



***IRVING FLOOD CONTROL DISTRICT,  
SECTION I***

**Basic Financial Statements  
and Supplemental Schedules  
For the Year Ended September 30, 2019  
and Independent Auditor's Report**

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**Irving Flood Control District Section I**  
 Basic Financial Statements and Supplemental Schedules  
 For the Fiscal Year Ended September 30, 2019  
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# **Financial Section**

## Independent Auditor's Report

To the Board of Directors of  
Irving Flood Control District I

We have audited the accompanying financial statements of the governmental activities and each major fund of the Irving Flood Control District I (the District) as of and for the year ended September 30, 2019, 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.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Irving Flood Control District I as of September 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**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 4–8 and the budgetary comparison schedule on page 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the District's basic financial statements. The Texas Supplementary Information listed in the table of contents is required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* and is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The Texas Supplementary Information is the responsibility of management. The accompanying supplementary information, excluding the portion marked "Unaudited," for which we express no opinion, has been derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information (other than information marked as "Unaudited"), is 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 15, 2020

## Management's Discussion and Analysis

The following discussion and analysis of Irving Flood Control District Section I's (District) financial performance is presented as required under the Governmental Accounting Standards Board Statement No. 34 (GASB 34). The purpose hereof is to provide an overview of the District's financial position for its most recently completed fiscal year. The information presented herein should be reviewed in conjunction with the District's financial statements, including notes thereto, and supplemental information contained therein.

### Overview of the Financial Statements

The District is a special purpose governmental entity engaged in the single governmental purpose to reclaim and protect all property in the District from flooding. The District's financial statements are presented under the provisions of GASB 34 which results in combining government-wide and fund statements into one set of financial statements entitled "Statement of Net Position and Governmental Funds Balance Sheet" and "Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances." These statements are itemized by the District's three separate governmental funds. The District uses the following governmental funds:

**General Fund.** The General Fund is the general operating fund of the District.

**Capital Projects Fund.** The Capital Projects Fund accounts for the construction activity of the District.

**Debt Service Fund** The Debt Service Fund accounts for all accumulation of resources for, and the payment of long-term debt principal and interest.

Approximately 95.3% of the District's revenue was derived from ad valorem taxes collected on all taxable property in the District by the Dallas County Tax Collector under the contract with the District based upon taxable values set by the Dallas Central Appraisal District. All property is either commercial or industrial with no residential property. Approximately 4.7% of District revenue was from an Interlocal Agreement between the City of Irving and the District for desiltation and maintenance related to the District's waterways, investment earnings and lease revenue. The District does not allow freeport exemptions, tax abatements, or participation in any tax increment reinvestment zone.

### District Management

The District is governed by a board of seven directors appointed by the City Council of the City of Irving. The District is subject to the supervision and filing requirements of the Texas Commission on Environmental Quality (TCEQ), which requires an annual independent audit of the District. The District is also subject to the applicable rules and regulations of various federal agencies.

### Financial Highlights

- In the government-wide financial statements, assets of the District exceeded liabilities by \$6.8 million, with \$1.6 million of unrestricted net assets.
- The District is in the process of building up the Debt Service Fund balance to be equivalent to one year's annual debt service requirements. Fiscal year 2019 Debt Service Fund balance is approximately 98% of one year's annual debt service requirements.
- The District's total revenues were \$1.7 million for the year ended September 30, 2019, 95.3% of which was property taxes.

- The District's total expenses increased by 7.4% to \$978 thousand due to a \$10.7 thousand increase in utilities as a result of higher than normal 2019 electricity bills due to flooding and bond issuance costs of \$85 thousand due to the issuance of the 2019 Tax Refunding bonds.
- The fund balance for all funds totaled \$2.3 million. This amount is 18.64% higher than the total fund balance amount at September 30, 2018.
- The District maintains a policy of prospective capitalization of its infrastructure since its adoption of GASB 34 in October 2003.

### Condensed Government-Wide Financial Information

	2019	2018
Current assets	\$ 2,323,055	\$ 1,982,690
Capital assets, net	<u>9,469,538</u>	<u>9,511,954</u>
<b>Total assets</b>	<b><u>\$ 11,792,593</u></b>	<b><u>\$ 11,494,644</u></b>
Current liabilities	\$ 64,420	\$ 100,130
Long-term liabilities	<u>4,925,000</u>	<u>5,330,000</u>
<b>Total liabilities</b>	<b><u>\$ 4,989,420</u></b>	<b><u>\$ 5,430,130</u></b>
Net position		
Net investment in capital assets	\$ 4,544,538	\$ 4,181,954
Restricted for debt service	657,693	565,901
Unrestricted	<u>1,600,942</u>	<u>1,316,659</u>
<b>Total net position</b>	<b><u>\$ 6,803,173</u></b>	<b><u>\$ 6,064,514</u></b>
Revenue	\$ 1,716,756	\$ 1,584,716
Expenses		
Operating	678,749	647,337
Loss on contract termination	-	-
Interest and fiscal fees	214,458	263,246
Bond Issuance Costs	<u>84,890</u>	<u>-</u>
<b>Total expenses</b>	<b><u>978,097</u></b>	<b><u>910,583</u></b>
<b>Change in net position</b>	<b><u>\$ 738,659</u></b>	<b><u>\$ 674,133</u></b>

### Financial Analysis of the District

The District's net position at September 30, 2019 and 2018 was approximately \$6.8 million and \$6.0 million respectively. Net investment in capital assets increased by \$362 thousand to \$4.5 million due to a \$405.0 thousand reduction in long-term debt and increased depreciation of \$42.4 thousand.

The District's total revenues were \$1.7 million. 95.3% of the District's revenues came from taxes. Another 4.7% was from an Interlocal Agreement between the City of Irving and the District for desiltation and maintenance related to the District's waterways, investment income and lease revenue. Total revenues of the District increased by 7.7% in fiscal year 2019 due to the increase in tax revenue, which, in turn, increased as a result of the increase in appraised values and the increase in interest revenue due to higher investment balances and interest rates.

The 2018 property tax rate (District's fiscal year 2019) was \$0.455, representing a .01 cent increase from the prior year, while the tax base increased from \$344.8.0 million to \$359.5 million. These changes resulted in an increase of tax revenue from \$1.53 million to \$1.64 million.

The Board of Directors accepted a 5-year plan in fiscal year 2010, which is being updated on an annual basis. The 5-year plan is based on a 5-year list of proposed flood control facilities maintenance and improvements projects that need to be addressed, expenditures associated with them, and revenues necessary to finance these expenditures assuming a flat tax base throughout the 5-year period. The 2018 tax increase of approximately .01 cents was adopted after a public hearing was called to explain the improvements to the District taxpayers and give them the opportunity to express their views on the matter. The District tax rate will remain competitive in comparison to similar districts. There was no material change in tax collections in 2019.

The total expenses were \$978 thousand. 21.9% of these expenses are for the interest expense, 37% are related to maintenance, and 19% are administrative expenses. Total expenses of the District increased by 7.4% in fiscal year 2019 due mainly to the increase in utilities as a result of flooding in 2019 and bond issuance costs due to the issuance of the 2019 Tax Refunding Bonds

The combined fund balance for all funds was \$2.3 million, a 18.64% increase from fiscal year 2018. The fund balance of the General Fund was \$1.06 million at September 30, 2019, a \$374.5 thousand increase from the preceding year due to a decrease in expenditures of \$58 thousand from the previous year, timing of a major maintenance project of \$400 thousand from 2019 to 2020 and an increase in revenues of \$96 thousand from the previous year.

