



ANNUAL FINANCIAL REPORT

of the

City of Dalworthington Gardens, Texas

**For the Year Ended
September 30, 2024**

**Issued By
Finance Department**

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City of Dalworthington Gardens, Texas

ANNUAL FINANCIAL REPORT

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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, 2023

Christopher P. Morill

Executive Director/CEO



**CITY OF DALWORTHINGTON GARDENS, TEXAS
LIST OF PRINCIPAL OFFICIALS
SEPTEMBER 30, 2024**

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
Paul Sweitzer

ADMINISTRATION

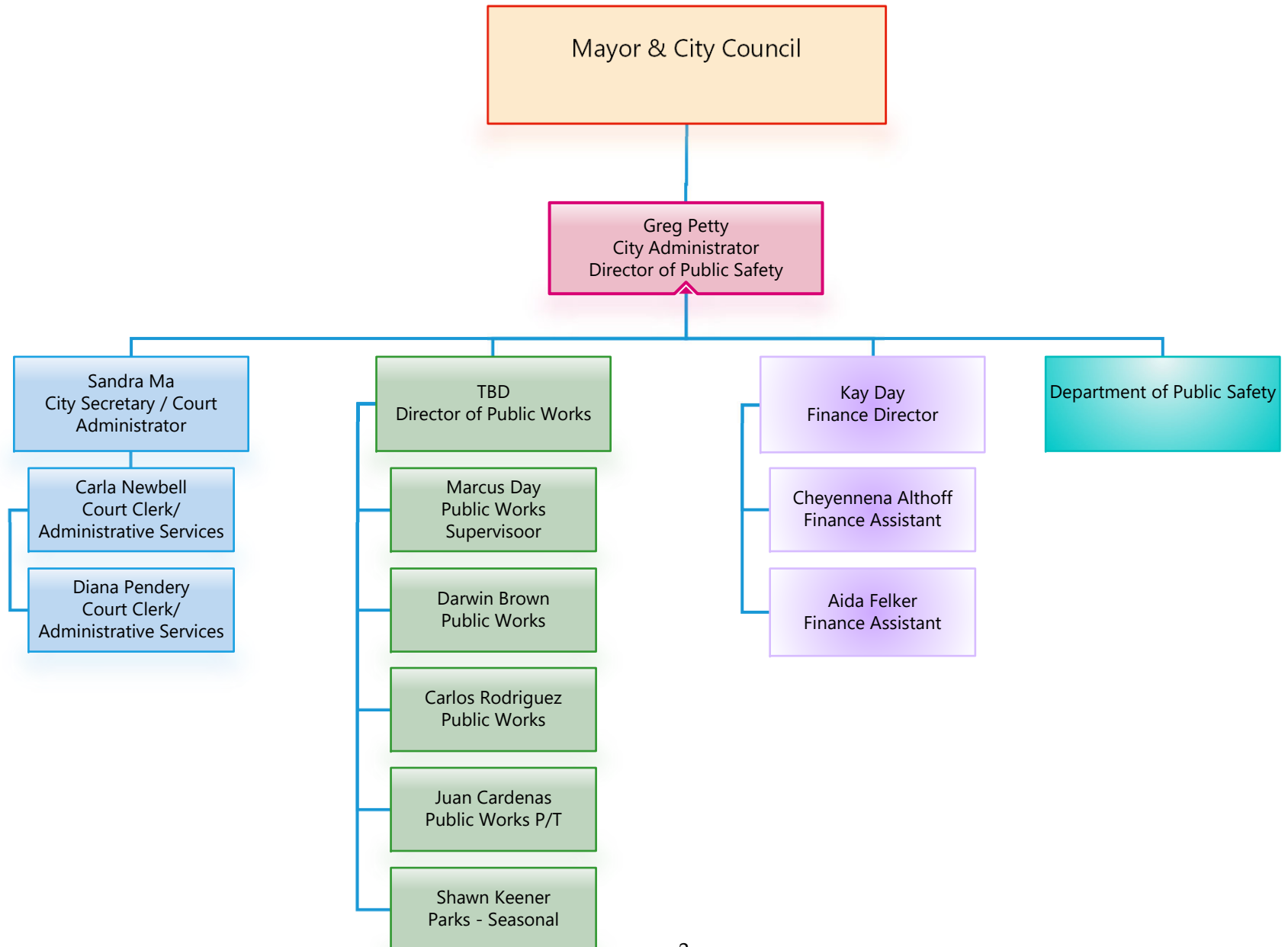
City Officials

City Administrator/Director of Public Safety
Director of Finance
City Secretary/Court Administrator

Greg Petty
Kay Day
Sandra Ma

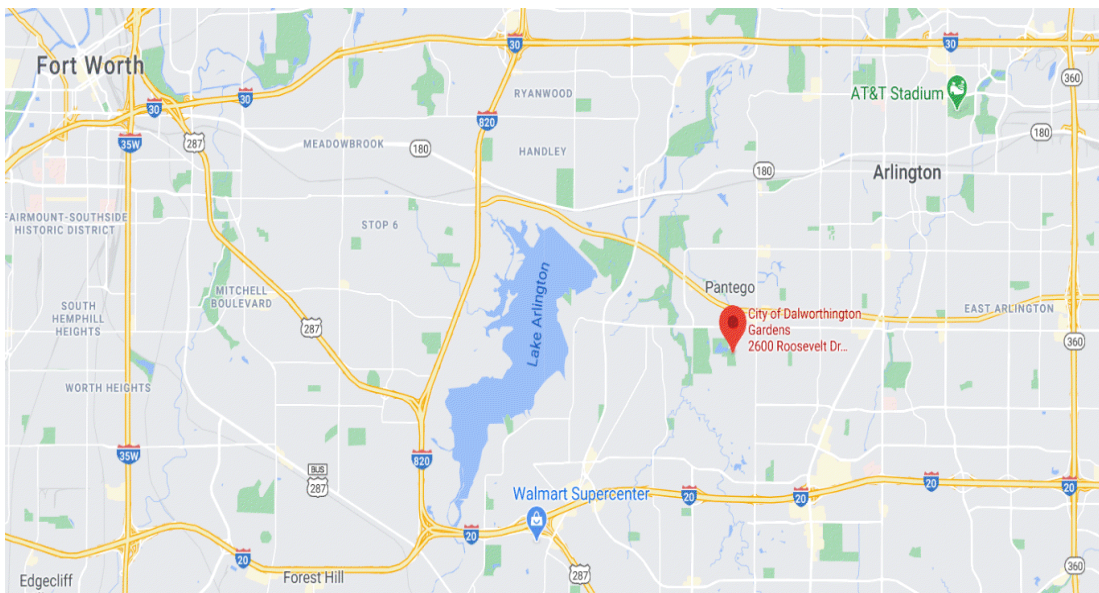
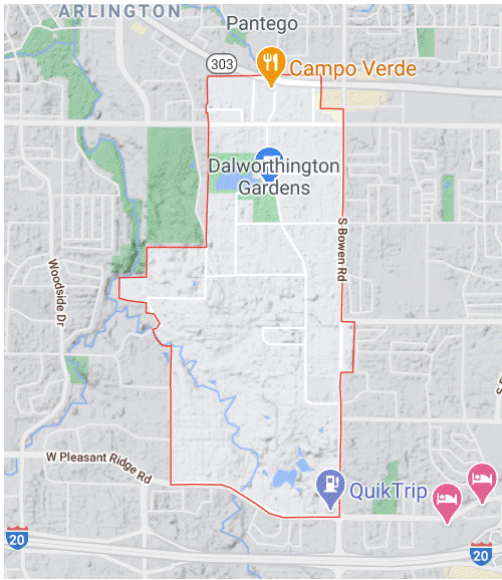


City of Dalworthington Gardens





CITY OF DALWORTHINGTON GARDENS CITY MAPS





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, 2024, 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, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

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 park and recreation facilities development corporation 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 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 section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in black ink that reads "Brooks Watson & Co." in a cursive, flowing script.

BrooksWatson & Co., PLLC
Certified Public Accountants
Houston, Texas
May 14, 2025



*MANAGEMENT'S DISCUSSION
AND ANALYSIS*

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City of Dalworthington Gardens, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

September 30, 2024

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, 2024. 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 \$9,439,421 at September 30, 2024. Of this there is an unrestricted net position balance of \$1,954,844.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$6,067,807, an increase of \$486,750.
- As of the end of the year, the unassigned fund balance of the general fund was \$3,063,857 or 87% of total general fund expenditures.
- The City had an overall increase in net position of \$661,072.
- The City closed the year with a net pension liability of \$2,732,013.

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, 2024

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 and park and recreation. 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, park and recreation facilities development corporation 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, 2024

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, the park and recreation facilities development corporation fund, schedule of changes in the net pension liability and related ratios and schedule of employer contributions for the Texas Municipal Retirement System, and the OPEB liability schedules. The OSI includes a budgetary comparison schedule for the debt service fund, capital fund, all individual nonmajor governmental funds, proprietary fund and a proprietary schedule of services and rates. The RSI and OSI can be found after the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City, assets and deferred outflow of resources exceeded its liabilities and deferred inflows by \$9,439,421 as of September 30, 2024, in the primary government.

