DALLAS COUNTY UTILITY AND RECLAMATION DISTRICT

Basic Financial Statements and Supplemental Schedules For the Year Ended September 30, 2023 and Independent Auditor's Report

850 East Las Colinas Blvd.
Irving, Texas 75014

Post Office Box 140035
Phone 972-556-0625

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Dallas County Utility and Reclamation District
Annual Financial Report
For the Fiscal Year Ended September 30, 2023
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Financial Section

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Independent Auditor's Report

To the Board of Directors of
Dallas County Utility and Reclamation District

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dallas County Utility and Reclamation District (the District), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of District, 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 Opinions

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

Emphasis of Matter

Restatement

As discussed in Note 11 to the basic financial statements, the District restated the beginning net position of governmental activities and beginning fund balance of the general fund to correct misstatements in its previously issued September 30, 2022 financial statements. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

District's 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.

Weaver and Tidwell, L.L.P.
1800 Hughes Landing Blvd, Suite 400 | The Woodlands, Texas 77380
Main: 713.800.1060

The Board of Directors of
Dallas County Utility and Reclamation District

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 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 GAAS 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 GAAS, 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.

The Board of Directors of
Dallas County Utility and Reclamation District

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 7-14, the Budgetary Comparison Schedule on page 52, the Schedule of Changes in Net Pension Liability and Related Ratios Multiyear on page 53 and the Schedule of Contributions on page 54 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 Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining internal service fund financial statements and the schedule of debt service requirements to maturity are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining internal service fund financial statements and the schedule of debt service requirements to maturity are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining internal service fund financial statements and the schedule of debt service requirements to maturity are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

The Woodlands, Texas
January 11, 2024

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Management's Discussion and Analysis (Unaudited)

As management of the Dallas County Utility and Reclamation District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2023. Please read it in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- In the government-wide financial statements, liabilities and deferred inflows of the District exceeded assets and deferred outflows by $55.2 million, with unrestricted net position of $14.7 million;
- The net investment in capital assets has a deficit of $69.9 million due to the fact that the long-term debt exceeds the capital assets net of depreciation. The debt includes unamortized premiums, in addition to the original cost of the capital assets net of accumulated depreciation. The capital assets are mainly infrastructure in nature and were constructed to entice development within the District. Financing instruments, such as capital appreciation bonds, were used in order to defer the repayment of the debt until a sufficient tax base was developed to support the debt payments;
- The District's total general revenues were $31.7 million for the year ended September 30, 2023, substantially all of which were property taxes;
- The District's total program revenues were $6.7 million for the year ended September 30, 2023, of which $3.4 million were water sales revenue, $1.7 million were charges for services and $1.6 million were intergovernmental revenue;
- The total cost of the District's programs increased 18.9% to $16.8 million. Governmental activities expenses increased $1.1 million while business-type activities increased $1.6 million. Interest expense decreased $493.2 thousand; and
- The fund balance for all governmental funds totaled $18.8 million. This amount is $2.0 million higher than September 30, 2022 balance. Excess revenues over expenditures was $2,029,493.

Overview of the Financial Statements

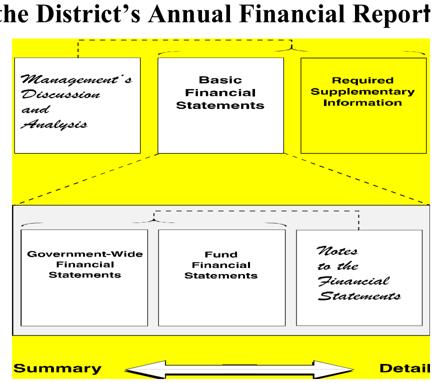
This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's *overall* financial status.

The remaining statements are fund financial statements that focus on individual parts of the government, reporting the District's operations in more detail than the government-wide statements.

The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.

Figure A-1. Required Components of the District's Annual Financial Report



Proprietary Funds. *Proprietary fund* statements offer *short-* and *long-term* financial information about the activities the District operates *like businesses*, such as water supply.

Fiduciary Funds. *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

Notes to the Financial Statements. The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements

		Fund Statements		
Type of Statements	**Government-wide**	**Governmental Funds**	**Proprietary Funds**	**Fiduciary Funds**
Scope	Entire District's government (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses: self insurance	Instances in which the district is the trustee or agent for someone else's resources
Required financial statements	◆ Statement of net position ◆ Statement of activities	◆ Balance sheet ◆ Statement of revenues, expenditures & changes in fund balances	◆ Statement of net position ◆ Statement of revenues, expenses and changes in fund net position ◆ Statement of cash flows	◆ Statement of fiduciary net position ◆ Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the District's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All additions and deductions during year, regardless of when cash is received or paid

Government-Wide Statements. The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government's assets and deferred outflows and liabilities and deferred inflows. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's *net position* and how it has changed. Measuring net position, the difference between the District's assets and deferred outflows and liabilities and deferred inflows, is one way to analyze the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively; and
- To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District's tax base.

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as flood control, maintenance of lakes and channels, operation of the transit system, and general administration. Property taxes finance most of these activities. The government-wide financial statements also include *Business-type activities*, which is the District's raw water supply function.

Fund Financial Statements. The fund financial statements provide more detailed information about the District's most significant *funds*, not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and by bond covenants. The Board of Directors establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes. Funds of the District can be classified in three categories: governmental funds, proprietary funds and fiduciary funds.

- ***Governmental Funds.*** Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps the user determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them. The District maintains two governmental funds, the General Fund and Debt Service Fund.
- ***Proprietary Funds***. The District maintains two types of proprietary funds: enterprise funds and internal service funds. Services for which the District charges customers a fee are generally reported in enterprise funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. The District uses *internal service funds* to report activities that provide supplies and services for the District's other programs and activities, such as the District's Self Insurance Fund and Vehicle Maintenance Fund.
- ***Fiduciary Funds***. The District is the trustee, or *fiduciary,* for certain funds. The District reports the employee pension plan in a pension trust fund. The District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's progress in funding its obligation to provide pension benefits to the employees and certain budgetary comparison schedules. Required supplemental information can be found after the notes to the financial statements.

The combining statements referred to earlier are presented following the required supplementary information.

Financial Analysis of the District as a Whole

Net position. The District's net position at September 30, 2023 for governmental activities and business-type activities was approximately $(63.9) million and $8.7 million, respectively. (See Table A-1).

Table A-1
The District's Net Position

	Governmental Activities		Total % Change	Business-Type Activities		Total % Change
	2023	2022		2023	2022	
Current and other assets	$ 21.7	$ 20.1	8.0 %	$ 6.4	$ 6.0	6.7 %
Capital assets	41.2	42.9	(4.0)	2.4	2.5	(4.0)
Total assets	62.9	63.0	(0.2)	8.8	8.5	3.5
Total deferred outflows of resources	4.0	2.9	37.9	0.3	-	
Current liabilities	24.7	21.1	17.1	-	0.1	(100.0)
Long-term liabilities	105.4	128.5	(18.0)	0.4	-	
Total liabilities	130.1	149.6	(13.0)	0.4	0.1	300.0
Total deferred inflows of resources	0.7	1.4	(50.0)	-	-	0.0
Net position (deficit)						
Net investment in capital assets	(72.4)	(70.1)	3.3	2.4	2.5	(4.0)
Restricted	0.1	-	0.0	-	-	0.0
Unrestricted	8.5	(15.0)	(156.7)	6.3	5.9	6.8
Total Net Position (Deficit)	$ (63.9)	$ (85.1)	(24.9) %	$ 8.7	$ 8.4	3.6 %

The unrestricted net position represents obligations that will be funded by the programs of the District in future years.

The District's liabilities and deferred inflows for government activities exceed its assets and deferred outflows resulting in a deficit of $63.9 million. The main reason for the deficit is the interest accretion on capital appreciation bonds. The District was created to construct certain infrastructure in an undeveloped area in order to entice development within the District. Financing instruments, such as capital appreciation bonds, were used in order to defer the repayment of the debt until after sufficient tax base was developed to support the debt payments. That has, in fact, occurred as the tax base within the District now exceeds $5.5 billion. The District expects to pay off the debt from collection of future property tax levies.

Changes in net position. The District's total revenues were $38.2 million. 79.2 percent of the District's revenue comes from taxes. (See Figure A-3.) Another 13.2 percent relates to charges for services, 4.2 relates to intergovernmental revenues and 3.4 percent for investment income and gain on sale of property.

The total cost of all programs and services was $16.8 million; 23.3% of these costs are for interest expense.

Governmental Activities. Property tax rates decreased 3.54 cents to $.7813 while the total tax base increased to over $5.8 billion, resulting in a $1.4 million increase of tax revenue to $30.4 million in fiscal year 2023.