The fund balance of the Capital Projects Fund was \$584.1 thousand at September 30, 2019, a \$38.4 thousand decrease from the preceding year due to \$60 thousand engineering fees for the East Cell Levee Remediation Project and inter-governmental revenue from the City of Revenue of \$18 thousand.

The Debt Service Fund fund balance was \$657.7 thousand, a \$25.8 thousand increase from fiscal year 2018 due to the increase in investment earnings and transfer from the General Fund. The Board's intention is to replenish the Debt Service Fund fund balance to the amount of one year's annual debt service requirements. The entire Debt Service Fund fund balance is restricted for the payment of debt service. The District makes semi-annual debt service interest payments and principal payments in June. Debt Service payments for the year ended September 30, 2019 included all scheduled payments.

### **General Fund Budget Compared with Actual Expenditures**

The District's operating expenses have historically been under the budget to properly allow for increased repairs and operating costs caused by unpredictable weather conditions and other unforeseeable events. Actual expenditures were \$650.2 thousand below the budgeted amounts, while resources available were \$10.4 thousand above the budgeted amounts. The actual revenues were above the budget due to property taxes above the budget. The District's expenditures were below the budget due to the maintenance expenditures, engineering fees, legal fees and mowing expenditures being below the budget. Several maintenance projects were budgeted to be completed in fiscal year 2019 and carryover to 2020. This resulted into the variance between the actual maintenance expenditures and the respective budgeted amount.



**Capital Assets.** In accordance with GASB 34, the District is considered a small, special purpose district and has chosen to capitalize its infrastructure prospectively, effective October 1, 2003. During the year ended September 30, 2019, the District capitalized major improvements to flood control systems in the amount of \$60.4 thousand. Funds are on hand for the proposed capital improvements in 2019. More detailed information about the district's capital assets is presented in Note 5 to the financial statements.

**Long-term Debt.** At year-end the District had \$4.9 million in bonds outstanding, a decrease of \$405 thousand or 7.6% from the previous year. The District's bonded debt has an underlying A3 rating and an AAA insured rating by Moody's Investors Service ("Moody's"). More detailed information about the District's debt is presented in Note 7 to the Financial Statements.

### **Levee Recertification**

In 2004, as a part of a nationwide program, the Federal Emergency Management Agency (FEMA) initiated a flood map modernization program that required levees to be certified by registered professional engineers in order to be included on the new flood maps. Property must be shown on the flood plain maps as being protected from flooding or be subject to having to purchase flood insurance.

The District is unique because it was created by the State, but is also a part of Federal Designated Dallas Floodway under the jurisdiction of the U.S. Army Corps of Engineers (USACE). Engineers of the District and USACE determined in 2007 that the District had deficiencies, and additional geotechnical studies were needed. At the District's request, USACE granted a provisionally accredited levee (PAL) designation which allowed an additional two years to May 2009 to complete the levee recertification. However, due to newly discovered levee deficiencies, that date could not be met. In addition, on September 30, 2010, the USACE released its new levee design standards to the City of Irving. These new standards included a component which required levees to be analyzed at a fully saturated condition. In the case of the District, this requirement would entail the levee to be able to withstand a 100 year flood level for the duration of three years. When preparing the formal certification documents for FEMA, new design standards instituted by the USACE became an issue. The District and its consultants proceeded with the USACE Section 408 Permit process for a Remediation Project of the Levee East Cell. The East Cell contains the developed properties. The West Cell includes the undeveloped land. The final approval for the East Cell 408 Permit was received in January 2015. The construction project commenced in October 2015 and substantially complete in the Spring of 2018. Commencing with an April 2, 2018 site visit, the USACE conducted another Periodic Inspection (PI) for the District. As documented in the PI Report in Appendix F, the District received a Minimally Acceptable rating for both the East and West Cell Levee Facilities. The next step will be to define a USCAE project for the West Cell Levee which consists of the undeveloped land within the District.

### **Redevelopment of Property in the District**

Substantial improvements to the freeways within the District by the Texas Department of Transportation commenced in 2009 and Phase I became operational in 2012. The TxDOT project included replacements and improvements to the District facilities at no capital cost to the District, but it does increase the District's operating costs, primarily utilities. In addition, Dallas Area Rapid Transit (DART) completed the construction of light rail lines through the District and commenced operations in 2012. These improvements are an integral part of the planned redevelopment project for this area.

TxDOT has commenced a project of the substantial improvements to SH 183, SH 114, and Loop 12. A portion of this work will impact the District area, and the project duration is anticipated to be 5 years. Coordination with the TxDOT contractor and the City of Irving will continue throughout the project.

The City of Irving is actively pursuing development projects at the former Texas Stadium site. The site is not within the District, but should serve as a stimulus to new development within the District. As a result, there will be infrastructure considerations impacting the District. Significant land transactions within the District bring new opportunities and actions regarding increased development of properties.

### **Board of Directors**

By Texas statute, the District's Board of Directors is appointed by the City of Irving. The current Board of Directors includes four directors with terms expiring in January 2021 and three directors with terms expiring in January 2020.

### **New Initiatives**

On September 10, 2019, the District renewed the Interlocal Agreement with the Dallas County Utility and Reclamation District (DCURD), to provide certain consulting, management, operational and maintenance services to the District. Like the District, the DCURD is a political subdivision of the State of Texas and provides flood control and other services within the City of Irving. The agreement is for a one-year term, renewable annually.

On October 18, 2018, the District renewed the Interlocal Agreement with the City of Irving by which the City agrees to make available certain municipal drainage funds in the amount of \$21,600 for improvements to the District's infrastructure necessary for the recertification of the storm drainage and flood control facilities and for the maintenance of the storm drainage and flood control facilities in the District.

### **Economic Factors and Next Year's Budgets and Rates**

Appraised value used for the 2020 budget preparation increased by 18.1 million, or 5.0% from 2019. The increase in appraised values is primarily the result of the increased taxable value of commercial and industrial property within the District.

These indicators were taken into account when adopting the operating budget for 2020. The General Fund budget for 2020 is \$1.13 million, which is \$207.4 thousand more than the final 2019 budget. This budgeted increase is due to building the reserves of the District and timing of a large maintenance project. Overall, property taxes are expected to increase due to the increase in appraised values and the increase in the tax rate from .455 to .471. If these estimates are realized, the District's budgetary General Fund balance will increase to \$636.6 thousand.

