

CHELFORD ONE MUNICIPAL UTILITY DISTRICT
HARRIS COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2023

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

CHELFORD ONE MUNICIPAL UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2023

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-8
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	9-12
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	13
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	14-15
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	16
NOTES TO THE FINANCIAL STATEMENTS	17-31
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE- BUDGET AND ACTUAL-GENERAL FUND	33
SUPPLEMENTARY INFORMATION – REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE	
NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE (Included in the notes to the financial statements)	
SERVICES AND RATES	35-37
GENERAL FUND EXPENDITURES	38
INVESTMENTS	39
TAXES LEVIED AND RECEIVABLE	40-41
LONG-TERM DEBT SERVICE REQUIREMENTS	42-46
CHANGES IN LONG-TERM BOND DEBT	47-48
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS	49-52
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	53-54

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

13100 Wortham Center Drive
Suite 235
Houston, Texas 77065-5610
(713) 462-0341
Fax (713) 462-2708

PO Box 29584
Austin, TX 78755-5126
(512) 610-2209
www.mgsbpllc.com
E-Mail: mgsb@mgsbpllc.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Chelford One Municipal Utility District
Harris County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Chelford One Municipal Utility District (the "District") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Board of Directors
Chelford One Municipal Utility District

Supplementary Information

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

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

January 17, 2024

**CHELFORD ONE MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Management's discussion and analysis of the financial performance of Chelford One Municipal Utility District of Harris County, Texas (the "District") provides an overview of the District's financial activities for the fiscal year ended September 30, 2023. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statement of Net Position includes all of the District's assets, liabilities and, if applicable, deferred inflows and outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

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

FUND FINANCIAL STATEMENTS

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

**CHELFORD ONE MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

FUND FINANCIAL STATEMENTS (Continued)

Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI") and other supplementary information. A budgetary comparison schedule is included as RSI for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by \$7,643,169 as of September 30, 2023. A portion of the District's net position reflects its net investment in capital assets (water facilities, wastewater facilities and capacity interest in shared facilities, less any debt used to acquire those assets that is still outstanding).

**CHELFORD ONE MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

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

	Summary of Changes in the Statement of Net Position		
	2023	2022	Change Positive (Negative)
Current and Other Assets	\$ 10,268,390	\$ 11,993,276	\$ (1,724,886)
Capital Assets (Net of Accumulated Depreciation)	9,798,248	7,915,598	1,882,650
Total Assets	\$ 20,066,638	\$ 19,908,874	\$ 157,764
Deferred Outflows of Resources	\$ 61,273	\$ 70,173	\$ (8,900)
Bonds Payable	\$ 11,790,911	\$ 12,202,188	\$ 411,277
Other Liabilities	693,831	789,282	95,451
Total Liabilities	\$ 12,484,742	\$ 12,991,470	\$ 506,728
Net Position:			
Net Investment in Capital Assets	\$ 1,249,676	\$ 848,056	\$ 401,620
Restricted	1,224,392	1,078,205	146,187
Unrestricted	5,169,101	5,061,316	107,785
Total Net Position	\$ 7,643,169	\$ 6,987,577	\$ 655,592

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

	Summary of Changes in the Statement of Activities		
	2023	2022	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 1,355,643	\$ 1,172,059	\$ 183,584
Charges for Services	1,701,779	1,608,961	92,818
Other Revenues	476,949	77,482	399,467
Total Revenues	\$ 3,534,371	\$ 2,858,502	\$ 675,869
Expenses for Services	2,878,779	2,886,326	7,547
Change in Net Position	\$ 655,592	\$ (27,824)	\$ 683,416
Net Position, Beginning of Year	6,987,577	7,015,401	(27,824)
Net Position, End of Year	\$ 7,643,169	\$ 6,987,577	\$ 655,592

**CHELFORD ONE MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of September 30, 2023, were \$9,609,546, a decrease of \$1,635,441 from the prior year.

The General Fund fund balance increased by \$107,300, primarily due to operating revenues and property tax revenues exceeding operating and administrative expenditures.

The Debt Service Fund fund balance increased by \$140,666, primarily due to the structure of the District's debt service requirements.

The Capital Projects Fund fund balance decreased by \$1,883,407. The District used bond proceeds received in prior years to fund current year capital expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated budget for the current fiscal year. Actual revenues were \$311,184 more than budgeted revenues and actual expenditures were \$367,110 more than budgeted expenditures resulting in a negative variance of \$55,926. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of September 30, 2023, total \$9,798,248 and include land, water system, wastewater system and capacity interest in joint facilities. Significant current year capital asset acquisitions included the water plant recoating and water line rehabilitation.

Capital Assets At Year-End			
	2023	2022	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 286,728	\$ 286,728	\$
Construction in Progress	1,414,628	133,974	1,280,654
Capital Assets Subject to Depreciation:			
Water System	6,542,946	6,185,287	357,659
Wastewater System	6,273,505	5,636,997	636,508
Capacity in Joint Facilities	3,065,223	3,065,223	
Less Accumulated Depreciation	(7,784,782)	(7,392,611)	(392,171)
Total Net Capital Assets	\$ 9,798,248	\$ 7,915,598	\$ 1,882,650

**CHELFORD ONE MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

LONG-TERM DEBT ACTIVITY

At year-end, the District had total bond debt payable of \$11,835,000. The changes in the debt position of the District during the fiscal year ended September 30, 2023, are summarized as follows:

Bond Debt Payable, October 1, 2022	\$ 12,245,000
Less: Bond Principal Paid	<u>410,000</u>
Bond Debt Payable, September 30, 2023	<u>\$ 11,835,000</u>

The District's Series 2015, Series 2019, Series 2019A Refunding and Series 2022 bonds carry underlying Standard and Poor's ("S&P") ratings of "A". The District's bonds carry insured S&P ratings of "AA" by virtue of bond insurance issued by Assured Guaranty Municipal Corp. or Build America Mutual Assurance Company. Credit enhanced ratings provided through bond insurance policies are subject to change based on changes to the ratings of the insurers.

