

**City Council
Staff Agenda Report**

Agenda Item: 7c.

Agenda Subject: Approval of Ordinance No. 2022-06 canceling the May 7, 2022 general election and declaring unopposed candidates elected. This does not cancel the special election to consider reauthorization of the local sales and use tax for maintenance and repair of municipal streets which will still be held on May 7, 2022.

<p>Meeting Date: March 17, 2022</p>	<p>Financial Considerations: Budgeted: <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A</p>	<p>Strategic Vision Pillar:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Financial Stability <input type="checkbox"/> Appearance of City <input checked="" type="checkbox"/> Operations Excellence <input type="checkbox"/> Infrastructure Improvements/Upgrade <input type="checkbox"/> Building Positive Image <input type="checkbox"/> Economic Development <input type="checkbox"/> Educational Excellence
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Background Information:

On February 17, 2022, the City Council ordered a General Election to be held on May 7, 2022 for the purpose of electing a Mayor, Alderman Place 1, and Alderman Place 2. The filing period for those wishing to be placed on the ballot began January 19, 2022 and ended February 18, 2022 at 5:00 p.m.

Pursuant to Sections 2.052 and 2.053 of the Election Code, the authority responsible for having the ballot prepared (city secretary) shall certify in writing that candidates are unopposed for the election and deliver said certification to the governing body as soon as possible after the filing deadline. Furthermore, upon receipt of certification, the governing body must then declare each unopposed candidate elected to their respective office. The unopposed candidates will not take their seats until the election is canvassed in May 2022.

Recommended Action/Motion: Approve Ordinance No. 2022-06 canceling the May 7, 2022 general election and declaring unopposed candidates elected.

Attachments: Ordinance No. 2022-06
Certification of Unopposed Candidates
Order of Cancellation

ORDINANCE NO. 2022-06

AN ORDINANCE OF THE CITY OF DALWORTHINGTON GARDENS, TEXAS, CANCELING THE MAY 7, 2022 GENERAL ELECTION FOR THE OFFICES OF MAYOR, ALDERMAN PLACE 1, AND ALDERMAN PLACE 2; AND DECLARING UNOPPOSED CANDIDATES ELECTED

WHEREAS, the City of Dalworthington Gardens, Texas (“City”) is a Type A General Law Municipality located in Tarrant County, created in accordance with the provisions of Chapter 6 of the Local Government Code and operating pursuant to the enabling legislation of the State of Texas; and

WHEREAS, the general election to be held on May 7, 2022 for the purpose of electing members to the offices of Mayor, Alderman Place 1, and Alderman Place 2 was called at the February 17, 2022 Council Meeting; and

WHEREAS, the deadlines have passed to file for a place on the ballot and for declaration of write-in candidacy; and

WHEREAS, candidates for offices of Mayor, Alderman Place 1, and Alderman Place 2 are unopposed; and

WHEREAS, in accordance with the Election Code, Subchapter C, the City Council is authorized to declare the unopposed candidates elected to office and cancel the election.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF DALWORTHINGTON GARDENS:

Section 1. The candidates listed in the attached Certification of Unopposed Candidates, attached hereto as Exhibit “A”, are unopposed and shall be issued certificates of election following the time the election would have been canvassed.

Section 2. The May 7, 2022 general election is canceled, and the city secretary is directed to post the Order of Cancellation, attached hereto as Exhibit “B”, on Election Day at each polling place that would have been used in the election.

PRESENTED AND PASSED on this 17th day of March, 2022.

CITY OF DALWORTHINGTON GARDENS

Laurie Bianco, Mayor

ATTEST:

Lola Hazel, City Administrator/City Secretary

**CERTIFICATION OF UNOPPOSED CANDIDATES FOR
OTHER POLITICAL SUBDIVISIONS (NOT COUNTY)**

To: Presiding Officer of Governing Body

As the authority responsible for having the official ballot prepared, I hereby certify that the following candidates are unopposed for election to office for the election scheduled to be held on May 7, 2022.

List offices and names of candidates:

Candidate(s)	Office(s)
Laurie Bianco	Mayor
John King	Alderman Place 1
Steve Lafferty	Alderman Place 2



Signature

Lola Hazel

Printed name

City Administrator / City Secretary

Title

2-28-2022

Date of signing

(Seal)



ORDER OF GENERAL ELECTION CANCELLATION
EJEMPLO DE ORDEN DE CANCELACIÓN DE ELECCIONES GENERALES
LỆNH HỦY BỎ CUỘC TỔNG TUYỂN CỬ

The City of Dalworthington Gardens hereby cancels the general election scheduled to be held on May 7, 2022 in accordance with Section 2.053(a) of the Texas Election Code. The following candidates have been certified as unopposed and are hereby elected as follows:

El City of Dalworthington Gardens por la presente cancela la elección que, de lo contrario, se hubiera celebrado el 7 de Mayo, 2022 de conformidad, con la Sección 2.053(a) del Código de Elecciones de Texas. Los siguientes candidatos han sido certificados como candidatos únicos y por la presente quedan elegidos como se haya indicado a continuación:

Thành Phố Dalworthington Gardens theo đây hủy bỏ cuộc tổng tuyển cử dự kiến diễn ra ngày 7 tháng Năm, 2022 chiếu theo quy định của Mục 2.053(a), Bộ Luật Bầu Cử Texas. Các ứng cử viên sau đây được xác nhận là không có đối thủ tranh cử và theo đây được đắc cử như sau:

Candidate/ Candidato/ Ứng Viên

Laurie Bianco **Mayor/ Alcaldesa / Thị Trưởng**

John King **Alderman Place 1/ Concejal Posición 1/**
Ủy Viên Hội Đồng Thành Phố Vị Trí 1

Steve Lafferty **Alderman Place 2/ Concejal Posición 2/**
Ủy Viên Hội Đồng Thành Phố Vị Trí 2

A copy of this order will be posted on Election Day at each polling place that would have been used in the election.

El Día de las Elecciones se exhibirá una copia de esta orden en todas las mesas electorales que se hubieran utilizado en la elección.

Các ứng cử viên, được tuyên bố là “đã được bầu” tại cuộc họp thông báo hủy bỏ bầu cử, phải đợi đến sau ngày bầu cử chính thức và không sớm hơn thời gian tiếp xúc cử tri theo quy định để tuyên thệ và nhận nhiệm vụ. Các bản sao của thông báo này cần phải và sẽ được đăng vào Ngày Bầu cử tại mỗi địa điểm bỏ phiếu đã được sử dụng nếu cuộc bầu cử không bị hủy bỏ.

Laura Bianco
Mayor/ Alcaldesa/ Thị Trưởng

Lola Hazel
Secretary

Date of adoption: _____



GRA-TEX UTILITIES, INC.
 P.O. BOX 700
 ARLINGTON, TX 76004
 PHONE: (817) 846 -8142



INVOICE #46090

Date: February 22, 2022

To: City of Dalworthington Gardens
 Attn: Gary Harsley

RECEIVED FEB 23 2022

RE: 3612 Roosevelt - Dalworthington Gardens



Item	Quantity	Unit	Description	Unit Price	Extended Price
1	1	EA	Furnish labor and materials to make an emergency repair on a 1" water service hit by Atmos on 02/18/2022. (3612 Roosevelt, DWG)	\$5,200.00	\$5,200.00
Total					\$5,200.00

Laurie Bianco

Accepted Signature:

120-40-6910

2-23-2022

Date:

PLEASE CALL IF YOU HAVE ANY QUESTIONS



Purchase Request Form

Vendor ID: _____
 Vendor Name: Gra-Tex Utilities
 Address 1: PO Box 700
 Address 2: _____
 City, ST ZIP: Arlington, TX 76004
 Phone: 817-846-8142

Date: 2/23/2022

ATTN Requestor:
 After approval, submit 1 copy to Accounts Payable. Retain original to submit to Accounts Payable when goods and/or

If New Vendor - W9 Form Required - Please Attach

Item #	Qty	Description	ACCOUNT NO.			Unit Price	Line Total
			Fund	Dept	Acct#		
1	1	Labor for emergency water repair on 1" service hit by Atmos crews on 2.18.22 at 3612 Roosevelt	120	40	6910	\$5,200.00	\$5,200.00

REASON (Please attach necessary supporting data)	Total	\$5,200.00
Emergency repair from Gra-tex for water line hit by Atmos during emergency gas leak repair; Atmos hit this line before line locates were cleared. Atmos to be backcharged this cost along with additional City staff time involved.	BUDGETED: <input checked="" type="radio"/> YES <input type="radio"/> NO	

Requested By	Date		2/23/22
Requested By	Date		2/23/22
Requested By	Date		2.23.2022
Requested By	Date	City Administrator Approval	Date

FOR REQUESTOR USE ONLY:

I CERTIFY THAT ALL GOODS AND/OR SERVICES HAVE BEEN RECEIVED AND/OR COMPLETED

2/23/22
 Date Received

**City Council
Staff Agenda Report**

Agenda Item: 8a.

