

**City Council  
Staff Agenda Report**

**Agenda Item: 8b.**

<b>Agenda Subject:</b> Consider approval of Resolution No. 2023-04 accepting the FY 2021-2022 annual financial audit.		
<b>Meeting Date:</b>  March 20, 2023	<b>Financial Considerations:</b> <b>Budgeted annual cost for auditor to prepare audit</b>  <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	<b>Strategic Vision Pillar:</b>  <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 2021-2022. The audit committee consisting of Mayor Bianco, Council Member John King, and Council Member Mark McGuire met on March 7, 2023 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 Resolution No. 2023-04 accepting the FY 2021-2022 annual financial audit.

**Attachments: Resolution  
Audit**

**RESOLUTION NO. 2023-04**

**A RESOLUTION OF THE CITY OF DALWORTHINGTON GARDENS, TEXAS,  
ACCEPTING THE FY 2021-2022 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 2021-2022 annual financial audit shall be filed in the office of the city secretary, and shall be attached hereto as Exhibit “A”.

PASSED & APPROVED this 20<sup>th</sup> day of March, 2023.

**CITY OF DALWORTHINGTON GARDENS**

\_\_\_\_\_  
Laurie Bianco,  
Mayor

ATTEST:

\_\_\_\_\_  
Lola Hazel, City Administrator/City Secretary

# Dalworthington Gardens, Texas Audit Presentation

September 30, 2022

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Presented By: Jon Watson, CPA  
March 20, 2023

**BW&C**

CERTIFIED PUBLIC ACCOUNTANTS



# OVERVIEW OF THE AUDIT PROCESS

*Audit Process: 3 stages (Planning, Fieldwork, Conclusion & Reporting)*

The audit was performed in accordance with Generally Accepted Auditing Standards (GAAS)

## ➤ PLANNING

- The audit process was a risk-based approach in which we focused our procedures on those areas most susceptible to risk of error or fraud.

## ➤ FIELDWORK

- Agree balances to underlying reports, and perform testing to assure those balances are materially accurate.

## ➤ CONCLUSION & REPORTING

- Evaluate results. Prepare report and required communications.




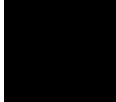
# COMPONENTS OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT

- ❖ 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

	<b>-Unmodified</b>
	<b>-Modified</b>
	<b>-Disclaimed</b>
	<b>-Adverse</b>

- ❖ The City received an unmodified opinion
- ❖ Highest level of assurance
- ❖ City received GFOA Certificate of Achievement for Excellency in Financial Reporting

# FINANCIAL HIGHLIGHTS

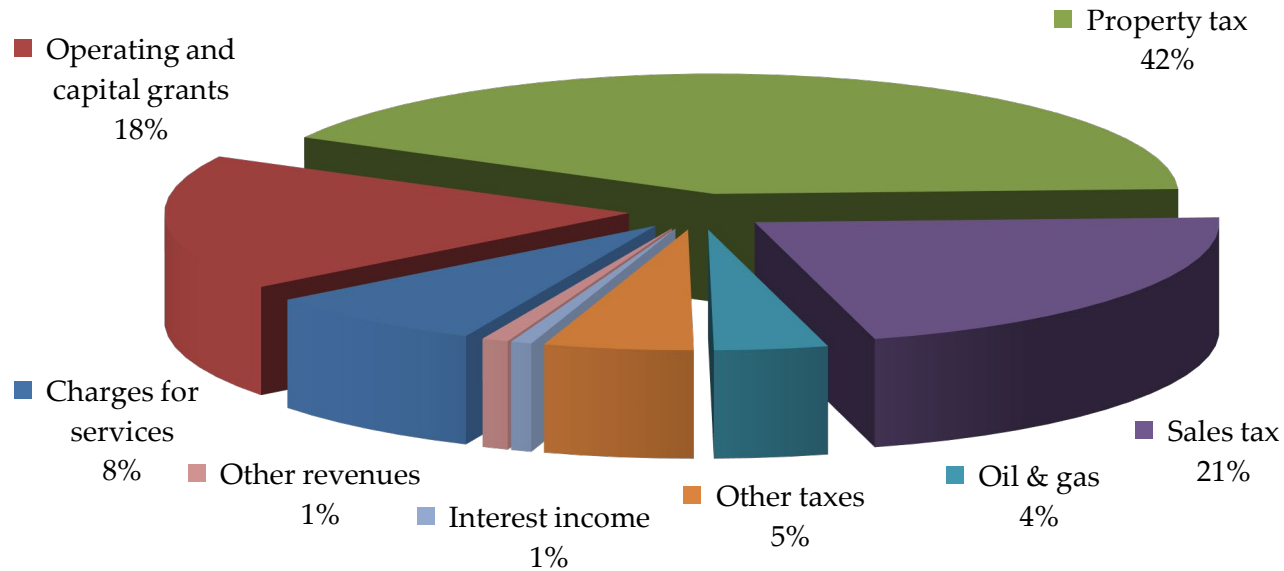
REFERENCE ACFR – PAGES 21, 46 & 47

- ❖ Total assets exceeded total liabilities by \$7,333,751.
- ❖ The City had an overall increase in net position of \$2,217,600 for the year.
- ❖ City's governmental funds reported a combined ending fund balance of \$5,383,231 an increase of \$909,404.
- ❖ Unassigned fund balance in the general fund was \$2,096,822 or 71% of annual general fund expenditures. It was 52% at the end of the prior year.
- ❖ The current ratio for the proprietary fund (current assets – current liabilities) was \$571,345 or 27% of annual expenditures; prior year was \$428,454 or 23%.

# City Revenues – Governmental Activities

GOVERNMENTAL ACTIVITIES – YEAR ENDING 9/30/22 - REFERENCE ACFR PAGES 25 & 26

## Governmental Activities - Revenues



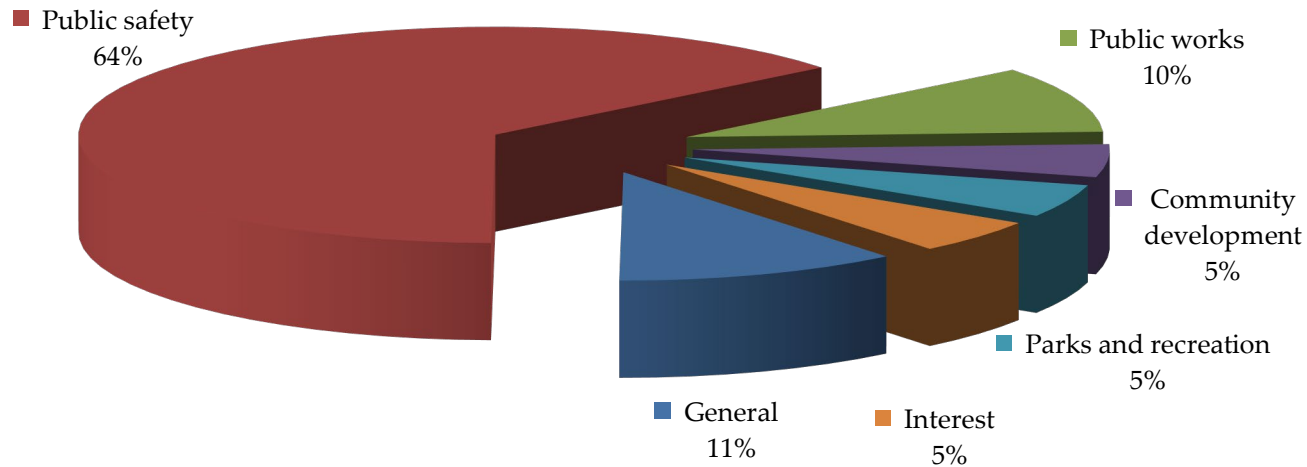
- ❖ Total governmental revenues were \$5,525,694; prior year was \$5,109,762
- ❖ Total sales taxes were 21%, \$1,187,935; Prior year was 22%, \$1,115,667.
- ❖ Total property taxes were 42%, \$2,296,774; Prior year was 43%, \$2,178,050.
- ❖ Charges for services were 8%, \$433,513; Prior year was 9%, \$468,839.
- ❖ Oil and gas revenues were 4%, \$218,198; Prior year was 3%, \$149,714.



# City Expenses – Governmental Activities

GOVERNMENTAL ACTIVITIES – YEAR ENDING 9/30/22 - REFERENCE ACFR PAGES 25 & 27

## Governmental Activities - Expenses



- ❖ Total governmental expenses were \$3,623,792; prior year was \$3,671,411.
- ❖ The largest expenses were:
  - ❖ Public safety at 64%, \$2,324,745; prior year was 67%, \$2,460,294
  - ❖ General government at 11%, \$398,312; prior year was 9%, \$339,178
  - ❖ Public works at 10%, \$358,879; prior year was 10%; \$375,022

# STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS – YEAR ENDING 9/30/22 - REFERENCE ACFR PAGES 42 & 43

	General Fund	Debt Service	Parks Recreation Fac. Development	Capital Projects	Nonmajor Governmental	Total Governmental Funds
<b>Revenues</b>						
Total Revenues	3,854,228	320,117	152,763	10,062	465,091	4,802,261
<b>Expenditures</b>						
Total Expenditures	2,937,573	365,698	150,352	155,464	365,870	3,974,957
Net	916,655	(45,581)	2,411	(145,402)	99,221	827,304
<b>Total Other Financing Sources (Uses)</b>						
	(27,525)	-	425	90,447	18,753	82,100
<b>Net Change in Fund Balances</b>	<b>889,130</b>	<b>(45,581)</b>	2,836	<b>(54,955)</b>	117,974	909,404
Beginning fund balances	1,900,967	97,914	675,759	1,301,641	497,546	4,473,827
<b>Ending Fund Balances</b>	<b>\$ 2,790,097</b>	<b>\$ 52,333</b>	<b>\$ 678,595</b>	<b>\$ 1,246,686</b>	<b>\$ 615,520</b>	<b>\$ 5,383,231</b>

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

GENERAL FUND – YEAR ENDING 9/30/22 - REFERENCE ACFR PAGE 87

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b><u>Revenues</u></b>			
Total Revenues	\$ 3,658,593	\$ 3,854,228	\$ 195,635
<b><u>Expenditures</u></b>			
Total Expenditures	3,496,841	2,937,573	(559,268)
Revenues Over (Under) Expenditures	161,752	916,655	754,903
<b><u>Other Financing Sources (Uses)</u></b>			
Total Other Financing Sources (Uses)	(69,197)	(27,525)	41,672
Net Change in Fund Balance	\$ 92,555	889,130	\$ 796,575
Beginning fund balance		1,900,967	
Ending Fund Balance		\$ 2,790,097	

# STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN NET POSITION

PROPRIETARY FUNDS – YEAR ENDING 9/30/22 - REFERENCE ACFR PAGE 47

	<b>Water, Sewer &amp; Sanitation</b>
<b><u>Operating Revenues</u></b>	
<b>Total Operating Revenues</b>	<u>2,330,511</u>
<b><u>Operating Expenses</u></b>	
<b>Total Operating Expenses</b>	<u>2,083,578</u>
<b>Operating Income (Loss)</b>	<u>246,933</u>
<b><u>Nonoperating Revenues (Expenses)</u></b>	
<b>Total Nonoperating Revenues (Expenses)</b>	<u>1,197</u>
Capital contributions	67,568
Transfers (out)	(66,000)
<b>Change in Net Position</b>	<u>249,698</u>
Beginning net position	<u>2,208,219</u>
<b>Ending Net Position</b>	<u>\$ 2,457,917</u>

# SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

YEAR ENDING 9/30/22 - REFERENCE ACFR PAGE 90 & 91

	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>
<b><u>Total Pension Liability</u></b>				
Service cost	\$ 333,405	\$ 336,573	\$ 296,220	\$ 266,612
Interest	660,632	622,439	578,828	586,613
Differences between expected and actual experience, changes in assumptions	255,653	(45,950)	93,996	(608,873)
Benefit payments (including refunds)	(354,474)	(336,841)	(349,415)	(399,577)
<b>Net Change in Total Pension Liability</b>	<u>895,216</u>	<u>576,221</u>	<u>619,629</u>	<u>(155,225)</u>
<b>Total Pension Liability Beginning</b>	<u>\$ 9,797,673</u>	<u>\$ 9,221,452</u>	<u>\$ 8,601,823</u>	<u>\$ 8,757,048</u>
<b>Total Pension Liability Ending</b>	<u>\$ 10,692,889</u>	<u>\$ 9,797,673</u>	<u>\$ 9,221,452</u>	<u>\$ 8,601,823</u>
<b><u>Plan Fiduciary Net Position</u></b>				
Contributions (City + Employees)	\$ 558,197	\$ 487,108	\$ 452,387	\$ 435,921
Net investment income	1,015,120	538,835	937,288	(186,186)
Benefit payments (including refunds)	(354,474)	(336,841)	(349,415)	(399,577)
Other	(4,659)	(3,619)	(5,450)	(3,783)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>1,214,184</u>	<u>685,483</u>	<u>1,034,810</u>	<u>(153,625)</u>
<b>Plan Fiduciary Net Position Beginning</b>	<u>\$ 7,777,071</u>	<u>\$ 7,091,588</u>	<u>\$ 6,056,778</u>	<u>\$ 6,210,403</u>
<b>Plan Fiduciary Net Position Ending</b>	<u>\$ 8,991,255</u>	<u>\$ 7,777,071</u>	<u>\$ 7,091,588</u>	<u>\$ 6,056,778</u>
<b>NET PENSION LIABILITY</b>	<u>1,701,634</u>	<u>2,020,602</u>	<u>2,129,864</u>	<u>2,545,045</u>

- ❖ The City's current funded ratio is 84.09%. Prior year was 79.38%. Average funding level for 2020 was 75.1% per a study by NCPERS.
- ❖ The City's contribution rates for three years (2022—2020) were 21.38%, 23.37%, 21.12%

# CONCLUSION

## Other Reports and Questions

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Presented By: Jon Watson, CPA  
March 20, 2023

# ANNUAL COMPREHENSIVE FINANCIAL REPORT 2022

FOR FISCAL YEAR ENDED  
SEPTEMBER 30, 2022



**DALWORTHINGTON GARDENS**

2600 Roosevelt Drive | Dalworthington Gardens, TX 76016  
(P) 817.275.1234 | [www.cityofdwg.net](http://www.cityofdwg.net)

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*ANNUAL COMPREHENSIVE FINANCIAL REPORT*

of the

**City of Dalworthington Gardens, Texas**

**For the Year Ended  
September 30, 2022**

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

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# City of Dalworthington Gardens, Texas

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# City of Dalworthington Gardens, Texas

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# City of Dalworthington Gardens, Texas

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## CITY OF DALWORTHINGTON GARDENS

March 7, 2023

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, 2022. 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, 2022 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, 2022. 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.





## CITY OF DALWORTHINGTON GARDENS

The community's name is a portmanteau of the names of the three anchor cities of the Metroplex: Dallas Fort Worth, and Arlington.

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



## **CITY OF DALWORTHINGTON GARDENS**

has two private schools, Arlington Classic Academy and The Montessori Academy. There are numerous private schools in the neighboring towns of Pantego and Arlington.

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 20<sup>th</sup> 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 27.6% between fiscal year 2013 to 2022, with assessed values including exemptions increasing 21% during the same time period.

#### Texas Service Sector Outlook Survey

According to the Texas Business Outlook Survey (TBOS) published January 31, 2023, activity in the Texas service sector resumed in January. The revenue index, a key measure of state service sector conditions, increased from 4.3 to 4.9, suggesting a pickup in activity growth.

Labor market indicators indicated greater employment growth and stable workweeks. The employment index rose from 5.3 to 10.5, while the part-time employment index increased by three points to 1.2. The hours worked index improved from -1.8 to 0.9.

The views of broader business conditions continued to deteriorate in January, though pessimism declined. The general business activity index posted an eighth consecutive negative reading but went up six points to -15.0. The company outlook index also improved from -11.0 to -8.3, while the outlook doubt index stayed elevated at 20.0, above its series average of 13.4.

Wage and price pressures remained elevated in January, though there was some moderation in input price growth. The input prices index declined from 43.4 to 38.8, while the selling prices index remained unchanged at 18.9. The wages and benefits index rose two points to 21.7, still higher relative to its average reading of 15.7.

Business respondents' expectations regarding future business activity were diverse in January. The future general business activity index continued to be negative, though it improved nine points to -4.4. The future revenue index continued to be positive, increasing seven points to 39.4. Other future service sector activity indexes such as employment and capital expenditures also improved, suggesting confidence for growth this year.



## CITY OF DALWORTHINGTON GARDENS

### Texas Retail Sector Outlook Survey

Retail sales activity continued to decline in January, according to business executives responding to the survey. The sales index, a key measure of state retail activity, improved 9 points to -3.0, suggesting sales decreased at a much slower pace than in December. Retailers' inventories continued to increase but at a slower pace than last month, with the index falling 11 points to 3.2.

Retail labor market indicators indicated higher employment and shorter workweeks in January. The employment index improved from -.07 to 2.0, indicating a slight increase in employment growth. The part-time employment index improved from -5.2 to -1.1. The hours worked index increased five points to -6.1.

Retailers' visions of broader business conditions continued deteriorate in January as both the general business activity and company outlook indexes stayed deep in negative territory. The general business activity index increased from -32.6 to -19.6, while the company outlook index decreased slightly to -14.5. The outlook uncertainty index fell 12 points from 17.6 to 5.7.

Retail price pressures were mixed, while wage growth increased in January. The input prices index decreased from 35.3 to 33.3, but the selling prices index rose from 16.4 to 23.4. The wages and benefits index increased from 18.1 to 26.8.

Expectations for future retail growth were diverse in January. The future general business activity index stayed negative, although improved from -30.0 to -17.0, while the future sales index declined from 6.8 to 1.8. Other indexes of future retail activity, such as employment and capital expenditures advanced further positive, indicating expectations for growth in retail activity later in the year.

## **LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES**

The City's Unassigned Fund balance in the general fund at year end was 71% of total general fund expenditures, which is an increase of 19% over prior year's 52%. A portion of this increase is due to public safety employment vacancies. 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%.



## **CITY OF DALWORTHINGTON GARDENS**

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.

