

CHELFORD CITY MUNICIPAL UTILITY DISTRICT

HARRIS AND FORT BEND COUNTIES, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2023

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

CHELFORD CITY MUNICIPAL UTILITY DISTRICT

HARRIS AND FORT BEND COUNTIES, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Chelford City Municipal Utility District
Harris and Fort Bend Counties, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Chelford City 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 Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund and each Special Revenue 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 City 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 4, 2024

**CHELFORD CITY 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 City Municipal Utility District (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 deferred 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 four governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, operating costs and general expenditures. The Special Revenue Funds account for the operations of the Mission Bend Integrated Water System and the Joint Wastewater Treatment Facilities. 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 CITY 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. Budgetary comparison schedules are included as RSI for the General Fund and each Special Revenue 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 \$26,330,414 as of September 30, 2023. A portion of the District's net position reflects its net investment in capital assets (land, joint facilities, and the District's water, wastewater and drainage facilities, less any debt used to acquire those assets that is still outstanding).

**CHELFORD CITY 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	\$ 12,707,093	\$ 11,977,264	\$ 729,829
Capital Assets (Net of Accumulated Depreciation)	27,027,942	26,771,309	256,633
Total Assets	\$ 39,735,035	\$ 38,748,573	\$ 986,462
Deferred Outflows of Resources	\$ 73,841	\$ 86,688	\$ (12,847)
Bonds Payable	\$ 7,614,035	\$ 8,052,517	\$ 438,482
Other Liabilities	5,864,427	5,780,167	(84,260)
Total Liabilities	\$ 13,478,462	\$ 13,832,684	\$ 354,222
Net Investment in Capital Assets	\$ 19,787,211	\$ 19,331,512	\$ 455,699
Restricted	469,115	443,852	25,263
Unrestricted	6,074,088	5,227,213	846,875
Total Net Position	\$ 26,330,414	\$ 25,002,577	\$ 1,327,837

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	\$ 1,568,688	\$ 1,424,226	\$ 144,462
Charges for Services	9,813,412	8,054,067	1,759,345
Other Revenues	532,731	93,401	439,330
Total Revenues	\$ 11,914,831	\$ 9,571,694	\$ 2,343,137
Expenses for Services	10,586,994	9,566,710	(1,020,284)
Change in Net Position	\$ 1,327,837	\$ 4,984	\$ 1,322,853
Net Position, Beginning of Year	25,002,577	24,997,593	4,984
Net Position, End of Year	\$ 26,330,414	\$ 25,002,577	\$ 1,327,837

**CHELFORD CITY 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 \$6,782,652, an increase of \$637,763 from the prior year.

The General Fund fund balance increased by \$842,694, primarily due to property tax revenues and service revenues exceeding operating expenditures.

The Special Revenue Funds bill operational costs to the participants and are revenue neutral.

The Debt Service Fund fund balance increased by \$21,638, primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund fund balance decreased by \$226,569, primarily due to capital costs paid from the proceeds of bonds issued in a prior year.

BUDGETARY HIGHLIGHTS

The Board of Directors adopted unappropriated budgets for the General Fund and each Special Revenue Fund for the current fiscal year. For the General Fund, actual revenues were \$381,374 more than budgeted revenues and actual expenditures were \$241,598 less than budgeted expenditures resulting in a positive budget to actual variance of \$622,972. See the budget to actual comparisons for the General Fund and each Special Revenue Fund for more information.

CAPITAL ASSETS

Capital assets as of September 30, 2023, total \$27,027,942. Significant capital asset activity during the current fiscal year included rehabilitation of District facilities. Current year capital asset additions consisted of improvements and rehabilitation to the District's facilities as well as jointly operated water and wastewater treatment facilities.

Capital Assets At Year-End			
	2023	2022	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 240,447	\$ 240,447	\$
Construction in Progress	608,838	278,972	329,866
Capital Assets Subject to Depreciation:			
Water System	4,820,215	4,773,690	46,525
Wastewater System	11,087,213	11,087,213	
Drainage System	1,835,259	1,835,259	
Joint Wastewater Treatment Facilities	38,835,487	37,790,922	1,044,565
Capacity Interest in Elevated Storage Tank	398,212	398,212	
Less Accumulated Depreciation	(30,797,729)	(29,633,406)	(1,164,323)
Total Net Capital Assets	\$ 27,027,942	\$ 26,771,309	\$ 256,633

**CHELFORD CITY 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 \$7,525,000. 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	\$ 7,945,000
Less: Bond Principal Paid	<u>420,000</u>
Bond Debt Payable, September 30, 2023	<u><u>\$ 7,525,000</u></u>

The District's underlying credit rating is "A" from Standard & Poor's ("S&P"). The Series 2020 Refunding Bonds and Series 2020A Bonds carry insured ratings of "AA" from S&P by virtue of bond insurance issued by Build America Mutual Assurance Company and Assured Guaranty Municipal Corp. Credit enhanced ratings provided through bond insurance policies are subject to change based on changes in 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 City Municipal Utility District, c/o Coats Rose, P.C., 9 Greenway Plaza, Suite 1000, Houston, TX 77046.

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

	General Fund	Special Revenue Funds	
		Mission Bend Integrated Water System	Regional Wastewater Treatment Plant
ASSETS			
Cash	\$ 339,524	\$ 1,622,962	\$ 1,437,888
Investments	3,739,064	9,802	3,023,902
Receivables:			
Property Taxes	30,555		
Penalty and Interest on Delinquent Taxes			
Service Accounts	154,606		
Other	19,189		62,176
Due from Other Funds	1,421,579		
Prepaid Costs	48,421		
Due from Participants		906,142	
Mission Bend Integrated Water System Advance	229,080		
Joint Wastewater Treatment Facilities Advance	583,469		
Land			
Construction in Progress			
Capital Assets (Net of Accumulated Depreciation)			
TOTAL ASSETS	<u>\$ 6,565,487</u>	<u>\$ 2,538,906</u>	<u>\$ 4,523,966</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges on Refunding Bonds	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 6,565,487</u>	<u>\$ 2,538,906</u>	<u>\$ 4,523,966</u>

