

DALLAS COUNTY UTILITY AND RECLAMATION DISTRICT

Basic Financial Statements and Supplemental Schedules For the Year Ended September 30, 2021 and Independent Auditor's Report

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Dallas County Utility and Reclamation District
 Annual Financial Report
 For the Fiscal Year Ended September 30, 2021
 Table of Contents

Page

Financial Section

Independent Auditor’s Report	3
Management’s Discussion and Analysis.....	5

Basic Financial Statements

Government-Wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	19
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds.....	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	21
Statement of Net Position – Proprietary Funds.....	22
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds.....	23
Statement of Cash Flows – Proprietary Funds.....	24
Statement of Fiduciary Net Position -- Pension Trust Fund	25
Statement of Changes in Fiduciary Net Position – Pension Trust Fund.....	26
Notes to the Financial Statements	27

Required Supplementary Information (Unaudited)

Budgetary Comparison Schedule – General Fund	50
Schedule of Changes in Net Pension Liability and Related Ratios Multiyear (Unaudited)	51
Schedule of Contributions (Unaudited)	52
Notes to the Required Supplementary Information (Unaudited)	53

Supplementary Information

Combining Statement of Net Position - Internal Service Funds	56
Combining Statement of Revenues, Expenses, and Changes in Net Position - Internal Service Funds	57
Combining Statement of Cash Flows – Internal Service Funds.....	58
Schedule of Debt Service Requirements to Maturity	59

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Financial Section

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Independent Auditor's Report

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

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Dallas County Utility and Reclamation District as of September 30, 2021, 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.

Weaver and Tidwell, L.L.P.
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The Board of Directors of
Dallas County Utility and Reclamation District

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5-12, the Budgetary Comparison Schedule on page 50, the Schedule of Changes in Net Pension Liability and Related Ratios Multiyear on page 51 and the Schedule of Contributions on page 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
January 13, 2022

Management’s Discussion and Analysis (Unaudited)

As management of the Dallas County Utility and Reclamation District (the District), we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2021. Please read it in conjunction with the District’s financial statements, which follow this section.

Financial Highlights

- In the government-wide financial statements, liabilities and deferred inflows of the District exceeded assets and deferred outflows by \$99.3 million, with unrestricted net position (deficit) of \$(31.1) million;
- The net investment in capital assets has a deficit of \$68.2 million due to the fact that the long-term debt exceeds the capital assets net of depreciation. The debt includes unamortized premiums and discounts, in addition to the original cost of the capital assets. The capital assets are mainly infrastructure in nature and were constructed to entice development within the District. Financing instruments, such as capital appreciation bonds, were used in order to defer the repayment of the debt until a sufficient tax base was developed to support the debt payments;
- The District’s total general revenues were \$31.1 million for the year ended September 30, 2021, substantially all of which were property taxes;
- The District’s total program revenues were \$8.5 million for the year ended September 30, 2021, of which \$2.1 million were water sales revenue, \$1.6 million were charges for services and \$4.7 million were intergovernmental revenue;
- The total cost of the District’s programs decreased 2.69% to \$16.7 million. Governmental activities expenses increased \$.1 million while business-type activities decreased \$626.5 thousand. Interest expense decreased \$380 thousand; and
- The fund balance for all governmental funds totaled \$15.9 million. This amount is \$3.3 million higher than September 30, 2020 balance. Excess revenues over expenditures was \$3,254,323.

Overview of the Financial Statements

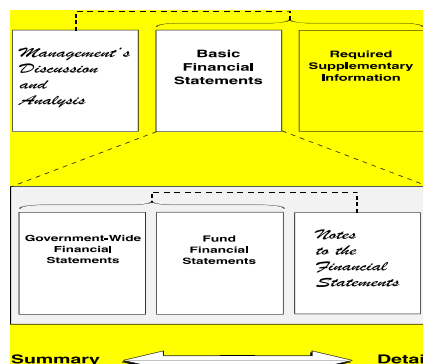
This annual report consists of three parts—*management’s discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

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

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

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

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



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

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

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

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

Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements				
<i>Type of Statements</i>	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	Entire District’s government (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses: self insurance	Instances in which the district is the trustee or agent for someone else’s resources
<i>Required financial statements</i>	<ul style="list-style-type: none"> ◆ Statement of net position ◆ Statement of activities 	<ul style="list-style-type: none"> ◆ Balance sheet ◆ Statement of revenues, expenditures & changes in fund balances 	<ul style="list-style-type: none"> ◆ Statement of net position ◆ Statement of revenues, expenses and changes in fund net position ◆ Statement of cash flows 	<ul style="list-style-type: none"> ◆ Statement of fiduciary net position ◆ Statement of changes in fiduciary net position
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the District’s funds do not currently contain capital assets, although they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

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

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

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

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

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

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

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

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

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

Financial Analysis of the District as a Whole

Net position. The District's net position at September 30, 2021 for governmental activities and business-type activities was approximately \$(106.0) million and \$6.7 million respectively. (See Table A-1).

Table A-1
The District's Net Position

	Governmental Activities		Total Change	Business-Type Activities		Total
	2021	2020		2021	2020	
Current and other assets	\$ 18.4	\$ 19.4	(5.15) %	\$ 5.1	\$ 4.5	13.33 %
Capital assets	42.7	42.7	0.00	1.7	1.9	(10.53)
Total assets	61.1	62.1	(1.61)	6.8	6.4	6.25
Total deferred outflows of resources	3.8	4.5	(15.56)	0.1	0.1	(50.00)
Current liabilities	20.3	23.5	(13.62)	0.1	0.4	(67.50)
Long-term liabilities	150.3	171.1	(12.16)	-	-	
Total liabilities	170.6	194.6	(12.33)	0.1	0.4	(67.50)
Total deferred inflows of resources	0.3	0.2	50.00	-	-	-
Net position						
Net investment in capital assets	(69.9)	(69.8)	0.14	1.7	1.9	(10.53)
Restricted	-	-	-	-	-	-
Unrestricted	(36.1)	(58.4)	(38.18)	5.0	4.1	21.95
Total Net Position	\$ (106.0)	\$ (128.2)	(17.32) %	\$ 6.7	\$ 6.1	10.16 %

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

The District's liabilities and deferred inflows for government activities exceed its assets and deferred outflows resulting in a deficit of \$106.0 million. The main reason for the deficit is the interest accretion on capital appreciation bonds. The District was created to construct certain infrastructure in an undeveloped area in order to entice development within the District. Financing instruments, such as capital appreciation bonds, were used in order to defer the repayment of the debt until after sufficient tax base was developed to support the debt payments. That has in fact occurred as the tax base within the District now exceeds \$4.8 billion. The District expects to pay off the debt from collection of future property tax levies.

Changes in net position. The District's total revenues were \$39.5 million. Eighty-three percent of the District's revenue comes from taxes. (See Figure A-3.) Another four percent relates to charges for services and thirteen percent relates to intergovernmental revenues.

The total cost of all programs and services was \$16.7 million; 28.7% of these costs are for interest expense.

Governmental Activities. Property tax rates decreased 4.86 cents to \$.937 while the total tax base increased to over \$4.8 billion, resulting in an increase of tax revenue to \$31.0 million.