CONTACTING THE DISTRICT'S MANAGEMENT

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

CHELFORD ONE MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2023

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 181,538	\$ 29,001
Investments	4,582,624	1,215,338
Receivables:		
Property Taxes	23,795	33,176
Penalty and Interest on Delinquent Taxes		
Service Accounts	120,942	
Accrued Interest	15,720	9,033
Due from Other Funds		32,508
Prepaid Costs	10,000	
Due from Other Governmental Unit	109,396	
Integrated Water System Operating Advance	149,400	
Joint Wastewater Treatment Facilities Advance	320,043	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 5,513,458	\$ 1,319,056
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	\$ -0-	\$ -0-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 5,513,458	\$ 1,319,056

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 495	\$ 211,034	\$	\$ 211,034
3,444,708	9,242,670		9,242,670
	56,971		56,971
		23,181	23,181
	120,942		120,942
	24,753		24,753
	32,508	(32,508)	
	10,000		10,000
	109,396		109,396
	149,400		149,400
	320,043		320,043
		286,728	286,728
		1,414,628	1,414,628
		8,096,892	8,096,892
<u>\$ 3,445,203</u>	<u>\$ 10,277,717</u>	<u>\$ 9,788,921</u>	<u>\$ 20,066,638</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 61,273</u>	<u>\$ 61,273</u>
<u>\$ 3,445,203</u>	<u>\$ 10,277,717</u>	<u>\$ 9,850,194</u>	<u>\$ 20,127,911</u>

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

CHELFORD ONE MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2023

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 82,336	\$ 2,706
Accrued Interest Payable		
Due to Other Governmental Units	109,175	
Due to Other Funds	32,508	
Security Deposits	120,338	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 344,357	\$ 2,706
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 23,795	\$ 33,176
FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 10,000	\$
Integrated Water System Advance	149,400	
Wastewater Treatment Facilities Advance	320,043	
Restricted for Authorized Construction		
Restricted for Debt Service		1,283,174
Unassigned	4,665,863	
TOTAL FUND BALANCES	\$ 5,145,306	\$ 1,283,174
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 5,513,458	\$ 1,319,056
NET POSITION		
Net Investment in Capital Assets		
Restricted For Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 264,137	\$ 349,179	\$	\$ 349,179
		115,139	115,139
	109,175		109,175
	32,508	(32,508)	
	120,338		120,338
		500,000	500,000
		11,290,911	11,290,911
<u>\$ 264,137</u>	<u>\$ 611,200</u>	<u>\$ 11,873,542</u>	<u>\$ 12,484,742</u>
<u>\$ -0-</u>	<u>\$ 56,971</u>	<u>\$ (56,971)</u>	<u>\$ -0-</u>
\$	\$ 10,000	\$ (10,000)	\$
	149,400	(149,400)	
	320,043	(320,043)	
3,181,066	3,181,066	(3,181,066)	
	1,283,174	(1,283,174)	
	4,665,863	(4,665,863)	
<u>\$ 3,181,066</u>	<u>\$ 9,609,546</u>	<u>\$ (9,609,546)</u>	<u>\$ -0-</u>
<u>\$ 3,445,203</u>	<u>\$ 10,277,717</u>		
		\$ 1,249,676	\$ 1,249,676
		1,224,392	1,224,392
		5,169,101	5,169,101
		<u>\$ 7,643,169</u>	<u>\$ 7,643,169</u>

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

**CHELFORD ONE MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

Total Fund Balances - Governmental Funds		\$ 9,609,546
--	--	--------------

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

Interest paid in advance as part of a refunding bond sale is recorded as deferred outflows in the governmental activities and systematically charged to interest expense over the remaining life of the new debt or the old debt, whichever is shorter.		61,273
---	--	--------

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		9,798,248
--	--	-----------

Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2022 and prior tax levies became part of recognized revenue in the governmental activities of the District.		80,152
--	--	--------

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Accrued Interest Payable	\$ (115,139)	
Bonds Payable	<u>(11,790,911)</u>	<u>(11,906,050)</u>

Total Net Position - Governmental Activities		<u>\$ 7,643,169</u>
--	--	---------------------

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

THIS PAGE INTENTIONALLY LEFT BLANK

CHELFORD ONE MUNICIPAL UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 515,189	\$ 840,667
Water Service	506,566	
Wastewater Service	514,446	
Water Authority Fees	595,512	
Penalty and Interest	39,568	19,940
Connection and Inspection Fees	23,859	
Investment and Miscellaneous Revenues	221,195	54,315
TOTAL REVENUES	\$ 2,416,335	\$ 914,922
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 160,646	\$ 5,825
Contracted Services	328,840	34,032
Purchased Wastewater Service	298,717	
Utilities	56,258	
Water Authority Assessments	752,071	
Repairs and Maintenance	341,010	
Depreciation		
Other	176,780	11,586
Capital Outlay	194,713	
Debt Service:		
Bond Issuance Costs		
Bond Principal		410,000
Bond Interest		312,813
TOTAL EXPENDITURES/EXPENSES	\$ 2,309,035	\$ 774,256
NET CHANGE IN FUND BALANCES	\$ 107,300	\$ 140,666
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - OCTOBER 1, 2022	5,038,006	1,142,508
FUND BALANCES/NET POSITION - SEPTEMBER 30, 2023	\$ 5,145,306	\$ 1,283,174

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 1,355,856	\$ (213)	\$ 1,355,643
	506,566		506,566
	514,446		514,446
	595,512		595,512
	59,508	1,888	61,396
	23,859		23,859
201,439	476,949		476,949
<u>\$ 201,439</u>	<u>\$ 3,532,696</u>	<u>\$ 1,675</u>	<u>\$ 3,534,371</u>
\$ 2,028	\$ 168,499	\$	\$ 168,499
2,087	364,959		364,959
	298,717		298,717
	56,258		56,258
	752,071		752,071
	341,010		341,010
		392,171	392,171
623	188,989		188,989
2,080,108	2,274,821	(2,274,821)	
	410,000	(410,000)	
	312,813	3,292	316,105
<u>\$ 2,084,846</u>	<u>\$ 5,168,137</u>	<u>\$ (2,289,358)</u>	<u>\$ 2,878,779</u>
\$ (1,883,407)	\$ (1,635,441)	\$ 1,635,441	\$
		655,592	655,592
5,064,473	11,244,987	(4,257,410)	6,987,577
<u>\$ 3,181,066</u>	<u>\$ 9,609,546</u>	<u>\$ (1,966,377)</u>	<u>\$ 7,643,169</u>

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

**CHELFORD ONE MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Net Change in Fund Balances - Governmental Funds	\$ (1,635,441)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	(213)
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.	1,888
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(392,171)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	2,274,821
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.	410,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	(3,292)
Change in Net Position - Governmental Activities	<u>\$ 655,592</u>

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

CHELFORD ONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1. CREATION OF DISTRICT

Chelford One Municipal Utility District of Harris County, Texas was created effective November 25, 1975, by an Order of the Texas Water Rights Commission, presently known as the Texas Commission on Environmental Quality (the “Commission”). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on January 8, 1976, and the first bonds were sold on October 27, 1976.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Commission.

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

The District has entered into various agreements with other districts which provide for the sharing of joint facilities. More details on these agreements is found in Notes 8, 9 and 10.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”). The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted.

CHELFORD ONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

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

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

CHELFORD ONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

The District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances.

Governmental Funds

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

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

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

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

Basis of Accounting

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

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of September 30, 2023, the General Fund owed the Debt Service Fund \$32,508 for the over transfer of maintenance tax collections.

CHELFORD ONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation over periods ranging from 10 to 45 years.

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that the directors are considered to be employees for federal payroll tax purposes only.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position.