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

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 26,439	\$ 5,617	\$ 3,432,430	\$	\$ 3,432,430
418,230	817,392	8,008,390		8,008,390
26,197		56,752		56,752
			18,987	18,987
		154,606		154,606
		81,365		81,365
3,725		1,425,304	(1,425,304)	
		48,421		48,421
		906,142		906,142
		229,080	(229,080)	
		583,469	(583,469)	
			240,447	240,447
			608,838	608,838
			26,178,657	26,178,657
<u>\$ 474,591</u>	<u>\$ 823,009</u>	<u>\$ 14,925,959</u>	<u>\$ 24,809,076</u>	<u>\$ 39,735,035</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 73,841</u>	<u>\$ 73,841</u>
<u>\$ 474,591</u>	<u>\$ 823,009</u>	<u>\$ 14,925,959</u>	<u>\$ 24,882,917</u>	<u>\$ 39,808,876</u>

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

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

	General Fund	Special Revenue Funds	
		Mission Bend Integrated Water System	Regional Wastewater Treatment Plant
LIABILITIES			
Accounts Payable	\$ 282,401	\$ 530,367	\$ 644,971
Accrued Interest Payable			
Construction Deposits	134,870		
Due to Other Funds	3,725	1,012,539	
Security Deposits	70,403		
Participant Reserves:			
Integrated Water System		996,000	
Joint Wastewater Treatment Facilities			3,878,995
Long-Term Liabilities:			
Bonds Payable, Due Within One Year			
Bonds Payable, Due After One Year			
TOTAL LIABILITIES	\$ 491,399	\$ 2,538,906	\$ 4,523,966
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	\$ 30,555	\$ -0-	\$ -0-
FUND BALANCES			
Nonspendable:			
Prepaid Costs	\$ 48,421	\$	\$
For Mission Bend Integrated Water System	229,080		
For Joint Wastewater Treatment Facilities	583,469		
Restricted for Authorized Construction			
Restricted for Debt Service			
Unassigned	5,182,563		
TOTAL FUND BALANCES	\$ 6,043,533	\$ -0-	\$ -0-
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,565,487	\$ 2,538,906	\$ 4,523,966
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.

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 8,738	\$ 114,506	\$ 1,580,983	\$	\$ 1,580,983
			15,725	15,725
		134,870		134,870
	409,040	1,425,304	(1,425,304)	
		70,403		70,403
		996,000	(229,080)	766,920
		3,878,995	(583,469)	3,295,526
			440,000	440,000
			7,174,035	7,174,035
<u>\$ 8,738</u>	<u>\$ 523,546</u>	<u>\$ 8,086,555</u>	<u>\$ 5,391,907</u>	<u>\$ 13,478,462</u>
<u>\$ 26,197</u>	<u>\$ -0-</u>	<u>\$ 56,752</u>	<u>\$ (56,752)</u>	<u>\$ -0-</u>
\$	\$	\$ 48,421	\$ (48,421)	\$
		229,080	(229,080)	
		583,469	(583,469)	
	299,463	299,463	(299,463)	
439,656		439,656	(439,656)	
		5,182,563	(5,182,563)	
<u>\$ 439,656</u>	<u>\$ 299,463</u>	<u>\$ 6,782,652</u>	<u>\$ (6,782,652)</u>	<u>\$ -0-</u>
<u>\$ 474,591</u>	<u>\$ 823,009</u>	<u>\$ 14,925,959</u>		
			\$ 19,787,211	\$ 19,787,211
			469,115	469,115
			6,074,088	6,074,088
			<u>\$ 26,330,414</u>	<u>\$ 26,330,414</u>

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

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

Total Fund Balances - Governmental Funds		\$ 6,782,652
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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 a deferred outflow 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.		73,841
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Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		27,027,942
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Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2022 and prior tax levies became part of recognized revenue in the governmental activities of the District.		75,739
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Accrued Interest Payable	\$ (15,725)	
Bonds Payable	<u>(7,614,035)</u>	<u>(7,629,760)</u>
Total Net Position - Governmental Activities		<u>\$ 26,330,414</u>

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

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CHELFORD CITY 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	Special Revenue Funds	
		Mission Bend Integrated Water System	Regional Wastewater Treatment Plant
REVENUES			
Property Taxes	\$ 898,470	\$	\$
Water Service	569,803	5,435,418	
Wastewater Service	566,798		3,597,907
Water Authority Fees	810,876		
Penalty and Interest	40,800		
Connection, Inspection, and Service Fees	212,993		
Sales Tax Revenues	16,720		
Investment and Miscellaneous Revenues	280,354	7,656	158,567
TOTAL REVENUES	\$ 3,396,814	\$ 5,443,074	\$ 3,756,474
EXPENDITURES/EXPENSES			
Service Operations:			
Professional Fees	\$ 226,935	\$ 13,309	\$ 144,560
Contracted Services	195,948	13,023	353,310
Purchased Water Service	975,068		
Purchased Wastewater Service	473,123		
Utilities		373,023	487,091
Water Authority Assessments		5,010,280	
Repairs and Maintenance	407,440		572,736
Depreciation			
Other	263,341	33,439	1,051,120
Capital Outlay	12,265		1,147,657
Debt Service:			
Bond Principal			
Bond Interest			
TOTAL EXPENDITURES/EXPENSES	\$ 2,554,120	\$ 5,443,074	\$ 3,756,474
NET CHANGE IN FUND BALANCES	\$ 842,694	\$ - 0 -	\$ - 0 -
CHANGE IN NET POSITION			
FUND BALANCES/NET POSITION - OCTOBER 1, 2022	5,200,839		
FUND BALANCES/NET POSITION - SEPTEMBER 30, 2023	\$ 6,043,533	\$ - 0 -	\$ - 0 -