Agenda Subject: FY 2020-2021 annual financial audit.		
Meeting Date: March 17, 2022	Financial Considerations: Budgeted annual cost for auditor to prepare audit <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	Strategic Vision Pillar: <input checked="" type="checkbox"/> Financial Stability <input type="checkbox"/> Appearance of City <input checked="" type="checkbox"/> Operations Excellence <input type="checkbox"/> Infrastructure Improvements/Upgrade <input checked="" type="checkbox"/> Building Positive Image <input type="checkbox"/> Economic Development <input type="checkbox"/> Educational Excellence

Background Information: In accordance with Chapter 103 of the Local Government Code, the city’s auditor, BrooksWatson & Co, will be presenting the audit report for FY 2020-2021. The audit committee that consisted of Mayor Bianco, Mayor Pro Tem Ed Motley, and Council Member Steve Lafferty, met on March 10, 2022 and received detailed information regarding the audit. BrooksWatson & Co. will be present at the council meeting to provide a presentation.

Recommended Action/Motion: Motion to approve a resolution accepting the 2020-2021 FY audit.

**Attachments: Resolution
Audit**

RESOLUTION NO. 2022-06

**A RESOLUTION OF THE CITY OF DALWORTHINGTON GARDENS, TEXAS,
ACCEPTING THE FY 2020-2021 ANNUAL FINANCIAL AUDIT**

WHEREAS, in accordance with Local Government Code, Chapter 103, the City shall have its records and accounts audited annually and shall have an annual financial statement prepared based on the audit; and

WHEREAS, the City hired BrooksWatson & Co., PLLC to perform said audit; and

WHEREAS, said audit shall be completed and filed in the office of the city secretary within 180 days after the last day of the municipality's fiscal year (by April 1).

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF
DALWORTHINGTON GARDENS, TEXAS:**

1. The Dalworthington Gardens City Council accepts the audit as presented by BrooksWatson & Co., PLLC.
2. The FY 2020-2021 annual financial audit shall be filed in the office of the city secretary, and shall be attached hereto as Exhibit "A".

PASSED & APPROVED this 17th day of March, 2022.

CITY OF DALWORTHINGTON GARDENS

Laura Bianco, Mayor

ATTEST:

Lola Hazel, City Administrator/City Secretary

Dalworthington Gardens, Texas Audit Presentation

September 30, 2021

Presented By: Jon Watson, CPA
March 10, 2022

BW&C

CERTIFIED PUBLIC ACCOUNTANTS






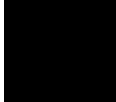
COMPONENTS OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT

- ❖ Introductory section
- ❖ Auditor's Opinion
- ❖ Management's Discussion and Analysis
- ❖ Basic Financial Statements
 - Government-Wide Statements
 - Fund Level Statements
 - Notes to the Financial Statements
- ❖ Required Supplementary Information
 - Budget to Actual Schedules
 - Pension Schedules (TMRS)
 - OPEB Schedule
- ❖ Other Supplementary Information
 - Nonmajor funds combining schedule
 - Nonmajor special revenue funds budget to actual schedules
- ❖ Statistical Section

INDEPENDENT AUDITOR'S REPORT

REFERENCE ACFR – PAGE 15

❖ Four possible outcomes

	-Unmodified
	-Modified
	-Disclaimed
	-Adverse

- ❖ The City received an unmodified opinion
- ❖ Highest level of assurance

FINANCIAL HIGHLIGHTS

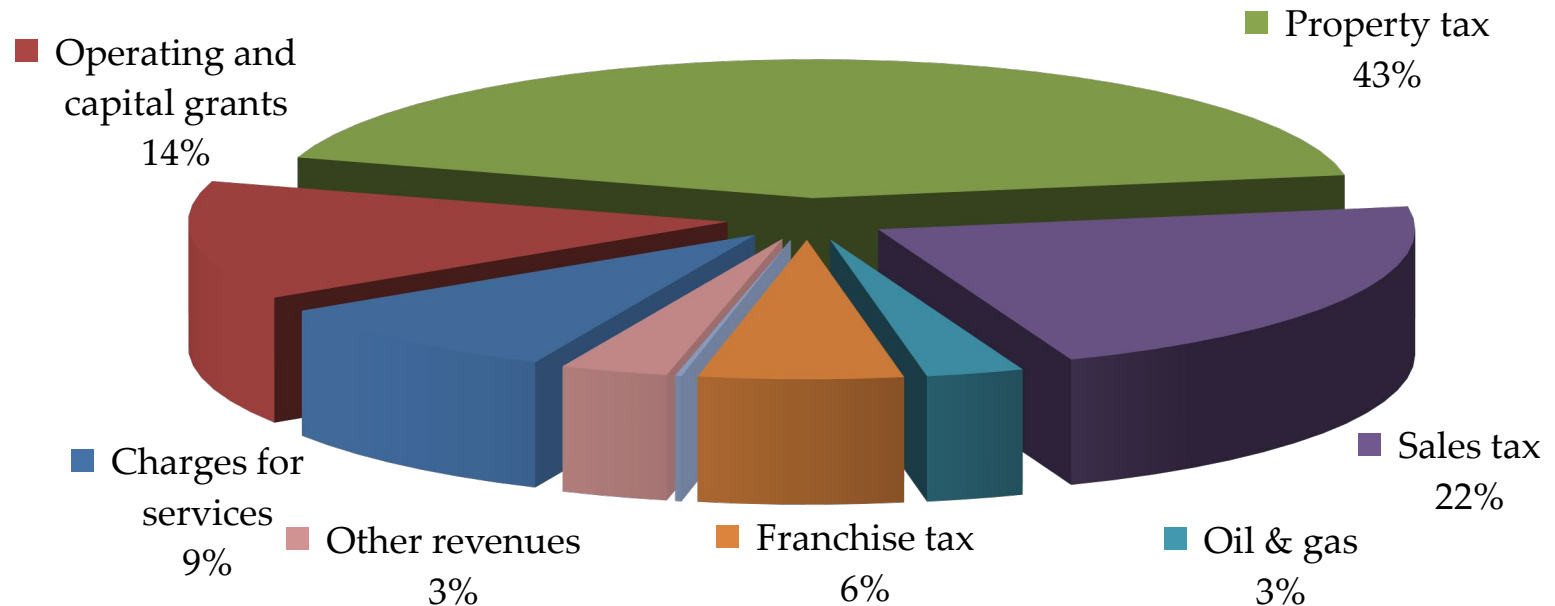
REFERENCE ACFR – PAGE 21

- ❖ Total assets exceeded total liabilities by \$5,124,138.
- ❖ City's governmental funds reported a combined ending fund balance of \$4,473,827, an increase of \$746,253.
- ❖ Unassigned fund balance in the general fund was \$1,556,438 or 52% of annual general fund expenditures. It was 29% at the end of prior year.
- ❖ The City had an overall increase in net position of \$1,575,546 for the year.