### **Requests for Information**

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to:

Tammy Tyrone, Controller  
P. O. Box 140035, Irving, TX 75014-0035  
972-556-0625

# **Basic Financial Statements**

# Irving Flood Control District Section I

## Statement of Net Position and Governmental Funds Balance Sheet

September 30, 2019

	Governmental Funds Balance Sheet				Adjustments (Note 2)	Statement of Net Position
	General	Capital Projects	Debt Service	Total		
<b>ASSETS</b>						
Cash	\$ 23,830	\$ 584,112	\$ 10,293	\$ 618,235	\$ -	\$ 618,235
Investments (cash equivalents)	1,043,326	-	647,853	1,691,179	-	1,691,179
Prepaid expenses	1,673	-	-	1,673	-	1,673
Taxes receivable, net	6,482	-	5,486	11,968	-	11,968
Internal receivables	453	-	-	453	(453)	-
Capital assets, net	-	-	-	-	9,469,538	9,469,538
Total assets	<u>\$ 1,075,764</u>	<u>\$ 584,112</u>	<u>\$ 663,632</u>	<u>\$ 2,323,508</u>	<u>\$ 9,469,085</u>	<u>\$ 11,792,593</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 7,349	\$ -	\$ -	\$ 7,349	\$ -	\$ 7,349
Accrued interest	-	-	-	-	57,071	57,071
Internal payables	-	-	453	453	(453)	-
Long-term liabilities, net:						
Due within one year	-	-	-	-	525,000	525,000
Due after one year	-	-	-	-	4,400,000	4,400,000
Total liabilities	7,349	-	453	7,802	4,981,618	4,989,420
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	6,482	-	5,486	11,968	(11,968)	-
Total deferred inflows of resources	6,482	-	5,486	11,968	(11,968)	-
Fund balances:						
Nonspendable:						
Prepays	1,673	-	-	1,673	(1,673)	-
Restricted:						
Debt service	-	-	657,693	657,693	(657,693)	-
Assigned:						
Capital Projects	-	584,112	-	584,112	(584,112)	-
Unassigned	1,060,260	-	-	1,060,260	(1,060,260)	-
Total fund balances	<u>1,061,933</u>	<u>584,112</u>	<u>657,693</u>	<u>2,303,738</u>	<u>(2,303,738)</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,075,764</u>	<u>\$ 584,112</u>	<u>\$ 663,632</u>	<u>\$ 2,323,508</u>		
<b>NET POSITION</b>						
Net investment in capital assets					4,544,538	4,544,538
Restricted for debt service					606,108	606,108
Unrestricted					1,652,527	1,652,527
<b>TOTAL NET POSITION</b>					<u>\$ 6,803,173</u>	<u>\$ 6,803,173</u>

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

# Irving Flood Control District Section I

## Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances For the Fiscal Year Ended September 30, 2019

	Statement of Governmental Funds Revenues, Expenditures, and Changes in Fund Balances				Adjustments (Note 2)	Statement of Activities
	General	Capital Projects	Debt Service	Total		
<b>REVENUES</b>						
Property taxes	\$ 920,632	\$ -	\$ 715,937	\$ 1,636,569	\$ (1,009)	\$ 1,635,560
Investment earnings	23,509	3,583	15,129	42,221	-	42,221
Penalties and interest	3,572	-	4,203	7,775	-	7,775
Intergovernmental revenue	3,188	18,412	-	21,600	-	21,600
Other	9,600	-	-	9,600	-	9,600
Total revenues	960,501	21,995	735,269	1,717,765	(1,009)	1,716,756
<b>EXPENDITURES</b>						
Operations:						
Administrative	152,665	-	-	152,665	-	152,665
Maintenance	393,412	-	-	393,412	(167)	393,245
Engineering fees	29,897	60,356	-	90,253	(60,356)	29,897
Depreciation	-	-	-	-	102,942	102,942
Debt service:						
Principal	-	-	465,000	465,000	(465,000)	-
Interest and fiscal fees	-	-	248,488	248,488	(34,030)	214,458
Bond Issuance Costs	-	-	84,890	84,890	-	84,890
Total expenditures/expenses	575,974	60,356	798,378	1,434,708	(456,611)	978,097
Excess (deficiency) of revenues over (under) expenditures/ change in net position	384,527	(38,361)	(63,109)	283,057	455,602	738,659
<b>OTHER FINANCING SOURCES</b>						
Transfers in (out)	(10,000)	-	10,000	-	-	-
Proceeds from Issurance of Debt	-	-	4,925,000	4,925,000	(4,925,000)	-
Payment to Bond Escrow Agent	-	-	(4,846,085)	(4,846,085)	4,846,085	-
	(10,000)	-	88,915	78,915	(78,915)	-
Net change in fund balance	374,527	(38,361)	25,806	361,972	376,687	738,659
Fund balance, beginning	687,406	622,473	631,887	1,941,766	4,122,748	6,064,514
<b>FUND BALANCE, ending</b>	<b>\$ 1,061,933</b>	<b>\$ 584,112</b>	<b>\$ 657,693</b>	<b>\$ 2,303,738</b>	<b>\$ 4,499,435</b>	<b>\$ 6,803,173</b>

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

# Irving Flood Control District Section I

## Notes to the Financial Statements

### Note 1. Summary of Significant Accounting Policies

The accompanying financial statements of the Irving Flood Control District Section I ("District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

#### A. Creation of District

The District was created by Chapter 135, Act of the 62<sup>nd</sup> Legislature, Regular Session 1971 (Codified as Article 8280-477) and approved on May 10, 1971. Effective October 1, 1983, the name of the Irving Flood Control District was changed to Irving Flood Control District Section I. Pursuant to Section 59, Article XVI of the Texas Constitution, the District provides flood control and drainage facilities.

#### B. Reporting Entity

The District has adopted GASB Statements No. 14, *The Financial Reporting Entity*, No. 39, *Determining Whether Certain Organizations Are Component Units*, and No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. In accordance with these statements, a financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There are no component units that are legally separate for which the District is considered financially accountable.

The District is governed by the Board of Directors, each of whom must either own land in or be a resident of the District. The City of Irving appoints the directors to two-year staggered terms, but otherwise has no control over the District. As required by GAAP, these financial statements present the activities of the District, which is considered to be the primary government as well as the reporting entity. There are no other organizations which meet the criteria for inclusion herein as part of the financial reporting entity.

#### C. Financial Statement Presentation

The District is considered a special-purpose government engaged in a single governmental program. In accordance with GASB 34, the District has elected to combine its government-wide and governmental fund financial statements into one set of financial statements with a reconciliation of the individual line items in a separate column on the financial statements. The financial statements are referred to as the "Statement of Net Position and Governmental Funds Balance Sheet" and the "Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances."

The government-wide financial statement columns are labeled "Statement of Net Position" and "Statement of Activities". They report financial information for the District as a whole. The governmental fund financial statement columns are provided for each of the major individual governmental funds with a total column for all funds. The financial statements include an adjustment column which reconciles the governmental fund financial statements to the government-wide financial statements.

## Irving Flood Control District Section I

### Notes to the Financial Statements

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

The financial statements of the District are prepared in accordance with accounting principles generally accepted in the United States of America.

The government-wide financial statement columns are reported using the economic resources measurement focus and the accrual basis of accounting, generally including the elimination of activity between or within the funds. Property tax revenues are recognized in the year for which they are levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statement columns 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 if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, except for principal and interest on long-term debt, which is recognized when due.

#### **E. Fund Accounting**

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District only uses governmental funds.

#### **F. Governmental Funds**

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets and deferred outflows are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities and deferred inflows are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows and liabilities and deferred inflows is reported as a fund balance.

The District reports the following major governmental funds:

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

The *capital projects fund* is used to account for the acquisition or construction of major capital facilities. Principal sources of revenue are municipal long-term debt proceeds, interest income, and municipal drainage funds provided by the City of Irving in accordance with the Interlocal agreement entered into on October 23, 2014.

The *debt service fund* accounts for all accumulation of resources for, and the payment of, general long-term debt principal and interest.

## Irving Flood Control District Section I

### Notes to the Financial Statements

#### G. Governmental Fund Balance

*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. At September 30, 2019, the District had \$1,673 in non-spendable fund balance.

**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, 2019. The District has classified the unspent bond proceeds and the Debt Service Fund balance as restricted.

**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, 2019, the District had no committed fund balance.

**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. The District had no assigned fund balance at September 30, 2019.