CHELFORD ONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

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

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

CHELFORD ONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 3. LONG-TERM DEBT

	Series 2015	Series 2019	Refunding Series 2019A	Series 2022
Amount Outstanding – September 30, 2023	\$1,170,000	\$2,325,000	\$2,570,000	\$5,770,000
Interest Rates	3.00% - 3.25%	2.00% - 3.00%	2.00% - 3.00%	2.00% - 4.00%
Maturity Dates – Serially Beginning/Ending	November 15, 2023/2034	November 15, 2023/2037	November 15, 2023/2030	November 15, 2023/2049
Interest Payment Dates	November 15/ May 15	November 15/ May 15	November 15/ May 15	November 15/ May 15
Callable Dates	November 15, 2023*	November 15, 2024*	November 15, 2025*	November 15, 2027*

* In such manner as the District may determine, in whole or in part, on the call option date or any date thereafter, at par plus accrued interest to the date of redemption. The Series 2015 term bond maturing on November 15, 2030, is subject to mandatory redemption beginning November 15, 2027. The Series 2019 term bond maturing on November 15, 2037, is subject to mandatory redemption beginning November 15, 2036. The Series 2022 term bonds maturing on November 15, 2030, 2033, 2035, 2037, 2039, 2041, 2043, 2045, 2047 and 2049, are subject to mandatory redemption beginning November 15, 2028, 2031, 2034, 2036, 2038, 2040, 2042, 2044, 2046 and 2048, respectively.

The following is a summary of transactions regarding bonds payable for the year ended September 30, 2023:

	October 1, 2022	Additions	Retirements	September 30, 2023
Bonds Payable	\$ 12,245,000	\$	\$ 410,000	\$ 11,835,000
Unamortized Discounts	(74,532)		(2,746)	(71,786)
Unamortized Premiums	31,720		4,023	27,697
Bonds Payable, Net	<u>\$ 12,202,188</u>	<u>\$ -0-</u>	<u>\$ 411,277</u>	<u>\$ 11,790,911</u>
		Amount Due Within One Year		\$ 500,000
		Amount Due After One Year		<u>11,290,911</u>
		Bonds Payable, Net		<u>\$ 11,790,911</u>

The District has authorized but unissued tax bonds totaling \$15,145,000 which can be issued for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities and/or for the purpose of refunding District bonds. The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

CHELFORD ONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 3. LONG-TERM DEBT (Continued)

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

Fiscal Year	Principal	Interest	Total
2024	\$ 500,000	\$ 299,537	\$ 799,537
2025	515,000	284,314	799,314
2026	515,000	268,862	783,862
2027	525,000	255,013	780,013
2028	525,000	242,719	767,719
2029-2033	2,610,000	1,025,385	3,635,385
2034-2038	2,325,000	671,377	2,996,377
2039-2043	1,800,000	418,725	2,218,725
2044-2048	1,800,000	202,275	2,002,275
2049-2050	720,000	18,000	738,000
	<u>\$ 11,835,000</u>	<u>\$ 3,686,207</u>	<u>\$ 15,521,207</u>

During the year ended September 30, 2023, the District levied an ad valorem debt service tax rate of \$0.285 per \$100 of assessed valuation, which resulted in a tax levy of \$840,917 on the adjusted taxable valuation of \$295,058,374 for the 2022 tax year. The bond resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for maintenance tax levy.

All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the Bonds, within the meaning of section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on each five-year anniversary of the bonds. The District is required by the Securities and Exchange Commission to provide continuing disclosure of annual financial information and operating data to certain information repositories. This information is of the general type included in the annual audit report. It is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

**CHELFORD ONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District’s deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes. Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District’s deposits was \$2,156,034 and the bank balance was \$2,228,620. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at September 30, 2023, as listed below:

	Cash	Certificate of Deposit	Total
GENERAL FUND	\$ 181,538	\$ 1,410,000	\$ 1,591,538
DEBT SERVICE FUND	29,001	535,000	564,001
CAPITAL PROJECTS FUND	495		495
TOTAL DEPOSITS	\$ 211,034	\$ 1,945,000	\$ 2,156,034

Investments

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

CHELFORD ONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

The District invests in Texas Cooperative Liquid Assets Securities System Trust (“Texas CLASS”), a public funds investment pool. This investment is recorded at amortized cost. Public Trust Advisors, LLC serves as the pool’s administrator and investment advisor and UMB Bank N.A., serves as the custodian for the pool. Texas CLASS is subject to the general supervision of the Board of Trustees and its Advisory Board, both of which are elected by the Texas CLASS participants. Certificates of deposit are recorded at acquisition cost.

As of September 30, 2023, the District had the following investments and maturities:

Funds and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
Texas CLASS	\$ 3,172,624	\$ 3,172,624
Certificates of Deposit	1,410,000	1,410,000
<u>DEBT SERVICE FUND</u>		
Texas CLASS	680,338	680,338
Certificates of Deposit	535,000	535,000
<u>CAPITAL PROJECTS FUND</u>		
Texas CLASS	3,444,708	3,444,708
TOTAL INVESTMENTS	\$ 9,242,670	\$ 9,242,670

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

CHELFORD ONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers its investment in Texas CLASS to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District. The District also manages interest rate risk by investing in certificates of deposit with maturities of one year or less.

Restrictions

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

NOTE 6. CAPITAL ASSETS

Capital asset activity for the current fiscal year is summarized in the following table:

	October 1, 2022	Increases	Decreases	September 30, 2023
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 286,728	\$	\$	\$ 286,728
Construction in Progress	133,974	2,274,821	994,167	1,414,628
Total Capital Assets Not Being Depreciated	\$ 420,702	\$ 2,274,821	\$ 994,167	\$ 1,701,356
Capital Assets Subject to Depreciation				
Water System	\$ 6,185,287	\$ 357,659	\$	\$ 6,542,946
Wastewater System	5,636,997	636,508		6,273,505
Capacity in Joint Facilities	3,065,223			3,065,223
Total Capital Assets Subject to Depreciation	\$ 14,887,507	\$ 994,167	\$ - 0 -	\$ 15,881,674
Accumulated Depreciation				
Water System	\$ 2,468,640	\$ 257,305	\$	\$ 2,725,945
Wastewater System	2,663,229	98,889		2,762,118
Capacity in Joint Facilities	2,260,742	35,977		2,296,719
Total Accumulated Depreciation	\$ 7,392,611	\$ 392,171	\$ - 0 -	\$ 7,784,782
Total Depreciable Capital Assets, Net of Accumulated Depreciation	\$ 7,494,896	\$ 601,996	\$ - 0 -	\$ 8,096,892
Total Capital Assets, Net of Accumulated Depreciation	\$ 7,915,598	\$ 2,876,817	\$ 994,167	\$ 9,798,248

**CHELFORD ONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 7. MAINTENANCE TAX

On April 3, 1976, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$0.25 per \$100 of assessed valuation of taxable property within the District. Such tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds and any tax bonds which may be issued in the future. During the year ended September 30, 2023, the District levied an ad valorem maintenance tax rate of \$0.175 per \$100 of assessed valuation, which resulted in a tax levy of \$516,352 on the adjusted taxable valuation of \$295,058,374 for the 2022 tax year. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District’s water and sewer systems.