For capital and infrastructure improvements, the City of Dalworthington Garden's goals are to maintain a reserve account to fund long term infrastructure needs 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 continuing the 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 is nearing completion of 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, 2021. This was the 2nd consecutive 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, 2021

*Christopher P. Morill*

Executive Director/CEO



**CITY OF DALWORTHINGTON GARDENS, TEXAS  
LIST OF PRINCIPAL OFFICIALS  
SEPTEMBER 30, 2022**

**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  
Mark McGuire

**ADMINISTRATION**

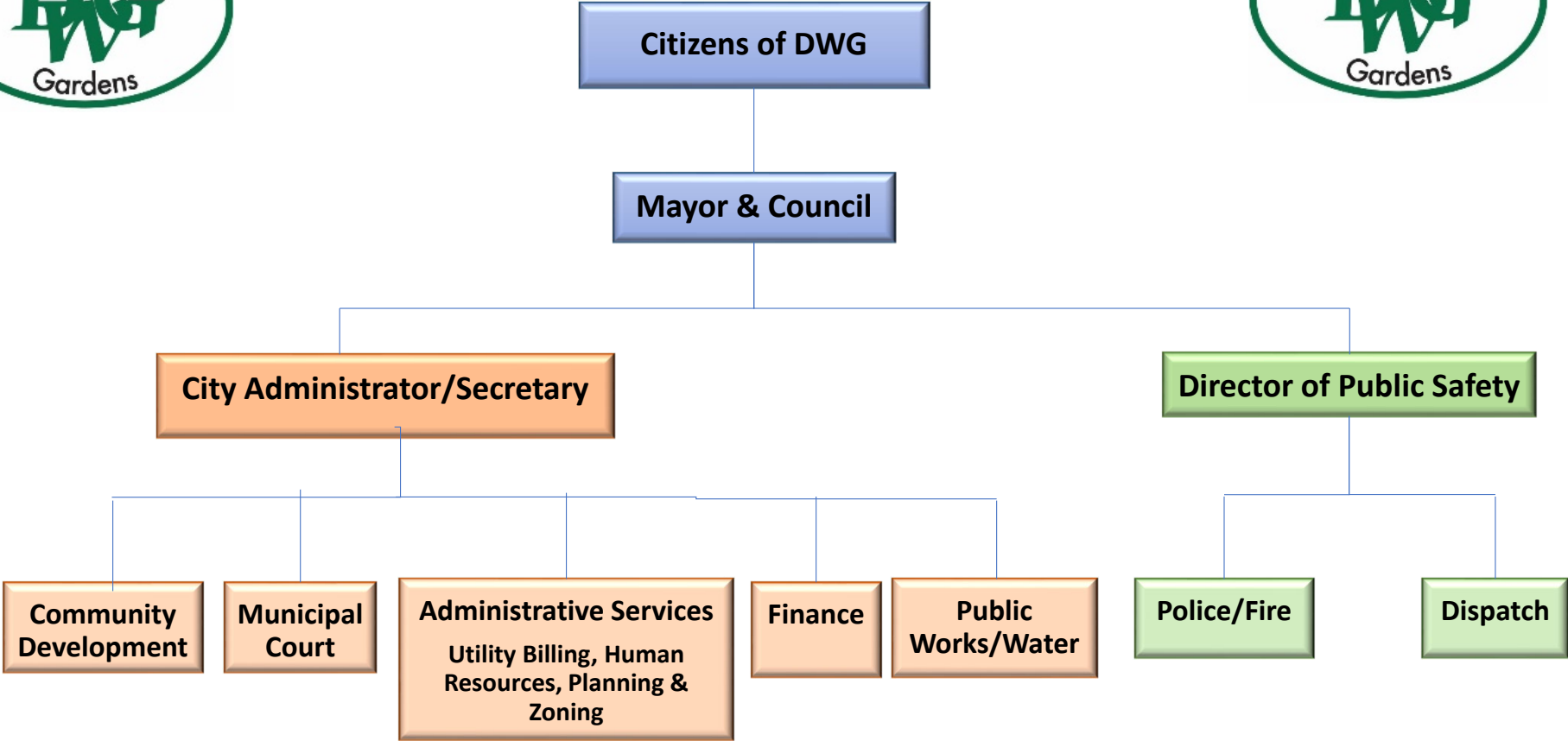
**City Officials**

City Administrator/Secretary  
Director of Public Safety  
Director of Finance  
Municipal Court Administrator  
Public Works Director  
Building Official

Lola Hazel  
Greg Petty  
Kay Day  
Sandra Ma  
Gary Parker, Jr.  
Gary Harsley



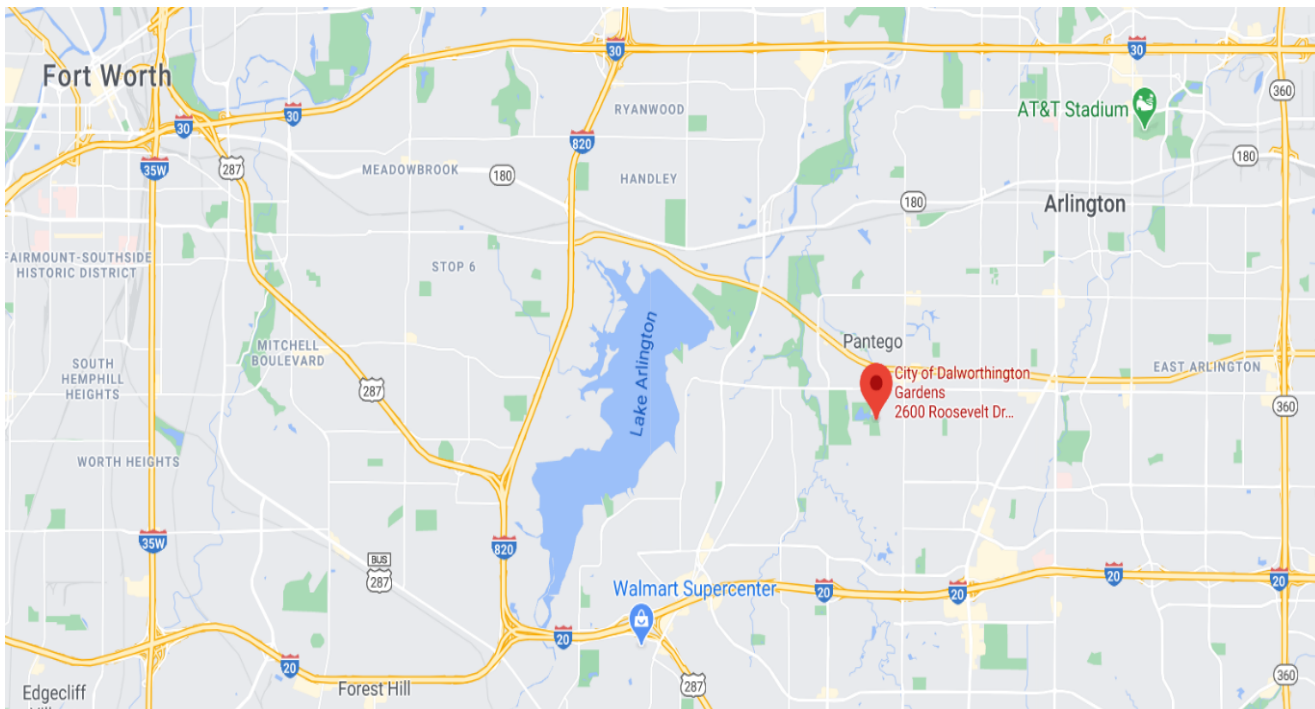
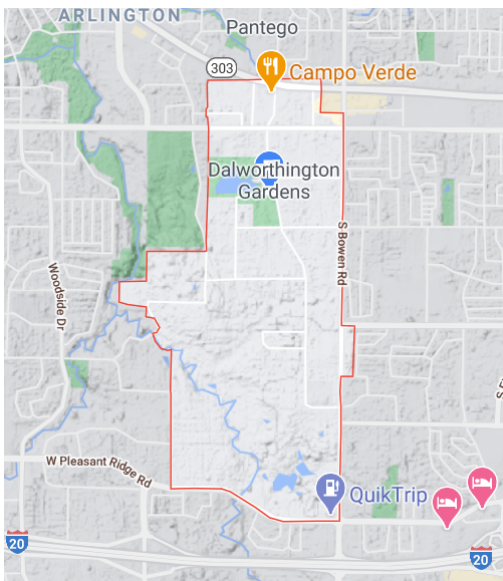
# City of Dalworthington Gardens







## 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 Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, 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, 2022, and the related notes to the financial statements, which collectively comprise the City'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 the City of Dalworthington Gardens, Texas, as of September 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 City of Dalworthington Gardens, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

The City'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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

*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 City'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 City'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.

*Emphasis of Matter*

As discussed in Note V.E. to the financial statements, due to the adoption of GASB 87 Leases, the City restated beginning net position for governmental activities. Our opinion is not modified with respect to these matters.

*Other Matters*

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of employer contributions to pension plan, schedule of changes in other postemployment benefits liability and related ratios, and general fund and parks and recreation facility development fund budgetary comparisons information 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's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

This accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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



**BROOKSWATSON & CO.**  
CERTIFIED PUBLIC ACCOUNTANTS

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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and 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 &amp; Co." in a cursive, script font.

Brooks Watson & Co., PLLC  
Certified Public Accountants  
Houston, Texas  
March 7, 2023





*MANAGEMENT'S DISCUSSION  
AND ANALYSIS*

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# City of Dalworthington Gardens, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

September 30, 2022

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, 2022. 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 \$7,333,751 at September 30, 2022. Of this there is an unrestricted net position balance of \$986,540.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$5,383,231, an increase of \$909,404.
- As of the end of the year, the unassigned fund balance of the general fund was \$2,096,822 or 71% of total general fund expenditures.
- The City had an overall increase in net position of \$2,217,600.
- The City closed the year with a net pension liability of \$1,701,634.

### 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, *Continued*

September 30, 2022

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, public safety, public works, park and recreation, and community 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 nine 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 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.

**City of Dalworthington Gardens, Texas**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued*  
September 30, 2022

**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 rtes. 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 and deferred outflow of resources exceeded its liabilities and deferred inflows of resources by \$7,333,751 as of September 30, 2022, in the primary government.

The largest portion of the City's net position, \$4,396,462, 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.

**City of Dalworthington Gardens, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2022**

The following table reflects the condensed Statement of Net Position:

	2022			2021		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 5,758,373	\$ 904,055	\$ 6,662,428	\$ 5,053,230	\$ 724,130	\$ 5,777,360
Capital assets, net	6,949,218	2,354,148	9,303,366	6,362,442	2,369,896	8,732,338
<b>Total Assets</b>	<b>12,707,591</b>	<b>3,258,203</b>	<b>15,965,794</b>	<b>11,415,672</b>	<b>3,094,026</b>	<b>14,509,698</b>
<b>Deferred outflows of resources</b>	<b>355,060</b>	<b>62,659</b>	<b>417,719</b>	<b>305,683</b>	<b>53,943</b>	<b>359,626</b>
Other liabilities	349,316	238,819	588,135	558,398	206,031	764,429
Long-term liabilities	7,394,224	545,901	7,940,125	7,906,323	672,184	8,578,507
<b>Total liabilities</b>	<b>7,743,540</b>	<b>784,720</b>	<b>8,528,260</b>	<b>8,464,721</b>	<b>878,215</b>	<b>9,342,936</b>
<b>Deferred inflows of resources</b>	<b>443,277</b>	<b>78,225</b>	<b>521,502</b>	<b>348,702</b>	<b>61,535</b>	<b>410,237</b>
Net position:						
Net investment in capital assets	2,304,559	2,091,903	4,396,462	1,623,597	2,026,045	3,649,642
Restricted	1,950,749	-	1,950,749	1,570,039	-	1,570,039
Unrestricted	620,526	366,014	986,540	(285,704)	182,174	(103,530)
<b>Total net position</b>	<b>\$ 4,875,834</b>	<b>\$ 2,457,917</b>	<b>\$ 7,333,751</b>	<b>\$ 2,907,932</b>	<b>\$ 2,208,219</b>	<b>\$ 5,116,151</b>

Current and other assets of governmental activities increased by \$705,143. The majority of this increase was due to the 2<sup>nd</sup> funding of \$294,787 from the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). The City's capital assets increased by \$571,028 primarily due to construction completion of two street projects.

**City of Dalworthington Gardens, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2022**

**Statement of Activities:**

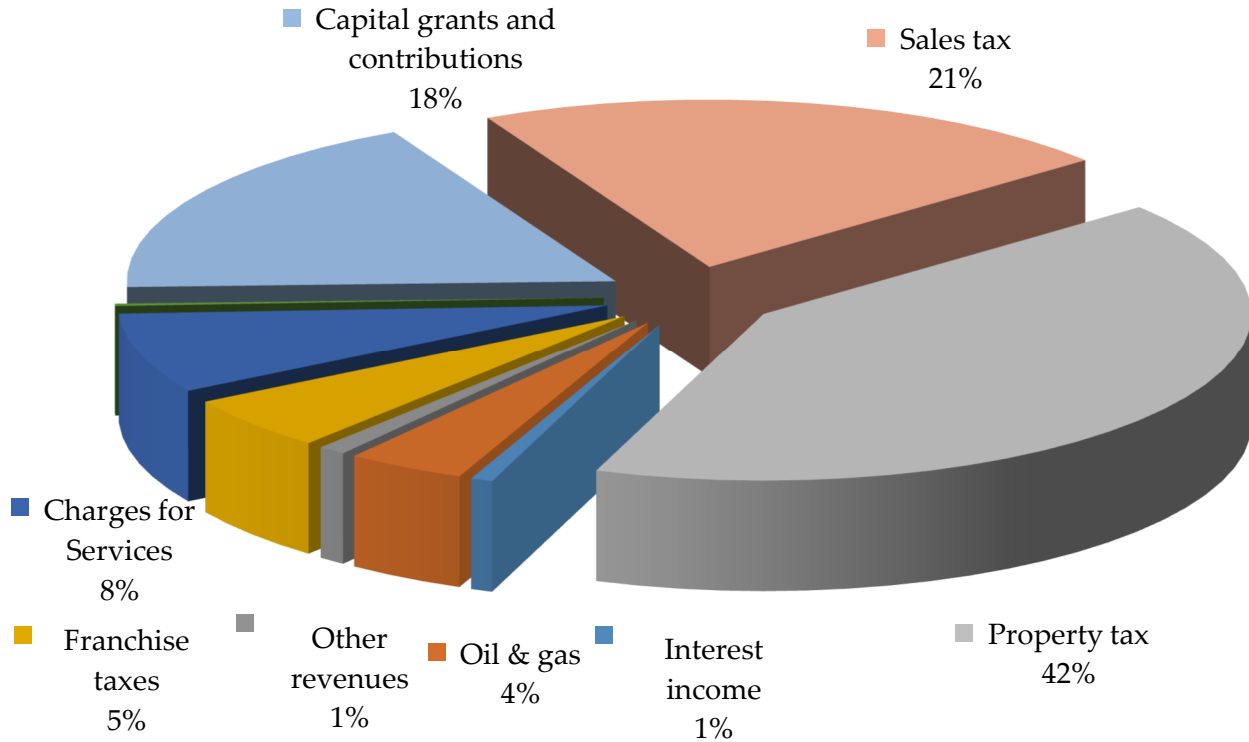
The following table provides a summary of the City's changes in net position:

	For the Year Ended September 30, 2022			For the Year Ended September 30, 2021		
	Governmental	Business-Type	Primary	Governmental	Business-Type	Primary
	Activities	Activities	Government	Activities	Activities	Government
<b>Revenues</b>						
Program revenues:						
Services	\$ 433,513	\$ 2,330,511	\$ 2,764,024	\$ 468,839	\$ 1,970,580	\$ 2,439,419
Operating grants and contributions	12,714	5,760	18,474	326,631	8,824	335,455
Capital grants and contributions	997,114	67,568	1,064,682	382,985	-	382,985
General revenues:						
Property tax	2,296,774	-	2,296,774	2,178,050	-	2,178,050
Sales tax	1,187,935	-	1,187,935	1,115,667	-	1,115,667
Franchise taxes	287,538	-	287,538	312,868	-	312,868
O&G revenue	218,198	-	218,198	149,714	-	149,714
Interest income	40,582	473	41,055	9,828	1,624	11,452
Other revenues	51,326	5,125	56,451	165,180	-	165,180
<b>Total Revenues</b>	<u>5,525,694</u>	<u>2,409,437</u>	<u>7,935,131</u>	<u>5,109,762</u>	<u>1,981,028</u>	<u>7,090,790</u>
<b>Expenses</b>						
General government	398,312	-	398,312	339,178	-	339,178
Public safety	2,324,745	-	2,324,745	2,460,294	-	2,460,294
Public works	358,879	-	358,879	375,022	-	375,022
Community development	178,331	-	178,331	171,754	-	171,754
Parks and recreation	178,124	-	178,124	107,909	-	107,909
Interest	185,401	10,161	195,562	217,254	12,989	230,243
Utilities	-	2,083,578	2,083,578	-	1,838,831	1,838,831
<b>Total Expenses</b>	<u>3,623,792</u>	<u>2,093,739</u>	<u>5,717,531</u>	<u>3,671,411</u>	<u>1,851,820</u>	<u>5,523,231</u>
<b>Change in Net Position</b>						
<b>Before Transfers</b>	1,901,902	315,698	2,217,600	1,438,351	129,208	1,567,559
Transfers	66,000	(66,000)	-	-	-	-
<b>Total</b>	<u>66,000</u>	<u>(66,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in Net Position</b>	1,967,902	249,698	2,217,600	1,438,351	129,208	1,567,559
<b>Ending Net Position</b>	<u>2,907,932</u>	<u>2,208,219</u>	<u>5,116,151</u>	<u>1,469,581</u>	<u>2,079,011</u>	<u>3,548,592</u>
<b>Ending Net Position</b>	<u>\$ 4,875,834</u>	<u>\$ 2,457,917</u>	<u>\$ 7,333,751</u>	<u>\$ 2,907,932</u>	<u>\$ 2,208,219</u>	<u>\$ 5,116,151</u>

**City of Dalworthington Gardens, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2022**

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, 2022, revenues from governmental activities totaled \$5,525,694. Property tax, sales tax, franchise taxes, and charges for services are the City's largest recurring revenue sources.

Capital grants and contributions increased by \$614,129, which consists of \$294,787 received from CLSFRF for the second of two installments for the American Rescue Plan Act of 2021 (ARPA) and \$319,342 increase in Tarrant County funding for street projects.

Operating grants and contributions decreased \$313,917 from prior year due to the receipt of the first of two installments for the ARPA recorded as an operating grant in prior year and subsequently reclassified to be used on a capital project in the current year.

Property taxes increased by \$118,724, or 5.5%, which reflects a 2.1% increase in taxable value and a 3.4% increase in tax rates.

Sales taxes increased by \$72,268, or 6.5%, due to an increase in plumbing, heating and A/C sales, landscaping supply, electric power distribution sales, information technology services, and convenience store sales.



**City of Dalworthington Gardens, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2022**

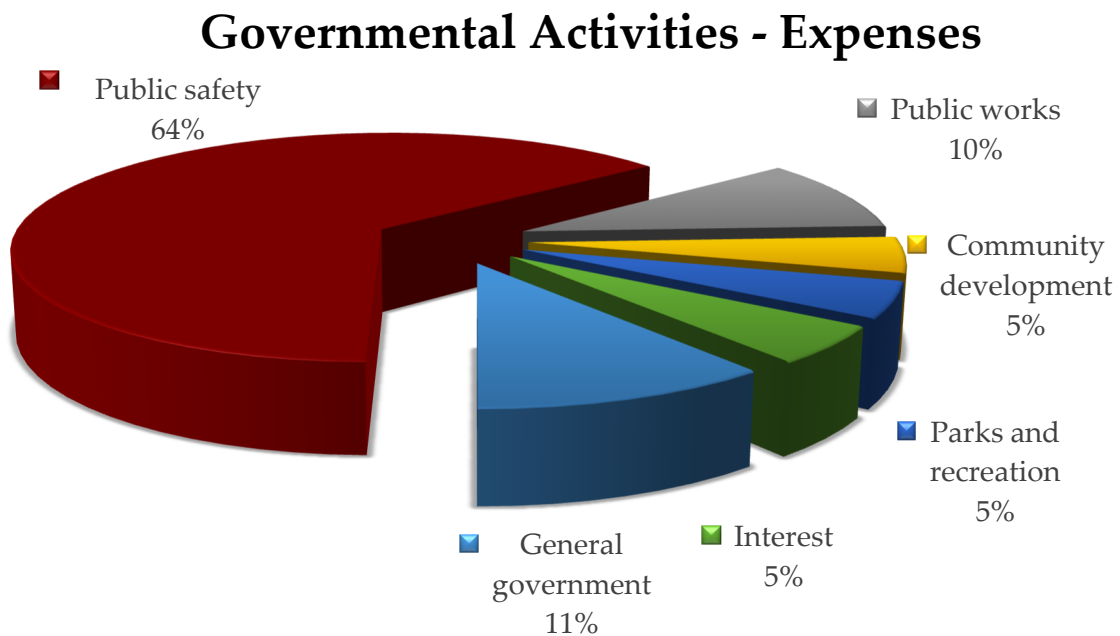
Franchise fees decreased by \$25,330, or 8%, of which the majority was due to the decrease in electric franchise fees of \$31K offset by an increase in gas franchise fees of \$6K.

Interest income increased by \$30,754, or 313%, primarily due to the Federal Reserve raising interest rates five times during the current fiscal year for a total of 3.75% in an attempt to curb inflation.

Oil & gas revenue increased by \$68,484, or 46%, of which \$199K, or 133%, represents an increase in price offset by a decline in production of \$85K, or 57% and a (\$46K) retro adjustment for the period of September 2017 through October 2018.

Other revenues decreased by \$113,854, or 69%, of which a portion was due to a reclassification of \$66,000 in this fiscal year to nonreciprocal interfund transfer-in and had historically been reported in other revenue.

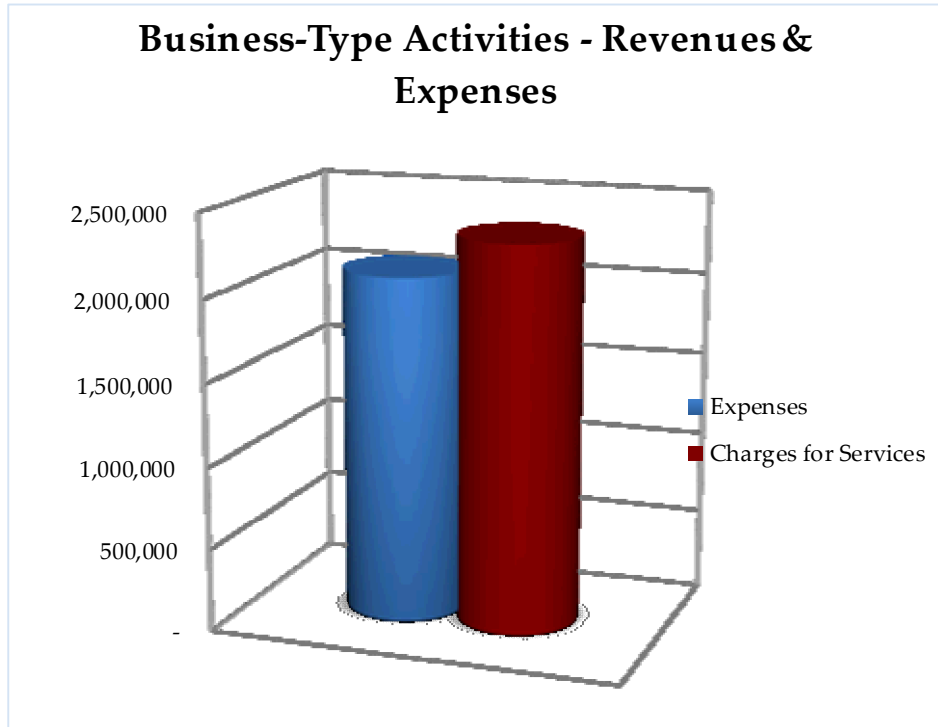
This graph shows the governmental function expenses of the City:



For the year ended September 30, 2022, expenses for governmental activities totaled \$3,623,792. This represents an decrease of \$47,619 or 1.3%, from the prior year. The City's largest functional expense is public safety of \$2,324,745, which decreased by 6% over the prior year. The decrease was primarily related to vacancies in public safety officer positions.