Figure A-3
District Sources of Revenue for Fiscal Year 2021

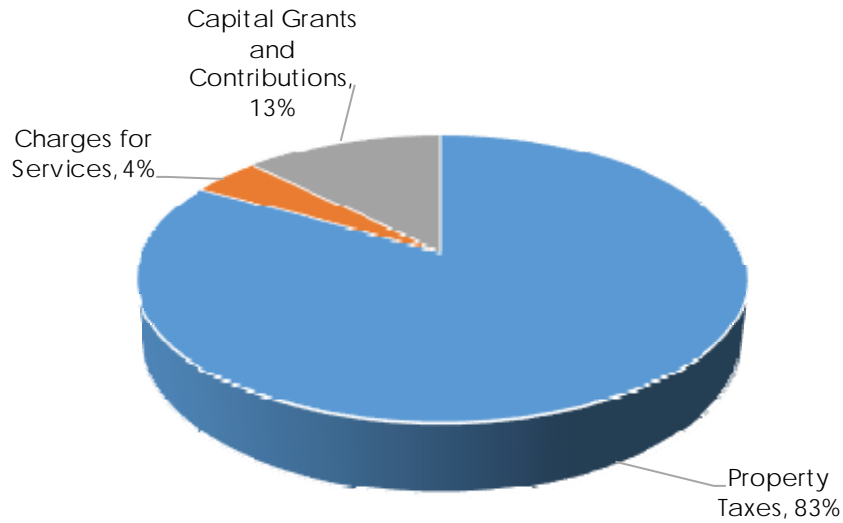


Table A-2
Changes in the District's Net Position
(in millions of dollars)

	Governmental Activities		Total % Change	Business-Type Activities		Total % Change
	2021	2020		2021	2020	
Revenues						
Program revenues:						
Charges for services	\$ 1.6	\$ 1.7	(5.88) %	\$ 2.1	\$ 2.0	5.00 %
Capital grants and contributions	4.7	7.9	(40.51)	-	-	-
General revenues:						
Property taxes	31.0	30.2	2.65	-	-	-
Other	0.1	0.4	(75.00)	-	-	-
Total revenues	37.4	40.2	(6.97)	2.1	2.0	5.00
Expenses						
General government	2.2	0.7	214.29	-	-	-
Finance and administration	1.0	0.9	11.11	-	-	-
Systems maintenance	4.8	4.8	-	-	-	-
Reclamation maintenance	-	-	-	-	-	-
Area personal transit system	1.3	2.1	(38.10)	-	-	-
Service center operation	0.1	0.2	(33.33)	-	-	-
Rehabilitation	1.0	1.1	(9.09)	-	-	-
Pension expense	-	0.1	-	-	-	-
Interest expense	4.8	5.2	(7.69)	-	-	-
Raw water supply	-	-	-	1.5	2.1	(28.57)
Total expenses	15.2	15.1	1.00	1.5	2.1	(28.57)
Excess (deficiency) of revenues over expenditures	22.2	25.2	(11.73)	0.6	(0.1)	(700.00)
Change in net position	22.2	25.2	(11.73)	0.6	(0.1)	(700.00)
Net position - beginning, as restated	(128.2)	(153.3)	(16.37)	6.1	6.2	(1.61)
Net position - ending	\$ (106.0)	\$ (128.2)	(17.28) %	\$ 6.7	\$ 6.1	9.84 %

Financial Analysis of The District's Funds

Revenues for governmental funds totaled \$38.2 million, \$3.0 million lower than the preceding year. Tax revenues increased \$580.3 thousand from 2020 to 2021 while intergovernmental and other revenues decreased \$3.3 million from 2020 to 2021. Property tax collections, the largest source of revenue received by the District, was \$30.8 million. The taxable value of property within the District increased 4.4% while the tax rate was decreased by \$.0486.

Expenditures for governmental funds totaled \$34,928,946 during 2020-2021 and \$38,405,735 during 2019-2020, a decrease of \$3,476,789 from 2019-2020.

The governmental funds reported a combined fund balance of \$15,888,461, an increase of \$3,337,078. The net increase of the combined fund balances was comprised of fund balance increase in the General Fund of \$3,335,802, and fund balance increase in the Debt Service Fund of \$1,276. Out of the combined fund balances, \$13,392,998 constitutes unassigned fund balance. The remainder of the fund balances of \$13,684, \$29,913, \$1,000,000 and \$1,451,866 is restricted for payment of principal and interest on the District's general obligation debt, nonspendable, committed for capital project reserve, and assigned for capital projects, respectively.

The General Fund is the primary operating fund of the District. At September 30, 2021, unassigned fund balance of the General Fund was \$13,392,998. This fund balance represents 84.1% of the total General Fund expenditures. The fund balance of the General Fund increased during the current fiscal year by \$3,335,802.

The Debt Service Fund had a total fund balance of \$13,684, all of which is restricted for the payment of debt service. The District makes semi-annual debt service interest payments and principal payments in February of each year. Debt service payments for the year ended September 30, 2021, included all scheduled payments.

Proprietary Funds. The District maintains both enterprise and internal service funds. Information is presented separately in the proprietary fund statement of net position and in the proprietary fund statement of revenues, expenses, and changes in net position for the Raw Water Supply Fund, which is considered to be a major fund. Net position in the Raw Water Supply Fund as of September 30, 2021, was \$6,728,872. Of this amount, \$1,744,488 represented the net investment in capital assets. Net position for the fiscal year increased by \$617,825.

General Fund Budgetary Highlights

The District did not revise its budget during the year. Actual expenditures were \$2,553,611 below final budget amounts while revenues were \$1,249,681 above the final budgeted amount. Intergovernmental revenue was above budget due to the timing of the Streeter Pump and rehabilitation projects, resulted in above budget revenues of \$1,106,755. The lower than budgeted expenditures were due mainly to deferred dredging projects, indefinite suspension of the APT system, and rehabilitation projects of \$500,531, \$1,128,858, \$1,414,850 respectively. Projects for emergency generators and District Waterway Slope repairs will be continued in fiscal year 2022.

Capital Assets and Debt Administration

Capital Assets. At the end of 2021, the District had invested \$140.5 million in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-3.) This amount is increased \$1,993,814 from last year.

Table A-3
(in millions of dollars)

	Governmental			Business-Type		
	Activities		Total % Change	Activities		Total % Change
	2021	2020		2021	2020	
Land	\$ 14.9	\$ 16.6	(10.24) %	\$ -	\$ -	- %
Buildings and improvements	4.3	4.1	4.88	-	-	-
Vehicles, furniture and equipment	2.7	2.3	17.39	0.8	0.8	-
Flood control system	58.6	55.4	5.78	-	-	-
Area personal transit system	38.8	38.8	-	-	-	-
Engineering fees	11.5	11.5	-	-	-	-
Water and sewer systems	1.8	1.8	-	7.1	7.1	-
Totals at historical cost	132.6	130.5	1.61	7.9	7.9	-
Total accumulated depreciation	(89.9)	(87.8)	2.39	(6.2)	(6.0)	3.33
Net capital assets	\$ 42.7	\$ 42.7	0.00 %	\$ 1.7	\$ 1.9	(10.53) %

The District's fiscal year 2022 capital budget projects spending another \$285,000 for capital projects, principally replacement vehicles and equipment. More detailed information about the District's capital assets is presented in Note 6 to the financial statements.

Long-term Debt. At year-end the District had \$167.3 million in bonds and notes outstanding as shown in Table A-4. More detailed information about the District's debt is presented in Note 7 to the Financial Statements.

Table A-4
District's Long Term Debt

	Governmental		Total % Change
	Activities		
	2021	2020	
Bonds payable (including bond premium)	\$ 167.3	\$ 186.7	(0.10) %
Total bonds payable	\$ 167.3	\$ 186.7	(0.10) %

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

Economic Factors and Next Year's Budgets and Rates

Appraised value used for the 2022 budget preparation increased \$198 million, or 4.3% from 2021. The increase in appraised values is primarily the result of increased taxable value in multi-family and of Class A commercial office buildings within the District. Occupancy rates fell slightly to about 77% during the year while leasing rates continue to rise from 2021 to 2022.