**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 and the Capital Projects fund.

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

#### H. Revenues and Expenditures/Expenses

##### 1. Revenues - Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 of the taxable year. Taxes are levied on or about October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent February 1 of the following year.

In the governmental fund financial statement columns, property tax revenues are recognized when they become available. The amount available includes those property tax receivables expected to be collected within sixty days after the fiscal year end.

In the government-wide financial statement columns, property tax revenues are recorded when due regardless of when cash is received.



# Irving Flood Control District Section I

## Notes to the Financial Statements

### 2. Capital Assets

Purchased or constructed capital assets are reported at cost. General infrastructure assets acquired prior to October 1, 2003, are not reported in the basic financial statements. The District generally capitalizes assets with cost of \$2,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

<u>Asset Class</u>	<u>Useful Life</u>
Earthen Levees and Sumps	100 years
Drainage Channels	40 years
Gravity and Auto. Discharge Gates	30 years
Vertical Turbine Pumps	25-40 years
Electric Motors and Controls	30-40 years
SCADA System	12 years
Alarm System	5 years
Fencing	12 years

### 3. Long-Term Debt

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 and discounts are amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of 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.

### 4. Budgets and Budgetary Accounting

The Board of Directors adopts an annual operating budget prior to September 30 of the previous fiscal year. The budget includes proposed expenditures and the means of financing them for the upcoming fiscal year. The annual operating budget is adopted on a basis consistent with GAAP. Any subsequent amendment to the budget must be approved by the Board of Directors. All unused budget authorizations lapse at year end.

### 5. 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.

# Irving Flood Control District Section I

## Notes to the Financial Statements

### Note 2. Reconciliation of Fund Statements to Government-Wide Statements

**TOTAL FUND BALANCE - GOVERNMENTAL FUND** \$ 2,303,738

Amounts reported in governmental activities in the Statement of activities are different because:

Capital assets of \$9,921,850, net of accumulated depreciation of \$452,312, are not financial resources and, therefore, are not reported in the funds. 9,469,538

Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental funds, an interest expenditure is reported when due. (57,071)

Receivables not available to pay for current period expenditures are deferred in the funds. 11,968

Long-term liabilities, including bonds payable and accreted interest for capital appreciation bonds, are not due and payable in the current period and, therefore, are not reported in the funds. (4,925,000)

**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES** \$ 6,803,173

**TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUND** \$ 361,972

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

Revenue from property taxes is deferred in the fund financial statements until it is considered available to finance current expenditures, but such revenues are recognized when assessed, net of an allowance for uncollectible accounts, in the government-wide financial statements. (1,009)

Bond proceeds are reported as other financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of net assets. (4,925,000)

Current year long-term debt principal payments/refundings reported as expenditures in the governmental fund financial statements are shown as a reduction in long-term debt in the government-wide financial statements. 5,330,000

Certain expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These include the change in accrued interest of \$15,115. 15,115

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$102,942) exceeded capitalizable maintenance (\$167) and capitalizable engineering fees (\$60,356) in the current period. (42,419)

**CHANGES IN NET POSITION - GOVERNMENTAL ACTIVITIES** \$ 738,659

## Irving Flood Control District Section I

### Notes to the Financial Statements

#### Note 3. Cash and Investments

Funds of the District may be invested or reinvested by the Board or its authorized representative in investments authorized by the Public Funds Investment Act, Governmental Code Section 2256.005 (Act). The Act authorizes the District to invest funds under a written investment policy. The District's deposits and investments are invested pursuant to the investment policy, which is approved by the Board of Directors. The primary objectives of the District's investment strategy, in order of priority, are safety, liquidity, public trust, and yield.

The District is authorized to invest in obligations of the United States, State of Texas and their agencies and instrumentalities, certificates of deposit issued by a depository institution that has its main office or a branch office in Texas, fully collateralized direct repurchase agreements, money market mutual funds, regulated by the Securities and Exchange Commission and rated AAA by at least one nationally recognized rating service, and eligible local government investment pools.

At September 30, 2019, the District's cash consisted of two operating bank accounts and two savings accounts with the balances as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Checking accounts	\$ 26,465	\$ 26,792
Savings accounts	591,770	591,770
	<u>\$ 618,235</u>	<u>\$ 618,562</u>

At September 30, 2019, the District had the following investments:

	<u>Reported Amount</u>	<u>Fair Value</u>	<u>Weighted Average Maturity in Days</u>
Local government investment pools LOGIC	<u>\$ 1,691,179</u>	<u>\$ 1,691,179</u>	49

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

**LOGIC:** LOGIC is administered by First Southwest and JPMorgan Chase. Together, these organizations bring to the LOGIC program the powerful partnership of two leaders in financial services with a proven track record in local government investment pool management and extensive industry resources. LOGIC is a local government investment cooperative created under the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. LOGIC is an AAA rated local government investment pool created by Texas local government officials who understand the specific needs and challenges of investing public funds. The general investment objectives of LOGIC are safety of principal, liquidity in accordance with the operating requirements of the Participants, and a competitive rate of return.

**Credit risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District will manage this risk by limiting investments to the safest types of investments and pre-qualifying the financial institutions and broker/dealers with which the District will do business. At September 30, 2019, the District's cash was partially covered by the federal depository insurance, and the balance was fully collateralized by securities held by the District's agent in the District's name.

## Irving Flood Control District Section I

### Notes to the Financial Statements

*Interest rate risk.* Interest rate risk is the risk that the interest earnings and the market value of investments in the portfolio will fall due to changes in general interest rates. The District will manage this risk by limiting the maximum weighted average maturity of the investment portfolio to 185 days.

#### Note 4. Property Taxes

All property values are determined by the Dallas Central Appraisal District. A tax lien attaches to properties within the District on January 1 of each year when property valuations for the use in levying taxes are established. Taxes are levied on or about October 1 and are due and payable at that time. All unpaid taxes levied on October 1 become delinquent on February 1 of the following year. The Dallas County Tax Assessor/Collector bills and collects the District's property taxes.

The tax rate for the 2018 tax year (the District's 2019 fiscal year) was \$0.455 per \$100 assessed valuation, of which \$0.2561 went to finance general government services and \$0.1989 went to finance the payment of principal and interest on long-term debt.

In the governmental fund financial statement columns, the receivables at year end represent delinquent taxes. If delinquent taxes are not paid within sixty days of year end, they are recorded as unavailable revenue.

In the government-wide financial statement columns, property taxes receivable and related revenue include all amounts due to the District regardless of when cash is received. Property taxes receivable are recorded net of allowance of \$1,774.

#### Note 5. Capital Assets

In accordance with GASB 34, the District is considered a small district and has chosen to capitalize its infrastructure prospectively effective October 1, 2003. A summary of changes in capital assets is as follows:

	October 1, 2018	Transfers/ Additions	Transfers/ Retirements	September 30, 2019
Capital assets not being depreciated:				
Construction in Progress	\$ -	\$ 167	\$ -	\$ 167
Total capital assets not being depreciated	-	167	-	167
Capital assets being depreciated:				
Flood control and drainage	9,725,194	60,356	-	9,785,550
Equipment	98,653	-	-	98,653
Fencing	37,480	-	-	37,480
Total capital assets being depreciated	9,861,327	60,356	-	9,921,683
Less accumulated depreciation for:				
Flood control and drainage	(284,014)	(97,856)	-	(381,870)
Equipment	(41,856)	(2,330)	-	(44,186)
Fencing	(23,500)	(2,756)	-	(26,256)
Total accumulated depreciation	(349,370)	(102,942)	-	(452,312)
Capital assets being depreciated, net	9,511,957	(42,586)	-	9,469,371
<b>Total capital assets, net</b>	<b>\$ 9,511,957</b>	<b>\$ (42,419)</b>	<b>\$ -</b>	<b>\$ 9,469,538</b>

# Irving Flood Control District Section I

## Notes to the Financial Statements

### Note 6. Interfund Transactions

A summary of interfund receivable and payable at September 30, 2019, is as follows:

Fund	Internal Receivable	Internal Payable
General Fund	\$ 453	\$ -
Debt Service Fund	-	453

The internal receivable and payable between the General Fund and the Debt Service Fund is due to the District's practice of depositing all property taxes collected into the Debt Service Fund and then transferring the maintenance and operating portion to the General Fund and the Capital Projects Fund as needed. All interfund receivables and payables arise for general operating purposes and will be paid in full within the next fiscal year.

