

# **Dallas County Park Cities Municipal Utility District**

Independent Auditor's Report and Financial Statements

September 30, 2020

# Dallas County Park Cities Municipal Utility District

## September 30, 2020

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**Annual Filing Affidavit**

THE STATE OF TEXAS}  
COUNTY OF: \_\_\_\_\_ }

I, \_\_\_\_\_  
(Name of Duly Authorized District Representative)

of the Dallas County Park Cities Municipal Utility District  
(Name of District)

hereby swear, or affirm, that the district named above has reviewed and approved at a meeting of the Board of Directors of the District on the \_\_\_\_ day of \_\_\_\_\_, 2021, its annual audit report for the fiscal year or period ended September 30, 2020, and that copies of the annual audit report have been filed in the District office, located at 1811 Regal Row, Dallas, Texas.

The annual filing affidavit and the attached copy of the annual audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of all annual filing requirements within Section 49.194 of the Texas Water Code.

Date: \_\_\_\_\_, 2021

By: \_\_\_\_\_  
(Signature of District Representative)

\_\_\_\_\_  
(Typed Name & Title of Above District Representative)

Sworn to and subscribed to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

\_\_\_\_\_  
(Signature of Notary)

(SEAL)

My Commission expires on: \_\_\_\_\_, \_\_\_\_\_, Notary Public in and for the State of Texas.

## **Financial Section**

## Independent Auditor's Report

To the Board of Directors of  
Dallas County Park Cities Municipal Utility District

We have audited the accompanying basic financial statements of Dallas County Park Cities Municipal Utility District (District) as of and for the year ended September 30, 2020, 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 an opinion 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 opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dallas County Park Cities Municipal Utility District, as of September 30, 2020, and the changes in its financial position and its cash flows thereof 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, the schedule of changes in net pension liability and related ratios, schedule of employer contributions and notes to required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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 financial statements that collectively comprise the District's basic financial statements. The budgetary comparison schedule and the Texas Supplemental Information required by the Texas Commission on Environmental Quality as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information including the budgetary comparison schedule, schedule of expenses, schedule of temporary investments, schedule of long-term debt service requirements, and schedule of changes in long-term debt are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or 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 noted above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Board of Directors of  
Dallas County Park Cities Municipal Utility District  
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The schedule of services and rates, comparative schedule of revenues and expenses, and board members, key personnel, and consultants have not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

*BKD, LLP*

Dallas, Texas  
January 20, 2021

# **Dallas County Park Cities Municipal Utility District**

## **Management's Discussion and Analysis**

### **September 30, 2020**

The following discussion and analysis is provided by the Dallas County Park Cities Municipal Utility District, hereafter referred to as the District.

The District was created in 1938 primarily to treat raw water from Lake Grapevine, Texas, for the Town of Highland Park and City of University Park, Texas.

#### **Financial Highlights**

- The assets and deferred outflows of resources of the District at the end of the year totaled \$50,053,495.
- The net position of the District at the end of the year was \$29,616,838 and increased during the year by \$754,582 or 2.61 percent.
- The District had operating income of \$1,472,983 for the year.
- The District's cash and cash equivalents increased during the year by \$1,225,168.
- The District's net capital assets decreased during the year by \$1,686,855.
- The District's long-term bonds payable and unamortized bond premiums decreased during the year by \$1,164,461.
- Net pension liability totaled \$159,928, which was a decrease of \$706,559 for the year.

#### **Overview of the Financial Statements**

This section is intended to serve as introduction to the District's basic financial statements. The basic financial statements are: 1) Statement of Net Position; 2) Statement of Revenues, Expenses, and Changes in Net Position; and 3) Statement of Cash Flows.

The financial statements of the District report information using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The Statement of Net Position includes all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). It also provides the basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges, profitability, and creditworthiness.

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.



# Dallas County Park Cities Municipal Utility District

## Management's Discussion and Analysis

### September 30, 2020

The financial statements also include notes that explain in more detail some of the information in the financial statements.

#### Overview of Financial Activities and Analysis

To begin our analysis, summaries of the District's Statements of Net Position and Statement of Revenues, Expenses, and Changes in Net Position are presented below.

#### Condensed Statements of Net Position

	September 30, 2020	September 30, 2019	Dollar Change	Percent Change
Current and other assets	\$ 10,309,611	\$ 9,240,909	\$ 1,068,702	11.56%
Capital assets, net	<u>39,253,262</u>	<u>40,940,117</u>	<u>(1,686,855)</u>	<u>-4.12%</u>
Total assets	49,562,873	50,181,026	(618,153)	-1.23%
Deferred outflows of resources	<u>490,622</u>	<u>775,450</u>	<u>(284,828)</u>	<u>-36.73%</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<b><u>\$ 50,053,495</u></b>	<b><u>\$ 50,956,476</u></b>	<b><u>\$ (902,981)</u></b>	<b><u>-1.77%</u></b>
Current liabilities	\$ 1,894,020	\$ 1,954,514	\$ (60,494)	-3.10%
Noncurrent liabilities	<u>18,270,676</u>	<u>20,071,696</u>	<u>(1,801,020)</u>	<u>-8.97%</u>
Total liabilities	20,164,696	22,026,210	(1,861,514)	-8.45%
Deferred inflows of resources	<u>271,961</u>	<u>68,010</u>	<u>203,951</u>	<u>299.88%</u>
Total liabilities and deferred inflows of resources	<u>20,436,657</u>	<u>22,094,220</u>	<u>(1,657,563)</u>	<u>-7.50%</u>
Net investment in capital assets	19,642,514	20,164,908	(522,394)	-2.59%
Restricted for debt service	1,664,817	387,818	1,276,999	329.28%
Unrestricted	<u>8,309,507</u>	<u>8,309,530</u>	<u>(23)</u>	<u>0.00%</u>
Total net position	<u>29,616,838</u>	<u>28,862,256</u>	<u>754,582</u>	<u>2.61%</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b><u>\$ 50,053,495</u></b>	<b><u>\$ 50,956,476</u></b>	<b><u>\$ (902,981)</u></b>	<b><u>-1.77%</u></b>

**Dallas County Park Cities Municipal Utility District**  
**Management's Discussion and Analysis**  
**September 30, 2020**

