



***IRVING FLOOD CONTROL DISTRICT,  
SECTION III***

**Basic Financial Statements  
and Supplemental Schedules  
For the Year Ended September 30, 2015  
and Independent Auditor's Report**

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# *Irving Flood Control District*

## *Section III*

Basic Financial Statements  
and Supplemental Schedules  
for the Year Ended September 30, 2015 and  
Independent Auditor's Report

**IRVING FLOOD CONTROL DISTRICT SECTION III**

**BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTAL SCHEDULES**

**FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2015**

# IRVING FLOOD CONTROL DISTRICT SECTION III

## BASIC FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Irving Flood Control District III

We have audited the accompanying financial statements of the governmental activities and each major fund of the Irving Flood Control District III (the District) as of and for the year ended September 30, 2015, 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 III as of September 30, 2015, 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.

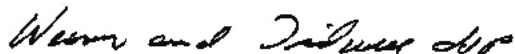
**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-8 and the budgetary comparison schedule on page 26 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.

Dallas, Texas  
January 13, 2016

IRVING FLOOD CONTROL DISTRICT SECTION III  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2015  
(UNAUDITED)

The following discussion and analysis of Irving Flood Control District Section III's ("District") financial performance is presented as required by Government Accounting Standards Board ("GASB") Statement No. 34. The overview is to be reviewed in conjunction with the District's financial statements, including notes thereto and supplemental information contained therein.

FINANCIAL STATEMENT OVERVIEW

The District is a special purpose governmental entity created solely for the governmental purpose of reclaiming and protecting property in the District from flooding.

The District's financial condition is reported in 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" which combine government-wide and fund financial statements into one set of statements. These statements are itemized by the District's three separate 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 the accumulation of resources for and the payment of long-term debt principal and interest.

Approximately 99% of District revenues are derived from ad valorem taxes collected by the Dallas County Tax Collector under the contract with the District. Tax revenues are based upon taxable values set by the Dallas Central Appraisal District for property in the District and a tax rate established by the District each year. Property in the District is predominantly single family and multi-family housing. The District has granted a 20% Homestead Exemption, but does not allow Freeport Exemptions, any Tax Abatement, or participation in any Tax Increment Reinvestment Zone.

DISTRICT MANAGEMENT

The District is governed by a board of five directors appointed by the City Council of the City of Irving ("City Council"). All directors appointed by the City Council are residents and taxpayers of the District. 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 \$11.3 million, with \$5.7 million of unrestricted net assets.
- The District's total revenues were \$2.2 million for the year ended September 30, 2015, 99.5% of which were property taxes.
- The District's total expenses increased by 21% to \$705.9 thousand due to a \$58.6 thousand increase in maintenance expenses and \$58.9 thousand increase in utilities due to higher electricity bills as a result of flooding.
- The fund balance for all funds totaled \$6.8 million. This amount is 11.4% higher than the total fund balance amount at September 30, 2014.
- The District's bonded debt has an underlying A3 rating and an AAA insured rating by Moody's Investors Service.
- The District has general fund reserves, significant debt service coverage, and reserves for capital improvements and major facilities repairs and replacements.
- 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

	2015	2014
Current assets	\$ 7,115,787	\$ 6,186,006
Capital assets	5,331,174	4,849,964
Total assets	<u>\$ 12,446,961</u>	<u>\$ 11,035,970</u>
Current liabilities	\$ 312,137	\$ 79,139
Long-term liabilities	785,000	1,130,000
Total liabilities	<u>1,097,137</u>	<u>1,209,139</u>
Net position:		
Net investment in capital assets	4,546,173	3,719,963
Restricted for debt service	1,138,296	1,526,885
Unrestricted	5,665,355	4,579,983
Total net position	<u>\$ 11,349,824</u>	<u>\$ 9,826,831</u>
Revenue	\$ 2,228,942	\$ 2,125,845
Expenses:		
Operating	548,839	412,769
Interest and fees	45,916	59,640
Depreciation	111,194	111,194
Total expenses	<u>705,949</u>	<u>583,603</u>
Change in net position	<u>\$ 1,522,993</u>	<u>\$ 1,542,242</u>

FINANCIAL ANALYSIS OF THE DISTRICT

The District's net position at September 30, 2015 and 2014 was approximately \$11.3 million and \$9.8 million respectively. The net investment in capital assets increased by \$826.2 thousand to \$4.56 million due to a \$592.4 thousand capital asset addition and a \$345 thousand reduction in long-term debt.

The District's total revenues were \$2.2 million. 99.5% of the District's revenues come from taxes. Another 0.5% relates to investment earnings, tax penalty and interest, and other revenue. Total revenues of the District increased by 4.8% in fiscal year 2015 due to the increase in the tax revenue, which, in turn, increased as a result of the tax rate increase. The District has enough resources in the Debt Service Fund to make debt service payments until the maturity of the outstanding bonds; therefore, the District did not levy any taxes for the debt service purpose in fiscal year 2015.

The 2014 property tax rate (District's fiscal year 2015) increased by 0.2 cent to \$0.1441, while the tax base increased from \$1.5 billion to \$1.56 billion, resulting in the increase of tax revenue from \$2.1 million to \$2.2 million.

The total expenses were \$705.9 thousand. 42% of these expenses are related to maintenance, 7% are for interest expense, and 36% are administrative expenses. Total expenses of the District increased by 21% in fiscal year 2015 due mainly to the increase in the maintenance expenses and utilities. Maintenance expenses increased due to the higher fees charged by the Dallas County Utility and Reclamation District as a result of the major project Phase II Pump Station Emergency Backup Power. The District also had higher utilities in fiscal year 2015 due to the higher electricity bills as a result of flooding.