**City of Dalworthington Gardens, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2022**

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



For the year ended September 30, 2022, charges for services by business-type activities totaled \$2,330,511. This is an increase of \$359,931, or 18%, from the previous year. The City implemented a water and sewer \$.25/1k gal volume rate increase in October 2021. Water usage increased 25% over the previous year, which yielded an increase in water revenue by approximately \$212K, with the volume rate increase yielding an increase of approximately \$54K. Sewer usage increased approximately 11% over prior year, which yielded an increase in sewer revenue by approximately \$40K, with the volume rate increase yielding an increase of approximately \$24K.

Expenses increased \$241,919, or 13%, from the previous year. The majority of the expense increases were related to water distribution line repairs of \$74K, sewer system line repairs of \$43K, and an increase in treated purchase water of \$145K, or 23%, of which 89% is due to an increase in usage.

**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, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

**City of Dalworthington Gardens, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2022**

As of the end of the year the general fund reflected a total fund balance of \$2,790,097. Unassigned fund balance totaled \$2,096,822 as of year-end or 71% of total expenditures for the year. There was an increase in the general fund balance of \$889,130, or 47%, from the prior year. This increase was primarily a result of receiving the second of two ARPA installment payments of \$294,787, an increase in property tax revenue of \$148,923 and an increase in O&G revenue of \$68,484.

The parks and recreation facility development corporation fund (PRFDC) had an ending fund balance of \$678,595, an increase of \$2,836 from the prior year. The reason for the increase was due to revenues slightly exceeding expenditures.

The debt service fund had an ending fund balance of \$52,333 at yearend, a decrease of \$45,581. Total principal and interest payments made during the year were \$175,000 and \$190,698, respectively. This decrease resulted from the use of excess surplus in the fund to alleviate changes in the tax rate.

The capital projects fund had an ending fund balance of \$1,246,686, a decrease of \$54,955 from the prior year. This decrease relates to expenditures to complete the new city hall building and beginning the renovation design work on the DPS Complex.

There was an overall increase in governmental fund balance of \$909,404 from the prior year.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

As of the end of the year, the proprietary fund reflected a total net position of \$2,457,917. This was an increase of \$249,698, or 11.3% from the prior year. Unrestricted net position increased by \$183,840 from prior year primarily due to the increase in water and sewer revenues.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The final budget included amendments to the original budget to increase revenue by \$233,596, increase expenditures by \$168,507, and an increase in other financing uses by \$69,197. Revenues were increased primarily due to the 2<sup>nd</sup> ARPA funding. Departmental expenditures increased \$79,306 primarily due to an increase in public works engineering services to develop a 5-year street capital improvement plan. Capital outlay expenditures increased \$78,689 due to the 47<sup>th</sup> CDBG project costs.

There was a total actual versus final budget revenue variance of \$195,635 and a expenditure variance of (\$559,268) for the year. The revenue variance resulted primarily from increases in oil and gas revenue. The expenditure variance was primarily due to variances in public works and public safety of (\$42,672) and (\$486,974), respectively. The total final budget variance was \$796,575.

**City of Dalworthington Gardens, Texas**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued*  
September 30, 2022

**CAPITAL ASSETS**

As of the end of the year, the City's governmental activities funds had invested \$6,949,218 in a variety of capital assets and infrastructure, net of accumulated depreciation. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34. The City's business-type activities funds had invested \$2,354,148 in a variety of capital assets and infrastructure, net of accumulated depreciation.

The City's capital asset events during the current year include the following:

- 35G Mini Excavator with trailer for \$55,113 to be used in water and sewer operations.
- New City Hall signage, sound barriers and camera systems for \$29,793.
- Purchased (15) Tasers for \$53,991.
- Completion of the Roosevelt Drive Project Phase 1 (Bowen to Sunset) for \$450,166, of which \$438,752 was contributed by Tarrant County.
- Completion of the Elkins Drive Reconstruction Project for \$262,671, of which \$148,527 was contributed by Tarrant County.
- Completion of the 47<sup>th</sup> CDBG Ambassador Row project for \$297,683, of which \$188,423 was allocated to streets and \$109,260 allocated to water, which was funded by the enterprise fund. The CDBG contribution for the project totaled \$182,617, allocated \$115,049 for streets and \$67,568 for water.
- Purchased (5) Radio Control Units for \$9,998.
- Purchased (8) Lifepak CR2 Defibrillators for \$14,700.
- Purchased a 2022 Tahoe for \$36,269 to be used by public safety officer.
- Initial costs of \$12,517 to begin the renovation of the DPS Complex project.
- Initial costs of \$22,375 to begin the Orchid Ct Storm Sewer Improvement project.
- Initial costs of \$3,308 to begin the Clover Lane Drainage project.
- Costs to buildout a Scada room of \$21,004, funded by the enterprise fund and scheduled to be completed in October 2023.

More detailed information about the City's capital assets is presented in note IV. D to the financial statements.

**City of Dalworthington Gardens, Texas**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued*  
**September 30, 2022**

**LONG-TERM DEBT**

At the end of the current year, the City had total bonds, notes, and leases outstanding of \$5,722,220. During the year, the City's payments on long-term debt were \$310,718. More detailed information about the City's long-term liabilities is presented in note IV.F. to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Mayor and City Council are committed to maintaining and improving the overall wellbeing of the City of Dalworthington Gardens and improving services provided to their public citizens. The City no longer depends on an infinite resource of Oil & Gas well royalties to fund maintenance & operation costs. This resource has been committed to increase operating reserves, one-time large capital purchases and to pay off debt.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the City of Dalworthington Gardens' finances for all those with an interest in the City's finances. Questions concerning this report or requests for additional financial information should be directed to the City Finance Director, 2600 Roosevelt Drive, Dalworthington Gardens, Texas 76016.

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*FINANCIAL STATEMENTS*

# City of Dalworthington Gardens, Texas

## STATEMENT OF NET POSITION (Page 1 of 2)

September 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b><u>Assets</u></b>			
Current assets:			
Cash and cash equivalents	\$ 3,562,366	\$ 602,662	\$ 4,165,028
Restricted cash	1,806,177	-	1,806,177
Receivables, net	354,310	288,204	642,514
Prepays	35,520	13,189	48,709
<b>Total Current Assets</b>	5,758,373	904,055	6,662,428
Capital assets:			
Non-depreciable	331,577	130,204	461,781
Net depreciable capital assets	6,617,641	2,223,944	8,841,585
<b>Total Noncurrent Assets</b>	6,949,218	2,354,148	9,303,366
<b>Total Assets</b>	12,707,591	3,258,203	15,965,794
<b><u>Deferred Outflows of Resources</u></b>			
Pension	335,738	59,249	394,987
OPEB	19,322	3,410	22,732
<b>Total Deferred Outflows of Resources</b>	355,060	62,659	417,719

See Notes to Financial Statements.



# City of Dalworthington Gardens, Texas

## STATEMENT OF NET POSITION (Page 2 of 2)

September 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b><u>Liabilities</u></b>			
Current liabilities:			
Accounts payable and accrued liabilities	247,099	157,068	404,167
Unearned revenue	63,485	-	63,485
Accrued interest payable	38,732	5,672	44,404
Customer deposits	-	76,079	76,079
Long-term debt due within one year	235,565	84,444	320,009
Compensated absences, current	61,009	9,447	70,456
<b>Total Current Liabilities</b>	645,890	332,710	978,600
Noncurrent liabilities:			
Long-term debt due in more than a year	5,542,972	177,801	5,720,773
Net pension liability	1,446,389	255,245	1,701,634
OPEB liability	101,511	17,914	119,425
Compensated absences, noncurrent	6,778	1,050	7,828
<b>Total Noncurrent Liabilities</b>	7,097,650	452,010	7,549,660
<b>Total Liabilities</b>	7,743,540	784,720	8,528,260
<b><u>Deferred Inflows of Resources</u></b>			
Pension	440,751	77,779	518,530
OPEB	2,526	446	2,972
<b>Total Deferred Inflows of Resources</b>	443,277	78,225	521,502
<b><u>Net Position</u></b>			
Net investment in capital assets	2,304,559	2,091,903	4,396,462
Restricted for parks and recreation	678,595	-	678,595
Restricted for volunteer fire department	2,083	-	2,083
Restricted for court security	43,933	-	43,933
Restricted for court automation	96,815	-	96,815
Restricted for law enforcement	311,463	-	311,463
Restricted for street repairs	165,078	-	165,078
Restricted for debt service	63,254	-	63,254
Restricted for CLSFRF-ARPA funds	589,528	-	589,528
Unrestricted	620,526	366,014	986,540
<b>Total Net Position</b>	\$ 4,875,834	\$ 2,457,917	\$ 7,333,751

See Notes to Financial Statements.

# City of Dalworthington Gardens, Texas

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General government	\$ 398,312	\$ -	\$ 551.00	\$ -
Public safety	2,324,745	353,219	11,832	294,787
Public works	358,879	-	331	702,327
Parks and recreation	178,124	-	-	-
Community development	178,331	80,294	-	-
Interest and fiscal charges	185,401	-	-	-
<b>Total Governmental Activities</b>	<b>3,623,792</b>	<b>433,513</b>	<b>12,714</b>	<b>997,114</b>
<b>Business-Type Activities</b>				
Water, sewer, & sanitation	2,093,739	2,330,511	5,760	67,568
<b>Total Business-Type Activities</b>	<b>2,093,739</b>	<b>2,330,511</b>	<b>5,760</b>	<b>67,568</b>
<b>Total Primary Government</b>	<b>\$ 5,717,531</b>	<b>\$ 2,764,024</b>	<b>\$ 18,474</b>	<b>1,064,682</b>

**General Revenues:**

Taxes

Property tax

Sales tax

Franchise and local taxes

Oil and gas mineral rights

Gain on sale of capital assets

Interest income

Other revenues

**Transfers:**

**Total General Revenues and Transfers**

**Change in Net Position**

Beginning Net Position

**Ending Net Position**

See Notes to Financial Statements.

**Net (Expense) Revenue and Changes in Net Position**

<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (397,761)	\$ -	\$ (397,761)
(1,664,907)	-	(1,664,907)
343,779	-	343,779
(178,124)	-	(178,124)
(98,037)	-	(98,037)
(185,401)	-	(185,401)
<u>(2,180,451)</u>	<u>-</u>	<u>(2,180,451)</u>
-	310,100	310,100
<u>-</u>	<u>310,100</u>	<u>310,100</u>
(2,180,451)	310,100	(1,870,351)
2,296,774	-	2,296,774
1,187,935	-	1,187,935
287,538	-	287,538
218,198	-	218,198
16,100	5,125	21,225
40,582	473	41,055
35,226	-	35,226
66,000	(66,000)	-
<u>4,148,353</u>	<u>(60,402)</u>	<u>4,087,951</u>
1,967,902	249,698	2,217,600
2,907,932	2,208,219	5,116,151
<u>\$ 4,875,834</u>	<u>\$ 2,457,917</u>	<u>\$ 7,333,751</u>

# City of Dalworthington Gardens, Texas

## BALANCE SHEET GOVERNMENTAL FUNDS September 30, 2022

	<u>General</u>	<u>Parks and Recreation Facility Development</u>	<u>Capital Projects</u>	<u>Debt Service</u>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 2,261,190	\$ 655,790	\$ 100,110	\$ -
Restricted cash	589,528	-	1,164,316	52,333
Receivables, net	237,986	26,412	930	10,921
Prepays	29,298	2,670	-	-
<b>Total Assets</b>	<b>\$ 3,118,002</b>	<b>\$ 684,872</b>	<b>\$ 1,265,356</b>	<b>\$ 63,254</b>
<b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	\$ 210,783	\$ 6,277	\$ 18,670	\$ -
Unearned revenue	63,485	-	-	-
<b>Total Liabilities</b>	<b>274,268</b>	<b>6,277</b>	<b>18,670</b>	<b>-</b>
<b><u>Deferred Inflows of Resources</u></b>				
Unavailable revenue - property taxes	53,637	-	-	10,921
<b><u>Fund Balances</u></b>				
Nonspendable:				
Prepaid items	29,298	2,670	-	-
Restricted for:				
Parks and recreation	-	675,925	-	-
Special revenue	-	-	-	-
Capital improvements	-	-	1,146,576	-
Debt service	-	-	-	52,333
CARES Act Relief Fund	589,528	-	-	-
Volunteer fire fund	2,083	-	-	-
Committed for:				
Fire Truck	50,342	-	-	-
Capital reserve	22,024	-	-	-
DPS complex	-	-	100,110	-
Unassigned reported in:				
General fund	2,096,822	-	-	-
<b>Total Fund Balances</b>	<b>2,790,097</b>	<b>678,595</b>	<b>1,246,686</b>	<b>52,333</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 3,118,002</b>	<b>\$ 684,872</b>	<b>\$ 1,265,356</b>	<b>\$ 63,254</b>

See Notes to Financial Statements.

<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 545,276	\$ 3,562,366
-	1,806,177
78,061	354,310
3,552	35,520
<u>\$ 626,889</u>	<u>\$ 5,758,373</u>

\$ 11,369	\$ 247,099
-	63,485
<u>11,369</u>	<u>310,584</u>

-	64,558
---	--------

3,552	35,520
-	675,925
611,968	611,968
-	1,146,576
-	52,333
-	589,528
-	2,083
-	50,342
-	22,024
-	100,110
-	-
-	2,096,822
<u>615,520</u>	<u>5,383,231</u>

<u>\$ 626,889</u>	<u>\$ 5,758,373</u>
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# City of Dalworthington Gardens, Texas

## RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION GOVERNMENTAL FUNDS

September 30, 2022

<b>Fund Balances - Total Governmental Funds</b>	\$	5,383,231
 <b>Adjustments for the Statement of Net Position:</b>		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Capital assets - non-depreciable		331,577
Capital assets - net depreciable		6,617,641
 Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		
Property tax receivable		64,558
 Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expenditure) until then.		
Pension contributions		239,054
Pension assumptions		11,941
Pension economic experience		84,743
OPEB contributions		901
OPEB difference between assumptions and actual		18,421
 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.		
Pension investment (gains) losses		(440,751)
OPEB difference in expected and actual experience		(2,526)
 Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.		
Accrued interest		(38,732)
Compensated absences		(67,787)
Long term debt due within one year		(235,565)
Long term debt due in more than one year		(5,542,972)
Net pension liability		(1,446,389)
OPEB liability		(101,511)
<b>Net Position of Governmental Activities \$</b>		<u><u>4,875,834</u></u>

See Notes to Financial Statements.

# City of Dalworthington Gardens, Texas

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

For the Year Ended September 30, 2022

	General	Parks and Recreation Facility Development	Capital Projects	Debt Service
<b><u>Revenues</u></b>				
Property tax	\$ 1,974,301	\$ -	\$ -	\$ 317,467
Sales tax	597,111	148,169	-	-
Franchise and local taxes	287,538	-	-	-
License and permits	80,294	-	-	-
Fines and forfeitures	333,577	-	-	-
Oil and gas mineral rights	218,198	-	-	-
Interest income	24,170	3,647	9,132	875
Intergovernmental	307,170	331	-	-
Other revenues	31,869	616	930	1,775
<b>Total Revenues</b>	<b>3,854,228</b>	<b>152,763</b>	<b>10,062</b>	<b>320,117</b>
<b><u>Expenditures</u></b>				
Current:				
Community development	185,241	-	-	-
Municipal court	189,983	-	-	-
Administrative	335,055	-	14,096	-
Police	1,614,930	-	-	-
Fire	304,245	-	-	-
Public works	162,982	-	-	-
Parks and recreation	-	150,352	-	-
Capital outlay	78,689	-	141,368	-
Debt Service:				
Principal	54,112	-	-	175,000
Interest and fiscal charges	12,336	-	-	190,698
<b>Total Expenditures</b>	<b>2,937,573</b>	<b>150,352</b>	<b>155,464</b>	<b>365,698</b>
<b>Excess of Revenues</b>				
<b>Over (Under) Expenditures</b>	<b>916,655</b>	<b>2,411</b>	<b>(145,402)</b>	<b>(45,581)</b>
<b><u>Other Financing Sources (Uses)</u></b>				
Sale of capital assets	15,675	425	-	-
Transfers (out)	(109,200)	-	(10,602)	-
Transfers in	66,000	-	101,049	-
<b>Total Other Financing (Sources)</b>	<b>(27,525)</b>	<b>425</b>	<b>90,447</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>889,130</b>	<b>2,836</b>	<b>(54,955)</b>	<b>(45,581)</b>
Beginning fund balances	1,900,967	675,759	1,301,641	97,914
<b>Ending Fund Balances</b>	<b>\$ 2,790,097</b>	<b>\$ 678,595</b>	<b>\$ 1,246,686</b>	<b>\$ 52,333</b>

See Notes to Financial Statements.



<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 2,291,768
442,655	1,187,935
-	287,538
-	80,294
19,642	353,219
-	218,198
2,758	40,582
-	307,501
36	35,226
465,091	4,802,261
-	185,241
-	189,983
-	349,151
183,031	1,797,961
-	304,245
21,012	183,994
-	150,352
161,827	381,884
-	229,112
-	203,034
365,870	3,974,957
99,221	827,304
-	16,100
(1,049)	(120,851)
19,802	186,851
18,753	82,100
117,974	909,404
497,546	4,473,827
\$ 615,520	\$ 5,383,231

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**City of Dalworthington Gardens, Texas**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2022**

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$	909,404
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Governmental funds report capital outlays 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.

Capital outlay		381,884
Depreciation expense		(497,435)
Capital assets contributed from county		702,327

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		5,006
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences		2,693
Accrued interest		(185)
Pension expense		228,006
OPEB expense reduction		(10,728)

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments		229,112
Amortization of premium		17,818

	\$	<u><u>1,967,902</u></u>
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**Change in Net Position of Governmental Activities**

See Notes to Financial Statements.

# City of Dalworthington Gardens, Texas

## STATEMENT OF NET POSITION

### PROPRIETARY FUND

September 30, 2022

	<b>Water, Sewer &amp; Sanitation</b>
<b><u>Assets</u></b>	
Current Assets:	
Cash and cash equivalents	\$ 602,662
Prepaid expenses	13,189
Receivables, net	288,204
<b>Total Current Assets</b>	<b>904,055</b>
Noncurrent Assets:	
Capital assets:	
Non-depreciable	130,204
Net depreciable capital assets	2,223,944
<b>Total Noncurrent Assets</b>	<b>2,354,148</b>
<b>Total Assets</b>	<b>3,258,203</b>
<b><u>Deferred Outflows of Resources</u></b>	
Pension	59,249
OPEB	3,410
<b>Total Deferred Outflows of Resources</b>	<b>62,659</b>
<b><u>Liabilities</u></b>	
Current Liabilities:	
Accounts payable and accrued liabilities	157,068
Customer deposits	76,079
Accrued interest	5,672
Compensated absences, current	9,447
Long-term debt due within one year	84,444
<b>Total Current Liabilities</b>	<b>332,710</b>
Noncurrent Liabilities:	
Net pension liability	255,245
OPEB liability	17,914
Compensated absences, noncurrent	1,050
Long-term debt, noncurrent	177,801
<b>Total Noncurrent Liabilities</b>	<b>452,010</b>
<b>Total Liabilities</b>	<b>784,720</b>
<b><u>Deferred Inflows of Resources</u></b>	
Pension	77,779
OPEB	446
<b>Total Deferred Inflows of Resources</b>	<b>78,225</b>
<b><u>Net Position</u></b>	
Net investment in capital assets	2,091,903
Unrestricted	366,014
<b>Total Net Position</b>	<b>\$ 2,457,917</b>

See Notes to Financial Statements.

# City of Dalworthington Gardens, Texas

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUND

For the Year Ended September 30, 2022

	<b>Water, Sewer &amp; Sanitation</b>
<b><u>Operating Revenues</u></b>	
Water sales	\$ 1,364,814
Sewer revenue	718,812
Refuse collection	194,286
Other revenue	52,599
<b>Total Operating Revenues</b>	<b>2,330,511</b>
 <b><u>Operating Expenses</u></b>	
Cost of water	624,520
Cost of sewer	372,353
Cost of refuse	175,029
Personnel	366,169
Material, utilities & maintenance	212,979
Contracted and other services	124,623
Depreciation	207,905
<b>Total Operating Expenses</b>	<b>2,083,578</b>
<b>Operating Income (Loss)</b>	<b>246,933</b>
 <b><u>Nonoperating Revenues (Expenses)</u></b>	
Investment income	473
Intergovernmental	5,760
Gain on disposal of capital assets	5,125
Interest expense	(10,161)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>1,197</b>
<b>Income (Loss) Before Capital Contributions and Transfers</b>	<b>248,130</b>
Capital contributions	67,568
Transfers (out)	(66,000)
<b>Change in Net Position</b>	<b>249,698</b>
Beginning net position	2,208,219
<b>Ending Net Position</b>	<b>\$ 2,457,917</b>

See Notes to Financial Statements.