**Condensed Statements of Revenues, Expenses, and Changes in Net Position**

	Year Ended September 30, 2020	Year Ended September 30, 2019	Dollar Change	Percent Change
Operating revenues	\$ 7,610,630	\$ 7,215,736	\$ 394,894	5.47%
Nonoperating revenues	119,951	230,161	(110,210)	-47.88%
Total revenues	<u>7,730,581</u>	<u>7,445,897</u>	<u>284,684</u>	<u>3.82%</u>
Depreciation expense	2,457,714	2,470,015	(12,301)	-0.50%
Other operating expenses	3,679,933	3,878,717	(198,784)	-5.12%
Nonoperating expenses	838,352	1,137,298	(298,946)	-26.29%
Total expenses	<u>6,975,999</u>	<u>7,486,030</u>	<u>(510,031)</u>	<u>-6.81%</u>
<b>Change in Net Position</b>	754,582	(40,133)	794,715	-1980.20%
<b>Net Position at Beginning of Year</b>	<u>28,862,256</u>	<u>28,902,389</u>	<u>(40,133)</u>	<u>-0.14%</u>
<b>Net Position at End of Year</b>	<u>\$ 29,616,838</u>	<u>\$ 28,862,256</u>	<u>\$ 754,582</u>	<u>2.61%</u>

The overall financial position of the District is strong. The decrease in net capital assets represents depreciation taken on the Membrane Filter Facility and Plant Improvement project that was completed and placed in service in a prior year. The decrease in long-term liabilities is due to the refunding of the 2010 revenue bonds.

The increase in operating revenues is due to a slight increase in overall rates.

There were no amendments to the District's budget during the year. Operating expenses were \$447,703 less than budgeted, primarily as a result of less repairs and maintenance, chemicals, professional fees, and lower utility expenses than previously budgeted.

**Capital Asset and Debt Administration**

The District's investment in capital assets as of September 30, 2020, consists of buildings, water systems, easements and rights-of-way, vehicles, machinery and equipment, and furniture and fixtures. The District issued \$17 million in revenue refunding bonds in October 2020 to take advantage of lower interest rates.

**Economic Factors and Next Year's Budget and Rates**

The economic outlook for both the water industry and the District continues to be stable. Water revenues are influenced directly by weather conditions. A dry year will result in increased revenues as well as increased expenses, while a wet year will result in decreased revenues as well as decreased expenses. The 2021 budget is based on an rolling average for the previous ten years.

**Dallas County Park Cities Municipal Utility District**  
**Management's Discussion and Analysis**  
**September 30, 2020**

**Request for Information**

This financial report is designed to provide a general overview of the District's finances for those with an interest in the District's activities. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Dallas County Park Cities Municipal Utility District, 1811 Regal Row, Dallas, Texas 75235, or contact Larry McDaniel at (214) 652-8639.

**Dallas County Park Cities Municipal Utility District**  
**Statement of Net Position**  
**September 30, 2020**

**Assets**

**Current Assets**

Cash and cash equivalents	\$ 7,685,773
Receivables	
City of University Park	505,459
Town of Highland Park	422,044
City of Grapevine	29,486
Brookhollow Country Club	1,896
Prepaid Items and other assets	136
Restricted cash and cash equivalents	<u>1,664,817</u>
 Total current assets	 <u>10,309,611</u>

**Noncurrent Assets**

Capital assets	63,413,218
Less: accumulated depreciation	<u>(24,159,956)</u>
 Total noncurrent assets	 <u>39,253,262</u>
 Total assets	 <u>49,562,873</u>

**Deferred Outflow of Resources**

Related to TCDRS Pension	325,928
Deferred loss on refunding	<u>164,694</u>
 Total deferred outflow of resources	 <u>490,622</u>
 Total assets and deferred outflow of resources	 <u>\$ 50,053,495</u>

**Liabilities**

**Current Liabilities**

Current portion of bonds payable	\$ 1,500,000
Accounts payable	90,688
Salaries and wages payable	72,600
Payroll taxes and related payables	39,770
Accrued compensated absences	84,954
Accrued interest payable	<u>106,008</u>
 Total current liabilities	 <u>1,894,020</u>

**Noncurrent Liabilities**

Bonds payable	18,110,748
Net pension liability – TCDRS	<u>159,928</u>
 Total noncurrent liabilities	 <u>18,270,676</u>
 Total liabilities	 <u>20,164,696</u>

**Deferred Inflows of Resources**

Related to TCDRS Pension	<u>271,961</u>
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**Net Position**

Net investment in capital assets	19,642,514
Restricted for debt service	1,664,817
Unrestricted	
Special restoration and capital projects	5,621,824
Subsequent year's operating expenses	<u>2,687,683</u>
 Total net position	 <u>29,616,838</u>
 Total liabilities, deferred inflows of resources, and net position	 <u>\$ 50,053,495</u>

**Dallas County Park Cities Municipal Utility District**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Fiscal Year Ended September 30, 2020**

<b>Operating Revenues</b>	
City of University Park	\$ 4,750,469
Town of Highland Park	2,456,261
City of Grapevine	363,833
Brookhollow Country Club	<u>40,067</u>
Total operating revenues	<u>7,610,630</u>
<b>Operating Expenses</b>	
Salaries and wages	1,617,148
Utilities	431,358
Depreciation	2,457,714
Chemicals	509,928
Group insurance premiums	215,615
Retirement premiums	218,146
Social Security and Medicare tax	117,572
Professional fees	44,670
Maintenance and repairs	199,082
Other operating expenses	149,227
Insurance and surety bond premiums	123,871
Contract labor	37,125
Legal notices and publications	3,972
Fuels and lubricants	11,171
Printing, office supplies, and postage	<u>1,048</u>
Total operating expenses	<u>6,137,647</u>
<b>Operating Income</b>	1,472,983
<b>Nonoperating Revenues (Expenses)</b>	
Investment income	104,018
Interest expense	(470,513)
Bond issuance cost	(315,845)
Loss on retirement of capital assets	(51,994)
Miscellaneous income	<u>15,933</u>
Total nonoperating revenues (expenses)	<u>(718,401)</u>
<b>Change in Net Position</b>	754,582
<b>Net Position at Beginning of Year</b>	<u>28,862,256</u>
<b>Net Position at End of Year</b>	<u><u>\$ 29,616,838</u></u>

**Dallas County Park Cities Municipal Utility District**  
**Statement of Cash Flows**  
**Fiscal Year Ended September 30, 2020**