The combined fund balance for all funds was \$6.8 million, an 11.4% increase from fiscal year 2014. The fund balance of the General Fund was \$407.8 thousand at September 30, 2015, a \$118.6 thousand decrease from the preceding year due to the increase in maintenance expenditures and utilities. The fund balance of the Capital Projects Fund was \$5.2 million at September 30, 2015, a \$1.2 million increase from fiscal year 2014 due to the budgeted transfer from the General Fund to the Capital Projects Fund to finance future Pump Station Backup Power capital project. The Debt Service Fund had a total fund balance of \$1.1 million, a \$390.5 thousand decrease from the preceding year due to making the debt service payments out of the existing resources and not levying taxes for the debt service purpose in fiscal year 2015. 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 September. Debt service payments for the year ended September 30, 2015, 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 \$145,867 below the budgeted amounts while resources available were \$11,885 above the budgeted amounts.

#### 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, 2015, the District capitalized major repairs and improvements to flood control systems in the amount of \$592,404. Funds are on hand for proposed capital improvements and repairs in 2016. 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 \$785 thousand in bonds outstanding, a decrease of \$345 thousand or 30.5% from the previous year. More detailed information about the District's debt is presented in Note 7 to the Financial Statements.

## CERTIFICATION

The District's engineers, Halff Associates, Inc., have certified to the Federal Emergency Management Agency that the District's levees are in compliance with all applicable federal standards.

## 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 three directors with terms expiring in January 2017 and two directors with terms expiring in January 2016.

## NEW INITIATIVES

On September 14, 2015, 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, 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 September 14, 2015, the District renewed the agreement with Lewis Public Relations for the purpose of increasing public awareness of the District's role and current and future projects and services among the District taxpayers. The agreement is for a one-year term, renewable annually.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Appraised value used for the 2016 budget preparation increased by \$108.4 million, or 6.9% from 2015. The increase in appraised values is primarily the result of the increased taxable value of the residential property within the District. The taxable values are escalating due to the improving market conditions, which are not unique to the District.

These indicators were taken into account when adopting the operating budget for 2016. The General Fund budget for fiscal year 2016 is \$2.1 million, which is \$0.4 million less than the final 2015 budget. This budgeted decrease is due to the decrease in the budgeted transfer to the Capital Projects Fund. The General Fund expenditures for 2016 are budgeted to be \$1.1 million, which is \$426.6 thousand more than the final 2015 budget. This budgeted increase in expenditures is due to new maintenance projects budgeted for in fiscal year 2016 at higher budget amounts than fiscal year 2015 projects, such as Dredging Silt Walls of \$105 thousand, Levee Roads Rehabilitation of \$60 thousand, and Valley Ranch Sump Wall and Plants of \$350 thousand. Property taxes will go down due to a decrease in the tax rate from \$0.1441 to \$0.128. The District has enough resources in the Debt Service Fund to make debt service payments until the maturity of the outstanding bonds. Therefore, the District did not levy any taxes for debt service. If these estimates are realized, the District's budgetary General Fund balance will increase by \$689 to \$250.7 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:

Kenneth R. Heffley, Finance Manager and Investment Officer  
P. O. Box 140035, Irving, TX 75014-0035  
972-556-0625

**BASIC FINANCIAL STATEMENTS**

**IRVING FLOOD CONTROL DISTRICT SECTION III**  
**STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET**  
**SEPTEMBER 30, 2015**

	Governmental Funds Balance Sheet				Adjustments (Note 2)	Statement of Net Position
	General	Capital Projects	Debt Service	Total		
<b>Assets:</b>						
Cash	\$ 422,053	\$ 5,542,774	\$ 131,651	\$ 6,096,478	\$ -	\$ 6,096,478
Investments	-	-	1,009,267	1,009,267	-	1,009,267
Taxes receivable, net	9,284	-	758	10,042	-	10,042
Internal receivables	820	-	-	820	(820)	-
Capital assets, net	-	-	-	-	5,331,174	5,331,174
<b>Total assets</b>	<b>\$ 432,157</b>	<b>\$ 5,542,774</b>	<b>\$ 1,141,676</b>	<b>\$ 7,116,607</b>	<b>\$ 5,330,354</b>	<b>\$ 12,446,961</b>
<b>Liabilities:</b>						
Accounts payable	\$ 15,121	\$ 272,761	\$ -	\$ 287,882	\$ -	\$ 287,882
Retainage payable	-	21,695	-	21,695	-	21,695
Accrued interest	-	-	-	-	2,560	2,560
Internal payables	-	-	820	820	(820)	-
<b>Long-term liabilities</b>						
Due within one year	-	-	-	-	365,000	365,000
Due after one year	-	-	-	-	420,000	420,000
<b>Total liabilities</b>	<b>15,121</b>	<b>294,456</b>	<b>820</b>	<b>310,397</b>	<b>786,740</b>	<b>1,097,137</b>
<b>Deferred Inflows of Resources:</b>						
Unavailable revenue	9,284	-	758	10,042	(10,042)	-
<b>Total deferred inflows of resources</b>	<b>9,284</b>	<b>-</b>	<b>758</b>	<b>10,042</b>	<b>(10,042)</b>	<b>-</b>
<b>Fund balances/net position:</b>						
<b>Fund balances:</b>						
<b>Restricted:</b>						
Debt Service	-	-	1,140,098	1,140,098	(1,140,098)	-
<b>Committed:</b>						
Operations & Maintenance	689	-	-	689	(689)	-
Capital Projects	-	3,792,477	-	3,792,477	(3,792,477)	-
<b>Assigned:</b>						
Capital Projects	-	1,455,841	-	1,455,841	(1,455,841)	-
Unassigned	407,063	-	-	407,063	(407,063)	-
<b>Total fund balances</b>	<b>407,752</b>	<b>5,248,318</b>	<b>1,140,098</b>	<b>6,796,168</b>	<b>(6,796,168)</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 432,157</b>	<b>\$ 5,542,774</b>	<b>\$ 1,141,676</b>	<b>\$ 7,116,607</b>		
<b>Net position:</b>						
Net investment in capital assets					4,546,173	4,546,173
Restricted for debt service					1,138,296	1,138,296
Unrestricted					5,665,355	5,665,355
<b>Total net position</b>					<b>\$ 11,349,824</b>	<b>\$ 11,349,824</b>

See notes to basic financial statements.

