

**VALWOOD IMPROVEMENT AUTHORITY**  
**FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**



**VALWOOD IMPROVEMENT AUTHORITY  
FINANCIAL STATEMENTS AS OF  
SEPTEMBER 30, 2023  
TABLE OF CONTENTS**

	Page
<b><u>Introductory Section</u></b>	
Certificate of the Board of Directors .....	1
Annual Filing Affidavit .....	2
<b><u>Introductory Section</u></b>	
Independent Auditor's Report .....	3-4
Management's Discussion and Analysis .....	5-6
<b><u>Basic Financials</u></b>	
Statement of Position .....	7
Statement of Activities .....	8
Balance Sheet – Governmental Funds .....	9
Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities .....	10
Statements of Revenues, Expenditures, and Changes in Fund Balances – All Governmental Fund Types .....	11
Reconciliation of Statements of Revenues, Expenditures, and Changes in Fund Balances of Governmental Fund to the Statement of Activities .....	12
Notes to Financial Statements .....	13-21
<b><u>Required Supplementary Information</u></b>	
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund .....	22
Schedule of District Contributions .....	23
<b><u>Supplementary Financial Data</u></b>	
Independent Auditor's Report on Supplemental Schedules .....	24
Services and Rates .....	25-27
Schedule of General Fund Expenditures .....	28
Schedule of Temporary Investments .....	29
Analysis of Taxes Levied and Receivable .....	30-32
Analysis of Changes in General Fixed Assets .....	33

<i>General Long-Term Debt Service Requirements - By Years</i> .....	34
<i>Analysis of Changes in General Long-Term Debt</i> .....	35
<i>Comparative Schedule of Revenues and Expenditures - General Fund and Debt Service Fund - Five Years</i> .....	36
<i>Insurance Coverage</i> .....	37
<i>Board Members, Key Personnel, and Consultants</i> .....	38-39

**CERTIFICATE OF THE BOARD OF DIRECTORS**

VALWOOD IMPROVEMENT AUTHORITY    DALLAS  
Name of Water District                      County

We, the undersigned, do hereby certify that the audit report of the above named Water District for the fiscal year ended September 30, 2023 was received by the Board of Directors on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ and was reviewed and approved; \_\_\_\_\_ disapproved at a meeting of the Board of Directors of the Water District on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

Signature of Board Secretary

Signature of Board President

**ANNUAL FILING AFFIDAVIT**

**THE STATE OF TEXAS** }  
 }  
**COUNTY OF Dallas** }

I, Pat Canuteson  
(Name of President, Chairman, Director of Attorney)

of the VALWOOD IMPROVEMENT AUTHORITY  
(Name of District)

hereby swear, or affirm, that the district named above has reviewed and approved at a meeting of the Board of Directors of the Water District on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ its annual audit report of the fiscal year or period ended September 30, 2023 and that copies of the annual audit report have been filed in the district office located at 1740 Briercroft Ct., Carrollton TX 75006.

The annual filing affidavit and the attached copy of the annual audit report are being submitted to the Texas Natural Resource Conservation Commission in satisfaction of all annual filing requirements within Section 49.194 of the Texas Water Code.

Date \_\_\_\_\_, 20\_\_\_\_.

By: \_\_\_\_\_  
(Signature of District Official)

Pat Canuteson, Executive Director  
(Typed Name and Title of above District Official)

Sworn to and subscribed to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
(Signature of Notary)

**(Seal)**

Commission expires on \_\_\_\_\_, \_\_\_\_\_, Notary Public in the State of Texas  
(Annual Filing Affidavit Rev. 8/94)


After completion and notarization, send this form with the audit report to: **Reports and Management Unit, Districts Section, Texas Water Commission, PO Box 13087, Austin, Texas, 78711-3087.**



12222 Merit Drive, Suite 1900  
Dallas, TX 75251

 214-296-0900

 972-661-3651

 [www.HaynieCPAs.com](http://www.HaynieCPAs.com)

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Valwood Improvement Authority

### Opinion

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Valwood Improvement Authority ("the District"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Valwood Improvement Authority'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, each major fund, and the aggregate remaining fund information of Valwood Improvement Authority, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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 Valwood Improvement Authority, 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 opinion.

### 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 Valwood Improvement Authority'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 opinion. 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 Valwood Improvement Authority'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 Valwood Improvement Authority's ability to continue as a going concern for a reasonable period of time.*

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

#### **Required Supplementary Information**

*Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and pension information on pages 5-6, 22, and 23 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.*

#### **Report on Summarized Comparative Information**

*We have previously audited Valwood Improvement Authority's financial statements as of September 30, 2022, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 3, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived*

*Haynie & Company*

Dallas, Texas  
January 17, 2024

**VALWOOD IMPROVEMENT AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended September 30, 2023**

Our discussion and analysis of the Valwood Improvement Authority's financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2023. Please review it in conjunction with the transmittal letter and District's basic financial statements, which begin on page 7.

**Financial Highlights**

- Total net assets for the year ended September 30, 2023 were approximately \$64 million.
- General Revenues of approximately \$4.6 million accounted for 100% of all revenues.
- The District had approximately \$4.4 million in expenses related to governmental activities.
- Among the funds, the General, Capital Projects, and Debt Service funds had expenses of \$1,616,881, \$386,397, and \$2,349,287, respectively. The expenses within the Capital Projects fund relate to the continued work on the rail road bridge.

	2023	2022
Current assets and other assets	\$ 8,560,207	\$ 8,582,917
Capital assets	60,654,882	60,451,567
Intangible assets	-	-
Deferred outflows of resources	214,554	156,392
Total assets	69,429,643	69,190,876
Long-term obligations	4,725,000	7,015,000
Other liabilities	146,702	150,732
Net pension liability	179,434	-
Deferred inflows of resources	4,338	429,710
Total liabilities	5,055,474	7,595,442
<i>Net position:</i>		
Invested in capital assets, net of related debt	56,139,270	53,612,722
Restricted	7,148,312	7,259,263
Unrestricted	1,086,587	723,449
Total net position	\$ 64,374,169	\$ 61,595,434

The following is a chart showing the changes in year end fund balance.

	2023	2022	% Change
General	\$ 1,086,587	\$ 723,449	50.20%
Capital Projects	5,467,960	5,774,575	-5.31%
Debt Services	1,680,352	1,484,688	13.18%
	\$ 8,234,899	\$ 7,982,712	3.16%

The change in fund balances is reasonable based on District expenditures related to the ongoing capital projects.

The following is a chart that shows the changes in revenue.

	2023	2022	% Change
Property taxes	\$ 4,324,498	\$ 4,944,972	-12.55%
Interest on investments	124,911	23,778	425.32%
Other	155,343	186,552	-16.73%
	<u>\$ 4,604,752</u>	<u>\$ 5,155,302</u>	<u>-10.68%</u>

The District elected to reduce the tax rate from \$0.17 to \$0.125 in 2022. The decrease in the tax rate reduce overall property tax revenue by approximately thirteen percent. The increase in interest income is directly related to the Money Market interest rates increasing from 0.37% to 3%. Below is a chart showing the increase in expenses in governmental activities from 2022 to 2023, the majority of the increase is related to salaries and depreciation.