NOTE 8. INTEGRATED WATER SYSTEM

On May 14, 1981, the District, Chelford City Municipal Utility District, Mission Bend Municipal Utility District No.1 and Mission Bend Municipal Utility District No. 2 executed a water supply and billing agreement. Effective June 1, 2012, the districts executed the Amended and Restated Water Supply and Billing Agreement forming the Mission Bend Integrated Water System. Effective April 1, 2018, the districts executed the second amended and restated Water Supply and Billing Agreement. Chelford City acts as the coordinating district in regards to the billing and collection of chemicals, telephone, electricity and water authority fees. These fees are prorated to each district based on water billed in each district. Each district has deposited an operating reserve equal to two months of electricity, telephone, and chemical bills and two months of water authority fees. The reserve is adjusted each calendar year and is based on the highest billing paid in the previous year, including gallons used multiplied by the anticipated Water Authority rates for the next year. The term of this agreement is 40 years. As of September 30, 2023, the District has contributed a reserve of \$149,400.

The following summary financial information of the Mission Bend Integrated Water System is presented for the fiscal year ended September 30, 2023:

Total Assets	\$ 2,538,906
Total Liabilities	<u>1,542,906</u>
Total Fund Balance	<u>\$ 996,000</u>
Total Revenues	\$ 5,443,074
Total Expenditures	<u>5,443,074</u>
Net Change in Fund Balance	\$ -0-
Increase in Reserve	165,812
Fund Balance – October 1, 2022	<u>830,188</u>
Fund Balance – September 30, 2023	<u>\$ 996,000</u>

**CHELFORD ONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9. JOINT ELEVATED WATER STORAGE FACILITY

On May 30, 1986, the District executed an agreement with Chelford City Municipal Utility District, Mission Bend Municipal Utility District No 1 and Mission Bend Municipal Utility District No. 2 (District No. 2) to construct, finance and operate a 2,000,000 gallon elevated storage facility. This agreement was amended on November 15, 2016, to clarify the manner in which costs associated with the ongoing operation of the elevated water storage facility will be incurred, billed and otherwise administered amongst the districts.

District No. 2 holds all legal right, title, and interest to the facilities. The term of the agreement is 40 years, unless terminated by mutual agreement of all parties. District No. 2 operates, maintains, and insures the facility on behalf of the districts and pays all costs of operating, maintaining, repairing, reconstructing, replacing and insuring the facility. District No. 2 invoices each district on a quarterly basis for its share of the costs of operation and maintenance. Each district has equitable ownership rights in the facility as follows:

Participants	Percent
Chelford City Municipal Utility District	15.14%
Chelford One Municipal Utility District of Harris County, Texas	12.62
Mission Bend Municipal Utility District No. 1	22.16
Mission Bend Municipal Utility District No. 2	<u>50.08</u>
TOTALS	<u>100.00%</u>

NOTE 10. REGIONAL WASTEWATER TREATMENT FACILITIES

Chelford City entered into various contracts whereby Chelford City agreed to provide or cause to be provided the regional wastewater treatment and disposal facilities necessary to serve the participants. The agreements are dated as shown:

Participants	Date of Agreement
Chelford City Municipal Utility District	May 9, 1978
Chelford One Municipal Utility District	May 9, 1978
City of Houston (formerly Harris County Municipal Utility District No. 98)	May 9, 1978
Harris County Municipal Utility District No. 120	May 9, 1978
Harris County Municipal Utility District No. 147	May 9, 1978
Mission Bend Municipal Utility District No. 1	May 9, 1978
Mission Bend Municipal Utility District No. 2	June 19, 1979
City of Houston (formerly West Houston Municipal Utility District)	August 12, 1981
Alief Church of the Nazarene (formerly United Savings of Texas)	May 9, 1978

CHELFORD ONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 10. REGIONAL WASTEWATER TREATMENT FACILITIES (Continued)

On January 26, 1982, Chelford City entered into a supplemental agreement with the participants to share the cost of expanding the treatment facilities to 15,500,000 gallons per-day capacity. The Plant’s capacity was subsequently reduced to 11,000,000 gallons per day due to permit downgrading.

On September 11, 2006, Chelford City amended the contract to clarify the pro rata share of each participant and extend the term of the contract. The term of this contract is for a period of 40 years and shall automatically be extended for successive 40-year periods until all of the participants have been annexed and dissolved by the City of Houston, Texas.

On March 12, 2018, Chelford City and the City of Houston (formerly Harris County Municipal Utility District No. 98) executed an amendment to the contract which extends the effective date of the contract through August 12, 2021. Discussions are in progress regarding the extension of the contract. While the City of Houston is constructing alternate facilities to process and treat the sanitary sewer flows from within the City that are now being treated by the Chelford City Regional Wastewater Treatment Plant and paid for by the City, Chelford City is considering the contract to be in effect on a month-by-month basis.

Each participant’s capacity and percent of ownership are as follows:

Participants	Gallons-Per-Day Capacity	Percent
Chelford City Municipal Utility District	966,600	8.79%
Chelford One Municipal Utility District	533,500	4.85
City of Houston (formerly Harris County Municipal Utility District No. 98)	1,086,800	9.88
Harris County Municipal Utility District No. 120	2,959,700	26.91
Harris County Municipal Utility District No. 147	489,500	4.45
Mission Bend Municipal Utility District No. 1	1,041,700	9.47
Mission Bend Municipal Utility District No. 2	2,441,600	22.20
City of Houston (formerly West Houston Municipal Utility District)	1,472,900	13.39
Alief Church of the Nazarene	<u>7,700</u>	<u>0.07</u>
	<u>11,000,000</u>	<u>100.00%</u>

Chelford City operates the regional facilities and holds title for the benefit of the participants. Participants are billed monthly, based on \$1.50 per 1,000 gallons-per-day capacity acquired in the treatment facilities, plus a pro rata share of budgeted costs in excess of this amount based on the number of equivalent connections. During the current fiscal year, the monthly per connection charge was \$12.85. As of September 30, 2023, each participant’s share has been adjusted to actual costs, and the difference added to fund balance. As of September 30, 2023, the District’s advance for operations and maintenance of the Plant totaled \$320,043.