IRVING FLOOD CONTROL DISTRICT SECTION III  
STATEMENT OF ACTIVITIES  
AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Statement of Governmental Funds Revenues, Expenditures, and Changes in Fund Balances				Adjustments (Note 2)	Statement of Activities
	General	Capital Projects	Debt Service	Total		
Revenues:						
General revenues						
Property taxes	\$ 2,219,617	\$ -	\$ 85	\$ 2,219,702	\$ (1,981)	\$ 2,217,721
Investment earnings	87	1,341	1,484	2,912	-	2,912
Penalties and interest	4,010	-	-	4,010	-	4,010
Other	4,299	-	-	4,299	-	4,299
Total revenues	<u>2,228,013</u>	<u>1,341</u>	<u>1,569</u>	<u>2,230,923</u>	<u>(1,981)</u>	<u>2,228,942</u>
Expenditures/expenses:						
Operations						
Administrative	253,603	-	-	253,603	-	253,603
Maintenance	294,531	-	-	294,531	-	294,531
Engineering Fees	705	158,505	-	159,210	(158,505)	705
Debt service						
Principal	-	-	345,000	345,000	(345,000)	-
Interest and fees	-	-	47,102	47,102	(1,186)	45,916
Capital Outlay	-	433,899	-	433,899	(433,899)	-
Depreciation	-	-	-	-	111,194	111,194
Total expenditures/expenses	<u>548,839</u>	<u>592,404</u>	<u>392,102</u>	<u>1,533,345</u>	<u>(827,396)</u>	<u>705,949</u>
Excess (deficiency) of revenues over expenditures/ change in net position	<u>1,679,174</u>	<u>(591,063)</u>	<u>(390,533)</u>	<u>697,578</u>	<u>825,415</u>	<u>1,522,993</u>
Other financing sources (uses):						
Transfers in (out)	<u>(1,797,782)</u>	<u>1,797,782</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance and change in net position	<u>(118,608)</u>	<u>1,206,719</u>	<u>(390,533)</u>	<u>697,578</u>	<u>825,415</u>	<u>1,522,993</u>
Fund balance/net position:						
Beginning of year	<u>526,360</u>	<u>4,041,599</u>	<u>1,530,631</u>	<u>6,098,590</u>	<u>3,728,241</u>	<u>9,826,831</u>
End of year	<u>\$ 407,752</u>	<u>\$ 5,248,318</u>	<u>\$ 1,140,098</u>	<u>\$ 6,796,168</u>	<u>\$ 4,553,656</u>	<u>\$ 11,349,824</u>

See notes to basic financial statements.

IRVING FLOOD CONTROL DISTRICT SECTION III  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

## I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the IRVING FLOOD CONTROL DISTRICT SECTION III ("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.

### CREATION OF DISTRICT

Effective October 1, 1983, the District became a totally independent and separate governmental entity by virtue of House Bill 2391, Acts of the 68<sup>th</sup> Legislature of Texas, R.S., 1983. The District is governed by the provisions of Article 8280-477, V.A.C.S. except to the extent provided in said H.B. 2391, and is also empowered and authorized to engage in all functions and purposes of Chapter 57 of the Texas Water Code except where in conflict with said H.B. 2391 and Article 8280-477.

Prior to the enactment of H.B. 2391, this District was a "separately defined area" of the Irving Flood Control District and governed by the board of directors of that district, which was created in 1971 by the Texas Legislature. This District is now governed by its own board of directors and has no legal connection with the Irving Flood Control District.

### 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, 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.

### 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 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.

#### 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 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 60 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 are recognized when due.

#### 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.

#### 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:

*General Fund* - 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.

*Capital Projects Fund* - The Capital Projects Fund is used to account for the acquisition or construction of major capital facilities. Principal sources of revenue are the investment earnings and other financing sources in the form of general fund transfers.

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

#### GOVERNMENTAL FUND BALANCES

*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, 2015, the District had no 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, 2014.

**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, 2015, the District had an active contract with the engineering firm and two active contracts with the construction firms. The committed fund balance represents the remaining amount under these contracts.

**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. This classification includes the residual fund balance for the Capital Projects Fund. It also includes a portion of the existing General Fund fund balance that is included as a budgetary resource in the subsequent year's budget to eliminate a projected excess of expected expenditures over expected revenues.

**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.

*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.

#### 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 60 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.

#### 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 a cost of \$5,000 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>Estimated Useful Life</u>
Earthen Levees & Sumps	100 years
Drainage Channels	40 years
Gravity and Auto. Discharge Gates	30 years
Vertical Turbine Pumps	35-40 years
Electric Motors & Controls	30-45 years
SCADA System	12 years
Fencing	30 years
Walls	40 years

## 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.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements until due. The face amount of the debt issued is reported as other financing sources, and payment of principal and interest is reported as expenditures. 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.

## BUDGETS AND BUDGETARY ACCOUNTING

The District prepares an operating budget which includes proposed expenditures and the means of financing them for the upcoming year. Prior to September 30, the budget is adopted by passage by the Board of Directors. 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.

## ESTIMATES

The District uses estimates and assumptions in preparing the basic financial statements. Those estimates and assumptions affect the reported assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

## 2 - RECONCILIATION OF FUND STATEMENTS TO GOVERNMENT-WIDE STATEMENTS

### Reconciliation of Total Governmental Fund Balances to Total Net Position:

Total governmental fund balances:	\$ 6,796,168
<b>Amounts reported in governmental activities in the statement of net position are different because:</b>	
Long-term liabilities, including bonds payable and the accreted interest for capital appreciation bonds, are not due and payable in the current period and, therefore, are not reported in the funds.	(785,000)
Receivables not available to pay for current period expenditures are deferred in the funds.	10,042
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental funds an interest expenditure is reported when due.	(2,560)
Capital assets used in the governmental activities are not financial resources and, therefore, are not reported in the funds.	5,331,174
<b>Total net position</b>	<u>\$ 11,349,824</u>