The largest portion of the City's net position, \$5,489,419, 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, 2024

The following table reflects the condensed Statement of Net Position:

	2024			2023		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and						
other assets	\$ 6,423,766	\$ 1,017,414	\$ 7,441,180	\$ 6,204,457	\$ 1,265,798	\$ 7,470,255
Capital assets, net	8,123,415	2,054,825	10,178,240	8,233,332	2,148,763	10,382,095
Total Assets	14,547,181	3,072,239	17,619,420	14,437,789	3,414,561	17,852,350
Deferred Outflows of Resources	691,929	122,106	814,035	985,504	173,914	1,159,418
Other liabilities	648,969	397,403	1,046,372	916,197	648,447	1,564,644
Long-term liab.	7,467,913	423,442	7,891,355	8,071,481	572,758	8,644,239
Total Liabilities	8,116,882	820,845	8,937,727	8,987,678	1,221,205	10,208,883
Deferred Inflows of Resources	47,860	8,447	56,307	20,856	3,680	24,536
Net Position:						
Net investment in						
capital assets	3,524,986	1,964,433	5,489,419	2,854,550	1,970,955	4,825,505
Restricted	1,995,158	-	1,995,158	1,971,587	-	1,971,587
Unrestricted	1,554,224	400,620	1,954,844	1,588,622	392,635	1,981,257
Total Net Position	\$ 7,074,368	\$ 2,365,053	\$ 9,439,421	\$ 6,414,759	\$ 2,363,590	\$ 8,778,349

Current and other assets of business-type activities decreased by \$248,384. Most of the decrease is due to declining cash balances, resulting from new capital purchases, transfers to other funds, and payment of prior year liabilities during the year. The City's deferred outflows of resources decreased by \$345,383 and deferred inflows of resources increased by \$31,771, primarily due to pension investment losses and assumptions. The City's other liabilities decreased by \$518,272 due to payments on prior year accounts payable and accrued liabilities. Long-term liabilities for the City decreased due to scheduled principal payments made and a decline in the City's net pension liability during the year.

City of Dalworthington Gardens, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2024

Statement of Activities:

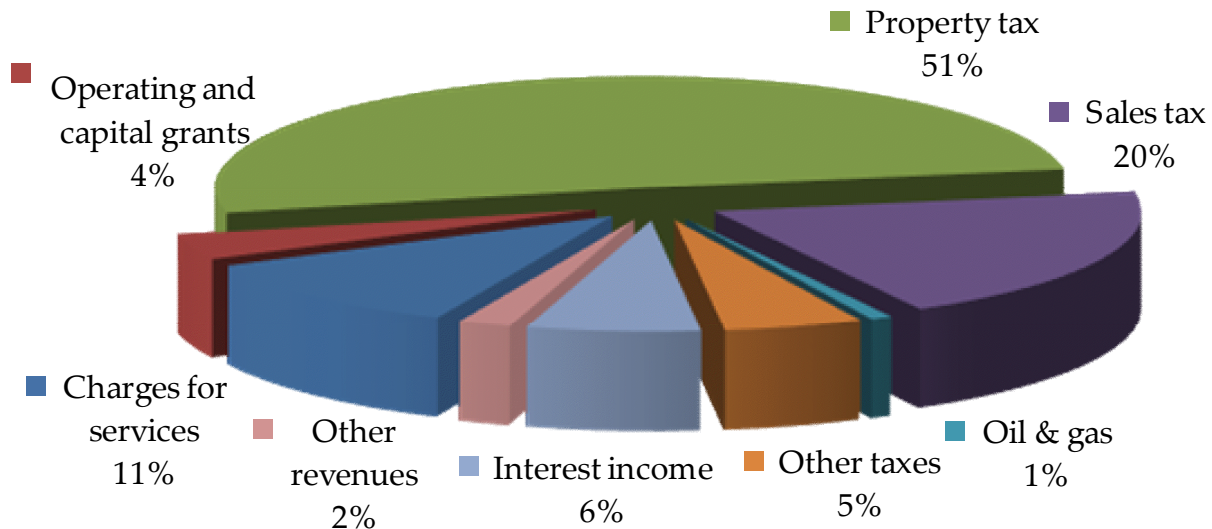
The following table provides a summary of the City's changes in net position:

	For the Year ended September 30, 2024			For the Year ended September 30, 2023		
	Governmental	Business-Type	Primary	Governmental	Business-Type	Primary
	Activities	Activities	Government	Activities	Activities	Government
Revenues						
Program revenues:						
Charges for services	\$ 569,716	\$ 2,444,363	\$ 3,014,079	\$ 422,432	\$ 2,322,487	\$ 2,744,919
Grants and capital cont.	191,147	28,800	219,947	1,033,045	-	1,033,045
General revenues:						
Property tax	2,635,467	-	2,635,467	2,575,042	-	2,575,042
Sales tax	1,026,140	-	1,026,140	1,155,302	-	1,155,302
Other taxes	272,611	-	272,611	290,513	-	290,513
O&G revenue	42,355	-	42,355	89,554	-	89,554
Interest income	339,374	10,264	349,638	273,535	7,701	281,236
Sale of capital assets	17,268	-	17,268	-	-	-
Other revenues	85,804	-	85,804	49,992	-	49,992
Total Revenues	5,179,882	2,483,427	7,663,309	5,889,415	2,330,188	8,219,603
Expenses						
General	432,529	-	432,529	439,199	-	439,199
Public safety	3,170,049	-	3,170,049	2,922,166	-	2,922,166
Public works	675,791	-	675,791	677,237	-	677,237
Parks and recreation	128,731	-	128,731	157,119	-	157,119
Interest	179,173	4,260	183,433	185,239	7,301	192,540
Utilities	-	2,411,704	2,411,704	-	2,356,401	2,356,401
Theft	-	-	-	30,343	-	30,343
Total Expenses	4,586,273	2,415,964	7,002,237	4,411,303	2,363,702	6,775,005
Change in Net Position						
Before Transfers	593,609	67,463	661,072	1,478,112	(33,514)	1,444,598
Transfers, net	66,000	(66,000)	-	60,813	(60,813)	-
Total	66,000	(66,000)	-	60,813	(60,813)	-
Change in Net Position	659,609	1,463	661,072	1,538,925	(94,327)	1,444,598
Beginning Net Position	6,414,759	2,363,590	8,778,349	4,875,834	2,457,917	7,333,751
Ending Net Position	\$ 7,074,368	\$ 2,365,053	\$ 9,439,421	\$ 6,414,759	\$ 2,363,590	\$ 8,778,349

City of Dalworthington Gardens, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2024

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

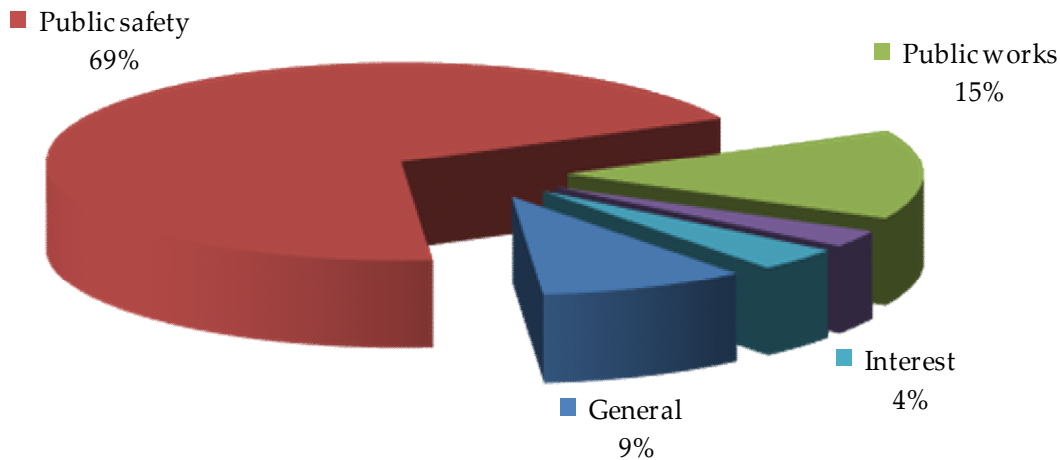


For the year ended September 30, 2024, revenues from governmental activities totaled \$5,179,882. Property tax, sales tax, franchise taxes, and charges for services are the City's largest recurring revenue sources. Grants and contributions decreased by \$841,898 or 81% due to nonrecurring Tarrant County grants received in the prior year. Charges for services increased by \$147,284, or 35%, due to building permits and an increase in issuance of public safety violations. Sales tax revenue decreased by \$129,162, or 11%, due to overall less activity. Investment income increased by \$65,839, or 24%, primarily due to the realization of higher interest rates in the current year. Oil & gas revenue decreased by \$47,199, or 53%, due to a decline in oil and gas production and prices. Other revenue increased by 35,812, or 72%, primarily due to fire recovery reimbursements and an increase in building inspections.

City of Dalworthington Gardens, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2024

This graph shows the governmental function expenses of the City:

Governmental Activities - Expenses

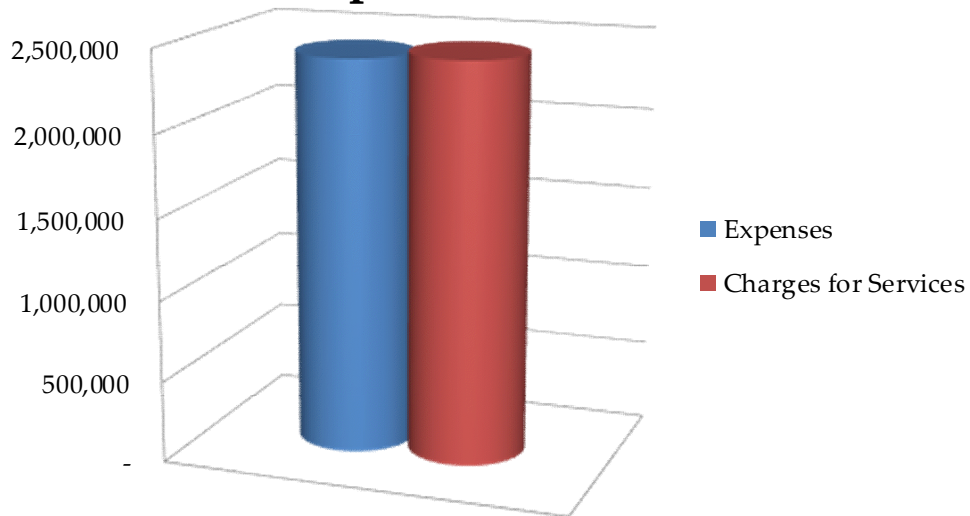


For the year ended September 30, 2024, expenses for governmental activities totaled \$4,586,273. This represents an increase of \$174,970 or 4%, from the prior year. The City's largest functional expense is public safety of \$3,170,049, which increased \$247,883 or 8% over the prior year. The majority of the public safety increase was related to personnel wages due to the transition from part-time to full-time fire fighters, resulting in an increase of TMRS and benefits costs. The park and recreation expenditures decreased by \$28,388, or 18%, due to a decrease in engineer consulting fees.