CHELFORD ONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 10. REGIONAL WASTEWATER TREATMENT FACILITIES (Continued)

The following summary financial information of the Plant is presented for the fiscal year ended September 30, 2023:

Total Assets	\$ 4,523,966
Total Liabilities	<u>644,971</u>
Total Fund Balance	<u>\$ 3,878,995</u>
Total Revenues	\$ 3,451,986
Total Expenditures	<u>3,756,474</u>
Net Change in Fund Balance	\$ (304,488)
Fund Balance – October 1, 2022	<u>4,183,483</u>
Fund Balance – September 30, 2023	<u>\$ 3,878,995</u>

NOTE 11. WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

The District is located within the boundaries of the West Harris County Regional Water Authority (the “Authority”). The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 1842, as amended, (the “Act”), as passed by the 77th Texas Legislature, in 2001. The Act empowers the Authority for purposes including the acquisition and provision of surface water and groundwater for residential, commercial, industrial, agricultural, and other uses, the reduction of groundwater withdrawals, the conservation, preservation, protection, recharge, and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, and the control of subsidence caused by withdrawal of water from those groundwater reservoirs or their subdivisions. The Authority is overseeing that its participants collectively comply with subsidence district surface water conversion requirements. The Authority charges a fee, based on the amount of water pumped from a well, to the owner of wells located within the boundaries of the Authority, unless exempted. This fee enables the Authority to fulfill its purpose and regulatory functions. The fee currently charged is \$3.95 per 1,000 gallons of water pumped from each well.

NOTE 12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, the theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

CHELFORD ONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 13. STRATEGIC PARTNERSHIP AGREEMENT

Effective December 20, 2007, the District entered into a Strategic Partnership Agreement with the City of Houston, Texas. Under the agreement, in accordance with Subchapter F of Chapter 43 of the Local Government Code and the Act, the City annexed a tract of land defined as the “Tract” for the limited purposes of applying the City’s Planning, Zoning, Health, and Safety Ordinances within the Tract within the boundaries of the District. The District will continue to develop, to own, and to operate and maintain a water and wastewater system in the District. The agreement calls for the City to impose a Sales and Use Tax within the boundaries of the Tract upon the limited-purpose annexation of the Tract. The City agreed to pay to the District an amount equal to one-half of all Sales and Use Tax revenues generated within the boundaries of the Tract. However, the Tract is overlapped by an Emergency Service District that already collects the one percent sales and use tax that would otherwise be available to the City. Since the City will not be collecting such sales tax, the District will not be receiving any sales tax revenue under this provision of the agreement. The City agrees that it will not annex the District for full purposes or commence any action to annex the District for full purposes during the term of this agreement. The term of this agreement is 30 years from the effective date.

THIS PAGE INTENTIONALLY LEFT BLANK

CHELFORD ONE MUNICIPAL UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2023

**CHELFORD ONE MUNICIPAL UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 397,880	\$ 515,189	\$ 117,309
Water Service	507,913	506,566	(1,347)
Wastewater Service	515,254	514,446	(808)
Water Authority Fees	571,107	595,512	24,405
Penalty and Interest	37,500	39,568	2,068
Connection and Inspection Fees	20,867	23,859	2,992
Investment and Miscellaneous Revenues	<u>54,630</u>	<u>221,195</u>	<u>166,565</u>
TOTAL REVENUES	<u>\$ 2,105,151</u>	<u>\$ 2,416,335</u>	<u>\$ 311,184</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 165,500	\$ 160,646	\$ 4,854
Contracted Services	329,000	328,840	160
Purchased Wastewater Service	258,691	298,717	(40,026)
Utilities	48,800	56,258	(7,458)
Water Authority Assessments	643,530	752,071	(108,541)
Repairs and Maintenance/Capital Outlay	303,990	535,723	(231,733)
Other	<u>192,414</u>	<u>176,780</u>	<u>15,634</u>
TOTAL EXPENDITURES	<u>\$ 1,941,925</u>	<u>\$ 2,309,035</u>	<u>\$ (367,110)</u>
NET CHANGE IN FUND BALANCE	\$ 163,226	\$ 107,300	\$ (55,926)
FUND BALANCE - OCTOBER 1, 2022	<u>5,038,006</u>	<u>5,038,006</u>	<u>_____</u>
FUND BALANCE - SEPTEMBER 30, 2023	<u>\$ 5,201,232</u>	<u>\$ 5,145,306</u>	<u>\$ (55,926)</u>

See accompanying independent auditor's report.

THIS PAGE INTENTIONALLY LEFT BLANK

CHELFORD ONE MUNICIPAL UTILITY DISTRICT
SUPPLEMENTARY INFORMATION – REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE
SEPTEMBER 30, 2023

**CHELFORD ONE MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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

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

2. RETAIL SERVICE PROVIDERS

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

The following rates are based on the rate order effective April 27, 2023.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$ 23.00	8,000	N	\$ 1.25 \$ 2.00	8,001 to 30,000 30,001 and up
WASTEWATER:	\$ 25.00		Y		
SURCHARGE:					
Water Authority Fees	\$4.35 per 1,000 gallons of metered water usage				

District employs winter averaging for wastewater usage? _____ X
Yes No

Total monthly charges per 10,000 gallons usage: Water: \$25.50 Wastewater: \$25.00 Surcharge: \$43.50 Total: \$94.00

See accompanying independent auditor's report.

**CHELFORD ONE MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered	_____	_____	x 1.0	_____
≤ ³ / ₄ "	<u>1,234</u>	<u>1,218</u>	x 1.0	<u>1,218</u>
1"	<u>12</u>	<u>10</u>	x 2.5	<u>25</u>
1½"	<u>4</u>	<u>4</u>	x 5.0	<u>20</u>
2"	<u>13</u>	<u>13</u>	x 8.0	<u>104</u>
3"	<u>4</u>	<u>4</u>	x 15.0	<u>60</u>
4"	<u>1</u>	<u>1</u>	x 25.0	<u>25</u>
6"	_____	_____	x 50.0	_____
8"	_____	_____	x 80.0	_____
10"	_____	_____	x 115.0	_____
Total Water Connections	<u><u>1,268</u></u>	<u><u>1,250</u></u>		<u><u>1,452</u></u>
Total Wastewater Connections	<u><u>1,260</u></u>	<u><u>1,242</u></u>	x 1.0	<u><u>1,242</u></u>

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

Gallons billed to customers: 143,330,000 Water Accountability Ratio: *

* The District is a participant in the Mission Bend Integrated Water System (see Note 8). All four participants in this system buy and sell water to the other districts in the system monthly. The amounts of water purchased and sold are not recorded by the individual participants.

See accompanying independent auditor's report.

**CHELFORD ONE MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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

Does the District have Debt Service standby fees? Yes No

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes No

County in which District is located:

Harris County

Is the District located within a city?

Entirely Partly Not at all

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

Entirely Partly Not at all

ETJ in which District is located:

City of Houston, Texas.

Are Board Members appointed by an office outside the District?

Yes No

See accompanying independent auditor's report.