**Changes in Fund Balances of Governmental Funds to the Statement of Activities :**

Total net change in fund balances - governmental funds:	\$ 697,578
<b>Amounts reported for governmental activities in the statement of activities are different because:</b>	
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.	(1,981)
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 capitalizable engineering fees and capital outlays (\$592,404) exceeded depreciation (\$111,194) in the current period.	481,210
Current year long-term debt principal payments reported as expenditures in the governmental fund financial statements are shown as reduction in long-term debt in the government-wide financial statement column.	345,000
Interest is accrued on outstanding debt in the government-wide financial statement column, whereas in the governmental funds, an interest expenditure is reported when due.	1,186
<b>Changes in net position</b>	<u><u>\$ 1,522,993</u></u>

**3 - CASH AND INVESTMENTS**

Funds of the District may be invested and reinvested by the Board or its authorized representative in investments authorized by the Public Funds Investment Act, Government 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, 2015, the District's cash consisted of two operating bank accounts and three high yield savings accounts with the balances as follows:

	<u>Carrying amount</u>	<u>Bank balance</u>
Checking Accounts	\$ 13,414	\$ 17,053
High Yield Savings Accounts	<u>6,083,064</u>	<u>6,083,064</u>
	<u><u>\$ 6,096,478</u></u>	<u><u>\$ 6,100,117</u></u>

At September 30, 2015, 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			
TexSTAR	\$ 503,571	\$ 503,571	50
LOGIC	<u>505,696</u>	<u>505,696</u>	40
	<u>\$ 1,009,267</u>	<u>\$ 1,009,267</u>	

**TexSTAR:** J.P. Morgan Investment Management Inc. and First Southwest Company serve as co-administrators for TexSTAR under an agreement with the TexSTAR board of directors. J.P. Morgan Investment Management Inc. provides investment management services, and First Southwest Company provides participant services and marketing. Custodial, fund accounting and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary J.P. Morgan Investor Services Co. TexSTAR is Texas Short Term Asset Reserve Program organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. It is rated AAAM by Standard & Poors. The primary objectives of TexSTAR are, in order of priority, preservation and protection of principal, maintenance of sufficient liquidity to meet participants' needs, diversification to avoid unreasonable or avoidable risks, and yield.

**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 ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At September 30, 2015, investments were included in local governmental investment pools with AAAM rating from Standard and Poor's in compliance with the District's investment policy. The District's cash and investments were 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 as of September 30, 2015.

**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. In accordance with

its investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to six months (185 days).

#### 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 2014 tax year (District's fiscal year 2015) was \$0.1441 per \$100 assessed valuation and in its entirety went to finance general governmental services. The District did not levy any taxes for the debt service payment purpose since it has enough resources in the Debt Service Fund to make debt service payments until the maturity of the outstanding bonds.

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 \$20,694.

#### 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 by category of changes in general fixed assets is as follows:

Category	October 1, 2014	Additions	Deletions	September 30, 2015
<b>Capital assets not being depreciated:</b>				
Construction in progress	\$ 1,127,142	\$ 592,404	\$ -	\$ 1,719,546
<b>Total capital assets not being depreciated</b>	<b>1,127,142</b>	<b>592,404</b>	<b>-</b>	<b>1,719,546</b>
<b>Capital assets being depreciated:</b>				
Flood control and drainage systems	1,746,273	-	-	1,746,273
Equipment	2,065,448	-	-	2,065,448
Fencing	410,788	-	-	410,788
Walls	121,874	-	-	121,874
<b>Total capital assets being depreciated</b>	<b>4,344,383</b>	<b>-</b>	<b>-</b>	<b>4,344,383</b>
<b>Less accumulated depreciation for:</b>				
Flood control and drainage systems	(260,811)	(33,303)	-	(294,114)
Equipment	(286,732)	(61,151)	-	(347,883)
Fencing	(60,134)	(13,693)	-	(73,827)
Walls	(13,884)	(3,047)	-	(16,931)
<b>Total Accumulated Depreciation</b>	<b>(621,561)</b>	<b>(111,194)</b>	<b>-</b>	<b>(732,755)</b>
<b>Capital assets being depreciated, net</b>	<b>3,722,822</b>	<b>(111,194)</b>	<b>-</b>	<b>3,611,628</b>
<b>Total capital assets, net</b>	<b>\$ 4,849,964</b>	<b>\$ 481,210</b>	<b>\$ -</b>	<b>\$ 5,331,174</b>

## 6 - INTERFUND TRANSACTIONS

A summary of interfund receivable and payable at September 30, 2015 is as follows:

Fund	Internal Receivable	Internal Payable
General Fund	\$ 820	\$ -
Capital Project Fund	-	-
Debt Service Fund	-	820

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 2015, the District made a budgeted transfer from the General Fund to the Capital Projects Fund in the amount of \$1,797,782. This transfer is the tax collections levied for the purpose of accumulating enough funds for Phase 2 of Pump Station Emergency Backup Power Project that started in fiscal year 2014 and will continue into fiscal year 2016.



## 7 - LONG-TERM DEBT

The District's voters have authorized the issuance of a total of \$35,500,000 bonds, of which \$25,800,000 have been issued, and a total of \$9,700,000 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 \$2,500,000 Unlimited Tax Bonds, Series 2003 ("Series 2003 Bonds") in June 2003. The Series 2003 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 2003 Bonds were issued for the purpose of constructing improvements to the District's flood control and drainage systems and to pay the costs related to the issuance of the bonds. The Series 2003 Bonds were dated June 1, 2003, with interest rates of 3.30% to 3.75% payable beginning March 1, 2004, and semi-annually on each March 1 and September 1 thereafter through 2018. Principal on the Series 2003 Bonds is due each September 1 as it matures.

The District reserves the right to redeem, prior to maturity, in integral multiples of \$5,000, those bonds maturing on and after September 1, 2014, in whole or from time to time in part, on September 1, 2013, and on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption.