The following is a chart that shows the changes in expenses.

	2023	2022	% Change
Governmental Activities			
General government	\$ 1,772,657	\$ 1,602,464	10.62%
Interest on long-term debt	59,287	76,045	-22.04%
	<u>\$ 1,831,944</u>	<u>\$ 1,678,509</u>	<u>9.14%</u>

### **Using This Annual Report**

This annual report consists of a series of financial statements. The Statement of Position and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most financially significant funds.

### **Request for information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Executive Director, 1740 Briercroft Ct., Carrollton, Texas 75006.

Pat Canuteson, Executive Director

**VALWOOD IMPROVEMENT AUTHORITY**  
**Statement of Position**  
**September 30, 2023**

	<u>Primary Government</u>
<b>Assets</b>	<u>Governmental Activities</u>
<i>Current Assets</i>	
Cash	\$ 132,189
Temporary investments	8,231,644
Taxes receivable	178,606
Other current assets	7,268
Total current assets	8,549,707
<i>Noncurrent Assets</i>	
Deposits	10,500
Capital assets	
Non-depreciable	53,638,304
Depreciable	12,003,972
Accumulated depreciation	(4,987,394)
Total noncurrent assets	60,665,382
Total Assets	69,215,089
Deferred outflows of resources	214,554
Total assets and deferred outflows	\$ 69,429,643
<b>Liabilities:</b>	
<i>Current Liabilities</i>	
Other current liabilities	
Current portion of long-term debt	\$ 2,340,000
Total current liabilities	2,340,000
<i>Noncurrent Liabilities</i>	
Accrued vacation	146,702
Bonds payable, net of current portion	2,385,000
Net pension liability	179,434
Total noncurrent liabilities	2,711,136
Total Liabilities	5,051,136
Deferred inflows of resources	4,338
Total liabilities and deferred inflows	5,055,474
<b>Net Position</b>	
Invested in capital assets, net of related debt	56,139,270
Restricted for:	
Capital projects	5,467,960
Debt services	1,680,352
Unrestricted	1,086,587
Total net position	\$ 64,374,169

The notes to the financial statements are an integral part of these statements.

**VALWOOD IMPROVEMENT AUTHORITY**  
**Statement of Activities**  
For the fiscal year ended September 30, 2023

<u>Functions/Programs</u>	<u>Program revenues</u>			<u>Net revenues and changes in net position</u>
<u>Primary Government:</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Primary government Governmental activities</u>
Governmental Activities:				
General government	\$ 1,772,657	\$ -	\$ -	\$ (1,772,657)
Interest and fiscal agent fees on long-term debt	59,287	-	-	(59,287)
Total primary government	\$ 1,831,944	\$ -	\$ -	\$ (1,831,944)

General revenues:	
Taxes levied for General Purposes	1,870,743
Taxes levied for Debt Service	2,459,681
Interest on investments	124,911
Other general revenues	155,344
Total general revenues	4,610,679
Changes in net position	2,778,735
Net position - Beginning	61,595,434
Net position - Ending	\$ 64,374,169

The notes to the financial statements are an integral part of these statements.

**VALWOOD IMPROVEMENT AUTHORITY**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2023**

Assets

	Government Fund Types			Totals	
	General	Capital Projects	Debt Service	(Memorandum Only)	
				September 30, 2023	September 30, 2022
<b>Assets</b>					
Cash	\$ 132,189	\$ -	\$ -	\$ 132,189	\$ 120,396
Temporary investments	1,083,331	5,467,960	1,680,352	8,231,643	8,002,546
Taxes receivable	57,658	-	120,948	178,606	172,680
Deposits	10,500	-	-	10,500	10,500
Other current assets	7,269	-	-	7,269	-
<b>Total assets</b>	<b>\$ 1,290,947</b>	<b>\$ 5,467,960</b>	<b>\$ 1,801,300</b>	<b>\$ 8,560,207</b>	<b>\$ 8,306,122</b>
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 4,028
Deferred revenue	57,658	-	120,948	178,606	172,680
Accrued vacation	146,702	-	-	146,702	146,702
<b>Total liabilities</b>	<b>204,360</b>	<b>-</b>	<b>120,948</b>	<b>325,308</b>	<b>323,410</b>
<b>Fund balance:</b>					
<b>Fund balances:</b>					
Reserved for debt service	-	-	1,680,352	1,680,352	1,484,688
<b>Unreserved:</b>					
Designated for authorized expenditures	-	5,467,960	-	5,467,960	5,774,575
Undesignated	1,086,587	-	-	1,086,587	723,449
<b>Total fund balance</b>	<b>1,086,587</b>	<b>5,467,960</b>	<b>1,680,352</b>	<b>8,234,899</b>	<b>7,982,712</b>
<b>Total liabilities and fund equity</b>	<b>\$ 1,290,947</b>	<b>\$ 5,467,960</b>	<b>\$ 1,801,300</b>	<b>\$ 8,560,207</b>	<b>\$ 8,306,122</b>

The notes to the financial statements are an integral part of these statements.

**VALWOOD IMPROVEMENT AUTHORITY**  
**Reconciliation of Total Governmental Fund Balance to**  
**Net Position of Governmental Activities**  
**September 30, 2023**

<b>Total Governmental Fund Balance</b>	\$	8,234,899
 <b>Amounts reported for the governmental activities in the statement of activities are different because:</b>		
<i>Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds</i>		60,654,882
<i>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds</i>		(4,725,000)
<i>Revenues are accounted for on the modified accrual basis for fund balances, but are accounted for under the accrual method to calculate net position</i>		178,606
<i>The District's proportionate share of the net pension liability calculated by GASB 68 in the amount of \$179,434, a net Deferred Outflow of Resources related to the TCDRS of \$214,554 and a net Deferred Inflow of Resources related to the TCDRS of \$4,338.</i>		<u>30,782</u>
<b>Net Position of Governmental Activities</b>	\$	<u><u>64,374,169</u></u>

*The notes to the financial statements are an integral part of these statements.*

**VALWOOD IMPROVEMENT AUTHORITY**  
**Statements of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**All Governmental Fund Types**  
**For the fiscal year ended September 30, 2023**