**CHELFORD ONE MUNICIPAL UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

PROFESSIONAL FEES:	
Auditing	\$ 18,500
Engineering	44,882
Legal	<u>97,264</u>
TOTAL PROFESSIONAL FEES	<u>\$ 160,646</u>
PURCHASED WASTEWATER SERVICE	<u>\$ 298,717</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 61,003
Operations and Billing	67,446
Security	<u>200,391</u>
TOTAL CONTRACTED SERVICES	<u>\$ 328,840</u>
UTILITIES	<u>\$ 56,258</u>
REPAIRS AND MAINTENANCE	<u>\$ 341,010</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes	\$ 32,222
Insurance	22,081
Office Supplies and Postage	28,899
Travel and Meetings	12,959
Other	<u>6,428</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 102,589</u>
CAPITAL OUTLAY	<u>\$ 194,713</u>
RECREATIONAL FACILITIES	<u>\$ 40,000</u>
OTHER EXPENDITURES:	
Chemicals	\$ 5,059
Laboratory Fees	3,632
Permit Fees	4,447
Connection, Reconnection, and Inspection Fees	16,119
Water Authority Assessments	752,071
Regulatory Assessment	<u>4,934</u>
TOTAL OTHER EXPENDITURES	<u>\$ 786,262</u>
TOTAL EXPENDITURES	<u><u>\$ 2,309,035</u></u>

See accompanying independent auditor's report.

**CHELFORD ONE MUNICIPAL UTILITY DISTRICT
INVESTMENTS
SEPTEMBER 30, 2023**

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
Texas CLASS	XXXX0001	Varies	Daily	\$ 3,172,624	\$
Certificate of Deposit	XXXX4497	5.00%	06/29/24	235,000	2,962
Certificate of Deposit	XXXX8269	5.00%	08/30/24	235,000	966
Certificate of Deposit	XXXX3390	5.50%	03/24/24	235,000	141
Certificate of Deposit	XXXX0364	5.00%	03/25/24	235,000	2,962
Certificate of Deposit	XXXX9839	5.25%	07/26/24	235,000	2,197
Certificate of Deposit	XXXX5216	4.69%	02/27/24	235,000	6,492
TOTAL GENERAL FUND				<u>\$ 4,582,624</u>	<u>\$ 15,720</u>
<u>DEBT SERVICE FUND</u>					
Texas CLASS	XXXX0003	Varies	Daily	\$ 680,338	\$
Certificate of Deposit	XXXX2624	4.75%	03/02/24	235,000	6,483
Certificate of Deposit	XXXX9870	5.00%	03/28/24	150,000	1,233
Certificate of Deposit	XXXX5383	5.34%	03/28/24	150,000	1,317
TOTAL DEBT SERVICE FUND				<u>\$ 1,215,338</u>	<u>\$ 9,033</u>
<u>CAPITAL PROJECTS FUND</u>					
Texas CLASS	XXXX0005	Varies	Daily	\$ 3,444,708	\$ -0-
TOTAL - ALL FUNDS				<u>\$ 9,242,670</u>	<u>\$ 24,753</u>

See accompanying independent auditor's report.

**CHELFORD ONE MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
OCTOBER 1, 2022	\$ 23,310		\$ 33,874	
Adjustments to Beginning				
Balance	<u>(678)</u>	\$ 22,632	<u>(948)</u>	\$ 32,926
Original 2022 Tax Levy	\$ 480,143		\$ 781,947	
Adjustment to 2022 Tax Levy	<u>36,209</u>	<u>516,352</u>	<u>58,970</u>	<u>840,917</u>
TOTAL TO BE				
ACCOUNTED FOR		\$ 538,984		\$ 873,843
 TAX COLLECTIONS:				
Prior Years	\$ 6,895		\$ 12,874	
Current Year	<u>508,294</u>	<u>515,189</u>	<u>827,793</u>	<u>840,667</u>
 TAXES RECEIVABLE -				
SEPTEMBER 30, 2023		<u>\$ 23,795</u>		<u>\$ 33,176</u>
 TAXES RECEIVABLE BY				
YEAR:				
2022		\$ 8,058		\$ 13,124
2021		2,052		4,457
2020		2,200		2,776
2019		2,030		2,596
2018		2,443		2,346
2017 and prior		<u>7,012</u>		<u>7,877</u>
TOTAL		<u>\$ 23,795</u>		<u>\$ 33,176</u>

See accompanying independent auditor's report.

**CHELFORD ONE MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	2022	2021	2020	2019
PROPERTY VALUATIONS:				
Land	\$ 89,849,804	\$ 70,321,020	\$ 53,667,930	\$ 50,770,021
Improvements	263,991,749	224,036,429	215,027,988	216,054,017
Personal Property	5,572,321	4,631,989	4,845,868	4,265,510
Exemptions	(64,355,500)	(39,261,842)	(23,659,981)	(41,271,227)
TOTAL PROPERTY VALUATIONS	\$ 295,058,374	\$ 259,727,596	\$ 249,881,805	\$ 229,818,321
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.285	\$ 0.315	\$ 0.265	\$ 0.275
Maintenance	0.175	0.145	0.210	0.215
TOTAL TAX RATES PER \$100 VALUATION	\$ 0.460	\$ 0.460	\$ 0.475	\$ 0.490
ADJUSTED TAX LEVY*	\$ 1,357,269	\$ 1,194,747	\$ 1,186,939	\$ 1,126,109
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	98.44 %	99.46 %	99.58 %	99.59 %

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

Maintenance Tax – Maximum tax rate of \$0.25 per \$100 of assessed valuation approved by voters on April 3, 1976.

See accompanying independent auditor's report.

**CHELFORD ONE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2023**

S E R I E S - 2 0 1 5			
Due During Fiscal Years Ending September 30	Principal Due November 15	Interest Due November 15/ May 15	Total
2024	\$ 25,000	\$ 36,562	\$ 61,562
2025	25,000	35,813	60,813
2026	25,000	35,062	60,062
2027	25,000	34,312	59,312
2028	30,000	33,469	63,469
2029	80,000	31,750	111,750
2030	80,000	29,250	109,250
2031	80,000	26,750	106,750
2032	200,000	22,375	222,375
2033	200,000	16,125	216,125
2034	200,000	9,750	209,750
2035	200,000	3,250	203,250
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
	\$ 1,170,000	\$ 314,468	\$ 1,484,468

See accompanying independent auditor's report.

**CHELFORD ONE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2023**

S E R I E S - 2 0 1 9

Due During Fiscal Years Ending September 30	Principal Due November 15	Interest Due November 15/ May 15	Total
2024	\$ 75,000	\$ 64,687	\$ 139,687
2025	75,000	63,188	138,188
2026	75,000	61,687	136,687
2027	75,000	60,188	135,188
2028	75,000	58,687	133,687
2029	75,000	57,094	132,094
2030	75,000	55,125	130,125
2031	75,000	52,875	127,875
2032	250,000	48,000	298,000
2033	250,000	40,500	290,500
2034	250,000	33,000	283,000
2035	250,000	25,500	275,500
2036	250,000	18,000	268,000
2037	250,000	10,500	260,500
2038	225,000	3,375	228,375
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
	<u>\$ 2,325,000</u>	<u>\$ 652,406</u>	<u>\$ 2,977,406</u>

See accompanying independent auditor's report.