City Revenues – Governmental Activities

GOVERNMENTAL ACTIVITIES – YEAR ENDING 9/30/21 - REFERENCE ACFR PAGE 27

Governmental Activities - Revenues

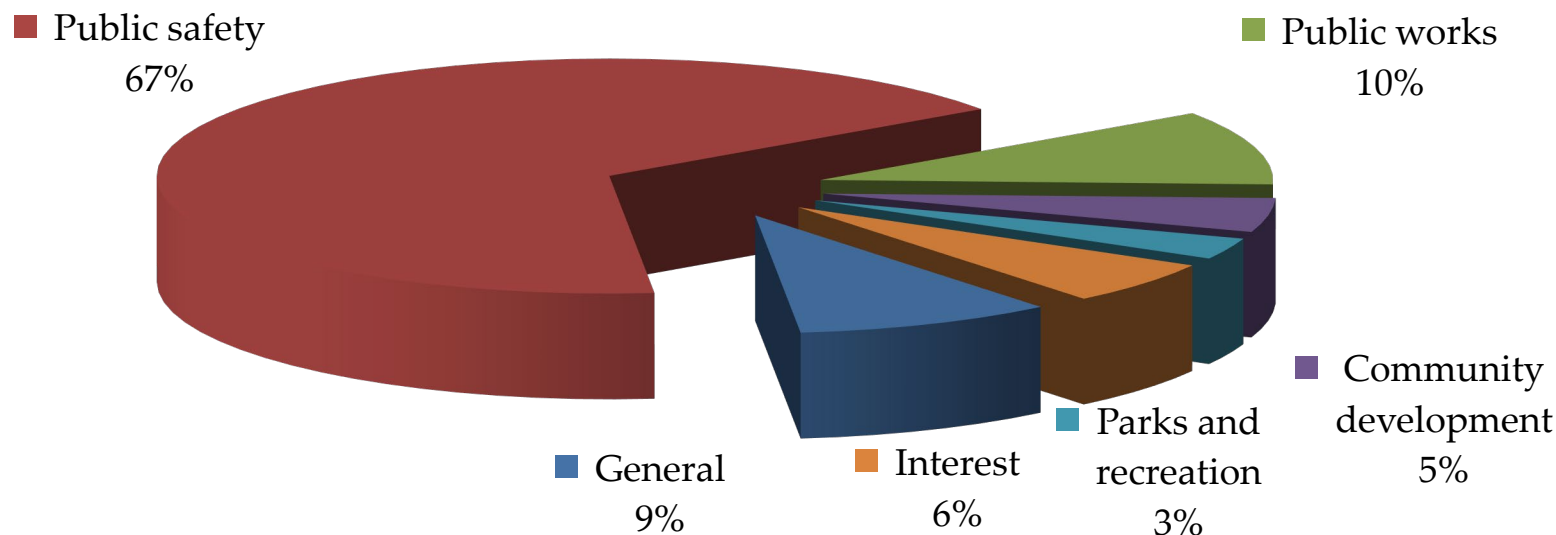


- ❖ Total governmental revenues were \$5,109,762; prior year was \$4,252,789
- ❖ Total sales taxes were 22%; \$1,115,667; Prior year was 24%; \$1,008,013.
- ❖ Total property taxes were 43%; \$2,178,050; Prior year was 47%; \$1,993,889.
- ❖ Charges for services were 9%; \$468,839; Prior year was 11%; \$479,231.
- ❖ Oil and gas revenues were 3%; \$149,714; Prior year was 3%; \$123,088.

City Expenditures – Governmental Activities

GOVERNMENTAL ACTIVITIES – YEAR ENDING 9/30/21 - REFERENCE ACFR PAGE 28

Governmental Activities - Expenses



- ❖ Total governmental expenses were \$3,663,424; prior year was \$3,299,319.
- ❖ The largest expenses were:
 - ❖ Public safety at 67%, \$2,453,132; prior year was 67%, \$2,218,488
 - ❖ General government at 9%, \$338,353; prior year was 10%, \$348,346
 - ❖ Public works at 10%; \$375,022; prior year was 8%; \$259,123

STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS – YEAR ENDING 9/30/21 - REFERENCE ACFR PAGES 42 & 43

	General Fund	Debt Service	Parks Recreation Fac. Development	Capital Projects	Nonmajor Governmental	Total Governmental Funds
Revenues						
Total Revenues	3,791,825	314,522	167,452	556	446,644	4,720,999
Expenditures						
Total Expenditures	3,014,723	304,788	93,690	1,214,227	419,552	5,046,980
Net	777,102	9,734	73,762	(1,213,671)	27,092	(325,981)
Total Other Financing Sources (Uses)						
	19,000	2,134	20,777	990,582	39,741	1,072,234
Net Change in Fund Balances	796,102	11,868	94,539	(223,089)	66,833	746,253
Beginning fund balances	1,104,865	86,046	581,220	1,524,730	430,713	3,727,574
Ending Fund Balances	\$ 1,900,967	\$ 97,914	\$ 675,759	\$ 1,301,641	\$ 497,546	\$ 4,473,827

SCHEDULE OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE (Budget & Actual)

GENERAL FUND – YEAR ENDING 9/30/21 - REFERENCE ACFR PAGE 87

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>Revenues</u>			
Total Revenues	3,730,899	3,791,825	60,926
<u>Expenditures</u>			
Total Expenditures	3,286,713	3,014,723	(271,990)
<u>Other Financing Sources (Uses)</u>			
Total Other Financing Sources (Uses)	19,000	19,000	-
Net Change in Fund Balance	\$ 463,186	796,102	\$ 332,916
Beginning fund balance		1,104,865	
Ending Fund Balance		\$ 1,900,967	

STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN NET POSITION

PROPRIETARY FUNDS – YEAR ENDING 9/30/21 - REFERENCE ACFR PAGE 47

	<u>Water, Sewer & Sanitation</u>
<u>Operating Revenues</u>	
Total Operating Revenues	\$ 1,970,580
<u>Operating Expenses</u>	
Total Operating Expenses	1,838,831
Operating Income (Loss)	131,749
<u>Nonoperating Revenues (Expenses)</u>	
nonoperating Revenues (Expenses)	(2,541)
Change in Net Position	129,208
Beginning net position	2,079,011
Ending Net Position	\$ 2,208,219

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

YEAR ENDING 9/30/21 - REFERENCE ACFR PAGES 90 & 91

	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
<u>Total Pension Liability</u>				
Service cost	\$ 336,573	\$ 296,220	\$ 266,612	\$ 265,078
Interest	622,439	578,828	586,613	553,489
Differences between expected and actual experience, changes in assumptions	(45,950)	93,996	(608,873)	25,994
Benefit payments (including refunds)	(336,841)	(349,415)	(399,577)	(309,626)
Net Change in Total Pension Liability	<u>576,221</u>	<u>619,629</u>	<u>(155,225)</u>	<u>534,935</u>
Total Pension Liability Beginning	<u>\$ 9,221,452</u>	<u>\$ 8,601,823</u>	<u>\$ 8,757,048</u>	<u>\$ 8,222,113</u>
Total Pension Liability Ending	<u>\$ 9,797,673</u>	<u>\$ 9,221,452</u>	<u>\$ 8,601,823</u>	<u>\$ 8,757,048</u>
<u>Plan Fiduciary Net Position</u>				
Contributions (City + Employees)	\$ 487,108	\$ 452,387	\$ 435,921	\$ 455,834
Net investment income	538,835	937,288	(186,186)	739,082
Benefit payments (including refunds)	(336,841)	(349,415)	(399,577)	(309,626)
Other	(3,619)	(5,450)	(3,783)	(4,022)
Net Change in Plan Fiduciary Net Position	<u>685,483</u>	<u>1,034,810</u>	<u>(153,625)</u>	<u>881,268</u>
Plan Fiduciary Net Position Beginning	<u>\$ 7,091,588</u>	<u>\$ 6,056,778</u>	<u>\$ 6,210,403</u>	<u>\$ 5,329,135</u>
Plan Fiduciary Net Position Ending	<u>\$ 7,777,071</u>	<u>\$ 7,091,588</u>	<u>\$ 6,056,778</u>	<u>\$ 6,210,403</u>
NET PENSION LIABILITY	<u><u>2,020,602</u></u>	<u><u>2,129,864</u></u>	<u><u>2,545,045</u></u>	<u><u>2,546,645</u></u>

- ❖ The City's current funded ratio 79.38%. Prior year was 76.90%.
- ❖ The City's contribution rates for three years (2021 – 2019) were 23.37%, 21.12%, 21.48%

