 31, 2022

	Bond Issue			
	Series 2019	Series 2020 Refunding	Series 2020A	Series 2021 Refunding
Interest rate	2.0% to 2.625%	2.17%	2.0% to 2.25%	2.0% to 3.0%
Dates interest payable	3/1; 9/1	3/1; 9/1	3/1; 9/1	3/1; 9/1
Maturity dates	3/1/21 - 3/1/47	3/1/21 - 3/1/35	3/1/22 - 3/1/47	3/1/22 - 3/1/39
Beginning bonds outstanding	\$ 2,555,000	\$ 2,205,000	\$ 6,750,000	\$ 6,095,000
Bonds retired	(25,000)	(235,000)	(50,000)	(185,000)
Ending bonds outstanding	<u>\$ 2,530,000</u>	<u>\$ 1,970,000</u>	<u>\$ 6,700,000</u>	<u>\$ 5,910,000</u>
Interest paid during fiscal year	<u>\$ 60,913</u>	<u>\$ 45,299</u>	<u>\$ 143,344</u>	<u>\$ 253,800</u>
Paying agent's name and city				
Series 2020R	<u>Zions Bancorporation, N.A.</u>			
All other series	<u>Bank of New York Mellon Trust Company, N.A., Dallas, Texas</u>			
	Water, Sewer and Drainage Bonds	Park and Recreation Bonds	Refunding Bonds	
Bond Authority:				
Amount Authorized by Voters	\$ 63,360,000	\$ 12,600,000	\$ 8,000,000	
Amount Issued	(34,925,000)	(6,130,000)	(7,715,000)	
Remaining To Be Issued	<u>\$ 28,435,000</u>	<u>\$ 6,470,000</u>	<u>\$ 285,000</u>	

All bonds are secured with tax revenues. Bonds may also be secured with other revenues in combination with taxes.

Debt Service Fund cash and investment balances as of December 31, 2022:	<u>\$ 4,977,784</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:	<u>\$ 1,140,486</u>

See accompanying auditors' report.

<u>Bond Issue</u>		
<u>Series 2021A</u>		<u>Totals</u>
<u>Park Refunding</u>		
2.0% to 3.0%		
3/1; 9/1		
3/1/22 - 3/1/43		
\$ 5,160,000	\$	22,765,000
<u>(130,000)</u>		<u>(625,000)</u>
\$ 5,030,000	\$	22,140,000
<u>\$ 208,518</u>	\$	<u>711,874</u>

Cy-Champ Public Utility District
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2022	2021**	2020**	2019**	2018**
Revenues					
Water service	\$ 676,403	\$ 596,111	\$ 542,296	\$ 509,270	\$ 558,631
Sewer service	420,097	373,092	250,390	202,575	194,771
Property taxes	1,396,650	731,400	651,786	591,039	558,317
City of Houston sales tax rebates	279,902	304,747	245,348	233,303	266,043
Interest on capital contribution	202,556	211,685	220,368	228,628	236,484
Regional Water Authority fees	1,003,035	1,059,165	822,436	657,956	556,364
Tap connection and inspection	13,462	127,281	131,685	2,660	16,070
Penalties and interest	22,121	19,036	12,407	14,654	14,980
Investment earnings	45,106	3,564	16,929	54,627	47,480
Fallen warriors memorial donation	80,000	382,526			
Miscellaneous	180,946	62,610	68,100	82,939	71,305
Total Revenues	4,320,278	3,871,217	2,961,745	2,577,651	2,520,445
Expenditures					
Current service operations					
Purchased services	207,912	196,111	193,773	161,474	184,461
Professional fees	404,715	391,788	191,960	227,018	263,812
Contracted services	149,755	201,844	192,824	130,183	150,096
Repairs and maintenance	575,002	423,292	252,956	282,549	285,453
Security service	562,229	556,141	527,548	508,423	504,385
Utilities	84,522	101,813	70,591	80,171	85,988
Regional Water Authority fees	1,272,421	1,351,522	938,287	1,011,583	860,616
Administrative	140,810	118,371	119,485	108,418	107,057
Park and recreation	190,420	86,839	222,273	147,146	141,575
Lease expense		104,892	102,637	103,884	90,647
Other	28,228	19,851	30,442	31,606	26,057
Capital outlay		964,675	15,656	391,820	357,925
Debt service					
Lease - principal	28,675				
Lease - interest	49,895				
Total Expenditures	3,694,584	4,517,139	2,858,432	3,184,275	3,058,072
Revenues Over/(Under) Expenditures	\$ 625,694	\$ (645,922)	\$ 103,313	\$ (606,624)	\$ (537,627)

*Percentage is negligible

** Classification of expenditures related to lease payments in FYE 2022 is not consistent with the classification of expenditures for those same leases in prior years due to the implementation of GASB 87. See Notes 3 and 7.