The District issued \$2,000,000 Unlimited Tax Bonds, Series 1996 ("Series 1996 Bonds") in September 1996. The Series 1996 Bonds were issued pursuant to the constitution and general laws of the state of Texas, particularly Article 8280-477, V.A.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 1996 Bonds were issued for the purpose of constructing improvements to the District's flood control and drainage systems. The Series 1996 Bonds were dated August 1, 1996, with interest rates of 5% to 7% payable semi-annually on each March 1 and September 1 thereafter through 2016. Principal on the Series 1996 Bonds is due each September 1 as it matures.

The District reserves the right to redeem, prior to maturity, in integral multiples of \$5,000, those bonds maturing September 1, 2007 through September 1, 2016, in whole or from time to time in part, on September 1, 2006, and on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption.

The following is a summary of changes in bonds payable for the year ended September 30, 2015:

	Balance October 1, 2014	Additions	Reductions	Balance September 30, 2015	Amount Due In One Year
Unlimited Tax Bonds:					
Series 1996	\$ 320,000	\$ -	\$ (155,000)	\$ 165,000	\$ 165,000
Series 2003	810,000	-	(190,000)	620,000	200,000
Total long-term debt	<u>\$ 1,130,000</u>	<u>-</u>	<u>\$ (345,000)</u>	<u>\$ 785,000</u>	<u>\$ 365,000</u>

As of September 30, 2015, the debt service requirements on outstanding bonds are as follows:

Year ending September 30,	Principal	Interest	Total
2016	\$ 365,000	\$ 30,895	\$ 395,895
2017	205,000	15,545	220,545
2018	215,000	8,063	223,063
	<u>\$ 785,000</u>	<u>\$ 54,503</u>	<u>\$ 839,503</u>

Irving Flood Control District Section III Unlimited Tax Bonds Series 1996 and 2003, are payable from the proceeds of an ad valorem tax levied on all taxable property situated within the District without legal limit as to rate or amount.

## 8 – COMMITMENTS AND CONTINGENCIES

There are no claims or lawsuits pending against the District at September 30, 2015. Management is not aware of any contingencies that would have a material effect on the financial statements.

The Capital Projects Fund has remaining commitments estimated at \$3.8 million due to the ongoing engineering contract with Freese & Nichols, Inc. and construction contracts with Dal-Ec Construction, Ltd. and Humphrey & Morton Construction Company as of September 30, 2015.

On September 14, 2015, the District renewed the interlocal agreement with the Dallas County Utility and Reclamation District (“DCURD”), a political subdivision of the State of Texas, whereas DCURD will provide consulting, management, operation and maintenance services for the District. The initial term of the agreement is for one year and shall continue for successive one year terms unless either party terminates the agreement upon providing thirty day advanced written notice.

On September 14, 2015, the District renewed the agreement with Lewis Public Relations for the purpose of increasing public awareness of the District’s role and current and future projects and services among the District taxpayers. The original agreement was signed on November 10, 2008 and is for a one-year term, renewable annually.

## 9 - RISK MANAGEMENT

The general liability coverage carried by the District covers damage resulting from claims for bodily injury, property damage, 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.

## 10 - RELATED PARTY TRANSACTIONS

The District has an Interlocal Agreement with the Dallas County Utility and Reclamation District ("DCURD") for consulting, management, and operation and maintenance services. In accordance with the agreement, the District paid \$338,260 to DCURD in fiscal year 2015.

## 11 - NEW ACCOUNTING PRONOUNCEMENTS

In the current year, the District implemented the following GASB pronouncements:

*GASB Statement No. 68, Accounting and Financial Reporting for Pensions*, establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans. This statement is effective for financial statements for periods beginning after June 15, 2014. There was no impact of this statement on the District's financial statements.

*GASB Statement No. 69, Government Combinations and Disposals of Government Operations*, which is effective for fiscal years beginning after December 15, 2013, establishes accounting and financial reporting standards related to government combinations and disposals of government operations. There was no impact of this statement on the District's financial statements.

*GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, should be applied simultaneously with the provisions of GASB No. 68, which is effective for periods beginning

after June 15, 2014. The objective of this statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. There was no impact of this statement on the District's financial statements.

The GASB has issued the following statements which will be effective in future years as described below:

*GASB Statement No. 72, Fair Value Measurement and Application*, which is effective for fiscal years beginning after June 15, 2015. The objective of this Statement is to improve accounting and financial reporting related to fair value measurements. This Statement applies to all state and governmental entities. The District will evaluate the impact of the standard on its Financial Statements and will take the necessary steps to implement it.

*GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, is effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The impact of this statement on the District's financial statements has not yet been determined.

*GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is effective for fiscal years beginning after June 15, 2016. This statement establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The impact of this statement on the District's financial statements has not yet been determined.

*GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is effective for fiscal years beginning after June 15, 2017. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. The impact of this statement on the District's financial statements has not yet been determined.

*GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which is effective for reporting period beginning after June 15, 2015. The objective of this Statement is to identify the hierarchy of generally accepted accounting

principles (GAAP). This Statement applies to all state and governmental entities. The District will evaluate the impact of the standard on its Financial Statements and will take the necessary steps to implement it.

*GASB Statement No. 77, Tax Abatement Disclosures*, which is effective for reporting periods beginning after December 15, 2015. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. The impact of this statement on the District's financial statements has not yet been determined.