CONCLUSION

Other Reports and Questions

Presented By: Jon Watson, CPA
March 10, 2020



March 8, 2022

To the Honorable Mayor,
Members of the City Council
and management
City of Dalworthington Gardens, Texas

We have audited the financial statements of City of Dalworthington Gardens, Texas as of and for the year ended September 30, 2021, and have issued our report thereon dated March 8, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated October 5, 2021, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of City of Dalworthington Gardens solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding internal control other matters noted during our audit in a separate letter to you dated March 8, 2022.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

In relation to all nonattest services provided, such as preparation of the financial statements and supporting schedules, the City has assigned an individual with adequate skills, knowledge, and experience to oversee this service.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note I. to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended September 30, 2021. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- Estimates inherent within the projection of the future pension obligation used to calculate the net pension liability.
- Estimated useful lives for capital assets

Management's estimates inherent within the projection of future pension obligation are based on experience studies and observations by the actuaries hired by TMRS. We evaluated the key factors and assumptions used to develop these estimates and determined they appeared reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Management's estimates for the useful lives of capital assets are based on experience and industry standards. We evaluated the key factors and assumptions used to develop these estimates and determined they appeared reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the City of Dalworthington Gardens' financial statements relate to: debt and the net pension liability.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to City of Dalworthington Gardens' financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated March 8, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with City of Dalworthington Gardens, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as City of Dalworthington Gardens's auditors. Our opinion is not modified with respect to this matter.

This report is intended solely for the information and use of the city council and management of City of Dalworthington Gardens and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Brooks Watson & Co." in a cursive, slightly stylized font.

BrooksWatson & Co., PLLC



March 8, 2022

To the City Council and Management
City of Dalworthington Gardens, Texas

RE: Communication with Governance Letter- Internal Control Matters

In planning and performing our audit of the financial statements of the City of Dalworthington Gardens, Texas (the "City"), as of and for the year ended September 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.
- Probable. The future event or events are likely to occur.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this letter and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We noted the following matters related to internal controls over financial reporting, compliance, and/or operation as follows:

1. PAYROLL RATES

During our walkthrough of the payroll process, we noted some small errors in pay rates when compared to the approved rates. One difference caused a \$52 error in total pay for the year and another \$14. While insignificant in these cases, it does indicate vulnerability to a larger error.

Recommendation

We suggest the City develop an additional internal control to review pay rates to provide assurance they are entered accurately and consistent with the approved rates.

2. PERMIT FEE CHARGED

During our walkthrough of the permit process, we noted a permit issued for new sprinkler heads in a building where an old permit rate was charged rather than the rate applicable at the time the permit was issued. This resulted in a permit fee charged of \$300 rather than the correct amount of \$360.

Recommendation

We suggest the City review permit rates and other fees charged to assure they agree to current ordinances.

3. GOVERNMENT ACCOUNTING STANDARDS BOARD (GASB) STATEMENT NO. 87, LEASES (GASB-87)

GASB-87 is effective for reporting periods beginning after June 15, 2021. GASB-87 will replace the current operating and capital lease categories with a single model for lease accounting based on the concept that leases are a means to finance the right to use an asset. Under the new rules, the City will recognize a lease liability and an intangible asset for all noncancelable leases greater than one year while the lessor will recognize a lease receivable and a deferred inflow of resources. The intangible asset will have similar characteristics to other capital assets and may be amortized depending on various provisions of the asset (or the lease) and if need be, may be impaired.

The accounting for a lessor is complimentary. A lease receivable is established at contract inception equal to the present value of the expected payments over the lease term. As payments are received the lease receivable is reduced and interest revenue is recognized. A deferred inflow is recorded equal to the lease receivable and any payments that are made at the beginning of the lease.

The initial application of this accounting standard will require substantial evaluation and will result in additional accounting and reporting requirements.

Recommendation

The City should begin planning for the implementation of this accounting standard by establishing a policy to 1) establish a capitalization threshold for leases, 2) define “reasonably certain” as it relates to the likelihood of a lease term to extend beyond 12 months, 3) establish a system to capture the required lease information in order to determine the applicability of the standard.

This communication is intended solely for the information and use of the City Council and management, and others within the City, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Brooks Watson & Co." in a cursive, slightly stylized font.

Brooks Watson & Co., PLLC

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2021

FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2021



DALWORTHINGTON GARDENS

2600 Roosevelt Drive | Dalworthington Gardens, TX 76016
(P) 817.275.1234 | www.cityofdwg.net

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ANNUAL COMPREHENSIVE FINANCIAL REPORT

of the

City of Dalworthington Gardens, Texas

**For the Year Ended
September 30, 2021**

**Issued By
Finance Department
Kay Day, Finance Director
Doreen Summerall, Finance Assistant**

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City of Dalworthington Gardens, Texas

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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CITY OF DALWORTHINGTON GARDENS

March 8, 2022

To the Honorable Mayor, Members of the Governing Council and Citizens of the City of Dalworthington Gardens,

We are pleased to submit the Annual Comprehensive Financial Report of the City of Dalworthington Gardens, Texas for the year ended September 30, 2021. The purpose of the report is to provide the Council, staff, our citizens, bondholders and other interested parties with detailed information reflecting the City's financial condition.

The responsibility for the accuracy and reliability of the data, as well as completeness and fairness of this report, including all disclosures, rests with the City. To the best of our knowledge and belief the enclosed data is accurate in all material respects, and is organized in a manner designed to fairly present the financial position and results of operations of the City as measured by the financial activity of its various funds. We also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

State Law requires the City's basic financial statements to be audited by an independent certified public accountant. The goal of the independent audit is to provide reasonable assurances that the financial statements of the City of Dalworthington Gardens for the fiscal year ended September 30, 2021 are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

BrooksWatson & Co., Certified Public Accountants, performed the required audit and have issued an unmodified ("clean") opinion on the City of Dalworthington Garden's financial statements for the year ended September 30, 2021. The independent auditor's report is included in the financial section of this report.



CITY OF DALWORTHINGTON GARDENS

THE REPORT

This Annual Comprehensive Financial Report (ACFR) is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, listing of principal City Officials, an organizational chart of the City, certificate of achievement in financial reporting, and a City map.

The financial section includes the independent auditor's report on the basic financial statements, a Management Discussion and Analysis (MD&A), as well as the basic financial statements and combining individual fund statements and schedules. The MD&A is a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement and should be read in conjunction with the MD&A. The City's MD&A can be found immediately following the independent auditor's report. The financial section is prepared in accordance with generally accepted accounting principles for governments as prescribed by the Governmental Accounting Standards Board (GASB) and other professional associations, as applicable.

The statistical section consists of a number of tables that contain data primarily compiled from City records and financial statements from the last ten years. The tables in the statistical section include revenues, expenditures, operations, and other information related to the activities of the City.

PROFILE OF THE GOVERNMENT

The community was established in 1934 as a subsistence homestead project during the Great Depression under the authority of the National Industrial Recovery Act as part of the Subsistence Homesteads Division. The purpose of the homestead program was to help families attain a better standard of living through a combination of part-time industrial employment and subsistence agriculture. Dalworthington Gardens was one of five such projects located in Texas. Its inclusion in the group was at the suggestion of Eleanor Roosevelt, who happened upon the area while visiting the Fort Worth family of a friend of President Roosevelt's son Elliot. Of the five sites selected for this program, Dalworthington "colony" as it was originally called, is the only one still in existence today. Since it has been in constant operation from its inception, it maintains its original zoning regulations, which allow subsistence farming and livestock on any lots over one-half acre that remain owned and occupied from the time the zoning was first put into effect. Thus, one can see small, older frame homes with livestock on their lot, near and even adjacent to large modern homes with values in excess of one million dollars. The community's name is a portmanteau of the names of the three anchor cities of the Metroplex: Dallas Fort Worth, and Arlington.



CITY OF DALWORTHINGTON GARDENS

The City of Dalworthington Gardens was incorporated July 19, 1949 under the general laws of the State of Texas and operates as a Type A general law municipality with the aldermanic form of government. The legislative authority of the City is vested in a six-member council elected at large (a mayor and five aldermen) for staggered two-year terms on the first Saturday in May. All members serve without compensation. The Mayor and City Council also serve as the board of the Crime Control and Prevention District.