In fiscal year 2019, the District made one budgeted transfer:

- 1) From the General Fund to the Debt Service Fund in the amount of \$10,000. This transfer was authorized by the Board of Directors in order to increase the Debt Service Fund reserve.

### Note 7. Long-Term Debt

On October 8, 1988, the District's voters authorized the issuance of a total of \$10,000,000 bonds, of which \$8,185,000 have been issued, and a total of \$1,815,000 remains authorized but unissued, for the purpose of providing improvements to the District's flood control and drainage systems. The District is in compliance with provisions of the orders authorizing the issuance of the outstanding bonds.

The District issued \$4,925,000 Unlimited Refunding Tax Bonds, Series 2019 (Series 2019 Bonds) in April 2019. The Series 2009 Bonds were issued pursuant to the terms and provisions of an order of the Board of Directors of the District and in accordance with the Constitution and general laws of the State of Texas, including particularly Article 8280-477, V.A.T.C.S., as amended by H.B. 1213, Acts of the 65<sup>th</sup> Legislature of Texas, R. S., 1977 and H.B. 2391, Acts of the 68<sup>th</sup> Legislature of Texas, R. S., 1983, and will constitute direct and general obligations of the District.

The Series 2019 Bonds were issued by the District to refund the Series 2007 and 2009 Bonds. The Series 2019 Bonds are dated April 17, 2019 with interest rate of 2.54% payable beginning December 15, 2019 and semi-annually on each June 15 and December 15 thereafter through 2027. Principal on the Series 2019 Bonds is due each June 15 as it matures.

The following is a summary of changes in bonds payable for the year ended September 30, 2019:

	Balance October 1, 2018	Debt Issued	Principal Retirement/ Refunding	Balance September 30, 2019	Amount Due In One Year
Series 2007 Unlimited Tax Bonds	\$ 1,390,000	\$ -	\$ (1,390,000)	\$ -	\$ -
Series 2009 Unlimited Tax Bonds	3,940,000	-	(3,940,000)	-	-
Series 2019 Unlimited Tax Bonds	-	4,925,000	-	4,925,000	525,000
<b>Total</b>	<b>\$ 5,330,000</b>	<b>\$ 4,925,000</b>	<b>\$ (5,330,000)</b>	<b>\$ 4,925,000</b>	<b>\$ 525,000</b>

## Irving Flood Control District Section I

### Notes to the Financial Statements

As of September 30, 2019, the debt service requirements on outstanding bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 525,000	\$ 145,249	\$ 670,249
2021	560,000	111,760	671,760
2022	585,000	97,536	682,536
2023	605,000	82,677	687,677
2034	625,000	67,310	692,310
2025-2027	<u>2,025,000</u>	<u>104,140</u>	<u>2,129,140</u>
<b>Total</b>	<u>\$ 4,925,000</u>	<u>\$ 608,672</u>	<u>\$ 5,533,672</u>

Series 2019 bonds are payable from the proceeds of an ad valorem tax levied on all taxable property situated within the District without limitation as to rate or amount.

#### **Note 8. Lease Revenue**

The District leases a 40-foot by 80-foot area to Clear Channel Outdoor, Inc. for the purpose of erecting and maintaining an advertising sign on the property. The lease term ended on December 31, 2007, but gets automatically extended on an annual basis with the same provisions, unless either party gives a notice of termination sixty days prior to the termination date. For the year ended September 30, 2019, the lease income was \$9,600.

#### **Note 9. Commitments and Contingencies**

There are no claims or lawsuits pending against the District at September 30, 2019. Management is not aware of any contingencies that would have a material effect on the financial statements.

On September 10, 2019, the District renewed the Interlocal Agreement with the Dallas County Utility and Reclamation District (DCURD) for the period from October 1, 2019 through September 30, 2020. In accordance with this agreement, DCURD will provide certain consulting, management, operational and maintenance services to the District. The agreement was originally signed on March 3, 2010, is for one year term, and shall continue for successive one year terms unless either party terminates the agreement upon providing a thirty day advanced written notice.

#### **Note 10. Risk Management**

The general liability coverage carried by the District covers damage resulting from claims for bodily injury and personal injury. Covered parties include District directors, appointed and employed consultants, and persons and volunteers acting within the scope of their duties for the District. The insurer has the right and duty to defend the District against any suit for damages. Certain types of actions are excluded, including primarily damages or injuries related to aircraft and law enforcement activities. This coverage is in addition to the legal limitations the District is subject to under the Texas Tort Claims Act. In addition, the District carries Errors and Omissions coverage to secure the faithful performance of the District's directors.

The District participates in the Texas Municipal League Intergovernmental Risk Pool (Pool), which is the predominant insurer for most governmental entities in Texas. The rights and duties of the Pool and the insured are described in detail in the interlocal agreement between the parties. The Pool covers General Liability and Errors and Omissions Liability to \$5,000,000 each occurrence and \$10,000,000 annual aggregate limits. In addition, Automobile Liability coverage limit of liability is \$2,000,000 each occurrence with medical payments limited to \$25,000 each person.

The District had no claims or lawsuits within the past three years.

## Irving Flood Control District Section I

### Notes to the Financial Statements

#### Note 11. Related Party Transactions

The District's Board of Directors is appointed by the City of Irving. In addition, the District has an Interlocal Agreement with the City of Irving by which the City agrees to provide the District with certain municipal drainage funds for improvements, repairs, and maintenance of the storm drainage and flood control facilities.

The District has an Interlocal Agreement with DCURD for consulting, management, and operation and maintenance services. In accordance with the agreement, the District paid \$380.1 thousand to DCURD in fiscal year 2019.

#### Note 12. New Accounting Pronouncements

GASB Statement No. 83, Certain Asset Retirement Obligations. Statement 83 was issued on November 2016. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (AROs). This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts or court judgement, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. This standard becomes effective for the District for the fiscal year 2020. The District has not determined the impact of this Statement.

GASB Statement No. 84, Fiduciary Activities. Statement 84 was issued on January 2017. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with who a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This standard becomes effective for the District for the fiscal year 2020. The District has not determined the impact of this Statement.

GASB Statement No. 85, Omnibus 2017. Statement 85 was issued on March 2017. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (OPEB). Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation
- Reporting amounts previously reported as goodwill and "negative goodwill"
- Classifying real estate held by insurance entities
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB
- Classifying employer-paid members contributions for OPEB
- Simplifying certain aspects of the alternative measurement method of OPEB
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

This standard became effective for the District fiscal year 2019. The implementation had no significant effect on the District's financial statements

## Irving Flood Control District Section I

### Notes to the Financial Statements

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 2021. The District has not determined the impact of this statement.