New development continues in the District in a variety of markets. A mixed-use development with multi-family and retail was completed in 2021. During 2021, a hotel, health corporate office and bank headquarters were started with completion scheduled for 2022. A multi-family property with an approximate value of \$70 million is also scheduled to begin construction in the Urban Center in 2022.

These indicators were taken into account when adopting the operating budget for 2022. The general fund budget for 2022 is \$8.2 million, which is \$4.7 million less than the final 2021 actual. This decrease is due mainly to a decrease in budgeted capital asset purchases to \$285,000. An indefinite suspension of the APT system also contributed to a lower general fund budget. Property taxes will increase approximately \$988 thousand. An 4.4% increase in tax values and decreasing the tax rate from \$.937 to \$.8167 will create this decrease which will maintain the District's fund balance at 2020-2021 amounts.

Expenditures are budgeted to be \$7.9 million. If these estimates are realized, the District's budgetary general fund balance will remain constant at the close of 2022.

Contacting the District's Financial Management

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

Basic Financial Statement

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Dallas County Utility and Reclamation District

Statement of Net Position

September 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 17,384,896	\$ 2,069,520	\$ 19,454,416
Accounts receivable (net of allowance of \$88,397)	966,552	288,150	1,254,702
Accrued interest receivable	74	14	88
Internal balances	26,842	(26,842)	-
Prepaid Asset	-	2,747,320	2,747,320
Capital assets, not being depreciated	14,907,214	-	14,907,214
Capital assets, net of accumulated depreciation	27,755,793	1,744,488	29,500,281
Other assets	80,544	75	80,619
Total assets	61,121,915	6,822,725	67,944,640
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension plan	587,010	87,611	674,621
Deferred loss on refunding	3,189,886	-	3,189,886
Total deferred outflows of resources	3,776,896	87,611	3,864,507
LIABILITIES			
Accounts payable and accrued liabilities	1,155,568	46,213	1,201,781
Net pension liability	556,412	83,045	639,457
Accrued interest payable	965,739	-	965,739
Unearned revenue	558,381	-	558,381
Noncurrent liabilities:			
Due within one year	17,000,000	-	17,000,000
Due in more than one year	150,305,904	-	150,305,904
Total liabilities	170,542,004	129,258	170,671,262
DEFERRED INFLOWS OF RESOURCES			
Related to pension plan	349,791	52,206	401,997
Total deferred inflows of resources	349,791	52,206	401,997
NET POSITION			
Net investment in capital assets	(69,946,772)	1,744,488	(68,202,284)
Restricted for debt service	13,684	-	13,684
Unrestricted	(36,059,896)	4,984,384	(31,075,512)
TOTAL NET POSITION	\$ (105,992,984)	\$ 6,728,872	\$ (99,264,112)

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

Dallas County Utility and Reclamation District

Statement of Activities

For the Fiscal Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Capital Grants and Contributions
PRIMARY GOVERNMENT			
Governmental activities:			
General government	\$ 2,207,442	\$ 83,235	\$ 2,239,144
Finance and administration	985,928	404,371	-
Systems maintenance	4,733,784	765,587	2,508,996
Reclamation maintenance	3,447	2,737	-
Area personal transit system	1,341,517	-	-
Service center operations	144,105	381,858	-
Rehabilitation	1,030,051	-	-
Pension expense	9,109	-	-
Interest expense	4,815,533	-	-
Total governmental activities	15,270,916	1,637,788	4,748,140
Business-type activities:			
Raw water supply	1,507,628	2,122,544	-
Total business-type activities	1,507,628	2,122,544	-
TOTAL PRIMARY GOVERNMENT	\$ 16,778,544	\$ 3,760,332	\$ 4,748,140

General revenues:

Taxes

Unrestricted investment earnings

Gain on sale of property

Total general revenues and transfers

Change in net position

Net position, beginning

NET POSITION, ending

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

**Net (Expense) Revenue and
Changes in Fund Net Position
Primary Government**

Governmental Activities	Business-Type Activities	Total
\$ 114,937	\$ -	\$ 114,937
(581,557)	-	(581,557)
(1,459,201)	-	(1,459,201)
(710)	-	(710)
(1,341,517)	-	(1,341,517)
237,753	-	237,753
(1,030,051)	-	(1,030,051)
(9,109)	-	(9,109)
(4,815,533)	-	(4,815,533)
(8,884,988)	-	(8,884,988)
-	614,916	614,916
-	614,916	614,916
(8,884,988)	614,916	(8,270,072)
30,993,090	-	30,993,090
682	2,909	3,591
82,755	-	82,755
31,076,527	2,909	31,079,436
22,191,539	617,825	22,809,364
(128,184,523)	6,111,047	(122,073,476)
\$ (105,992,984)	\$ 6,728,872	\$ (99,264,112)

Dallas County Utility and Reclamation District

Balance Sheet – Government Funds

September 30, 2021

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and investments	\$ 16,873,115	\$ -	\$ 16,873,115
Restricted cash and cash equivalents	-	13,684	13,684
Accounts receivable (net of allowance of \$88,397):	966,552	-	966,552
Accrued interest receivable	50	-	50
Other assets	29,913	-	29,913
Due from other funds	26,958	-	26,958
TOTAL ASSETS	\$ 17,896,588	\$ 13,684	\$ 17,910,272
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
LIABILITIES			
Accounts payable and accrued liabilities	\$ 1,141,839	\$ -	\$ 1,141,839
Unearned revenue	558,381	-	558,381
Total liabilities	1,700,220	-	1,700,220
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	321,591	-	321,591
Total deferred inflows of resources	321,591	-	321,591
FUND BALANCE			
Non-spendable	29,913	-	29,913
Restricted for debt service	-	13,684	13,684
Committed for capital project reserve	1,000,000	-	1,000,000
Assigned for capital projects	1,451,866	-	1,451,866
Unassigned	13,392,998	-	13,392,998
Total fund balance	15,874,777	13,684	15,888,461
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 17,896,588	\$ 13,684	\$ 17,910,272

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

Dallas County Utility and Reclamation District
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 September 30, 2021

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS	\$ 15,888,461
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.</p>	42,663,007
<p>Certain receivables will be collected next year, but are not available soon enough to pay for current year expenditures, and therefore are reported as unavailable revenues in the funds.</p>	321,591
<p>Deferred outflows of resources related to loss on debt refunding and pension plan are not reported in the governmental funds.</p>	3,776,896
<p>Deferred inflows of resources related to the net difference between projected and actual experience on pension plan investments.</p>	(349,791)
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:</p>	
<p> Bonds payable</p>	(167,305,904)
<p> Accrued interest on the bonds</p>	(965,739)
<p> Net pension liability</p>	(556,412)
<p>Internal service funds are used by management to charge the costs of various services to individual funds. The assets and liabilities of the internal service funds are included with governmental activities. This amount represents net position of internal service funds net of capital assets of \$417,855.</p>	534,907
TOTAL POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ (105,992,984)</u>