<b>Cash Flows from Operating Activities</b>	
Cash received from customers	\$ 7,767,019
Cash paid to suppliers	(2,194,253)
Cash paid to employees	<u>(1,509,040)</u>
Net cash provided by operating activities	<u>4,063,726</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Purchase of capital assets	(844,841)
Principal paid on bonds	(2,900,000)
Premium received on bonds	1,925,748
Interest paid on bonds	(845,559)
Bond issuance costs	(315,845)
Proceeds from sale of capital assets	<u>21,988</u>
Net cash used in capital and related financing activities	<u>(2,958,509)</u>
<b>Cash Flow from Investing Activities</b>	
Interest received	104,018
Miscellaneous income	<u>15,933</u>
Net cash provided by investing activities	<u>119,951</u>
Net increase in cash and cash equivalents	1,225,168
Cash and cash equivalents at beginning of year	<u>8,125,422</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 9,350,590</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided By Operating Activities</b>	
Operating income	\$ 1,472,983
Adjustments to reconcile operating income to net cash provided in operating activities	
Depreciation expense	2,457,714
Decrease (increase) in assets and deferred outflows:	
Accounts receivable	156,389
Prepaid items and other assets	77
Deferred TCDRS outflow	449,522
Increase (decrease) in liabilities and deferred inflows	
Accounts payable	2,335
Accrued compensated absences	27,314
Accrued interest	-
Deferred TCDRS inflow	203,951
Net pension liability	<u>(706,559)</u>
<b>Net Cash Provided by Operating Activities</b>	<u><u>\$ 4,063,726</u></u>

# Dallas County Park Cities Municipal Utility District

## Notes to Financial Statements

### September 30, 2020

#### Note 1: Summary of Significant Accounting Policies

##### ***Organization***

The Dallas County Park Cities Municipal Utility District (District) was originally created in 1938 as the Dallas County Park Cities Water Control and Improvement District No. 2 by the Board of Water Engineers of the State of Texas. The Action of the Board responded to the joint petition of the Town of Highland Park and the City of University Park (Park Cities) for creation of the District as an agency through which the Park Cities could act together to obtain a common and independent water supply. The design and construction of the District's water supply and treatment facilities were completed in August 1950. Bond issues provided the original funds required to purchase and construct the facilities. In March 1973, the District was converted from a Water District into a Municipal Utility District under Chapter 54 of the Texas Water Code. In 1995, the code was recodified and the District currently operates under Chapter 49.

The District serves as an agency through which the Park Cities act jointly to assure their citizens of an adequate water supply. The raw water is provided solely from Lake Grapevine, Texas. Treated water is sold and delivered by the District to the two municipalities; each in turn then retails the water to its customer citizens through its own distribution facilities. The District's charge for treated water is adjusted from time to time to provide adequate revenues to meet all of its financial obligations. For the fiscal year ending September 30, 2020, treated water was sold for \$2.5548 per thousand gallons to Highland Park and \$2.5453 per thousand gallons to University Park. The District also provides raw water to other entities in the area.

The District's operations are directed by a board of five directors who are elected biennially for overlapping four-year terms (three or two directors elected biennially) by the voters of the Town of Highland Park and City of University Park in a common election.

##### ***The Reporting Entity***

The District's financial statements include the accounts of all District operations. The criteria for including organizations within the District's reporting entity are set forth in Section 2100 of the Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards* (GASB Codification). The District's financial statements do not include any component units because none of the criteria for inclusion as set forth in the GASB Codification have been met.

# Dallas County Park Cities Municipal Utility District

## Notes to Financial Statements

### September 30, 2020

#### ***Basis of Presentation***

The District presents its financial statements in accordance with GASB Statement No. 34, *Accounting and Financial Reporting Alternatives* (GASB 34) guidance for governments engaged in business-type activities. Accordingly, the basic financial statements and Required Supplementary Information (RSI) of the District consist of MD&A and Pension Related Schedules; Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; Statement of Cash Flows; and Notes to the Financial Statements. Additionally, the Authority complies with the reporting requirements promulgated by the “Water Authority’s Financial Management Guide” published by the Texas Commission on Environmental Quality.

GASB 34 requires the classification of net position into three components – net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

Net investment in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component of net position consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of net assets that do not meet the definition of “restricted,” or “net investment in capital assets.”

Generally, the District would first apply restricted resources, then unrestricted resources when an expense is incurred for purposes for which more than one classification of net position is available.

#### ***Measurement Focus***

The accompanying basic financial statements are reported using the economic resources measurement focus and the full 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. The District’s enterprise fund accounts for the operations of treating raw water for municipal use from Lake Grapevine, Texas.

#### ***Basis of Accounting***

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



# Dallas County Park Cities Municipal Utility District

## Notes to Financial Statements

### September 30, 2020

#### ***Budgets and Budgetary Accounting***

Each year the District prepares a budget for the fiscal year in accordance with generally accepted accounting principles. The District's budget is used as a policy document, a financial plan, an operational guide, and a communication device.

As a policy document – The District's budget is used to outline major principles of policy being implemented by the District concerning financial matters. It documents limits on reserves, uses of reserves, and policy principles of meeting expenses out of current revenue.

The Board of Directors must approve any transfer of appropriation balances from one expenditure account to another within a single fund, any transfer of unencumbered appropriation balances or portions thereof from one fund to another or any increases in fund appropriations. All appropriations lapse at fiscal year-end.

As a financial plan – Projections on revenue generation and expenses are defined in order to plan yearly financial activities. Monthly projections are made to help plan expenditures concurrent with available revenue and reserves. The cost of service document is an integral part of the budget that allows the District's customers to plan and develop their budget in harmony with the District.

As an operational guide – Guidelines are included in the budget to assist policy makers and administrators to perpetuate policy and continuity of operation.

As a communication device – By contract, the District provides the Park Cities with a projected cost of service each year by July 1 in order for the two entities to construct their budgets. When the District's budget is adopted by its Board, it is circulated to the two entities in order to communicate the District's goals for the year, any policy changes in effect, and financial projections for the year.

#### ***Cash and Cash Equivalents***

For purposes of reporting cash flows, cash, and cash equivalents include cash on hand, demand deposit accounts in banks and local government investment pools. Investments are recorded at cost which approximates market value. The District invests funds exclusively in local government investment pools which are considered cash equivalents.

#### ***Receivables***

Accounts receivable are considered fully collectible; accordingly, no allowance for doubtful accounts is required. In the event an account in whole or in part becomes uncollectible in the future, such amount will be charged to operations when that determination is made.

#### ***Inventories***

The District expenses all supplies used in the water treatment operations on a continuous basis as needed; therefore, no inventory balances are reflected in the financial statements.