GASB Statement No. 88. Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Replacements. Statement 88 was issued on April 2018. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant terminations events with finance-related consequences, and significant subjective acceleration clauses. This standard became effective for the District fiscal year 2019. The implementation had no significant effect on the District's financial statements.

GASB Statement No. 89. Accounting for Interest Cost Incurred Before the End of a Construction Period. Statement 89 was issued on June 2018. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of the construction period. This statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. This standard becomes effective for the District fiscal year 2020. The District has not determined the impact of this statement.

GASB Statement No. 90. Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61. Statement 90 was issued on August 2018. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method unless it is held by a special-purpose government engaged only in fiduciary activities fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. These governments and funds should measure the majority equity interest at fair value. This standard became effective for the District fiscal year 2019. The implementation had no significant effect on the District's financial statements.

### **Note 13. Subsequent Events**

On November 14, 2019, the District renewed the Interlocal Agreement with the City of Irving for the period from October 1, 2019 through September 30, 2020. In accordance with this agreement, the City agrees to make available certain municipal drainage funds for improvements to the District's infrastructure necessary for the recertification of the storm drainage and flood control facilities and for the maintenance of the storm drainage and flood control facilities in the District. The maximum authorized for funding for fiscal year 2020 is \$21,600. This agreement was originally entered into on April 20, 2010.



## **Required Supplementary Information**

**Irving Flood Control District Section I**  
 Budgetary Comparison Schedule – General Fund  
 For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 909,227	\$ 909,814	\$ 920,632	\$ 10,818
Penalties and interest	-	3,549	3,572	23
Interest Revenues	-	21,500	23,509	2,009
Contributions and other	10,000	13,168	12,788	(380)
Total revenues	919,227	948,031	960,501	12,470
<b>EXPENDITURES</b>				
Administrative:				
Administrative	77,193	77,193	74,387	2,806
Utilities	34,390	51,395	42,047	9,348
Salaries & wages	12,600	12,600	7,800	4,800
Meeting expenses	4,175	4,175	3,418	757
Legal fees	38,205	38,205	7,085	31,120
Insurance	2,265	2,265	1,550	715
Audit fees	7,225	7,225	7,225	-
Tax appraisal and collection fees	8,693	8,693	7,076	1,617
Miscellaneous	4,217	4,217	2,077	2,140
Total administrative	188,963	205,968	152,665	53,303
Maintenance:				
Maintenance and operations	931,128	931,128	367,602	563,526
Mowing	34,000	34,000	25,810	8,190
Total maintenance	965,128	965,128	393,412	571,716
Engineering fees	55,100	55,100	29,897	25,203
Total expenditures	1,209,191	1,226,196	575,974	650,222
Excess of revenues over (under) expenses	(289,964)	(278,165)	384,527	662,692
<b>OTHER FINANCING SOURCES</b>				
Transfers in (out)	(10,000)	(10,000)	(10,000)	-
Net change in fund balance	\$ (299,964)	\$ (288,165)	374,527	\$ 662,692
Fund balance, beginning			687,406	
<b>FUND BALANCE, ending</b>			<u>\$ 1,061,933</u>	

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

## **Irving Flood Control District Section I**

Notes to the Required Supplementary Information (Unaudited)

### **Note 1. Budgets and Budgetary Accounting**

The District maintains control over operating expenditures by the establishment of an annual operating budget which includes the General Fund, Capital Projects Fund and Debt 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.

## **Texas Supplementary Information**

# Irving Flood Control District Section I

TSI 1- Services and Rates (Unaudited)

September 30, 2019

1. **Services Provided by the District:**

- |                                                                                                                                       |                                                     |                                                |
|---------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|------------------------------------------------|
| <input type="checkbox"/> Retail Water                                                                                                 | <input type="checkbox"/> Wholesale Water            | <input checked="" type="checkbox"/> Drainage   |
| <input type="checkbox"/> Retail Wastewater                                                                                            | <input type="checkbox"/> Wholesale Wastewater       | <input checked="" type="checkbox"/> Irrigation |
| <input type="checkbox"/> Parks/Recreation                                                                                             | <input checked="" type="checkbox"/> Fire Protection | <input type="checkbox"/> Security              |
| <input type="checkbox"/> Solid Waste/Garbage                                                                                          | <input checked="" type="checkbox"/> Flood Control   | <input type="checkbox"/> Roads                 |
| <input type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) |                                                     |                                                |
| <input type="checkbox"/> Other (specify): _____                                                                                       |                                                     |                                                |

2. **Retail Rates Based on 5/8" Meter:**  Retail Rates Not Applicable

Most prevalent type of meter (if not a 5/8"): \_\_\_\_\_

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1000 Gallons Over Minimum	Usage Levels
WATER:	\$ _____	_____	_____	\$ _____	_____ to _____
				\$ _____	_____ to _____
WASTEWATER:	\$ _____	_____	_____	\$ _____	_____ to _____
				\$ _____	_____ to _____
SURCHARGE:	\$ _____	_____	_____	\$ _____	_____ to _____

District employs winter averaging for wastewater usage? Yes  No

Total water and wastewater charges per 10,000 gallons usage (including surcharges). \$ \_\_\_\_\_

3. **Retail Service Providers:** Number of retail water and/or wastewater\* connections within the District as of the fiscal year end. Provide actual numbers and single family equivalents (ESFC) as noted:

N/A	Active Connections	Active ESFC	Inactive Connections (ESFC)**
Single Family	_____	_____	_____
Multi-Family	_____	_____	_____
Commercial	_____	_____	_____
Other - recreational centers, government & VFD	_____	_____	_____
<b>TOTAL</b>	=====	=====	=====

\* Number of connections relates to water service, if provided. Otherwise, the number of wastewater connections should be provided.

\*\* "Inactive" means that water and wastewater connections were made, but service is not being provided.

**Irving Flood Control District Section I**

TSI 1- Services and Rates (Unaudited) – Continued

September 30, 2019

**4. Total Water Consumption (In Thousands) During The Fiscal Year:**

Gallons pumped into system: N/A

Gallons billed to customers: N/A

**5. Standby Fees: Does the District assess standby fees? Yes  No**

For the most recent full fiscal year, FYE \_\_\_\_\_, :

Debt Service:	Total levy	\$	_____
	Total Collected	\$	_____
	Percentage Collected		_____ %
Operation & Maintenance:	Total levy	\$	_____
	Total Collected	\$	_____
	Percentage Collected		_____ %

Have standby fees been levied in accordance with Water Code Section 49.231, thereby constituting a lien on property? Yes  No

**6. Anticipated sources of funds to be used for debt service payments in the district's following fiscal year:**

	<u>Amount</u>
a. Debt Service Tax Receipts	\$ <u>665,283</u>
b. Surplus Construction Funds	_____
c. Water and/or Wastewater Revenue	_____
d. Standby Fees	_____
e. Debt Service Fund Balance To Be Used	<u>0</u>
f. Interest Revenues	<u>14,000</u>
g. Other (Describe)	_____
_____	_____
_____	_____
<b>TOTAL ANTICIPATED FUNDS TO BE USED*</b>	<b>\$ <u>670,249</u></b>

\*This total should equal the district's total annual debt service for the fiscal year following the fiscal year reported or in the audited financial statements.