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

<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$ 665,221	\$	\$ 1,563,691	\$ 4,997	\$ 1,568,688
		6,005,221	(975,068)	5,030,153
		4,164,705	(473,123)	3,691,582
		810,876		810,876
25,249		66,049	1,759	67,808
		212,993		212,993
		16,720		16,720
<u>32,758</u>	<u>36,676</u>	<u>516,011</u>		<u>516,011</u>
<u>\$ 723,228</u>	<u>\$ 36,676</u>	<u>\$ 13,356,266</u>	<u>\$ (1,441,435)</u>	<u>\$ 11,914,831</u>
\$ 16,109	\$ 1,537	\$ 402,450	\$	\$ 402,450
51,596		613,877		613,877
		975,068	(975,068)	
		473,123	(473,123)	
		860,114		860,114
		5,010,280		5,010,280
		980,176		980,176
			1,164,323	1,164,323
12,585	674	1,361,159		1,361,159
	261,034	1,420,956	(1,420,956)	
420,000		420,000	(420,000)	
<u>201,300</u>		<u>201,300</u>	<u>(6,685)</u>	<u>194,615</u>
<u>\$ 701,590</u>	<u>\$ 263,245</u>	<u>\$ 12,718,503</u>	<u>\$ (2,131,509)</u>	<u>\$ 10,586,994</u>
\$ 21,638	\$ (226,569)	\$ 637,763	\$ (637,763)	\$
			1,327,837	1,327,837
<u>418,018</u>	<u>526,032</u>	<u>6,144,889</u>	<u>18,857,688</u>	<u>25,002,577</u>
<u>\$ 439,656</u>	<u>\$ 299,463</u>	<u>\$ 6,782,652</u>	<u>\$ 19,547,762</u>	<u>\$ 26,330,414</u>

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

**CHELFORD CITY 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	\$	637,763
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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.		4,997
--	--	-------

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.		1,759
---	--	-------

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.		(1,164,323)
--	--	-------------

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.		1,420,956
---	--	-----------

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.		420,000
---	--	---------

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.		6,685
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Change in Net Position - Governmental Activities	\$	<u>1,327,837</u>
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The accompanying notes to the financial statements are an integral part of this report.

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

NOTE 1. CREATION OF DISTRICT

Chelford City Municipal Utility District (the “District”) of Harris and Fort Bend Counties, Texas, was created effective January 23, 1973, by an Order of the Texas Water Rights Commission, presently known as the Texas Commission on Environmental Quality. 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 March 3, 1975, and the first bonds were sold on August 10, 1977.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”).

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements. The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position. The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

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.

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

The District has four 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.

Special Revenue Funds - To account for financial resources collected and administered by the District for the operation of the joint wastewater treatment facilities and the Mission Bend Integrated Water System.

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.

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

As of the fiscal year-end, the General Fund owed \$3,725 to the Debt Service Fund for the over transfer of maintenance tax collections, the Mission Bend Integrated Water System Special Revenue Fund recorded a payable to the General Fund of \$950,000 to for operating costs (reimbursed subsequent to year end), and the Capital Projects Fund recorded a payable of \$409,040 to the General Fund for sanitary sewer rehabilitation construction costs.

Capital Assets

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

Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$15,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Water System	10-45
Wastewater System	10-45
Drainage System	10-45

Budgeting

Unappropriated budgets are adopted each year for the General Fund and each Special Revenue Fund by the District’s Board of Directors. The budgets are prepared using the same method of accounting as for financial reporting. The original budgets for the current year were not amended. The Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund and each Special Revenue Fund presents the original budget amounts compared to the actual amounts of revenues and expenditures for the current year.

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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.

NOTE 3. LONG-TERM DEBT

As of September 30, 2023, the District had authorized but unissued bonds in the amount of \$9,755,000 for utility facilities. The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount, and are further payable from and secured by a lien on and pledge of the net revenues to be received from the operation of the District's water and wastewater systems.

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	\$ 7,945,000	\$	\$ 420,000	\$ 7,525,000
Unamortized Discounts	(26,119)		(1,322)	(24,797)
Unamortized Premiums	133,636		19,804	113,832
Bonds Payable, Net	<u>\$ 8,052,517</u>	<u>\$ -0-</u>	<u>\$ 438,482</u>	<u>\$ 7,614,035</u>
		Amount Due Within One Year		\$ 440,000
		Amount Due After One Year		<u>7,174,035</u>
		Bonds Payable, Net		<u>\$ 7,614,035</u>

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

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2016	Refunding Series 2020	Series 2020A
Amount Outstanding – September 30, 2023	\$ 3,425,000	\$ 2,230,000	\$ 1,870,000
Interest Rates	2.25% - 3.00%	2.00% - 3.00%	2.00% - 2.125%
Maturity Dates – Serially Beginning/Ending	September 1, 2027/2036	September 1, 2024/2029	September 1, 2027/2042
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2023**	September 1, 2026**	September 1, 2026**

** Or any date thereafter, in whole, or from time to time in part, in integral multiples of \$5,000, at a price equal to the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption. The Series 2016 term bonds maturing September 1, 2029 and 2036, are subject to mandatory redemption on September 1, 2027 and 2035. The Series 2020A term bonds maturing September 1, 2033, 2036, 2039, and 2042, are subject to mandatory redemption beginning September 1, 2031, 2034, 2037, and 2040, respectively.

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

Fiscal Year	Principal	Interest	Total
2024	\$ 440,000	\$ 188,700	\$ 628,700
2025	455,000	175,500	630,500
2026	480,000	161,850	641,850
2027	455,000	147,450	602,450
2028	455,000	137,975	592,975
2029-2033	2,305,000	537,912	2,842,912
2034-2038	1,935,000	236,514	2,171,514
2039-2042	1,000,000	53,126	1,053,126
	<u>\$ 7,525,000</u>	<u>\$ 1,639,027</u>	<u>\$ 9,164,027</u>

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

NOTE 3. LONG-TERM DEBT (Continued)

During the year ended September 30, 2023, the District levied an ad valorem debt service tax rate of \$0.133 per \$100 of assessed valuation, which resulted in a tax levy of \$669,897 on the adjusted taxable valuation of \$503,682,288 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 the maintenance tax levy.

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

NOTE 4. SIGNIFICANT BOND 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 to provide to certain information repositories continuing disclosure of annual financial information and operating data with respect to the District. The information is of the general type included in the annual audit report and must be filed within six months after the end of each fiscal year of the District.

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.