The Mayor and City Council appoint the City Administrator, the Director of Public Safety and the Municipal Court Judge. The Mayor is the Chief Executive Officer of the City and is responsible for the day-to-day operations of the City.

The city is predominately a residential community of approximately 1.84 square miles, which is the combined land area of 1.8 square miles and water area of .04 square miles. The City is located in east central Tarrant County, between I-30 and I-20, which are major interstate links between Dallas and Fort Worth. It is part of the "Metroplex" of North Central Texas, which includes the cities of Dallas and Fort Worth. The City of Dalworthington Gardens is bordered to the north by the Town of Pantego, both of which are surrounded by the City of Arlington. The City lies approximately 11.5 miles from downtown Fort Worth, 25.1 miles from downtown Dallas, and 21 miles from Dallas/Fort Worth International Airport.

The City provides a full range of services including public safety (police, fire and emergency medical services), municipal court, construction and maintenance of streets, parks and recreation, planning and zoning, economic development, and general administrative services. In addition to general governmental activities, the City provides water, sewer, and sanitation services. Tarrant Regional Water District (TRWD) provides water to the City of Fort Worth and the City of Arlington who, in turn, provides water to the City of Dalworthington Gardens. Sewage treatment is provided by the City of Arlington, Republic Services provides sanitation collection, and HHW Solutions provides household hazardous waste collection.

There are no colleges or universities present in the City. However, University of Texas at Arlington (UTA) is very close to the City. The City is also served by the Tarrant County College District which has campuses located in the surrounding cities. The City lies within the Arlington Independent School District (AISD) and is served by Key Elementary School, Gunn Junior High School, and Arlington High School. In addition to the AISD public schools, the city has two private schools, Arlington Classic Academy and The Montessori Academy. There are numerous private schools in the neighboring towns of Pantego and Arlington.



CITY OF DALWORTHINGTON GARDENS

In Texas, school district boundaries do not always follow city and county boundaries because all aspects of the school district government apparatus, including school district boundaries are separated from the city and county government. In the cases of Dalworthington Gardens, no Independent School District was ever established. The proximity of the already established Arlington ISD led to the entirety of the Dalworthington Gardens being served by the AISD since the middle of the 20th century.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

The City's accounting records for general governmental operation are maintained on a modified accrual basis with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's proprietary activities are maintained on the accrual basis.

In developing and evaluating the City's accounting system, consideration is given to the adequacy of the internal accounting controls as deemed appropriate by the City. The internal control structure is designed to provide reasonable, but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of the control should not exceed the benefits likely to be derived and the evaluation of cost and benefits requires estimates and judgments by management. We believe the City's internal control structure is adequate to safeguard assets and provide reasonable assurance of proper recording of financial transactions.

In addition to the system of internal controls, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance of legal provisions embodied in the annual appropriated budget adopted by the City Council. Budgetary controls are exercised at the departmental level. If necessary, the original adopted budget is amended throughout the year.



CITY OF DALWORTHINGTON GARDENS

LOCAL AND REGIONAL ECONOMIC CONDITION AND OUTLOOK

The City of Dalworthington Gardens is located in the Dallas-Fort Worth-Arlington Metro Area. The primary revenue source for the city is derived from Ad-Valorem (property) taxes. Property assessed values, not including exemptions, have increased 29.2% between fiscal year 2012 to 2021, with assessed values including exemptions increasing 22.5% during the same time period.

Texas Service Sector Outlook Survey

According to the Texas Business Outlook Survey (TBOS) published March 1, 2022, activity in the Texas service sector picked up sharply in February. The revenue index, a key measure of state service sector conditions, increased from 2.8 in January to 21.9 in February.

Labor market indicators signal an acceleration in the pace of growth in hiring and hours worked. The employment index increased from 9.2 to 14.6, while the part-time employment index increased by three points to 6.5. The hours worked index increased from 7.4 in January to 10.4 in February.

Wage and price pressures remained extremely elevated in February, with indexes holding near historic highs. The wages and benefits index edged down from a record of 37.4 to 34.7, with over one-third of respondents noting month-over-month wage increases. The selling prices index was unchanged at 29.9, while the input prices index held generally flat at 51.2, with a majority of contracts reporting monthly input price increases for the fifth consecutive month.

Business respondents' expectations regarding future business activity reflected strong optimism. The future general business activity index increased from 16.7 to 21.2, while the future revenue index dipped slightly but held well above its long-term average at 51.6. Other future service sector activity increases such as employment and capital expenditures inched up and remained in firm positive territory.

Texas Retail Sector Outlook Survey

Retail sales activity climbed back into positive territory after a decline in January, according to business executives responding to the survey. The sales index, a key measure of state retail activity, surged 18 points to 10.2 in February – above its average over the past 12 months. Firms noted continued inventory declines, though at a slower pace, as the inventories index increased from -10.1 to -2.1.



CITY OF DALWORTHINGTON GARDENS

Retail labor market indicators were strongly positive in February, with a faster pace of hiring and longer average workweek hours. The employment index added five points to rise to 11.0—its best reading since 2018—while the part-time employment index increased from 1.6 to 8.4. The hours worked index rebounded from negative territory to 10.6, its highest level since before the pandemic.

Retailers' visions of broader business conditions were generally optimistic in February. The general business activity index increased from -7.2 to 2.7, while the company outlook index surged by 18 points to 7.8. The rise in outlook uncertainty moderated following a large increase in January, as the relevant index plunged from 24.0 to 2.2.

Retail price pressures escalated further in February, while wage pressures eased modestly. The selling prices index climbed six points to 49.9—with nearly 60 percent of contacts noting an increase in their prices compared with January—while the input prices index improved nine points to 54.3. The wages and benefits index slid from 37.1 to 34.9, though this remains far above its long-term average.

Expectations for future retail activity reflected solid optimism. The future general business activity index picked up from 4.2 to 10.2, while the future sales index decreased from 44.5 to 39.1. Other future retail activity increased, suggesting further strengthening in retail activity over the next six months.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

The City's Unassigned Fund balance in the general fund at year end was 52% of total general fund expenditures, which is an increase of 23% over prior year's 29%. A portion of this increase, 5%, is due to unspent budgeted expenditures that will be carried over and spent in fiscal year ending September 30, 2022. The City Council has set policy guidelines for reserve balances, which is 90 days of the annual general fund budgeted expenditures, or 25%. The Council has set a goal to achieve a target reserve balance of 180 days, 50%.

For financial stability, the City of Dalworthington Garden's strategic plan envisions covering operations without gas revenue, investing in repair & renewing/replacing infrastructure with cash, preferably with a means that does not raise the tax rate, and increasing cash reserves to six months of operations, with a goal of maintaining this reserve level.



CITY OF DALWORTHINGTON GARDENS

For capital and infrastructure improvements, the City of Dalworthington Garden's goals are to maintain a reserve account to fund long term infrastructure needs, to renovate the DPS building, and to find a way to maintain Pappy Elkins Lake. The City funds a street repair reserve with a quarter cent sales tax, approved by voters in 2018, to be used for street infrastructure. The City is in process of creating capital improvement plans for all city infrastructure needs to include streets, water, and sewer.

Other major goals for the City include educational excellence by partnering with existing schools; improving the appearance of the city through beautification and being an award-winning city; maintaining operational excellence through all departments; and multiple economic development initiatives. The City currently has a large focus on economic development and has created goals for promoting planned development areas that need improvement, funding various economic development opportunities, entertaining incentive programs for businesses, revitalization of the northern business area of the city, continuing business outreach, and exploring opportunities for unique retail. The City has almost completed a review of the City Comprehensive Plan which will create land use planning for the City's future.

RELEVANT FINANCIAL POLICIES

The City of Dalworthington Gardens has adopted a comprehensive set of financial policies. The City of Dalworthington Gardens has a policy that requires the adoption of a balanced annual operating budget (i.e., estimated recurring revenues equal to or in excess of recurring expenditures). In addition, non-recurring or depleting revenue sources, such as a one-time revenue remittance of fund balance in excess of policy can only be budgeted/used to fund non-recurring expenditures, such as capital purchases or capital improvement projects and must be approved by Council. This will ensure that recurring expenditures are not funded by non-recurring sources.