# City of Dalworthington Gardens, Texas

## STATEMENT OF CASH FLOWS PROPRIETARY FUND (Page 1 of 2) For the Year Ended September 30, 2022

	<u>Water, Sewer &amp; Sanitation</u>
<b><u>Cash Flows from Operating Activities</u></b>	
Receipts from customers	\$ 2,311,950
Payments to suppliers and contractors	(1,482,301)
Payments to employees	(402,872)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>426,777</u>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>	
Operating grants	5,760
Transfers (out)	(66,000)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>(60,240)</u>
<b><u>Cash Flows from Capital and Financing Activities</u></b>	
Purchase of capital assets	(124,589)
Proceeds from sale of capital assets	5,125
Debt principal payments	(81,606)
Interest paid	(11,959)
<b>Net Cash Provided (Used) by Capital and Financing Activities</b>	<u>(213,029)</u>
<b><u>Cash Flows from Investing Activities</u></b>	
Interest on investments	473
<b>Net Cash Provided by Investing Activities</b>	<u>473</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	153,981
Beginning cash, & cash equivalents	448,681
<b>Ending Cash, &amp; Cash Equivalents</b>	<u>\$ 602,662</u>

See Notes to Financial Statements.

# City of Dalworthington Gardens, Texas

## STATEMENT OF CASH FLOWS PROPRIETARY FUND (Page 2 of 2) For the Year Ended September 30, 2022

	<u>Water, Sewer &amp; Sanitation</u>
<b><u>Reconciliation of Operating Income (Loss)</u></b>	
<b><u>to Net Cash (Used) by Operating Activities</u></b>	
Operating Income (Loss)	\$ 246,933
Adjustments to reconcile operating income to net cash used:	
Depreciation	207,905
<b>Changes in Operating Assets and Liabilities:</b>	
<b>(Increase) Decrease in:</b>	
Accounts receivable	(26,547)
Prepaid expenses	603
Deferred outflows of resources: OPEB	301
Deferred outflows of resources: Pension	(9,017)
<b>Increase (Decrease) in:</b>	
Accounts payable and accrued liabilities	26,600
Customer deposits	7,986
Compensated absences	1,642
Net pension liability	(47,845)
OPEB liability	1,526
Deferred inflows of resources - OPEB	66
Deferred inflows of resources - pension	16,624
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 426,777</b>
<b><u>Schedule of Non-Cash Capital and Related Financing Activities</u></b>	
Capital asset contribution	\$ 67,568

See Notes to Financial Statements.

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# City of Dalworthington Gardens, Texas

## NOTES TO FINANCIAL STATEMENTS

September 30, 2022

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

The City of Dalworthington Gardens, Texas, Texas (the "City") was incorporated on July 19, 1949 under Title 28, Revised Civil Statutes of Texas, 1928, Chapters 1-10, as amended, relating to cities and towns. The City operates under an aldermanic form of government and provides the following services as authorized by the general laws of the State of Texas as a duly incorporated general law City and subsequent City ordinances; public safety (police and fire), highway and streets, sanitation, water and sewer, public improvements, planning and zoning, and general administrative services.

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

**Blended component units.** The City's Parks and Recreation Facility Development Corporation is governed by a board consisting of 4 City Council members and 3 non-Council member citizens. The City can appoint a voting majority of their governing board, and they approve their budget, which allows the City to impose its will over the Corporation, and requires it be treated as a component unit of the City. The component unit is blended because their governing board is substantively the same as City Council, and they have operational responsibility for the component unit. As a blended component unit, the Parks and Recreation Facility Development Corporation is reported as a special revenue fund of the City.

The Dalworthington Gardens Crime Control and Prevention District is a special purpose district that collects sales tax within its boundaries for the purpose of controlling and preventing crime. The City's Crime Control and Prevention District is governed by a board consisting of the 6 City Council members. The City can appoint a voting majority of their governing board, and they approve their budget, which allows the City to impose its will over the District, and requires it be treated as a component unit of the City. The component unit is blended because their governing board is substantively the same as City Council, and they have operational responsibility for the component unit. As a blended component unit, the Crime Control and Prevention District is reported as a special revenue fund of the City.

# City of Dalworthington Gardens, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

### B. Financial Statement Presentation

These financial statements include implementation of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Requirements of the statement include the following:

- A Management’s Discussion and Analysis (MD&A) section providing an analysis of the City’s overall financial position and results of operations;
- Financial statements prepared using full accrual accounting for all of the City’s activities;
- A change in the fund financial statements to focus on the major funds.

GASB Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net position and a statement of activities. It requires the classification of net position into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

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

### C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information about the City as a whole. These statements include all activities of the primary government and its component units. For the most part, the effect of interfund activity has been 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 support.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of

# City of Dalworthington Gardens, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include charges paid by the recipients for goods or services offered by the programs and grants that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, such as taxes and investment earnings, are presented as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. In the fund financial statements, the accounts of the City 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, revenues, and expenditures or expenses, as appropriate. The government reports the following major governmental funds:

### **Governmental Funds**

Governmental funds are those funds through which most governmental functions are typically financed.

#### **General Fund**

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, court, community development, police, fire, and public works.

#### **Debt Service Fund**

The debt service fund is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of governmental funds. The primary source of revenue for debt service is local property taxes.

#### **Capital Projects Fund**

The capital projects fund accounts for the acquisition and construction of the government's major capital projects, other than those financed by proprietary funds.

# City of Dalworthington Gardens, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

### **Parks and Recreation Facilities Development Corporation**

This Corporation was created to implement the General Park Facilities Development Plan. This shall be done in coordination with the necessary contracting parties to research, develop, prepare, finance, and implement this plan. The primary source of revenues for this fund is sales taxes.

### **Proprietary Fund Types**

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues include charges for services. Operating expenses include costs of materials, contracts, personnel, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund types follow GAAP prescribed by the Governmental Accounting Standards Board (GASB) and all financial Accounting Standards Board's standards issued prior to November 30, 1989. Subsequent to this date, the City accounts for its enterprise funds as presented by GASB. The proprietary fund types used by the City include enterprise funds.

The government reports the following major enterprise fund:

### **Water, Sewer, & Sanitation Fund**

This fund is used to account for the provision of water, sewer & garbage services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer distribution systems, water collection systems, and contract garbage services. The fund also accounts for the accumulation of resources for and the payment of long-term debt. All costs are financed through charges to utility customers.

### **D. Measurement Focus and Basis of Accounting**

The government-wide statements of net position and statements of activities and all proprietary funds are accounted for on a flow of economic resources measurement focus, accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operations of these activities are included on the balance sheet. Proprietary fund equity consists of net position. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and component units are accounted for using a

# City of Dalworthington Gardens, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing resources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The City utilizes the modified accrual basis of accounting in the governmental fund type and component units. Under the modified accrual basis of accounting, revenues are recognized in the accounting period when they are susceptible to accrual (i.e., when they are measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues available if they are collected within 60 days of the end of the current period. Revenues susceptible to accrual include charges for services and interest on temporary investments.

Property taxes, sales taxes, franchise taxes, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Other receipts and other taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Under modified accrual accounting, expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for interest on general long-term debt, which is recognized when due.

The accrual basis of accounting is used for the proprietary fund types. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable, and expenses in the accounting period in which they are incurred and become measurable.

The statements of net position, statements of activities, and financial statements of proprietary fund types are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized in the accounting period in which they are earned, and expenses in the accounting period in which they are incurred.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements.

### **E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

#### **1. Deposits and Investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of

# City of Dalworthington Gardens, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for “money market investments” and “2a7-like pools.” Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940, such as LOGIC or TexSTAR, are reported using the pools’ share price.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, of the Texas Governmental Code. In summary, the City is authorized to invest in the following:

- Obligations of the U.S. Government
- Direct obligations of the State of Texas or its agencies
- Obligations of states, agencies, counties, cities, and other political subdivisions
- Fully collateralized certificates of deposit
- No-load money market mutual funds
- Statewide investment pools

## **2. Fair Value Measurement**

The City has applied Governmental Accounting Standards Board (“GASB”) Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

## **3. Receivables and Interfund Transactions**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either “interfund receivables/payables” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are

reported as “due to/from other funds” in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as “due to/from component unit/primary government.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

# City of Dalworthington Gardens, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

Advances between funds are offset by a fund balance reserve account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts.

#### **4. Property Taxes**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Penalties are calculated after February 1 up to the date collected by the City. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

#### **5. Program Revenues**

Amounts reported as *program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided or fines imposed by a given function or segment, and (2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

#### **6. Proprietary funds operating and nonoperating revenue and expenses**

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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 enterprise fund are water, sewer, and refuse charges to customers for sales and services. The enterprise fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise 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 nonoperating revenue and expenses.

# City of Dalworthington Gardens, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

### 7. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

### 8. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, water & sewer distribution lines, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as individual assets, or a group of similar items, with a cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Capital assets that are donated or received in a service concession arrangement are reported at acquisition value. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years.

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Vehicles	3 to 5 years
Furniture and office equipment	3 to 5 years
Machinery & equipment	3 to 25 years
Infrastructure	10 to 50 years
Water and sewer system	10 to 75 years
Buildings and improvements	15 to 50 years

### 9. Leases

The City is a lessee for (2) two noncancellable leases of equipment and recognizes a lease liability and intangible right-to-use lease assets in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or



# City of Dalworthington Gardens, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

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

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and, if applicable, the purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

### **10. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. An example is a deferred charge on refunding reported in the government-wide statement of net position. 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.

In addition to liabilities, the statement of net position 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

# City of Dalworthington Gardens, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

### 11. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

### 12. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, typically the committed fund balance is depleted first, followed by assigned fund balance, and unassigned fund balance is applied last. Council reserves the right to selectively spend from any of the categories, including unassigned based upon the individual circumstances.

### 13. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (City Council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund

# City of Dalworthington Gardens, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

### **14. Compensated Absences**

The liability for compensated absences reported in the government-wide and proprietary fund statements consist of unpaid, accumulated vacation balances and banked compensation time gained through working overtime. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Vested or accumulated vacation leave and compensated leave of government-wide and proprietary funds are recognized as an expense and liability of those funds as the benefits accrue to employees.

It is the City's policy to liquidate compensated absences with future revenues rather than with currently available expendable resources. Accordingly, the City's governmental funds recognize accrued compensated absences when it is paid.

### **15. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable, notes payable, intangible leases, and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums, discounts and issuance costs are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed as incurred.

# City of Dalworthington Gardens, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

Assets acquired under the terms of notes payable and intangible leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum note and lease payments at inception of the note or lease. In the year of acquisition, notes payable transactions are recorded as other financing sources and as capital outlay expenditures in the general fund. Note and lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

### **16. Pensions**

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### **17. Estimates**

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

### **18. Other Postemployment Benefits ("OPEB")**

The City has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement applies to the individual employers (TMRS cities) in the TMRS Supplemental Death Benefits (SDB) plan, with retiree coverage. The TMRS SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) and as such the SDBF is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the SDBF is not considered a cost sharing plan and is instead considered a single employer, defined benefit OPEB plan. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary, calculated based on the employee's actual earnings on which TMRS deposits are made, for the 12-month period preceding the month of death. The death benefit amount for retirees is \$7,500. GASB No. 75 requires the liability of employers and non-employer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of

# City of Dalworthington Gardens, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.

### II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

#### A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

#### B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, “the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.”

### III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general, debt service, parks and recreation facility development, capital projects, crime control and prevention. special revenue, and utility funds. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the City Charter is the department level. No funds can be transferred or added to a budgeted item without Council approval. The budgeted revenues and expenditures for the general fund were amended during the current fiscal year. The final budgeted revenues were increased compared to the original budget. The final budgeted expenditures were increased compared to the original budget. Appropriations lapse at the end of the year.

The City has implemented procedures to ensure budgetary compliance. No expenditure can be made unless there is a budget available or an approved budget amendment has been

# City of Dalworthington Gardens, Texas

## NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2022

submitted. Department head and management will review the budget variances on a regular basis and the budget will be amended if necessary.

### IV. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments

As stated in I.E.1., the City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. The City's investments in 2a7-like pools such as TexStar are included in this category. Although the City's investments in TexStar and LOGIC are available for immediate withdrawal, disclosure of the pool's weighted average maturity and bond rating are required. The City had the following deposits considered to be cash and cash equivalents at year end:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Weighted Average Maturity Days</u>
TexStar investment pool	740,377	12
LOGIC investment pool	2,858,079	14
Total fair value	<u>\$ 3,598,456</u>	

*Interest rate risk* In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average of maturity not to exceed one year; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations; monitoring credit ratings of portfolio position to assure compliance with rating requirements imposed by the Public Funds Investment Act; and invest operating funds primarily in short-term securities or similar government investment pools.

*Credit risk* The City's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency, No-load money market mutual funds registered and regulated by the SEC and must maintain a stable net asset value of \$1.00 per share, Certificates of deposits which are fully FDIC insured or collateralized from a depository institution doing business in the State of Texas, not to exceed 5 years to stated maturity, and investment pools with an investment quality not less than AAA or AAA-m, or equivalent, by at least one nationally recognized rating service. As of September 30, 2022, the City's investment in TexSTAR and LOGIC was rated AAAM by Standard & Poor's.

*Custodial credit risk* – In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial

# City of Dalworthington Gardens, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2022, the market values of pledged securities and FDIC exceeded bank balances.

*Custodial credit risk – investments* For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

### **TexSTAR**

The Texas Short Term Asset Reserve Fund ("TexSTAR") is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code ("ICA"), and the Public Funds Investment Act, Chapter 2256, Texas Government Code ("PFIA"). TexSTAR was created in April 2002 by contract among its participating governmental units and is governed by a board of directors. J.P. Morgan Investment Management Inc. ("JPMIM"), Hilltop Securities Inc. ("HTS") and Hilltop Securities Asset Management, LLC ("HSAM") serve as Administrators for TexSTAR. JPMIM provides investment management services, HTS provides marketing and distribution services and HSAM provides administrative services. Custodial, fund accounting and depository services are provided by JPMorgan Chase Bank, N.A. ("JPMCB") and/or its subsidiary J.P. Morgan Investor Services Co. At September 30, 2022, the fair value of the position in TexSTAR approximates fair value of the shares. There were no limitations or restrictions on withdrawals.

TexSTAR operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexSTAR uses amortized cost rather than fair value to report net position to compute share prices. Accordingly, the fair value of the position in TexSTAR are the same as the value of TexSTAR shares.

### **LOGIC**

Local Government Investment Cooperative ("LOGIC") was organized in May 1994 to conform with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code ("ICA"), and operates under the Public Funds Investment Act, Chapter 2256 of the Texas

Government Code ("PFIA"). The ICA and the PFIA provide for the creation of public funds investment pools and authorize eligible governmental entities ("Participants") to invest their

# City of Dalworthington Gardens, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

public funds and funds under their control through the investment pools. Only eligible local governments and agencies of the State of Texas may become Participants.

LOGIC's governing body is a five-member board of trustees ("Board") comprised of individuals who are employees, officers or elected officials of Participants in the fund or who do not have a business relationship with the Fund and are qualified to advise. A maximum of two Advisory Directors will serve in a non-voting advisory capacity to the Board. JPMIM provides investment management services to the Board and HTS provides Participant administrative, marketing and distribution services to the Board. JPMCB and/or its subcontractors or delegates provide custodial, fund accounting, and depository services. At September 30, 2022, the fair value of the position in LOGIC approximates fair value of the shares. There were no limitations or restrictions on withdrawals.

### B. Receivables

The following comprise receivable balances of the primary government at year end:

	<u>General</u>	<u>Parks &amp; Rec. Facility Development</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Nonmajor Gov.</u>	<u>Water Sewer Sanitation</u>	<u>Total</u>
Taxes							
Property	\$ 53,640	\$ -	\$ -	\$ 10,921	\$ -	\$ -	\$ 64,561
Sales	104,751	26,412	-	-	78,061	-	209,224
Franchise	5,525	-	-	-	-	-	5,525
Oil and gas	58,219	-	-	-	-	-	58,219
Accounts	16,776	-	930	-	-	390,519	408,225
Allowance	(925)	-	-	-	-	(102,315)	(103,240)
<b>Total</b>	<u>\$ 237,986</u>	<u>\$ 26,412</u>	<u>\$ 930</u>	<u>\$ 10,921</u>	<u>\$ 78,061</u>	<u>\$ 288,204</u>	<u>\$ 642,514</u>



# City of Dalworthington Gardens, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

### C. Interfund Transactions

Transfers between the primary government funds during the current fiscal year were as follows:

Transfer In	Transfer Out	Amount
General Fund	Enterprise Fund	\$ 66,000 <sup>1</sup>
Nonmajor Funds	General Fund	9,200 <sup>2</sup>
Capital Projects Fund	General Fund	100,000 <sup>3</sup>
Nonmajor Funds	Capital Projects Fund	10,602 <sup>4</sup>
Capital Projects Fund	Nonmajor Funds	1,049 <sup>5</sup>

<sup>1</sup> Enterprise fund records a nonreciprocal interfund transfer to the general fund for water/sewer ROW cost recovery.

<sup>2</sup> General fund transferred proceeds on sale of vehicle to CCPD.

<sup>3</sup> General fund transferred to capital fund to the DPS complex.

<sup>4</sup> Street sales tax repair funds were transferred to the capital projects fund for costs related to the 47th CDBG project.

<sup>5</sup> Capital projects fund transferred funds to the street sales tax repair fund for costs related to the water portion of the 47th CDBG project.

# City of Dalworthington Gardens, Texas

## NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2022

### D. Capital Assets

A summary of changes in governmental activities capital assets for the year end was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 291,438	\$ -	\$ -	\$ 291,438
Construction in progress	1,701,540	226,623	(1,888,024)	40,139
Total capital assets not being depreciated	<u>1,992,978</u>	<u>226,623</u>	<u>(1,888,024)</u>	<u>331,577</u>
Capital assets, being depreciated:				
Buildings and improvements	714,974	19,020	1,683,912	2,417,906
Vehicles and equipment	2,821,054	125,731	(38,465)	2,908,320
Right-to-use leased equipment	36,698	-	-	36,698
Infrastructure	5,705,195	712,837	204,112	6,622,144
Total capital assets being depreciated	<u>9,277,921</u>	<u>857,588</u>	<u>1,849,559</u>	<u>11,985,068</u>
Less accumulated depreciation				
Buildings and improvements	502,043	62,822	-	564,865
Vehicles and equipment	1,584,937	227,204	(38,465)	1,773,676
Right-to-use leased equipment	7,931	7,176	-	15,107
Infrastructure	2,813,546	200,233	-	3,013,779
Total accumulated depreciation	<u>4,908,457</u>	<u>497,435</u>	<u>(38,465)</u>	<u>5,367,427</u>
Net capital assets being depreciated	<u>4,369,464</u>	<u>360,153</u>	<u>1,888,024</u>	<u>6,617,641</u>
<b>Total capital assets</b>	<u><u>\$ 6,362,442</u></u>	<u><u>\$ 586,776</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,949,218</u></u>

Depreciation was charged to governmental functions as follows:

Community development	\$ 8,569
General government	66,678
Public safety	208,614
Public works	181,430
Parks and recreation	32,144
<b>Total Governmental Activities Depreciation Expense</b>	<u><u>\$ 497,435</u></u>

# City of Dalworthington Gardens, Texas

## NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2022

A summary of changes in business-type activities capital assets for the year end was as follows:

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 109,201	\$ -	\$ -	\$ 109,201
Construction in progress	11,361	130,263	(120,621)	21,003
<b>Total capital assets not being depreciated</b>	<b>120,562</b>	<b>130,263</b>	<b>(120,621)</b>	<b>130,204</b>
Capital assets, being depreciated:				
Buildings and improvements	1,118	-	-	1,118
Water and sewer system improvements	6,161,194	6,781	120,621	6,288,596
Vehicles and equipment	222,014	55,113	-	277,127
<b>Total capital assets being depreciated</b>	<b>6,384,326</b>	<b>61,894</b>	<b>120,621</b>	<b>6,566,841</b>
Less accumulated depreciation				
Buildings and improvements	1,118	-	-	1,118
Water and sewer system improvements	3,978,621	186,363	-	4,164,984
Vehicles and equipment	155,253	21,542	-	176,795
<b>Total accumulated depreciation</b>	<b>4,134,992</b>	<b>207,905</b>	<b>-</b>	<b>4,342,897</b>
<b>Net capital assets being depreciated</b>	<b>2,249,334</b>	<b>(146,011)</b>	<b>120,621</b>	<b>2,223,944</b>
<b>Total capital assets</b>	<b>\$ 2,369,896</b>	<b>\$ (15,748)</b>	<b>\$ -</b>	<b>\$ 2,354,148</b>

The City had the following construction commitments outstanding at the end of the year:

	Payments Made	Commitments Outstanding
<b><u>DPS Complex</u></b>		
AME Engineering	\$ 8,480	\$ 35,107
<b><u>Orchid Court Storm Sewer Improvements</u></b>		
Instituform	11,700	242,622
<b>TOTAL</b>	<b>\$ 20,180</b>	<b>\$ 277,729</b>

### E. Leases

On December 2, 2019, the City entered into a non-cancellable lease for copier equipment rental in the DPS building. An initial lease liability was recorded for \$29,473, and after payments through September 30, 2021 this resulted in a restatement in the amount of \$19,433.