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

Dallas County Utility and Reclamation District
Statement of Revenues, Expenditures,
and Changes in Fund Balance – Government Funds
For the Fiscal Year Ended September 30, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes	\$ 30,784,938	\$ -	\$ 30,784,938
Investment income	-	414	414
Leases	294,064	-	294,064
Maintenance fees	87,794	-	87,794
Intergovernmental revenue	4,748,140	-	4,748,140
Other	2,267,919	-	2,267,919
	<hr/>	<hr/>	<hr/>
Total revenues	38,182,855	414	38,183,269
EXPENDITURES			
Current:			
General government	587,676	-	587,676
Finance and administration	936,374	-	936,374
Systems maintenance	3,991,454	-	3,991,454
Reclamation maintenance	7,047	-	7,047
Area personal transit system	804,092	-	804,092
Service center operations	318,694	-	318,694
Rehabilitation	1,105,550	-	1,105,550
Principal	-	15,600,000	15,600,000
Interest and fees	-	8,068,763	8,068,763
Capital outlays	3,509,296	-	3,509,296
	<hr/>	<hr/>	<hr/>
Total expenditures	11,260,183	23,668,763	34,928,946
Excess (deficiency) of revenues over (under) expenditures	26,922,672	(23,668,349)	3,254,323
OTHER FINANCING SOURCES (USES)			
Transfers in	-	23,669,625	23,669,625
Transfers (out)	(23,669,625)	-	(23,669,625)
Proceeds from the sale of property	82,755	-	82,755
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(23,586,870)	23,669,625	82,755
Change in fund balance	3,335,802	1,276	3,337,078
Fund balance, beginning	12,538,975	12,408	12,551,383
	<hr/>	<hr/>	<hr/>
FUND BALANCE, ending	<u>\$ 15,874,777</u>	<u>\$ 13,684</u>	<u>\$ 15,888,461</u>

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

Dallas County Utility and Reclamation District

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance – Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended September 30, 2021

TOTAL NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS \$ 3,337,080

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

Governmental funds report capital outlays and other capitalizable costs as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays and other transactions that impact capital assets in the current period (excluding internal service funds):

Capital outlay expenditures	3,509,296	
Depreciation expense	(1,953,659)	
Net adjustment	1,555,637	1,555,637

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues at the final level	208,152
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Governmental funds report the effect of principal payments on debt as expenditures in the governmental fund financial statements, but are shown as reductions in the long-term debt in the government-wide statements.	15,600,000
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Some revenues and expenses reported in the fund level financials are deferred in the government-wide financials	3,154,973
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Some expenses such as accrued interest and pension expense that are reported in the statement of activities do not require the use of current financial resources and therefore not reported as expenditures in governmental funds	89,145
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The proceeds from the sale of assets in the governmental funds were reported as an other financing source (use). However, the original cost of the assets disposed of had a net value more (less) than the disposal proceeds. The difference has been recorded in the statement of activities.	(1,671,380)
--	-------------

Internal service funds are used by management to charge the costs of vehicle maintenance, and insurance services to individual funds. The change in net position of \$82,068 of activities of internal service funds is reported with governmental activities with the busness type activities is not included at the fund level.	(82,068)
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CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 22,191,539

Dallas County Utility and Reclamation District

Statement of Net Position – Proprietary Funds

September 30, 2021

	Business-Type Activities Major Fund	Governmental Activities
	Raw Water Supply	Internal Service Funds
ASSETS		
Current assets:		
Cash and investments	\$ 2,069,520	\$ 498,097
Accounts receivable	288,150	-
Accrued interest receivable	14	24
Total current assets	2,357,684	498,121
Noncurrent assets:		
Prepaid Asset	2,747,320	
Capital assets - being depreciated	1,744,488	417,855
Other assets	75	50,631
Total noncurrent assets	4,491,883	468,486
Total assets	6,849,567	966,607
DEFERRED OUTFLOWS OF RESOURCES		
Related to pension plan	87,611	-
Total deferred outflows of resources	87,611	-
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	46,213	13,729
Due to other funds	26,842	116
Total current liabilities	73,055	13,845
Net pension liabilities	83,045	-
Total liabilities	156,100	13,845
DEFERRED INFLOWS OF RESOURCES		
Net difference between projected & actual earnings on pension plan investments	52,206	-
Total deferred inflows of resources	52,206	-
NET POSITION		
Net Investment in capital assets	1,744,488	417,855
Unrestricted	4,984,384	534,907
TOTAL NET POSITION	\$ 6,728,872	\$ 952,762

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

Dallas County Utility and Reclamation District
Statement of Revenues, Expenses,
and Changes in Net Position – Proprietary Funds
For the Fiscal Year Ended September 30, 2021

	Business Type Activities Major Fund	Governmental Activities
	Raw Water Supply	Internal Service Funds
OPERATING REVENUES		
Water sales	\$ 2,119,097	\$ -
Insurance premiums	-	280,073
Vehicle usage charges	-	167,250
Other income	3,447	-
	<hr/>	<hr/>
Total operating revenues	2,122,544	447,323
OPERATING EXPENSES		
Purchased water	324,170	-
Salaries, wages and benefits	362,640	-
Purchased and contracted services	167,169	39,954
Professional fees	231,726	-
Supplies and materials	35,892	74,485
Depreciation and amortization	186,151	126,135
Insurance premiums	18,400	187,008
Claims paid	-	93,669
Other recurring operating expenses	181,480	8,605
	<hr/>	<hr/>
Total operating expenses	1,507,628	529,856
Operating income (loss)	614,916	(82,533)
NON-OPERATING REVENUE/EXPENSE:		
Investment income	2,909	465
	<hr/>	<hr/>
Total nonoperating revenue	2,909	465
Change in net position	617,825	(82,068)
Net position - October 1, 2020	6,111,047	1,034,830
	<hr/>	<hr/>
NET POSITION - September 30, 2021	\$ 6,728,872	\$ 952,762

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

Dallas County Utility and Reclamation District

Statement of Cash Flows – Proprietary Funds

For the Fiscal Year Ended September 30, 2021

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Major Fund - Raw Water Supply</u>	<u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 2,151,308	\$ 447,304
Payments to suppliers	(4,017,584)	(398,258)
Payments to employees	(254,651)	-
	<u>(2,120,927)</u>	<u>49,046</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	-	(155,899)
	<u>-</u>	<u>(155,899)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	2,909	465
Purchases of investments	(1,461,338)	(308,000)
Sales of investments	3,558,219	307,837
	<u>2,099,790</u>	<u>302</u>
Net decrease in cash and cash equivalents	(21,137)	(106,551)
CASH AND CASH EQUIVALENTS, beginning of year	<u>49,459</u>	<u>296,433</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 28,322</u>	<u>\$ 189,882</u>
CASH AND CASH EQUIVALENTS	\$ 28,322	\$ 189,882
INVESTMENTS	<u>2,041,198</u>	<u>308,215</u>
CASH AND INVESTMENTS END OF YEAR	<u>\$ 2,069,520</u>	<u>\$ 498,097</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net operating income (loss)	\$ 614,916	\$ (82,533)
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	186,151	126,135
Pension expense	4,669	-
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	28,531	-
(Increase) decrease in accrued interest receivable	233	(23)
(Increase) decrease in prepaid assets	(2,747,320)	-
(Increase) decrease in other assets	-	5,215
Increase (decrease) in due to other funds	(10,291)	116
Increase (decrease) in accounts payable	(197,816)	136
	<u>\$ (2,120,927)</u>	<u>\$ 49,046</u>

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

Dallas County Utility and Reclamation District
Statement of Fiduciary Net Position – Pension Trust Fund
September 30, 2021

ASSETS - Cash and investments	<u>\$ 9,340,686</u>
NET POSITION - Held in trust for pension benefits	<u>\$ 9,340,686</u>

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

Dallas County Utility and Reclamation District
Statement of Changes in Fiduciary Net Position – Pension Trust Fund
For the Fiscal Year Ended September 30, 2021

ADDITIONS

Employer contributions	\$ 238,859
Net investment income	<u>1,504,588</u>

Total additions 1,743,447

DEDUCTIONS

Administration	(59,265)
Benefit payments	<u>(293,483)</u>

Total deductions (352,748)

Increase in net position held in trust for pension benefits 1,390,698

Net position held in trust for pension benefits, beginning 7,949,987

NET POSITION HELD IN TRUST FOR PENSION BENEFITS, ending \$ 9,340,686

Dallas County Utility and Reclamation District

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

The accompanying financial statements present all activities for which the District is considered to be financially accountable. The District has one component unit, North Central Texas Energy Aggregation, Inc. (NCTEA), a not-for-profit operated by the District and designed to aggregate the bargaining power of certain District-area businesses in order to achieve better energy rates from providers. The District's governing body appoints persons to serve on the NCTEA Board. Currently two District employees, its General Manager and Chief Financial Officer, serve on the NCTEA Board. NCTEA did not have any business activity for the year. As of September 30, 2021, there were no active contracts with customers. The most recent contracts terminated in February 2007.