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

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

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 \$3,432,430 and the bank balance was \$2,567,811. The District was not exposed to custodial credit risk at year-end. The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at September 30, 2023, as listed below:

	Cash
GENERAL FUND	\$ 339,524
SPECIAL REVENUE FUNDS	3,060,850
DEBT SERVICE FUND	26,439
CAPITAL PROJECTS FUND	5,617
TOTAL DEPOSITS	\$ 3,432,430

Investments

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

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

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

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The District invests in TexPool, an external investment pool that is not SEC-registered. The Texas Comptroller of Public Accounts has oversight of the pool. Federated Hermes, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool. 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>		
TexPool	\$ 3,739,064	\$ 3,739,064
<u>SPECIAL REVENUE FUNDS</u>		
TexPool	3,033,704	3,033,704
<u>DEBT SERVICE FUND</u>		
TexPool	418,230	418,230
<u>CAPITAL PROJECTS FUND</u>		
TexPool	817,392	817,392
TOTAL INVESTMENTS	\$ 8,008,390	\$ 8,008,390

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 investment in TexPool was rated AAAM by Standard and Poor's. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in TexPool to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District.

Restrictions

All cash and investments of the Special Revenue Funds are restricted for the payment of operations for the Joint Wastewater Treatment Facilities and the Mission Bend Integrated Water System. All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

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

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	\$ 240,447	\$	\$	\$ 240,447
Construction in Progress	<u>278,972</u>	<u>1,420,956</u>	<u>1,091,090</u>	<u>608,838</u>
Total Capital Assets Not Being Depreciated	<u>\$ 519,419</u>	<u>\$ 1,420,956</u>	<u>\$ 1,091,090</u>	<u>\$ 849,285</u>
Capital Assets Subject to Depreciation				
Water System	\$ 4,773,690	\$ 46,525	\$	\$ 4,820,215
Wastewater System	11,087,213			11,087,213
Drainage System	1,835,259			1,835,259
Joint Wastewater Treatment Facilities	37,790,922	1,044,565		38,835,487
Capacity Interest in Elevated Storage Tank	<u>398,212</u>	<u></u>	<u></u>	<u>398,212</u>
Total Capital Assets Subject to Depreciation	<u>\$ 55,885,296</u>	<u>\$ 1,091,090</u>	<u>\$ - 0 -</u>	<u>\$ 56,976,386</u>
Less Accumulated Depreciation				
Water System	\$ 2,955,129	\$ 152,163	\$	\$ 3,107,292
Wastewater System	4,900,697	193,286		5,093,983
Drainage System	1,363,328	26,412		1,389,740
Joint Wastewater Treatment Facilities	20,112,057	782,506		20,894,563
Capacity Interest in Elevated Storage Tank	<u>302,195</u>	<u>9,956</u>	<u></u>	<u>312,151</u>
Total Accumulated Depreciation	<u>\$ 29,633,406</u>	<u>\$ 1,164,323</u>	<u>\$ - 0 -</u>	<u>\$ 30,797,729</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 26,251,890</u>	<u>\$ (73,233)</u>	<u>\$ - 0 -</u>	<u>\$ 26,178,657</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 26,771,309</u>	<u>\$ 1,347,723</u>	<u>\$ 1,091,090</u>	<u>\$ 27,027,942</u>

NOTE 7. MAINTENANCE TAX

On September 14, 2002, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$0.50 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 \$0.18 per \$100 of assessed valuation, which resulted in a tax levy of 906,628 on the adjusted taxable valuation of \$503,682,288 for the 2022 tax year. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and sanitary sewer system.

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

NOTE 8. INTEGRATED WATER SYSTEM

On May 14, 1981, the District, Chelford One 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 (“Integrated Water System”). Effective April 1, 2019, the districts executed the Second Amended and Restated Water Supply and Billing Agreement. The District is the coordinating district in regard to the billing and collection of chemicals, telephone, electricity and ground water reduction plan 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. The District has contributed a reserve of \$229,080 and recorded current year expenditures of \$975,068.

NOTE 9. AGREEMENT FOR CONSTRUCTION, FINANCING AND OPERATION OF AN ELEVATED WATER STORAGE FACILITY

On May 30, 1986, the District executed an agreement with Chelford One 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 for its share of the costs of operation and maintenance. Each district has equitable ownership rights in the facility as follows:

Participant	Percent
Chelford City Municipal Utility District	15.14%
Chelford One Municipal Utility District	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>

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

NOTE 10. FINANCING AND OPERATION OF REGIONAL FACILITIES

The District entered into various contracts whereby the District agreed to provide or cause to be provided the regional wastewater treatment and disposal facilities necessary to serve the participating districts. The term of each contract is 40 years and are dated as shown:

<u>Participants</u>	<u>Date of Agreement</u>
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

On January 26, 1982, the District 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.

Effective January 1, 2005, Harris County Municipal Utility District No. 120 (District No. 120) sold the District 118,050 gpd of its excess capacity at a cost of \$548,933 plus interest.

On September 11, 2006, the contract was amended 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. The City of Houston and Alief Church are not a party to the September 11, 2006, contract.

On March 12, 2018, the District 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, the District is considering the contract to be in effect on a month-by-month basis.

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

NOTE 10. FINANCING AND OPERATION OF REGIONAL FACILITIES
(Continued)

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>

Per the purchase and sale agreement for wastewater treatment plant capacity dated November 14, 2022, the District purchased excess capacity from District No. 2 and District No. 120 , increasing the District's capacity to 996,600 gpd.

Participants are billed monthly, based on \$1.50 per 1,000 gallons-per-day capacity acquired in the Plant, 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, of each year, any excess of revenues or expenditures are allocated to each participant based upon their pro rata share of total annual billings for the fiscal year then ended. The allocation is added to or deducted from each participant's fund balance. The District's advance for future operations, maintenance and capital improvements to the Plant totaled \$583,469, and the District recorded current year expenditures of \$473,123 as its share of operating costs of the plant.

NOTE 11. 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 CITY MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 12. WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

The District's water well 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 (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 comply with subsidence district pumpage requirements. The Authority charges a fee, based on the amount of water pumped from a well, to the owners of wells located within the boundaries of the Authority, unless exempted. The fee charged as of the fiscal year end is \$3.95 per 1,000 gallons of water pumped from each well.