	Government Fund Types			Totals	
	General	Capital Projects	Debt Service	(Memorandum Only)	
				September 30, 2023	September 30, 2022
<b>Revenues</b>					
Property taxes	\$ 1,806,274	\$ -	\$ 2,518,224	\$ 4,324,498	\$ 4,944,972
Interest on investments	18,402	79,782	26,727	124,911	23,778
Other	155,343	-	-	155,343	186,552
<b>Total revenues</b>	<b>1,980,019</b>	<b>79,782</b>	<b>2,544,951</b>	<b>4,604,752</b>	<b>5,155,302</b>
<b>Expenditures</b>					
<b>Current:</b>					
Administrative	190,864	-	-	190,864	184,760
Maintenance	161,843	-	-	161,843	157,783
Utilities	60,115	-	-	60,115	76,304
Directors meetings	11,250	-	-	11,250	12,300
Professional services - legal	3,613	-	-	3,613	2,027
Professional services - accounting	20,355	-	-	20,355	17,000
Professional services - engineering	13,497	-	-	13,497	3,963
Insurance	217,804	-	-	217,804	218,441
Salaries and related expenses	937,540	-	-	937,540	886,403
Capital outlay	-	386,397	-	386,397	2,943,976
<b>Debt service:</b>					
Principal reduction	-	-	2,290,000	2,290,000	3,130,000
Interest and fiscal agent fees	-	-	59,287	59,287	189,045
<b>Total expenditures</b>	<b>1,616,881</b>	<b>386,397</b>	<b>2,349,287</b>	<b>4,352,565</b>	<b>7,822,002</b>
<b>Excess of revenues over (under) expenditures</b>	<b>363,138</b>	<b>(306,615)</b>	<b>195,664</b>	<b>252,187</b>	<b>(2,666,700)</b>
<b>Other financing sources (uses):</b>					
Proceeds from bonds	-	-	-	-	-
Debt issue costs	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<b>363,138</b>	<b>(306,615)</b>	<b>195,664</b>	<b>252,187</b>	<b>(2,666,700)</b>
<b>Fund balance at beginning of year</b>	<b>723,449</b>	<b>5,774,575</b>	<b>1,484,688</b>	<b>7,982,712</b>	<b>10,649,412</b>
<b>Fund balance at end of year</b>	<b>\$ 1,086,587</b>	<b>\$ 5,467,960</b>	<b>\$ 1,680,352</b>	<b>\$ 8,234,899</b>	<b>\$ 7,982,712</b>

The notes to the financial statements are an integral part of these statements.

**VALWOOD IMPROVEMENT AUTHORITY**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances of Governmental Fund to the**  
**Statement of Activities**  
**For the fiscal year ended September 30, 2023**

<b>Net Change in Governmental Fund Balance</b>	<b>\$</b>	<b>252,187</b>
 <b>Amounts reported for the governmental activities in the statement of activities are different because:</b>		
<i>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated to capital assets.</i>		386,397
<i>Bond repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net position.</i>		2,290,000
<i>Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.</i>		(183,082)
<i>Revenues are accounted for on the modified accrual basis for fund balances, but are accounted for under the accrual method to calculate net position.</i>		5,927
<i>The District's proportionate share of the pension benefit in accordance with GASB 68</i>		27,306
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>2,778,735</b>

*The notes to the financial statements are an integral part of these statements.*

## VALWOOD IMPROVEMENT AUTHORITY

### Notes to Financial Statements

#### 1. Summary of Significant Accounting Policies

The financial statements of Valwood Improvement Authority ("the District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard - setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

##### Reporting Entity

The District was created as the Dallas County Levee Improvement District No. 16 by order of the Dallas County Commissioner's Court on December 19, 1974, as a conservation and reclamation district under Article XVI, Section 59, Texas Constitution and pursuant to the provisions of Chapter 57, Texas Water Code, in response to a petition executed by landowners who held title to a majority of the land within the District. The City Councils of Farmers Branch and Carrollton, respectively, authorized and consented to the creation of the District. Subsequently, in 1975 the State Legislature passed an act reorganizing the District into the Farmers Branch - Carrollton Flood Control District having certain specific rights in addition to those rights and powers conferred and imposed by the general laws of the State now in force or hereinafter enacted applicable to Levee Improvement Districts not in conflict with the legislative act. In June 1989, the District officially changed its name to Valwood Improvement Authority. The District's financial statements include the accounts of all District operations. In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence for special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon these criteria, the District has no component units.

##### Texas County and District Retirement System (TCDRS)

The District participates in the TCDRS, an employee benefit plan. However, control over the operation and administration of the plan, including investment decisions is vested in the State of Texas along with custody of the plan assets. See Note 7 for further discussion.

##### Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of change in net position) report information on all of the nonfiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues. Major individual governmental funds are reported as separate columns in the fund financial statements.

## VALWOOD IMPROVEMENT AUTHORITY

### Notes to Financial Statements

#### 1. Summary of Significant Accounting Policies, continued

##### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

##### Basis of Presentation

The accounts of the District are organized and operated on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. The following fund types are maintained by the District:

##### **Governmental Fund Types**

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Fund - Capital Project Funds are used to account for the acquisition or construction of major capital facilities. Principal sources of revenue are municipal long-term debt proceeds and interest income.

##### Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the statement of position. Operating statements of these funds present increases (i.e., expenditures and other financing uses) in net current position.

The modified accrual basis of accounting is used by all governmental fund types and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The District considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Those revenues susceptible to accrual are property taxes and interest revenue.

## VALWOOD IMPROVEMENT AUTHORITY

### Notes to Financial Statements

#### 1. Summary of Significant Accounting Policies, continued

##### Budgets and Budgetary Accounting

The District prepares an operating budget which includes proposed expenditures and the means of financing them for the upcoming year. Prior to September 30, the budget is adopted by passage by the Directors. The budget for all the funds is adopted on a basis consistent with generally accepted accounting principles (GAAP).

##### Encumbrances

Encumbrances accounting, under which contracts for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is utilized in the Capital Project Fund. Encumbrances outstanding at year-end are reported as designations of fund balances since they do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

##### Property Taxes

Property taxes attached are an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent February 1 of the following year.

##### Property, Plant and Equipment

Property, plant and equipment are stated at cost or estimated historical cost. General fixed assets purchased for general governmental purposes are recorded as expenditures in the Governmental Fund Types and are capitalized at cost in the government-wide financial statements. Public domain ("infrastructure") general fixed assets consisting of certain improvements, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, are capitalized along with other general fixed assets. Buildings, furniture, and equipment of the District are depreciated using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30
Mowers	15
Equipment	5-10
Vehicles	5

##### Long-Term Debt

General obligation bonds, which have been issued to fund capital projects of the Governmental Fund Types, are to be repaid from ad valorem taxes, interest earnings and operating transfers from other funds. Proceeds from issuance of general obligation bonds which are utilized for construction of general fixed assets are reported as other financing sources in the appropriate Capital Projects Funds.

##### Comparative Data

Comparative data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, complete comparative data, (i.e., presentation of prior year's totals by fund type in each of the statements) have not been presented since their inclusion would make the statements unduly complex and difficult to read.

##### Memorandum Only - Total Columns

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**VALWOOD IMPROVEMENT AUTHORITY**

**Notes to Financial Statements**

**1. Summary of Significant Accounting Policies, continued**

Use of Estimates

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

Date of Management's Review of Subsequent Events

Management has evaluated subsequent events through January 17, 2024, the date which the financial statements were available to be issued.