**Irving Flood Control District Section I**

TSI 1- Services and Rates (Unaudited) – Continued

September 30, 2019

**7. Location of District:**

County(ies) in which district is located. Dallas County \_\_\_\_\_

Is the District located entirely within one county?    Yes  No

Is the District located within a city?    Entirely  Partly  Not at all

City(ies) in which district is located. Irving \_\_\_\_\_

Is the District located within a city's extra territorial jurisdiction (ETJ)?  
Entirely  Partly  Not at all

ETJ's in which district is located. N/A \_\_\_\_\_

Is the general membership of the Board appointed by an office outside the district?  
Yes             No

If Yes, by whom? Irving City Council \_\_\_\_\_

**Irving Flood Control District Section I**  
 TSI 2- Schedule of General Fund Expenditures  
 For the Fiscal Year Ended September 30, 2019

Professional fees:		
Auditing	\$	7,225
Legal		7,085
Engineering		29,897
Purchased services for resale:		
Bulk water and wastewater service purchases		-
Tap connection expenditures		-
Contracted services:		
Mowing		25,810
Appraisal district		6,693
Tax collector		383
Other contracted services		-
Utilities		42,047
Repairs and maintenance		367,602
Administrative expenditures:		
Salaries & Wages		7,800
Insurance		1,550
Other administrative expenditures		79,882
Capital outlay		-
Other expenditures		-
<b>TOTAL EXPENDITURES</b>	<b>\$</b>	<b>575,974</b>

Number of persons employed by the District    Full time -0- Part time -0-



**Irving Flood Control District Section I**  
 TSI 3- Schedule of Temporary Investments  
 For the Fiscal Year Ended September 30, 2019

<u>Funds</u>	<u>Account Number</u>	<u>Average Monthly Yield</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
General Fund: Logic	207307002	2.2461%	N/A	<u>\$ 1,691,179</u>	<u>\$ -</u>

**Irving Flood Control District Section I**  
**TSI-4 Analysis of Taxes Levied and Receivable**  
**September 30, 2019**

	Maintenance Taxes	Debt Service Taxes	Total	
Taxes receivable, beginning of year	\$ 7,105	\$ 6,828	\$ 13,933	
2018 original tax levy	921,433	715,631	1,637,064	
Total to be accounted for	928,538	722,459	1,650,997	
Tax Collections:				
Current year	(920,487)	(714,896)	(1,635,383)	
Prior year	(645)	(541)	(1,186)	
Total collections	(921,132)	(715,437)	(1,636,569)	
Adjustments	(239)	(447)	(686)	
Taxes receivable, end of year	<u>\$ 7,167</u>	<u>\$ 6,575</u>	<u>\$ 13,742</u>	
Taxes receivable, by years				
2018	\$ 1,938	\$ 1,505	\$ 3,443	
2017	978	790	1,768	
2016	3,080	2,682	5,762	
2015	129	123	252	
2014	358	385	743	
Prior years	685	1,089	1,774	
Taxes receivable, end of year	<u>\$ 7,168</u>	<u>\$ 6,574</u>	<u>\$ 13,742</u>	
	2018 tax year	2017 tax year	2016 tax year	2015 tax year
Property valuations:				
Land	\$ 76,320,810	\$ 76,320,810	\$ 76,305,730	\$ 41,156,800
Improvements	79,030,860	74,446,140	73,112,920	77,446,350
Business personal property	246,870,820	232,885,690	215,546,580	192,493,620
Less exemptions	(42,428,374)	(38,876,353)	(37,949,776)	(33,407,398)
Total property valuations	<u>\$ 359,794,116</u>	<u>\$ 344,776,287</u>	<u>\$ 327,015,454</u>	<u>\$ 277,689,372</u>
Tax rates per \$100 valuation				
Debt service tax rates	0.1989	0.1993	0.210876	0.265900
Maintenance tax rates	0.2561	0.2467	0.242124	0.254100
Total tax rates	<u>0.455000</u>	<u>0.446000</u>	<u>0.453000</u>	<u>0.520000</u>
Original tax levy	<u>\$ 1,637,063</u>	<u>\$ 1,537,702</u>	<u>\$ 1,481,380</u>	<u>\$ 1,443,985</u>
Percent of taxes collected to taxes levied	<u>99.9%</u>	<u>100.7%</u>	<u>104.0%</u>	<u>99.4%</u>

**Irving Flood Control District Section I**

TSI-4 Analysis of Taxes Levied and Receivable – Continued

September 30, 2019

Tax rate for any other special district which (a) encompasses less than a county, (b) provides water, wastewater collection, drainage or roads to property in the district **AND** (C) taxes property in the district. [Do not include taxes levied by the district.]

Name of Special District(s)	Service Provided	Tax Rate
_____	_____	\$ _____ . _____
_____	_____	_____ . _____
Total Rate(s) of Special District(s)		\$ <u>_____</u> . <u>_____</u>

Tax rates for all overlapping jurisdictions. Include any taxing entities which overlap **10% or more** of the district.

Taxing Jurisdiction	Tax Rate
a. County <u>Dallas</u>	\$ _____ . <u>2431</u>
b. City <u>Irving</u>	_____ . <u>5941</u>
c. School District <u>Irving ISD</u>	<u>1</u> . <u>4011</u>
d. Special District(s) not included above:	
_____	_____ . _____
_____	_____ . _____
e. Total Special District(s) (from top of this page)	_____ . _____
f. Total District (from previous page)	_____ . <u>4550</u>
Total Overlapping Tax Rate (Sum of a.-f.)	\$ <u>2</u> . <u>6933</u>

**Irving Flood Control District Section I**

TSI-5 General Long-Term Debt Service Requirements – By Years

September 30, 2019

Due during Fiscal Year Ending	Series 2019		
	Principal Due June 15	Interest Due June 15, Dec 15	Total
2020	\$ 525,000	\$ 145,249	\$ 670,249
2021	560,000	111,760	671,760
2022	585,000	97,536	682,536
2023	605,000	82,677	687,677
2024	625,000	67,310	692,310
2025	650,000	51,435	701,435
2026	675,000	34,925	709,925
2027	700,000	17,780	717,780
	<u>\$ 4,925,000</u>	<u>\$ 608,672</u>	<u>\$ 5,533,672</u>

## Irving Flood Control District Section I

TSI-6 Analysis of Changes in General Long-term Debt  
September 30, 2019

	Bond Issues			Total
	Series 2007	Series 2009	Series 2019	
Interest rate	5.0 - 5.25%	4.5 - 6.0%		
Dates interest payable	6/16; 12/16	6/16; 12/16	6/16; 12/16	
Maturity date	6/15/2027	6/15/2027	6/15/2027	
Bonds outstanding at beginning of current year	\$ 1,390,000	\$ 3,940,000	\$ -	\$ 5,330,000
Bonds sold during the current year	-	-	4,925,000	4,925,000
Principal retirements/refundings	<u>(1,390,000)</u>	<u>(3,940,000)</u>	<u>-</u>	<u>(5,330,000)</u>
Bonds outstanding at end of current year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,925,000</u>	<u>\$ 4,925,000</u>
Interest paid during the current year	<u>\$ 58,413</u>	<u>\$ 188,500</u>	<u>\$ -</u>	<u>\$ 246,913</u>
Paying agent/registrar	Amergy Bank			
	<u>Bond Authority</u>	<u>Tax Bonds</u>	<u>Other Bonds</u>	<u>Refunding Bonds</u>
Amount authorized by voters	\$ 10,000,000	\$ -	\$ -	
Amount issued	8,185,000	-	-	
Remaining to be issued	1,815,000	-	-	
Debt service fund cash and temporary investments as of September 30, 2019:			<u>\$ 658,146</u>	
Average annual debt service payment (Principal & Interest) for remaining term of all debt:			<u>\$ 691,709</u>	