NOTE 13. STRATEGIC PARTNERSHIP AGREEMENT

Effective April 11, 2003, the District entered into a Strategic Partnership Agreement ("SPA") with the City of Houston, Texas which was amended January 29, 2007, and April 3, 2007. Land added in the April 3, 2007, amendment is included for fireworks regulations only. Under the agreement, and in accordance with Subchapter F of Chapter 43 of the Local Government Code and Act, the City has annexed a tract of land within the District for the limited purposes of applying the City's Planning, Zoning, Health, and Safety Ordinances within the tract. The District will continue to develop, to own, and to operate and maintain a water, wastewater, and drainage system in the District. The taxable property within the District is not liable for any present or future debts of the City, and current and future taxes levied by the City may not be levied on taxable property within the District. The City's municipal courts have jurisdiction to adjudicate criminal cases filed under the Planning, Zoning, Health and Safety Ordinances and certain state laws. The District's assets, liabilities, indebtedness, and obligations will remain the responsibilities of the District during the period preceding full-purpose annexation. The City may not annex the District for full purposes during the term of this agreement. The City imposes a Sale and Use Tax within the boundaries of the District on the land included under the SPA on the receipts from the sale and use at retail of taxable items at the rate of one percent or the rate specified under the futures amendments to Chapter 321 of the Tax Code. The City agreed to pay to the District an amount equal to one-half of all Sales and Use Tax revenues generated within the District within 30 days of the City receiving the funds from the State Comptroller's office. The term of the SPA is 30 years from the effective date of April 11, 2003. During the current fiscal year, the District recorded sales tax revenues of \$16,720.

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CHELFORD CITY MUNICIPAL UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2023

**CHELFORD CITY 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	\$ 890,000	\$ 898,470	\$ 8,470
Water Service	588,000	569,803	(18,197)
Wastewater Service	576,000	566,798	(9,202)
Water Authority Fees	780,000	810,876	30,876
Penalty and Interest	36,000	40,800	4,800
Connection, Inspection and Service Fees	29,760	212,993	183,233
Sales Tax Revenues	19,200	16,720	(2,480)
Investment and Miscellaneous Revenues	96,480	280,354	183,874
TOTAL REVENUES	\$ 3,015,440	\$ 3,396,814	\$ 381,374
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 168,840	\$ 226,935	\$ (58,095)
Contracted Services	111,301	195,948	(84,647)
Purchased Water Service	1,075,808	975,068	100,740
Purchased Wastewater Service	458,255	473,123	(14,868)
Repairs and Maintenance/Capital Outlay	612,000	419,705	192,295
Other	369,514	263,341	106,173
TOTAL EXPENDITURES	\$ 2,795,718	\$ 2,554,120	\$ 241,598
NET CHANGE IN FUND BALANCE	\$ 219,722	\$ 842,694	\$ 622,972
FUND BALANCE - OCTOBER 1, 2022	5,200,839	5,200,839	
FUND BALANCE - SEPTEMBER 30, 2023	\$ 5,420,561	\$ 6,043,533	\$ 622,972

See accompanying independent auditor's report.

**CHELFORD CITY MUNICIPAL UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL
REVENUE FUND - JOINT WASTEWATER TREATMENT FACILITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Revenues from Participants	\$ 6,242,536	\$ 3,597,907	\$ (2,644,629)
Investment and Miscellaneous Revenues	<u>12,000</u>	<u>158,567</u>	<u>146,567</u>
TOTAL REVENUES	<u>\$ 6,254,536</u>	<u>\$ 3,756,474</u>	<u>\$ (2,498,062)</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 190,500	\$ 144,560	\$ 45,940
Contracted Services	357,700	353,310	4,390
Utilities	370,800	487,091	(116,291)
Repairs and Maintenance	684,000	572,736	111,264
Other	839,536	1,051,120	(211,584)
Capital Outlay	<u>3,812,000</u>	<u>1,147,657</u>	<u>2,664,343</u>
TOTAL EXPENDITURES	<u>\$ 6,254,536</u>	<u>\$ 3,756,474</u>	<u>\$ 2,498,062</u>
NET CHANGE IN FUND BALANCE	\$ -0-	\$ -0-	\$ -0-
FUND BALANCE - OCTOBER 1, 2022	_____	_____	_____
FUND BALANCE - SEPTEMBER 30, 2023	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

See accompanying independent auditor's report.

**CHELFORD CITY MUNICIPAL UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
SPECIAL REVENUE FUND - INTEGRATED WATER SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Revenues from Participants	\$ 4,672,469	\$ 5,435,418	\$ 762,949
Investment and Miscellaneous Revenues		<u>7,656</u>	<u>7,656</u>
TOTAL REVENUES	<u>\$ 4,672,469</u>	<u>\$ 5,443,074</u>	<u>\$ 770,605</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 18,000	\$ 13,309	\$ 4,691
Contracted Services	10,900	13,023	(2,123)
Utilities	369,720	373,023	(3,303)
Water Authority Assessments	4,244,929	5,010,280	(765,351)
Other	<u>28,920</u>	<u>33,439</u>	<u>(4,519)</u>
TOTAL EXPENDITURES	<u>\$ 4,672,469</u>	<u>\$ 5,443,074</u>	<u>\$ (770,605)</u>
NET CHANGE IN FUND BALANCE	\$ -0-	\$ -0-	\$ -0-
FUND BALANCE - OCTOBER 1, 2022	<u> </u>	<u> </u>	<u> </u>
FUND BALANCE - SEPTEMBER 30, 2023	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

See accompanying independent auditor's report.

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

**CHELFORD CITY 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	<u> X </u>	Drainage
<u> X </u>	Retail Wastewater		Wholesale Wastewater		Irrigation
<u> X </u>	Parks/Recreation		Fire Protection		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 approved March 7, 2022.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	\$ 14.50	8,000	N	\$ 1.25 \$ 2.50	8,001 to 25,000 25,001 and up
WASTEWATER:	\$ 15.50		Y		
SURCHARGE:					
Water Authority Fees	\$4.35 per 1,000 gallons of metered water usage				
Regulatory Assessment Fee	0.5% of actual water and sewer bill				

District employs winter averaging for wastewater usage?

Yes	<u> X </u> No
-----	--------------------

Total monthly charges per 10,000 gallons usage: Water: \$17.00 Wastewater: \$15.50 Surcharge: \$43.66

See accompanying independent auditor's report.