**2. Cash and Investments**

The cash and investments policies of the District are governed by State statutes and the adopted District Investment Policy. District policies governing bank deposits require depositories to be FDIC-insured institutions and depositories must fully collateralize all time deposits in excess of FDIC insurance limits.

Deposits

At year-end, the carrying amount of the District's cash was \$132,189 and the bank balance was \$58,261. The bank balance was not in excess of the limits covered by Federal Depository Insurance.

Investments

The District's investments are carried at cost or market value if the investment has a permanent decline in value. The investments are short-term certificates of deposit, government securities and government securities mutual funds. Funds of the District may be invested and reinvested by the Board or its authorized representative in direct or indirect obligations of the United States, the state, or any county, city, school district, or other political subdivision of the state. Funds of the District may be placed in certificates of deposit of state or national banks or savings and loan associations within the state provided that they are secured in the manner provided for the security of the funds of counties of the State of Texas.

The District's investments are categorized to give an indication of the level of risk assumed by the District at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the District's name.

	Category			Carrying Amount	Market Value
	1	2	3		
Money Markets	\$ 8,231,644	-	-	\$ 8,231,644	\$ 8,231,644
Total Investments	\$ 8,231,644	-	-	\$ 8,231,644	\$ 8,231,644

**3. Property Taxes**

The District's property taxes are levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District. Assessed values are established at 100% of estimated market value. Property taxes attach as an enforceable lien on property as of January 1.

The tax rate for the fiscal year ending September 30, 2023, was 0.1250 per \$100 assessed valuation, of which 0.0540 went to finance general governmental services and 0.0710 went to finance the payment of principal and interest on long-term debt.

**VALWOOD IMPROVEMENT AUTHORITY**

**Notes to Financial Statements**

**3. Property Taxes, continued**

The District bills and collects its own property taxes. District property tax revenues are recognized when collected. Taxes are due by January 31 following the October 1 levy date and are considered delinquent after January 31 of each year. Current tax collections for the year ended September 30, 2023, were 99.04% of the tax levy.

**4. General Fixed Assets**

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year:

	<u>Balance</u> <u>October 1, 2022</u>	<u>Additions/ Adjustments</u>	<u>Deletions/ Transfers</u>	<u>Balance</u> <u>September 30, 2023</u>
Land, easements and R.O.W.	\$ 10,373,016	-	-	\$ 10,373,016
Levee	33,943,619	-	-	33,943,619
Equipment	1,301,350	351,871	-	1,653,221
Organization costs	5,860,635	-	-	5,860,635
Vehicles	139,432	-	-	139,432
Buildings	4,042,358	-	-	4,042,358
Rail road bridge	9,595,469	34,526	-	9,629,995
<b>Total</b>	<u>65,255,879</u>	<u>386,397</u>	<u>-</u>	<u>65,642,276</u>
Accumulated depreciation	<u>(4,804,312)</u>	<u>(183,082)</u>	<u>-</u>	<u>(4,987,394)</u>
<b>Net fixed assets</b>	<u>\$ 60,451,567</u>	<u>\$ 203,315</u>	<u>-</u>	<u>\$ 60,654,882</u>

Depreciation expense as of September 30, 2023 was \$183,082.

**5. Long-term Debt**

General Obligation Bonds - The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

Long-term liability activity for the year ended September 30, 2023 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions (Net)</u>	<u>Reductions (Net)</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Governmental Activities					
Bonds payable:					
General obligation debt	\$ 7,015,000	\$ -	\$ (2,290,000)	\$ 4,725,000	\$ 2,340,000
Accreted interest - Capital					
Appreciation Bonds	-	-	-	-	-
<b>Total</b>	<u>\$ 7,015,000</u>	<u>\$ -</u>	<u>\$ (2,290,000)</u>	<u>\$ 4,725,000</u>	<u>\$ 2,340,000</u>

The annual requirements to amortize all debt outstanding as of September 30, 2023 are as follows:

	<u>Year Ending</u> <u>September 30, 2023</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	2024	2,340,000	35,905	2,375,905
	2025	2,385,000	12,044	2,397,044
<b>Total</b>		<u>\$ 4,725,000</u>	<u>\$ 47,949</u>	<u>\$ 4,772,949</u>

**VALWOOD IMPROVEMENT AUTHORITY**  
**Notes to Financial Statements**

**5. Long-term Debt, continued**

General obligation bonds payable at September 30, 2023 are comprised of the following individual issues:

<u>Issue</u>	<u>Rate(s)</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2020	1.01%	2021-2025	4,725,000	-	4,725,000
Total			<u>\$ 4,725,000</u>	<u>\$ -</u>	<u>\$ 4,725,000</u>

**6. Deferred Compensation Plan**

District employees may participate in a private deferred compensation program. Employees participate by having the District withhold a voluntary amount of their gross salary from their paychecks.

Money withheld from employee checks is sent monthly to the administrator of the National Association of Counties Deferred Compensation Plan which invests the money for the benefit of each participant. Upon retirement or discontinuance of employment with the District, each employee makes personal application to the plan administrator to receive amounts contributed to that employee's account plus any interest earned on that account as appropriate.

Pursuant to Section 457 of the Internal Revenue Code, all amounts of compensation deferred under the plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights shall remain (until made available to the participant or other beneficiary) solely the property and rights of the District subject only to the claims of the District's general creditors.

**7. Employee Retirement Plan**

Plan Description

The District participates in the Texas County & District Retirement System (TCDRS), which is a state wide, agent multiple-employer, and public employee retirement system. The District provides pension benefits for all of its full- and part-time non-temporary employees, regardless of the number of hours they work in a year. The plan provides retirement, disability and survivor benefits. TCDRS is a savings-based plan, 4% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% of interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 200%) and is then converted to an annuity. Benefit terms are established under the TCDRS Act. The District's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate.

The District's contribution rate is based on the TCDRS funding policy adopted by TCDRS Board of Trustees and must conform with the TCDRS Act. During the fiscal year the District's required and actual contributions amounted to \$64,456 which was 8.80% of its current-year covered payroll. Employees' required and actual contributions amounted to \$29,298 which was 4% of the District's current-year covered payroll. The TCDRS held no securities of the District or other related parties during the year or as of the close of the fiscal year.

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees and beneficiaries	1
Active employees	<u>7</u>
	<u><u>8</u></u>

**VALWOOD IMPROVEMENT AUTHORITY**

**Notes to Financial Statements**

**7. Employee Retirement Plan, continued**

Net Pension Liability

The District's Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%	per year
Overall payroll growth	4.70%	per year
Investment Rate of Return	7.50%	net of pension plan investment expense, including inflation

Salary increases were based on age and years of service, which was a 4.7% average over an employee's career including inflation. Mortality rates were based on the Mortality Improvement Scale MP-2021, which projected a multiple of 100%.

The long-term expected rate return on pension plan investments is 7.60%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees.