# City of Dalworthington Gardens, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

As of September 30, 2022, the value of the lease liability was \$13,595. The City is required to make monthly principal and interest payments of \$550. The lease has an interest rate of 4.54%. The equipment has a five-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$8,395.

On July 1, 2021, the City entered into a non-cancellable lease for copier equipment rental in the new city hall building, with deferred payments to begin on November 1, 2021. An initial lease liability was recorded for \$17,321, which was equal to the restatement amount as of September 30, 2021. As of September 30, 2022, the value of the lease liability was \$14,113. The City is required to make monthly principal and interest payments of \$326. The lease has an interest rate of 4.89%. The equipment has a five-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$13,196.

The annual requirements to amortize governmental activities leases payable outstanding at year end were as follows:

<b>Year ending September 30,</b>	<b>Leases</b>	
	<b>Principal</b>	<b>Interest</b>
2023	\$ 9,404	\$ 1,108
2024	9,856	656
2025	4,723	289
2026	3,725	97
	<u>\$ 27,708</u>	<u>\$ 2,150</u>

# City of Dalworthington Gardens, Texas

## NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2022

### F. Long-term Debt

The following is a summary of changes in the City's total governmental and business-type activities long-term liabilities for the year ended. In general, the City uses the debt service fund to liquidate governmental long-term liabilities.

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
<b>Governmental Activities:</b>					
Bonds, notes and other payables:					
Combination Tax and					
Revenue Certificate of Obligation	\$ 1,365,000	\$ -	\$ (60,000)	\$ 1,305,000	\$ 60,000
General Obligation Refunding &					
Improvement Bonds	2,885,000	-	(80,000)	2,805,000	85,000
General Obligation Bonds	955,000	-	(35,000)	920,000	35,000
Deferred amounts:					
For issuance premiums	336,380	-	(17,818)	318,562	-
	5,541,380	-	(192,818)	5,348,562	180,000
Other liabilities:					
Note payable	447,333	-	(45,066)	402,267	46,161
Leases	36,754	-	(9,046)	27,708	9,404
<b>Total Governmental Activities</b>	\$ 6,025,467	\$ -	\$ (246,930)	\$ 5,778,537	\$ 235,565
<b>Long-term liabilities due in more than one year</b>				\$ 5,542,972	
<b>Business-Type Activities:</b>					
Other liabilities:					
Note payable	\$ 343,851	\$ -	\$ (81,606)	\$ 262,245	\$ 84,444
<b>Total Governmental Activities</b>	\$ 343,851	\$ -	\$ (81,606)	262,245	\$ 84,444
<b>Long-term liabilities due in more than one year</b>				\$ 177,801	

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

# City of Dalworthington Gardens, Texas

## NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2022

Long-term debt at year end was comprised of the following debt issues:

	Governmental Activities	Business- Type Activities	Total
<b>Certificates of obligation:</b>			
\$1,755,000 Certificates of obligation, Series 2014, due in annual installments through 2034, interest at 2-4%	\$ 1,305,000	\$ -	\$ 1,305,000
<b>Total certificates of obligation</b>	1,305,000	-	1,305,000
<b>General obligation bonds:</b>			
\$3,190,000 Refunding & improvement bond, Series 2017, due in annual installments through 2042, interest at 2-4.25%	2,805,000	-	2,805,000
\$955,000 General obligation bond, Series 2021, due in annual installments through 2041, interest at 2-4%	920,000	-	920,000
<b>Total general obligation bonds</b>	3,725,000	-	3,725,000
<b>Less deferred amounts:</b>			
Issuance premiums	318,562	-	318,562
<b>Total deferred amounts</b>	318,562	-	318,562
Notes payable	402,267	262,245	664,512
Leases	27,708	-	27,708
<b>Total Debt</b>	\$ 5,778,537	\$ 262,245	\$ 6,040,782

Total governmental capital assets acquired through notes payable had balances as of September 30, 2022 for cost, accumulated depreciation, and carrying value of \$754,023, \$177,326 and \$576,697, respectively. Depreciation expense recognized on these assets during the year ended September 30, 2022 was \$62,678.

Total business-type capital assets acquired through notes payable had balances as of September 30, 2022 for cost, accumulated depreciation, and carrying value of \$414,713, \$86,398, and \$328,314, respectively. Depreciation expense recognized on these assets during the year ended September 30, 2022 was \$41,471.

# City of Dalworthington Gardens, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

The annual requirements to amortize governmental activities debt issues outstanding at year end were as follows:

Year ending September 30,	General Obligation					
	Bonds		2014 C.O. Bond		Notes payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 120,000	\$ 139,219	\$ 60,000	\$ 48,025	\$ 46,161	\$ 9,775
2024	120,000	135,694	60,000	46,225	47,282	8,653
2025	85,000	132,271	100,000	44,125	48,431	7,504
2026	90,000	129,269	105,000	40,625	49,608	6,328
2027	95,000	125,819	105,000	36,950	50,814	5,122
2028	95,000	122,019	110,000	33,275	52,048	3,887
2029	105,000	118,019	115,000	29,425	53,313	2,623
2030	105,000	113,819	120,000	25,400	54,610	1,327
2031	110,000	109,519	125,000	21,200	-	-
2032	115,000	105,113	130,000	16,200	-	-
2033	115,000	100,701	135,000	11,000	-	-
2034	125,000	96,097	140,000	5,600	-	-
2035	275,000	88,304	-	-	-	-
2036	285,000	77,310	-	-	-	-
2037	295,000	66,363	-	-	-	-
2038	310,000	55,413	-	-	-	-
2039	320,000	44,013	-	-	-	-
2040	330,000	31,875	-	-	-	-
2041	335,000	19,038	-	-	-	-
2042	295,000	6,269	-	-	-	-
	<u>\$ 3,725,000</u>	<u>\$ 1,816,144</u>	<u>\$ 1,305,000</u>	<u>\$ 358,050</u>	<u>\$ 402,267</u>	<u>\$ 45,219</u>

Certificate of Obligation Bond, Series 2014; due in annual installments through August 1, 2034, bearing interest ranging from 2% to 4% payable February 1 and August 1.

General Obligation Refunding & Revenue Bond, Series 2017; due in semi-annual installments through February 1, 2042, bearing interest ranging from 2.0% to 4.25% payable February 1 and August 1.

General Obligation Bond, Series 2021; due in semi-annual installments through February 1, 2041, bearing interest ranging from 2.0% to 4.00% payable February 1 and August 1.

Notes payable are secured by the underlying asset. In the event of default, the lender may demand immediate payment or take possession of the asset.

# City of Dalworthington Gardens, Texas

## NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2022

The annual requirements to amortize business-type activities debt issues outstanding at year end were as follows:

Year ending September 30,	Notes payable	
	Principal	Interest
2023	\$ 84,444	\$ 9,121
2024	87,381	6,184
2025	90,420	3,145
	\$ 262,245	\$ 18,450

### G. Other Long-term Liabilities

The following is a summary of changes in the City's other long-term liabilities for the year ended. In general, the City uses the general and enterprise funds to liquidate compensated absences.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Compensated Absences	\$ 70,481	\$ 63,084	\$ (65,778)	\$ 67,787	\$ 61,009
<b>Total Governmental Activities</b>	\$ 70,481	\$ 63,084	\$ (65,778)	\$ 67,787	\$ 61,009
<b>Business-Type Activities:</b>					
Compensated Absences	\$ 8,855	\$ 10,355	\$ (8,713)	\$ 10,497	\$ 9,447
<b>Total Business-Type Activities</b>	\$ 8,855	\$ 10,355	\$ (8,713)	\$ 10,497	\$ 9,447

### H. Fund Equity

The City records fund balance/net position restrictions on the fund level to indicate that a portion of the fund balance is legally restricted for a specific future use or to indicate that a portion of the fund balance is not available for expenditures.



# City of Dalworthington Gardens, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

The following is a list of fund balances/net position restricted by law or the City and commitments made by City Council:

	Fund Balance		Net Position
	Restricted	Committed	Restricted
Parks and recreation	\$ 675,925 <sup>1</sup>	\$ -	\$ 678,595
Volunteer fire department	2,083	-	2,083
Municipal court security	43,933 * <sup>1</sup>	-	43,933
Municipal court automation	93,263 * <sup>1</sup>	-	96,815
Law enforcement	311,463 * <sup>1</sup>	-	311,463
Street repairs	163,309 <sup>1</sup>	-	165,078
Debt service	52,333	-	63,254
CLSFRF-ARPA funds	589,528 *	-	589,528
Capital improvements	1,146,576	-	-
DPS complex	-	100,110	-
Fire truck	-	50,342	-
Capital reserve	-	22,024	-
<b>TOTAL</b>	<b>\$ 3,078,413</b>	<b>\$ 172,476</b>	<b>\$ 1,950,749</b>

\* Restricted by enabling legislation

<sup>1</sup> Special revenue funds

## V. OTHER INFORMATION

### A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the City participates along with over 2,800 other Texas governments & political subdivisions in the Texas Municipal League's Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past four years.

### B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

# City of Dalworthington Gardens, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

### C. Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed correctly, a substantial liability to the City could result. The City does not anticipate that it will have an arbitrage liability.

### D. Pension Plans

#### Texas Municipal Retirement System

##### 1. Plan Description

The City of Dalworthington Gardens, Texas participates as one of 920 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at [www.tMrs.com](http://www.tMrs.com).

All eligible employees of the city are required to participate in TMRS.

##### 2. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members

# City of Dalworthington Gardens, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	<u>Plan Year 2021</u>	<u>Plan Year 2020</u>
Employee deposit rate	7%	7%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100%	100%
Annuity increase (to retirees)	70% of CPI	70% of CPI
Supplemental death benefit to active employees	Yes	Yes
Supplemental death benefit to retirees	Yes	Yes

### **Employees covered by benefit terms**

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

	<u>2021</u>	<u>2020</u>
Inactive employees or beneficiaries currently receiving benefits	16	16
Inactive employees entitled to but not yet receiving benefits	33	31
Active employees	26	27
Total	75	74

### **3. Contributions**

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

# City of Dalworthington Gardens, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

Employees for the City of Dalworthington Gardens, Texas were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Dalworthington Gardens, Texas were 23.22% and 21.22% in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2022, were \$401,849 and were equal to the required contributions.

#### 4. Net Pension Liability (Asset)

The City's Net Pension Liability (Asset) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability (Asset) was determined by an actuarial valuation as of that date.

#### **Actuarial assumptions**

The Total Pension Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.15% per year
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 1, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

# City of Dalworthington Gardens, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

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 real rates of return for each major asset class in fiscal year 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

### Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

### Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 3,531,261	\$ 1,701,634	\$ 247,696

# City of Dalworthington Gardens, Texas

## NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2022

### Changes in the Net Pension Liability:

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) – (b)</b>
<b>Balance at 12/31/20</b>	\$ 9,797,673	\$ 7,777,071	\$ 2,020,602
Changes for the year:			
Service Cost	333,405	-	333,405
Interest (on the Total Pension Liab.)	660,632	-	660,632
Difference between expected and actual experience	255,653	-	255,653
Changes of assumptions	-	-	-
Contributions – employer	-	428,899	(428,899)
Contributions – employee	-	129,298	(129,298)
Net investment income	-	1,015,120	(1,015,120)
Benefit payments, including refunds of emp. contributions	(354,474)	(354,474)	-
Administrative expense	-	(4,691)	4,691
Other changes	-	32	(32)
Net changes	895,216	1,214,184	(318,968)
<b>Balance at 12/31/21</b>	<b>\$ 10,692,889</b>	<b>\$ 8,991,255</b>	<b>\$ 1,701,634</b>

### Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at [www.tmr.com](http://www.tmr.com).

### **5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended September 30, 2022, the City recognized pension expense of \$133,605.

The general fund and water, sewer, and sanitation fund have typically been used to liquidate pension liabilities.

# City of Dalworthington Gardens, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

At September 30, 2022, the City 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
Differences between expected and actual economic experience	\$ 99,698	\$ -
Changes in assumptions	14,049	-
Investment gains (inflows) or losses		
outflows	-	518,530
Contributions subsequent to the measurement date	281,240	-
<b>Total</b>	<b>\$ 394,987</b>	<b>\$ 518,530</b>

The City reported \$281,240 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Plan year ended December 31:</b>	
2022	\$ (68,895)
2023	(143,018)
2024	(94,839)
2025	(98,031)
2026	-
Thereafter	-
<b>Total</b>	<b>\$ (404,783)</b>

### **Supplemental Death Benefits Fund**

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

# City of Dalworthington Gardens, Texas

## NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2022

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

### Employees covered by benefit terms

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	14
Inactive employees entitled to but not yet receiving benefits	8
Active employees	26
Total	48

The City's contributions to the TMRS SDBF for the years ended 2022, 2021, and 2020 were \$1,424, \$1,803, and \$509 respectively, which equaled the required contributions each year. The required contribution rates for the retiree for 2022, 2021 and 2020 was 0.08%, 0.07%, and 0.03%, respectively.

### Total OPEB Liability

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2021, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

### Actuarial assumptions:

The Total OPEB Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.50%, including inflation per year
Discount rate	1.84%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with Scale UMP. For disabled annuitants, the 2019



# City of Dalworthington Gardens, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

### Discount Rate:

The discount rate used to measure the Total OPEB Liability was 1.84%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.

### Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 1.84%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.84%) or 1-percentage-point higher (2.84%) than the current rate.

1% Decrease 0.84%	Current Single Rate Assumption 1.84%	1% Increase 2.84%
\$ 153,336	\$ 119,425	\$ 94,735

### Changes in the Total OPEB Liability:

	Total OPEB Liability
<b>Balance at 12/31/20</b>	\$ 109,252
Changes for the year:	
Service Cost	6,650
Interest	2,239
Difference between expected and actual experience	(1,853)
Changes of assumptions	4,430
Benefit payments	(1,293)
Net changes	10,173
<b>Balance at 12/31/21</b>	<b>\$ 119,425</b>

### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2022, the City recognized OPEB expense of \$14,045.

# City of Dalworthington Gardens, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ -	\$ 2,972
Changes in assumptions	21,672	-
Contributions after the measurement date	1,060	-
<b>Total</b>	<b>\$ 22,732</b>	<b>\$ 2,972</b>

The City reported \$1,060 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the OPEB liability for the year ending September 30, 2023.

Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended December 31:</b>	
2022	\$ 5,156
2023	4,310
2024	6,023
2025	3,211
2026	-
Thereafter	-
	<b>\$ 18,700</b>

The OPEB plan is not administered through a trust, or equivalent arrangement, and there are no assets accumulated in a GASB-compliant trust.

### E. Restatement

Due to the implementation of GASB Statement No. 87, *Leases*, the City restated beginning net position for governmental activities.

# City of Dalworthington Gardens, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

The restatement of beginning fund balance/net position is as follows:

	<b>Governmental Activities</b>
Prior year ending net position, as reported	\$ 2,915,919
Adoption of GASB 87 (lessee) - capital assets	28,767
Adoption of GASB 87 (lessee) - long-term debt	(36,754)
Restated beginning net position	<u>\$ 2,907,932</u>

### F. Subsequent Events

January 13, 2023, the City signed an Interlocal Agreement with Tarrant County to provide funding through the Tarrant County 2021 Transportation Bond Program for \$580,170. The funding will be used for the Corzine Drive Reconstruction project.

There were no additional material subsequent events through March 7, 2023, the date the financial statements were available to be issued.

### G. New Accounting Pronouncements

The City has adopted the provision of Governmental Accounting Standard Board (GASB) Statement No. 87, entitled Leases. Due to the implementation of GASB 87 in the current year, the City recorded right-to-use assets and lease liabilities.

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***REQUIRED SUPPLEMENTARY INFORMATION***

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**City of Dalworthington Gardens, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**

**GENERAL FUND**

For the Year Ended September 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>General</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>				
Property tax	\$ 1,945,243	\$ 1,945,243	\$ 1,974,301	\$ 29,058
Sales tax	539,734	539,734	597,111	57,377
Franchise and local taxes	301,892	301,892	287,538	(14,354)
License and permits	37,450	37,450	80,294	42,844
Municipal court	387,970	387,970	333,577	(54,393)
Oil and gas mineral rights	96,000	96,000	218,198	122,198
Interest income	5,538	5,538	24,170	18,632
Integovernmental	1,200	305,796	307,170	1,374
Other revenues	109,970	38,970	31,869	(7,101)
<b>Total Revenues</b>	<u>3,424,997</u>	<u>3,658,593</u>	<u>3,854,228</u>	<u>195,635</u>
<b>Expenditures</b>				
Current:				
Community development	175,676	187,938	185,241	(2,697)
Municipal court	205,254	204,854	189,983	(14,871)
Administrative	338,275	347,109	335,055	(12,054)
Police	1,980,756	1,983,778	1,614,930	(368,848)
Fire	414,865	422,371	304,245	(118,126)
Public works	157,572	205,654	162,982	(42,672)
Capital outlay	-	78,689	78,689	-
Debt service				
Principal	45,066	54,112	54,112	-
Interest and fiscal charges	10,870	12,336	12,336	-
<b>Total Expenditures</b>	<u>3,328,334</u>	<u>3,496,841</u>	<u>2,937,573</u>	<u>(559,268)</u>
<b>Other Financing Sources (Uses)</b>				
Sale of capital assets	10,000	30,675	15,675	(15,000)
Transfers in	-	66,000	66,000	-
Transfers (out)	(10,000)	(165,872)	(109,200)	56,672
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(69,197)</u>	<u>(27,525)</u>	<u>41,672</u>
<b>Net Change in Fund Balance</b>	<u>\$ 96,663</u>	<u>\$ 92,555</u>	889,130	<u>\$ 796,575</u>
Beginning fund balance			1,900,967	
<b>Ending Fund Balance</b>			<u>\$ 2,790,097</u>	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

See Notes to Financial Statements.

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**City of Dalworthington Gardens, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**PARKS AND RECREATION FACILITY DEVELOPMENT FUND**  
**For the Year Ended September 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Parks and Recreation Facility Development</u>	<u>Variance with Final Budget</u>
<b><u>Revenues</u></b>				
Sales tax	\$ 133,584	\$ 133,584	\$ 148,169	\$ 14,585
Intergovernmental	-	-	331	331
Other revenues	50,000	-	616	616
Interest income	1,980	1,980	3,647	1,667
<b>Total Revenues</b>	<u>185,564</u>	<u>135,564</u>	<u>152,763</u>	<u>17,199</u>
<b><u>Expenditures</u></b>				
Current:				
Parks and recreation	103,419	180,099	150,352	(29,747)
Capital outlay	100,000	50,000	-	(50,000)
<b>Total Expenditures</b>	<u>203,419</u>	<u>230,099</u>	<u>150,352</u>	<u>(79,747)</u>
<b>Revenues Over (Under)</b>	<u>(17,855)</u>	<u>(94,535)</u>	<u>2,411</u>	<u>96,946</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Sale of capital assets	-	-	425	425
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>425</u>	<u>425</u>
<b>Net Change in Fund Balance</b>	<u>\$ (17,855)</u>	<u>\$ (94,535)</u>	2,836	<u>\$ 97,371</u>
Beginning fund balance			675,759	
<b>Ending Fund Balance</b>			<u>\$ 678,595</u>	

Notes to Required Supplementary Information

- Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

See Notes to Financial Statements.