Figure A-3
District Sources of Revenue for Fiscal Year 2023

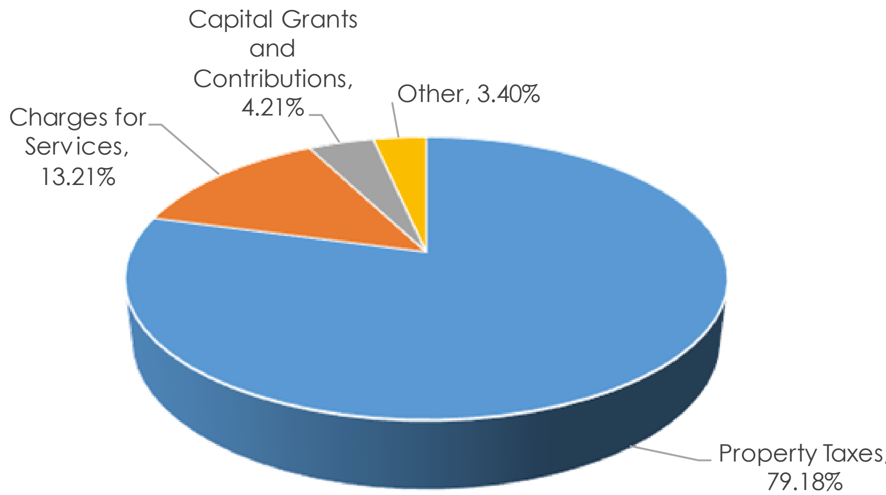


Table A-2
Changes in the District's Net Position
(in millions of dollars)

	Governmental Activities		Total % Change	Business-Type Activities		Total % Change
	2023	2022		2023	2022	
Revenues						
Program revenues:						
Charges for services	$ 1.7	$ 1.8	(5.6) %	$ 3.4	$ 3.2	6.2 %
Capital grants and contributions	1.6	2.9	(44.8)	-	-	-
General revenues:						
Property taxes	30.4	29.0	4.8	-	-	-
Other	1.1	0.1	1,000.0	-	-	-
Total revenues	34.8	33.8	3.0	3.4	3.2	6.2
Expenses						
General government	0.4	0.4	-	-	-	-
Finance and administration	1.1	1.1	-	-	-	-
Systems maintenance	5.9	5.6	5.4	-	-	-
Area personal transit system	0.7	0.7	-	-	-	-
Service center operation	0.2	0.2	-	-	-	-
Rehabilitation	1.1	0.3	266.7	-	-	-
Pension expense	0.3	(0.2)	-	-	-	-
Interest expense	3.9	4.4	(11.4)	-	-	-
Raw water supply	-	-	-	3.1	1.5	106.7
Total expenses	13.6	12.5	8.8	3.1	1.5	106.7
Excess (deficiency) of revenues over expenditures	21.2	21.3	(0.5)	0.3	1.7	(82.4)
Change in net position	21.2	21.3	(0.5)	0.3	1.7	(82.4)
Net position - beginning, as restated	(85.1)	(106.4)	(20.0)	8.4	6.7	25.4
Net position - ending, as restated	$ (63.9)	$ (85.1)	(24.9) %	$ 8.7	$ 8.4	3.6 %

Financial Analysis of The District's Funds

Revenues for governmental funds totaled $36.3 million, $1.0 million higher than the preceding year. Tax revenues increased $1.06 million from 2022 to 2023 and intergovernmental revenues decreased $1.3 million from 2022 to 2023. Property tax collections, the largest source of revenue received by the District, was $30.3 million. The taxable value of property within the District increased 13.7% while the tax rate was decreased by $.354.

Expenditures for governmental funds totaled $34,310,949 during 2022-2023 and $33,987,057 during 2021-2022, an increase of $323,892.

The governmental funds reported a combined fund balance of $18,776,869, an increase of $2,029,493. The net increase of the combined fund balances was comprised of a fund balance increase in the General Fund of $1,949,570, and a fund balance increase in the Debt Service Fund of $79,923. Out of the combined fund balances, $16,330,676 constitutes unassigned fund balance. The remainder of the fund balances of $102,381, $185,261, $1,000,000 and $1,158,551 is restricted for payment of principal and interest on the District's general obligation debt, nonspendable, committed for capital project reserve, and assigned for capital projects, respectively.

The General Fund is the primary operating fund of the District. At September 30, 2023, unassigned fund balance of the General Fund was $16,330,676. This fund balance represents 86.97% of the total General Fund expenditures. The fund balance of the General Fund increased during the current fiscal year by $1,949,570.

The Debt Service Fund had a total fund balance of $102,381, all of which is restricted for the payment of debt service. The District makes semi-annual debt service interest payments and principal payments in February of each year. Debt service payments for the year ended September 30, 2023, included all scheduled payments.

Proprietary Funds. The District maintains both enterprise and internal service funds. Information is presented separately in the proprietary fund statement of net position and in the proprietary fund statement of revenues, expenses, and changes in net position for the Raw Water Supply Fund, which is considered to be a major fund and the Internal Service Funds. Net position in the Raw Water Supply Fund as of September 30, 2023, was $8,723,444. Of this amount, $2,407,535 represented the net investment in capital assets. Net position for the fiscal year increased by $369,913. Net position in the Internal Service Fund was $908,695 as of September 20, 2023, a $40,643 increase from the previous year.

General Fund Budgetary Highlights

The District revised its budget once during the year. Actual expenditures were $1,616,106 lower than final budget amounts while revenues were $1,366,605 lower than the final budgeted amount. Intergovernmental revenue was $749,939 below budget due to the timing of the rehabilitation projects, and unbudgeted tax refunds of $1,698,717 were partially offset by greater than budgeted interest income of $926,551. Expenditures were lower than the budgeted total mainly due to system maintenance, and capital outlays totaling $887,031and $1,249,275, respectively, offset by greater rehabilitation expenditures of $467,690.

Capital Assets and Debt Administration

Capital Assets. At the end of 2023, the District had invested $144.1 million in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-3.) This amount reflects an increase of $0.4 million from last year.

Table A-3
(in millions of dollars)

	Governmental Activities 2023	Governmental Activities 2022	Total % Change	Business-Type Activities 2023	Business-Type Activities 2022	Total % Change
Land	$ 14.9	$ 14.9	- %	$ -	$ -	- %
Buildings and improvements	4.9	4.7	4.26	-	-	-
Vehicles, furniture and equipment	2.9	2.8	3.57	0.8	0.8	-
Flood control system	60.4	60.4	-	-	-	-
Area personal transit system	38.8	38.8	-	-	-	-
Engineering fees	11.5	11.5	-	-	-	-
Water and sewer systems	1.8	1.8	-	8.1	8.0	0.01
Totals at historical cost	135.2	134.9	0.22	8.9	8.8	0.01
Total accumulated depreciation	(94.0)	(92.0)	2.17	(6.5)	(6.3)	3.17
Net capital assets	$ 41.2	$ 42.9	(3.96) %	$ 2.4	$ 2.5	(4.00) %

The District's fiscal year 2024 capital budget projects spending another $2.3 million for capital projects, principally replacement vehicles and equipment. More detailed information about the District's capital assets is presented in Note 6 to the financial statements.

Long-term Debt. At year-end the District had $125.5 million in bonds and notes outstanding as shown in Table A-4. More detailed information about the District's debt is presented in Note 7 to the Financial Statements.

Table A-4
District's Long Term Debt

	Governmental Activities 2023	Governmental Activities 2022	Total % Change
Bonds payable (including bond premium)	$ 125.5	$ 147.0	(0.15) %
Total bonds payable	$ 125.5	$ 147.0	(0.15) %

The District's underlying ratings are as follows: Moody's Investor Services "A2", Standard & Poors "A", and Fitch "AA-".

Economic Factors and Next Year's Budgets and Rates

Appraised value used for the 2024 budget preparation increased $383.2 million, or 5.5% from 2023. The increase in appraised values is primarily the result of increased taxable value in multi-family and of Class A commercial office buildings within the District. Occupancy rates rose slightly to about 92% during the year while leasing rates continue to rise from 2023 to 2024.

New development continues in the District in a variety of markets. A large retail complex was completed in 2023. During 2023 a luxury apartment complex was started with completion scheduled for 2025.

These indicators were taken into account when adopting the operating budget for 2024. The general fund budget for 2024 is $11.5 million, which is $2.1 million more than the final 2023 actual. This increase is due mainly to an increase in budgeted capital asset purchases to $2.3 million. Property taxes will increase approximately $2.1 million. An 5.5% increase in tax values and decreasing the tax rate from $.7813 to $.7551 will create this increase which will maintain the District's fund balance at 2022-2023 amounts.

Expenditures are budgeted to be $11.2 million. If these estimates are realized, the District's budgetary general fund balance will remain constant at the close of 2024.

Contacting the District's Financial Management

This financial report is designed to provide our constituents, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Finance and Accounting Department.

Basic Financial Statements

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Dallas County Utility and Reclamation District
Statement of Net Position
September 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	$ 20,193,701	$ 4,203,981	$ 24,397,682
Accounts receivable			
(net of allowance of $51,446)	544,153	282,876	827,029
Accrued interest receivable	6,833	5,310	12,143
Lease Receivable	603,697	-	603,697
Internal balances	(7,330)	7,330	-
Prepaid Asset	-	1,947,348	1,947,348
Capital assets, not being depreciated	14,907,214	-	14,907,214
Capital assets, net of accumulated depreciation	26,292,504	2,407,535	28,700,039
Other assets	352,644	75	352,719
Total assets	62,893,416	8,854,455	71,747,871
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension plan	2,013,290	324,062	2,337,352
Deferred loss on refunding	2,001,703	-	2,001,703
Total deferred outflows of resources	4,014,993	324,062	4,339,055
LIABILITIES			
Accounts payable and accrued liabilities	586,491	60,869	647,360
Net pension liability	2,348,206	377,970	2,726,176
Accrued interest payable	743,562	-	743,562
Unearned revenue	901,367	-	901,367
Noncurrent liabilities:			
Due within one year	20,075,000	-	20,075,000
Due in more than one year	105,438,414	-	105,438,414
Total liabilities	130,093,040	438,839	130,531,879
DEFERRED INFLOWS OF RESOURCES			
Related to pension plan	100,858	16,234	117,092
Related to leases	603,697	-	603,697
Total deferred inflows of resources	704,555	16,234	720,789
NET POSITION (DEFICIT)			
Net investment in capital assets	(72,345,108)	2,407,535	(69,937,573)
Restricted for debt service	102,381	-	102,381
Unrestricted	8,353,541	6,315,909	14,669,450
TOTAL NET POSITION (DEFICIT)	$ (63,889,186)	$ 8,723,444	$ (55,165,742)

The Notes to the Financial Statements are an integral part of this statement.