The long-term expected rate or return on pension plan investments was determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The target allocation and best estimates or geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Geometric Real Rate of Return</u>
U.S. Equities	11.50%	4.95%
Private Equity	25.00%	7.95%
Global Equities	2.50%	4.95%
Int'l Equities - Developed Markets	5.00%	4.95%
Int'l Equities - Emerging Markets	6.00%	4.95%
Investment - Grade Bonds	3.00%	2.40%
Strategic Credit	9.00%	3.39%
Direct Lending	16.00%	6.95%
Distressed Debt	4.00%	7.60%
REIT Equities	2.00%	4.15%
Master Limited Partnerships (MLPs)	2.00%	5.30%
Private Real Estate Partnerships	6.00%	5.70%
Hedge Funds	6.00%	2.90%
Cash equivalents	2.00%	0.20%
Total	<u>100.00%</u>	

**VALWOOD IMPROVEMENT AUTHORITY**

**Notes to Financial Statements**

**7. Employee Retirement Plan, continued**

The discount rate used to measure the total pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at December 31, 2021	\$ 3,565,061	\$ 3,841,854	\$ (276,793)
<i>Changes for the year:</i>			
Service cost	53,419	-	53,419
Interest on total pension liability	274,925	-	274,925
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	3,796	-	3,796
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	-	-	-
Benefit payments	(2,116)	(2,116)	-
Administrative expenses	-	(2,177)	2,177
Member contributions	-	28,236	(28,236)
Net investment income	-	(233,131)	233,131
Employer contributions	-	66,705	(66,705)
Other changes	-	16,280	(16,280)
Net changes	<u>330,024</u>	<u>(126,203)</u>	<u>456,227</u>
Balance at December 31, 2022	<u>\$ 3,895,085</u>	<u>\$ 3,715,651</u>	<u>\$ 179,434</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the District, calculated using the discount rate of 7.60%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.60%) or 1 percentage-point higher (8.60%) than the current rate:

	1% Decrease in Discount Rate (6.60%)	Discount Rate (7.60%)	1% Increase in Discount Rate (8.60%)
District's net pension liability (asset)	\$ 570,395	\$ 179,434	\$ (168,688)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2023, the District recognized a pension benefit of \$27,306.

At September 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**VALWOOD IMPROVEMENT AUTHORITY**

**Notes to Financial Statements**

**7. Employee Retirement Plan, continued**

	<i>Deferred Inflows of Resources</i>	<i>Deferred Outflows of Resources</i>
<i>Differences between expected and actual experience</i>	\$ 101	\$ 7,290
<i>Changes of assumptions</i>	337	65,854
<i>Net difference between projected and actual earnings</i>	-	94,283
<i>Contributions made subsequent to measurement date</i>	-	47,127
<i>Total</i>	\$ 438	\$ 214,554

The District reported \$47,127 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30, 2023:

2023	\$ 1,593
2024	38,505
2025	17,170
2026	105,821
	\$ 163,089

**VALWOOD IMPROVEMENT AUTHORITY**  
**Combined Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual - General Fund**  
**For the fiscal year ended September 30, 2023**

	<u>General Fund</u>		Variance- Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
<i>Revenues</i>			
Property taxes	\$ 1,528,900	\$ 1,806,274	\$ 277,374
Interest on investments	3,000	18,402	15,402
Other	147,000	155,343	8,343
<i>Total revenues</i>	<u>1,678,900</u>	<u>1,980,019</u>	<u>301,119</u>
<i>Expenditures</i>			
Administrative	188,400	190,864	(2,464)
Maintenance	160,000	161,843	(1,843)
Utilities	151,000	60,115	90,885
Directors meetings	14,000	11,250	2,750
Professional services - legal	6,000	3,613	2,387
Professional services - accounting	18,000	20,355	(2,355)
Professional services - engineering	6,000	13,497	(7,497)
Insurance	233,500	217,804	15,696
Salaries	902,000	937,540	(35,540)
<i>Total expenditures</i>	<u>1,678,900</u>	<u>1,616,881</u>	<u>62,019</u>
<i>Capital outlay</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess of revenues and other sources over (under) expenditures</i>	<u>-</u>	<u>363,138</u>	<u>363,138</u>
<i>Fund balance at beginning of year</i>	<u>759,052</u>	<u>723,449</u>	<u>(35,603)</u>
<i>Fund balance at end of year</i>	<u>\$ 759,052</u>	<u>\$ 1,086,587</u>	<u>\$ 327,535</u>

*The notes to the financial statements are an integral part of these statements.*

**VALWOOD IMPROVEMENT AUTHORITY**  
**Schedule of District Contributions**  
**Fiscal Year Ended September 30, 2023**


	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution (a)	\$ 66,705	\$ 56,020	\$ 54,882	\$ 48,633	\$ 47,452	\$ 42,908	\$ 39,965	\$ 40,906
Contribution in Relation to the Contractually Required Contribution	66,705	56,147	54,885	48,633	47,452	42,908	39,965	40,906
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ (127)</u>	<u>\$ (3)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll (b)	\$ 705,903	\$ 670,091	\$ 641,144	\$ 614,828	\$ 588,729	\$ 568,326	\$ 546,069	\$ 523,097
Contributions as a Percentage of Covered-Employee Payroll	9.40%	8.40%	8.60%	7.90%	8.10%	7.55%	7.32%	7.82%

(a) TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis.


(b) Payroll is calculated based on contributions as reported to TCDRS.



12222 Merit Drive, Suite 1900  
Dallas, TX 75251

 214-296-0900

 972-661-3651

 [www.HaynieCPAs.com](http://www.HaynieCPAs.com)

## **INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL SCHEDULES**

*Board of Directors  
Valwood Improvement Authority*

*We have audited the financial statements of Valwood Improvement Authority as of and for the year ended September 30, 2023, and our report thereon dated January 17, 2024, which expressed an unmodified opinion on those financial statements, appears on pages 3-4. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.*

*Haynie & Company*

Dallas, Texas  
January 17, 2024

**VALWOOD IMPROVEMENT AUTHORITY**

Services and Rates  
September 30, 2023

**1. Services Provided by the District:**

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

**2. Retail Rates Based on 5/8" Meter:**  Retail Rates Not Applicable

Most prevalent type of meter (if not a 5/8"): \_\_\_\_\_

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1000 Gallons Over Minimum	Usage Levels
WATER:	\$ _____	_____	___	\$ _____	_____ to _____
WASTEWATER:	\$ _____	_____	___	\$ _____	_____ to _____
SURCHARGE:	\$ _____	_____	___	\$ _____	_____ to _____

District employs winter averaging for wastewater usage? Yes  No

Total water and wastewater charges per 10,000 gallons usage (including surcharges). \$ \_\_\_\_\_

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

	Active Connections	Active ESFC	Inactive Connections (ESFC)**
Single Family	_____	_____	_____
Multi-Family	_____	_____	_____
Commercial	_____	_____	_____
Other – recreational centers, government & VFD	_____	_____	_____
<b>TOTAL</b>	=====	=====	=====