# City of Dalworthington Gardens, Texas

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Years Ended December 31,

	<sup>1</sup> 12/31/2021	12/31/2020	12/31/2019
Total pension liability			
Service cost	\$ 333,405	\$ 336,573	\$ 296,220
Interest	660,632	622,439	578,828
Differences between expected and actual experience	255,653	(45,950)	42,318
Changes in assumptions	-	-	51,678
Benefit payments, including refunds of participant contributions	(354,474)	(336,841)	(349,415)
<b>Net change in total pension liability</b>	<u>895,216</u>	<u>576,221</u>	<u>619,629</u>
<b>Total pension liability - beginning</b>	<u>9,797,673</u>	<u>9,221,452</u>	<u>8,601,823</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 10,692,889</u>	<u>\$ 9,797,673</u>	<u>\$ 9,221,452</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 428,899	\$ 365,287	\$ 340,726
Contributions - members	129,298	121,821	111,661
Net investment income (loss)	1,015,120	538,835	937,288
Benefit payments, including refunds of participant contributions	(354,474)	(336,841)	(349,415)
Administrative expenses	(4,691)	(3,483)	(5,291)
Other	32	(136)	(159)
<b>Net change in plan fiduciary net position</b>	<u>1,214,184</u>	<u>685,483</u>	<u>1,034,810</u>
<b>Plan fiduciary net position - beginning</b>	<u>7,777,071</u>	<u>7,091,588</u>	<u>6,056,778</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 8,991,255</u>	<u>\$ 7,777,071</u>	<u>\$ 7,091,588</u>
<b>Fund's net pension liability (asset) - ending (a) - (b)</b>	<u>\$ 1,701,634</u>	<u>\$ 2,020,602</u>	<u>\$ 2,129,864</u>
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	 84.09%	 79.38%	 76.90%
 <b>Covered payroll</b>	 \$ 1,847,113	 \$ 1,740,294	 \$ 1,595,158
 <b>Fund's net position as a percentage of covered payroll</b>	 92.12%	 116.11%	 133.52%

**Notes to schedule:**

1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
\$	266,612	\$ 265,078	\$ 282,630	\$ 277,028	\$ 265,704
	586,613	553,489	525,093	513,667	481,756
	(608,873)	25,994	(60,072)	(94,934)	(136,520)
	-	-	-	18,672	-
	(399,577)	(309,626)	(326,752)	(225,598)	(95,888)
	(155,225)	534,935	420,899	488,835	515,052
	8,757,048	8,222,113	7,801,214	7,312,379	6,797,327
\$	<u>8,601,823</u>	<u>\$ 8,757,048</u>	<u>\$ 8,222,113</u>	<u>\$ 7,801,214</u>	<u>\$ 7,312,379</u>
\$	327,290	\$ 345,843	\$ 355,310	\$ 354,059	\$ 325,816
	108,631	109,991	113,311	110,496	107,327
	(186,186)	739,082	328,786	6,820	232,020
	(399,577)	(309,626)	(326,752)	(225,598)	(95,888)
	(3,595)	(3,828)	(3,711)	(4,153)	(2,421)
	(188)	(194)	(200)	(205)	(199)
	(153,625)	881,268	466,744	241,419	566,655
	6,210,403	5,329,135	4,862,391	4,620,972	4,054,317
\$	<u>6,056,778</u>	<u>\$ 6,210,403</u>	<u>\$ 5,329,135</u>	<u>\$ 4,862,391</u>	<u>\$ 4,620,972</u>
\$	<u>2,545,045</u>	<u>\$ 2,546,645</u>	<u>\$ 2,892,978</u>	<u>\$ 2,938,823</u>	<u>\$ 2,691,407</u>
	70.41%	70.92%	64.81%	62.33%	63.19%
\$	1,551,874	\$ 1,571,297	\$ 1,618,726	\$ 1,578,510	\$ 1,516,714
	164.00%	162.07%	178.72%	186.18%	177.45%

**City of Dalworthington Gardens, Texas**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN**  
**For the Years Ended:**

	<sup>1</sup> 9/30/2022	9/30/2021	9/30/2020
Actuarially determined employer contributions	\$ 401,849	\$ 416,081	\$ 357,853
Contributions in relation to the actuarially determined contribution	401,849	416,081	357,853
Contribution deficiency (excess)	-	-	-
Annual covered payroll	\$ 1,844,773	\$ 1,841,226	\$ 1,696,592
Employer contributions as a percentage of covered payroll	21.78%	22.60%	21.09%

**NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN**

**Valuation Date:**

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	24 years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

**Other Information:**

Notes There were no benefit changes during the year.

1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>
\$ 329,285	\$ 331,898	\$ 350,145	\$ 346,656	\$ 334,267
<u>329,285</u>	<u>331,898</u>	<u>350,145</u>	<u>346,656</u>	<u>334,267</u>
-	-	-	-	-
\$ 1,546,926	\$ 1,555,187	\$ 1,592,059	\$ 1,569,560	\$ 1,514,074
21.29%	21.34%	21.99%	22.09%	22.08%

# City of Dalworthington Gardens, Texas

## SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) LIABILITY AND RELATED RATIOS

### TEXAS MUNICIPAL RETIREMENT SYSTEM

Year Ended December 31,

	<sup>1</sup> 2021	2020
Total OPEB liability		
Service cost	\$ 6,650	\$ 5,395
Interest	2,239	2,311
Changes of assumptions	4,430	17,667
Differences in expected and actual experience	(1,853)	2,812
Benefit payments, including refunds of participant contributions	(1,293)	(522)
<b>Net changes</b>	<b>10,173</b>	<b>27,663</b>
<b>Total OPEB liability - beginning</b>	<b>109,252</b>	<b>81,589</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 119,425</b>	<b>\$ 109,252</b>
<b>Covered-employee payroll</b>	<b>\$ 1,847,113</b>	<b>\$ 1,740,294</b>
<b>Total OPEB Liability as a percentage of covered-employee payroll</b>	<b>6.47%</b>	<b>6.28%</b>

**Notes to schedule:**

<sup>1</sup> This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

<sup>2</sup> No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

<u>2019</u>	<u>2018</u>	<u>2017</u>
\$ 3,350	\$ 2,638	\$ 2,200
2,338	2,424	2,349
14,500	(5,439)	6,623
300	(9,789)	-
(479)	(310)	(314)
20,009	(10,476)	10,858
61,580	72,056	61,198
\$ 81,589	\$ 61,580	\$ 72,056
\$ 1,595,158	\$ 1,551,874	\$ 1,571,297
5.11%	3.97%	4.59%

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***OTHER SUPPLEMENTARY INFORMATION***

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**City of Dalworthington Gardens, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**For the Year Ended September 30, 2022**

	<b>Original &amp; Final Budget</b>	<b>Debt Service</b>	<b>Variance with Final Budget</b>
<b><u>Revenues</u></b>			
Property tax	\$ 314,651	\$ 317,467	\$ 2,816
Interest income	114	875	761
Other revenue		1,775	1,775
<b>Total Revenues</b>	314,765	320,117	5,352
<b><u>Expenditures</u></b>			
Current:			
Debt service			
Principal	175,000	175,000	-
Interest and fiscal charges	190,698	190,698	-
<b>Total Expenditures</b>	365,698	365,698	-
<b>Revenues Over (Under) Expenditures</b>	(50,933)	(45,581)	5,352
<b>Net Change in Fund Balance</b>	\$ (50,933)	(45,581)	\$ 5,352
Beginning fund balance		97,914	
<b>Ending Fund Balance</b>		\$ 52,333	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

See Notes to Financial Statements.

**City of Dalworthington Gardens, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**CAPITAL PROJECTS FUND**  
**For the Year Ended September 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Capital Projects</u>	<u>Variance with Final Budget</u>
<b><u>Revenues</u></b>				
Interest income	\$ 385	\$ 385	\$ 9,132	\$ 8,747
Other revenue	-	-	930	930
<b>Total Revenues</b>	<u>385</u>	<u>385</u>	<u>10,062</u>	<u>9,677</u>
<b><u>Expenditures</u></b>				
Current:				
Administrative	-	-	14,096	14,096
Capital outlay	745,033	1,095,629	141,368	(954,261)
<b>Total Expenditures</b>	<u>745,033</u>	<u>1,095,629</u>	<u>155,464</u>	<u>(940,165)</u>
<b>Revenues Over (Under)</b>	<u>(744,648)</u>	<u>(1,095,244)</u>	<u>(145,402)</u>	<u>949,842</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	-	101,049	101,049	-
Transfers (out)	-	(10,602)	(10,602)	-
<b>Total Other Financing Sources</b>	<u>-</u>	<u>90,447</u>	<u>90,447</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ (744,648)</u>	<u>\$ (1,004,797)</u>	<u>(54,955)</u>	<u>\$ 949,842</u>
Beginning fund balance			1,301,641	
<b>Ending Fund Balance</b>			<u>\$ 1,246,686</u>	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

See Notes to Financial Statements.

**City of Dalworthington Gardens, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**CRIME CONTROL AND PREVENTION DISTRICT**  
**For the Year Ended September 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Crime Control and Prevention</u>	<u>Variance with Final Budget</u>
<b><u>Revenues</u></b>				
Sales tax	\$ 267,167	\$ 267,167	\$ 294,486	\$ 27,319
Interest income	95	95	821	726
<b>Total Revenues</b>	<u>267,262</u>	<u>267,262</u>	<u>295,307</u>	<u>28,045</u>
<b><u>Expenditures</u></b>				
Current:				
Public safety	167,118	176,580	163,382	(13,198)
Capital outlay	132,822	361,605	36,269	(325,336)
<b>Total Expenditures</b>	<u>299,940</u>	<u>538,185</u>	<u>199,651</u>	<u>(338,534)</u>
<b>Revenues Over (Under)</b>	<u>(32,678)</u>	<u>(270,923)</u>	<u>95,656</u>	<u>366,579</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	10,000	65,872	9,200	(56,672)
<b>Total Other Financing (Sources)</b>	<u>10,000</u>	<u>65,872</u>	<u>9,200</u>	<u>(56,672)</u>
<b>Net Change in Fund Balance</b>	<u>\$ (22,678)</u>	<u>\$ (205,051)</u>	104,856	<u>\$ 309,907</u>
Beginning fund balance			<u>202,438</u>	
<b>Ending Fund Balance</b>			<u>\$ 307,294</u>	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles

See Notes to Financial Statements.

**City of Dalworthington Gardens, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**MUNICIPAL COURT SECURITY FUND**  
**For the Year Ended September 30, 2022**

	<b>Original and Final</b>	<b>Muni. Court Security</b>	<b>Variance with Final Budget</b>
<b><u>Revenues</u></b>			
Fines and forfeitures	\$ 12,000	\$ 10,287	\$ (1,713)
Interest income	200	36	(164)
<b>Total Revenues</b>	12,200	10,323	(1,877)
<b><u>Expenditures</u></b>			
Current:			
Public safety	1,892	149	(1,743)
<b>Total Expenditures</b>	1,892	149	(1,743)
<b>Revenues Over (Under) Expenditures</b>	10,308	10,174	(134)
<b>Net Change in Fund Balance</b>	\$ 10,308	10,174	\$ (134)
Beginning fund balance		33,759	
<b>Ending Fund Balance</b>		\$ 43,933	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

See Notes to Financial Statements.

**City of Dalworthington Gardens, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**MUNICIPAL COURT AUTOMATION FUND**  
**For the Year Ended September 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Muni. Court Automation</u>	<u>Variance with Final Budget</u>
<b><u>Revenues</u></b>				
Fines and forfeitures	\$ 12,000	\$ 12,000	\$ 9,105	\$ (2,895)
Interest income	200	200	85	(115)
<b>Total Revenues</b>	<u>12,200</u>	<u>12,200</u>	<u>9,190</u>	<u>(3,010)</u>
<b><u>Expenditures</u></b>				
Current:				
Public safety	16,463	20,163	19,500	(663)
<b>Total Expenditures</b>	<u>16,463</u>	<u>20,163</u>	<u>19,500</u>	<u>(663)</u>
<b>Revenues Over (Under)</b>	<u>(4,263)</u>	<u>(7,963)</u>	<u>(10,310)</u>	<u>(2,347)</u>
<b>Net Change in Fund Balance</b>	<u>\$ (4,263)</u>	<u>\$ (7,963)</u>	<u>(10,310)</u>	<u>\$ (2,347)</u>
Beginning fund balance			<u>107,125</u>	
<b>Ending Fund Balance</b>			<u>\$ 96,815</u>	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

See Notes to Financial Statements.

**City of Dalworthington Gardens, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**PUBLIC SAFETY SEIZURES FUND**  
**For the Year Ended September 30, 2022**

	<b>Original &amp; Final</b>	<b>Public Safety Seizures</b>	<b>Variance with Final Budget</b>
<b><u>Revenues</u></b>			
Fines and forfeitures	\$ -	\$ 250	\$ 250
<b>Total Revenues</b>	-	250	250
<b><u>Expenditures</u></b>			
Current:			
Public safety	-	-	-
<b>Total Expenditures</b>	-	-	-
<b>Revenues Over (Under) Expenditures</b>	-	250	250
<b>Net Change in Fund Balance</b>	\$ -	250	\$ 250
Beginning fund balance		3,919	
<b>Ending Fund Balance</b>		\$ 4,169	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

See Notes to Financial Statements.



**City of Dalworthington Gardens, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**STREET SALES TAX FUND**  
**For the Year Ended September 30, 2022**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Sales Tax</b>	<b>Variance with Final Budget</b>
<b><u>Revenues</u></b>				
Sales tax	\$ 133,584	\$ 133,584	\$ 148,169	\$ 14,585
Interest income	139	139	1,852	1,713
<b>Total Revenues</b>	133,723	133,723	150,021	16,298
<b><u>Expenditures</u></b>				
Current:				
Public works	40,000	26,300	21,012	(5,288)
Capital Outlay	-	125,558	125,558	-
<b>Total Expenditures</b>	40,000	151,858	146,570	(5,288)
<b>Revenues Over (Under)</b>	93,723	(18,135)	3,451	21,586
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	-	10,602	10,602	-
Transfers (out)	-	(1,049)	(1,049)	-
<b>Total Other Financing Sources</b>	-	9,553	9,553	-
<b>Net Change in Fund Balance</b>	\$ 93,723	\$ (8,582)	13,004	\$ 21,586
Beginning fund balance			150,305	
<b>Ending Fund Balance</b>			\$ 163,309	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

See Notes to Financial Statements.

**City of Dalworthington Gardens, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**PROPRIETARY FUND**

For the Year Ended September 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Proprietary Fund</u>	<u>Variance with Final Budget</u>
<b><u>Revenues</u></b>				
Water sales	\$ 1,093,105	\$ 1,348,105	\$ 1,364,814	\$ 16,709
Sewer revenue	655,795	715,795	718,812	3,017
Refuse collection	197,331	197,331	194,286	(3,045)
Other revenue	31,598	51,829	52,599	770
<b>Total Operating Revenues</b>	<u>1,977,829</u>	<u>2,313,060</u>	<u>2,330,511</u>	<u>17,451</u>
<b><u>Expenditures</u></b>				
Current:				
Cost of water	471,273	624,523	624,520	(3)
Cost of sewer	348,109	372,359	372,353	(6)
Cost of refuse	178,766	178,766	175,029	(3,737)
Personnel	455,583	366,022	366,169	147
Material, utilities & maintenance	187,590	213,753	212,979	(774)
Contracted & other services	150,177	153,048	124,623	(28,425)
Notes payable principal	81,606	81,606	81,606	-
Capital outlay	94,779	137,155	124,589	(12,566)
<b>Total Operating Expenses</b>	<u>1,967,883</u>	<u>2,127,232</u>	<u>2,081,868</u>	<u>(45,364)</u>
<b>Operating Income (Loss)</b>	9,946	185,828	248,643	62,815
<b><u>Nonoperating Revenues (Expenses)</u></b>				
Intergovernmental	-	4,580	5,760	1,180
Investment income	240	240	473	233
Sale of capital assets	-	5,125	5,125	-
Interest expense	(10,186)	(10,186)	(10,161)	25
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(9,946)</u>	<u>(241)</u>	<u>1,197</u>	<u>1,438</u>
<b>Income (Loss) Before Transfers</b>	-	185,587	249,840	64,253
Transfers (out)	-	(66,000)	(66,000)	-
<b>Net Change in Net Position</b>	<u>\$ -</u>	<u>\$ 119,587</u>	183,840	<u>\$ 64,253</u>
Beginning fund balance			2,208,219	
<b>Ending Net Position-modified</b>			<u>2,392,059</u> <sup>1</sup>	
Lease principal payments			81,606	
Capital expenses			124,589	
Capital contribution			67,568	
Depreciation			(207,905)	
<b>Ending Net Position</b>			<u>\$ 2,457,917</u>	

<sup>1</sup> Comparison schedule presented on modified accrual basis

# City of Dalworthington Gardens, Texas

## SCHEDULE OF SERVICES AND RATES

For the Year Ended September 30, 2022

(Unaudited)

1. Services provided by the City: Retail Water & Sewer  
Garbage and Household Hazardous Waste (HHW) provided by 3rd party and billed by the City.
2. Retail water rates based on 5/8 x 3/4" meter  
Most prevalent type of meter: 5/8 x 3/4"

<u>Water:</u>	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Maximum Gallons</u>	<u>Flat Rate (Y/N)</u>	<u>Rate per 1k gallons &gt; min</u>
Residential	\$30	2,000	N/A	Y	\$4.25
Commercial	\$55	2,000	N/A	Y	\$4.25
 <u>Sewer:</u>					
Residential	\$25	2,000	15,000	Y	\$4.00
Commercial	\$55	2,000	N/A	Y	\$4.00

City employs winter averging for sewer usage? No

Total charges per 10,000 gallons of residential usage:	Water	Sewer
	\$64	\$57

<u>Monthly Rate</u>	<u>Garbage</u>	<u>HHW</u>
Residential	\$16.95	\$1.00
Commercial hand-collect	\$21.11	N/A

3. Total water consumption (in thousands) during the fiscal year:  

Gallons pumped into system:	21,091
Billed gallons to customers and flushing gallons:	20,369
Water accountability ratio:	96.6%

4. Retail water connections within the City as of the fiscal year end.

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>
5/8" x 3/4"	632	620
1"	385	382
1 1/2"	28	28
2"	33	32
Total Water Connections	1,078	1,062

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***COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES***

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## ***NONMAJOR GOVERNMENTAL FUNDS***

### ***MUNICIPAL COURT SECURITY FUND***

The Municipal Court Security Fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for municipal court security.

### ***MUNICIPAL COURT AUTOMATION FUND***

The Municipal Court Automation Fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for municipal court automation.

### ***PUBLIC SAFETY SEIZURES FUND***

The Public Safety Seizures Fund accounts for police seizures that are still involved in the court system.

### ***CRIME CONTROL AND PREVENTION DISTRICT FUND***

This is a special purpose district that collects sales tax within its boundaries for the purpose of controlling and preventing crime.

### ***STREET SALES TAX FUND***

The Street Sales Tax Fund accounts for the proceeds of 1/4% sales tax to be used for street repair projects.

# City of Dalworthington Gardens, Texas

## COMBINING BALANCE SHEET

### NONMAJOR GOVERNMENTAL FUNDS

September 30, 2022

	Municipal Court Security	Municipal Court Automation	Public Safety Seizures	Crime Control & Prevention
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 43,933	\$ 94,663	\$ 4,169	\$ 261,851
Restricted cash	-	-	-	-
Receivables, net	-	-	-	51,980
Prepaid expenses	-	3,552	-	-
<b>Total Assets</b>	<b>\$ 43,933</b>	<b>\$ 98,215</b>	<b>\$ 4,169</b>	<b>\$ 313,831</b>
 <b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	-	1,400	-	6,537
<b>Total Liabilities</b>	<b>-</b>	<b>1,400</b>	<b>-</b>	<b>6,537</b>
<b><u>Fund Balances</u></b>				
Nonspendable	-	3,552	-	-
Restricted	43,933	93,263	4,169	307,294
<b>Total Fund Balances</b>	<b>43,933</b>	<b>96,815</b>	<b>4,169</b>	<b>307,294</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 43,933</b>	<b>\$ 98,215</b>	<b>\$ 4,169</b>	<b>\$ 313,831</b>



<b>Street Sales</b>	
<b>Tax</b>	<b>Total</b>
\$ 140,660	\$ 545,276
-	-
26,081	78,061
-	3,552
<u>\$ 166,741</u>	<u>\$ 626,889</u>
3,432	11,369
<u>3,432</u>	<u>11,369</u>
-	3,552
163,309	611,968
<u>163,309</u>	<u>615,520</u>
<u>\$ 166,741</u>	<u>\$ 626,889</u>

**City of Dalworthington Gardens, Texas**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2022**

	<b>Municipal Court Security</b>	<b>Municipal Court Automation</b>	<b>Public Safety Seizures</b>	<b>Crime Control &amp; Prevention</b>
<b><u>Revenues</u></b>				
Sales tax	\$ -	\$ -	\$ -	\$ 294,486
Fines and forfeitures	10,287	9,105	250	-
Interest income	-	85	-	821
Other income	36	-	-	-
<b>Total Revenues</b>	<b>10,323</b>	<b>9,190</b>	<b>250</b>	<b>295,307</b>
<b><u>Expenditures</u></b>				
Current:				
Public safety	149	19,500	-	163,382
Public works	-	-	-	-
Capital outlay	-	-	-	36,269
<b>Total Expenditures</b>	<b>149</b>	<b>19,500</b>	<b>-</b>	<b>199,651</b>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	-	-	-	9,200
Transfers (out)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,200</b>
<b>Net Change in Fund Balances</b>	<b>10,174</b>	<b>(10,310)</b>	<b>250</b>	<b>104,856</b>
Beginning fund balances	33,759	107,125	3,919	202,438
<b>Ending Fund Balances</b>	<b>\$ 43,933</b>	<b>\$ 96,815</b>	<b>\$ 4,169</b>	<b>\$ 307,294</b>

<b>Street Sales</b>	
<b>Tax</b>	<b>Total</b>
\$ 148,169	\$ 442,655
-	19,642
1,852	2,758
-	36
<u>150,021</u>	<u>465,091</u>
-	183,031
21,012	21,012
125,558	161,827
<u>146,570</u>	<u>365,870</u>
10,602	19,802
<u>(1,049)</u>	<u>(1,049)</u>
<u>9,553</u>	<u>18,753</u>
13,004	117,974
150,305	497,546
<u>\$ 163,309</u>	<u>\$ 615,520</u>