**Dallas County Park Cities Municipal Utility District**  
**Notes to Financial Statements**  
**September 30, 2020**

***Depreciation***

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives on the straight-line method. The District's capitalization threshold is \$500 for water systems and buildings and \$250 for furniture and equipment. The estimated service lives by type of asset are as follows:

Water systems	15 - 50 years
Buildings	10 - 50 years
Auto, furniture, and equipment	5 - 50 years

***Compensated Absences***

District employees are entitled to certain compensated absences based on their length of employment. Compensated absences for vacation time accumulate and are accrued when they are earned.

***Net Position***

In accordance with the District's water contract with the Park Cities, each year the District reserves a portion of net position for: (a) 50 percent of the subsequent year's estimated operating and maintenance expenditures and (b) up to 100 percent of future estimated capital projects expenditures.

***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 reported amounts of assets and deferred outflows of resources and liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Note 2: Deposits and Investments**

***Deposits***

The Board of Directors designates a financial institution to serve as the depository for the funds of the District. To the extent that funds in the depository are not insured by the Federal Deposit Insurance Corporation, they are secured in the manner provided by law for the security of funds per Chapter 2257, Texas Government Code (the *Public Funds Collateral Act*).

**Dallas County Park Cities Municipal Utility District**  
**Notes to Financial Statements**  
**September 30, 2020**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District’s deposits may not be returned, or the District will not be able to recover collateral securities in the possession of an outside party. At September 30, 2020, the District’s deposits were entirely insured or collateralized with securities held by the pledging financial institution’s trust department or agent in the District’s name; as a result, the District’s deposits were not exposed to custodial credit risk.

**Investments**

Funds of the District may be invested and reinvested by the District’s investment officer or its authorized representative in U.S. Treasury and federal agency securities, certificates of deposit, repurchase agreements, and local government investment pools. The Board adopted an investment and collateral policy to comply with Chapter 2256 and 2257 of the Texas Government Code on September 10, 1998, and reviews yearly.

The District is a voluntary participant in TexPool Prime. The State Comptroller exercises oversight responsibility over all other aspects of TexPool Prime including investment and accounting activity, development plans, etc. Oversight responsibility is demonstrated by financial interdependency, ability to significantly influence operations, designation of management, and accountability for fiscal matters. As a result, the financial statements of TexPool Prime are included in the financial statements of the Texas Trust as an investment trust fund, which are ultimately included in the financial statements of the State of Texas. TexPool Prime uses amortized costs rather than market value to report net assets to compute share prices.

The District currently has no investments that are required to be reported at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*.

At September 30, 2020, the District’s cash and cash equivalents were as follows:

Investment Type	Fair Value	Weighted Average Maturity	S&P Credit Rating
Deposits with a financial institution	\$ 198,473	N/A	N/A
Imprest cash	300	N/A	N/A
Local government investment pools			
TexPool Prime	<u>9,151,817</u>	32 days	AAAm
Total cash and cash equivalents	<u>\$ 9,350,590</u>		

**Dallas County Park Cities Municipal Utility District**  
**Notes to Financial Statements**  
**September 30, 2020**

**Note 3: Capital Assets**

The District's capital asset activity for the year ended September 30, 2020, is as follows:

	Balance October 1, 2019	Additions	Retirements	Transfers	Balance September 30, 2020
Buildings, water system, easements, and right-of-way	\$ 29,831,278	\$ 249,189	\$ (50,360)	\$ 7,006	\$ 30,037,113
Machinery and equipment	32,664,500	337,387	(215,662)	-	32,786,225
Vehicles	189,157	67,486	(44,562)	-	212,081
Furniture and fixtures	91,802	651	(540)	-	91,913
Construction in progress	102,764	190,128	-	(7,006)	285,886
Total capital assets	62,879,501	844,841	(311,124)	-	63,413,218
Accumulated depreciation	(21,939,384)	(2,457,714)	237,142	-	(24,159,956)
	<u>\$ 40,940,117</u>	<u>\$ (1,612,873)</u>	<u>\$ (73,982)</u>	<u>\$ -</u>	<u>\$ 39,253,262</u>

**Note 4: Long-Term Debt**

The District's long-term debt activity for the year ended September 30, 2020, is as follows

	Balance October 1, 2019	Issued During the Year	Retired During the Year	Balance September 30, 2020	Current Portion
Water System Revenue Bonds, Series 2010	\$ 20,585,000	\$ -	\$(20,585,000)	\$ -	\$ -
Water System Revenue Refunding Bonds, Series 2020	-	17,760,000	(75,000)	17,685,000	1,500,000
Unamortized Bond Premium	190,209	1,925,748	(190,209)	1,925,748	-
	<u>\$ 20,775,209</u>	<u>\$ 19,685,748</u>	<u>\$(20,850,209)</u>	<u>\$ 19,610,748</u>	<u>\$ 1,500,000</u>

Details of bonds payable as of September 30, 2020, are as follows:

Water System Revenue Refunding Bonds, Series 2020 dated August 1, 2020, in the aggregate principal amount of \$17,760,000; interest payable semi-annually at coupon rates ranging from 3.00 percent to 4.00 percent; principal payable annually through August 1, 2030; secured by a first lien on and pledge of certain revenues of the District's water system, including contract payments from the District's contracts for the sale of treated water to the Town of Highland Park and the City of University Park. The bond proceeds including the premium received of \$1,925,748 were used to: (1) refund the District's outstanding debt for debt service savings and (2) for paying expenses related to the issuance of the bonds.

**Dallas County Park Cities Municipal Utility District**  
**Notes to Financial Statements**  
**September 30, 2020**

As a result of the refunding, the District reduced its total debt services requirements by \$1,998,905, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$1,800,664.

The scheduled maturities of bonds payable as of September 30, 2020, are as follows:

Years Ended December 31,	Principal	Interest	Total
2021	\$ 1,500,000	\$ 636,050	\$ 2,136,050
2022	1,545,000	591,050	2,136,050
2023	1,590,000	544,700	2,134,700
2024	1,655,000	481,100	2,136,100
2025	1,720,000	414,900	2,134,900
2026 - 2030	<u>9,675,000</u>	<u>1,005,650</u>	<u>10,680,650</u>
Totals	<u>\$ 17,685,000</u>	<u>\$ 3,673,450</u>	<u>\$ 21,358,450</u>

**Note 5: Risk Management**

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; employee health benefits; and other claims of various natures. The District purchases commercial insurance to indemnify it in the event of loss. Insurance settlements have not exceeded insurance coverage in any of the past three years.