Dallas County Utility and Reclamation District
Statement of Activities
For the Fiscal Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Capital Grants and Contributions
PRIMARY GOVERNMENT			
Governmental activities:			
General government	$ 463,908	$ 131,759	$ 1,551,170
Finance and administration	1,141,723	369,616	-
Systems maintenance	5,856,769	796,274	62,774
Reclamation maintenance	3,447	2,737	-
Area personal transit system	714,538	-	-
Service center operations	163,761	404,187	-
Rehabilitation	1,068,689	-	-
Pension expense	291,261	-	-
Interest expense	3,903,794	-	-
Total governmental activities	13,607,890	1,704,573	1,613,944
Business-type activities:			
Raw water supply	3,146,919	3,362,416	-
Total business-type activities	3,146,919	3,362,416	-
TOTAL PRIMARY GOVERNMENT	$ 16,754,809	$ 5,066,989	$ 1,613,944

General revenues:
Taxes
Unrestricted investment earnings
Gain on sale of property

Total general revenues

Change in net position (deficit)

Net position (deficit), beginning, as restated (Note 11)

NET POSITION (DEFICIT), ending

The Notes to the Required Supplementary Information are an integral part of this statement.

Net (Expense) Revenue and Changes in Fund Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ 1,219,021	$ -	$ 1,219,021
(772,107)	-	(772,107)
(4,997,721)	-	(4,997,721)
(710)	-	(710)
(714,538)	-	(714,538)
240,426	-	240,426
(1,068,689)	-	(1,068,689)
(291,261)	-	(291,261)
(3,903,794)	-	(3,903,794)
(10,289,373)	-	(10,289,373)
-	215,497	215,497
-	215,497	215,497
(10,289,373)	215,497	(10,073,876)
30,379,685	-	30,379,685
1,124,378	154,416	1,278,794
30,721	-	30,721
31,534,784	154,416	31,689,200
21,245,411	369,913	21,615,324
(85,134,597)	8,353,531	(76,781,066)
$ (63,889,186)	$ 8,723,444	$ (55,165,742)

Dallas County Utility and Reclamation District
Balance Sheet – Governmental Funds
September 30, 2023

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and investments	$ 19,419,576	$ -	$ 19,419,576
Restricted cash and cash equivalents	-	102,361	102,361
Accounts receivable (net of allowance of $51,446):	544,153	-	544,153
Accrued interest receivable	3,060	770	3,830
Lease Receivable	603,697	-	603,697
Other assets	185,261	-	185,261
TOTAL ASSETS	$ 20,755,747	$ 103,131	$ 20,858,878
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
LIABILITIES			
Accounts payable and accrued liabilities	$ 566,444	$ 750	$ 567,194
Due to other funds	7,330	-	7,330
Unearned revenue	746,160	-	746,160
Total liabilities	1,319,934	750	1,320,684
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	157,628	-	157,628
Unavailable revenue - leases	603,697	-	603,697
Total deferred inflows of resources	761,325	-	761,325
FUND BALANCE			
Non-spendable	185,261	-	185,261
Restricted for debt service	-	102,381	102,381
Committed for capital project reserve	1,000,000	-	1,000,000
Assigned for capital projects	1,158,551	-	1,158,551
Unassigned	16,330,676	-	16,330,676
Total fund balance	18,674,488	102,381	18,776,869
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 20,755,747	$ 103,131	$ 20,858,878

The Notes to the Financial Statements are an integral part of this statement.

Dallas County Utility and Reclamation District

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2023

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS	$ 18,776,869
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	41,199,718
Certain receivables will be collected next year, but are not available soon enough to pay for current year expenditures, and therefore are reported as unavailable revenues in the funds.	157,628
Deferred outflows of resources related to loss on debt refunding ($2,001,703) and pension plan ($2,013,290) are not reported in the governmental funds. This is the sum of these amounts.	4,014,993
Deferred inflows of resources related to the net difference between projected and actual experience on pension plan investments are not reported in governmental funds.	(100,858)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Bonds payable	(125,513,414)
Accrued interest on the bonds	(743,562)
Net pension liability	(2,348,206)
Internal service funds are used by management to charge the costs of various services to individual funds. The assets and liabilities of the internal service funds are included with governmental activities. This amount represents net position of internal service funds net of capital assets of $241,049.	667,646
TOTAL POSITION - GOVERNMENTAL ACTIVITIES	$ (63,889,186)

The Notes to the Financial Statements are an integral part of this statement.

Dallas County Utility and Reclamation District
Statement of Revenues, Expenditures,
and Changes in Fund Balance – Governmental Funds
For the Fiscal Year Ended September 30, 2023

	General Fund	Debt Service Fund	Total Governmental Funds
REVENUES			
Taxes	$ 30,308,033	$ -	$ 30,308,033
Investment income	1,026,551	80,673	1,107,224
Leases revenue	272,773	-	272,773
Lease interest income	34,646	-	34,646
Maintenance fees	96,768	-	96,768
Intergovernmental revenue	1,613,944	-	1,613,944
Other	2,907,054	-	2,907,054
Total revenues	36,259,769	80,673	36,340,442
EXPENDITURES			
Current:			
General government	455,522	-	455,522
Finance and administration	1,129,721	-	1,129,721
Systems maintenance	5,697,102	-	5,697,102
Reclamation maintenance	7,047	-	7,047
Area personal transit system	192,657	-	192,657
Service center operations	338,352	-	338,352
Rehabilitation	1,144,190	-	1,144,190
Principal	-	18,490,000	18,490,000
Interest and fees	-	6,376,750	6,376,750
Capital outlays	479,608	-	479,608
Total expenditures	9,444,199	24,866,750	34,310,949
Excess (deficiency) of revenues over (under) expenditures	26,815,570	(24,786,077)	2,029,493
OTHER FINANCING SOURCES (USES)			
Transfers in	-	24,866,000	24,866,000
Transfers (out)	(24,866,000)	-	(24,866,000)
Total other financing sources (uses)	(24,866,000)	24,866,000	-
Change in fund balance	1,949,570	79,923	2,029,493
Fund balance, beginning, as restated (Note 11)	16,724,918	22,458	16,747,376
FUND BALANCE, ending	$ 18,674,488	$ 102,381	$ 18,776,869

The Notes to the Financial Statements are an integral part of this statement.

Dallas County Utility and Reclamation District
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance – Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended September 30, 2023

TOTAL NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS		$ 2,029,493
Amounts reported for *governmental activities* in the statement of activities are different because:		
Governmental funds report capital outlays and other capitalizable costs as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays and other transactions that impact capital assets in the current period (excluding internal service funds):		
Capital outlay expenditures	479,608	
Depreciation expense (net of $131,218 recorded in internal service funds)	(2,047,680)	
Net adjustment		(1,568,072)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues at the final level		71,652
Governmental funds report the effect of principal payments on debt as expenditures in the governmental fund financial statements, but are shown as reductions in the long-term debt in the government-wide statements.		18,490,000
Some revenues and expenses reported in the fund level financials are deferred in the government-wide financials		2,357,856
Some expenses such as accrued interest and pension expense that are reported in the statement of activities do not require the use of current financial resources and therefore not reported as expenditures in governmental funds		(176,161)
Internal service funds are used by management to charge the costs of vehicle maintenance, and insurance services to individual funds. The change in net position of $40,643 of activities of internal service funds is reported with governmental activities with the business type activities is not included at the fund level.		40,643
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES		$ 21,245,411

The Notes to the Financial Statements are an integral part of this statement.

Dallas County Utility and Reclamation District
Statement of Net Position – Proprietary Funds
September 30, 2023

	Business-Type Activities Major Fund Raw Water Supply	Governmental Activities Internal Service Funds
ASSETS		
Current assets:		
Cash and investments	$ 4,203,981	$ 671,764
Accounts receivable	282,876	-
Due from other funds	7,330	-
Accrued interest receivable	5,310	3,003
Total current assets	4,499,497	674,767
Noncurrent assets:		
Prepaid Asset	1,947,348	-
Capital assets - being depreciated	2,407,535	241,049
Other assets	75	167,383
Total noncurrent assets	4,354,958	408,432
Total assets	8,854,455	1,083,199
DEFERRED OUTFLOWS OF RESOURCES		
Related to pension plan	324,062	-
Total deferred outflows of resources	324,062	-
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	60,869	19,297
Unearned revenues	-	155,207
Total current liabilities	60,869	174,504
Net pension liability	377,970	-
Total liabilities	438,839	174,504
DEFERRED INFLOWS OF RESOURCES		
Net difference between projected & actual earnings on pension plan investments	16,234	-
Total deferred inflows of resources	16,234	-
NET POSITION		
Investment in capital assets	2,407,535	241,049
Unrestricted	6,315,909	667,646
TOTAL NET POSITION	$ 8,723,444	$ 908,695

The Notes to the Financial Statements are an integral part of this statement.

Dallas County Utility and Reclamation District
Statement of Revenues, Expenses,
and Changes in Net Position – Proprietary Funds
For the Fiscal Year Ended September 30, 2023

	Business Type Activities Major Fund	Governmental Activities
	Raw Water Supply	**Internal Service Funds**
OPERATING REVENUES		
Water sales	$ 3,358,969	$ -
Insurance premiums	-	340,458
Vehicle usage charges	-	207,060
Other income	3,447	-
Total operating revenues	3,362,416	547,518
OPERATING EXPENSES		
Purchased water	513,428	-
Salaries, wages and benefits	525,341	-
Purchased and contracted services	1,409,330	42,775
Professional fees	283,281	10,068
Supplies and materials	16,923	59,610
Depreciation and amortization	178,618	131,218
Insurance premiums	20,430	212,504
Claims paid	-	97,465
Other recurring operating expenses	199,568	1,110
Total operating expenses	3,146,919	554,750
Operating income (loss)	215,497	(7,232)
NON-OPERATING REVENUE/EXPENSE:		
Investment income	154,416	17,154
Gain on sale of assets	-	30,721
Total nonoperating revenue	154,416	47,875
Change in net position	369,913	40,643
Net position - Beginning	8,353,531	868,052
NET POSITION - Ending	$ 8,723,444	$ 908,695

The Notes to the Financial Statements are an integral part of this statement.