**REQUIRED SUPPLEMENTARY INFORMATION**

**IRVING FLOOD CONTROL DISTRICT SECTION III**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 2,226,238	\$ 2,212,722	\$ 2,219,617	\$ 6,895
Interest income	200	200	87	(113)
Penalty and interest	-	3,206	4,010	804
Other	-	-	4,299	4,299
<b>Total revenues</b>	<u>2,226,438</u>	<u>2,216,128</u>	<u>2,228,013</u>	<u>11,885</u>
<b>Expenditures:</b>				
Administrative	130,753	130,753	121,681	9,072
Salaries & Wages	9,000	9,000	7,050	1,950
Insurance	2,940	2,940	2,560	380
Miscellaneous/Administrative	4,500	5,280	5,310	(30)
Utilities	26,000	32,000	67,680	(35,680)
Legal	26,250	26,250	24,376	1,874
Engineering	30,000	30,000	705	29,295
Audit Fees	8,147	8,147	8,147	-
Tax appraisal and collections	18,257	18,257	16,747	1,510
Maintenance and fees	382,379	382,379	267,737	114,642
Pump station maintenance	9,600	9,600	5,521	4,079
Mowing	40,000	40,000	21,273	18,727
Bank fees	100	100	52	48
<b>Total expenditures</b>	<u>687,926</u>	<u>694,706</u>	<u>548,839</u>	<u>145,867</u>
<b>Excess of revenues over (under) expenses</b>	<b>1,538,512</b>	<b>1,521,422</b>	<b>1,679,174</b>	<b>157,752</b>
<b>Other Financing Sources (Uses):</b>				
Transfers In (Out)	<u>(1,819,000)</u>	<u>(1,797,782)</u>	<u>(1,797,782)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u><b>\$ (280,488)</b></u>	<u><b>\$ (276,360)</b></u>	<u><b>(118,608)</b></u>	<u><b>\$ 157,752</b></u>
Fund balance at beginning of fiscal year			<u>526,360</u>	
Fund balance at end of fiscal year			<u><b>\$ 407,752</b></u>	

**TEXAS SUPPLEMENTARY INFORMATION**



**IRVING FLOOD CONTROL DISTRICT SECTION III**  
**TSI-1 SERVICES AND RATES**  
**SEPTEMBER 30, 2015**

**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 type="checkbox"/> Irrigation          |
| <input type="checkbox"/> Parks/Recreation   | <input 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 III  
 TSI-1 SERVICES AND RATES (Continued)  
 SEPTEMBER 30, 2015

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	\$ _____
b. Surplus Construction Funds	_____
c. Water and/or Wastewater Revenue	_____
d. Standby Fees	_____
e. Debt Service Fund Balance To Be Used	395,895
f. Interest Revenues	_____
g. Other (Describe)	_____
_____	_____
_____	_____
<b>TOTAL ANTICIPATED FUNDS TO BE USED*</b>	<b>\$ 395,895</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 III  
TSI-1 SERVICES AND RATES (Continued)  
SEPTEMBER 30, 2015

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 III

TSI-2 SCHEDULE OF GENERAL FUND EXPENDITURES

FOR THE YEAR ENDED SEPTEMBER 30, 2015

Professional fees:		
Auditing	\$	8,147
Legal		24,376
Engineering		705
Purchased services for resale:		
Bulk water & wastewater service purchases		-
Tap connection expenditures		-
Contracted services:		
Mowing		21,273
Appraisal district		10,179
Tax collector		6,568
Other contracted services		-
Utilities		67,680
Repairs and maintenance		273,258
Administrative expenditures:		
Salaries & Wages		7,050
Insurance		2,560
Other administrative expenditures		<u>127,043</u>
Total expenditures	\$	<u><u>548,839</u></u>
Number of persons employed by the District:	<u>-0-</u>	Full-time <u>-0-</u> Part-time

IRVING FLOOD CONTROL DISTRICT SECTION III  
 TSI-3 SCHEDULE OF TEMPORARY INVESTMENTS  
 SEPTEMBER 30, 2015

<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>
<u>General Fund</u>					
	N/A			\$ -	\$ -
<u>Capital Projects Fund</u>					
	N/A			-	-
<u>Debt Service Fund</u>					
TexSTAR	0572310230	0.0994%	N/A	503,571	-
Logic	6238184003	0.1354%	N/A	<u>505,696</u>	<u>-</u>
Total - all funds				<u>\$ 1,009,267</u>	<u>\$ -</u>

**IRVING FLOOD CONTROL DISTRICT SECTION III**  
**TSI-4 ANALYSIS OF TAXES LEVIED AND RECEIVABLE**  
**SEPTEMBER 30, 2015**

	Maintenance Taxes	Debt Service Taxes	Total	
Taxes receivable, beginning of year	\$ 11,343	\$ 26,898	\$ 38,241	
2014 original tax levy	2,248,725	-	2,248,725	
Total to be accounted for	2,260,068	26,898	2,286,966	
Tax collections:				
Current year	(2,230,101)	-	(2,230,101)	
Prior year	10,138	350	10,488	
Total collections	(2,219,963)	350	(2,219,613)	
Adjustments	(29,581)	(7,036)	(36,617)	
Taxes receivable, end of year	<u>\$ 10,524</u>	<u>\$ 20,212</u>	<u>\$ 30,736</u>	
Taxes receivable, by years				
2014	\$ 4,281	\$ -	\$ 4,281	
2013	2,222	-	2,222	
2012	1,301	-	1,301	
2011	1,071	-	1,071	
2010	409	758	1,167	
Prior years	1,240	19,454	20,694	
Taxes receivable, end of year	<u>\$ 10,524</u>	<u>\$ 20,212</u>	<u>\$ 30,736</u>	
	<u>2014-2015*</u>	<u>2013-2014*</u>	<u>2012-2013*</u>	<u>2011-2012*</u>
Property valuations:				
Land	\$ 357,132,110	\$ 355,417,450	\$ 360,487,490	\$ 360,947,130
Improvements	1,393,017,220	1,320,297,990	1,240,665,200	1,184,579,400
Business personal property	36,688,630	35,462,600	32,036,170	33,260,340
Less exemptions	(226,306,961)	(215,662,631)	(221,565,677)	(225,633,346)
Total property valuations	<u>\$ 1,560,530,999</u>	<u>\$ 1,495,515,409</u>	<u>\$ 1,411,623,183</u>	<u>\$ 1,353,153,524</u>
Tax rates per \$100 valuation:				
Debt service tax rates	-	-	-	-
Maintenance tax rates	0.1441	0.1421	0.139	0.134
Total tax rates	<u>0.1441</u>	<u>0.1421</u>	<u>0.139</u>	<u>0.134</u>
Original tax levy:	<u>\$ 2,248,725</u>	<u>\$ 2,125,127</u>	<u>\$ 1,962,156</u>	<u>\$ 1,813,226</u>
Percent of Taxes collected to taxes levied	<u>99.2%</u>	<u>98.1%</u>	<u>106.2%</u>	<u>99.8%</u>

\* Total property values reflect a 20% homestead tax reduction for qualified resident homeowners.