**Note 6: Retirement Plan**

The District provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 641 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (the *TCDRS Act*). Members can retire at ages 60 and above with 10 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after 10 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

**Dallas County Park Cities Municipal Utility District**  
**Notes to Financial Statements**  
**September 30, 2020**

Benefit amounts are determined by the sum of the employee’s contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer’s commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee’s accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

**Contributions**

The employer has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed \$100,000 more than the actuarially determined rate during the year ending December 31, 2019.

The contribution rate payable by the employee members for calendar years 2019 and 2020 is the rate of 7.00 percent as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

**Actuarial Assumptions**

The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2019
Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	11.5 years
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00%
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

# Dallas County Park Cities Municipal Utility District

## Notes to Financial Statements

### September 30, 2020

#### **Discount Rate**

The discount rate used to measure the total pension liability was 8.10 percent. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all 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. The long-term rate of return on pension plan investments is 8.10 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates 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.

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of December 31, 2019, are summarized below:

Asset Class	Benchmark	Target Allocation <sup>(1)</sup>	Geometric Real Rate of Return (Expected Minus Inflation) <sup>(2)</sup>
US Equities	Dow Jones U.S. Total Stock Market Index	10.50%	5.40%
Private Equity	Cambridge Associates Global Private Equity & Venture, Capital Index <sup>(3)</sup>	18.00%	8.40%
Global Equities	MSCI World (net) Index	2.50%	5.70%
International Equities - Developed	MSCI World Ex USA (net)	10.00%	5.40%
International Equities - Emerging	MSCI EM Standard (net) Index	7.00%	5.90%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	1.60%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	4.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.98%
Distressed Debt	Cambridge Associates Distressed Securities Index <sup>(4)</sup>	2.00%	7.20%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	5.35%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index <sup>(5)</sup>	6.00%	6.30%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	13.00%	3.90%

(1) Target asset allocation adopted at the June 2020 TCDRS Board meeting.

(2) Geometric real rates of return in addition to assumed inflation of 1.80%, per Cliffwater's 2020 capital market assumptions.

(3) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

(4) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

(5) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

**Dallas County Park Cities Municipal Utility District**  
**Notes to Financial Statements**  
**September 30, 2020**

***Discount Rate Sensitivity Analysis***

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1.00 percent less than and 1.00 percent greater than the discount rate that was used (8.10 percent) in measuring the 2020 Net Pension Liability:

	<b>1% Decrease</b>	<b>Current Discount Discount Rate</b>	<b>1% Increase</b>
	7.10%	8.10%	9.10%
Total Pension Liability	\$ 10,174,042	\$ 9,162,406	\$ 8,287,356
Fiduciary Net Position	<u>9,002,478</u>	<u>9,002,478</u>	<u>9,002,478</u>
Net Pension Liability / (asset)	<u>\$ 1,171,564</u>	<u>\$ 159,928</u>	<u>\$ (715,122)</u>

***Changes in Net Pension Liability***

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension (Asset) Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
<b>Balance at October 1, 2019</b>	<u>\$ 8,643,512</u>	<u>\$ 7,777,025</u>	<u>\$ 866,487</u>
Changes for the year			
Service cost	169,194	-	169,194
Interest	697,227	-	697,227
Change in benefit terms	-	-	-
Difference between expected and actual experience	70,546	-	70,546
Changes in assumptions	-	-	-
Contributions – employer	-	270,551	(270,551)
Contributions – employee	-	102,919	(102,919)
Net investment income	-	1,277,188	(1,277,188)
Benefit payments, including refunds of employee contributions	(418,073)	(418,073)	-
Administrative expense	-	(6,860)	6,860
Other changes	-	(272)	272
<b>Net Changes</b>	<u>518,894</u>	<u>1,225,453</u>	<u>(706,559)</u>
<b>Balance at September 30, 2020</b>	<u>\$ 9,162,406</u>	<u>\$ 9,002,478</u>	<u>\$ 159,928</u>



**Dallas County Park Cities Municipal Utility District**  
**Notes to Financial Statements**  
**September 30, 2020**

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At September 30, 2020, the District reported \$159,928 for the net pension liability and pension expense of \$219,340 related to the December 31, 2019, valuation. The breakdown of the components of pension expense follows:

	<b>Pension Expense / (Income)</b>
Service cost	\$ 169,194
Interest on total pension liability <sup>(1)</sup>	697,227
Effect of plan changes	-
Administrative expenses	6,860
Member contributions	(102,919)
Expected investment return net of investment expenses	(627,884)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	7,088
Recognition of assumption changes or inputs	11,387
Recognition of investment gains or losses	58,115
Other <sup>(2)</sup>	272
<b>Pension Expense / (Income)</b>	<b>\$ 219,340</b>

(1) Reflects the change in the liability due to the time value of money.

(2) Relates to allocation of system-wide items.

The District reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 85,396	\$ 54,143
Changes of assumptions	18,525	-
Net difference between projected and actual earnings	-	217,818
Contributions made subsequent to measurement date	222,007	-
	<b>\$ 325,928</b>	<b>\$ 271,961</b>

**Dallas County Park Cities Municipal Utility District**  
**Notes to Financial Statements**  
**September 30, 2020**

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$222,007 will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. The net amounts of the employer's balances of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<b>Years Ended September 30,</b>
2021	\$ (37,590)
2022	(50,552)
2023	39,868
2024	(129,850)
2025	6
Thereafter	10,078
	\$ (168,040)

## **Required Supplementary Information**

**Dallas County Park Cities Municipal Utility District**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Fiscal Year Ended September 30, 2020**