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

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

**VALWOOD IMPROVEMENT AUTHORITY**

Services and Rates

September 30, 2023

**4. Total Water Consumption (In Thousands) During the Fiscal Year:**

Gallons pumped into system:     N/A    

Gallons billed to customers:     N/A    

**5. Standby Fees:** Does the District assess standby fees?    Yes     No

For the most recent full fiscal year, FYE \_\_\_\_\_,:

Debt Service:	Total levy	\$ _____
	Total Collected	\$ _____
	Percentage Collected	_____ %

Operation & Maintenance	Total levy	\$ _____
	Total Collected	\$ _____
	Percentage Collected	_____ %

Have standby fees been levied in accordance with Water Code Section 49.231, thereby constituting a lien on property?    Yes     No

**6. Anticipated sources of funds to be used for debt service payments in the district's following fiscal year:**

	<u>Amount</u>
a. Debt Service Tax Receipts	\$ <u>2,375,905</u>
b. Surplus Construction Funds	_____
c. Water and/or Wastewater Revenue	_____
d. Standby Fees	_____
e. Debt Service Fund Balance To Be Used	_____
f. Interest Revenues	_____
g. Other (Describe)	_____
_____	_____
_____	_____
<b>TOTAL ANTICIPATED FUNDS TO BE USED</b>	\$ <u>2,375,905</u>

\* This total should equal the district's total annual debt service for the fiscal year following the fiscal year reported or in the audited financial statements.

**VALWOOD IMPROVEMENT AUTHORITY**

Services and Rates

September 30, 2023

**7. Location of District:**

County(ies) in which district is located. Dallas

Is the District located entirely within one county? Yes  No

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

City(ies) in which district is located. Carrollton Farmers Branch

Is the District located within a city's extra territorial jurisdiction (ETJ)?  
Entirely  Partly  Not at all

ETJ's in which district is located. \_\_\_\_\_

Is the general membership of the Board appointed by an office outside the district?  
Yes  No

If Yes, by whom? 3 City of Carrollton, 3 City of Farmers Branch, 1 Dallas County

**VALWOOD IMPROVEMENT AUTHORITY**  
*Schedule of General Fund Expenditures*  
*Fiscal Year Ended September 30, 2023*

<i>Personnel expenditures</i>	\$	883,042
<i>Payroll taxes</i>		54,498
<i>Professional fees:</i>		
<i>Auditing</i>		20,355
<i>Legal</i>		3,613
<i>Engineering</i>		13,497
<i>Financial advisor</i>		-
<i>Purchased services for resale</i>		-
<i>Contracted services:</i>		
<i>Bookkeeping</i>		-
<i>General manager</i>		-
<i>Appraisal district</i>		-
<i>Other contracted services</i>		-
<i>Utilities</i>		60,115
<i>Repairs and maintenance</i>		161,843
<i>Administrative expenditures</i>		
<i>Directors' meetings</i>		11,250
<i>Office - other</i>		190,864
<i>Insurance</i>		217,804
<i>Bond paying agent</i>		-
<i>Tax administration</i>		-
<i>Copies</i>		-
<i>Capital outlay</i>		-
<i>Solid waste disposal</i>		-
<i>Fire fighting</i>		-
<i>Parks and recreation</i>		-
<i>Other expenditures</i>		-
<i>Total Expenditures</i>	\$	<u><u>1,616,881</u></u>

*Number of persons employed by the District: 7 Full-Time, 0 Part-Time*

*The preceding notes are an integral part of these supplemental schedules.*

**VALWOOD IMPROVEMENT AUTHORITY**  
*Schedule of Temporary Investments*  
*Fiscal Year Ended September 30, 2023*

<u>Funds</u>	<u>Average Interest Rate</u>	<u>Maturity Date</u>	<u>Balance September 30, 2023</u>
<i>General Fund</i>			
<i>Money market fund</i>	3.00%	N/A	\$ 1,083,331
<i>Capital Projects Fund</i>			
<i>Money market fund</i>	3.00%	N/A	5,467,960
<i>Debt Service Fund</i>			
<i>Money market fund</i>	3.00%	N/A	<u>1,680,353</u>
<i>Total - All Funds</i>			<u>\$ 8,231,644</u>

*The preceding notes are an integral part of these supplemental schedules.*

**VALWOOD IMPROVEMENT AUTHORITY**  
*Analysis of Taxes Levied and Receivable*  
*Fiscal Year Ended September 30, 2023*

	<i>Maintenance Taxes</i>	<i>Debt Service Taxes</i>
<i>Taxes receivable at beginning of year</i>	\$ 50,019	\$ 122,661
<i>2022 original tax levy (less abatements)</i>	<u>1,923,954</u>	<u>2,529,643</u>
<i>Total to be accounted for</i>	<u>1,973,973</u>	<u>2,652,304</u>
<i>Tax collections:</i>		
<i>Current year</i>	1,905,457	2,505,323
<i>Prior years</i>	<u>1,383</u>	<u>3,319</u>
<i>Total collections</i>	<u>1,906,840</u>	<u>2,508,642</u>
<i>Prior year adjustments</i>	<u>(9,475)</u>	<u>(22,714)</u>
<i>Taxes receivable at end of year</i>	<u>\$ 57,658</u>	<u>\$ 120,948</u>
 <i>Taxes receivable, by years</i>		
2022	\$ 18,497	\$ 24,320
2021	7,713	18,512
2020	5,661	13,210
2019	3,647	8,289
2018	3,154	7,721
2017	2,870	8,611
2016	2,637	6,918
2015	2,151	5,861
2014	3,724	8,689
2013	2,899	6,992
2012	<u>4,705</u>	<u>11,825</u>
<i>Taxes receivable at end of year</i>	<u>\$ 57,658</u>	<u>\$ 120,948</u>

*The preceding notes are an integral part of these supplemental schedules.*

**VALWOOD IMPROVEMENT AUTHORITY**  
**Analysis of Taxes Levied and Receivable**  
**Fiscal Year Ended September 30, 2023**