City of Dalworthington Gardens, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2024

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

**Business-Type Activities - Revenues &
Expenses**



For the year ended September 30, 2024, charges for services by business-type activities totaled \$2,444,363. This is an increase of \$121,876 or 5%, from the previous year. The City implemented a revised rate structure in October 2023 to eliminate the water and sewer zero charge rate for the first 2,000 gallons and reduced the minimum charge rates. The volume rates were increased for water by \$1.14/1k and sewer by \$.45/1k per gallon. Water usage decreased 5% over the previous year; however, with the rate structure revision, water revenue increased by \$100,704. Sewer usage increased approximately 4% over the previous year and sewer revenue increased by \$33,380. Expenses increased \$52,262, or 2%, from the previous year, which is relatively consistent with prior year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds - The focus of the City's governmental funds is to provide information of near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, 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, 2024

As of the end of the year the general fund reflected a total fund balance of \$3,262,719. Unassigned fund balance totaled \$3,063,857 as of year-end or 87% of total expenditures for the year. There was an increase in the general fund balance of \$497,170, or 18%, from the prior year. This increase was primarily related to a \$471,703 decrease in transfer outs, of which \$607,272 pertained to a transfer in the prior year for CLSFRF-ARPA funds to the capital fund.

The park and recreation facilities development corporation fund (PRFDC) had an ending fund balance of \$732,038, an increase of \$72,390 from the prior year. The increase was a result of current year revenues exceeding expenditures. In addition, the fund recognized nonrecurring capital expenditures for a playground in the prior year.

The debt service fund reflected a total fund balance of \$60,062, at yearend, an increase of \$178. Total principal and interest payments made during the year were \$180,000 and \$183,419, respectively.

The capital projects fund had an ending fund balance of \$1,451,209, a decrease of \$47,044 from the prior year. This decrease relates to \$148,239 in capital expenditures to complete street and storm drainage projects with an offset of \$36,789 in contributed capital, and a net transfer in of \$21,570 from the general fund to be used for the renovation of the DPS Complex.

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 \$2,365,053. Unrestricted net position increased by \$7,985 from prior year and net investment in capital assets decreased by \$6,522, primarily due to depreciation of assets.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final budget included amendments to the original budget to increase revenue by \$68,355, increase expenditures by \$112,818, and an decrease in other financing uses by \$11,400. Revenues were increased primarily due to an increase in building permits issued. Departmental expenditures increased primarily due to an increase of \$34,250 in public safety training expenditures and an increase of \$44,000 in public works building inspections. Capital outlay expenditures increased \$41,463 due to the purchase of (2) Lucas devices for the public safety department.

There was a total final actual versus budget revenue variance of \$7,583 and an expenditure variance of (\$432,087) for the year. The revenue variance resulted primarily from increases in public safety citations issued, offset by decreases in sales tax revenue. The expenditure variance was primarily due to variances in public safety personnel expenditures of (\$280,895) and unrecognized fire recovery purchases of (\$50,400). The total final budget variance was \$439,700.

City of Dalworthington Gardens, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2024

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested \$8,123,415 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 \$2,054,825 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:

- (2) Lucas Chest Compression Systems for \$41,463.
- (8) Bunker Gears for \$26,156.
- (3) Tahoe police unit's accessories for \$60,379, funded by the CCPD fund.
- Completion of the 49th CDBG Ambassador Row project for \$326,120, of which \$180,000 was contributed by Tarrant County. \$54,281 of the project cost and \$28,800 of the contributed property was allocated to the enterprise fund.
- WHECO Scada System for \$52,702, funded by the enterprise fund.
- KASCO Mixer for \$20,780, funded by the enterprise fund.
- Completion of the Corzine Drainage project for \$24,750, of which was funded through reimbursements from the Tarrant County 2021 Transportation Bond Program.
- Additional costs of \$2,400 for the renovation of the DPS Complex project which began in FY 2021-2022.
- Additional costs for the Roosevelt Middle Foot Bridge, \$30,819.

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

LONG-TERM DEBT

At the end of the current year, the City had total bonds, notes, and leases outstanding of \$5,261,127. During the year, the City's payments on long-term debt were \$335,039. 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.

City of Dalworthington Gardens, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2024

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 Administrator, 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, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 4,172,970	\$ 716,554	\$ 4,889,524
Restricted cash	1,953,227	-	1,953,227
Receivables, net	260,094	262,130	522,224
Prepays	37,475	38,730	76,205
Total Current Assets	6,423,766	1,017,414	7,441,180
Capital assets:			
Non-depreciable	481,894	109,201	591,095
Net depreciable capital assets	7,641,521	1,945,624	9,587,145
Total Noncurrent Assets	8,123,415	2,054,825	10,178,240
Total Assets	14,547,181	3,072,239	17,619,420
<u>Deferred Outflows of Resources</u>			
Pension	690,607	121,873	812,480
OPEB	1,322	233	1,555
Total Deferred Outflows of Resources	691,929	122,106	814,035

See Notes to Financial Statements.

City of Dalworthington Gardens, Texas

STATEMENT OF NET POSITION (Page 2 of 2)

September 30, 2024

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
<u>Liabilities</u>			
Current liabilities:			
Accounts payable and			
accrued liabilities	230,870	215,017	445,887
Unearned revenue	58,776	-	58,776
Accrued interest payable	37,912	1,955	39,867
Customer deposits	-	82,152	82,152
Long-term debt due within one year	252,895	90,394	343,289
Compensated absences, current	68,516	7,885	76,401
Total Current Liabilities	648,969	397,403	1,046,372
Noncurrent liabilities:			
Long-term debt due in more than a year	5,065,766	-	5,065,766
Net pension liability	2,322,211	409,802	2,732,013
OPEB liability	72,322	12,763	85,085
Compensated absences, noncurrent	7,614	877	8,491
Total Noncurrent Liabilities	7,467,913	423,442	7,891,355
Total Liabilities	8,116,882	820,845	8,937,727
<u>Deferred Inflows of Resources</u>			
Pension	33,153	5,852	39,005
OPEB	14,707	2,595	17,302
Total Deferred Inflows of Resources	47,860	8,447	56,307
<u>Net Position</u>			
Net investment in			
capital assets	3,524,986	1,964,433	5,489,419
Restricted for parks and recreation	732,038	-	732,038
Restricted for opioid abatement	2,378	-	2,378
Restricted for court security	63,545	-	63,545
Restricted for court automation	88,397	-	88,397
Restricted for law enforcement	172,420	-	172,420
Restricted for street repairs	237,417	-	237,417
Restricted for debt service	70,121	-	70,121
Restricted for CLSFRF-ARPA funds	628,842	-	628,842
Unrestricted	1,554,224	400,620	1,954,844
Total Net Position	\$ 7,074,368	\$ 2,365,053	\$ 9,439,421

See Notes to Financial Statements.

City of Dalworthington Gardens, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 432,529	\$ -	\$ -	\$ -
Public safety	3,170,049	569,716	3,158	-
Public works	675,791	-	-	187,989
Parks and recreation	128,731	-	-	-
Interest and fiscal charges	179,173	-	-	-
Total Governmental Activities	4,586,273	569,716	3,158	187,989
Business-Type Activities				
Water, sewer, & sanitation	2,415,964	2,444,363	28,800	-
Total Business-Type Activities	2,415,964	2,444,363	28,800	-
Total Primary Government	\$ 7,002,237	\$ 3,014,079	\$ 31,958	187,989

General Revenues:

Taxes

Property tax

Sales tax

Franchise and local taxes

Oil and gas mineral rights

Interest income

Gain on sale of capital assets

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		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (432,529)	\$ -	\$ (432,529)
(2,597,175)	-	(2,597,175)
(487,802)	-	(487,802)
(128,731)	-	(128,731)
(179,173)	-	(179,173)
<u>(3,825,410)</u>	<u>-</u>	<u>(3,825,410)</u>
-	57,199	57,199
<u>-</u>	<u>57,199</u>	<u>57,199</u>
<u>(3,825,410)</u>	<u>57,199</u>	<u>(3,768,211)</u>
2,635,467	-	2,635,467
1,026,140	-	1,026,140
272,611	-	272,611
42,355	-	42,355
339,374	10,264	349,638
17,268	-	17,268
85,804	-	85,804
66,000	(66,000)	-
<u>4,485,019</u>	<u>(55,736)</u>	<u>4,429,283</u>
659,609	1,463	661,072
6,414,759	2,363,590	8,778,349
<u>\$ 7,074,368</u>	<u>\$ 2,365,053</u>	<u>\$ 9,439,421</u>