**CHELFORD CITY 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	
≤¾"	2,824	2,774	x 1.0	2,774
1"	17	17	x 2.5	43
1½"	11	11	x 5.0	55
2"	16	16	x 8.0	128
3"			x 15.0	
4"			x 25.0	
6"	1	1	x 50.0	50
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u>2,869</u>	<u>2,819</u>		<u>3,050</u>
Total Wastewater Connections	<u>2,831</u>	<u>2,785</u>	x 1.0	<u>2,785</u>

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

Gallons billed to customers: 207,122,600*

* The District is on an integrated water system with 3 other districts (see Note 8).

See accompanying independent auditor's report.

CHELFORD CITY 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

Counties in which District is located:

Harris County and Fort Bend 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 CITY MUNICIPAL UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

PROFESSIONAL FEES:	
Auditing	\$ 17,000
Engineering	93,078
Legal	<u>116,857</u>
TOTAL PROFESSIONAL FEES	<u>\$ 226,935</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	\$ 975,068
Purchased Wastewater Service	<u>473,123</u>
TOTAL PURCHASED SERVICES FOR RESALE	<u>\$ 1,448,191</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 26,891
Operations and Billing	<u>169,057</u>
TOTAL CONTRACTED SERVICES	<u>\$ 195,948</u>
REPAIRS AND MAINTENANCE	<u>\$ 407,440</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes and Administration	\$ 25,390
Educational Seminars	13,253
Insurance	10,537
Office Supplies and Postage	67,491
Other	<u>10,858</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 127,529</u>
CAPITAL OUTLAY	<u>\$ 12,265</u>
TAP CONNECTIONS	<u>\$ 3,797</u>
PARKS AND RECREATION	<u>\$ 40,000</u>
OTHER EXPENDITURES:	
Chemicals	\$ 11,303
Laboratory Fees	9,769
Permit Fees	16,580
Reconnection Fees	19,871
Inspection Fees	15,262
Regulatory Assessment	5,370
Storm Water Management Plan	<u>13,860</u>
TOTAL OTHER EXPENDITURES	<u>\$ 92,015</u>
TOTAL EXPENDITURES	<u><u>\$ 2,554,120</u></u>

See accompanying independent auditor's report.

CHELFORD CITY MUNICIPAL UTILITY DISTRICT
INVESTMENTS
SEPTEMBER 30, 2023

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 174,295	\$
TexPool	XXXX0005	Varies	Daily	<u>3,564,769</u>	<u> </u>
TOTAL GENERAL FUND				<u>\$ 3,739,064</u>	<u>\$ - 0 -</u>
<u>SPECIAL REVENUE FUNDS</u>					
TexPool	XXXX0003	Varies	Daily	\$ 3,023,902	\$
TexPool	XXXX0006	Varies	Daily	<u>9,802</u>	<u> </u>
TOTAL SPECIAL REVENUE FUND				<u>\$ 3,033,704</u>	<u>\$ - 0 -</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0002	Varies	Daily	<u>\$ 418,230</u>	<u>\$ - 0 -</u>
<u>CAPITAL PROJECTS FUND</u>					
TexPool	XXXX0004	Varies	Daily	<u>\$ 817,392</u>	<u>\$ - 0 -</u>
TOTAL - ALL FUNDS				<u>\$ 8,008,390</u>	<u>\$ - 0 -</u>

See accompanying independent auditor's report.

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

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
OCTOBER 1, 2022	\$	26,374	\$	25,381
Adjustments to Beginning				
Balance		<u>(3,977)</u>	\$	<u>22,397</u>
			<u>(3,860)</u>	\$
				21,521
Original 2022 Tax Levy	\$	877,339	\$	648,256
Adjustment to 2022 Tax Levy		<u>29,289</u>	<u>906,628</u>	<u>21,641</u>
				<u>669,897</u>
TOTAL TO BE				
ACCOUNTED FOR		\$	929,025	\$
				691,418
TAX COLLECTIONS:				
Prior Years	\$	10,499	\$	9,109
Current Year		<u>887,971</u>	<u>898,470</u>	<u>656,112</u>
				<u>665,221</u>
TAXES RECEIVABLE -				
SEPTEMBER 30, 2023		<u>\$</u>	<u>30,555</u>	<u>\$</u>
				<u>26,197</u>
TAXES RECEIVABLE BY				
YEAR:				
2022	\$	18,657	\$	13,785
2021		5,004		4,309
2020		2,838		2,680
2019		1,424		1,463
2018		712		712
2017 and Prior		<u>1,920</u>		<u>3,248</u>
TOTAL		<u>\$</u>	<u>30,555</u>	<u>\$</u>
				<u>26,197</u>

See accompanying independent auditor's report.

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

	2022	2021	2020	2019
PROPERTY VALUATIONS:				
Land	\$ 112,767,825	\$ 95,125,653	\$ 88,425,191	\$ 79,515,570
Improvements	530,411,216	412,131,973	388,305,407	363,413,035
Personal Property	9,138,744	7,469,284	6,728,158	5,637,661
Exemptions	<u>(148,635,497)</u>	<u>(88,881,837)</u>	<u>(84,421,523)</u>	<u>(80,119,762)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 503,682,288</u>	<u>\$ 425,845,073</u>	<u>\$ 399,037,233</u>	<u>\$ 368,446,504</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.133	\$ 0.155	\$ 0.17	\$ 0.185
Maintenance	<u>0.180</u>	<u>0.180</u>	<u>0.18</u>	<u>0.180</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.313</u>	<u>\$ 0.335</u>	<u>\$ 0.35</u>	<u>\$ 0.365</u>
ADJUSTED TAX LEVY*	<u>\$ 1,576,525</u>	<u>\$ 1,426,581</u>	<u>\$ 1,396,633</u>	<u>\$ 1,344,830</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>97.94 %</u>	<u>99.35 %</u>	<u>99.60 %</u>	<u>99.79 %</u>

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

Maintenance Tax – Maximum tax rate of \$0.50 per \$100 of assessed valuation approved by voters on September 14, 2002.

See accompanying independent auditor's report.