Dallas County Utility and Reclamation District
Statement of Cash Flows – Proprietary Funds
For the Fiscal Year Ended September 30, 2023

	Business-Type Activities	Governmental Activities
	Major Fund - Raw Water Supply	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	$ 3,309,380	$ 551,395
Payments to suppliers	(2,655,552)	(422,526)
Payments to employees	(337,637)	-
Net cash provided by operating activities	316,191	128,869
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(107,197)	-
Gain on sale of assets	-	30,721
Net cash provided by (used in) capital and related activities	(107,197)	30,721
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	165,508	16,939
Purchases of investments	(3,683,169)	(946,000)
Sales of investments	3,268,822	935,150
Net cash provided by (used in) investing activities	(248,839)	6,089
Net increase (decrease) in cash and cash equivalents	(39,845)	165,679
CASH AND CASH EQUIVALENTS, beginning of year	62,811	185,378
CASH AND CASH EQUIVALENTS, end of year	$ 22,966	$ 351,057
CASH AND CASH EQUIVALENTS	$ 22,966	$ 351,057
INVESTMENTS	4,181,015	320,707
CASH AND INVESTMENTS END OF YEAR	$ 4,203,981	$ 671,764
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net operating income (loss)	$ 215,497	$ (7,232)
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	178,618	131,218
Pension expense	49,703	-
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	63,213	-
(Increase) decrease in accrued interest receivable	(4,931)	(2,788)
(Increase) decrease in prepaid assets	(112,802)	-
(Increase) decrease in other assets	-	(21,459)
Increase (decrease) in due to other funds	(25,860)	-
Increase (decrease) in accounts payable	(47,247)	1,006
Increase (decrease) in other liabilities	-	28,124
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 316,191	$ 128,869

The Notes to the Financial Statements are an integral part of this statement.

Dallas County Utility and Reclamation District
Statement of Fiduciary Net Position – Pension Trust Fund
September 30, 2023

ASSETS - Cash and investments	$	8,564,483
NET POSITION - Held in trust for pension benefits	$	8,564,483

The Notes to the Financial Statements are an integral part of this statement.

Dallas County Utility and Reclamation District
Statement of Changes in Fiduciary Net Position – Pension Trust Fund
For the Fiscal Year Ended September 30, 2023

ADDITIONS		
Employer contributions	$	295,633
Net investment income		933,552
Total additions		1,229,185
DEDUCTIONS		
Administration		(44,162)
Benefit payments		(312,751)
Total deductions		(356,914)
Increase in net position held in trust for pension benefits		872,272
Net position held in trust for pension benefits, beginning		7,692,211
NET POSITION HELD IN TRUST FOR PENSION BENEFITS, ending	$	8,564,483

The Notes to the Financial Statements are an integral part of this statement.

Note 1. Summary of Significant Accounting Policies-

The accounting policies of the Dallas County Utility and Reclamation District ("District") conform to accounting principles generally accepted in the United States of America, as applicable to governments. The following is a summary of the more significant policies.

A. Reporting Entity

The District was created on June 27, 1972 as Dallas County Municipal Utility District No. 1 under the provision of Article XVI, Section 59, of the Constitution of Texas and Chapter 54 of the Texas Water Code to provide control, storage and restoration of the purity and sanitary condition of water within the District. The District is comprised of acreage within the area known as Las Colinas which is located wholly within the City of Irving, Texas (City).

Effective February 1, 1984, the District was reorganized, converted and confirmed as a conservation, utility and reclamation district operating under the Senate Bill No. 963 as adopted by the Legislature of the State of Texas ("Legislature") in the 1983 Regular Session. At that time, the District was renamed as the Dallas County Utility and Reclamation District. Under House Bill No. 2421 adopted by the Legislature in the 1985 Regular Session, effective August 26, 1985, the District was also empowered to design, build and construct streets and roads.

The accompanying financial statements present all activities for which the District is considered to be financially accountable. The District has no component units.

The District provides services related to flood control, water supply, land reclamation, transportation, and water conservation.

B. Basis of Presentation – Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been substantially removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Program revenues include charges to customers or applicants for goods, services, or privileges provided. Program revenues included in the Statement of Activities reduce the cost of the function to be financed from General Revenues. Taxes and other items not properly identified as program revenues are reported instead as general revenues.

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense to each function.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. In accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, the fiduciary funds are excluded from the government-wide financial statements because the assets of those funds are not available to fund the operations of the District. Major individual governmental funds and major enterprise funds are reported as separate columns in the fund financial statements. For all funds, the District applies GASB pronouncements.

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

Government-Wide Financial Statements. 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 the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements. Governmental funds 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. Property taxes are considered to be available if collected within 60 days of the fiscal year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recognized in the current fiscal period only for debt service principal and interest payments due within thirty days in the subsequent fiscal period.

Property taxes and interest associated with the current fiscal period are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when cash is received by the District.

The Proprietary Funds and the Pension Trust Fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net position) for the proprietary funds is segregated into net investment in capital assets, restricted and unrestricted components while net position for the Pension Trust Fund is reported as held in trust for pension benefits. The Proprietary Funds' and Fiduciary Funds operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total position.

The Proprietary Funds and the Pension Trust Fund are accounted for on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Fund Accounting.

The accounts of the District are organized on the basis of funds, each of which is considered 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 equity or net position, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the basic financial statements into fund types as follows:

The government reports the following major governmental funds:

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.

The *debt service fund* is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

The government reports the following major proprietary fund:

The *raw water supply fund* is used to account for the sale of raw water.

Additionally, the District reports the following funds:

The *internal service funds* are used to account for the financing of services provided by one department to other departments of the District on a cost-reimbursement basis.

The District's self-insurance program is accounted for in an internal service fund, see Note 9 for more information. The District's vehicle maintenance program is also accounted for as an internal service fund.

The *pension trust fund* is used to account for assets held by the District in a trustee capacity. The District's pension trust fund is used to account for the District's retirement plan.

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's Retirement Plan and additions to/deductions from the Retirement Plan's fiduciary net position have been determined on the same basis as they're reported by the Retirement Plan. For this purpose, benefits payments and refunds are recognized when due and payable in accordance with the benefit terms. The District's contributions are recognized when due and a formal commitment to provide the contributions has been made. Investments are reported at fair value.

E. Capital Assets

Capital assets, which include land, buildings flood control system, water system, sewage system , area personal transit system, furniture and equipment, capitalized system engineering fees, vehicles, and construction in progress are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. The capitalization threshold is a unit cost of $5,000. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Contributed assets are recorded at estimated acquisition value on date of contribution.

Capital assets of the District, excluding land, are depreciated using the straight-line method beginning in the month after they are placed in service. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings, personal transit, flood control, water and sewage system, engineering fees	40 years
Furniture and equipment	4-5 years
Vehicles	5 years

F. Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums, discounts, and refunding losses are deferred and amortized over the life of the bonds using the effective interest method. Issuance costs are expensed as incurred. Bonds payable are reported net of applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has the following items that qualify for reporting in this category.

- Deferred charges on refundings – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred outflows related to the pension plan which includes pension contributions after the measurement date, deferred outflows related to assumption changes, and differences between projected and actual earnings on plan investments. Deferred inflows related to assumption changes are deferred and amortized over the remaining average service life of members. Differences between projected and actual earnings on investments are deferred and amortized over a closed 5 year period. Contributions after the measurement date are recognized as a reduction of the pension liability in the subsequent fiscal year.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has the following deferred outflows of resources:

- The difference in projected and actual experience for the pension is deferred and amortized over the remaining average service life of the members.
- Deferred inflows related to leases as lessor of property are measured at the initial amount of lease receivable and are amortized into revenue over the life of the lease term
- Property taxes are recognized in the period the funds are received.

H. Leases. The District is a lessor for noncancelable lease of property. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments related to the leases include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

The District uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the non-cancelable period of the lease.

Lease payments included in the measurement of the lease receivable are composed of fixed payments from the lessee, variable payments from the lessee that are fixed-in-substance or that depend on an index or a rate, residual value guarantee payments from the lessee that are fixed-in-substance, and any lease incentives that are payable to the lessee.

The District monitors changes in circumstances as both a lessor and a lessee that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

I. Cash and Cash Equivalents

For the purpose of cash flow statements, the District considers cash and cash equivalents to be all unrestricted cash and highly liquid investments with original maturities of three months or less.

J. Investments

Investments are stated at cost as of the purchase date. The District's investment portfolio contains only investments with a maturity date at time of purchase of one year or less. The District considers investments in Pools and money market accounts as investments.

K. Inventory

Inventory is recorded when purchased and is valued at the lower of cost (specific identification) or market. Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventory in the general fund consists primarily of retail sales items and supplies and is accounted for using the consumption method.

L. Governmental Fund Balances

The District reports governmental fund balances per GASB statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* as follows:

Fund balance classification. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Non-Spendable fund balance. Assets that will never convert to cash, such as inventory and prepaid items.

Restricted fund balance. The portion of fund balance that reflects resources that are subject to externally enforceable legal restrictions imposed by parties outside the District at September 30, 2023.