City of Dalworthington Gardens, Texas

BALANCE SHEET GOVERNMENTAL FUNDS September 30, 2024

	General	Park and Recreation Facilities Development Corp.	Capital Projects	Debt Service
<u>Assets</u>				
Cash and cash equivalents	\$ 3,372,238	\$ 711,469	\$ 89,263	\$ -
Restricted cash	2,378	-	1,387,187	60,062
Receivables, net	167,235	20,876	-	10,059
Prepaid items	31,044	2,399	-	-
Total Assets	\$ 3,572,895	\$ 734,744	\$ 1,476,450	\$ 70,121
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 195,146	\$ 2,706	\$ 25,241	\$ -
Unearned revenue	58,776	-	-	-
Total Liabilities	253,922	2,706	25,241	-
<u>Deferred Inflows of Resources</u>				
Unavailable revenue -				
Property taxes	52,109	-	-	10,059
Insurance	4,145	-	-	-
Total Deferred Inflows	56,254	-	-	10,059
<u>Fund Balances</u>				
Nonspendable:				
Prepaid items	31,044	2,399	-	-
Restricted for:				
Parks and recreation	-	729,639	-	-
Special revenue	-	-	-	-
Capital improvements	-	-	733,104	-
Debt service	-	-	-	60,062
CARES Act Relief Fund	-	-	628,842	-
Opiod abatement trust	2,378	-	-	-
Committed for:				
Fire Truck	106,524	-	-	-
Tasers	58,916	-	-	-
DPS complex	-	-	89,263	-
Unassigned reported in:				
General fund	3,063,857	-	-	-
Total Fund Balances	3,262,719	732,038	1,451,209	60,062
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,572,895	\$ 734,744	\$ 1,476,450	\$ 70,121

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 4,172,970
503,600	1,953,227
61,924	260,094
4,032	37,475
<u>\$ 569,556</u>	<u>\$ 6,423,766</u>

\$ 7,777	\$ 230,870
-	58,776
<u>7,777</u>	<u>289,646</u>

-	62,168
-	4,145
<u>-</u>	<u>66,313</u>

4,032	37,475
-	729,639
557,747	557,747
-	733,104
-	60,062
-	628,842
-	2,378
-	106,524
-	58,916
-	89,263
-	3,063,857
<u>561,779</u>	<u>6,067,807</u>

<u>\$ 569,556</u>	<u>\$ 6,423,766</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, 2024

Fund Balances - Total Governmental Funds	\$ 6,067,807
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Adjustments for the Statement of Net Position:

Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.

Capital assets - non-depreciable	481,894
Capital assets - net depreciable	7,641,521

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.

Property tax receivable	62,168
Oil and gas receivable	4,145

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	320,183
Pension economic experience	181,420
Pension (gains) losses	189,004
OPEB contributions	1,322

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.

OPEB difference between assumptions and actual	(12,522)
OPEB difference in expected and actual experience	(2,185)

Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.

Accrued interest	(37,912)
Compensated absences	(76,130)
Long term debt due within one year	(252,895)
Long term debt due in more than one year	(5,065,766)
Pension assumptions	(33,153)
Net pension liability	(2,322,211)
OPEB liability	(72,322)

Net Position of Governmental Activities \$	<u>7,074,368</u>
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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, 2024

	General	Park and Recreation Facilities Development Corp.	Capital Projects	Debt Service
<u>Revenues</u>				
Property tax	\$ 2,279,047	\$ -	\$ -	\$ 356,420
Sales tax	517,771	128,397	-	-
Franchise and local taxes	273,617	-	-	-
License and permits	126,796	-	-	-
Fines and forfeitures	416,772	-	-	-
Oil and gas mineral rights	42,355	-	-	-
Interest income	244,490	25,310	42,836	7,177
Intergovernmental	3,158	-	36,789	-
Other revenues	79,782	6,022	-	-
Total Revenues	3,983,788	159,729	79,625	363,597
<u>Expenditures</u>				
Current:				
Municipal court	201,509	-	-	-
Administrative	370,174	-	-	-
Police	1,913,071	-	-	-
Fire	536,427	-	-	-
Public works	332,262	-	-	-
Parks and recreation	-	87,339	-	-
Theft	-	-	-	-
Capital outlay	111,158	-	148,239	-
Debt Service:				
Principal	57,138	-	-	180,000
Interest and fiscal charges	9,309	-	-	183,419
Total Expenditures	3,531,048	87,339	148,239	363,419
Excess of Revenues				
Over (Under) Expenditures	452,740	72,390	(68,614)	178
<u>Other Financing Sources (Uses)</u>				
Sale of capital assets	18,200	-	-	-
Transfers (out)	(39,770)	-	-	-
Transfers in	66,000	-	21,570	-
Total Other Financing (Sources)	44,430	-	21,570	-
Net Change in Fund Balances	497,170	72,390	(47,044)	178
Beginning fund balances	2,765,549	659,648	1,498,253	59,884
Ending Fund Balances	\$ 3,262,719	\$ 732,038	\$ 1,451,209	\$ 60,062

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 2,635,467
379,972	1,026,140
-	273,617
-	126,796
26,148	442,920
-	42,355
19,561	339,374
-	39,947
-	85,804
<u>425,681</u>	<u>5,012,420</u>
23,456	224,965
-	370,174
280,775	2,193,846
-	536,427
57,030	389,292
-	87,339
-	-
99,316	358,713
13,487	250,625
5,761	198,489
<u>479,825</u>	<u>4,609,870</u>
(54,144)	402,550
-	18,200
	(39,770)
18,200	105,770
<u>18,200</u>	<u>84,200</u>
(35,944)	486,750
597,723	5,581,057
<u>\$ 561,779</u>	<u>\$ 6,067,807</u>

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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, 2024

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

Net changes in fund balances - total governmental funds	\$	486,750
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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		358,713
Capital assets contributed from county		151,200
Depreciation expense		(618,898)
Book value of assets disposed of		(932)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes		(1,682)
Oil and gas revenue		676

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		1,738
Accrued interest		1,498
Pension expense		11,119
OPEB expense reduction		984

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		250,625
Amortization of premium		17,818

Change in Net Position of Governmental Activities	\$	659,609
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See Notes to Financial Statements.

City of Dalworthington Gardens, Texas

STATEMENT OF NET POSITION

PROPRIETARY FUND

September 30, 2024

	Water, Sewer & Sanitation
<u>Assets</u>	
Current Assets:	
Cash and cash equivalents	\$ 716,554
Prepaid expenses	38,730
Receivables, net	262,130
Total Current Assets	1,017,414
Noncurrent Assets:	
Capital assets:	
Non-depreciable	109,201
Net depreciable capital assets	1,945,624
Total Noncurrent Assets	2,054,825
Total Assets	3,072,239
<u>Deferred Outflows of Resources</u>	
Pension	121,873
OPEB	233
Total Deferred Outflows of Resources	122,106
<u>Liabilities</u>	
Current Liabilities:	
Accounts payable and accrued liabilities	215,017
Customer deposits	82,152
Accrued interest	1,955
Compensated absences, current	7,885
Long-term debt due within one year	90,394
Total Current Liabilities	397,403
Noncurrent Liabilities:	
Net pension liability	409,802
OPEB liability	12,763
Compensated absences, noncurrent	877
Long-term debt, noncurrent	-
Total Noncurrent Liabilities	423,442
Total Liabilities	820,845
<u>Deferred Inflows of Resources</u>	
Pension	5,852
OPEB	2,595
Total Deferred Inflows of Resources	8,447
<u>Net Position</u>	
Net investment in capital assets	1,964,433
Unrestricted	400,620
Total Net Position	\$ 2,365,053

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, 2024

	Water, Sewer & Sanitation
<u>Operating Revenues</u>	
Water sales	\$ 1,455,327
Sewer revenue	746,023
Refuse collection	209,416
Other revenue	33,597
Total Operating Revenues	2,444,363
<u>Operating Expenses</u>	
Cost of water	650,474
Cost of sewer	415,910
Cost of refuse	192,965
Personnel	394,240
Material, utilities & maintenance	219,785
Contracted and other services	313,690
Depreciation	217,994
Total Operating Expenses	2,405,058
Operating Income (Loss)	39,305
<u>Nonoperating Revenues (Expenses)</u>	
Investment income	10,264
Intergovernmental	28,800
Loss on disposal of capital assets	(6,646)
Interest expense	(4,260)
Total Nonoperating Revenues (Expenses)	28,158
Income (Loss) Before Capital Contributions and Transfers	67,463
Transfers (out)	(66,000)
Change in Net Position	1,463
Beginning net position	2,363,590
Ending Net Position	\$ 2,365,053

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, 2024

	<u>Water, Sewer & Sanitation</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from customers	\$ 2,467,018
Payments to suppliers and contractors	(2,070,439)
Payments to employees	(398,185)
Net Cash Provided (Used) by Operating Activities	<u>(1,606)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers (out)	(66,000)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(66,000)</u>
<u>Cash Flows from Capital and Financing Activities</u>	
Purchase of capital assets	(101,902)
Debt principal payments	(87,414)
Interest paid	(6,151)
Net Cash Provided (Used) by Capital and Financing Activities	<u>(195,467)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on investments	10,264
Net Cash Provided by Investing Activities	<u>10,264</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(252,809)
Beginning cash, & cash equivalents	969,363
Ending Cash, & Cash Equivalents	<u><u>\$ 716,554</u></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, 2024

	<u>Water, Sewer & Sanitation</u>
<u>Reconciliation of Operating Income (Loss)</u>	
<u>to Net Cash (Used) by Operating Activities</u>	
Operating Income (Loss)	\$ 39,305
Adjustments to reconcile operating income to net cash used:	
Depreciation	217,994
Changes in Operating Assets and Liabilities:	
(Increase) Decrease in:	
Accounts receivable	19,720
Prepaid expenses	(24,145)
Deferred outflows of resources: OPEB	(30)
Deferred outflows of resources: Pension	57,690
Increase (Decrease) in:	
Accounts payable and accrued liabilities	(253,470)
Customer deposits	2,935
Compensated absences	(1,812)
Net pension liability	(59,650)
OPEB liability	942
Deferred inflows of resources - OPEB	(1,085)
Net Cash Provided (Used) by Operating Activities	\$ (1,606)
<u>Schedule of Non-Cash Capital and Related Financing Activities</u>	
Capital asset contribution	\$ 28,800

See Notes to Financial Statements.