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

B. Basis of Presentation – Government-Wide Financial Statements

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

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

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

Dallas County Utility and Reclamation District

Notes to the Financial Statements

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

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

Government-Wide Financial Statements. The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements. Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within 60 days of the fiscal year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recognized in the current fiscal period only for debt service principal and interest payments due within thirty days in the subsequent fiscal period.

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

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

The Proprietary Funds and the Pension Trust Fund are accounted for on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred. For the enterprise funds, the District applies all GASB pronouncements.

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

Dallas County Utility and Reclamation District

Notes to the Financial Statements

D. Fund Accounting.

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or net position, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the basic financial statements into generic fund types as follows:

The government reports the following major governmental funds:

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

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

The government reports the following major proprietary fund:

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

Additionally, the District reports the following funds:

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

The District's self-insurance program is accounted for in an internal service fund. The liability reported in this fund at September 30, 2021, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. These liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. The District's vehicle maintenance program is also accounted for as an internal service fund.

The *pension trust fund* is used to account for assets held by the District in a trustee capacity. The District's pension trust fund is used to account for the District's retirement plan. It is accounted for using the accrual basis of accounting.

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

Dallas County Utility and Reclamation District

Notes to the Financial Statements

E. Capital Assets

Capital assets, which include land, buildings, water system, equipment, furniture and fixtures, and vehicles, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. The capitalization threshold is a unit cost of \$5,000. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

F. Long-Term Liabilities

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

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

G. Deferred Outflows/Inflows of Resources

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

- Deferred charges on refundings – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred outflows related to the pension plan which includes pension contributions after the measurement date, deferred outflows related to assumption changes, and differences between projected and actual earnings on plan investments.

Dallas County Utility and Reclamation District

Notes to the Financial Statements

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item that qualifies for reporting in this category. The difference in projected and actual experience for the pension is deferred and amortized over the remaining average service life of the members.

H. Cash and Cash Equivalents

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

I. Investments

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

J. Inventory

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

K. Governmental Fund Balances

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

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

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

Restricted fund balance. The portion of fund balance that reflects resources that are subject to externally enforceable legal restrictions imposed by parties outside the District at September 30, 2021.

Committed fund balance. The portion of fund balance that reflects resources that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. At September 30, 2021, the District has established a capital project reserve in the amount of no less than \$1,000,000.

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

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

Dallas County Utility and Reclamation District

Notes to the Financial Statements

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

L. Net Position

The District excludes accreted interest on capital appreciation bonds that was subsequently refunded by term bonds from its calculation of the net investment in capital assets.

M. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

N. New Accounting Pronouncements

GASB Statement No. 87. Leases. Statement 87 was issued on June 2017. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying assets. This standard becomes effective for the District fiscal year 2022. The District has not determined the impact of this statement.

GASB Statement No. 91. Conduit Debt Obligations. Statement 91 was issued on May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This standard becomes effective for the District fiscal year 2022, The District has not determined the impact of this statement.

GASB Statement No. 92. Omnibus 2020. Statement 92 was issued January 2020. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan

Dallas County Utility and Reclamation District

Notes to the Financial Statements

- The applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. Terminology used to refer to derivative instruments
- This standard becomes effective for the District fiscal year 2022, The District has not determined the impact of this statement.

GASB Statement No. 93. Replacement of Interbank Offered Rates. Statement 93 was issued March 2020. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of *reference rate*, as it is used in Statement 53, as amended

This standard becomes effective for the District fiscal year 2022, The District has not determined the impact of this statement.

GASB Statement No. 94. Public-Private and Public-Public Partnerships and Availability Payment Arrangements. Statement 94 was issued on March 2020. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This standard becomes effective for the District fiscal year 2023, The District has not determined the impact of this statement.

Dallas County Utility and Reclamation District

Notes to the Financial Statements

GASB Statement No. 96, Subscription -Based Information Technology Arrangements. Statement 96 was issued on May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. This standard becomes effective for the District fiscal year 2023, The District has not determined the impact of this statement.

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an Amendment of GASB Statements No. 14 and No. 84 and a Supersession of GASB Statement No. 32. Statement 97 was issued on June 2020.

The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. This standard becomes effective for the District fiscal year 2022, The District has not determined the impact of this statement.

Note 2. Property Taxes

Property taxes, which attach as an enforceable lien on property as of January 1, are due October 1 and become delinquent on February 1. At elections held in 1972 and 1973 the District's voters authorized the levy and collection of an unlimited annual maintenance tax for the purpose of providing funds for the maintenance of the District's work facilities and other improvements, and for paying the costs of proper service, engineering, legal fees, organization and administrative expenses and required debt service. The District's tax rate for fiscal year 2020-21 is \$.937 (\$.700 for debt service and \$.237 for maintenance and operations) per \$100 of assessed valuation. According to the Dallas Central Appraisal District, the total taxable assessed value of District land, property and improvements net of supplemental adjustments totaled \$4,804,619,042 for the tax year ended September 30, 2021. The revenue associated with both maintenance and debt service tax has been recorded within the General Fund with the amount of debt service tax collected reported as a transfer to the Debt Service Fund.

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

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

Dallas County Utility and Reclamation District

Notes to the Financial Statements

Note 3. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and demand deposits. The District's bank balance at September 30, 2021 was \$711,498 with a carrying value of \$586,301. The District also had petty cash totaling \$840 at September 30, 2021.

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

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

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

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

For fiscal year 2021, the District invested in U.S. Government Agency securities, Texas CLASS, and TexSTAR. Texas CLASS is organized under the Sixth Amended and Restated Trust Agreement in accordance with all the requirements contained in section 2256.016 of the Act. Texas CLASS is administered by Public Trust Advisors, LLC and all funds are held by the custodial agent, Wells Fargo N.A. Texas CLASS may invest in obligations of the U.S. or its agencies and instrumentalities; repurchase agreements; SEC-registered money market funds rated in the highest rating category by at least one NRSRO; and commercial paper rated A-1, P-1 or equivalent by two nationally recognized rating agencies. TexSTAR: J.P. Morgan Investment Management Inc. and First Southwest Company serve as co-administrators for TexSTAR under an agreement with the TexSTAR board of directors. J.P. Morgan Investment Management Inc. provides investment management services, and First Southwest Company provides participant services and marketing. Custodial, fund accounting and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary J.P. Morgan Investor Services Co. TexSTAR is Texas Short Term Asset Reserve Program organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The primary objectives of TexSTAR are, in order of priority, preservation and protection of principal, maintenance of sufficient liquidity to meet participants' needs, diversification to avoid unreasonable or avoidable risks, and yield.