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 169,194	\$ 156,067	\$ 156,557	\$ 168,420	\$ 168,749	\$ 149,415
Interest on total pension liability	697,227	668,597	631,460	590,267	555,172	515,873
Effect of plan changes	-	-	-	-	(4,239)	-
Effect of assumption changes or inputs	-	-	21,419	-	46,899	-
Effect of economic/demographic (gains) or losses	70,546	(70,486)	35,708	21,222	(22,779)	8,332
Benefit payments/refunds of contributions	<u>(418,073)</u>	<u>(409,800)</u>	<u>(363,429)</u>	<u>(327,941)</u>	<u>(252,453)</u>	<u>(186,499)</u>
Net change in total pension liability	518,894	344,378	481,715	451,968	491,349	487,121
Total pension liability, beginning	<u>8,643,512</u>	<u>8,299,136</u>	<u>7,817,421</u>	<u>7,365,453</u>	<u>6,874,102</u>	<u>6,386,981</u>
<b>Total Pension Liability, Ending (a)</b>	<b><u>\$ 9,162,406</u></b>	<b><u>\$ 8,643,514</u></b>	<b><u>\$ 8,299,136</u></b>	<b><u>\$ 7,817,421</u></b>	<b><u>\$ 7,365,451</u></b>	<b><u>\$ 6,874,102</u></b>
Fiduciary Net Position						
Employer contributions	\$ 270,551	\$ 166,416	\$ 143,041	\$ 141,109	\$ 149,544	\$ 148,183
Member contributions	102,919	96,995	88,453	85,743	86,800	86,729
Investment income net of investment expenses	1,277,188	(152,266)	1,045,742	500,150	(9,430)	448,861
Benefit payments/refunds of contributions	(418,072)	(409,800)	(363,429)	(327,941)	(252,453)	(186,499)
Administrative expenses	(6,860)	(6,247)	(5,377)	(5,450)	(4,882)	(5,048)
Other	<u>(273)</u>	<u>(3,549)</u>	<u>(1,819)</u>	<u>12,548</u>	<u>13,592</u>	<u>(12,214)</u>
Net change in fiduciary net position	1,225,453	(308,451)	906,611	406,159	(16,829)	480,012
Fiduciary net position, beginning	<u>7,777,025</u>	<u>8,085,478</u>	<u>7,178,867</u>	<u>6,772,708</u>	<u>6,789,537</u>	<u>6,309,525</u>
Fiduciary net position, ending (b)	<b><u>\$ 9,002,478</u></b>	<b><u>\$ 7,777,027</u></b>	<b><u>\$ 8,085,478</u></b>	<b><u>\$ 7,178,867</u></b>	<b><u>\$ 6,772,708</u></b>	<b><u>\$ 6,789,537</u></b>
<b>Net Pension Liability / (Asset), Ending &lt;= (a) - (b)</b>	<b><u>\$ 159,928</u></b>	<b><u>\$ 866,487</u></b>	<b><u>\$ 213,658</u></b>	<b><u>\$ 638,554</u></b>	<b><u>\$ 592,743</u></b>	<b><u>\$ 84,565</u></b>
Fiduciary net position as a % of total pension liability	98.25%	89.98%	97.43%	91.83%	91.95%	98.77%
Covered payroll	\$ 1,470,270	\$ 1,385,642	\$ 1,263,611	\$ 1,224,902	\$ 1,240,002	\$ 1,238,989
Net pension liability as a % of covered payroll	10.88%	62.53%	16.91%	52.13%	47.80%	6.83%

**Note:** Ten years of data not available.

**Dallas County Park Cities Municipal Utility District**  
**Schedule of Employer Contributions**  
**Fiscal Year Ended September 30, 2020**

Years Ending December 31,	Actuarially Determined Contribution <sup>(1)</sup>	Actual Employer Contribution <sup>(1)</sup>	Contribution Deficiency (Excess)	Pensionable Covered Payroll <sup>(2)</sup>	Actual Contribution as a % of Covered Payroll
2010	\$ 124,263	\$ 124,263	\$ -	\$ 1,141,079	10.9%
2011	123,525	123,525	-	1,159,859	10.7%
2012	145,039	145,039	-	1,268,935	11.4%
2013	136,845	136,845	-	1,170,614	11.7%
2014	148,183	148,183	-	1,238,989	12.0%
2015	149,544	149,544	-	1,240,002	12.1%
2016	141,109	141,109	-	1,224,902	11.5%
2017	143,041	143,041	-	1,263,611	11.3%
2018	166,416	166,416	-	1,385,642	12.0%
2019	170,551	270,551	(100,000)	1,470,270	18.4%

(1) TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis. If additional assistance is needed, please contact TCDRS.

(2) Payroll is calculated based on contributions as reported to TCDRS.

**Notes to Schedule:**

Valuation Date:

Actuarial determined contribution rates are calculated as of December 31<sup>st</sup> each year and become effective in January, 12 months and a day later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	11.5 years
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation
Investment Rate of Return	8.00%
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

**Dallas County Park Cities Municipal Utility District  
Notes to Required Supplementary Information  
Fiscal Year Ended September 30, 2020**

**Note 1: Pension Liability**

***Change in Benefit Terms***

There were no changes of benefit terms that affected the measurement of the total pension liability during the measurement period.

***Change in Assumptions***

There were no changes of assumptions that occurred during the measurement period.

## **Other Supplemental Section**

**Dallas County Park Cities Municipal Utility District**  
**Budgetary Comparison Schedule**  
**Fiscal Year Ended September 30, 2020**

	<b>Original Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Operating Revenue</b>			
City of University Park	\$ 5,277,290	\$ 4,750,469	\$ (526,821)
Town of Highland Park	2,837,294	2,456,261	(381,033)
City of Grapevine	382,005	363,833	(18,172)
Brookhollow Country Club	<u>56,330</u>	<u>40,067</u>	<u>(16,263)</u>
Total operating revenue	<u>8,552,919</u>	<u>7,610,630</u>	<u>(942,289)</u>
<b>Operating Expenses</b>			
Salaries and wages	1,574,536	1,617,148	(42,612)
Utilities	580,000	431,358	148,642
Chemicals	520,150	509,928	10,222
Group insurance premiums	303,500	215,615	87,885
Retirement premiums	265,579	218,146	47,433
Social Security and Medicare tax	121,108	117,572	3,536
Professional fees	50,000	44,670	5,330
Maintenance and repairs	365,000	199,082	165,918
Other operating expenses	160,500	149,227	11,273
Insurance and surety bond premiums	122,763	123,871	(1,108)
Contract labor	30,000	37,125	(7,125)
Legal notices and publications	5,000	3,972	1,028
Fuels and lubricants	28,000	11,171	16,829
Printing, office supplies and postage	<u>1,500</u>	<u>1,048</u>	<u>452</u>
Total operating expenses	<u>4,127,636</u>	<u>3,679,933</u>	<u>447,703</u>
<b>Operating Income</b>	<u>4,425,283</u>	<u>3,930,697</u>	<u>(494,586)</u>
<b>Non-Operating Revenues (Expenses)</b>			
Investment income	170,000	104,018	(65,982)
Interest expense	<u>(756,905)</u>	<u>(470,513)</u>	<u>286,392</u>
Total nonoperating revenues (expenses)	<u>(586,905)</u>	<u>(366,495)</u>	<u>220,410</u>
<b>Increase In Net Position Before Non-Budgeted Revenues (Expenses)</b>	<u>\$ 3,838,378</u>	<u>3,564,202</u>	<u>\$ (274,176)</u>
<b>Non-Budgeted Revenues (Expenses)</b>			
Depreciation		(2,457,714)	
Bond issuance costs		(315,845)	
Loss on retirement of capital assets		(51,994)	
Miscellaneous income		<u>15,933</u>	
<b>Increase In Net Position</b>		<u>\$ 754,582</u>	