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City of Dalworthington Gardens, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

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 Park and Recreation Facilities 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, 2024

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.

City of Dalworthington Gardens, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

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 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.

City of Dalworthington Gardens, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

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.

Park 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.

City of Dalworthington Gardens, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

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 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.

City of Dalworthington Gardens, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

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 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

City of Dalworthington Gardens, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

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."

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.

City of Dalworthington Gardens, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

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.

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.

City of Dalworthington Gardens, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

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.

Asset Description	Estimated Useful Life
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 (3) three 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 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.

City of Dalworthington Gardens, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

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.

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.

City of Dalworthington Gardens, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

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 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.

City of Dalworthington Gardens, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

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.

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

City of Dalworthington Gardens, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

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 projected benefit payments to be provided

City of Dalworthington Gardens, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

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.

19. Subscription Based Information Technology Arrangements ("SBITA")

The City has adopted the provision of Governmental Accounting Standard Board (GASB) Statement No. 96, entitled Subscription-Based Information Technology Arrangements ("SBITA"). The City has noncancellable contracts with SBITA vendors for the right to use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The City recognizes a subscription liability, reported with long-term debt, and a right-to-use subscription asset (an intangible asset), reported with other capital assets, in the government-wide financial statements. The City recognizes subscription liabilities with an initial, individual value of \$5,000 or more.

At the commencement of an SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of SBITA payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets.

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

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the City is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

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

City of Dalworthington Gardens, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

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, park and recreation facility development corporation, 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 between departments without Council approval. The budgeted revenues and expenditures for the general fund, capital projects fund, crime control prevention fund, municipal court security fund, and municipal court automation 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, 2024

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

For the year ended, expenditures, including transfers out, exceeded appropriations at the legal level of control and as follows:

General Fund:	
Capital Outlay	\$17,495

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:

Investment Type	Carrying Value	Weighted
		Average Maturity
		Days
TexStar investment pool	2,153,369	24
LOGIC investment pool	2,868,859	47
Total fair value	\$ 5,022,228	

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

City of Dalworthington Gardens, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

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, 2024, 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 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, 2024, 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, 2024, 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

City of Dalworthington Gardens, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2024

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 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, 2024, 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:

	General	Park & Rec. Facilities Dev. Corp.	Debt Service	Nonmajor Gov.	Water Sewer Sanitation	Total
Taxes						
Property	\$ 55,792	\$ -	\$ 10,059	\$ -	\$ -	\$ 65,851
Sales	83,741	20,876	-	61,924	-	166,541
Franchise	7,841	-	-	-	-	7,841
Oil and gas	5,250	-	-	-	-	5,250
Accounts	15,536	-	-	-	375,130	390,666
Allowance	(925)	-	-	-	(113,000)	(113,925)
Total	\$ 167,235	\$ 20,876	\$ 10,059	\$ 61,924	\$ 262,130	\$ 522,224

City of Dalworthington Gardens, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

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 ¹
Crime Control Prevention District	General Fund	18,200 ²
Capital Fund	General Fund	21,570 ³

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

General fund transferred to the Crime Control Prevention District the proceeds from
² sale of vehicles.

³ General fund transferred to capital fund for the DPS Complex.

City of Dalworthington Gardens, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2024

D. Capital Assets

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

	Beginning Balances	Increases	Decreases/ eclassification	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 291,438	\$ -	\$ -	\$ 291,438
Construction in progress	867,792	397,704	(1,075,040)	190,456
Total capital assets not being depreciated	1,159,230	397,704	(1,075,040)	481,894
Capital assets, being depreciated:				
Buildings and improvements	2,438,436	-	-	2,438,436
Vehicles and equipment	2,946,561	112,209	183,566	3,242,336
Right-to-use leased equipment	127,068	-	(90,370)	36,698
Infrastructure	7,473,650	-	886,671	8,360,321
Total capital assets being depreciated	12,985,715	112,209	979,867	14,077,791
Less accumulated depreciation				
Buildings and improvements	626,417	62,106	-	688,523
Vehicles and equipment	1,986,386	239,592	(84,770)	2,141,208
Right-to-use leased equipment	31,754	7,176	(9,471)	29,459
Infrastructure	3,267,056	310,024	-	3,577,080
Total accumulated depreciation	5,911,613	618,898	(94,241)	6,436,270
Net capital assets being depreciated	7,074,102	(506,689)	1,074,108	7,641,521
Total capital assets	\$ 8,233,332	\$ (108,985)	\$ (932)	\$ 8,123,415

Depreciation was charged to governmental functions as follows:

General Government	\$ 63,170
Public Safety	226,869
Public Works	287,208
Parks & Recreation	41,651
Total Governmental Activities Depreciation/Amortization Expense	\$ 618,898

City of Dalworthington Gardens, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2024

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
Total capital assets not being depreciated	109,201	-	-	109,201
Capital assets, being depreciated:				
Buildings and improvements	26,771	-	-	26,771
Water and sewer system improvements	6,288,596	127,762	(24,080)	6,392,278
Vehicles and equipment	285,436	2,940	-	288,376
Total capital assets being depreciated	6,600,803	130,702	(24,080)	6,707,425
Less accumulated depreciation				
Buildings and improvements	2,679	2,565	-	5,244
Water and sewer system improvements	4,357,169	196,501	(17,434)	4,536,236
Vehicles and equipment	201,393	18,928	-	220,321
Total accumulated depreciation	4,561,241	217,994	(17,434)	4,761,801
Net capital assets being depreciated	2,039,562	(87,292)	(6,646)	1,945,624
Total capital assets	\$ 2,148,763	\$ (87,292)	\$ (6,646)	\$ 2,054,825

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 in the amount of \$29,473. As of September 30, 2024, the value of the lease liability was \$1,090. 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 netbook value of the right-to-use asset as of the end of the current fiscal year was \$643.

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 in the amount of \$17,321. As of September 30, 2024, the value of the lease liability was \$7,358. 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 netbook value of the right-to-use asset as of the end of the current fiscal year was \$6,596.

City of Dalworthington Gardens, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2024

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

Year ending September 30,	Leases	
	Principal	Interest
2025	4,723	289
2026	3,725	97
	<u>\$ 8,448</u>	<u>\$ 289</u>

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
Governmental Activities:					
Bonds, notes and other payables:					
Combination Tax and					
Revenue Certificate of Obligation	\$ 1,245,000	\$ -	\$ (60,000)	\$ 1,185,000	\$ 100,000
General Obligation Refunding &					
Improvement Bonds	2,720,000	-	(85,000)	2,635,000	50,000
General Obligation Bonds	885,000	-	(35,000)	850,000	35,000
Deferred amounts:					
For issuance premiums	300,746	-	(17,818)	282,928	-
	<u>5,150,746</u>	<u>-</u>	<u>(197,818)</u>	<u>4,952,928</u>	<u>185,000</u>
Other liabilities:					
Note payable	418,054	-	(60,769)	357,285	63,172
Leases	18,304	-	(9,856)	8,448	4,723
Total Governmental Activities	<u>\$ 5,587,104</u>	<u>\$ -</u>	<u>\$ (268,443)</u>	<u>\$ 5,318,661</u>	<u>\$ 252,895</u>
Long-term liabilities due in more than one year				<u>\$ 5,065,766</u>	
Business-Type Activities:					
Other liabilities:					
Note payable	\$ 177,808	\$ -	\$ (87,414)	\$ 90,394	\$ 90,394
Total Business-Type Activities	<u>\$ 177,808</u>	<u>\$ -</u>	<u>\$ (87,414)</u>	<u>\$ 90,394</u>	<u>\$ 90,394</u>

City of Dalworthington Gardens, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2024

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.

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

	Governmental Activities	Business- Type Activities	Total
Certificates of obligation:			
\$1,755,000 Certificates of obligation, Series 2014, due in annual installments through 2034, interest at 2-4%	\$ 1,185,000	\$ -	\$ 1,185,000
Total certificates of obligation	<u>1,185,000</u>	<u>-</u>	<u>1,185,000</u>
General obligation bonds:			
\$3,190,000 Refunding & improvement bond, Series 2017, due in annual installments through 2042, interest at 2-4.25%	2,635,000	-	2,635,000
\$955,000 General obligation bond, Series 2021, due in annual installments through 2041, interest at 2-4%	850,000	-	850,000
Total general obligation bonds	<u>3,485,000</u>	<u>-</u>	<u>3,485,000</u>
Less deferred amounts:			
Issuance premiums	282,928	-	282,928
Total deferred amounts	<u>282,928</u>	<u>-</u>	<u>282,928</u>
Notes payable	357,285	90,394	447,679
Leases	8,448	-	8,448
Total Debt	<u>\$ 5,318,661</u>	<u>\$ 90,394</u>	<u>\$ 5,409,055</u>

Total governmental capital assets acquired through notes payable had balances as of September 30, 2024 for cost, accumulated depreciation, and carrying value of \$707,447, \$222,753 and \$484,695, respectively. Depreciation expense recognized on these assets during the year ended September 30, 2024 was \$44,063.