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

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

Dallas County Utility and Reclamation District

Notes to the Financial Statements

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

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

	Fair Value Measurements Using				Percent of Total Investments	Weighted Average Maturity (Days)
	September 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)		
<i>Investments not subject to level reporting:</i>						
<i>Investment Pools:</i>						
Texas CLASS	\$ 15,928,603	\$ -	\$ -	\$ -	84.42%	53
TexSTAR	43,730	-	-	-	0.23%	43
<i>Investments by Fair Value Level:</i>						
<i>U.S. Government Agency Securities:</i>						
Federal Home Loan Mortgage Corp.	2,467,410	-	2,467,410	-	13.08%	184
Federal Home Loan Bank	411,937	-	411,937	-	2.18%	205
Money Market accounts	15,595	-	15,595	-	0.09%	1
Total value	\$ 18,867,275	\$ -	\$ 2,894,942	\$ -		

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

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

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

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

Dallas County Utility and Reclamation District

Notes to the Financial Statements

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

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

Credit Risk. The District’s Investment policy is to apply the “prudent investor” standard: “Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.” As of September 30, 2021, the Texas Class local government investment pool was rated AAAM and the TexStar local government investment pool was rated AAAM both by Standard and Poor’s. Both local government investment pools were managed as SEC 2a-7 like funds. The Federal National Mortgage Assn., and Federal Home Loan Bank discount notes were issued or guaranteed by the US Federal Government, which is rated AA.

Concentration of Credit Risk. The District’s investment policy places no limit on the amount the District may invest in any one issuer. However, the District’s investment policy calls for portfolio diversification by avoiding over-concentration in a specific maturity sector or specific instruments. The District’s portfolio is 2% in Federal Home Loan Bank Notes and 13% in Federal Home Loan Mortgage Corp Discount Notes as of September 30, 2021. The remainder (85%) of the District’s investments is invested in government pools and money market funds.

The fair value of the investments in U.S. Government Agency securities is based on quoted market prices. The investments are reported by the District at book value. The amount of decrease in the fair value of these investments during the year ended September 30, 2021, is included in other revenue.

Investment earnings	\$ 3,678
Net decrease in fair value of investments	<u>(87)</u>
Total investment earnings	<u>\$ 3,591</u>

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

Dallas County Utility and Reclamation District
Notes to the Financial Statements

Note 4. Accounts Receivable

Receivables at September 30, 2021, were as follows:

	Governmental Activities and Governmental Funds	Business-Type Activities
Receivables:		
Property taxes	\$ 405,975	\$ -
Other receivables	648,975	288,150
	<hr/>	<hr/>
Total receivables	1,054,950	288,150
Less allowance for uncollectible amount	(88,398)	-
	<hr/>	<hr/>
Net total receivables	<u>\$ 966,552</u>	<u>\$ 288,150</u>

Note 5. Interfund Transactions

Interfund balances at September 30, 2021, consist of the following individual fund receivables and payables:

Fund	Receivables	Payables
General Fund:		
Raw Water Supply - Enterprise Fund	\$ 26,842	\$ -
Vehicle Maintenance - Internal Service Fund	116	-
Vehicle Maintenance - Internal Service Fund:		
General Fund	-	116
Raw Water Supply - Enterprise Fund:		
General Fund	-	26,842
	<hr/>	<hr/>
Total	<u>\$ 26,958</u>	<u>\$ 26,958</u>

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

Interfund transfers in and out consist of the following:

	Transfers In
	Debt
	Service
	<hr/>
Transfers out:	
General fund	\$ 23,699,625
	<hr/>
Total	<u>\$ 23,699,625</u>

Dallas County Utility and Reclamation District

Notes to the Financial Statements

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

Note 6. Capital Assets

A summary of capital assets activity during the fiscal year ended September 30, 2021:

	Balance October 1, 2020	Transfers/ Additions	Transfers/ Deletions	Balance September 30, 2021
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 16,578,594	\$ -	\$ 1,671,380	\$ 14,907,214
Total capital assets not being depreciated	16,578,594	-	1,671,380	14,907,214
Capital assets, being depreciated:				
Buildings	4,135,279	155,039	-	4,290,318
Flood control system	47,905,886	-	-	47,905,886
Water system	1,817,610	-	-	1,817,610
Sewage system	542,462	-	-	542,462
Area personal transit system	38,825,241	-	-	38,825,241
Furniture and equipment	1,371,293	94,091	-	1,465,384
Capitalized system engineering fees	11,472,529	-	-	11,472,529
Vehicles	969,723	155,898	-	1,125,621
Construction in Progress	6,940,662	3,260,166	-	10,200,828
Total capital assets being depreciated	113,980,685	3,665,194	-	117,645,879
Less accumulated depreciation for:				
Buildings	3,406,294	103,596	-	3,509,890
Flood control system	36,827,925	1,001,326	-	37,829,251
Water system	1,814,332	297	-	1,814,629
Sewage system	542,462	-	-	542,462
Area personal transit system	34,125,011	470,944	-	34,595,955
Furniture and equipment	987,764	134,473	-	1,122,237
Capitalized system engineering fees	9,452,162	261,586	-	9,713,748
Vehicles	654,343	107,571	-	761,914
Total accumulated depreciation	87,810,293	2,079,793	-	89,890,086
Total capital assets being depreciated, net	26,170,392	1,585,401	-	27,755,793
Governmental activities capital assets, net	\$ 42,748,986	\$ 1,585,401	\$ 1,671,380	\$ 42,663,007

Dallas County Utility and Reclamation District

Notes to the Financial Statements

Included in capital assets above are internal service fund capital assets with original cost of \$1,218,441 and accumulated depreciation of \$808,787.

	Balance October 1, 2020	Transfers/ Additions	Transfers/ Deletions	Balance September 30, 2021
Business-type activities:				
Capital assets being depreciated:				
Water systems	\$ 7,132,237	\$ -	\$ -	\$ 7,132,237
Vehicles, furniture and equipment	770,825	-	-	770,825
Total capital assets being depreciated	7,903,062	-	-	7,903,062
Less accumulated depreciation for:				
Water systems	5,209,445	178,306	-	5,387,751
Vehicles, furniture and equipment	762,978	7,845	-	770,823
Total accumulated depreciation	5,972,423	186,151	-	6,158,574
Capital assets being depreciated, net	\$ 1,930,639	\$ (186,151)	\$ -	\$ 1,744,488

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

General government	\$ 8,386
Finance and administration	8,386
Systems maintenance	1,506,336
Area personal transit system	537,425
Service center operations	19,260
Total	\$ 2,079,793

Note 7. Long-Term Debt

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

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

Dallas County Utility and Reclamation District

Notes to the Financial Statements

The following is a summary of long-term debt transactions of the District for the year ended September 30, 2021:

Governmental Activities Bonds	Balance October 1, 2020	Additions	Retirements	Balance September 30, 2021	Due Within One Year
Series 2013 Unlimited Tax Refunding Bonds, 2% to 5% maturing in annual installments of \$360,000 to \$16,560,000 from 2014 through 2024	\$ 31,470,000	\$ -	\$ 445,000	\$ 31,025,000	\$ 460,000
Series 2016 Unlimited Tax Refunding Bonds, 2% to 5% maturing in annual installments of \$3,515,000 to \$27,445,000 from 2017 through 2028	137,885,000	-	15,155,000	122,730,000	16,540,000
	169,355,000	-	15,600,000	153,755,000	17,000,000
Unamortized Premium	17,299,968	-	3,749,064	13,550,904	
Total governmental activities bonds	<u>\$ 186,654,968</u>	<u>\$ -</u>	<u>\$ 19,349,064</u>	<u>\$ 167,305,904</u>	
Deferred loss on refunding	<u>\$ (3,783,977)</u>	<u>\$ -</u>	<u>\$ 594,091</u>	<u>\$ (3,189,886)</u>	

Year ending September 30,	Governmental Activities Bonds		
	Principal	Interest	Total
2022	\$ 17,000,000	\$ 7,259,300	\$ 24,259,300
2023	18,490,000	6,375,500	24,865,500
2024	20,075,000	5,411,375	25,486,375
2025	21,760,000	4,365,500	26,125,500
2026	23,545,000	3,232,875	26,777,875
2027-28	52,885,000	2,694,375	55,579,375
Totals	<u>\$ 153,755,000</u>	<u>\$ 29,338,925</u>	<u>\$ 183,093,925</u>

The District is in compliance with all bond resolutions/restrictions as of September 30, 2021.