**CHELFORD ONE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2023**

REFUNDING SERIES - 2019 A

Due During Fiscal Years Ending September 30	Principal Due November 15	Interest Due November 15/ May 15	Total
2024	\$ 325,000	\$ 57,644	\$ 382,644
2025	340,000	47,669	387,669
2026	340,000	37,469	377,469
2027	350,000	28,869	378,869
2028	345,000	21,919	366,919
2029	295,000	15,519	310,519
2030	290,000	9,669	299,669
2031	285,000	3,384	288,384
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
	<u>\$ 2,570,000</u>	<u>\$ 222,142</u>	<u>\$ 2,792,142</u>

See accompanying independent auditor's report.

**CHELFORD ONE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2023**

S E R I E S - 2 0 2 2

Due During Fiscal Years Ending September 30	Principal Due November 15	Interest Due November 15/ May 15	Total
2024	\$ 75,000	\$ 140,644	\$ 215,644
2025	75,000	137,644	212,644
2026	75,000	134,644	209,644
2027	75,000	131,644	206,644
2028	75,000	128,644	203,644
2029	75,000	126,394	201,394
2030	75,000	124,894	199,894
2031	75,000	123,394	198,394
2032	75,000	121,894	196,894
2033	75,000	120,393	195,393
2034	75,000	118,893	193,893
2035	75,000	117,347	192,347
2036	180,000	114,637	294,637
2037	185,000	110,644	295,644
2038	185,000	106,481	291,481
2039	360,000	100,350	460,350
2040	360,000	92,250	452,250
2041	360,000	83,925	443,925
2042	360,000	75,375	435,375
2043	360,000	66,825	426,825
2044	360,000	58,275	418,275
2045	360,000	49,500	409,500
2046	360,000	40,500	400,500
2047	360,000	31,500	391,500
2048	360,000	22,500	382,500
2049	360,000	13,500	373,500
2050	360,000	4,500	364,500
	<u>\$ 5,770,000</u>	<u>\$ 2,497,191</u>	<u>\$ 8,267,191</u>

See accompanying independent auditor's report.

**CHELFORD ONE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2023**

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending September 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2024	\$ 500,000	\$ 299,537	\$ 799,537
2025	515,000	284,314	799,314
2026	515,000	268,862	783,862
2027	525,000	255,013	780,013
2028	525,000	242,719	767,719
2029	525,000	230,757	755,757
2030	520,000	218,938	738,938
2031	515,000	206,403	721,403
2032	525,000	192,269	717,269
2033	525,000	177,018	702,018
2034	525,000	161,643	686,643
2035	525,000	146,097	671,097
2036	430,000	132,637	562,637
2037	435,000	121,144	556,144
2038	410,000	109,856	519,856
2039	360,000	100,350	460,350
2040	360,000	92,250	452,250
2041	360,000	83,925	443,925
2042	360,000	75,375	435,375
2043	360,000	66,825	426,825
2044	360,000	58,275	418,275
2045	360,000	49,500	409,500
2046	360,000	40,500	400,500
2047	360,000	31,500	391,500
2048	360,000	22,500	382,500
2049	360,000	13,500	373,500
2050	360,000	4,500	364,500
	<u>\$ 11,835,000</u>	<u>\$ 3,686,207</u>	<u>\$ 15,521,207</u>

See accompanying independent auditor's report.

THIS PAGE INTENTIONALLY LEFT BLANK

**CHELFORD ONE MUNICIPAL UTILITY DISTRICT
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Description	Original Bonds Issued	Bonds Outstanding October 1, 2022
Chelford One Municipal Utility District Unlimited Tax Bonds - Series 2015	\$ 1,320,000	\$ 1,195,000
Chelford One Municipal Utility District Unlimited Tax Bonds - Series 2019	2,550,000	2,400,000
Chelford One Municipal Utility District Unlimited Tax Refunding Bonds - Series 2019A	3,205,000	2,880,000
Chelford One Municipal Utility District Unlimited Tax Bonds - Series 2022	<u>5,770,000</u>	<u>5,770,000</u>
TOTAL	<u><u>\$ 12,845,000</u></u>	<u><u>\$ 12,245,000</u></u>

Bond Authority:	<u>Tax Bonds</u>	<u>Tax and Revenue Bonds</u>
Amount Authorized by Voters	\$ 28,000,000	\$ 8,000,000
Amount Issued	<u>12,855,000</u>	<u>8,000,000</u>
Remaining to be Issued	<u>\$ 15,145,000</u>	<u>\$ - 0 -</u>

Debt Service Fund cash and investment balances as of September 30, 2023:	<u>\$ 1,244,339</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:	<u>\$ 574,860</u>

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

See accompanying independent auditor's report.

Current Year Transactions

<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding September 30, 2023</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 25,000	\$ 37,313	\$ 1,170,000	The Bank of New York Mellon Trust Company Dallas, TX
	75,000	66,187	2,325,000	The Bank of New York Mellon Trust Company Dallas, TX
	310,000	67,169	2,570,000	Wells Fargo Bank N.A. Houston, TX
		142,144	5,770,000	The Bank of New York Mellon Trust Company Dallas, TX
<u>\$ - 0 -</u>	<u>\$ 410,000</u>	<u>\$ 312,813</u>	<u>\$ 11,835,000</u>	

See accompanying independent auditor's report.

**CHELFORD ONE MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS**

	Amounts		
	2023	2022	2021
REVENUES			
Property Taxes	\$ 515,189	\$ 367,829	\$ 527,908
Water Service	506,566	484,091	484,036
Wastewater Service	514,446	490,263	502,738
Water Authority Fees	595,512	553,996	519,970
Penalty and Interest	39,568	36,458	30,263
Connection and Inspection Fees	23,859	29,571	9,880
Investment and Miscellaneous Revenues	221,195	29,205	27,603
TOTAL REVENUES	\$ 2,416,335	\$ 1,991,413	\$ 2,102,398
EXPENDITURES			
Professional Fees	\$ 160,646	\$ 151,428	\$ 136,959
Contracted Services	328,840	314,430	279,433
Purchased Wastewater Service	298,717	260,757	257,630
Utilities	56,258	50,389	47,766
Water Authority Assessments	752,071	602,174	554,460
Recreational Facilities	40,000	40,000	40,000
Repairs and Maintenance	341,010	280,284	269,055
Other	136,780	141,739	138,306
Capital Outlay	194,713	33,334	
TOTAL EXPENDITURES	\$ 2,309,035	\$ 1,874,535	\$ 1,723,609
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 107,300	\$ 116,878	\$ 378,789
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	\$ - 0 -	\$ - 0 -	\$ - 0 -
NET CHANGE IN FUND BALANCE	\$ 107,300	\$ 116,878	\$ 378,789
BEGINNING FUND BALANCE	5,038,006	4,921,128	4,542,339
ENDING FUND BALANCE	\$ 5,145,306	\$ 5,038,006	\$ 4,921,128