	Tax Year 2022	Tax Year 2021	Tax Year 2020	Tax Year 2019	Tax Year 2018	Tax Year 2017	Tax Year 2016	Tax Year 2015	Tax Year 2014	Tax Year 2013
<b>Property Valuations:</b>										
Land	\$ 665,940,430	\$ 411,590,390	\$ 366,178,150	\$ 430,453,460	\$ 331,863,600	\$ 300,964,230	\$ 293,783,480	\$ 235,592,750	\$ 215,063,490	\$ 217,494,170
Improvements	1,706,072,480	1,480,815,640	1,279,329,120	1,126,165,200	996,161,930	912,672,860	841,614,850	764,852,410	712,454,500	677,903,430
Personal property	1,562,673,200	1,750,296,000	1,786,253,990	1,281,082,370	1,253,271,480	1,073,414,340	1,071,421,330	1,191,920,970	1,006,768,300	909,132,200
Exemptions	(422,645,163)	(741,087,866)	(802,516,163)	(340,666,942)	(384,425,260)	(298,813,599)	(329,966,608)	(399,195,433)	(257,415,198)	(253,669,123)
Tax abatements										
<b>Total Property Valuations</b>	<b>\$ 3,512,040,947</b>	<b>\$ 2,901,614,144</b>	<b>\$ 2,629,245,077</b>	<b>\$ 2,497,032,088</b>	<b>\$ 2,196,891,750</b>	<b>\$ 1,988,237,831</b>	<b>\$ 1,876,853,052</b>	<b>\$ 1,793,260,697</b>	<b>\$ 1,676,871,092</b>	<b>\$ 1,550,862,677</b>
<b>Tax Rates Per \$100 Valuation:</b>										
Debt service tax rates	\$ 0.07100	\$ 0.12000	\$ 0.12600	\$ 0.12500	\$ 0.14200	\$ 0.16500	\$ 0.18100	\$ 0.19750	\$ 0.18900	\$ 0.20500
Maintenance tax rates	0.05400	0.05000	0.05400	0.05500	0.05800	0.05500	0.06900	0.07250	0.08100	0.08500
Other district tax rates										
<b>Total Tax Rates Per \$100 Valuation</b>	<b>0.12500</b>	<b>0.17000</b>	<b>0.18000</b>	<b>0.18000</b>	<b>0.20000</b>	<b>0.22000</b>	<b>0.25000</b>	<b>0.27000</b>	<b>0.27000</b>	<b>0.29000</b>
<b>Original Tax Levy:</b>	<b>\$ 4,404,687</b>	<b>\$ 5,112,108</b>	<b>\$ 4,732,641</b>	<b>\$ 4,488,562</b>	<b>\$ 4,389,833</b>	<b>\$ 4,374,123</b>	<b>\$ 4,692,133</b>	<b>\$ 4,861,348</b>	<b>\$ 4,537,666</b>	<b>\$ 4,545,133</b>
<b>Percent of Taxes Collected to Taxes Levied</b>	<b>99.04%</b>	<b>98.89%</b>	<b>99.47%</b>	<b>99.33%</b>	<b>99.44%</b>	<b>99.32%</b>	<b>97.68%</b>	<b>99.59%</b>	<b>99.13%</b>	<b>97.43%</b>



**VALWOOD IMPROVEMENT AUTHORITY**  
*Analysis of Changes In General Fixed Assets*  
*Fiscal Year Ended September 30, 2023*

	<u>Balance</u> <u>October 1, 2022</u>	<u>Additions/</u> <u>Adjustments</u>	<u>Deletions</u>	<u>Balance</u> <u>September 30, 2023</u>
<i>Land, easements and R.O.W.</i>	\$ 10,373,016	\$ -	\$ -	\$ 10,373,016
<i>Levee</i>	33,943,619	-	-	33,943,619
<i>Equipment</i>	1,301,350	351,871	-	1,653,221
<i>Organization costs</i>	5,860,635	-	-	5,860,635
<i>Vehicles</i>	139,432	-	-	139,432
<i>Buildings</i>	4,042,358	-	-	4,042,358
<i>Rail road bridge</i>	<u>9,595,469</u>	<u>34,526</u>	<u>-</u>	<u>9,629,995</u>
<i>Total</i>	<u>65,255,879</u>	<u>386,397</u>	<u>-</u>	<u>65,642,276</u>
<i>Accumulated depreciation</i>	<u>(4,804,312)</u>	<u>(183,082)</u>	<u>-</u>	<u>(4,987,394)</u>
<i>Net fixed assets</i>	\$ <u><u>60,451,567</u></u>	\$ <u><u>203,315</u></u>	\$ <u><u>-</u></u>	\$ <u><u>60,654,882</u></u>

*The preceding notes are an integral part of these supplemental schedules.*

**VALWOOD IMPROVEMENT AUTHORITY**  
*General Long-Term Debt Service Requirements - By Years*  
*Fiscal Year Ended September 30, 2023*

<i>Due During Fiscal Years Ending</i>	<i>Annual Requirements for All Series</i>		
	<i>Principal Due</i>	<i>Interest Due</i>	<i>Total</i>
2024	\$ 2,340,000	\$ 35,905	\$ 2,375,905
2025	<u>2,385,000</u>	<u>12,044</u>	<u>2,397,044</u>
	<u>\$ 4,725,000</u>	<u>\$ 47,949</u>	<u>\$ 4,772,949</u>

*Cash and Temporary Investments Balances as of September 30, 2023*

*Debt Service Fund:   \$ 1,680,352*

*The preceding notes are an integral part of these supplemental schedules.*

**VALWOOD IMPROVEMENT AUTHORITY**  
*Analysis Of Changes In General Long-Term Debt*  
*Fiscal Year Ended September 30, 2023*

<i>Paying agents</i>		
<i>Name and Address</i>	<i>Series 2020</i>	<i>JP Morgan Chase Bank</i>
		<i>1111 Polaris Parkway</i>
		<i>Columbus, OH 43240</i>

<i>Bond Authority:</i>	<u><i>Tax Bonds</i></u>	<u><i>Other Bonds</i></u>
<i>Amount authorized by voters</i>	\$ 95,000,000	\$ -
<i>Amount issued</i>	\$ 4,725,000	\$ -
<i>Remaining that could be issued</i>	\$ 90,275,000	\$ -
<i>Debt Service Fund cash and temporary investment balances as of September 30, 2023</i>	\$ <u>1,680,352</u>	
<i>Average annual debt service payment (principal and interest) for remaining term of all debt</i>	\$ <u>2,386,475</u>	

*The preceding notes are an integral part of these supplemental schedules.*

**VALWOOD IMPROVEMENT AUTHORITY**  
**Comparative Schedule of Revenues and Expenditures**  
**General Fund and Debt Service Fund**  
**Five Years Ended September 30, 2023**