CITY OF DALWORTHINGTON GARDENS

AWARDS and ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Dalworthington Gardens for its annual comprehensive financial report for the fiscal year ended September 30, 2020. This was the 1st year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report could not be accomplished without the dedicated services of the City's staff. We wish to thank all City of Dalworthington Gardens departments for their assistance in providing the data necessary to prepare this report. Credit also is due to the Mayor and the Council for their unfailing support for maintaining the highest standards in professionalism in the management of the City of Dalworthington Gardens' finances.

Respectfully submitted,

Lola Hazel

Lola Hazel
City Administrator

Kay Day

Kay Day
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Dalworthington Gardens
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO



**CITY OF DALWORTHINGTON GARDENS, TEXAS
LIST OF PRINCIPAL OFFICIALS
SEPTEMBER 30, 2021**

GOVERNING BODY

Elected Officials

Mayor
Alderman Place 1
Alderman Place 2
Alderman Place 3
Alderman Place 4/Mayor Pro-Tem
Alderman Place 5

Laurie Bianco
John King
Steve Lafferty
Cathy Stein
Ed Motley
Joe Kohn

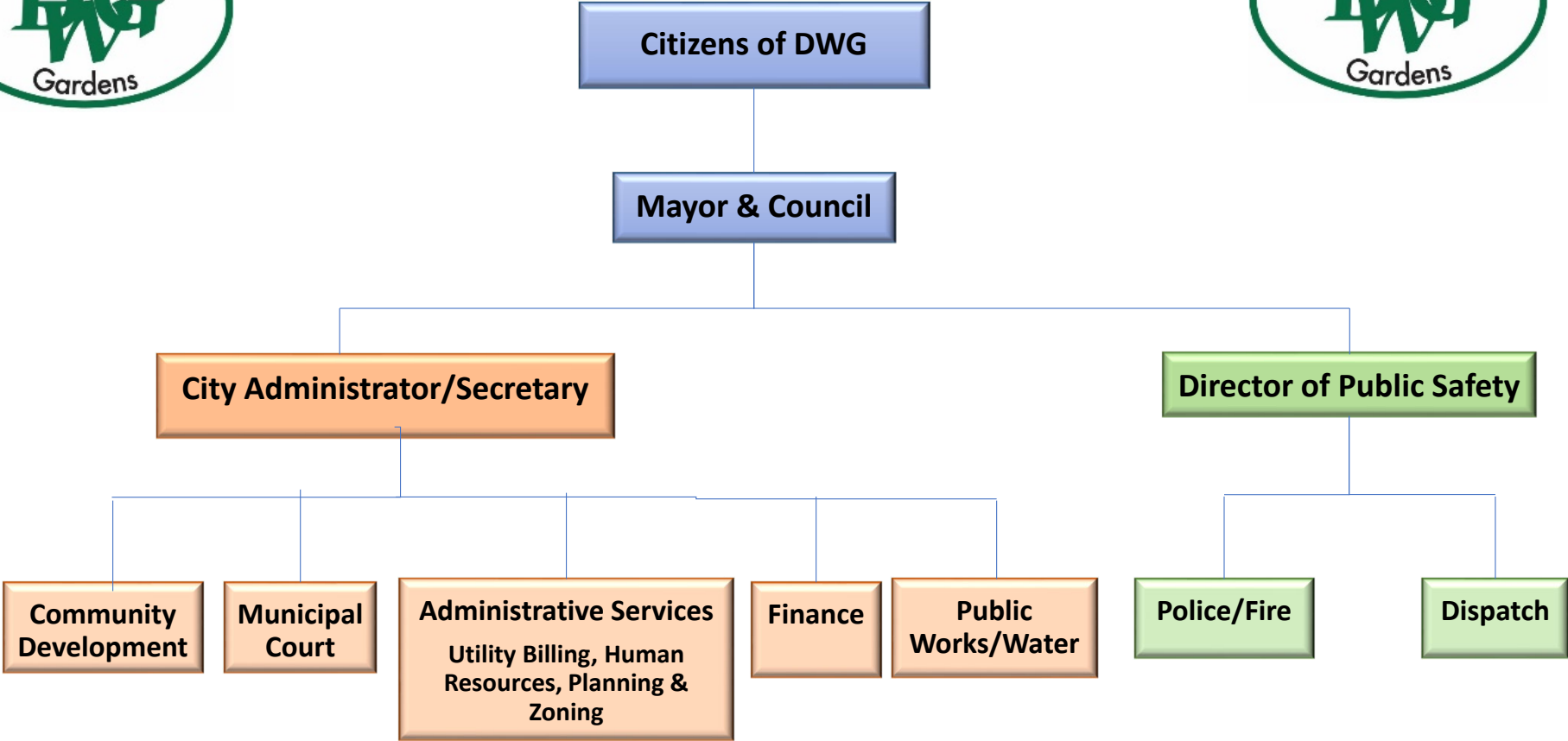
ADMINISTRATION

City Officials

City Administrator/Secretary
Director of Public Safety
Director of Finance
Municipal Court Administrator
Community Development Director
Public Works Superintendent

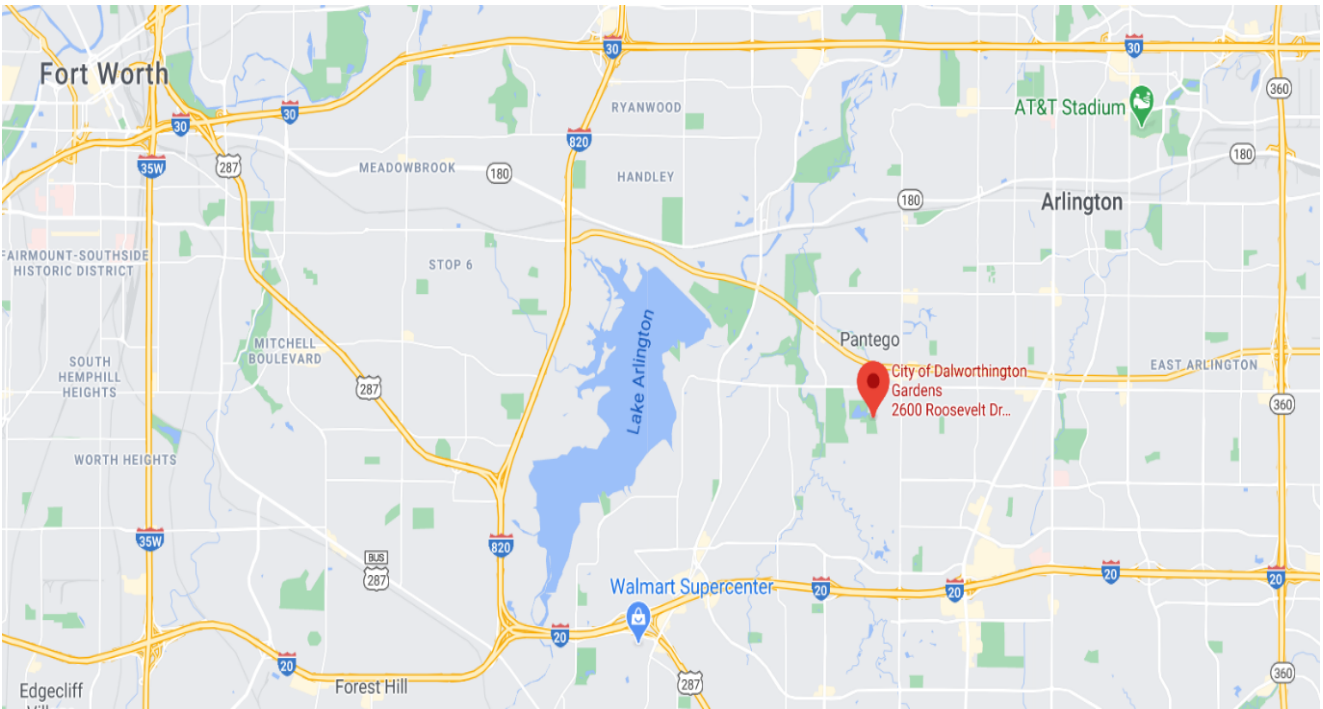
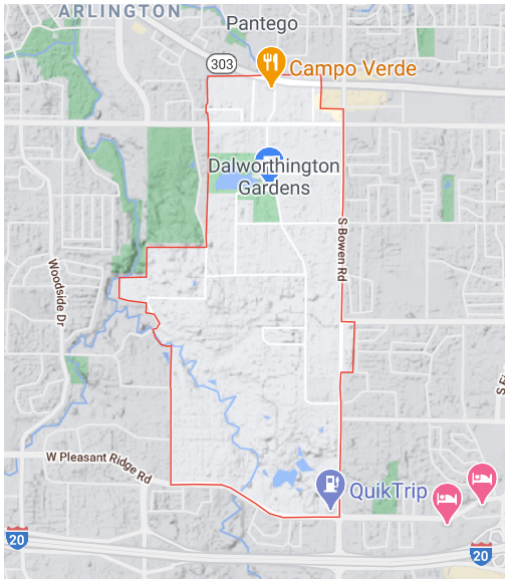
Lola Hazel
Greg Petty
Kay Day
Sandra Ma
Gary Harsley
Jeff Chasteen