Total business-type capital assets acquired through notes payable had balances as of September 30, 2024 for cost, accumulated depreciation, and carrying value of \$414,713,

City of Dalworthington Gardens, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2024

\$169,341, and \$245,372, respectively. Depreciation expense recognized on these assets during the year ended September 30, 2024 was \$41,471.

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

Year ending September 30,	General Obligation		2014 C.O. Bond		Notes payable	
	Bonds					
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 85,000	\$ 132,271	\$ 100,000	\$ 44,125	\$ 63,172	\$ 12,011
2026	90,000	129,269	105,000	40,625	65,720	9,464
2027	95,000	125,819	105,000	36,950	68,424	6,760
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	54,609	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	-	-	-	-
Total	<u>\$ 3,485,000</u>	<u>\$ 1,541,231</u>	<u>\$ 1,185,000</u>	<u>\$ 263,800</u>	<u>\$ 357,286</u>	<u>\$ 36,072</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.

City of Dalworthington Gardens, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2024

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.

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
2025	90,394	3,144
	<u>\$ 90,394</u>	<u>\$ 3,144</u>

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
Governmental Activities:					
Compensated Absences	\$ 77,868	\$ 67,586	\$ (69,324)	\$ 76,130	\$ 68,516
Total Governmental Activities	<u>\$ 77,868</u>	<u>\$ 67,586</u>	<u>\$ (69,324)</u>	<u>\$ 76,130</u>	<u>\$ 68,516</u>
Business-Type Activities:					
Compensated Absences	\$ 10,574	\$ 7,436	\$ (9,248)	\$ 8,762	\$ 7,885
Total Business-Type Activities	<u>\$ 10,574</u>	<u>\$ 7,436</u>	<u>\$ (9,248)</u>	<u>\$ 8,762</u>	<u>\$ 7,885</u>

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, 2024

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	\$ 729,639 ¹	\$ -	\$ 732,038
Municipal court security	63,545 * ¹	-	63,545
Municipal court automation	84,365 * ¹	-	88,397
Law enforcement	172,420 * ¹	-	172,420
Street repairs	237,417 ¹	-	237,417
Debt service	60,062	-	70,121
Opiod abatement trust	2,378 *	-	2,378
CLSFRF-ARPA funds	628,842 *	-	628,842
Capital improvements	733,104	-	-
DPS complex	-	89,263	-
Fire truck	-	106,524	-
Tasers	-	58,916	-
TOTAL	\$ 2,711,772	\$ 254,703	\$ 1,995,158

* Restricted by enabling legislation

¹ 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 2,700 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, 2024

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 934 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.

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.

City of Dalworthington Gardens, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2024

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 may choose to receive their retirement benefit in one of three 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 2023</u>	<u>Plan Year 2022</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, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

	<u>2023</u>	<u>2022</u>
Inactive employees or beneficiaries currently receiving benefits	19	17
Inactive employees entitled to but not yet receiving benefits	40	40
Active employees	25	26
Total	<u>84</u>	<u>83</u>

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 of Dalworthington Gardens, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

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.

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 21.93% and 24.22% in calendar years 2023 and 2024, respectively. The City's contributions to TMRS for the year ended September 30, 2024, were \$482,920 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, 2023, 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, 2023 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 110% of the Public Safety table used for males and 100% of 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 the most recent Scale MP-2021 (with immediate convergence) 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 the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the 3.5% and 3% floor. The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS as of December

City of Dalworthington Gardens, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2024

31, 2022. They were adopted in 2023 and first used in the December 31, 2023 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.

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. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, Gabriel Roeder Smith & Company (GRS) focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.70%
Core Fixed Income	6.0%	4.90%
Non-Core Fixed Income	20.0%	8.70%
Other Public and Private Markets	12.0%	8.10%
Real Estate	12.0%	5.80%
Hedge Funds	5.0%	6.90%
Private Equity	10.0%	11.80%
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

City of Dalworthington Gardens, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2024

investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/22	\$ 11,594,431	\$ 8,464,751	\$ 3,129,680
Changes for the year:			
Service Cost	364,036	-	364,036
Interest (on the Total Pension Liab.)	770,046	-	770,046
Change in benefit terms	(117,901)	-	(117,901)
Difference between expected and actual experience	199,847	-	199,847
Changes of assumptions	(62,643)	-	(62,643)
Contributions – employer	-	436,485	(436,485)
Contributions – employee	-	139,325	(139,325)
Net investment income (loss)	-	981,519	(981,519)
Benefit payments, including refunds of emp. contributions	(500,910)	(500,910)	-
Administrative expense	-	(6,233)	6,233
Other changes	-	(44)	44
Net changes	652,475	1,050,142	(397,667)
Balance at 12/31/23	\$ 12,246,906	\$ 9,514,893	\$ 2,732,013

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%
\$ 4,723,777	\$ 2,732,013	\$ 1,134,972

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.tmrs.com.

City of Dalworthington Gardens, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2024

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

For the year ended September 30, 2024, the City recognized pension expense of \$469,838.

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

At September 30, 2024, 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 exp.	\$ 213,436	\$ -
Changes in assumptions		(39,005)
Investment gains (inflows) or losses outflows	222,358	-
Contributions subsequent to the measurement date	376,686	-
Total	\$ 812,480	\$ (39,005)

The City reported \$376,686 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, 2025.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Plan year ended December 31:	
2023	201,545
2024	106,451
2025	170,824
2026	(82,031)
Thereafter	-
Total	\$ 396,789

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

City of Dalworthington Gardens, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

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.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. 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. As such, contributions fund the covered active member and retiree deaths on a pay-as-you-go basis.

Employees covered by benefit terms

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	16
Inactive employees entitled to but not yet receiving benefits	8
Active employees	25
Total	49

The City's contributions to the TMRS SDBF for the years ended 2024, 2023, and 2022 were \$1,991, \$1,742, and \$1,424, respectively, which equaled the required contributions each year. The required contribution rates for the retiree for 2024, 2023 and 2022 was 0.10%, 0.09%, and 0.08%, respectively.

Total OPEB Liability

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2023, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

City of Dalworthington Gardens, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.60% to 11.85%, including inflation per year
Discount rate	3.77%
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 by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements. For disabled annuitants, the 2019 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 the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the 3.5% and 3% floor.

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 3.77%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2023.

City of Dalworthington Gardens, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2024

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 3.77%, 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 (2.77%) or 1-percentage-point higher (4.77%) than the current rate.

1% Decrease 2.77%	Current Single Rate Assumption 3.77%	1% Increase 4.77%
\$ 104,613	\$ 85,085	\$ 70,202

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/22	\$ 78,808
Changes for the year:	
Service Cost	3,583
Interest	3,228
Difference between expected and actual experience	(3,950)
Changes of assumptions	5,207
Benefit payments	(1,791)
Net changes	6,277
Balance at 12/31/23	\$ 85,085

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

For the year ended September 30, 2024, the City recognized OPEB expense of \$835.

City of Dalworthington Gardens, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2024

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 2,570
Changes in assumptions	-	14,732
Contributions after the measurement date	1,555	-
Total	\$ 1,555	\$ 17,302

The City reported \$1,555 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, 2024.

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

Year ended December 31:

2024	4,263
2025	7,075
2026	6,058
2027	(94)
Thereafter	-
	<u>\$ 17,302</u>

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

E. Subsequent Events

There were no material subsequent events through May 14, 2025, the date the financial statements were available to be issued.



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, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>Revenues</u>				
Property tax	\$ 2,282,121	\$ 2,282,121	\$ 2,279,047	\$ (3,074)
Sales tax	609,147	609,147	517,771	(91,376)
Franchise and local taxes	289,861	289,861	273,617	(16,244)
License and permits	56,595	114,795	126,796	12,001
Municipal court	316,500	316,500	416,772	100,272
Oil and gas mineral rights	60,000	60,000	42,355	(17,645)
Interest income	206,876	206,876	244,490	37,614
Intergovernmental	-	2,155	3,158	1,003
Other revenues	86,750	94,750	79,782	(14,968)
Total Revenues	<u>3,907,850</u>	<u>3,976,205</u>	<u>3,983,788</u>	<u>7,583</u>
<u>Expenditures</u>				
Current:				
Municipal court	207,363	207,363	201,509	(5,854)
Administrative	423,877	423,877	370,174	(53,703)
Police	2,197,482	2,213,337	1,913,071	(300,266)
Fire	575,080	618,780	536,427	(82,353)
Public works	327,868	339,668	332,262	(7,406)
Capital outlay	52,200	93,663	111,158	17,495 *
Debt service				
Principal	57,138	57,138	57,138	-
Interest and fiscal charges	9,309	9,309	9,309	-
Total Expenditures	<u>3,850,317</u>	<u>3,963,135</u>	<u>3,531,048</u>	<u>(432,087)</u>
<u>Other Financing Sources (Uses)</u>				
Sale of capital assets	10,000	18,200	18,200	-
Transfers in	126,000	66,000	66,000	-
Transfers (out)	(80,200)	(39,800)	(39,770)	30
Total Other Financing Sources (Uses)	<u>55,800</u>	<u>44,400</u>	<u>44,430</u>	<u>30</u>
Net Change in Fund Balance	<u>\$ 113,333</u>	<u>\$ 57,470</u>	<u>497,170</u>	<u>\$ 439,700</u>
Beginning fund balance			2,765,549	
Ending Fund Balance			<u>\$ 3,262,719</u>	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. *Expenditures exceeded appropriations at the legal level of control.