**Dallas County Park Cities Municipal Utility District**  
**Index of Supplemental Schedules Required by the Texas Commission of**  
**Environmental Quality Schedules**  
**Fiscal Year Ended September 30, 2020**

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\*N/A - not applicable

# Dallas County Park Cities Municipal Utility District

## Schedule of Services and Rates (Unaudited)

### Fiscal Year Ended September 30, 2020

TSI-1

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

<input type="checkbox"/> Retail Water	<input checked="" type="checkbox"/> Wholesale Water	<input type="checkbox"/> Drainage
<input type="checkbox"/> Retail Wastewater	<input type="checkbox"/> Wholesale Wastewater	<input type="checkbox"/> Irrigation
<input type="checkbox"/> Parks/Recreation	<input type="checkbox"/> Fire Protection	<input type="checkbox"/> Security
<input type="checkbox"/> Solid Waste/Garbage	<input 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 Available

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

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Usage	Usage Levels
Water	\$			\$	___ to ___
Wastewater:	\$			\$	___ 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 ESFCs	Inactive Connections (ESFC)**
Single Family	_____	_____	_____
Multi-Family	_____	_____	_____
Commercial	_____	_____	_____
Other -- Recreational Centers, Government, & VFD	_____	_____	_____
<b>TOTAL</b>	_____	_____	_____

**4. Total Water Consumption (in Thousands) during the Fiscal Year:** N/A

Gallons pumped into the system: \_\_\_\_\_

Gallons billed to customers: \_\_\_\_\_

\* 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.

**Dallas County Park Cities Municipal Utility District  
Schedule of Services and Rates (Unaudited)  
(Continued)  
Fiscal Year Ended September 30, 2020**

**TSI-1**

**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:**

a. Debt Service Tax Receipts	\$ _____
b. Surplus Construction Funds	_____
c. Water and/or Wastewater Revenue	2,136,050
d. Standby Fees	_____
e. Debt Service Fund Balance to be Used	_____
f. Interest Revenue	_____
g. Other (Describe)	_____
<b>*TOTAL ANTICIPATED FUNDS TO BE USED</b>	\$ <u>2,136,050</u>

**7. Location of District**

County(ies) in which District is located: Dallas

Is the District located entirely within one country? Yes  No

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

City(ies) in which District is located: Highland Park, University Park

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

ETJs in which District located: \_\_\_\_\_

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

If Yes, by whom? \_\_\_\_\_

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

**Dallas County Park Cities Municipal Utility District**  
**Schedule of Expenses**  
**Fiscal Year Ended September 30, 2020**

**TSI-2**

**Operating Expenses**

Salaries and wages	\$1,617,148
Utilities	431,358
Depreciation	2,457,714
Chemicals	509,928
Group insurance premiums	215,615
Retirement premiums	218,146
Social Security and Medicare tax	117,572
Professional fees	44,670
Maintenance and repairs	199,082
Other operating expenses	149,227
Insurance and surety bond premiums	123,871
Contract labor	37,125
Legal notices and publications	3,972
Fuels and lubricants	11,171
Printing, office supplies, and postage	1,048

Total operating expenses	6,137,647
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**Nonoperating Expenses**

Interest expense	470,513
Bond issuance cost	315,845
Loss on retirement of capital assets	51,994

Total nonoperating expenses	838,352
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Total expenses	\$ 6,975,999
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**Dallas County Park Cities Municipal Utility District  
Schedule of Temporary Investments  
Fiscal Year Ended September 30, 2020**

**TSI-3**

Funds	Maturity Date	Balance at September 30, 2020
Enterprise Fund		
Investment Pool	N/A	\$ 7,487,000
Investment Pool	N/A	1,664,817
		\$ 9,151,817

**Dallas County Park Cities Municipal Utility District**  
**Schedule of Long-Term Debt Service Requirements**  
**Fiscal Year Ended September 30, 2020**

**TSI-5**

<b>Due During Fiscal Years September 30,</b>	<b>Water System Revenue Refunding Bonds</b>		
	<b>Series 2020</b>		
	<b>Principal Due August 1,</b>	<b>Interest Due February 1, August 1,</b>	<b>Total</b>
2021	\$ 1,500,000	\$ 636,050	\$ 2,136,050
2022	1,545,000	591,050	2,136,050
2023	1,590,000	544,700	2,134,700
2024	1,655,000	481,100	2,136,100
2025	1,720,000	414,900	2,134,900
2026	1,790,000	346,100	2,136,100
2027	1,860,000	274,500	2,134,500
2028	1,935,000	200,100	2,135,100
2029	2,015,000	122,700	2,137,700
2030	2,075,000	62,250	2,137,250
Totals	<u>\$ 17,685,000</u>	<u>\$ 3,673,450</u>	<u>\$ 21,358,450</u>

**Dallas County Park Cities Municipal Utility District**  
**Schedule of Changes in Long-term Debt**  
**Fiscal Year Ended September 30, 2020**

**TSI-6**

	<b>Series 2020</b>
Interest rates	3.0% to 4.0%
Dates interest payable	2/1 and 8/1
Maturity dates	8/1/2020 to 8/1/2030
Bonds outstanding at beginning of current year	\$ 20,585,000
Bonds sold during current year	17,760,000
Bonds retired during current year	<u>20,660,000</u>
Bonds outstanding, end of current year	<u>\$ 17,685,000</u>
Interest paid during current year	<u>\$ 845,559</u>

<b>Bond Authority</b>	<b>Tax Bonds</b>	<b>Other Bonds</b>	<b>Refunding Bonds</b>
Amount authorized	\$ -	\$ -	\$ 17,760,000
Amount Issued	-	-	17,760,000
Remaining to be issued	-	-	-

**Dallas County Park Cities Municipal Utility District**  
**Comparative Schedule of Revenues and Expenses**  
**For the Five Years Ended September 30, 2020**