City of Dalworthington Gardens





**CITY OF DALWORTHINGTON GARDENS
CITY MAPS**



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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Dalworthington Gardens, Texas:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dalworthington Gardens, Texas (the "City"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above 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 the City as of September 30, 2021 and the respective changes in financial position and, where applicable, cash flows thereof for the period then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dalworthington Gardens' basic financial statements. The items listed in the table of contents as other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information noted above is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and the statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in black ink that reads "Brooks Watson & Co." in a cursive, slightly stylized font.

BrooksWatson & Co., PLLC
Certified Public Accountants
Houston, Texas
March 8, 2022

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*MANAGEMENT'S DISCUSSION
AND ANALYSIS*

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City of Dalworthington Gardens, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

September 30, 2021

As management of the City of Dalworthington Gardens, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information contained in this report.

Financial Highlights

- The City's total combined net position was \$5,124,138 at September 30, 2021. Of this there is an unrestricted net position balance of negative \$103,530.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$4,473,827, an increase of \$746,253.
- As of the end of the year, the unassigned fund balance of the general fund was \$1,556,438 or 52% of total general fund expenditures.
- The City had an overall increase in net position of \$1,575,546.
- The City closed the year with a net pension liability of \$2,020,602.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and liabilities. The difference between the two is reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

City of Dalworthington Gardens, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

September 30, 2021

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, police, fire, public works, park and recreation, and economic development. The business-type activities of the City include water, sewer, and solid waste operations.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, parks and recreation facility

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development fund, capital projects fund, debt service fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in a separate section of the report.

Proprietary Funds

The City maintains one proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its water distribution, wastewater collection, water construction operations and sanitation services. All activities associated with providing such services are accounted for in this fund, including administration, operation, maintenance, debt service, capital improvements, meter maintenance, billing and collection. The City's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

Notes to Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI) and Other Supplementary Information (OSI). The required RSI includes a budgetary comparison schedule for the general fund, and the parks & recreation facility development fund, schedule of changes in the net pension liability and related ratios and schedule of employer contributions for the Texas Municipal Retirement System, and the OPEB liability schedules. The OSI includes a budgetary comparison schedule for the debt service fund, capital fund, all individual nonmajor governmental funds, proprietary fund and a proprietary schedule of services and rates. The RSI and OSI can be found after the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City, assets exceed liabilities by \$5,124,138 as of September 30, 2021, in the primary government.

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The largest portion of the City's net position, \$3,657,629, reflects its investments in capital assets (e.g., land, city hall, police station, streets, and drainage systems, as well as the public works facilities). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

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The following table reflects the condensed Statement of Net Position:

	2021			2020		
	Governmental	Business-Type	Total	Governmental	Business-Type	Total
	Activities	Activities		Activities	Activities	
Current and other assets	\$ 5,053,230	\$ 724,130	\$ 5,777,360	\$ 4,890,564	\$ 601,316	\$ 5,491,880
Capital assets, net	6,333,675	2,369,896	8,703,571	4,999,301	2,522,167	7,521,468
Total Assets	11,386,905	3,094,026	14,480,931	9,889,865	3,123,483	13,013,348
Deferred Outflows of Resources	305,683	53,943	359,626	263,163	46,440	309,603
Other liabilities	841,896	295,606	1,137,502	1,399,498	335,167	1,734,665
Long-term liab.	7,586,071	582,609	8,168,680	6,835,087	676,535	7,511,622
Total Liabilities	8,427,967	878,215	9,306,182	8,234,585	1,011,702	9,246,287
Deferred Inflows of Resources	348,702	61,535	410,237	448,862	79,210	528,072
Net Position:						
Net investment in capital assets	1,631,584	2,026,045	3,657,629	1,283,471	2,107,200	3,390,671
Restricted	1,570,039	-	1,570,039	1,144,354	187,881	1,332,235
Unrestricted	(285,704)	182,174	(103,530)	(958,244)	(216,070)	(1,174,314)
Total Net Position	\$ 2,915,919	\$ 2,208,219	\$ 5,124,138	\$ 1,469,581	\$ 2,079,011	\$ 3,548,592

Current and other assets of governmental activities increased by \$162,666. The majority of this increase was due to funding of \$293,626 from the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). The City's capital assets increased by \$1,182,103 primarily due to construction completion of the new city hall and (2) street projects.

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Statement of Activities:

The following table provides a summary of the City's changes in net position:

	For the Year ended September 30, 2021			For the Year ended September 30, 2020		
	Governmental Activities	Business-Type Activities	Primary Government	Governmental Activities	Business-Type Activities	Primary Government
Revenues						
Program revenues:						
Charges for services	\$ 468,839	\$ 1,970,580	\$ 2,439,419	\$ 479,231	\$ 1,940,032	\$ 2,419,263
Grants and capital cont.	709,616	8,824	718,440	125,487	126,665	252,152
General revenues:						
Property tax	2,178,050	-	2,178,050	1,993,889	-	1,993,889
Sales tax	1,115,667	-	1,115,667	1,008,013	-	1,008,013
Other taxes	312,868	-	312,868	355,690	-	355,690
O&G revenue	149,714	-	149,714	123,088	-	123,088
Interest income	9,828	1,624	11,452	50,268	1,651	51,919
Other revenues	165,180	-	165,180	117,123	40,310	157,433
Total Revenues	5,109,762	1,981,028	7,090,790	4,252,789	2,108,658	6,361,447
Expenses						
General	338,353	-	338,353	348,346	-	348,346
Public safety	2,453,132	-	2,453,132	2,218,488	-	2,218,488
Public works	375,022	-	375,022	259,123	-	259,123
Community development	171,754	-	171,754	195,897	-	195,897
Parks and recreation	107,909	-	107,909	120,630	-	120,630
Interest	217,254	12,989	230,243	156,835	9,974	166,809
Utilities	-	1,838,831	1,838,831	-	1,799,423	1,799,423
Total Expenses	3,663,424	1,851,820	5,515,244	3,299,319	1,809,397	5,108,716
Change in Net Position	1,446,338	129,208	1,575,546	953,470	299,261	1,252,731
Beginning Net Position	1,469,581	2,079,011	3,548,592	516,111	1,779,750	2,295,861
Ending Net Position	\$ 2,915,919	\$ 2,208,219	\$ 5,124,138	\$ 1,469,581	\$ 2,079,011	\$ 3,548,592