Committed fund balance. The portion of fund balance that reflects resources that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. At September 30, 2023, the District has established a capital project reserve in the amount of no less than $1,000,000.

Assigned fund balance. The portion of fund balance that reflects resources intended for a specific purpose. Intent is expressed or authorized by the Board of Directors.

Unassigned fund balance. The portion of fund balances in excess of non-spendable, restricted, committed, and assigned. This classification includes the residual fund balance for the General Fund.

Spending Prioritization in Using Available Resources – when both restricted and unrestricted (i.e. committed, assigned, and unassigned) resources are available to be used for the same purpose, the District considers the restricted resources to be expended first. When all categories of unrestricted fund balance are available, the flow assumption is as follows: the committed resources get expended first, the assigned resources get expended second, and the unassigned resources get expended last.

N. 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

O. New Accounting Pronouncements

GASB Statement No. 94. *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. Statement 94 was issued on March 2020. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This standard becomes effective for the District fiscal year 2023, There was no impact to The District related to the implementation.

GASB Statement No. 96. *Subscription -Based Information Technology Arrangements*. Statement 96 was issued on May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases,* as amended. This standard becomes effective for the District fiscal year 2023. There was no impact to the District related to the implementation.

GASB Statement No. 99. *Omnibus 2022* was issued on April 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument
- Clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives
- Clarification of provisions in Statement No. 94, Public-Private and Public Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments
- Clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short term SBITA, and recognition and measurement of a subscription liability
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP)
- Disclosures related to nonmonetary transactions

- Pledges of future revenues when resources are not received by the pledging government
- Clarification of provisions in Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as amended, related to the focus of the government-wide financial statements
- Terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position
- Terminology used in Statement 53 to refer to resource flows statements

This standard becomes effective for the District fiscal year 2023. There was no impact to The District related to the implementation.

GASB Statement No. 100. *Accounting Changes and Error Corrections* was issued on June 2022. The primary objective of this Statement is to enhance the accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This standard becomes effective for the District fiscal year 2024, The District has not determined the impact of this statement.

GASB Statement No. 101. *Compensated Absences* was issued on June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This standard becomes effective for the District fiscal year 2025, The District has not determined the impact of this statement.

Note 2. Property Taxes

Property taxes, which attach as an enforceable lien on property as of January 1, are due October 1 and become delinquent on February 1. At elections held in 1972 and 1973 the District's voters authorized the levy and collection of an unlimited annual maintenance tax for the purpose of providing funds for the maintenance of the District's work facilities and other improvements, and for paying the costs of proper service, engineering, legal fees, organization and administrative expenses and required debt service. The District's tax rate for fiscal year 2022-23 is $.7813 ($0.6155 for debt service and $0.1658 for maintenance and operations) per $100 of assessed valuation. According to the Dallas Central Appraisal District, the total taxable assessed value of District land, property and improvements net of supplemental adjustments totaled $5,608,288,120 for the tax year ended September 30, 2023. The revenue associated with both maintenance and debt service tax has been recorded within the General Fund with the amount of debt service tax collected reported as a transfer to the Debt Service Fund.

Taxes levied by the District against real property are a first lien and are superior to the perfected security interest of a mortgagee. Where real property is jointly and severally owned, all parties owning an interest in the real property are responsible for the total amount of taxes related thereto. The District aggressively pursues its tax revenue accounts and its historical collection rate is in excess of 99%.

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, property taxes are considered an imposed non-exchange transaction. Assets from imposed non-exchange transactions are recorded when the entity has an enforceable legal claim to the asset, or when the entity receives resources, whichever comes first. The enforceable legal claim date for property taxes is the assessment date. The assessment date has been designated in the enabling legislation as the first day of the fiscal year to which they relate (October 1). Therefore, the District has not recorded a receivable for future taxes at year-end because the assessment date had not yet occurred as of fiscal year-end.

Note 3. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and demand deposits. The District's bank balance at September 30, 2023 was $1,159,178 with a carrying value of $621,418. The District also had petty cash totaling $959 at September 30, 2023.

Investments, except for the investment pools, for the District are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost.

The pension trust fund investments are the District's share in common trust funds of Westwood Holding Group, Inc.

Cash Deposits. The District's funds are required to be deposited and invested according to State statue and an adopted District Investment Policy which includes depository and custodial contract provisions. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository banks' agent bank. The pledged securities are in compliance with the Texas Government Code, Chapter 2257 "Collateral for Public Funds".

Investments. The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. The District further limits its investments to obligations of the U.S. Treasury or the State of Texas, certain U.S. Agencies, certificates of deposit, no-load money market mutual funds, certain municipal securities, repurchase agreements, banker's acceptances, commercial paper or investment pools.

For fiscal year 2023, the District invested in U.S. Government Agency securities, Texas CLASS, and TexSTAR. Texas CLASS is organized under the Sixth Amended and Restated Trust Agreement in accordance with all the requirements contained in section 2256.016 of the Act. Texas CLASS is administered by Public Trust Advisors, LLC and all funds are held by the custodial agent, Wells Fargo N.A. Texas CLASS may invest in obligations of the U.S. or its agencies and instrumentalities; repurchase agreements; SEC-registered money market funds rated in the highest rating category by at least one NRSRO; and commercial paper rated A-1, P-1 or equivalent by two nationally recognized rating agencies. TexSTAR: J.P. Morgan Investment Management Inc. and First Southwest Company serve as co-administrators for TexSTAR under an agreement with the TexSTAR board of directors. J.P. Morgan Investment Management Inc. provides investment management services, and First Southwest Company provides participant services and marketing. Custodial, fund accounting and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary J.P. Morgan Investor Services Co. TexSTAR is Texas Short Term Asset Reserve Program organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The primary objectives of TexSTAR are, in order of priority, preservation and protection of principal, maintenance of sufficient liquidity to meet participants' needs, diversification to avoid unreasonable or avoidable risks, and yield.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The District has recurring fair value measurements as presented in the table below. The District's investment balances and weighted average maturity of such investments are as follows:

		Fair Value Measurements Using				
	September 30, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Percent of Total Investments	Weighted Average Maturity (Days)
Investments not subject to level reporting:						
Investment Pools:						
Texas CLASS	$ 22,412,911	$ -	$ -	$ -	94.27%	31
TexSTAR	46,050	-	-	-	0.19%	29
Investments by Fair Value Level:						
U.S. Government Agency Securities:						
U.S. Treasury Bills	1,196,570	-	1,196,570	-	5.03%	90
Money Market accounts	119,774	-	119,774	-	0.51%	1
Total value	$ 23,775,305	$ -	$ 1,316,344	$ -		

Investment Pools are measured at amortized cost and are exempt for fair value level reporting.

U.S. Government Agency Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The Texas CLASS investment pools are external investment pools measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pools transact at a net asset value of $1.00 per share, have weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. Texas CLASS have a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

The TexStar investment pools are external investment pools measured at their net asset value. TexStar's strategy are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The District has no unfunded commitments related to the investment pools. TexStar have a redemption notice period of one day and may redeem daily. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis. In accordance with its investment policy, the District reduces its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio as a whole to no more than 275 days (9 months), diversification, and by holding securities to maturity. In addition, the District shall not directly invest in an individual security maturing more than three years from the date of purchase.

Custodial Credit Risk. The District's agent holds securities in the District's name; therefore, the District is not exposed to custodial credit risk. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker/dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. The District's policy requires that the investments of the District shall be secured through third-party custodial and safekeeping procedures as designated by the District.

Credit Risk. The District's Investment policy is to apply the "prudent investor" standard: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." As of September 30, 2023, the Texas Class local government investment pool was rated AAAm and the TexStar local government investment pool was rated AAAm both by Standard and Poor's. Both local government investment pools were managed as SEC 2a-7 like funds. The Federal National Mortgage Assn., and Federal Home Loan Bank discount notes were issued or guaranteed by the US Federal Government, which is rated AA.

*Concentration of Credit Risk. T*he District's investment policy places no limit on the amount the District may invest in any one issuer. However, the District's investment policy calls for portfolio diversification by avoiding over-concentration in a specific maturity sector or specific instruments. The District's portfolio is 5% in United States Treasury Bills as of September 30, 2023. The remainder (95%) of the District's investments is invested in government pools and money market funds.

The fair value of the investments in U.S. Government Agency securities is based on quoted market prices. The investments are reported by the District at book value. The amount of increase in the fair value of these investments during the year ended September 30, 2023, is included in other revenue.

Investment earnings	$	1,267,333
Net increase in fair value of investments		11,461
Total investment earnings	$	1,278,794

Pension Trust Fund: The Pension Trust Fund maintains a separate investment policy. The Plan shall invest in common trust funds of Westwood Holding Group, Inc. The plan document grants the authority to establish and amend the Plan to the employer through a plan administrator.

Note 4. Accounts Receivable

Receivables at September 30, 2023, were as follows:

	Governmental Activities and Governmental Funds	Business-Type Activities
Receivables:		
Property taxes	$ 205,061	$ -
Other receivables	390,538	282,876
Total receivables	595,599	282,876
Less allowance for uncollectible amount	(51,446)	-
Net total receivables	$ 544,153	$ 282,876

Note 5. Interfund Transactions

Interfund balances at September 30, 2023, consist of the following individual fund receivables and payables:

Fund	Receivables	Payables
General Fund	$ -	$ 7,330
Raw Water Supply - Enterprise Funds	7,330	-
Total	$ 7,330	$ 7,330

All interfund receivables and payables arise for general operating purposes and are paid in full from one fiscal year to the next.