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2020	2019	2023	2022	2021	2020	2019
\$ 491,140	\$ 514,383	21.3 %	18.5 %	25.2 %	23.3 %	24.4 %
505,378	497,719	21.0	24.3	23.0	24.0	23.7
511,478	508,122	21.3	24.6	23.9	24.3	24.2
476,461	437,180	24.6	27.8	24.7	22.7	20.8
35,072	42,673	1.6	1.8	1.4	1.7	2.0
9,540	9,033	1.0	1.5	0.5	0.5	0.4
72,598	91,607	9.2	1.5	1.3	3.5	4.5
<u>\$ 2,101,667</u>	<u>\$ 2,100,717</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 121,884	\$ 134,579	6.6 %	7.6 %	6.5 %	5.8 %	6.4 %
283,439	277,423	13.6	15.8	13.3	13.5	13.2
315,544	199,082	12.4	13.1	12.3	15.0	9.5
49,348	46,127	2.3	2.5	2.3	2.3	2.2
509,818	415,854	31.1	30.2	26.4	24.3	19.8
40,000	40,000	1.7	2.0	1.9	1.9	1.9
244,307	280,214	14.1	14.1	12.8	11.6	13.3
115,914	143,835	5.7	7.1	6.6	5.5	6.8
78,490	103,197	8.1	1.7		3.7	4.9
<u>\$ 1,758,744</u>	<u>\$ 1,640,311</u>	<u>95.6 %</u>	<u>94.1 %</u>	<u>82.1 %</u>	<u>83.6 %</u>	<u>78.0 %</u>
\$ 342,923	\$ 460,406	4.4 %	5.9 %	17.9 %	16.4 %	22.0 %
\$ - 0 -	\$ 68,276					
\$ 342,923	\$ 528,682					
<u>4,199,416</u>	<u>3,670,734</u>					
<u>\$ 4,542,339</u>	<u>\$ 4,199,416</u>					

See accompanying independent auditor's report.

**CHELFORD ONE MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS**

	Amounts		
	2023	2022	2021
REVENUES			
Property Taxes	\$ 840,667	\$ 800,738	\$ 664,764
Penalty and Interest	19,940	13,953	22,400
Investment and Miscellaneous Revenues	54,315	8,275	6,509
TOTAL REVENUES	\$ 914,922	\$ 822,966	\$ 693,673
EXPENDITURES			
Tax Collection/Bond Issuance Costs	\$ 48,443	\$ 42,247	\$ 41,289
Debt Service Principal	410,000	400,000	390,000
Debt Service Interest and Fees	315,813	219,065	196,575
TOTAL EXPENDITURES	\$ 774,256	\$ 661,312	\$ 627,864
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 140,666	\$ 161,654	\$ 65,809
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Proceeds - Capitalized Interest	\$	\$ 142,144	\$
Proceeds from Refunding Bond Sale			
Payment to Refunded Bond Escrow Agent			
Bond Premium			
TOTAL OTHER FINANCING SOURCES (USES)	\$ - 0 -	\$ 142,144	\$ - 0 -
NET CHANGE IN FUND BALANCE	\$ 140,666	\$ 303,798	\$ 65,809
BEGINNING FUND BALANCE	1,142,508	838,710	772,901
ENDING FUND BALANCE	\$ 1,283,174	\$ 1,142,508	\$ 838,710
TOTAL ACTIVE RETAIL WATER CONNECTIONS	1,250	1,250	1,253
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	1,242	1,243	1,246

See accompanying independent auditor's report.

		Percentage of Total Revenues				
<u>2020</u>	<u>2019</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
\$ 626,212	\$ 494,216	91.9 %	97.3 %	95.9 %	96.0 %	90.3 %
15,957	16,865	2.2	1.7	3.2	2.4	3.1
<u>10,196</u>	<u>35,853</u>	<u>5.9</u>	<u>1.0</u>	<u>0.9</u>	<u>1.6</u>	<u>6.6</u>
<u>\$ 652,365</u>	<u>\$ 546,934</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 41,049	\$ 176,127	5.3 %	5.1 %	6.0 %	6.3 %	32.2 %
275,000	265,000	44.8	48.6	56.2	42.2	48.5
<u>179,500</u>	<u>185,806</u>	<u>34.5</u>	<u>26.6</u>	<u>28.3</u>	<u>27.5</u>	<u>34.0</u>
<u>\$ 495,549</u>	<u>\$ 626,933</u>	<u>84.6 %</u>	<u>80.3 %</u>	<u>90.5 %</u>	<u>76.0 %</u>	<u>114.7 %</u>
<u>\$ 156,816</u>	<u>\$ (79,999)</u>	<u>15.4 %</u>	<u>19.7 %</u>	<u>9.5 %</u>	<u>24.0 %</u>	<u>(14.7) %</u>
\$	\$ 34,969					
	3,205,000					
	(3,148,719)					
	<u>44,252</u>					
<u>\$ - 0 -</u>	<u>\$ 135,502</u>					
\$ 156,816	\$ 55,503					
<u>616,085</u>	<u>560,582</u>					
<u>\$ 772,901</u>	<u>\$ 616,085</u>					
<u>1,249</u>	<u>1,240</u>					
<u>1,241</u>	<u>1,233</u>					

See accompanying independent auditor's report.

**CHELFORD ONE MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2023**

District Mailing Address - Chelford One Municipal Utility District of Harris
County, Texas
c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, TX 77027

District Telephone Number - (713) 860-6400

Board Members	Term of Office (Elected or <u>Appointed</u>)	Fees for the year ended <u>September 30, 2023</u>	Expense Reimbursements for the year ended <u>September 30, 2023</u>	<u>Title</u>
Michael Martin	05/20 05/24 (Elected)	\$ 6,300	\$ 359	President
Nicholas Alwine	05/20 05/24 (Elected)	\$ 5,100	\$ 1,232	Vice President
Connie Fowler	05/20 05/24 (Elected)	\$ 6,750	\$ 1,653	Assistant Vice President
Winetta Billings	05/22 05/26 (Elected)	\$ 7,200	\$ 1,551	Secretary
Eston G. Hupp	05/22 05/26 (Elected)	\$ 4,350	\$ -0-	Assistant Secretary

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

Submission date of most recent District Registration Form: May 15, 2022

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution on July 25, 2001. Fees of Office are the amounts actually paid to a Director during the District’s current fiscal year.

See accompanying independent auditor’s report.

**CHELFORD ONE MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2023**

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended September 30, 2023</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	07/28/03	\$ 106,590	General Counsel
McCall Gibson Swedlund Barfoot PLLC	07/16/07	\$ 18,500	Auditor
Municipal Accounts & Consulting, L.P.	03/21/05	\$ 66,846	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, LLP	03/18/96	\$ 5,825	Delinquent Tax Attorney
Vogler & Spencer Engineering, Inc.	01/08/76	\$ 373,406	Engineer
Masterson Advisors LLC	05/21/18	\$ -0-	Financial Advisor
Mark Burton	09/17/07	\$ -0-	Investment Officer
Si Environmental	06/22/12	\$ 430,268	Operator
Bob Leared Interests, Inc.	04/17/06	\$ 29,971	Tax Assessor/ Collector

See accompanying independent auditor's report.