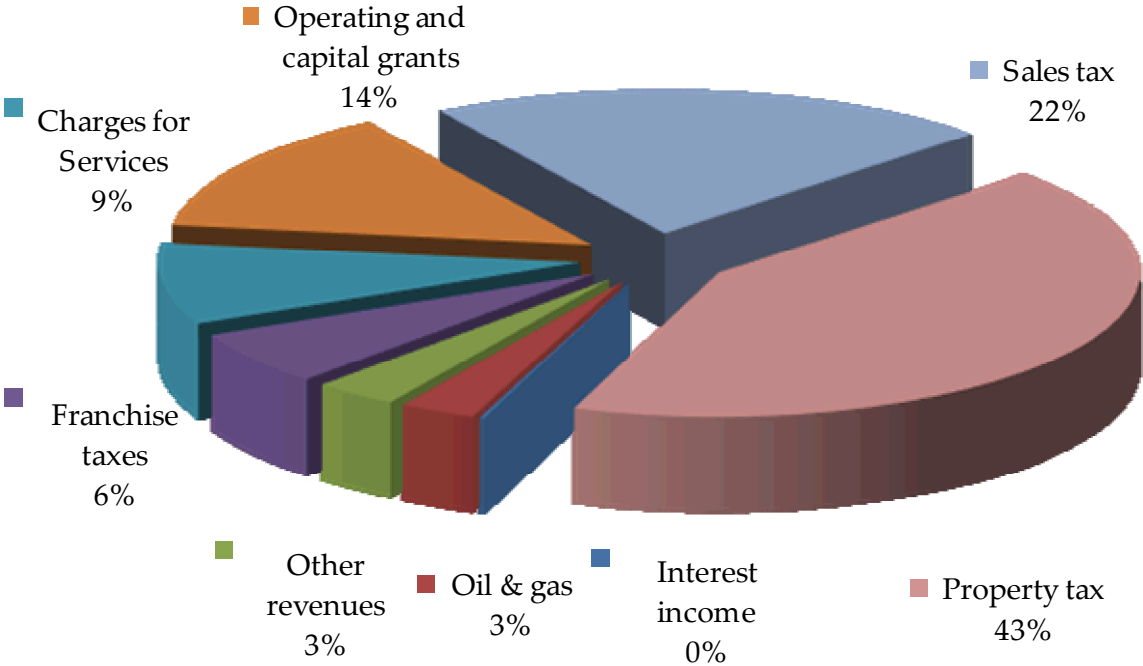
City of Dalworthington Gardens, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

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Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the City's activities.

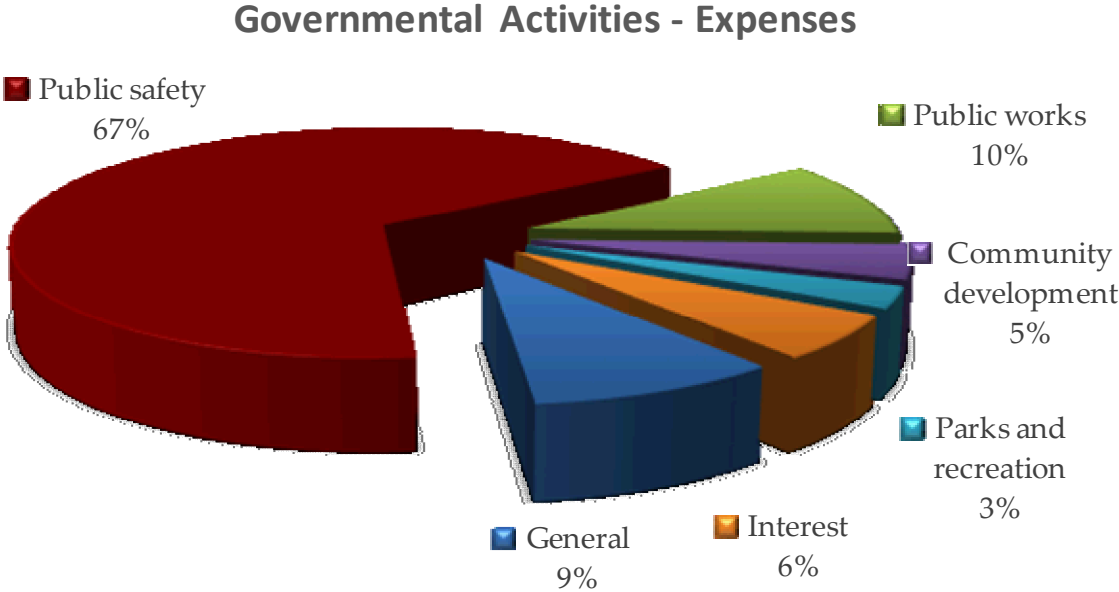
Governmental Activities - Revenues



For the year ended September 30, 2021, revenues from governmental activities totaled \$5,109,762. Property tax, sales tax, franchise taxes, and charges for services are the City's largest recurring revenue sources. Grants and contributions increased by \$584,129, which consists of \$293,626 received from CLSFRF for the first of two installments for the American Rescue Plan Act of 2021 (ARPA) and \$33,005 received from CARES Act funding to reimburse for COVID-19 related expenditures. Property taxes increased by \$184,161, or 9%, which reflects a .7% decrease in taxable value and a 9.8% increase in tax rates. Sales taxes increased by \$107,654, or 11%, due to an increase in on-line sales, information technology services, and liquor store sales. Interest income decreased by \$40,440 or 80% primarily due to the Federal Reserve cutting interest rates in an attempt to keep the economic expansion from slowing down due to effects related to the coronavirus pandemic. Oil & gas revenue increased by \$26,626, or 22%, of which reflects a 54% increase in price offset by a 10% decline in production. Other revenues increased by \$48,057, or 41%, of which \$19,000 represents a gain from sale of capital assets. In addition, life safety inspection revenue of \$13,790 was reclassified this fiscal year and had historically been reported in permit revenue, of which \$11,500 was reported for fiscal year 2020.

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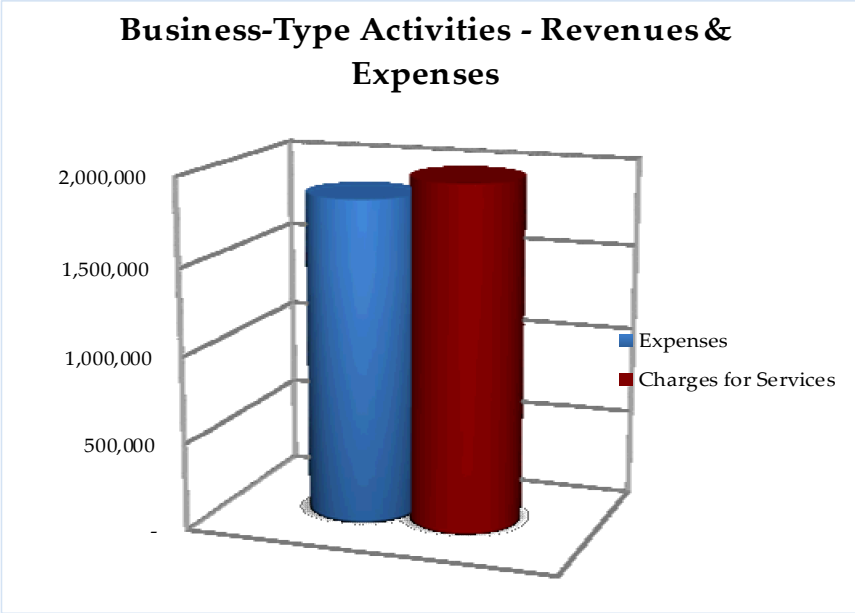
This graph shows the governmental function expenses of the City:



For the year ended September 30, 2021, expenses for governmental activities totaled \$3,663,424. This represents an increase of \$364,105, or 11.0%, from the prior year. The City’s largest functional expense is public safety of \$2,453,132, which increased by 11% over the prior year. The increase was primarily related to a one-time salary increase to public safety officers, authorized by council, with the intent to ensure salaries are more competitive with other municipalities and to improve retention.

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Business-type activities are shown comparing operating costs to revenues generated by related services.



For the year ended September 30, 2021, charges for services by business-type activities totaled \$1,970,580. This is an increase of \$30,548, or 2%, from the previous year. Expenses increased \$42,423, or 2%, from the previous year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds - The focus of the City's governmental funds is to provide information of near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

As of the end of the year the general fund reflected a total fund balance of \$1,900,967. Unassigned fund balance totaled \$1,556,438 as of year-end or 52% of total expenditures for the year. There was an increase in the general fund balance of \$796,102, or 72%, from the prior year. This increase was primarily a result of ARPA and CARES Act funding during the year of \$326,631, an increase in property tax revenue of \$184,161 and an increase in oil and gas revenue of \$26,626.