Interfund transfers in and out consist of the following:

	Transfers In
	Debt Service
Transfers out:	
General fund	$ 24,866,000
Total	$ 24,866,000

Transfer from General Fund to Debt Service Fund is to transfer an amount sufficient to pay debt service (principal, interest and paying agent fees) on outstanding general obligation bonds. Transfers are made based on the actual debt service property tax collected during the year plus any additional amounts required to make principal and interest payments.

Note 6. Capital Assets

A summary of capital assets activity during the fiscal year ended September 30, 2023:

	Balance October 1, 2022	Transfers/ Additions	Deletions	Balance September 30, 2023
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 14,907,214	$ -	$ -	$ 14,907,214
Total capital assets not being depreciated	14,907,214	-	-	14,907,214
Capital assets, being depreciated:				
Buildings	4,749,844	179,722	-	4,929,566
Flood control system	49,198,551	1,014,759	-	50,213,310
Water system	1,817,610	-	-	1,817,610
Sewage system	542,462	-	-	542,462
Area personal transit system	38,825,241	-	-	38,825,241
Furniture and equipment	1,625,249	123,385	-	1,748,634
Capitalized system engineering fees	11,472,529	-	-	11,472,529
Vehicles	1,168,163	-	(58,685)	1,109,478
Construction in Progress	10,562,070	(838,258)	-	9,723,812
Total capital assets being depreciated	119,961,719	479,608	(58,685)	120,382,642
Less accumulated depreciation for:				
Buildings	3,618,308	97,558	-	3,715,866
Flood control system	38,849,429	1,056,960	-	39,906,389
Water system	1,814,926	297	-	1,815,223
Sewage system	542,462	-	-	542,462
Area personal transit system	35,066,899	470,532	-	35,537,431
Furniture and equipment	1,271,087	179,311	-	1,450,398
Capitalized system engineering fees	9,975,334	261,586	-	10,236,920
Vehicles	831,480	112,654	(58,685)	885,449
Total accumulated depreciation	91,969,925	2,178,898	(58,685)	94,090,138
Total capital assets being depreciated, net	27,991,794	(1,699,290)	-	26,292,504
Governmental activities capital assets, net	$ 42,899,008	$ (1,699,290)	$ -	$ 41,199,718

Included in capital assets above are internal service fund capital assets with original cost of $1,202,301 and accumulated depreciation of $961,252.

	Balance October 1, 2022	Transfers/ Additions	Transfers/ Deletions	Balance September 30, 2023
Business-type activities:				
Capital assets being depreciated:				
Water systems	$ 8,045,011	$ 57,198	$ -	$ 8,102,209
Vehicles, furniture and equipment	770,825	49,999	-	820,824
Total capital assets being depreciated	8,815,836	107,197	-	8,923,033
Less accumulated depreciation for:				
Water systems	5,566,057	178,306	-	5,744,363
Vehicles, furniture and equipment	770,823	312	-	771,135
Total accumulated depreciation	6,336,880	178,618	-	6,515,498
Capital assets being depreciated, net	$ 2,478,956	$ (71,421)	$ -	$ 2,407,535

Depreciation expense related to governmental activities was charged to governmental functions as follows:

General government	$ 8,386
Finance and administration	8,386
Systems maintenance	1,620,984
Area personal transit system	521,882
Service center operations	19,260
Total	$ 2,178,898

Note 7. Long-Term Debt

The District issued $34,215,000 Unlimited Tax Refunding Bonds, Series 2013 (“Series 2013 Bonds”) in April, 2013 to refund Unlimited Tax Refunding Bonds, Series 2007. The advance refunding resulted in additional principal and interest payments of $10,565,477 over the life of the bonds. This refunding resulted in an economic gain (difference between the present value of the old and new debt service payments) of $7,481,986.

The District issued $155,885,000 Unlimited Tax Refunding Bonds Series 2016 (“Series 2016 Bonds”) in November, 2016 to refund Unlimited Tax Refunding Bonds, Series 2005A, Series 2005B, and Series 2008. The advance refunding resulted in a reduction of payments of $49,396,110 over the life of the bonds. This refunding resulted in an economic gain (difference between the present value of the old and the new debt service payments) of $38,573,874.

The following is a summary of long-term debt transactions of the District for the year ended September 30, 2023:

Governmental Activities Bonds	Balance October 1, 2022	Additions	Retirements	Balance September 30, 2023	Due Within One Year
Series 2013 Unlimited Tax Refunding Bonds, 2% to 5% maturing in annual installments of $360,000 to $16,560,000 from 2014 through 2024	$ 30,565,000	$ -	$ 14,005,000	$ 16,560,000	$ 16,560,000
Series 2016 Unlimited Tax Refunding Bonds, 2% to 5% maturing in annual installments of $3,515,000 to $27,445,000 from 2017 through 2028	106,190,000	-	4,485,000	101,705,000	3,515,000
	136,755,000	-	18,490,000	118,265,000	20,075,000
Unamortized Premium	10,200,361	-	2,951,947	7,248,414	
Total governmental activities bonds	$ 146,955,361	$ -	$ 21,441,947	$ 125,513,414	
Deferred loss on refunding	$ (2,595,794)	$ -	$ 594,091	$ (2,001,703)	

Year ending September 30,	Governmental Activities Bonds Principal	Interest	Total
2024	$ 20,075,000	$ 5,411,375	$ 25,486,375
2025	21,760,000	4,365,500	26,125,500
2026	23,545,000	3,232,875	26,777,875
2027	25,440,000	2,018,250	27,458,250
2028	27,445,000	686,125	28,131,125
Totals	$ 118,265,000	$ 15,714,125	$ 133,979,125

The District is in compliance with all bond resolutions/restrictions as of September 30, 2023.

Note 8. Commitments and Contingencies

A. Trinity River Authority of Texas

The District has contracted with Trinity River Authority of Texas (TRA), an agency of the State of Texas, whereby TRA dedicated and pledged to reserve, deliver and sell treated raw water at the point of delivery, to the District and the District agreed to pay TRA for such delivery and reserve of raw water. At the time the contract was signed, the District became obligated to pay to TRA a debt service component which is a percentage of debt service of a certain debt issuance made by TRA to construct project facilities needed to deliver the raw water to the point of delivery. In addition, the District is obligated to make an annual operations and maintenance payment directly attributed to the delivery of water by TRA to the District: a commodity charge - take or pay based on the actual volume of water delivered to the District, and a commodity charge – standby based on 10% of the effective take or pay commodity rate. Total payments made to TRA during the year ended September 30, 2023, amounted to $1,983,935.

The debt service component of the payment was paid in full in a prior year and no future debt service payments will be required.

On April 28, 2021, The District has entered in an Interlocal Agreement (ILA) with the Trinity River Authority of Texas (TRA) for engineering and construction phase for services for outfall 002 Environmental Protection Agency (EPA) requirements to deliver TRA water to Lake Remle. The total amount of funding authorized for the services as defined by this ILA is $2,747,320.

B. Other Contingencies

There are no claims or lawsuits pending against the District at September 30, 2023. Management is not aware of any contingencies that would have a material effect on the financial statements.

Note 9. Self-Insurance Plan

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has established a Self-Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program, the Self-Insurance Fund provides coverage for up to a maximum of $500,000 for each worker's compensation claim and $10,000 for each property damage claim. The Self-Insurance Fund provides general liability coverage up to the maximum legal limit of $100,000 per individual and $300,000 per occurrence as determined by the Texas Tort Claim Liability Act. The District purchases commercial insurance for claims in excess of coverage provided by the Fund and for all other risks of loss. Settled claims have not exceeded this commercial coverage in three previous fiscal years.

All funds of the District participate in the program and make payments to the Self-Insurance Fund based on estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. The claims liability of $5,000 reported in the Fund at September 30, 2023, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. These liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. The District's vehicle maintenance program is also accounted for as an internal service fund. Changes in the Fund's claims liability amount in fiscal 2022 and 2023 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability
2022	$ 5,000	$ 37,363	$ 37,363	$ 5,000
2023	5,000	25,216	25,216	5,000

Note 10. Employees Retirement Plans

A. Retirement Plan Description

The District provides pension benefits for substantially all of the employees of the District through a single-employer, noncontributory defined benefit retirement plan ("Retirement Plan"). The Retirement Plan is administered by the District's Board of Directors. The District hires an outside trustee to manage the investments and make the benefit payments related to the Retirement Plan. The Retirement Plan is considered a part of the District's financial reporting entity and is included in the District's basic financial statements as a pension trust fund.

Benefits Provided

The Retirement Plan provides for retirement, death, and disability benefits. Employees are eligible for participation after one year of service. The normal retirement benefit for participants reaching age 65 is equal to 1.8% of average compensation multiplied by service up to 36.111 years, less 1.5% of Social Security for each year up to 33.333 years. Early retirement benefits are available for participants attaining age 55 and 5 years of service. The benefits and contribution provisions of the Retirement Plan are authorized by the District's Board of Directors.

Employees Covered by Benefit Terms
At September 30, 2022 measurement date, the following employees were covered by the benefit terms:

Summary of Population Statistics

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	15
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	16
Active Plan Members	27
Total Plan Members	58

B. Contributions

The contribution requirements of plan members and the District are established and can be amended by the District's Board of Directors. Plan members are not required to contribute to the Retirement Plan. The District is required to contribute at an actuarially determined rate; the current rate is 11.62 percent of annual covered payroll. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contribution rates are not legally or contractually limited.

C. Net Pension Liability

The District's Net Pension Liability (NPL) was measured as of September 30, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as January 1, 2022, and rolled forward from the valuation date to September 30, 2022 using generally accepted actuarial principles. The net pension liability is measured as the total pension liability, less the amount of the pension plan's fiduciary net position. In actuarial terms, this will be the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations performed to determine the employer's contribution requirement).