Note 8. Commitments and Contingencies

A. Trinity River Authority of Texas

The District has contracted with Trinity River Authority of Texas (TRA), an agency of the State of Texas, whereby TRA dedicated and pledged to reserve, deliver and sell treated raw water at the point of delivery, to the District and the District agreed to pay TRA for such delivery and reserve of raw water. At the time the contract was signed, the District became obligated to pay to TRA a debt service component which is a percentage of debt service of a certain debt issuance made by TRA to construct project facilities needed to deliver the raw water to the point of delivery. In addition, the District is obligated to make an annual operations and maintenance payment directly attributed to the delivery of water by TRA to the District: a commodity charge - take or pay based on the actual volume of water delivered to the District, and a commodity charge - standby based on 10% of the effective take or pay commodity rate. Total payments made to TRA during the year ended September 30, 2021, amounted to \$651,467.

Dallas County Utility and Reclamation District

Notes to the Financial Statements

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

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

B. Other Contingencies

There are no claims or lawsuits pending against the District at September 30, 2021. Management is not aware of any contingencies that would have a material effect on the financial statements.

Note 9. Self-Insurance Plan

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

All funds of the District participate in the program and make payments to the Self-Insurance Fund based on estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. The claims liability of \$5,000 reported in the Fund at September 30, 2021, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the Fund's claims liability amount in fiscal 2020 and 2021 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current year Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability
2020	\$ 5,000	\$ 29,788	\$ 29,788	\$ 5,000
2021	\$ 5,000	\$ 27,514	\$ 27,514	\$ 5,000

Note 10. Employees Retirement Plans

A. Retirement Plan Description

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

Dallas County Utility and Reclamation District

Notes to the Financial Statements

B. Benefits Provided

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

Employees Covered by Benefit Terms

At January 1, 2020 measurement date, the following employees were covered by the benefit terms:

Summary of Population Statistics

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	15
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	15
Active Plan Members	<u>28</u>
 Total Plan Members	 58

C. Contributions

The contribution requirements of plan members and the District are established and can be amended by the District’s Board of Directors. Plan members are not required to contribute to the Retirement Plan. The District is required to contribute at an actuarially determined rate; the current rate is 11.07 percent of annual covered payroll. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contribution rates are not legally or contractually limited.

D. Net Pension Liability

The District’s Net Pension Liability (NPL) was measured as of January 1, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date and rolled forward from the valuation date to the fiscal year ending September 30, 2020 using generally accepted actuarial principles. The net pension liability is measured as the total pension liability, less the amount of the pension plan’s fiduciary net position. In actuarial terms, this will be the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations performed to determine the employer’s contribution requirement).

Actuarial Assumptions

The Total Pension Liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5%
Salary Increases	3.5 to 10.5%, including inflation
Investment Rate of Return	6.75%

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

Dallas County Utility and Reclamation District

Notes to the Financial Statements

Cost Method

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

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

Asset Valuation Method

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
US Equity - Large Cap	21.00%	4.78%
US Equity - Small/Mid Cap	16.00%	5.92%
Non-US Equity - Developed	9.00%	6.31%
Non-US Equity - Emerging	7.00%	7.65%
US Corp Bonds - Core	15.00%	0.00%
US Corp Bonds - High Yield	5.00%	1.31%
Multi-Asset	27.00%	4.28%
	100.00%	

Discount Rate

A single discount rate of 6.75% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 6.75%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Dallas County Utility and Reclamation District

Notes to the Financial Statements

E. Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Liability (a) - (b)
Balances at September 30, 2019	\$ 8,208,920	\$ 7,277,009	\$ 931,911
Changes for the year:			
Service cost	181,621	-	181,621
Interest	555,913	-	555,913
Assumption changes	113,167		113,167
Differences between expected and actual experience	(342,209)	-	(342,209)
Contributions - employer		265,380	(265,380)
Contributions - employee			-
Net investment income	-	535,566	(535,566)
Benefit payments, including refunds of employee contributions	(127,968)	(127,968)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net changes	380,524	672,978	(292,454)
Balances at September 30, 2020	\$ 8,589,444	\$ 7,949,987	\$ 639,457

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
	District's net pension liability	\$ 1,703,987	\$ 639,457

Pension Plan Fiduciary Net Position

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

Dallas County Utility and Reclamation District

Notes to the Financial Statements

For the year ended September 30, 2021, the District recognized pension expense of \$252,637.

At September 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Pension contributions after measurement date	\$ 238,859	\$ -	\$ 238,859
Difference between expected and actual experience	-	401,997	(401,997)
Assumption Charges	265,453	-	265,453
Net difference between projected and actual earnings on pension plan investments	170,309	-	170,309
Total	\$ 674,621	\$ 401,997	\$ 272,624

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$238,859 will be recognized as a reduction of the net pension liability for the measurement year ending September 30, 2021 (i.e. recognized in the District's financial statements as of September 30, 2022). Other amount reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30,	
2022	\$ 26,645
2023	37,635
2024	5,577
2025	(36,092)
Total	<u>\$ 33,765</u>

Investment Policies

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

The plan assets are invested in diversified mutual funds and common collective trusts with no underlying investment making up more than 5% of the plan's net position. The annual money-weighted rate of return on pension plan investments is 18.23% and expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.

Dallas County Utility and Reclamation District

Notes to the Financial Statements

Annual Required Contribution

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

<u>Plan Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
September 30, 2014	\$ 169,180	297.4%
September 30, 2015	113,570	103.7%
September 30, 2016	135,839	100.0%
September 30, 2017	260,161	100.0%
September 30, 2018	232,142	100.1%
September 30, 2019	269,370	100.0%
September 30, 2020	232,660	114.1%

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

Deferred Compensation Plan

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

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**Required Supplementary Information
(Unaudited)**

Dallas County Utility and Reclamation District
 Budgetary Comparison Schedule – General Fund (Unaudited)
 For the Fiscal Year Ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance -</u>
	<u>Original</u>	<u>Final</u>		<u>Positive</u> <u>(Negative)</u>
REVENUES				
Taxes	\$ 30,792,000	\$ 30,792,000	\$ 30,784,938	\$ (7,062)
Interest on deposits	65,200	65,200	-	(65,200)
Leases	318,319	318,319	294,064	(24,255)
Maintenance fees	136,500	136,500	87,794	(48,706)
Intergovernmental revenue	3,641,385	3,641,385	4,748,140	1,106,755
Other	1,979,770	1,979,770	2,267,919	288,149
Total	36,933,174	36,933,174	38,182,855	1,249,681
EXPENDITURES				
Current:				
General government	1,495,720	1,495,720	587,676	908,044
Finance and administration	1,007,342	1,007,342	936,374	70,968
Systems maintenance	4,491,985	4,491,985	3,991,454	500,531
Reclamation maintenance	7,047	7,047	7,047	-
Area personal transit system	1,932,950	1,932,950	804,092	1,128,858
Service center operations	385,350	385,350	318,694	66,656
Rehabilitation	2,520,400	2,520,400	1,105,550	1,414,850
Capital outlays	1,973,000	1,973,000	3,509,296	(1,536,296)
Total	\$ 13,813,794	\$ 13,813,794	\$ 11,260,183	\$ 2,553,611
Excess of revenues over expenditures	\$ 23,119,380	\$ 23,119,380	\$ 26,922,672	\$ 3,803,292
OTHER FINANCING (USES)				
Transfers out	(23,667,513)	(23,667,513)	(23,669,625)	(2,112)
Proceeds from the sale of property	-	-	82,755	82,755
Total	(23,667,513)	(23,667,513)	(23,586,870)	80,643
Change in fund balance	(548,133)	(548,133)	3,335,802	3,883,935
Fund balance, October 1, 2020	12,538,975	12,538,975	12,538,975	-
FUND BALANCE, September 30, 2021	\$ 11,990,842	\$ 11,990,842	\$ 15,874,777	\$ 3,883,935

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

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

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

As of September 30

Note: Ten years of data not available.