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

S E R I E S - 2 0 1 6

Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2024	\$	\$ 90,875	\$ 90,875
2025		90,875	90,875
2026		90,875	90,875
2027	150,000	90,875	240,875
2028	150,000	87,500	237,500
2029	150,000	84,125	234,125
2030	425,000	80,750	505,750
2031	425,000	70,656	495,656
2032	425,000	60,031	485,031
2033	425,000	48,875	473,875
2034	425,000	37,188	462,188
2035	425,000	25,500	450,500
2036	425,000	12,750	437,750
2037			
2038			
2039			
2040			
2041			
2042			
	<u>\$ 3,425,000</u>	<u>\$ 870,875</u>	<u>\$ 4,295,875</u>

See accompanying independent auditor's report.

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

REFUNDING SERIES - 2020

Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2024	\$ 440,000	\$ 58,350	\$ 498,350
2025	455,000	45,150	500,150
2026	480,000	31,500	511,500
2027	290,000	17,100	307,100
2028	285,000	11,300	296,300
2029	280,000	5,600	285,600
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
	<u>\$ 2,230,000</u>	<u>\$ 169,000</u>	<u>\$ 2,399,000</u>

See accompanying independent auditor's report.

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

S E R I E S - 2 0 2 0 A			
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2024	\$	\$ 39,475	\$ 39,475
2025		39,475	39,475
2026		39,475	39,475
2027	15,000	39,475	54,475
2028	20,000	39,175	59,175
2029	25,000	38,775	63,775
2030	30,000	38,275	68,275
2031	35,000	37,675	72,675
2032	40,000	36,975	76,975
2033	45,000	36,175	81,175
2034	50,000	35,275	85,275
2035	50,000	34,213	84,213
2036	60,000	33,150	93,150
2037	250,000	31,875	281,875
2038	250,000	26,563	276,563
2039	250,000	21,250	271,250
2040	250,000	15,938	265,938
2041	250,000	10,625	260,625
2042	250,000	5,313	255,313
	\$ 1,870,000	\$ 599,152	\$ 2,469,152

See accompanying independent auditor's report.

CHELFORD CITY 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	\$ 440,000	\$ 188,700	\$ 628,700
2025	455,000	175,500	630,500
2026	480,000	161,850	641,850
2027	455,000	147,450	602,450
2028	455,000	137,975	592,975
2029	455,000	128,500	583,500
2030	455,000	119,025	574,025
2031	460,000	108,331	568,331
2032	465,000	97,006	562,006
2033	470,000	85,050	555,050
2034	475,000	72,463	547,463
2035	475,000	59,713	534,713
2036	485,000	45,900	530,900
2037	250,000	31,875	281,875
2038	250,000	26,563	276,563
2039	250,000	21,250	271,250
2040	250,000	15,938	265,938
2041	250,000	10,625	260,625
2042	250,000	5,313	255,313
	<u>\$ 7,525,000</u>	<u>\$ 1,639,027</u>	<u>\$ 9,164,027</u>

See accompanying independent auditor's report.

CHELFORD CITY 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 City Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2016	\$ 3,425,000	\$ 3,425,000
Chelford City Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds - Series 2020	3,445,000	2,650,000
Chelford City Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2020A	<u>1,870,000</u>	<u>1,870,000</u>
TOTAL	<u>\$ 8,740,000</u>	<u>\$ 7,945,000</u>
	Utility Facilities Bonds	Refunding Bonds
Bond Authority:		
Amount Authorized by Voters	\$ 32,300,000	
Amount Issued	<u>22,545,000</u>	
Remaining to be Issued	<u>\$ 9,755,000</u>	<u>*</u>
Debt Service Fund cash and investment balances as of September 30, 2023:		<u>\$ 444,669</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:		<u>\$ 482,317</u>

For interest rates, interest payment dates and maturity dates, see Note 3.

* The \$21,000,000 in bonds voted in September 2002 can be sold as either original issue bonds or refunding bonds. The District previously issued \$7,255,000 of refunding bonds to replace \$7,255,000 of original bonds issued.

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding</u>	
	<u>Principal</u>	<u>Interest</u>	<u>September 30, 2023</u>	
\$	\$	\$ 90,875	\$ 3,425,000	The Bank of New York Mellon Trust Company, N.A. Dallas, Texas
	420,000	70,950	2,230,000	The Bank of New York Mellon Trust Company, N.A. Dallas, Texas
		<u>39,475</u>	<u>1,870,000</u>	The Bank of New York Mellon Trust Company, N.A. Dallas, Texas
<u>\$ - 0 -</u>	<u>\$ 420,000</u>	<u>\$ 201,300</u>	<u>\$ 7,525,000</u>	

See accompanying independent auditor's report.

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

	Amounts		
	2023	2022	2021
REVENUES			
Property Taxes	\$ 898,470	\$ 761,395	\$ 718,601
Water Service	569,803	550,861	524,614
Wastewater Service	566,798	537,074	584,645
Water Authority Fees	810,876	830,443	759,280
Penalty and Interest	40,800	38,527	29,306
Connection, Inspection and Service Fees	212,993	100,750	88,541
Sales Tax Revenues	16,720	22,809	35,768
Investment and Miscellaneous Revenues	280,354	27,287	1,950
TOTAL REVENUES	\$ 3,396,814	\$ 2,869,146	\$ 2,742,705
EXPENDITURES			
Professional Fees	\$ 226,935	\$ 163,292	\$ 157,697
Contracted Services	195,948	106,085	100,961
Purchased Water Service	975,068	1,280,970	911,686
Purchased Wastewater Service	473,123	461,914	444,931
Repairs and Maintenance	407,440	477,312	342,060
Other	263,341	286,372	275,532
Capital Outlay	12,265		
TOTAL EXPENDITURES	\$ 2,554,120	\$ 2,775,945	\$ 2,232,867
NET CHANGE IN FUND BALANCE	\$ 842,694	\$ 93,201	\$ 509,838
BEGINNING FUND BALANCE	5,200,839	5,107,638	4,597,800
ENDING FUND BALANCE	\$ 6,043,533	\$ 5,200,839	\$ 5,107,638