IRVING FLOOD CONTROL DISTRICT SECTION III  
 TSI-4 ANALYSIS OF TAXES LEVIED AND RECEIVABLE (Cont'd)  
 SEPTEMBER 30, 2015

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
		\$ _____ . _____
		_____ . _____
<b>Total Rate(s) of Special District(s)</b>		<b>\$ <u>      </u> . <u>      </u></b>

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>Coppell ISD</u>	<u>1</u> _____ . <u>449</u>
d.	Special District(s) not included above:	
	_____	_____ . _____
	_____	_____ . _____
e.	<b>Total Special District(s) (from top of this page)</b>	<b>_____ . _____</b>
f.	<b>Total District (from previous page)</b>	<b>_____ . <u>1441</u></b>
<b>Total Overlapping Tax Rate (Sum of a.-f.)</b>		<b>\$ <u>2</u> _____ . <u>4303</u></b>

**IRVING FLOOD CONTROL DISTRICT SECTION III**  
**TSI-5 GENERAL LONG - TERM DEBT SERVICE REQUIREMENTS - BY YEARS**  
**SEPTEMBER 30, 2015**

Series 1996			
Due during fiscal year ending	Principal due Sept 1	Interest due March 1, Sept 1	Total
2016	\$ 165,000	\$ 8,250	\$ 173,250
	\$ 165,000	\$ 8,250	\$ 173,250



IRVING FLOOD CONTROL DISTRICT SECTION III  
 TSI-5 GENERAL LONG - TERM DEBT SERVICE REQUIREMENTS - BY YEARS  
 SEPTEMBER 30, 2015  
 (Continued)

Series 2003			
Due during fiscal year ending	Principal due September 1	Interest due March 1, Sept 1	Total
2016	\$ 200,000	\$ 22,645	\$ 222,645
2017	205,000	15,545	220,545
2018	215,000	8,063	223,063
	\$ 620,000	\$ 46,253	\$ 666,253

IRVING FLOOD CONTROL DISTRICT SECTION III  
 TSI-5 GENERAL LONG - TERM DEBT SERVICE REQUIREMENTS - BY YEARS  
 SEPTEMBER 30, 2015  
 (Continued)

Annual requirements for all series			
Due during fiscal year ending	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2016	\$ 365,000	\$ 30,895	\$ 395,895
2017	205,000	15,545	220,545
2018	215,000	8,063	223,063
	\$ 785,000	\$ 54,503	\$ 839,503

**IRVING FLOOD CONTROL DISTRICT SECTION III**  
**TSI-6 ANALYSIS OF CHANGES IN GENERAL LONG-TERM DEBT**  
**SEPTEMBER 30, 2015**

	Bond Issues		Totals
	Series 1996	Series 2003	
Interest rate	5-7%	3.3-3.75%	
Dates interest payable	3/1; 9/1	3/1; 9/1	
Maturity date	9/1/97 to 9/1/2016	9/1/04 to 9/1/2018	
Bonds outstanding at beginning of current year	\$ 320,000	\$ 810,000	\$ 1,130,000
Bonds sold during the current year	-	-	-
Retirements during the current year	(155,000)	(190,000)	(345,000)
Bonds outstanding at end of current year	<u>\$ 165,000</u>	<u>\$ 620,000</u>	<u>\$ 785,000</u>
Interest paid during the current year	\$ 16,000	\$ 29,200	\$ 45,200

Paying agent/registrar  
All Series - The Bank of New York Mellon Trust Co., N.A. - Dallas

Bond Authority	Tax bonds*	Other bonds	Refunding bonds
Amount authorized by voters	\$35,500,000	\$ -	\$ -
Amount issued	25,800,000	-	-
Remaining to be issued	9,700,000	-	-

Debt Service Fund Cash and Temporary Investments  
balance as of September 30, 2015: \$ 1,140,918

Average annual Debt service payment  
(Principal & interest) for remaining term of all debt : \$ 279,834

\*Includes all bonds secured with tax revenues.

**IRVING FLOOD CONTROL DISTRICT SECTION III**  
**TSI-7 COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**GENERAL FUND**  
**FOR THE FIVE YEARS ENDED SEPTEMBER 30**

	Amounts					Percent of fund total revenues				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Revenues:</b>										
Property taxes	\$ 2,219,617	\$ 2,096,626	\$ 1,940,357	\$ 1,809,686	\$ 1,305,194	99.6 %	99.9 %	99.8 %	99.6 %	99.8 %
Investment earnings	87	167	301	1,099	435	-	-	-	0.1	-
Penalties and interest	4,010	2,940	3,810	4,072	2,168	0.2	0.1	0.2	0.2	0.2
Other	4,299	-	-	2,363	124	0.2	-	-	0.1	-
<b>Total revenues</b>	<b>2,228,013</b>	<b>2,099,733</b>	<b>1,944,468</b>	<b>1,817,220</b>	<b>1,307,921</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Expenditures:</b>										
Administrative	121,681	114,411	112,608	90,913	104,634	5.5	5.4	5.8	5.0	8.0
Audit Fees	8,147	7,910	7,680	13,000	15,000	0.4	0.4	0.4	0.7	1.1
Maintenance and repairs	273,258	214,693	207,097	258,927	395,859	12.3	10.2	10.7	14.2	30.3
Utilities	67,680	8,814	12,230	17,929	15,182	3.0	0.4	0.6	1.0	1.2
Engineering	705	-	1,479	966	3,669	-	-	0.1	-	0.3
Legal	24,376	11,574	21,925	21,597	8,450	1.1	0.6	1.1	1.2	0.6
Salaries & Wages	7,050	6,000	7,650	7,350	7,200	0.3	0.3	0.4	0.4	0.6
Insurance	2,560	2,493	2,285	2,234	2,074	0.1	0.1	0.1	0.1	0.2
Bank fees	52	-	-	-	95	-	-	-	-	-
Mowing and fertilization	21,273	28,000	24,000	28,305	16,687	1.0	1.3	1.2	1.6	1.3
Miscellaneous	5,310	2,506	2,828	1,809	1,435	0.2	0.1	0.1	0.1	0.1
Tax appraisal and collections	16,747	16,242	15,527	21,856	25,740	0.8	0.8	0.8	1.2	2.0
<b>Total expenditures</b>	<b>548,839</b>	<b>412,643</b>	<b>415,309</b>	<b>464,886</b>	<b>596,025</b>	<b>24.7</b>	<b>19.6</b>	<b>21.3</b>	<b>25.6</b>	<b>45.7</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ 1,679,174</b>	<b>\$ 1,687,090</b>	<b>\$ 1,529,159</b>	<b>\$ 1,352,334</b>	<b>\$ 711,896</b>	<b>75.3 %</b>	<b>80.4 %</b>	<b>78.7 %</b>	<b>74.4 %</b>	<b>54.3 %</b>