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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, 2024

	Original and Final Budget	Parks and Recreation Facility Development	Variance with Final Budget
<u>Revenues</u>			
Sales tax	\$ 151,083	\$ 128,397	\$ (22,686)
Other revenues	2,000	6,022	4,022
Interest income	21,600	25,310	3,710
Total Revenues	174,683	159,729	(14,954)
<u>Expenditures</u>			
Current:			
Parks and recreation	129,482	87,339	(42,143)
Total Expenditures	129,482	87,339	(42,143)
Revenues Over (Under)	45,201	72,390	27,189
Net Change in Fund Balance	\$ 45,201	72,390	\$ 27,189
Beginning fund balance		659,648	
Ending Fund Balance		\$ 732,038	

Notes to Required Supplementary Information

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

City of Dalworthington Gardens, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Years Ended December 31,

	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2020</u>
Total pension liability				
Service cost	\$ 364,036	\$ 331,430	\$ 333,405	\$ 336,573
Interest	770,046	720,105	660,632	622,439
Change in benefit terms	(117,901)	-	-	-
Differences between expected and actual experience	199,847	230,763	255,653	(45,950)
Changes in assumptions	(62,643)	-	-	-
Benefit payments, including refunds of participant contributions	(500,910)	(380,756)	(354,474)	(336,841)
Net change in total pension liability	<u>652,475</u>	<u>901,542</u>	<u>895,216</u>	<u>576,221</u>
Total pension liability - beginning	<u>11,594,431</u>	<u>10,692,889</u>	<u>9,797,673</u>	<u>9,221,452</u>
Total pension liability - ending (a)	<u>\$ 12,246,906</u>	<u>\$ 11,594,431</u>	<u>\$ 10,692,889</u>	<u>\$ 9,797,673</u>
Plan fiduciary net position				
Contributions - employer	\$ 436,485	\$ 383,894	\$ 428,899	\$ 365,287
Contributions - members	139,325	126,638	129,298	121,821
Net investment income (loss)	981,519	(657,377)	1,015,120	538,835
Benefit payments, including refunds of participant contributions	(500,910)	(380,756)	(354,474)	(336,841)
Administrative expenses	(6,233)	(5,679)	(4,691)	(3,483)
Other	(44)	6,776	32	(136)
Net change in plan fiduciary net position	<u>1,050,142</u>	<u>(526,504)</u>	<u>1,214,184</u>	<u>685,483</u>
Plan fiduciary net position - beginning	<u>8,464,751</u>	<u>8,991,255</u>	<u>7,777,071</u>	<u>7,091,588</u>
Plan fiduciary net position - ending (b)	<u>\$ 9,514,893</u>	<u>\$ 8,464,751</u>	<u>\$ 8,991,255</u>	<u>\$ 7,777,071</u>
Fund's net pension liability (asset) - ending (a) - (b)	<u>\$ 2,732,013</u>	<u>\$ 3,129,680</u>	<u>\$ 1,701,634</u>	<u>\$ 2,020,602</u>
Plan fiduciary net position as a percentage of the total pension	77.69%	73.01%	84.09%	79.38%
Covered payroll	<u>\$ 1,990,358</u>	<u>\$ 1,809,116</u>	<u>\$ 1,847,113</u>	<u>\$ 1,740,294</u>
Fund's net position as a percentage of covered payroll	137.26%	172.99%	92.12%	116.11%

<u>12/31/2019</u>	<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>
\$ 296,220	\$ 266,612	\$ 265,078	\$ 282,630	\$ 277,028	\$ 265,704
578,828	586,613	553,489	525,093	513,667	481,756
-	-	-	-	-	-
42,318	(608,873)	25,994	(60,072)	(94,934)	(136,520)
51,678	-	-	-	18,672	-
(349,415)	(399,577)	(309,626)	(326,752)	(225,598)	(95,888)
619,629	(155,225)	534,935	420,899	488,835	515,052
8,601,823	8,757,048	8,222,113	7,801,214	7,312,379	6,797,327
<u>\$ 9,221,452</u>	<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>
\$ 340,726	\$ 327,290	\$ 345,843	\$ 355,310	\$ 354,059	\$ 325,816
111,661	108,631	109,991	113,311	110,496	107,327
937,288	(186,186)	739,082	328,786	6,820	232,020
(349,415)	(399,577)	(309,626)	(326,752)	(225,598)	(95,888)
(5,291)	(3,595)	(3,828)	(3,711)	(4,153)	(2,421)
(159)	(188)	(194)	(200)	(205)	(199)
1,034,810	(153,625)	881,268	466,744	241,419	566,655
6,056,778	6,210,403	5,329,135	4,862,391	4,620,972	4,054,317
<u>\$ 7,091,588</u>	<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>\$ 2,129,864</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>
76.90%	70.41%	70.92%	64.81%	62.33%	63.19%
\$ 1,595,158	\$ 1,551,874	\$ 1,571,297	\$ 1,618,726	\$ 1,578,510	\$ 1,516,714
133.52%	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:

	<u>9/30/2024</u>	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>
Actuarially determined employer Contributions in relation to the	\$ 482,920	\$ 432,903	\$ 401,849	\$ 416,081
actuarially determined contribution	482,920	\$ 432,903	\$ 401,849	\$ 416,081
Contribution deficiency (excess)	-	-	-	-
Annual covered payroll	\$ 2,039,690	\$ 1,989,691	\$ 1,844,773	\$ 1,841,226
Employer contributions as a percentage of covered payroll	23.68%	21.76%	21.78%	22.60%

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

22 years (longest amortization ladder)

Asset Valuation Method

10 Year smoothed market; 12% soft corridor

Inflation

2.50%

Salary Increases

3.60% to 11.85% 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 2023 valuation pursuant to an experience study of the period ending 2022.

Mortality

Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other Information:

Notes

Adopted 70% non-retroactive repeating COLA.

<u>9/30/2020</u>	<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>
\$ 357,853	\$ 329,285	\$ 331,898	\$ 350,145	\$ 346,656	\$ 334,267
\$ 357,853	\$ 329,285	\$ 331,898	\$ 350,145	\$ 346,656	\$ 334,267
-	-	-	-	-	-
\$ 1,696,592	\$ 1,546,926	\$ 1,555,187	\$ 1,592,059	\$ 1,569,560	\$ 1,514,074
21.09%	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,

	¹	2023	2022	2021	2020
Total OPEB liability					
Service cost	\$	3,583	\$ 7,236	\$ 6,650	\$ 5,395
Interest		3,228	2,251	2,239	2,311
Changes of assumptions		5,207	(49,725)	4,430	17,667
Differences in expected and actual experience		(3,950)	1,068	(1,853)	2,812
Benefit payments, including refunds of participant contributions		(1,791)	(1,447)	(1,293)	(522)
Net changes		<u>6,277</u>	<u>(40,617)</u>	<u>10,173</u>	<u>27,663</u>
Total OPEB liability - beginning		<u>78,808</u>	<u>119,425</u>	<u>109,252</u>	<u>81,589</u>
Total OPEB liability - ending (a)	\$	<u><u>85,085</u></u>	\$ <u><u>78,808</u></u>	\$ <u><u>119,425</u></u>	\$ <u><u>109,252</u></u>
 Covered-employee payroll	\$	 1,990,358	\$ 1,809,116	\$ 1,847,113	\$ 1,740,294
Total OPEB Liability as a percentage of		4.27%	4.36%	6.47%	6.28%

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.

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

2019	2018	2017
\$ 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, 2024

	<u>Original and Final Budget</u>	<u>Debt Service</u>	<u>Variance with Final Budget</u>
<u>Revenues</u>			
Property tax	\$ 357,659	\$ 356,420	\$ (1,239)
Interest income	7,404	7,177	(227)
Total Revenues	<u>365,063</u>	<u>363,597</u>	<u>(1,466)</u>
<u>Expenditures</u>			
Current:			
Debt service			
Principal	120,000	180,000	(60,000)
Interest and fiscal charges	138,694	183,419	(44,725)
Total Expenditures	<u>258,694</u>	<u>363,419</u>	<u>(104,725)</u>
Revenues Over (Under) Expenditures	<u>106,369</u>	<u>178</u>	<u>(106,191)</u>
Net Change in Fund Balance	<u>\$ 106,369</u>	<u>178</u>	<u>\$ (106,191)</u>
Beginning fund balance		59,884	
Ending Fund Balance		<u>\$ 60,062</u>	

Notes to Other Supplementary Information

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

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, 2024

	Original Budget	Final Budget	Capital Projects	Variance with Final Budget
<u>Revenues</u>				
Interest income	\$ 20,665	\$ 20,665	\$ 42,836	\$ 22,171
Intergovernmental	520,170	520,170	36,789	(483,381)
Total Revenues	540,835	540,835	79,625	(461,210)
<u>Expenditures</u>				
Current:				
Capital outlay	1,319,755	1,342,546	148,239	(1,194,307)
Total Expenditures	1,319,755	1,342,546	148,239	(1,194,307)
Revenues Over (Under)	(778,920)	(801,711)	(68,614)	733,097
<u>Other Financing Sources (Uses)</u>				
Transfers in	49,041	21,600	21,570	(30)
Transfers (out)	(38,841)	-	-	-
Total Other Financing Sources	10,200	21,600	21,570	(30)
Net Change in Fund Balance	\$ (768,720)	\$ (780,111)	(47,044)	\$ 733,067
Beginning fund balance			1,498,253	
Ending Fund Balance			\$ 1,451,209	