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

Dallas County Utility and Reclamation District
Schedule of Contributions (Unaudited)
For the Fiscal Year Ended September 30, 2021

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

Note: Ten years of data not available

Dallas County Utility and Reclamation District
Notes to the Required Supplementary Information

A. Budgets And Budgetary Accounting

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

The General Fund balance is above the budget by \$3,883,935. This variance is due mainly to budgeted expenditure for dredging projects, indefinite suspension of the APT system and rehabilitation projects being under budget of \$500,531, \$1,128,858, and \$1,414,850 respectively. Intergovernmental revenue was below budget mainly due to timing of the Streeter Pump project and APT guideway repairs. Other revenue was above budget due to additional projects for Irving Flood Control District I & III. Expenditures for rehabilitation projects have been carried forward to 2022.

B. Schedule Of Contributions

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	30 years level dollar as a Maximum, employer has historically contributed more than the minimum.
Remaining Amortization Period	30 years
Asset Valuation Method	Market Value
Inflation	2.50%
Salary Increases	3.5 to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	It was assumed that participants will retire upon becoming eligible for normal retirement.
Mortality	The Pub-2010 Health Mortality tables for males and females projected from the year 2010 with Scale U-MP for healthy retirees.

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Other Supplementary Information

Dallas County Utility and Reclamation District
 Combining Statement of Net Position – Internal Service Funds
 September 30, 2021

	<u>Insurance*</u>	<u>Vehicle Maintenance</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and investments	\$ 380,319	\$ 117,778	\$ 498,097
Accrued interest receivable	24	-	24
Non-current assets:			
Property, plant and equipment, net	-	417,855	417,855
Other assets	50,631	-	50,631
	<u>430,974</u>	<u>535,633</u>	<u>966,607</u>
Total assets			
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	7,865	5,864	13,729
Due to other funds	-	116	116
	<u>7,865</u>	<u>5,980</u>	<u>13,845</u>
Total liabilities			
NET POSITION			
Net investment in capital assets	-	417,855	417,855
Unrestricted	423,109	111,798	534,907
	<u>423,109</u>	<u>529,653</u>	<u>952,762</u>
TOTAL NET POSITION	<u>\$ 423,109</u>	<u>\$ 529,653</u>	<u>\$ 952,762</u>

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

Dallas County Utility and Reclamation District
Combining Statement of Revenues, Expenses, and
Changes in Net Position – Internal Services Funds
For the Fiscal Year Ended September 30, 2021

	<u>Insurance*</u>	<u>Vehicle Maintenance</u>	<u>Total</u>
REVENUES			
Insurance premiums	\$ 280,073	\$ -	\$ 280,073
Vehicle usage charges	-	167,250	167,250
	<hr/>	<hr/>	<hr/>
Total revenues	280,073	167,250	447,323
EXPENSES			
Purchased and contracted services	-	39,954	39,954
Supplies and materials	-	74,485	74,485
Depreciation	-	126,135	126,135
Insurance premiums	185,408	1,600	187,008
Claims paid	93,669	-	93,669
Other recurring operating expenses	8,077	528	8,605
	<hr/>	<hr/>	<hr/>
Total expenses	287,154	242,702	529,856
NET OPERATING INCOME (LOSS)	(7,081)	(75,452)	(82,533)
NON-OPERATING INCOME			
Interest income	197	268	465
	<hr/>	<hr/>	<hr/>
Total nonoperating revenue	197	268	465
Change in net position	(6,884)	(75,184)	(82,068)
Net position - October 1, 2020	429,993	604,837	1,034,830
	<hr/>	<hr/>	<hr/>
NET POSITION - September 30, 2021	<u>\$ 423,109</u>	<u>\$ 529,653</u>	<u>\$ 952,762</u>

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

Dallas County Utility and Reclamation District
Combining Statement of Cash Flows – Internal Service Funds
For the Fiscal Year Ended September 30, 2021

	<u>Insurance</u>	<u>Vehicle Maintenance</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from quasi-external transactions	\$ 280,054	\$ 167,250	\$ 447,304
Payments to suppliers	(284,455)	(113,803)	(398,258)
Net cash provided by (used in) operating activities	(4,401)	53,447	49,046
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of capital assets	-	(155,899)	(155,899)
Net cash used for capital and related financing activities	-	(155,899)	(155,899)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	197	268	465
Sale of investments	307,837	-	307,837
Purchase of investments	(308,000)	-	(308,000)
Net cash provided by investing activities	34	268	302
Net decrease in cash and cash equivalents	(4,367)	(102,184)	(106,551)
CASH AND CASH EQUIVALENTS, beginning of year	<u>76,471</u>	<u>219,962</u>	<u>296,433</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 72,104</u>	<u>\$ 117,778</u>	<u>\$ 189,882</u>
CASH AND CASH EQUIVALENTS	\$ 72,104	\$ 117,778	\$ 189,882
INVESTMENTS	<u>308,215</u>	<u>-</u>	<u>308,215</u>
CASH AND INVESTMENTS	<u>\$ 380,319</u>	<u>\$ 117,778</u>	<u>\$ 498,097</u>
RECONCILIATION OF OPERATING LOSS TO			
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Net operating loss	\$ (7,081)	\$ (75,452)	\$ (82,533)
Adjustments to reconcile net operating loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	-	126,135	126,135
Changes in operating assets and liabilities:			
(Increase) decrease in other assets	5,215	-	5,215
(Increase) decrease in accrued interest receivable	(23)	-	(23)
Increase (decrease) in other funds	-	116	116
Increase (decrease) in accounts payable	(2,512)	2,648	136
Net cash provided by (used in) operating activities	<u>\$ (4,401)</u>	<u>\$ 53,447</u>	<u>\$ 49,046</u>

Dallas County Utility and Reclamation District
 Schedule of Debt Service Requirements to Maturity
 September 30, 2021
 (Unaudited)

Fiscal Year	Unlimited Ad Valorem Tax Refunding Bonds Series 2016		Unlimited Ad Valorem Tax Refunding Bonds Series 2013		Total Principal	Total Interest
	Principal	Interest	Principal	Interest		
2022	\$ 16,540,000	\$ 5,723,000	\$ 460,000	\$ 1,536,300	\$ 17,000,000	\$ 7,259,300
2023	4,485,000	5,197,375	14,005,000	1,178,125	18,490,000	6,375,500
2024	3,515,000	4,997,375	16,560,000	414,000	20,075,000	5,411,375
2025	21,760,000	4,365,500			21,760,000	4,365,500
2026	23,545,000	3,232,875			23,545,000	3,232,875
2027	25,440,000	2,008,250			25,440,000	2,008,250
2028	27,445,000	686,125			27,445,000	686,125
Total	\$ 122,730,000	\$ 26,210,500	\$ 31,025,000	\$ 3,128,425	\$ 153,755,000	\$ 29,338,925