**IRVING FLOOD CONTROL DISTRICT SECTION III**  
**TSI-7 COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**DEBT SERVICE FUND**  
**FOR THE FIVE YEARS ENDED SEPTEMBER 30**  
(Continued)

	Amounts					Percent of fund total Revenues				
	2015	2014	2013	2012	2011	2015	2014	2013	2012	2011
<b>Revenues:</b>										
Property taxes	\$ 85	\$ 20,197	\$ 1,621	\$ 3,356	\$ 2,403,153	5.4 %	88.4 %	22.7 %	27.7 %	99.3 %
Investment earnings	1,484	1,665	4,882	6,168	12,035	94.6	7.3	68.2	51.0	0.5
Penalties and interest	-	979	654	2,581	5,672	-	4.3	9.1	21.3	0.2
Other	-	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>1,569</b>	<b>22,841</b>	<b>7,157</b>	<b>12,105</b>	<b>2,420,860</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Expenditures:</b>										
Interest and fees	47,102	60,763	73,631	86,467	2,746,481	3,002.0	266.0	1,028.8	714.3	113.5
Principal retirement	345,000	330,000	320,000	300,000	317,071	21,988.5	1,444.8	4,471.1	2,478.3	13.1
<b>Total expenditures</b>	<b>392,102</b>	<b>390,763</b>	<b>393,631</b>	<b>386,467</b>	<b>3,063,552</b>	<b>24,990.5</b>	<b>1,710.8</b>	<b>5,499.9</b>	<b>3,192.6</b>	<b>126.6</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$ (390,533)</b>	<b>\$ (367,922)</b>	<b>\$ (386,474)</b>	<b>\$ (374,362)</b>	<b>\$ (642,692)</b>	<b>(24,890.5) %</b>	<b>(1,610.8) %</b>	<b>(5,399.9) %</b>	<b>(3,092.6) %</b>	<b>(26.6) %</b>
<b>Total active retail water and/or waste water connections</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

**IRVING FLOOD CONTROL DISTRICT SECTION III**  
**TSI-8 BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (UNAUDITED)**  
**SEPTEMBER 30, 2015**

Complete District mailing address Irving Flood Control District Section III  
P. O. Box 140035  
Irving, Texas 75014-0035

District business telephone number (972) 556-0625

Names and addresses	Terms of Office (Elected or Appointed) or Date Hired	Fees (Cash Basis) 9/30/15	Expense Reimbursements 9/30/15	Title at Year End	Resident of District?
<b>Board Members:</b>					
Kim Andres 6460 Las Colinas Blvd. Irving, TX 75039	reappointed on January 15, 2015 to a term ending in January 2017	\$ 1,524	\$ -	President	Yes
Chris Calvery 8500 Freeport Parkway South Suite 400 Irving, TX 75063	reappointed on January 15, 2015 to a term ending in January 2017	1,247	-	Vice-President	Yes
William Correa 6221 Riverside Drive Suite 106 Irving, TX 75039	reappointed on January 9, 2014 to a term ending in January 2016	1,108	-	Secretary	Yes
Mazhar Islamraja 1200 W. Walnut Hill Ln. Suite 3200 Irving, TX 75038	reappointed on January 15, 2015 to a term ending in January 2017	1,108	-	Treasurer	Yes
Neha Kunte 9518 Windy Hollow Dr. Irving, TX 75063	appointed on May 8, 2014 to a term ending in January 2016	1,524	-	Director	Yes

**IRVING FLOOD CONTROL DISTRICT SECTION III**  
**TSI-8 BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (UNAUDITED)**  
**SEPTEMBER 30, 2015**  
(Continued)

Names and addresses	Terms of Office (Elected or Appointed) or Date Hired	Fees (Cash Basis) 9/30/15	Expense Reimbursements 9/30/15	Title at Year End	Resident of District?
<b>Consultants:</b>					
Dallas County Utility and Reclamation District P.O. Box 140035 Irving, TX 75014-0035	N/A	\$ 338,538	\$ -	General Management Construction Management Investment Officer	N/A
John Ames Dallas County Tax Office 500 Elm Street Dallas, TX 75202	N/A	6,347	-	Tax Collector	N/A
Crowe Horwath LLP 750 North Saint Paul Street Suite 850 Dallas, TX 75201	N/A	8,147	-	Auditor	N/A
Boyle & Lowry LLP 4201 Wingren Suite 108 Irving, TX 75062	N/A	24,972	-	Attorneys	N/A
Lewis Public Relations 7616 LBJ Freeway Suite 800 Dallas, TX 75251	N/A	46,127	-	PR Consultant	N/A
Freese and Nichols, Inc. 4055 International Plaza Suite 200 Fort Worth, TX 76109	N/A	205,090	-	Engineers	N/A
Dal-Ec Construction 408-B Interchange Street McKinney, TX 75071	N/A	155,306	-	Construction Contractor	N/A