	Amounts					Percent of Fund Total Revenues				
	2023	2022	2021	2020	2019	2023	2022	2021	2020	2019
<b>GENERAL FUND:</b>										
Revenues:										
Property taxes	\$ 1,806,274	\$ 1,351,872	\$ 1,469,938	\$ 1,386,792	\$ 1,216,108	91%	89%	91%	91%	88%
Interest on time deposits	18,402	2,236	1,737	3,536	9,014	1%	0%	0%	0%	1%
Other	155,343	168,520	146,268	140,912	149,347	8%	11%	9%	9%	11%
<b>Total Revenues</b>	<b>1,980,019</b>	<b>1,522,628</b>	<b>1,617,943</b>	<b>1,531,240</b>	<b>1,374,469</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Expenditures:										
Administrative	190,864	184,010	167,027	170,976	170,723	10%	12%	10%	11%	12%
Professional fees	37,465	22,990	25,140	23,775	32,270	2%	2%	2%	2%	2%
Payroll	937,540	886,403	841,658	809,972	775,281	47%	58%	52%	53%	56%
Utilities	60,115	76,304	98,041	133,083	173,044	3%	5%	6%	9%	13%
Repairs and maintenance	161,843	157,783	185,843	178,894	166,581	8%	10%	11%	12%	12%
Other expenditures	229,054	230,741	224,159	207,259	203,539	12%	15%	14%	14%	15%
Capital outlay	-	-	47,130	-	-	0%	0%	3%	0%	0%
<b>Total Expenditures</b>	<b>1,616,881</b>	<b>1,558,231</b>	<b>1,588,998</b>	<b>1,523,959</b>	<b>1,521,438</b>	<b>82%</b>	<b>102%</b>	<b>98%</b>	<b>100%</b>	<b>111%</b>
Excess Revenues Over (Under) Expenditures	\$ 363,138	\$ (35,603)	\$ 28,945	\$ 7,281	\$ (146,969)	18%	-2%	2%	0%	-11%
<b>DEBT SERVICE FUND:</b>										
Revenues:										
Property taxes	\$ 2,518,224	\$ 3,593,100	\$ 3,501,737	\$ 3,021,631	\$ 3,075,249	99%	100%	100%	100%	99%
Interest on time deposits	26,727	6,712	4,196	9,122	25,871	1%	0%	0%	0%	1%
Other	-	-	-	-	(7,350)	0%	0%	0%	0%	0%
<b>Total Revenues</b>	<b>2,544,951</b>	<b>3,599,812</b>	<b>3,505,933</b>	<b>3,030,753</b>	<b>3,093,770</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Expenditures:										
Debt service, interest and fees	2,349,287	3,319,045	3,319,032	3,125,501	3,090,519	92%	92%	95%	103%	100%
Administrative	-	750	750	8,181	750	0%	0%	0%	0%	0%
<b>Total Expenditures</b>	<b>2,349,287</b>	<b>3,319,795</b>	<b>3,319,782</b>	<b>3,133,682</b>	<b>3,091,269</b>	<b>92%</b>	<b>92%</b>	<b>95%</b>	<b>103%</b>	<b>100%</b>
Excess Revenues Over (Under) Expenditures	\$ 195,664	\$ 280,017	\$ 186,151	\$ (102,929)	\$ 2,501	8%	8%	5%	-3%	0%
Total Active Retail Water and / or Wastewater Connections	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

The preceding notes are an integral part of these supplemental schedules.

**VALWOOD IMPROVEMENT AUTHORITY**  
*Insurance Coverage*  
*Fiscal Year Ended September 30, 2023*

<u>Type of Coverage</u>	<u>Amount of Coverage</u>	<u>Name of Insurer</u>	<u>Co- Insurance</u>
General Liability	\$ 1,000,000 each occurrence \$ 3,000,000 annual limit	Philadelphia Indemnity Insurance Company	No
Auto Liability	\$ 1,000,000 each occurrence \$ 1,000,000 annual limit	Philadelphia Indemnity Insurance Company	No
Directors and Officers Professional Liability	\$ 1,000,000 each occurrence \$ 3,000,000 annual limit	Philadelphia Insurance Company	No
Employment Practices Liability	\$ 1,000,000 each occurrence \$ 3,000,000 annual limit	Philadelphia Indemnity Insurance Company	No
Workers Compensation	\$ 1,000,000 each accident \$ 1,000,000 each employee \$ 1,000,000 policy limit	Texas Mutual	No
Property	\$ 1,282,921 equipment	Philadelphia Indemnity Insurance Company	No
Property and Inland Marine Coverage	\$ 300,000 each occurrence \$	Philadelphia Indemnity Insurance Company	No
Excess Liability	\$ 1,000,000 each occurrence \$ 1,000,000 annual limit	Philadelphia Indemnity Insurance Company	No
Employees Benefits Liability	\$ 1,000,000 per person \$ 3,000,000 aggregate	Philadelphia Indemnity Insurance Company	No

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**VALWOOD IMPROVEMENT AUTHORITY**  
*Board Members, Key Personnel and Consultants*  
*Fiscal Year Ended September 30, 2023*

Complete District Mailing Address:  
 1740 Briercroft Ct.  
 Carrollton, Texas 75006  
 District Business Telephone Number: (972) 245-5235

<u>Name and Address</u>	<u>Term of Office</u>	<u>Fees</u>	<u>Expense Reimbursements</u>	<u>Title</u>	<u>Resident of District</u>
<u>Administration</u>					
Pat Canuteson 1740 Briercroft Ct. Carrollton, TX 75006	1989	\$ 292,955	\$ 33,730	Executive Director	No
Sonja Dodds 1740 Briercroft Ct. Carrollton, TX 75006	1990	\$ 151,360	-	Tax Assessor/ Collector	No
<u>Board Members:</u>					
Dave Denison 328 Catlin Circle Lewisville, TX 75077	Appointed	\$ 1,800	-	President	No
Brent Wicker Wicker & Associates 16479 North Dallas Pkwy, Suite 215 Dallas, TX 75001	Appointed	\$ 1,650	-	Director	No
David Koch 1038 Elm St. Carrollton, TX 75006	Appointed	\$ 1,950	-	Director	No
Henry Billingsley 1722 Routh St, Suite 770 Dallas, Texas 75201	Appointed	\$ 1,350	-	Secretary	No
R.L. Lemke 1603 LBJ, Suite 800 Dallas, Texas 75234	Appointed	\$ 1,650	-	Treasurer	No
Jim Jackson P O Box 110247 Carrollton, TX 75011	Appointed	\$ 1,650	-	Vice- President	No
Michelle Holmes 14621 Cherry Hills Dr. Farmers Branch, TX 75234	Appointed	\$ 1,200	-	Asst Secretary/ Treasurer	No

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**VALWOOD IMPROVEMENT AUTHORITY**  
*Board Members, Key Personnel, and Consultants*  
*Fiscal Year Ended September 30, 2023*

Complete District Mailing Address:  
 1740 Briercroft Ct.  
 Carrollton, Texas 75006  
 District Business Telephone Number: (972) 245-5235

<u>Name and Address</u>	<u>Term of Office</u>	<u>Fees</u>	<u>Expense Reimbursements</u>	<u>Title</u>	<u>Resident of District</u>
<u>Consultants</u>					
Boyle & Lowry, L.L.P. 1700 West Pioneer Irving, TX 75061-6842	1989	\$ 3,613	\$ -	General counsel	No
Dallas Central Appraisal District 2949 N. Stemmons Freeway Dallas, TX 75247	1989	\$ 19,321	\$ -	Property appraisal	No
Haynie & Company 12222 Merit Drive, Suite 1900 Dallas, TX 75251	1991	\$ 20,355	\$ -	Auditor	No
Nathan D. Maier Three NorthPark 8800 N. Central, Suite 300 Dallas, TX 75231	1989	\$ 13,497	\$ -	Engineers	No

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