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## *STATISTICAL SECTION*

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<b><u>Contents</u></b>	<b>Pages</b>
<i>Financial Trends</i>	120-129
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<i>Revenue Capacity</i>	130-137
These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.	
<i>Debt Capacity</i>	138-143
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
<i>Demographic and Economic Information</i>	144-145
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
<i>Operating Information</i>	146-151
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

# City of Dalworthington Gardens, Texas

## NET POSITION BY COMPONENT

Last Ten Fiscal Years

(accrual basis of accounting)

	2013	2014	2015	2016
<b>Governmental Activities</b>				
Net investment in				
capital assets	\$ 1,035,882	\$ 1,566,193	\$ 1,550,369	\$ 1,397,164
Restricted	621,720	726,479	677,142	747,893
Unrestricted	1,843,415	1,055,031	(1,176,014)	(1,949,562)
<b>Total Governmental</b>				
<b>Net Position</b>	<b>\$ 3,501,017</b>	<b>\$ 3,347,703</b>	<b>\$ 1,051,497</b>	<b>\$ 195,495</b>
<b>Business-type Activities</b>				
Net investment in				
capital assets	\$ 1,728,648	\$ 1,632,261	\$ 1,500,419	\$ 1,371,368
Restricted	-	-	-	-
Unrestricted	352,164	282,863	(176,613)	(623,207)
<b>Total Business-type Activities Net Position</b>	<b>\$ 2,080,812</b>	<b>\$ 1,915,124</b>	<b>\$ 1,323,806</b>	<b>\$ 748,161</b>
<b>Primary Government</b>				
Net investment in				
capital assets	\$ 2,764,530	\$ 3,198,454	\$ 3,050,788	\$ 2,768,532
Restricted	621,720	726,479	677,142	747,893
Unrestricted	2,195,579	1,337,894	(1,352,627)	(2,572,769)
<b>Total Primary Government Net Position</b>	<b>\$ 5,581,829</b>	<b>\$ 5,262,827</b>	<b>\$ 2,375,303</b>	<b>\$ 943,656</b>

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 158,570	\$ 670,317	\$ 842,275	\$ 1,283,471	\$ 1,623,597	\$ 2,304,559
857,671	729,051	916,781	1,144,354	1,570,039	1,950,749
<u>(1,951,528)</u>	<u>(1,743,036)</u>	<u>(1,242,945)</u>	<u>(958,244)</u>	<u>(285,704)</u>	<u>620,526</u>
<u>\$ (935,287)</u>	<u>\$ (343,668)</u>	<u>\$ 516,111</u>	<u>\$ 1,469,581</u>	<u>\$ 2,907,932</u>	<u>\$ 4,875,834</u>
\$ 2,213,593	\$ 2,266,376	\$ 2,128,576	\$ 2,107,200	\$ 2,026,045	\$ 2,091,903
-	-	-	187,881	-	-
<u>(285,441)</u>	<u>(361,590)</u>	<u>(348,826)</u>	<u>(216,070)</u>	<u>182,174</u>	<u>366,014</u>
<u>\$ 1,928,152</u>	<u>\$ 1,904,786</u>	<u>\$ 1,779,750</u>	<u>\$ 2,079,011</u>	<u>\$ 2,208,219</u>	<u>\$ 2,457,917</u>
\$ 2,372,163	\$ 2,936,693	\$ 2,970,851	\$ 3,390,671	\$ 3,649,642	\$ 4,396,462
857,671	729,051	916,781	1,332,235	1,570,039	1,950,749
<u>(2,236,969)</u>	<u>(2,104,626)</u>	<u>(1,591,771)</u>	<u>(1,174,314)</u>	<u>(103,530)</u>	<u>986,540</u>
<u>\$ 992,865</u>	<u>\$ 1,561,118</u>	<u>\$ 2,295,861</u>	<u>\$ 3,548,592</u>	<u>\$ 5,116,151</u>	<u>\$ 7,333,751</u>

# City of Dalworthington Gardens, Texas

## CHANGES IN NET POSITION

Last Ten Fiscal Years

(accrual basis of accounting)

	2012	2013	2014	2015
<b>Expenses</b>				
<b>Governmental Activities:</b>				
Community development	\$	\$	\$	\$
General government	785,607	985,501	822,839	1,060,768
Public safety	1,824,727	1,735,647	1,820,837	2,109,499
Public works	375,514	409,102	482,299	450,297
Parks and recreation				
Interest and fiscal charges	69,272	49,893	164,227	66,443
<b>Total Governmental Activities</b>	3,055,120	3,180,143	3,290,202	3,687,007
<b>Business-Type Activities:</b>				
Water, sewer, & sanitation	1,299,955	1,303,696	1,505,826	1,628,878
<b>Total Business-Type Activities</b>	1,299,955	1,303,696	1,505,826	1,628,878
<b>Total Primary Government</b>	\$ 4,355,075	\$ 4,483,839	\$ 4,796,028	\$ 5,315,885
<b>Program Revenues</b>				
<b>Governmental Activities:</b>				
Charges for services:				
Community development	\$ -	\$ -	\$ -	\$ -
General government	82,722	115,978	69,747	64,832
Public safety	777,358	944,803	775,168	744,341
Operating grants & contributions	-	-	-	-
Capital grants & contributions	-	-	-	-
<b>Total Governmental Activities</b>	860,080	1,060,781	844,915	809,173
<b>Business-Type Activities:</b>				
Charges for services:				
Water, sewer, & sanitation	1,378,205	1,251,831	1,381,330	1,236,177
Operating grants & contributions	-	-	-	-
Capital grants & contributions	-	-	-	-
<b>Total Business-Type Activities</b>	1,378,205	1,251,831	1,381,330	1,236,177
<b>Total Primary Government</b>	\$ 2,238,285	\$ 2,312,612	\$ 2,226,245	\$ 2,045,350
<b>Net (Expense)/Revenue</b>				
Governmental Activities	\$ (2,195,040)	\$ (2,119,362)	\$ (2,445,287)	\$ (2,877,834)
Business-Type Activities	78,250	(51,865)	(124,496)	(392,701)
<b>Total Primary Government</b>	\$ (2,116,790)	\$ (2,171,227)	\$ (2,569,783)	\$ (3,270,535)



2016	2017	2018	2019	2020	2021	2022
\$	\$	\$	\$ 213,510	\$ 195,897	\$ 171,754	\$ 178,331
863,364	779,597	640,615	324,896	348,346	339,178	398,312
2,184,652	2,123,033	2,029,993	2,178,548	2,218,488	2,460,294	2,324,745
1,000,728	416,975	360,568	294,305	259,123	375,022	358,879
114,229	105,100	189,202	116,303	120,630	107,909	178,124
79,751	244,947	165,508	160,193	156,835	217,254	185,401
<u>4,242,724</u>	<u>3,669,652</u>	<u>3,385,886</u>	<u>3,287,755</u>	<u>3,299,319</u>	<u>3,671,411</u>	<u>3,623,792</u>
1,906,406	1,669,094	1,755,314	1,788,601	1,809,397	1,851,820	2,093,739
<u>1,906,406</u>	<u>1,669,094</u>	<u>1,755,314</u>	<u>1,788,601</u>	<u>1,809,397</u>	<u>1,851,820</u>	<u>2,093,739</u>
<u>\$ 6,149,130</u>	<u>\$ 5,338,746</u>	<u>\$ 5,141,200</u>	<u>\$ 5,076,356</u>	<u>\$ 5,108,716</u>	<u>\$ 5,523,231</u>	<u>\$ 5,717,531</u>
\$ -	\$ -	\$ -	\$ 85,294	\$ 74,458	\$ 63,449	\$ 80,294
165,018	198,685	97,791	-	-	-	-
561,564	533,399	532,338	521,455	404,773	405,390	353,219
-	-	-	-	39,703	326,631	12,714
120,000	-	477,253	-	85,784	382,985	997,114
<u>846,582</u>	<u>732,084</u>	<u>1,107,382</u>	<u>606,749</u>	<u>604,718</u>	<u>1,178,455</u>	<u>1,443,341</u>
1,330,579	1,669,699	1,752,416	1,658,820	1,940,032	1,970,580	2,330,511
-	-	-	-	46,619	8,824	5,760
-	-	-	-	80,046	-	67,568
<u>1,330,579</u>	<u>1,669,699</u>	<u>1,752,416</u>	<u>1,658,820</u>	<u>2,066,697</u>	<u>1,979,404</u>	<u>2,403,839</u>
<u>\$ 2,177,161</u>	<u>\$ 2,401,783</u>	<u>\$ 2,859,798</u>	<u>\$ 2,265,569</u>	<u>\$ 2,671,415</u>	<u>\$ 3,157,859</u>	<u>\$ 3,847,180</u>
\$ (3,396,142)	\$ (2,937,568)	\$ (2,278,504)	\$ (2,681,006)	\$ (2,694,601)	\$ (2,492,956)	\$ (2,180,451)
(575,827)	605	(2,898)	(129,781)	257,300	127,584	310,100
<u>\$ (3,971,969)</u>	<u>\$ (2,936,963)</u>	<u>\$ (2,281,402)</u>	<u>\$ (2,810,787)</u>	<u>\$ (2,437,301)</u>	<u>\$ (2,365,372)</u>	<u>\$ (1,870,351)</u>

# City of Dalworthington Gardens, Texas

## CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years

(accrual basis of accounting)

	2012	2013	2014	2015
<b>General Revenues</b>				
<b>Governmental Activities:</b>				
Taxes:				
Property taxes	\$ 863,466	\$ 858,985	\$ 842,617	\$ 848,431
Sales taxes	778,877	614,248	726,602	784,902
Franchise taxes	377,860	372,173	401,536	378,440
Oil and gas mineral rights	490,436	348,765	227,154	650,113
Interest income	542	333	135	102
Other revenue	74,934	58,694	73,332	47,051
Gain (loss) on sale of assets			13,660	7,000
Transfers, net		43,444	41,324	37,200
<b>Total Governmental Activities</b>	<u>2,586,115</u>	<u>2,296,642</u>	<u>2,326,360</u>	<u>2,753,239</u>
<b>Business-Type Activities:</b>				
Interest income	545	335	132	100
Other income	-	-	-	-
Gain (loss) on sale of assets	-	-	-	-
Transfers, net	-	(43,444)	(41,324)	(37,200)
<b>Total Business-Type Activities</b>	<u>545</u>	<u>(43,109)</u>	<u>(41,192)</u>	<u>(37,100)</u>
<b>Total Primary Government</b>	<u>\$ 2,586,660</u>	<u>\$ 2,253,533</u>	<u>\$ 2,285,168</u>	<u>\$ 2,716,139</u>
<b>Change in Net Position</b>				
Governmental Activities	\$ 391,075	\$ 177,280	\$ (118,927)	\$ (124,595)
Business-Type Activities	78,795	(94,974)	(165,688)	(429,801)
<b>Total Primary Government</b>	<u>\$ 469,870</u>	<u>\$ 82,306</u>	<u>\$ (284,615)</u>	<u>\$ (554,396)</u>

2016	2017	2018	2019	2020	2021	2022
\$ 857,678	\$ 927,715	\$ 1,252,733	\$ 1,900,957	\$ 1,993,889	\$ 2,178,050	\$ 2,296,774
768,334	772,811	790,310	841,944	1,008,013	1,115,667	1,187,935
371,677	365,243	345,480	376,434	355,690	312,868	287,538
497,937	397,197	306,034	202,527	123,088	149,714	218,198
1,313	6,747	55,662	99,595	50,268	9,828	40,582
43,201	109,080	115,035	114,374	117,123	146,180	35,226
-	-	-	-	-	19,000	16,100
-	(838,644)	56,691	(4,151)	-	-	66,000
<u>2,540,140</u>	<u>1,740,149</u>	<u>2,921,945</u>	<u>3,531,680</u>	<u>3,648,071</u>	<u>3,931,307</u>	<u>4,148,353</u>
182	174	2,401	4,248	1,651	1,624	473
-	226,939	42,967	36,656	40,310	-	-
-	-	-	-	-	-	5,125
-	838,644	(56,691)	4,151	-	-	(66,000)
<u>182</u>	<u>1,065,757</u>	<u>(11,323)</u>	<u>45,055</u>	<u>41,961</u>	<u>1,624</u>	<u>(60,402)</u>
<u>\$ 2,540,322</u>	<u>\$ 2,805,906</u>	<u>\$ 2,910,622</u>	<u>\$ 3,576,735</u>	<u>\$ 3,690,032</u>	<u>\$ 3,932,931</u>	<u>\$ 4,087,951</u>
\$ (856,002)	\$ (1,197,419)	\$ 643,441	\$ 850,674	\$ 953,470	\$ 1,438,351	\$ 1,967,902
(575,645)	1,066,362	(14,221)	(84,726)	299,261	129,208	249,698
<u>\$ (1,431,647)</u>	<u>\$ (131,057)</u>	<u>\$ 629,220</u>	<u>\$ 765,948</u>	<u>\$ 1,252,731</u>	<u>\$ 1,567,559</u>	<u>\$ 2,217,600</u>

# City of Dalworthington Gardens, Texas

## FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years

(modified accrual basis of accounting)

	2013	2014	2015	2016
General fund:				
Reserved	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	500	500	500
Restricted	-	-	-	-
Committed	209,017	209,017	-	-
Unassigned	1,792,670	964,207	925,874	651,537
Total general fund	\$ 2,001,687	\$ 1,173,724	\$ 926,374	\$ 652,037
All other governmental funds:				
Reserved	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	-	-
Restricted	621,720	2,557,844	2,655,226	1,373,090
Committed	-	-	-	-
Unassigned	-	-	-	(105,820)
Total all other governmental funds	\$ 621,720	\$ 2,557,844	\$ 2,655,226	\$ 1,267,270

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6,453	12,872	20,707	25,171	25,851	29,298
-	-	-	38,024	293,678	591,611
-	-	100,091	-	25,000	72,366
564,248	502,075	807,170	1,041,670	1,556,438	2,096,822
<u>\$ 570,701</u>	<u>\$ 514,947</u>	<u>\$ 927,968</u>	<u>\$ 1,104,865</u>	<u>\$ 1,900,967</u>	<u>\$ 2,790,097</u>

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	11,197	6,222
3,863,864	3,356,447	2,813,620	2,622,709	2,561,663	2,486,802
-	-	-	-	-	100,110
-	-	-	-	-	-
<u>\$ 3,863,864</u>	<u>\$ 3,356,447</u>	<u>\$ 2,813,620</u>	<u>\$ 2,622,709</u>	<u>\$ 2,572,860</u>	<u>\$ 2,593,134</u>

# City of Dalworthington Gardens, Texas

## CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS

Last Ten Years

(modified accrual basis of accounting)

	2013	2014	2015	2016
<b>Revenues</b>				
Property tax	\$ 845,639	\$ 838,889	\$ 848,431	\$ 852,341
Sales tax	614,248	726,602	784,902	768,334
Franchise tax	372,173	401,536	378,440	371,677
Licenses and permits	115,978	69,747	64,832	165,018
Fines and forfeitures	944,803	775,168	744,341	561,564
Oil and gas mineral rights	348,765	227,154	650,113	497,937
Interest income	333	135	102	1,313
Intergovernmental	-	-	-	-
Other revenue	58,694	73,332	47,051	43,201
<b>Total Revenues</b>	3,300,633	3,112,563	3,518,212	3,261,385
<b>Expenditures</b>				
Community development	-	-	-	-
Court	-	-	-	-
Administrative	721,509	749,043	886,252	850,674
Police	-	-	-	-
Fire	-	-	-	-
Public safety	1,664,033	1,706,867	1,954,582	2,035,209
Public works	246,544	359,286	351,090	429,314
Parks and recreation	-	-	-	84,407
Debt service				
Principal	85,000	870,000	163,922	164,016
Interest	59,510	53,969	82,852	83,786
Bond issuance costs	-	85,692	-	-
Capital outlay	455,961	35,834	273,682	1,276,272
<b>Total Expenditures</b>	3,232,557	3,860,691	3,712,380	4,923,678
<b>Revenues over (under) expenditures</b>	68,076	(748,128)	(194,168)	(1,662,293)
<b>Other Financing Sources (Uses)</b>				
Transfers in	43,444	41,324	199,752	-
Transfers (out)	-	-	(162,552)	-
Proceeds from sale of capital	-	13,600	7,000	-
Capital lease issuance	-	-	-	-
Bond issuance	-	1,755,000	-	-
Premium on bonds issued	-	80,692	-	-
Payment to refunded bond escrow agent	-	-	-	-
<b>Total Other Financing Sources</b>	43,444	1,890,616	44,200	-
Special items				
<b>Net Change in Fund Balances</b>	\$ 111,520	\$ 1,142,488	\$ (149,968)	\$ (1,662,293)
Ratio of total debt service expenditures to noncapital expenditures	5.49%	32.82%	7.73%	7.29%

	2017	2018	2019	2020	2021	2022
\$	919,865	\$ 1,253,459	\$ 1,914,963	\$ 1,975,746	\$ 2,184,215	\$ 2,291,768
	772,811	790,310	841,944	1,008,013	1,115,667	1,187,935
	365,243	345,480	376,474	355,690	312,868	287,538
	198,685	97,791	85,294	74,458	63,449	80,294
	533,399	532,338	521,455	404,773	405,390	353,219
	397,197	306,034	202,527	123,088	149,714	218,198
	6,747	55,662	99,595	50,268	9,828	40,582
	-	-	-	39,703	326,631	307,501
	109,080	95,706	104,674	99,863	153,237	35,226
	<u>3,303,027</u>	<u>3,476,780</u>	<u>4,146,926</u>	<u>4,131,602</u>	<u>4,720,999</u>	<u>4,802,261</u>
	-	-	216,976	196,481	177,133	185,241
	-	-	201,756	185,770	191,989	189,983
	760,351	637,000	318,894	343,818	341,215	349,151
	-	-	1,598,338	1,642,708	1,857,738	1,797,961
	-	-	301,962	320,314	318,454	304,245
	1,962,901	1,929,493	-	-	-	-
	279,127	246,052	174,153	109,190	214,181	183,994
	84,988	158,226	89,958	90,719	78,527	150,352
	146,377	226,117	234,363	158,790	216,396	229,112
	71,118	185,223	175,740	169,631	169,704	203,034
	145,434	-	-	-	51,100	-
	584,604	696,934	991,435	1,444,612	1,430,543	381,884
	<u>4,034,900</u>	<u>4,079,045</u>	<u>4,303,575</u>	<u>4,662,033</u>	<u>5,046,980</u>	<u>3,974,957</u>
	(731,873)	(602,265)	(156,649)	(530,431)	(325,981)	827,304
	39,631	344	18,200	13,450	290,221	186,851
	(53,525)	(344)	(18,200)	(13,450)	(290,221)	(120,851)
	-	21,729	15,700	17,260	19,000	16,100
	-	93,699	-	499,157	-	-
	3,190,000	-	-	-	955,000	-
	221,790	-	-	-	98,234	-
	(291,698)	-	-	-	-	-
	<u>3,106,198</u>	<u>115,428</u>	<u>15,700</u>	<u>516,417</u>	<u>1,072,234</u>	<u>82,100</u>
\$	<u>2,374,325</u>	<u>\$ (486,837)</u>	<u>\$ (140,949)</u>	<u>\$ (14,014)</u>	<u>\$ 746,253</u>	<u>\$ 909,404</u>
	7.04%	13.85%	14.13%	11.37%	12.14%	13.67%

**City of Dalworthington Gardens, Texas**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**Last Ten Fiscal Years**

<b>Tax Year</b>	<b>Fiscal Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Less: Tax Exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>
2012	2013	\$ 319,867,719	\$ 37,821,284	\$ 26,055,073	\$ 331,633,930	0.262739
2013	2014	323,390,167	34,280,285	28,409,169	329,261,283	0.262739
2014	2015	328,808,531	31,625,059	29,218,745	331,214,845	0.262739
2015	2016	328,842,354	42,424,789	29,842,333	341,424,810	0.253670
2016	2017	352,186,109	33,871,005	34,961,026	351,096,088	0.273979
2017	2018	369,269,881	31,173,880	38,700,845	361,742,916	0.374379
2018	2019	382,181,474	32,193,757	44,515,540	369,859,691	0.580000
2019	2020	409,861,360	31,093,796	52,036,145	388,919,011	0.580000
2020	2021	418,025,343	27,309,308	53,768,245	391,566,406	0.636593
2021	2022	429,446,035	26,979,701	55,302,699	401,123,037	0.658553

Note: Tax rates per \$100 of assessed valuation.  
Source: City of Dalworthington Gardens Budget Document.  
Tarrant Appraisal District Tax Roll Summary Reports



# City of Dalworthington Gardens, Texas

## WATER UTILITY REVENUE AND CONSUMPTION

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Billed Revenue</u>	<u>Bill Consumption Gallons '000</u>	<u>Rate per Gallon</u>	<u>Average Monthly Customers</u>
2013	\$ 757,778	206,509	\$ 3.67	1,029
2014	876,487	206,987	4.23	1,035
2015	729,098	186,962	3.90	1,039
2016	761,456	179,592	4.24	1,045
2017	927,123	181,183	5.12	1,052
2018	1,051,017	209,225	5.02	1,058
2019	896,685	160,311	5.59	1,058
2020	1,119,895	197,380	5.67	1,064
2021	1,084,248	187,529	5.78	1,069
2022	1,347,223	240,164	5.61	1,073

Note: Data based on monthly billings, excluding yearend accruals  
Volume rate provides 1-2000 gallons included in minimum charge

Source: City Billing System

# City of Dalworthington Gardens, Texas

## PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Years

Fiscal Year	City Direct Rates			Overlapping Rates				Total Direct and Overlapping Rates
	Operating & Maintenance	Interest & Sinking	Total Direct Rate	Arlington Independent School District	Tarrant County	Tarrant County College District	Tarrant County Hospital District	
2013	0.213324	0.049415	0.262739	1.301000	0.264000	0.148970	0.227897	2.204606
2014	0.212133	0.050606	0.262739	1.292170	0.264000	0.149500	0.227897	2.196306
2015	0.205490	0.057249	0.262739	1.292170	0.264000	0.149500	0.227897	2.196306
2016	0.200492	0.053178	0.253670	1.412952	0.264000	0.149500	0.227897	2.308019
2017	0.237827	0.036152	0.273979	1.390080	0.254000	0.144730	0.227897	2.290686
2018	0.287827	0.086552	0.374379	1.368670	0.244000	0.140060	0.224429	2.351538
2019	0.487983	0.092017	0.580000	1.368670	0.234000	0.136070	0.224429	2.543169
2020	0.487983	0.092017	0.580000	1.298670	0.234000	0.130170	0.224429	2.467269
2021	0.544576	0.092017	0.636593	1.387100	0.234000	0.130170	0.224429	2.612292
2022	0.566536	0.092017	0.658553	1.360800	0.229000	0.130170	0.224429	2.602952

Notes: Tax rates per \$100 of assessed valuation.