# Irving Flood Control District Section I

## TSI-7 Comparative Schedule of Revenues and Expenditures – General For the Last Five Fiscal Years Ended September 30

	Amounts					Percent of Fund Total Revenues				
	2019	2018	2017	2016	2015	2019	2018	2017	2016	2015
<b>General Fund</b>										
Revenues:										
Property taxes	\$ 920,632	\$ 853,491	\$ 787,512	\$ 747,763	\$ 648,003	95.8 %	98.8 %	97.9 %	79.1 %	88.0 %
Investment earnings	23,509	275	18	10	32	2.4	0.0	-	-	-
Penalties and interest	3,572	774	3,297	6,832	1,541	0.4	0.1	0.4	0.5	0.2
Intergovernmental revenue	3,188	-	1,786	21,312	58,174	0.3	-	0.2	15.7	7.9
Other	9,600	9,600	11,483	18,613	28,772	1.0	1.2	1.4	4.7	3.9
Total revenues	960,501	864,140	804,096	794,530	736,522	100.00	100.00	100.00	100.00	100.00
Expenditures:										
Administrative	74,387	65,268	70,425	67,721	65,189	7.7	7.6	8.8	8.3	8.9
Legal fees	7,085	6,544	6,464	28,113	23,387	0.7	0.8	0.8	2.4	3.2
Audit fees	7,225	7,165	6,825	6,500	8,147	0.8	0.8	0.8	1.0	1.1
Tax appraisal and collection fees	7,076	6,882	6,972	5,261	7,061	0.7	0.8	0.9	1.0	1.0
Director fees (salaries & wages) and meeting expenses	11,218	16,229	10,540	12,126	10,992	1.2	1.9	1.3	1.7	1.5
Utilities	42,047	31,392	19,629	63,595	25,649	4.4	3.6	2.4	0.6	3.5
Maintenance and operations	393,412	461,823	311,800	289,183	282,746	41.0	53.4	38.8	37.6	38.4
Engineering fees	29,897	34,647	11,139	48,858	29,278	3.1	4.0	1.4	7.2	4.0
Miscellaneous	3,627	3,835	2,610	2,418	3,522	0.4	0.4	0.3	0.10	0.50
Total expenditures	575,974	633,785	446,404	523,775	455,971	60.0	73.3	55.5	59.9	62.1
Excess (deficiency) of revenues over expenditures	<u>\$ 384,527</u>	<u>\$ 230,355</u>	<u>\$ 357,692</u>	<u>\$ 270,755</u>	<u>\$ 280,551</u>	<u>40.0 %</u>	<u>26.7 %</u>	<u>44.5 %</u>	<u>40.1 %</u>	<u>37.9 %</u>

# Irving Flood Control District Section I

TSI-7 Comparative Schedule of Revenues and Expenditures – General – Continued

Debt Service Fund

For the Last Five Fiscal Years Ended September 30

	Amounts					Percent of Fund Total Revenues				
	2019	2018	2017	2016	2015	2019	2018	2017	2016	2015
<b>Debt Service</b>										
Revenues:										
Taxes	\$ 715,937	\$ 689,326	\$ 694,059	\$ 715,199	\$ 698,079	97.4 %	99.4 %	99.2 %	98.9 %	99.5 %
Investment earnings	15,129	3,586	2,452	1,544	1,769	2.1	0.5	0.4	0.2	0.3
Penalties and interest	4,203	640	2,893	6,753	1,955	0.6	0.1	0.4	0.9	0.3
Total revenues	<u>735,269</u>	<u>693,552</u>	<u>699,404</u>	<u>723,496</u>	<u>701,803</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Expenditures:										
Interest and fiscal fees	248,488	268,194	288,813	307,660	272,316	33.8	38.7	41.3	42.5	38.8
Principal retirement	465,000	425,000	410,000	395,000	451,013	63.2	61.3	58.6	54.6	64.3
Bond issuance costs	<u>84,890</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11.5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>798,378</u>	<u>693,194</u>	<u>698,813</u>	<u>702,660</u>	<u>723,329</u>	<u>108.6</u>	<u>99.9</u>	<u>99.9</u>	<u>97.1</u>	<u>103.1</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (63,109)</u>	<u>\$ 358</u>	<u>\$ 591</u>	<u>\$ 20,836</u>	<u>\$ (21,526)</u>	<u>(8.6) %</u>	<u>0.1 %</u>	<u>0.1 %</u>	<u>2.9 %</u>	<u>(3.1) %</u>

# Irving Flood Control District Section I

TSI-8 Board Members, Key Personnel and Consultants (Unaudited)

September 30, 2019

District's Mailing Address: Irving Flood Control District Section I  
P.O. Box 140035  
Irving, TX 75014-0035

District Business Telephone Number (972) 556-0625

<u>Names and addresses</u>	<u>Terms of Office or Date Hired</u>	<u>Fees (Cash Basis)</u>	<u>Expense Reimbursements</u>	<u>Title at Year End</u>	<u>Resident of District?</u>
<b>Board Members:</b>					
Robert M. Galecke 1845 E. Northgate Dr. Irving, TX 75062	reappointed on December 13, 2018 to a term ending in January 2021	\$ 831	\$ -	Assistant Secretary	No
Richard Duge 2304 Century Center Blvd. Irving, TX 75062	reappointed on December 13, 2018 to a term ending in January 2021	139	-	Treasurer	No
Jon Schneider 2221 Century Circle Irving, TX 75062	reappointed on December 13, 2018 to a term ending in January 2021	1,524	-	President	No
Shawn Davies 2304 Century Center Blvd. Irving, TX 75062	reappointed on January 23, 2018 to a term ending in January 2020	831	-	Vice President	No
Stephen LaMure 3303 Lee Pkwy., Ste. 300 Dallas, TX 75219	reappointed on January 23, 2018 to a term ending in January 2020	1,108	-	Secretary	No
Ryan Bank 2304 Century Ctr Blve Irving, TX 75062	appointed on June 20, 2019 to a term ending in January 2020	554	-	Director	No
James McGovern 1845 E Northgate Dr Irving, TX 75062	appointed on May 15, 2018 to a term ending in January 2021	1385	-	Director	No



## Irving Flood Control District Section I

TSI-8 Board Members, Key Personnel and Consultants (Unaudited) – Continued  
September 30, 2019

<u>Names and addresses</u>	<u>Terms of Office or Date Hired</u>	<u>Fees (Cash Basis)</u>	<u>Expense Reimbursements</u>	<u>Title at Year End</u>	<u>Resident of District?</u>
<b>Consultants:</b>					
Weaver LLP 2300 N, Field Street Suite 1000 Dallas, TX 75201		\$ 7,225	\$ -	Auditor	No
Dallas County Utility and Reclamation District P.O. Box 140035 Irving, TX 75014-0035		380,142	-	General Management Construction Management Investment Officer	No
John Ames Dallas County Tax Office 500 Elm Street Dallas, TX 75202		383	-	Tax Collector	No
Boyle & Lowry LLP 4201 Wingren Suite 108 Irving, TX 75062		7,085	-	Attorneys	No
Halff & Associates P.O. Box 678316 Dallas, TX 75267		90,764	-	Engineer	No
Terraon Consultants 8901 Carpenter Freeway Suite 100 Dallas, TX 75247		1,668	-	Engineer	No