Actuarial Assumptions
The Total Pension Liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5%
Salary Increases	3.5 to 10.5%, including inflation
Investment Rate of Return	6.50%

Mortality rates were based on the Pub-2010 Health Mortality Tables for males and females projected from the year 2010 with Scale U-MP for healthy retirees.

Cost Method
The Entry Age Normal Cost Method was used in making the actuarial valuation described in this report. Under this method the normal cost is the level percentage of pay contribution that would have been required from age at date of credited service in order to fund the participant's retirement, termination and ancillary benefits if the current plan provisions regarding accrual of benefits had always been in effect. The actuarial accrued liability is the excess of the present value of future benefits over the present value of future normal costs. The present value of future benefits is determined by discounting, to the valuation date, the total future benefits cash flow from the plan to all of the current participants, using the actuarial assumptions. The present value of future normal costs is determined by discounting, to the valuation date, all of the normal costs anticipated to result from future valuation of the benefits to current participants, using the actuarial assumptions.

Provision for the social security supplement payable until age 62 for early retirement with 15 years of service was made by loading the normal cost and actuarial accrued liability by 5% for active participants.

Asset Valuation Method
The investments in the trust fund are valued on the basis of their fair value.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
US Equity - Large Cap	21.00%	6.33%
US Equity - Small/Mid Cap	18.00%	7.83%
Non-US Equity - Developed	5.00%	7.07%
Non-US Equity - Emerging	3.00%	8.61%
US Corp Bonds - Core	20.00%	2.30%
US Corp Bonds - High Yield	8.00%	4.24%
Multi-Asset	25.00%	5.53%
	100.00%	

Discount Rate
A single discount rate of 6.50% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 6.50%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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.

D. Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Liability (a) - (b)
Balances at September 30, 2021	$ 9,034,656	$ 9,340,686	$ (306,030)
Changes for the year:			
Service cost	182,220	-	182,220
Interest	606,134	-	606,134
Assumption changes	294,538		294,538
Differences between expected and actual experience	592,841	-	592,841
Contributions - employer		250,331	(250,331)
Contributions - employee			-
Net investment income	-	(1,612,847)	1,612,847
Benefit payments, including refunds of employee contributions	(292,002)	(292,002)	-
Administrative expense	-	-	-
Other changes	-	6,043	(6,043)
Net changes	1,383,731	(1,648,475)	3,032,206
Balances at September 30, 2022	$ 10,418,387	$ 7,692,211	$ 2,726,176

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 6.50%, 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 (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
District's net pension liability (asset)	$ 3,992,267	$ 2,726,176	$ 1,640,374

Pension Plan Fiduciary Net Position
The Retirement Plan is considered a part of the District's financial reporting entity and is included in the District's basic financial statements as a pension trust fund. The Pension Trust Fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. The Pension Trust Fund is accounted for on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred. The District's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

For the year ended September 30, 2023, the District recognized pension expense of $648,682.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Pension contributions after measurement date	$ 295,633	$ -	$ 295,633
Difference between expected and actual experience	472,838	117,092	355,746
Assumption changes	273,639	-	273,639
Net difference between projected and actual earnings on pension plan investments	1,295,242	-	1,295,242
Total	$ 2,337,352	$ 117,092	$ 2,220,260

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of $295,633 will be recognized as a reduction of the net pension liability for the measurement year ending September 30, 2023 (i.e. recognized in the District's financial statements as of September 30, 2024). Other amount reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30,	
2024	$ 451,521
2025	409,852
2026	445,942
2027	617,312
Total	$ 1,924,627

Investment Policies
The Board of the plan has elected to engage Westwood Holdings Group to manage the pension fund assets through the utilization of the diversified approach utilizing both mutual funds and common collective trust invested in a variety of asset classes. The authority for establishing and amending the investment policy decisions is the responsibility of the board of the plan. There were not significant changes in current year.

The plan assets are invested in diversified mutual funds and common collective trusts with no underlying investment making up more than 5% of the plan's net position. The annual money-weighted rate of return on pension plan investments is 6.5% and expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.

Annual Required Contribution
The District's annual contribution requirement is actuarially determined by an independent actuary. Seven-year trend information is as follows:

Plan Year Ended	Annual Required Contribution	Percentage Contributed
September 30, 2014	$ 169,180	297.4%
September 30, 2015	113,570	103.7%
September 30, 2016	135,839	100.0%
September 30, 2017	260,161	100.0%
September 30, 2018	232,142	100.1%
September 30, 2019	269,370	100.0%
September 30, 2020	232,660	114.1%
September 30, 2021	238,859	100.0%
September 30, 2022	235,775	106.2%

The District's actuarial required contributions for all years were made in accordance with plan provisions, therefore, the annual pension cost is equal to or exceeds the annual required contribution (ARC).

Deferred Compensation Plan
The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan is administered by Westwood Trust. The Plan, available to all full-time, regular employees of the District who have completed one year of service, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or disability.

Note 11. PRIOR PERIOD ADJUSTMENT

The District's financial statements as of September 30, 2022, contained the following errors: (1) unrestricted net position of governmental activities and unrestricted fund balance of the general fund were overstated by $469,974 and (2) unearned revenue in both the governmental activities and general fund were understated by $469,974. This was related to an error in revenue recognition affecting the 2019 financial statements. Net position of governmental activities and fund balance of the general fund as of October 1, 2022 have been decreased by $469,974 to correct the effect of this error. There was no effect on the change in net position and fund balanced previously reported in the 2022 financial statements.

The following summarizes the prior period adjustment referred to above:

	Governmental Activities	General Fund
Net Position (Deficit)/Fund Balance, September 30, 2022, as previously reported	$ (84,664,623)	$ 17,194,892
Prior period adjustment to correct revenue recognition error	(469,974)	(469,974)
Net Position (Deficit)/Fund Balance, September 30, 2022, as restated	$ (85,134,597)	$ 16,724,918

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Required Supplementary Information

Dallas County Utility and Reclamation District

Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended September 30, 2023

	Budgeted Amounts			Variance - Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes	$ 32,006,750	$ 32,006,750	$ 30,308,033	$ (1,698,717)
Interest on deposits	100,000	100,000	1,026,551	926,551
Leases	314,638	314,638	272,773	(41,865)
Lease Interest Income	-	-	34,646	34,646
Maintenance fees	114,950	114,950	96,768	(18,182)
Intergovernmental revenue	2,363,883	2,363,883	1,613,944	(749,939)
Other	2,726,153	2,726,153	2,907,054	180,901
Total	37,626,374	37,626,374	36,259,769	(1,366,605)
EXPENDITURES				
Current:				
General government	458,612	458,612	455,522	3,090
Finance and administration	942,340	942,340	1,129,721	(187,381)
Systems maintenance	6,522,262	6,584,133	5,697,102	887,031
Reclamation maintenance	7,047	7,047	7,047	-
Area personal transit system	262,960	262,960	192,657	70,303
Service center operations	399,830	399,830	338,352	61,478
Rehabilitation	676,500	676,500	1,144,190	(467,690)
Capital outlays	1,728,883	1,728,883	479,608	1,249,275
Total	10,998,434	11,060,305	9,444,199	1,616,106
Excess of revenues over expenditures	26,627,940	26,566,069	26,815,570	249,501
OTHER FINANCING (USES)				
Transfers out	(24,866,000)	(24,866,000)	(24,866,000)	-
Total	(24,866,000)	(24,866,000)	(24,866,000)	-
Change in fund balance	1,761,940	1,700,069	1,949,570	249,501
Fund balance, beginning, as restated, (Note 11)	16,724,918	16,724,918	16,724,918	-
FUND BALANCE, September 30, 2023	$ 18,486,858	$ 18,424,987	$ 18,674,488	$ 249,501

The Notes to the Required Supplementary Information are an integral part of this statement.

Dallas County Utility and Reclamation District

Schedule of Changes in Net Pension Liability
and Related Ratios Multiyear (Unaudited)
For the Plan Year Ended September 30

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost	$ 182,220	$ 163,301	$ 181,621	$ 182,778	$ 146,297	$ 130,674	$ 114,774	$ 122,484	$ 108,603
Interest on the total pension liability	606,134	575,394	555,913	516,982	488,465	453,013	357,416	386,855	358,036
Benefit changes						-	-	-	-
Difference between expected & actual experience	592,841	-	(342,209)	-	(415,447)	-	112,175	-	-
Assumption changes	294,538	-	113,167	-	545,699	-	-	-	-
Benefit payments	(292,002)	(293,483)	(127,968)	(116,886)	(87,779)	(82,299)	(74,147)	(74,788)	(49,956)
Net change in total pension liability/(asset)	1,383,731	445,212	380,524	582,874	677,235	501,388	510,218	434,551	416,683
Total pension liability/(asset) - beginning	9,034,656	8,589,444	8,208,920	7,626,046	6,948,811	6,447,423	5,937,205	5,502,654	5,085,971
TOTAL PENSION LIABILITY/(ASSET), ending (a)	$ 10,418,387	$ 9,034,656	$ 8,589,444	$ 8,208,920	$ 7,626,046	$ 6,948,811	$ 6,447,423	$ 5,937,205	$ 5,502,654
PLAN FIDUCIARY NET POSITION									
Contributions - employer	$ 250,331	$ 238,859	$ 265,380	$ 269,370	$ 232,276	$ 260,161	$ 135,839	$ 117,820	$ 503,180
Contributions - employee	-	-	-	-	-	-	-	-	-
Pension plan net investment income	(1,612,847)	1,445,323	535,566	156,737	361,815	544,770	546,360	(212,283)	419,891
Benefit payments	(292,002)	(293,483)	(127,968)	(116,886)	(87,779)	(82,299)	(74,148)	(74,788)	(49,956)
Other	6,043.00	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	(1,648,475)	1,390,699	672,978	309,221	506,312	722,632	608,051	(169,251)	873,115
Plan fiduciary net position - beginning	9,340,686	7,949,987	7,277,009	6,967,788	6,461,376	5,738,744	5,130,692	5,299,943	4,426,828
PLAN FIDUCIARY NET POSITION, ending (b)	$ 7,692,211	$ 9,340,686	$ 7,949,987	$ 7,277,009	$ 6,967,688	$ 6,461,376	$ 5,738,743	$ 5,130,692	$ 5,299,943
NET PENSION LIABILITY/(ASSET), beginning	(306,030)	639,457	931,911	658,358	487,435	708,680	806,513	202,711	659,143
NET PENSION LIABILITY/(ASSET), ending (a) - (b)	2,726,176	(306,030)	639,457	931,911	658,358	487,435	708,680	806,513	202,711
Plan fiduciary net position as a percentage of total pension liability/(asset)	73.83%	103.39%	92.56%	88.65%	91.37%	92.99%	89.01%	86.42%	96.32%
Covered employee payroll	$ 2,161,561	$ 2,041,265	$ 2,270,257	$ 2,259,302	$ 2,243,821	$ 2,094,136	$ 2,094,102	$ 1,991,614	$ 1,765,767
Net pension liability/(asset) as a percentage of covered employee payroll	126.12%	-14.99%	28.17%	41.25%	29.34%	23.28%	33.84%	40.50%	11.48%