Rate are presented by Fiscal Year, which is (1) year ahead of the Tax Year

Source: Tarrant Appraisal District

# City of Dalworthington Gardens, Texas

## PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Tax Payer	2022 (2021 TAX YEAR)			2013 (2012 TAX YEAR)		
	Taxable Assessed	Rank	% of Taxable Assessed	Taxable Assessed	Rank	% of Taxable Assessed
	Value		Value	Value		Value
HRE Garden Town Center LLC	\$ 4,509,424	1	1.1%	\$		
McAndrew, James F	4,473,138	2	1.1%	1,850,000	8	
DFW Midstream Services LLC	4,353,606	3	1.1%	9,066,720	2	2.7%
Bianco, Sabatino	3,118,524	4	0.8%			
JFAM-Michigan LLC/JFAM-Dalworth Center East LLC	2,493,173	5	0.6%			
Quiktrip Corporation	2,295,860	6	0.6%	1,887,995	7	0.6%
Randal Hospitality LLC	2,056,000	7	0.5%			
Prosperity Bank	2,000,000	8	0.5%			
Atmos Energy/Mid Tex Division	1,853,050	9	0.5%			
ELIM Investment Group LLC	1,600,890	10	0.4%			
XTO Energy Inc	-	n/a		13,173,700	1	4.0%
Martin, Kenyon	-	n/a		2,500,000	4	0.8%
The Bank of Arlington	-	n/a		2,000,000	5	0.6%
Jjn W Bowen I Pleasant Rdg LP	-	n/a		2,604,300	3	0.8%
Frazier, Dick ETUX Debbie	-	n/a		1,628,600	9	0.5%
Mid City Mcandrews Motors	-	n/a		1,990,887	6	0.6%
Chesapeake Operating		n/a		1,511,250	10	0.5%
<b>Sub-Total</b>	<b>\$ 28,753,665</b>		<b>7.2%</b>	<b>\$ 38,213,452</b>		<b>11.5%</b>
<b>Remaining Roll</b>	<b>372,369,372</b>		<b>92.8%</b>	<b>293,420,478</b>		<b>88.5%</b>
<b>Total Assessed Valuation</b>	<b>\$ 401,123,037</b>		<b>100.0%</b>	<b>\$ 331,633,930</b>		<b>100.0%</b>

Source: Tax Office.

Note: Property is assessed as of January 1 and certified to the City by July 25 for taxable values. Information is based on City fiscal year, which is one year ahead of tax year.

**City of Dalworthington Gardens, Texas**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Years**

Fiscal Year Ended September 30,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding As of 9/30/22
		Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy	
1986-2012							\$ 11,046
2013	\$ 853,715	\$ 839,284	98.3%	\$ 12,364	\$ 851,648	99.8%	2,067
2014	847,102	833,325	98.4%	8,073	841,398	99.3%	5,704
2015	850,853	841,492	98.9%	7,522	849,014	99.8%	1,839
2016	848,493	842,969	99.3%	3,359	846,328	99.7%	2,165
2017	925,241	913,546	98.7%	9,476	923,021	99.8%	2,220
2018	1,244,972	1,237,049	99.4%	5,440	1,242,489	99.8%	2,484
2019	1,892,980	1,877,086	99.2%	9,207	1,886,293	99.6%	6,687
2020	1,984,724	1,961,271	98.8%	17,055	1,978,327	99.7%	6,398
2021	2,166,586	2,149,488	99.2%	6,836	2,156,324	99.5%	10,262
2022	2,280,825	2,267,137	99.4%	(0)	2,267,137	99.4%	13,688
							\$ 64,557

Source: Tarrant Appraisal District  
City's Finance Department

# City of Dalworthington Gardens, Texas

## TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS

Last Ten Years

Fiscal Year	Property Tax	Sales & Use Tax	Franchise Tax	Total
2013	\$ 845,639	\$ 634,983	\$ 369,432	\$ 1,850,053
2014	838,890	730,403	397,735	1,967,027
2015	848,431	789,249	374,093	2,011,772
2016	852,341	772,919	367,094	1,992,354
2017	919,864	778,409	359,645	2,057,917
2018	1,253,458	795,177	340,612	2,389,247
2019	1,914,962	847,533	370,884	3,133,379
2020	1,975,746	1,008,013	355,690	3,339,448
2021	2,184,215	1,115,667	312,868	3,612,750
2022	2,291,768	1,187,935	287,538	3,767,241
Percent Change				
2013-2022	171.0%	87.1%	-22.2%	103.6%

Source: City's Finance Department

# City of Dalworthington Gardens, Texas

## SALES TAX COLLECTIONS BY FUND

Last Ten Years

*(Modified Accrual Basis of Accounting)*

	2013	2014	2015	2016
General	\$ 323,801	\$ 371,390	\$ 400,574	\$ 392,561
Street improvement	-	-	-	-
<b>Total Primary Government</b>	<b>323,801</b>	<b>371,390</b>	<b>400,574</b>	<b>392,561</b>
Component Units:				
Park and recreation facility development corporation	160,506	183,778	198,094	193,953
Crime control and prevention district	150,675	175,235	190,581	186,405
<b>Total Sales Tax Collections</b>	<b>\$ 634,983</b>	<b>\$ 730,403</b>	<b>\$ 789,249</b>	<b>\$ 772,919</b>

Note: Beginning FY 2019, half cent sales tax was reduced from the Park & Recreation Facility Development Corporation and was used to setup a new Street Improvement Fund.

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 396,127	\$ 404,027	\$ 429,916	\$ 506,785	\$ 560,931	\$ 597,111
-		105,706	125,517	139,041	148,169
<u>396,127</u>	<u>404,027</u>	<u>535,622</u>	<u>632,301</u>	<u>699,972</u>	<u>745,280</u>
194,895	199,320	105,706	125,517	139,042	148,169
187,387	191,830	206,185	250,195	276,653	294,486
<u>\$ 778,409</u>	<u>\$ 795,177</u>	<u>\$ 847,513</u>	<u>\$ 1,008,013</u>	<u>\$ 1,115,667</u>	<u>\$ 1,187,935</u>

# City of Dalworthington Gardens, Texas

## RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years

	2013	2014	2015	2016
<b>Governmental Activities:</b>				
General obligation bonds	395,000	360,000	325,000	285,000
Certificates of obligation	835,000	1,755,000	1,710,000	1,660,000
Premiums	-	80,692	76,657	72,622
Discounts	-	-	-	-
Notes payable	-	-	310,536	236,520
Leases	-	-	-	-
<b>Business-Type Activities:</b>				
Notes payable	-	-	-	-
Total Primary Government	<u>\$ 1,230,000</u>	<u>\$ 2,195,692</u>	<u>\$ 2,422,193</u>	<u>\$ 2,254,142</u>
Percentage of personal income (1)	0.01%	1.67%	1.85%	1.65%
Per capita (1)	\$ 537	\$ 951	\$ 1,044	\$ 972

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Personal income and population data is disclosed on page 142.



	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$	3,190,000	\$ 3,120,000	\$ 3,045,000	\$ 2,965,000	\$ 3,840,000	\$ 3,725,000
	1,590,000	1,535,000	1,480,000	1,425,000	1,365,000	1,305,000
	290,377	277,471	264,565	251,660	336,381	318,562
	-	-	-	-	-	-
	160,143	152,725	48,362	523,728	447,333	402,267
	-	-	-	-	36,754	27,708
	-	-	-	422,714	343,851	262,245
	<u>\$ 5,230,520</u>	<u>\$ 5,085,196</u>	<u>\$ 4,837,927</u>	<u>\$ 5,588,102</u>	<u>\$ 6,369,319</u>	<u>\$ 6,040,782</u>
	3.96%	3.62%	3.24%	3.60%	4.26%	4.04%
\$	2,245	\$ 2,182	\$ 2,076	\$ 2,437	\$ 2,769	\$ 2,626

# City of Dalworthington Gardens, Texas

## RATIO OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Years

	2013	2014	2015	2016
<b>NET TAXABLE ASSESSED VALUE</b>				
All property	\$ 331,633,930	\$ 329,261,283	\$ 331,214,845	\$ 341,424,810
<b>NET BONDED DEBT</b>				
Gross bonded debt <sup>(1)</sup>	1,230,000	2,195,692	2,111,657	2,017,622
Less debt service funds	(57,366)	(74,119)	(94,381)	(108,424)
<b>Net Bonded Debt</b>	\$ 1,172,634	\$ 2,121,573	\$ 2,017,276	\$ 1,909,198
<b>RATIO OF NET BONDED DEBT TO ASSESSED VALUE</b>	0.35%	0.64%	0.61%	0.56%
<b>POPULATION</b>	2,290	2,310	2,320	2,320
<b>NET BONDED DEBT PER CAPITA</b>	\$ 512	\$ 918	\$ 870	\$ 823

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>(1)</sup> This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 351,096,088	\$ 361,742,916	\$ 369,859,691	\$ 388,919,011	\$ 391,566,406	\$ 401,123,037
5,070,377	4,932,471	4,789,565	4,641,660	5,541,381	5,348,562
(85,711)	(72,352)	(75,475)	(86,046)	(97,914)	(52,333)
<u>\$ 4,984,666</u>	<u>\$ 4,860,119</u>	<u>\$ 4,714,090</u>	<u>\$ 4,555,614</u>	<u>\$ 5,443,467</u>	<u>\$ 5,296,229</u>
1.42%	1.34%	1.27%	1.17%	1.39%	1.32%
2,330	2,330	2,330	2,330	2,340	2,300
\$ 2,139	\$ 2,086	\$ 2,023	\$ 1,955	\$ 2,326	\$ 2,303

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**City of Dalworthington Gardens, Texas**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**September 30, 2022**

<u>Governmental Unit</u>	<u>Net Bonded Debt Outstanding</u>	<u>Estimated Percentage Applicable</u> *	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Arlington Independent School District	\$ 1,185,949,956	0.97%	\$ 11,503,715
Tarrant County	404,360,000	0.16%	646,976
Tarrant County College District	610,315,000	0.16%	976,504
Tarrant County Hospital District	12,825,000	0.16%	20,520
Subtotal, overlapping debt			<u>13,147,715</u>
<b>City direct debt</b>			<u>6,040,782</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 19,188,497</u></u>

Sources: Municipal Advisory Council of Texas

Notes: Overlapping governments are those below the state level that coincide, at least in part, with geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City of Dalworthington Gardens. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

\* **Methodology for Deriving Overlapping Percentages :**

- 1) Determine the estimated shared assessed valuation of taxable property within both the Overlapping Taxing Body(s) and the City
- 2) Divide that shared value by the total assessed value of taxable property within the overlapping taxing body.

# City of Dalworthington Gardens, Texas

## DEMOGRAPHIC AND ECONOMIC STATISTICS

### Last Ten Fiscal Years

Year	Estimated Population	Personal Income	Per Capita Income	Unemployment Rate Tarrant County
2013	2,290	\$ 138,519,810	\$ 60,489	5.8%
2014	2,310	131,106,360	56,756	4.6%
2015	2,320	130,622,960	56,303	4.1%
2016	2,320	137,028,480	59,064	3.9%
2017	2,330	132,080,710	56,687	3.3%
2018	2,330	140,580,550	60,335	3.3%
2019	2,330	149,213,200	64,040	3.2%
2020	2,293	155,132,915	67,655	6.2%
2021	2,300	149,640,300	65,061	4.4%
2022	2,300	149,640,300	65,061	3.5%

Note:

Census data for 2022 is not available , therefore the per capita estimates for 2021 data are used in the interim.

City of Dalworthington Gardens is served by the Arlington ISD

Sources: Population provided by the North Texas Council of Governments (NTCOG)  
 Per Capita Income provided by the US Census Bureau  
 Unemployment information provided by FRED Economic Data Research

# City of Dalworthington Gardens, Texas

## PRINCIPAL EMPLOYERS

### Current Fiscal Year and Third Fiscal Year

Employer	2022			2020		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Horizon Plumbing	125	1	6.00%	120	1	7.46%
Arlington Classic Academy Primary Campus	60	2	2.88%	60	3	3.73%
Campo Verde	49	3	2.35%	49	4	3.05%
Beez Construction	48	4	2.31%	75	2	4.66%
Arlington Classic Academy Intermediate Campus	47	5	2.26%	47	5	2.92%
The Montessori Academy	41	6	1.97%	36	8	2.24%
GBM Maintenance Co.	40	7	1.92%	40	6	2.49%
Metro Mobile Electronics LLC	38	8	1.83%	38	7	2.36%
Green's Produce & Plant	35	9	1.68%	35	9	2.18%
McAndrew Motors	35	10	1.68%	n/a	n/a	n/a
Infection Control/Germ Blast	n/a	n/a	n/a	30	10	1.87%
<b>Total</b>	<u>518</u>		<u>24.88%</u>	<u>530</u>		<u>32.96%</u>

Note: This table requires the previous ninth year; However, this is the second year of the ACFR and this information was not kept historically. The City will provide previous years in future ACFR's until we obtain the ninth year.

Source: Top ten employers and employee count provided by City surveying individual businesses.

# City of Dalworthington Gardens, Texas

## FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION/PROGRAM

September 30, 2022

Function/Program	2017	2018	2019	2020	2021	2022
General government	4.90	3.80	2.00	1.50	1.50	1.50
Community development			2.00	2.00	1.99	1.91
Public safety	22.60	23.80	24.00	19.50	20.00	17.49
Public works	1.80	1.65	0.50	1.00	0.80	0.71
Park and recreation	-	0.50	0.50	0.40	1.10	0.62
Water and sewer	3.70	4.25	3.50	4.10	4.11	3.98
<b>Total</b>	<u>33.00</u>	<u>34.00</u>	<u>32.50</u>	<u>28.50</u>	<u>29.50</u>	<u>26.20</u>

Sources: Various City departments.

Years will continue to be added until 10 years of comparison is listed, information prior to 2017 not available



# City of Dalworthington Gardens, Texas

## OPERATING INDICATORS BY FUNCTION/PROGRAM

September 30, 2022

Function/Program	2020	2021	2022
<b>Community development</b>			
Alarm System Permits	14	3	9
Building Permits Issued	44	48	77
Certificates of Occupancy Issued	39	50	54
Electrical Permits Issued	8	15	14
Fire Alarm/Suppression Permits Issued	14	2	7
Heating/AC Permits Issued	19	15	20
Plumbing Permits Issued	45	48	48
Roof Permits Issued	12	12	7
Other various Permits Issued	38	66	52
<b>Public safety</b>			
Police			
Police Calls for Service	6,264	6,637	5,264
EMS Calls for Service	125	105	147
Arrests	155	109	70
Community Policing Calls	5,412	5,353	6,147
Traffic Enforcement	6,305	6,882	4,162
<b>Fire</b>			
Fire Calls for Service	130	98	82
Inspections	78	132	79
<b>Public works</b>			
# of employees	3	3.5	3
Hours worked per function:			
Administrative	1260	*	817.5
Animal Control	126	*	75.25
Building Maintenance	550	*	581.5
Park Maintenance	256.5	*	549.75
Sewer/Water Maintenance	1195	*	1707
Street Maintenance (outside of full reconstruction)	289.5	*	246.25
Construction and Permit Oversight	842	*	455
<b>Water and sewer</b>			
Number of residential water customers as of FYE	926	923	924
Annual billed residential water usage (thousands of gallons)	178,322	168,345	214,623
Number of commercial water customers as of FYE	146	146	149
Annual billed commercial water usage (thousands of gallons)	19,058	19,184	25,541
Number of sewer connections	990	989	987
Annual billed residential sewer usage (15,000 gal cap) (thousands of gallons)	85,583	88,791	94,754
Annual billed commercial sewer usage (thousands of gallons)	15,398	16,517	21,012
Number of solid waste customers	885	889	896

\* data is unavailable

Sources: Various City departments.

Ten years of data is unavailable

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# City of Dalworthington Gardens, Texas

## CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Function/Program	2020	2021	2022
Administration			
City hall building	0	1	1
Public safety			
Police stations	1	1	1
Police patrol units	6	6	6
Police admin units	5	5	5
Fire engine units	2	2	2
Fire admin units	1	1	1
Fire stations	1	1	1
Public works			
Streets (miles)	19	19	19
Streetlights	170	170	170
Manholes	289	289	289
Drainage ditches (miles)	11	11	11
Park and recreational			
Parks	1	1	1
Parks (acres)	39	39	39
Playground	1	1	1
Baseball/Softball field	1	1	1
Soccer field	1	1	1
Water and sewer			
Water mains (miles)	23	23	23
Sanitary sewers (miles)	22	22	22
Water storage facilities	2	2	2
Fire hydrants	192	192	192
Water meters	1,083	1,083	1,105

Sources: Various City departments.

Ten years of data is unavailable

# City of Dalworthington Gardens, Texas

## WATER LOSS RATIO

Last Ten Years

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Production gallons '000	275,889	272,337	277,738	277,283	235,779
Billed and unbilled consumption '000	<u>207,454</u>	<u>207,820</u>	<u>188,189</u>	<u>184,955</u>	<u>187,415</u>
Water loss ratio	<u>24.8%</u>	<u>23.7%</u>	<u>32.2%</u>	<u>33.3%</u>	<u>20.5%</u>

Source: City Operational Reports

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
231,796	181,637	214,234	196,348	253,087
<u>212,858</u>	<u>163,391</u>	<u>199,695</u>	<u>188,312</u>	<u>244,426</u>
<u>8.2%</u>	<u>10.0%</u>	<u>6.8%</u>	<u>4.1%</u>	<u>3.4%</u>



March 7, 2023

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, 2022, and have issued our report thereon dated March 7, 2023. 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 7, 2023.

## **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. The City has adopted GASB 87, which led to all leases being recorded on the balance sheet rather than only being expensed when the underlying expense was incurred. No other initial selection of accounting policies and changes in significant accounting policies or their application occurred during the year ended September 30, 2022. 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 7, 2023.



### **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 7, 2023

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, 2022, 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.

Our comments are summarized as follows:

**1. GASB STATEMENT NO. 96 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (“SBITA”)**

**Finding**

In May 2020, the Government Accounting Standards Board (GASB) issued Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). GASB Statement No. 96 (GASB 96) establishes uniform accounting and financial reporting requirements for SBITAs. A SBITA is a contract that conveys control of the right to use another party’s (a SBITA vendor’s) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.” This statement is effective for fiscal periods beginning after June 30, 2022.

For SBITAs qualifying for treatment under this statement, the City will need to record a right-to-use asset and a subscription liability.

The subscription asset would be recognized and initially measured as the sum of the initial subscription liability amount, payments made to the SBITA vendor before the subscription term’s commencement, and capitalizable implementation costs. A government would recognize amortization of the subscription asset as an outflow of resources over the subscription term.

The subscription liability would be measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments would be discounted using the interest rate the SBITA vendor charges the government or the government’s incremental borrowing rate if the interest rate is not readily determinable.

The subscription term includes the period during which a government has a noncancelable right to use the underlying IT assets and includes periods covered by an option to extend (if it is reasonably certain that either party—the government or the SBITA vendor—will exercise that option) or to terminate (if it is reasonably certain either party will not exercise that option).

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 subscription term to extend beyond 12 months, 3) establish a system to capture the required subscription 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.

BrooksWatson & Co., PLLC