TSI-7

	Amounts				
	2020	2019	2018	2017	2016
<b>Operating Revenue</b>					
Water sales	\$ 7,610,630	\$ 7,215,736	\$ 8,201,035	\$ 7,430,718	\$ 7,281,106
<b>Operating Expenses</b>					
Salaries and wages	1,617,148	1,416,407	1,376,865	1,202,112	1,215,503
Utilities	431,358	436,367	544,786	475,951	496,371
Chemicals and fuels	509,928	417,591	463,367	413,323	446,574
Group insurance premiums	215,615	273,901	248,502	265,823	309,124
Other operating expenses	326,414	741,452	515,676	251,079	207,966
Retirement premiums	218,146	296,869	188,896	264,351	199,633
Social Security and Medicare tax	117,572	104,403	100,810	88,545	89,599
Professional fees	44,670	32,305	43,208	78,305	48,742
Maintenance and repairs	199,082	159,422	148,614	1,047,536	128,100
Depreciation	2,457,714	2,470,015	2,442,987	2,452,543	2,381,674
	<u>6,137,647</u>	<u>6,348,732</u>	<u>6,073,711</u>	<u>6,539,568</u>	<u>5,523,286</u>
<b>Operating Income</b>	<u>1,472,983</u>	<u>867,004</u>	<u>2,127,324</u>	<u>891,150</u>	<u>1,757,820</u>
<b>Nonoperating Revenues (Expenses)</b>					
Investment income	104,018	211,061	152,841	94,239	48,682
Interest expense	(470,513)	(789,946)	(848,513)	(887,796)	(916,880)
Bond issuance costs	(315,845)	-	-	-	-
Loss on retirement of capital assets	(51,994)	(347,352)	(129,938)	(111,117)	(199,676)
Miscellaneous income	15,933	19,100	51,395	13,783	12,624
Contributions to other governments	-	-	(1,052,000)	(1,052,000)	(1,052,000)
	<u>(718,401)</u>	<u>(907,137)</u>	<u>(1,826,215)</u>	<u>(1,942,891)</u>	<u>(2,107,250)</u>
<b>Increase (Decrease) in Net Position</b>	<u>\$ 754,582</u>	<u>\$ (40,133)</u>	<u>\$ 301,109</u>	<u>\$ (1,051,741)</u>	<u>\$ (349,430)</u>



**Dallas County Park Cities Municipal Utility District**  
**Comparative Schedule of Revenues and Expenses**  
**(Continued)**  
**For the Five Years Ended September 30, 2020**

**TSI-7**

	Amounts				
	2020	2019	2018	2017	2016
<b>Operating Revenue</b>					
Water sales	100%	100%	100%	100%	100%
<b>Revenues</b>					
Salaries and wages	21.25%	19.60%	16.80%	16.20%	16.70%
Utilities	5.67%	6.00%	6.60%	6.40%	6.80%
Chemicals and fuels	6.70%	5.80%	5.70%	5.60%	6.10%
Group insurance premiums	2.83%	3.80%	3.00%	3.60%	4.20%
Other operating expenses	4.29%	10.30%	6.30%	3.40%	2.90%
Retirement premiums	2.87%	4.10%	2.30%	3.60%	2.70%
Social Security and Medicare tax	1.54%	1.40%	1.20%	1.20%	1.20%
Professional fees	0.59%	0.40%	0.50%	1.10%	0.70%
Maintenance and repairs	2.62%	2.20%	1.80%	14.10%	1.80%
Depreciation	32.29%	34.20%	29.80%	33.00%	32.70%
	<u>80.65%</u>	<u>87.80%</u>	<u>74.00%</u>	<u>88.20%</u>	<u>75.80%</u>
<b>Operating Income</b>	<u>19.35%</u>	<u>12.20%</u>	<u>26.00%</u>	<u>11.80%</u>	<u>24.20%</u>
<b>Non-Operating Revenues (Expenses)</b>					
Investment income	1.37%	2.90%	1.90%	1.30%	0.70%
Interest expense	-6.18%	-10.90%	-10.30%	-11.90%	-12.60%
Bond issuance costs	-4.15%	0.00%	0.00%	0.00%	0.00%
Loss on retirement of capital assets	-0.68%	-4.80%	-1.60%	-1.50%	-2.70%
Miscellaneous income	0.21%	0.30%	0.60%	0.20%	0.20%
Contributions to other governments	0.00%	0.00%	-12.80%	-14.20%	-14.40%
	<u>-9.43%</u>	<u>-12.50%</u>	<u>-22.20%</u>	<u>-26.10%</u>	<u>-28.80%</u>
<b>Increase (Decrease) in Net Position</b>	<u>9.92%</u>	<u>-0.30%</u>	<u>3.80%</u>	<u>-14.30%</u>	<u>-4.60%</u>

**Dallas County Park Cities Municipal Utility District  
Board Members, Key Personnel, and Consultants – Unaudited  
September 30, 2020**

**TSI-8**

District Mailing Address:  
Dallas County Park Cities M.U.D.  
1811 Regal Row  
Dallas, Texas 75235

District Business Telephone Number:  
(214) 652-8639

Name and Address	Term of Office Elected and Appointed	Fees Fiscal Year Ended September 30, 2020	Reimbursements Fiscal Year Ended September 30, 2020	Title at End of Year	Resident of District
<b>Board Members</b>					
Mr. John F. Stull 3141 Bryn Mawr Dallas, TX 75225	(Elected) 5/18 - 5/22	\$ -	\$ -	President	Yes
Mr. Donald H. Snell 4229 Versailles Avenue Dallas, TX 75205	(Elected) 5/18 - 5/22	-	-	Vice President	Yes
Mr. Michael D. McKenzie 3712 Caruth Blvd. Dallas, TX 75225	(Elected) 5/20/-5/24	-	-	Director	Yes
Mr. James S. Cornelius 3707 Maplewood Dallas, TX 75205	(Appointed) 5/20/-5/24	-	-	Secretary	Yes
Mr. B. Neil Harris 3701 Colgate Dallas, TX 72225	(Appointed) 5/20/-5/24	-	-	Director	Yes
Note: No director is disqualified from serving on this board under the Texas Water Code					
<b>Key Administrative Personnel:</b>					
Larry McDaniel 1811 Regal Row Dallas, TX 75235	10/1	\$ -	\$ -	General Manager & Investment Officer	
<b>Consultants:</b>					
Thomson, Coe, Cousins & Irons	1968	\$ 1,300	\$ -	Attorney	
Gupta & Associates	2005	\$ 157,051	\$ -	Consultant	
Burns McDonnell	2020	\$ 108,057	\$ -	Consultant	
BKD, L.L.P.	2020	\$ 18,250	\$ -	Auditor	