As of September 30
Note: Ten years of data not available.

The Notes to the Required Supplementary Information are an integral part of this statement.

Dallas County Utility and Reclamation District
Schedule of Contributions (Unaudited)
For the Fiscal Year Ended September 30, 2023

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 235,775	$ 238,859	$ 232,660	$ 269,370	$ 232,142	$ 260,161	$ 135,839	$ 114,760	$ 169,180
Contributions in relation to the actuarially determined contribution	250,331	238,859	265,380	269,370	232,376	260,161	117,820	135,839	503,180
CONTRIBUTION DEFICIENCY (EXCESS)	$ (14,556)	$ -	$ (32,720)	$ -	$ (234)	$ -	$ 18,019	$ (21,079)	$ (334,000)
Covered-employee payroll	$ 2,161,561	$ 2,041,265	$ 2,270,257	$ 2,259,302	$ 2,243,821	$ 2,094,136	$ 2,094,102	$ 1,991,614	$ 1,991,614
Contributions as a percentage of covered employee payroll	11.6%	11.7%	11.7%	11.9%	10.4%	12.4%	5.6%	6.8%	25.3%

Note: Ten years of data not available

The Notes to the Required Supplementary Information are an integral part of this statement.

A. Budgets And Budgetary Accounting

The District maintains control over operating expenditures by the establishment of an annual operating budget which includes the General Fund, Debt Service Fund, Enterprise Fund and Internal Service Fund. The annual operating budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. The budget, as formally adopted by the Board of Directors, establishes the maximum authorization of operating funds to be expended by any fund. Any subsequent amendment thereto must be approved by the President of the Board of Directors and/or the Board of Directors. All unused budget authorizations lapse at the end of the year.

The General Fund balance is above the budget by $249,501. Actual expenditures were $1,616,106 lower than final budget amounts while revenues were $1,366,605 lower the final budgeted amount. Intergovernmental revenue was lower budget due to the timing of the rehabilitation projects, and unbudgeted tax refunds of $1,698,717 offset by greater than budgeted interest income of $926,551. The greater than budgeted expenditures were due mainly to timing of capital outlays and systems maintenance of $1,249,275 and $887,031, respectively, offset by timing of dredging projects of $467,690.

B. Schedule Of Contributions

Valuation Date. Actuarially determined contribution rates are calculated as of October 1, which is 12 months prior to the beginning of the fiscal year in which they are contributed.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	30 years level dollar as a Maximum, employer has historically contributed more than the minimum.
Remaining Amortization Period	30 years
Asset Valuation Method	Market Value
Inflation	2.50%
Salary Increases	3.5% to 10.5% including inflation
Investment Rate of Return	6.50%
Retirement Age	It was assumed that participants will retire upon becoming eligible for normal retirement.
Mortality	The Pub-2010 Health Mortality tables for males and females projected from the year 2010 with Scale U-MP for healthy retirees.

Changes in Actuarial Assumptions and Inputs:

For 2022, changes of assumptions reflect the effects of a change in the single discount rate 6.75% to 6.50%.

For 2020, changes of assumptions reflect the effects of changes to the mortality assumption.

For 2018, changes of assumptions reflect the effects of a change in the single discount rate from 7.00% to 6.75%, changes to the mortality assumption, and changes to the salary increase assumption.

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Supplementary Information

Dallas County Utility and Reclamation District

Combining Statement of Net Position – Internal Service Funds
September 30, 2023

	Insurance*	Vehicle Maintenance	Total
ASSETS			
Current assets:			
Cash and investments	$ 458,860	$ 212,904	$ 671,764
Accrued interest receivable	3,003	-	3,003
Non-current assets:			
Property, plant and equipment, net	-	241,049	241,049
Other assets	167,383	-	167,383
Total assets	629,246	453,953	1,083,199
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	7,077	12,220	19,297
Unearned Revenues	155,207	-	155,207
Total liabilities	162,284	12,220	174,504
NET POSITION			
Investment in capital assets	-	241,049	241,049
Unrestricted	466,962	200,684	667,646
TOTAL NET POSITION	$ 466,962	$ 441,733	$ 908,695

* This fund accounts for property, casualty and workers compensation coverage.

Dallas County Utility and Reclamation District

Combining Statement of Revenues, Expenses, and
Changes in Net Position – Internal Services Funds
For the Fiscal Year Ended September 30, 2023

	Insurance*	Vehicle Maintenance	Total
REVENUES			
Insurance premiums	$ 340,458	$ -	$ 340,458
Vehicle usage charges	-	207,060	207,060
Total revenues	340,458	207,060	547,518
EXPENSES			
Purchased and contracted services	-	42,775	42,775
Professional fees	10,068	-	10,068
Supplies and materials	-	59,610	59,610
Depreciation	-	131,218	131,218
Insurance premiums	210,458	2,046	212,504
Claims paid	97,465	-	97,465
Other recurring operating expenses	256	854	1,110
Total expenses	318,247	236,503	554,750
NET OPERATING INCOME (LOSS)	22,211	(29,443)	(7,232)
NON-OPERATING INCOME			
Interest income	15,248	1,906	17,154
Gain on sale of assets	-	30,721	30,721
Total nonoperating revenue	15,248	32,627	47,875
Change in net position	37,459	3,184	40,643
Net position - beginning	429,503	438,549	868,052
NET POSITION - ending	$ 466,962	$ 441,733	$ 908,695

*This fund accounts for property, casualty and workers compensation coverage.

Dallas County Utility and Reclamation District

Combining Statement of Cash Flows – Internal Service Funds
For the Fiscal Year Ended September 30, 2023

	Insurance	Vehicle Maintenance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from quasi-external transactions	$ 344,335	$ 207,060	$ 551,395
Payments to suppliers	(322,874)	(99,652)	(422,526)
Net cash provided by operating activities	21,461	107,408	128,869
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from sale of assets	-	30,721	30,721
Net cash provided by capital and related financing activities	-	30,721	30,721
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	15,034	1,905	16,939
Sale of investments	935,150	-	935,150
Purchase of investments	(946,000)	-	(946,000)
Net cash provided by investing activities	4,184	1,905	6,089
Net increase in cash and cash equivalents	25,645	140,034	165,679
CASH AND CASH EQUIVALENTS, beginning of year	112,508	72,870	185,378
CASH AND CASH EQUIVALENTS, end of year	$ 138,153	$ 212,904	$ 351,057
CASH AND CASH EQUIVALENTS	$ 138,153	$ 212,904	$ 351,057
INVESTMENTS	320,707	-	320,707
CASH AND INVESTMENTS	$ 458,860	$ 212,904	$ 671,764
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Net operating income (loss)	$ 22,211	$ (29,443)	$ (7,232)
Adjustments to reconcile net operating income (loss to net cash provided by operating activities:			
Depreciation and amortization	-	131,218	131,218
Changes in operating assets and liabilities:			
(Increase) decrease in other assets	(21,459)	-	(21,459)
(Increase) decrease in accrued interest receivable	(2,788)	-	(2,788)
Increase (decrease) in due to other funds	-	-	-
Increase (decrease) in other funds	-	-	-
Increase (decrease) in accounts payable	(4,627)	5,633	1,006
Increase (decrease) in other liabilities	28,124		28,124
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 21,461	$ 107,408	$ 128,869

Dallas County Utility and Reclamation District

Schedule of Debt Service Requirements to Maturity
September 30, 2023
(Unaudited)

Fiscal Year	Unlimited Ad Valorem Tax Refunding Bonds Series 2016		Unlimited Ad Valorem Tax Refunding Bonds Series 2013		Total Principal	Total Interest
	Principal	Interest	Principal	Interest		
2024	$ 3,515,000	$ 4,997,375	$ 16,560,000	$ 414,000	$ 20,075,000	$ 5,411,375
2025	21,760,000	4,365,500	-	-	21,760,000	4,365,500
2026	23,545,000	3,232,875	-	-	23,545,000	3,232,875
2027	25,440,000	2,018,250	-	-	25,440,000	2,018,250
2028	27,445,000	686,125	-	-	27,445,000	686,125
Total	$ 101,705,000	$ 15,300,125	$ 16,560,000	$ 414,000	$ 118,265,000	$ 15,714,125