Notes to Other Supplementary Information

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

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, 2024

	Original Budget	Final Budget	Crime Control and Prevention	Variance with Final Budget
<u>Revenues</u>				
Sales tax	\$ 299,770	\$ 299,770	\$ 251,577	\$ (48,193)
Interest income	7,200	7,200	6,298	(902)
Total Revenues	306,970	306,970	257,875	(49,095)
<u>Expenditures</u>				
Current:				
Public safety	417,303	479,511	280,775	(198,736)
Capital outlay	-	-	60,379	60,379
Debt Service:				
Principal	-	-	13,487	13,487
Interest	-	-	5,761	5,761
Total Expenditures	417,303	479,511	360,402	(119,109)
Revenues Over (Under)	(110,333)	(172,541)	(102,527)	70,014
<u>Other Financing Sources (Uses)</u>				
Transfers in	10,000	18,200	18,200	-
Total Other Financing (Sources)	10,000	18,200	18,200	-
Net Change in Fund Balance	\$ (100,333)	\$ (154,341)	(84,327)	\$ 70,014
Beginning fund balance			252,578	
Ending Fund Balance			\$ 168,251	

Notes to Other Supplementary Information

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

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, 2024

	Original Budget	Final Budget	Muni. Court Security	Variance with Final Budget
<u>Revenues</u>				
Fines and forfeitures	\$ 10,000	\$ 14,000	\$ 14,140	\$ 140
Interest income	720	720	838	118
Total Revenues	<u>10,720</u>	<u>14,720</u>	<u>14,978</u>	<u>258</u>
<u>Expenditures</u>				
Current:				
Court	871	6,371	5,695	(676)
Total Expenditures	<u>871</u>	<u>6,371</u>	<u>5,695</u>	<u>(676)</u>
Reve	<u>9,849</u>	<u>8,349</u>	<u>9,283</u>	<u>934</u>
Net Change in Fund Balance	<u>\$ 9,849</u>	<u>\$ 8,349</u>	<u>9,283</u>	<u>\$ 934</u>
Beginning fund balance			54,262	
Ending Fund Balance			<u>\$ 63,545</u>	

Notes to Other Supplementary Information

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

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, 2024

	Original Budget	Final Budget	Muni. Court Automation	Variance with Final Budget
<u>Revenues</u>				
Fines and forfeitures	\$ 9,000	\$ 10,700	\$ 12,008	\$ 1,308
Interest income	1,200	1,200	1,154	(46)
Total Revenues	10,200	11,900	13,162	1,262
<u>Expenditures</u>				
Current:				
Court	17,215	18,915	17,761	(1,154)
Capital outlay	1,000	1,000	1,050	50
Total Expenditures	18,215	19,915	18,811	(1,104)
Revenues Over (Under)	(8,015)	(8,015)	(5,649)	2,366
Net Change in Fund Balance	\$ (8,015)	\$ (8,015)	(5,649)	\$ 2,366
Beginning fund balance			94,046	
Ending Fund Balance			\$ 88,397	

Notes to Other Supplementary Information

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

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, 2024

	<u>Original and Final Budget</u>	<u>Street Sales Tax</u>	<u>Variance with Final Budget</u>
<u>Revenues</u>			
Sales tax	\$ 151,083	\$ 128,395	\$ (22,688)
Interest income	6,861	11,271	4,410
Total Revenues	<u>157,944</u>	<u>139,666</u>	<u>(18,278)</u>
<u>Expenditures</u>			
Current:			
Public works	40,000	57,030	17,030
Capital Outlay	74,806	37,887	(36,919)
Total Expenditures	<u>114,806</u>	<u>94,917</u>	<u>(19,889)</u>
Revenues Over (Under)	<u>43,138</u>	<u>44,749</u>	<u>1,611</u>
 Net Change in Fund Balance	 <u><u>\$ 43,138</u></u>	 <u><u>44,749</u></u>	 <u><u>\$ 1,611</u></u>
Beginning fund balance		192,668	
Ending Fund Balance		<u><u>\$ 237,417</u></u>	

Notes to Other Supplementary Information

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

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, 2024

	<u>Original and Final Budget</u>	<u>Proprietary Fund</u>	<u>Variance with Final Budget</u>
<u>Revenues</u>			
Water sales	\$ 1,548,637	\$ 1,455,327	\$ (93,310)
Sewer revenue	769,488	746,023	(23,465)
Refuse collection	212,957	209,416	(3,541)
Intergovernmental	14,400	28,800	14,400
Other revenue	19,763	33,597	13,834
Total Operating Revenues	<u>2,565,245</u>	<u>2,473,163</u>	<u>(92,082)</u>
<u>Expenditures</u>			
Current:			
Cost of water	647,020	650,474	3,454
Cost of sewer	417,270	415,910	(1,360)
Cost of refuse	195,389	192,965	(2,424)
Personnel	526,043	394,240	(131,803)
Material, utilities & maintenance	186,746	219,785	33,039
Contracted & other services	250,740	313,690	62,950
Notes payable principal	87,381	87,414	33
Capital outlay	168,377	101,902	(66,475)
Total Operating Expenses	<u>2,478,966</u>	<u>2,376,380</u>	<u>(102,586)</u>
Operating Income (Loss)	86,279	96,783	10,504
<u>Nonoperating Revenues (Expenses)</u>			
Investment income	6,000	10,264	4,264
Sale of capital assets	-	(6,646)	(6,646)
Interest expense	(6,184)	(4,260)	1,924
Total Nonoperating Revenues (Expenses)	<u>(184)</u>	<u>(642)</u>	<u>(458)</u>
Income (Loss) Before Transfers	86,095	96,141	10,046
Transfers (out)	(66,000)	(66,000)	-
Transfers in	-	-	-
Net Change in Net Position	<u>\$ 20,095</u>	30,141	<u>\$ 10,046</u>
Beginning fund balance		2,363,590	
Ending Net Position-modified		2,393,731 ¹	
Lease principal payments		87,414	
Capital expenses		101,902	
Depreciation		(217,994)	
Ending Net Position		<u>\$ 2,365,053</u>	

¹ Comparison schedule presented on modified accrual basis

City of Dalworthington Gardens, Texas

SCHEDULE OF SERVICES AND RATES

For the Year Ended September 30, 2024

(Unaudited)

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

<u>Water:</u>	Minimum Charge	Minimum Usage	Maximum Gallons	Flat Rate (Y/N)	Rate per 1k gallons > min
Residential	\$22.70	-	N/A	Y	\$5.60
Commercial	\$50.10	-	N/A	Y	\$5.60
<u>Sewer:</u>					
Residential	\$21.10	-	13,000	Y	\$4.65
Commercial	\$50.20	-	N/A	Y	\$4.65

City employs winter averging for sewer usage? No

Total charges per 10,000 gallons of residential usage:	Water	Sewer
	\$79	\$68

<u>Monthly Rate</u>	Garbage	HHW
Residential	\$18.52	\$0.92
Commercial hand-collect	\$24.59	N/A

- Total water consumption (in thousands) during the fiscal year:
Gallons pumped into system: 209,772
Billed gallons to customers and flushing gallons: 204,068
Water accountability ratio: 97.3%

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

	Total Connections	Active Connections
Meter Size		
5/8" x 3/4"	631	611
1"	392	386
1 1/2"	29	29
2"	34	32
Total Water Connections	1,086	1,058



***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, 2024

	Municipal Court Security	Municipal Court Automation	Public Safety Seizures	Crime Control & Prevention
<u>Assets</u>				
Cash and cash equivalents	\$ 63,545	\$ 84,422	\$ 4,169	\$ 134,923
Receivables, net	-	-	-	41,048
Prepaid items	-	4,032	-	-
Total Assets	\$ 63,545	\$ 88,454	\$ 4,169	\$ 175,971
<u>Liabilities</u>				
Accounts payable and accrued liabilities	-	57	-	7,720
Total Liabilities	-	57	-	7,720
<u>Fund Balances</u>				
Nonspendable	-	4,032	-	-
Restricted	63,545	84,365	4,169	168,251
Total Fund Balances	63,545	88,397	4,169	168,251
Total Liabilities and Fund Balances	\$ 63,545	\$ 88,454	\$ 4,169	\$ 175,971

Street Sales		
Tax	Total	
\$ 216,541	\$ 503,600	
20,876	61,924	
-	4,032	
<u>\$ 237,417</u>	<u>\$ 569,556</u>	
-	7,777	
<u>-</u>	<u>7,777</u>	
-	4,032	
237,417	557,747	
<u>237,417</u>	<u>561,779</u>	
<u>\$ 237,417</u>	<u>\$ 569,556</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, 2024

	Municipal Court Security	Municipal Court Automation	Public Safety Seizures	Crime Control & Prevention
<u>Revenues</u>				
Sales tax	\$ -	\$ -	\$ -	\$ 251,577
Fines and forfeitures	14,140	12,008	-	-
Interest income	838	1,154	-	6,298
Total Revenues	14,978	13,162	-	257,875
<u>Expenditures</u>				
Current:				
Court	5,695	17,761	-	-
Public safety	-	-	-	280,775
Public works	-	-	-	-
Capital outlay	-	1,050	-	60,379
Debt service:				
Principal	-	-	-	13,487
Interest	-	-	-	5,761
Total Expenditures	5,695	18,811	-	360,402
<u>Other Financing Sources (Uses)</u>				
Transfers in	-	-	-	18,200
Total Other Financing Sources (Uses)	-	-	-	18,200
Net Change in Fund Balances	9,283	(5,649)	-	(84,327)
Beginning fund balances	54,262	94,046	4,169	252,578
Ending Fund Balances	\$ 63,545	\$ 88,397	\$ 4,169	\$ 168,251

Street Sales Tax		Total	
\$	128,395	\$	379,972
	-		26,148
	11,271		19,561
	139,666		425,681
	-		23,456
	-		280,775
	57,030		57,030
	37,887		99,316
	-		13,487
	-		5,761
	94,917		479,825
	-		18,200
	-		18,200
	44,749		(35,944)
	192,668		597,723
\$	237,417	\$	561,779

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