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2020	2019	2023	2022	2021	2020	2019
\$ 656,869	\$ 624,489	26.3 %	26.6 %	26.2 %	24.5 %	22.9 %
538,868	533,692	16.8	19.2	19.1	20.1	19.7
560,572	554,435	16.7	18.7	21.3	20.9	20.4
749,265	720,752	23.9	28.9	27.7	27.9	26.6
25,288	42,491	1.2	1.3	1.1	0.9	1.6
105,607	138,792	6.3	3.5	3.2	3.9	5.1
13,059	17,790	0.5	0.8	1.3	0.5	0.7
34,906	80,765	8.3	1.0	0.1	1.3	3.0
<u>\$ 2,684,434</u>	<u>\$ 2,713,206</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 119,604	\$ 141,243	6.7 %	5.7 %	5.7 %	4.5 %	5.2 %
100,495	98,251	5.8	3.7	3.7	3.7	3.6
884,998	772,339	28.7	44.6	33.2	33.0	28.5
546,724	345,215	13.9	16.1	16.2	20.4	12.7
505,559	422,223	12.0	16.6	12.5	18.8	15.6
256,814	390,944	7.8	10.0	10.0	9.6	14.4
42,600		0.4			1.6	
<u>\$ 2,456,794</u>	<u>\$ 2,170,215</u>	<u>75.3 %</u>	<u>96.7 %</u>	<u>81.3 %</u>	<u>91.6 %</u>	<u>80.0 %</u>
\$ 227,640	\$ 542,991	<u>24.7 %</u>	<u>3.3 %</u>	<u>18.7 %</u>	<u>8.4 %</u>	<u>20.0 %</u>
<u>4,370,160</u>	<u>3,827,169</u>					
<u>\$ 4,597,800</u>	<u>\$ 4,370,160</u>					

See accompanying independent auditor's report.

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

	Amounts		
	2023	2022	2021
REVENUES			
Property Taxes	\$ 665,221	\$ 656,841	\$ 681,662
Penalty and Interest	25,249	24,378	27,683
Investment and Miscellaneous Revenues	32,758	7,166	1,129
TOTAL REVENUES	\$ 723,228	\$ 688,385	\$ 710,474
EXPENDITURES			
Tax Collection Expenditures	\$ 78,040	\$ 75,964	\$ 74,033
Debt Service Principal	420,000	405,000	390,000
Debt Service Interest and Fees	203,550	215,700	228,150
Bond Issuance Costs			
Payment to Refunded Bond Escrow Agent			
TOTAL EXPENDITURES	\$ 701,590	\$ 696,664	\$ 692,183
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 21,638	\$ (8,279)	\$ 18,291
OTHER FINANCING SOURCES (USES)			
Bond Premium	\$	\$	\$
Payment to Refunded Bond Escrow Agent			
Proceeds from Issuance of Long-Term Debt			
TOTAL OTHER FINANCING SOURCES (USES)	\$ - 0 -	\$ - 0 -	\$ - 0 -
NET CHANGE IN FUND BALANCE	\$ 21,638	\$ (8,279)	\$ 18,291
BEGINNING FUND BALANCE	418,018	426,297	408,006
ENDING FUND BALANCE	\$ 439,656	\$ 418,018	\$ 426,297
TOTAL ACTIVE RETAIL WATER CONNECTIONS	2,819	2,827	2,825
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	2,785	2,796	2,796

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2020	2019	2023	2022	2021	2020	2019
\$ 675,359	\$ 624,977	92.0 %	95.5 %	95.9 %	96.1 %	95.3 %
22,601	17,955	3.5	3.5	3.9	3.2	2.7
<u>4,728</u>	<u>13,035</u>	<u>4.5</u>	<u>1.0</u>	<u>0.2</u>	<u>0.7</u>	<u>2.0</u>
\$ <u>702,688</u>	\$ <u>655,967</u>	<u>100.0</u> %	<u>100.0</u> %	<u>100.0</u> %	<u>100.0</u> %	<u>100.0</u> %
\$ 61,210	\$ 59,845	10.8 %	11.0 %	10.4 %	8.7 %	9.1 %
355,000	335,000	58.1	58.8	54.9	50.5	51.1
195,146	253,387	28.1	31.3	32.1	27.8	38.6
152,149					21.7	
<u>48,000</u>					<u>6.8</u>	
\$ <u>811,505</u>	\$ <u>648,232</u>	<u>97.0</u> %	<u>101.1</u> %	<u>97.4</u> %	<u>115.5</u> %	<u>98.8</u> %
\$ <u>(108,817)</u>	\$ <u>7,735</u>	<u>3.0</u> %	<u>(1.1)</u> %	<u>2.6</u> %	<u>(15.5)</u> %	<u>1.2</u> %
\$ 178,236	\$					
(3,466,117)						
<u>3,484,475</u>						
\$ <u>196,594</u>	\$ <u>- 0 -</u>					
\$ 87,777	\$ 7,735					
<u>320,229</u>	<u>312,494</u>					
\$ <u>408,006</u>	\$ <u>320,229</u>					
<u>2,822</u>	<u>2,823</u>					
<u>2,793</u>	<u>2,794</u>					

See accompanying independent auditor's report.

Expense Reimbursements for the year ended September 30, 2023		
<u>District</u>	<u>Plant</u>	<u>Title</u>
\$ 3,143	\$ -0-	President
\$ 2,754	\$ -0-	Vice President
\$ 2,170	\$ -0-	Secretary/Treasurer/ Investment Officer
\$ -0-	\$ -0-	Assistant Vice President/Assistant Secretary
\$ 600	\$ -0-	Assistant Vice President/Assistant Secretary

See accompanying independent auditor's report.

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**CHELFORD CITY 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>
		<u>District</u>	<u>Jt. Facilities</u>	
Coats Rose, P.C.	09/01/80	\$ 129,277	\$ 67,361	General Counsel
McCall Gibson Swedlund Barfoot PLLC	08/29/89	\$ 17,000	\$ 15,250	Auditor
McLennan & Associates	11/09/04	\$ 35,856	\$ 45,460	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, LLP	02/12/96	\$ 11,847	\$ -0-	Delinquent Tax Attorney
Vogler & Spencer Engineering	02/25/75	\$ 218,516	\$ 306,814	Engineer
Masterson Advisors LLC	05/07/18	\$ -0-	\$ -0-	Financial Advisor
Si Environmental, LLC	06/21/12	\$ 668,289	\$ 729,138	Operator
Bob Leared Interests	03/03/75	\$ 54,224	\$ -0-	Tax Assessor/ Collector

See accompanying independent auditor's report.