See accompanying auditors' report.

Percent of Fund Total Revenues

2022	2021	2020	2019	2018
16%	16%	18%	20%	22%
10%	10%	8%	8%	8%
32%	19%	22%	23%	22%
6%	8%	8%	9%	11%
5%	5%	8%	9%	9%
23%	27%	28%	26%	21%
*	3%	4%	*	1%
1%	*	*	1%	1%
1%	*	1%	1%	2%
2%	10%			
4%	2%	3%	3%	3%
100%	100%	100%	100%	100%
5%	5%	7%	6%	7%
9%	10%	6%	9%	10%
3%	5%	7%	5%	6%
13%	11%	9%	11%	11%
13%	14%	18%	20%	20%
2%	3%	2%	3%	3%
29%	35%	32%	39%	34%
3%	3%	4%	4%	4%
4%	2%	8%	6%	6%
	3%	3%	4%	4%
1%	1%	1%	1%	1%
	25%	1%	15%	14%
1%				
1%				
84%	117%	98%	123%	120%
16%	(17%)	2%	(23%)	(20%)

Cy-Champ Public Utility District
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Five Fiscal Years

	Amounts				
	2022	2021	2020	2019	2018
Revenues					
Property taxes	\$ 1,055,584	\$ 1,794,582	\$ 1,750,812	\$ 1,596,077	\$ 1,507,752
Penalty and interest	35,533	30,062	14,249	22,544	16,426
Investment earnings	60,280	6,847	19,308	68,476	46,951
Miscellaneous	144	289	5,344		
Total Revenues	1,151,541	1,831,780	1,789,713	1,687,097	1,571,129
Expenditures					
Tax collection services	65,304	58,635	51,320	53,545	49,002
Other	1,674	11,455	2,549		
Debt service					
Principal	625,000	675,000	610,000	605,000	660,000
Interest and fees	691,177	476,399	505,750	474,325	489,051
Debt issuance costs		439,385	71,094		
Early extinguishment of debt		124,456			
Total Expenditures	1,383,155	1,785,330	1,240,713	1,132,870	1,198,053
Revenues Over/(Under) Expenditures	\$ (231,614)	\$ 46,450	\$ 549,000	\$ 554,227	\$ 373,076
Total Active Retail Water Connections	1,242	1,242	1,240	1,239	1,238
Total Active Retail Wastewater Connections	1,171	1,171	1,170	1,169	1,168

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues

2022	2021	2020	2019	2018
92%	98%	98%	95%	96%
3%	2%	1%	1%	1%
5%	*	1%	4%	3%
*	*	*		
100%	100%	100%	100%	100%
6%	3%	3%	3%	3%
*	1%	*		
54%	37%	34%	36%	42%
60%	26%	28%	28%	31%
	24%	4%		
	7%			
120%	98%	69%	67%	76%
(20%)	2%	31%	33%	24%

***Cy-Champ Public Utility District
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended December 31, 2022***

Complete District Mailing Address: 10000 Memorial Drive, Suite 260, Houston, Texas 77024
 District Business Telephone Number: (713) 951-0800
 Submission Date of the most recent District Registration Form
 (TWC Sections 36.054 and 49.054): December 10, 2021
 Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200
 (Set by Board Resolution -- TWC Section 49.0600)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
Board Members:				
Ron Walkoviak	11/19 to 11/23	\$ 3,450	\$ -	President
Richard M. Spurlock	11/21 to 11/25	5,550	390	Vice President
Shelley L. Serres	11/19 to 11/23	3,750		Secretary
Polly Looper	11/21 to 11/25	4,800	385	Security Coordinator
Harold W. Greer	4/20 to 11/23	2,400		Assistant Secretary
Consultants:				
		<u>Amounts Paid</u>		
Young and Brooks <i>General legal</i>	01/72	\$ 80,109		Attorney
Eagle Water Management	08/02	342,937		Operator
L&S District Services, L.L.C.	08/21	42,192		Bookkeeper
Municipal Accounts & Consulting, L.P.	04/20	353		Former Bookkeeper
Bob Leared Interests	07/95	30,879		Tax Collector
Harris County Appraisal District	Legislation	18,509		Property Valuation
Sander Engineering Corporation	12/91	314,750		Engineer
McGrath & Co., PLLC	2009	18,000		Auditor
The GMS Group. L.L.C.	12/95	1,600		Financial Advisor
Clark Condon Associates, Inc.	09/21	315,993		Landscape Architect

* *Fees of Office* are the amounts actually paid to a director during the District's fiscal year.
 See accompanying auditors' report.