

CITY OF LAKE DALLAS, TEXAS

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

SEPTEMBER 30, 2016

CITY OF LAKE DALLAS, TEXAS
TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Governmental Fund Financial Statements:	
Balance Sheet	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balances	20
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	21
Budgetary Comparison Schedule – General Fund	22
Notes to Financial Statements	23
Required Supplementary Information:	
Schedule of Changes in Net Pension Liability and Related Ratios – Texas Municipal Retirement System	42
Schedule of Employer Contributions – Texas Municipal Retirement System	43
Notes to Required Supplementary Information	44
Combining and Individual Fund Statements and Schedules:	
General Fund:	
Comparative Balance Sheets	46
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	47
Statement of Revenues – Budget and Actual	48
Statement of Expenditures by Department – Budget and Actual	49
Special Revenue Fund:	
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	56
Debt Service Fund:	
Comparative Balance Sheet	58
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	59
Budgetary Comparison Schedule – Debt Service Fund	60

CITY OF LAKE DALLAS, TEXAS
TABLE OF CONTENTS-Continued

Page No.

Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters based on an Audit of
Financial Statements Performed in Accordance with
Government Auditing Standards..... 61

STATISTICAL SECTION:

General Governmental Expenditures by Function..... 64
General Governmental Revenues by Sources 66
General Governmental Tax Revenues by Source 69
Property Tax Levies and Collections 70
Ratio of Annual Debt Service Expenditures for General Long-Term
Debt to Total General Governmental Expenditures..... 72

Members:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

**HANKINS, EASTUP, DEATON,
TONN & SEAY**
A PROFESSIONAL CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS

902 NORTH LOCUST
P.O. BOX 977
DENTON, TX 76202-0977
TEL. (940) 387-8563
FAX (940) 383-4746

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Lake Dallas, Texas

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Lake Dallas, Texas ("City"), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City'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 and the standards applicable to financial audits contained in *Government Auditing Standard* issued by the Comptroller General of the United States. 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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Lake Dallas, Texas as of September 30, 2016, 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 5 through 12 and the Texas Municipal Retirement System Schedules on pages 42 and 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lake Dallas, Texas's basic financial statements. The combining and individual fund statements and schedules listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2017 on our consideration of the City of Lake Dallas, Texas's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lake Dallas, Texas's internal control over financial reporting and compliance.



Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

January 12, 2017

MANAGEMENT'S DISCUSSION & ANALYSIS

This page left blank intentionally.

CITY OF LAKE DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016

As management of the City of Lake Dallas, we offer readers of the City of Lake Dallas's financial statements this narrative overview and analysis of the financial activities of the City of Lake Dallas for the year ended September 30, 2016. We encourage readers to consider the information presented here in conjunction with the City's basic financial statements and with the independent auditors' report.

Financial Highlights

- The assets and deferred outflows of the City of Lake Dallas exceeded its liabilities and deferred inflows at September 30, 2016 by \$5,410,397.
- The City's total net position decreased by \$261,931 during the fiscal year from the results of current year operations.
- As of September 30, 2016, the City of Lake Dallas's governmental funds reported a combined ending fund balance of \$1,833,282, a decrease of \$61,461 in comparison with the beginning of the period.
- The general fund fund balance decreased \$23,633, from a fund balance of \$1,402,374 at the beginning of the year to an ending fund balance of \$1,378,741.

Overview of the Financial Statements

The management discussion and analysis are intended to serve as an introduction to the City of Lake Dallas's basic financial statements. The City of Lake Dallas's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Also included as a discretely presented component unit is the Lake Dallas Community Development Corporation, which was formed on January 1, 2003 as the result of a successful 4B sales tax election. Separately-issued financial statements for the component unit may be obtained by contacting the City of Lake Dallas.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Lake Dallas's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City of Lake Dallas's assets, deferred outflows, deferred inflows and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Lake Dallas is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent period. All of the current period's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both the statement of net position and the statement of activities are prepared utilizing the accrual basis of accounting as opposed to the modified accrual basis used in prior reporting models.

CITY OF LAKE DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016

In the Statement of Net Position and the Statement of Activities, the City is divided between two kinds of activities:

- **Governmental activities.** All of the City's basic services are reported here, including the police, fire, library, community development, public works, park services, municipal court, and general administration. Property taxes, sales taxes, and franchise fees finance most of these activities.
- **Business-type activities.** The City may charge a fee to customers to help it cover all or most of the cost of certain services it provides. The City had no business-type activities during the current period.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by state law or bond covenants. However, the City Council may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. All of the funds of the City of Lake Dallas are considered governmental funds.

Governmental Funds. All of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at period-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is detailed in a reconciliation following the fund financial statements.

The City of Lake Dallas maintains three types of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special revenue funds and debt service fund. All but the special revenue funds are considered to be major funds.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Lake Dallas's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City of Lake Dallas does not currently have any fiduciary funds.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and funds financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information highlighting budgetary information for the general fund.

CITY OF LAKE DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016

Government-wide Financial Analysis

The City's combined net position was \$5,410,397 as of September 30, 2016. The City first implemented GASB Statement No. 34, *Basic Financial Statement – and Management’s Discussion and Analysis – for State and Local Governments*, for fiscal year 2004. The following analysis presents both current and prior year data and discusses significant changes in the accounts. This analysis focuses on the net position (Table 1) and general revenues (Table 2) and changes in net position (Table 3) of the City’s governmental activities.

The largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1
Net Position

	Governmental Activities	
	2015	2016
Current and other assets	\$2,116,630	\$ 2,171,284
Capital assets	<u>8,985,434</u>	<u>8,650,869</u>
Total assets	<u>11,102,064</u>	<u>10,822,153</u>
Deferred outflows of resources	<u>412,844</u>	<u>750,930</u>
Long-term liabilities outstanding	5,651,615	5,718,976
Other liabilities	<u>190,965</u>	<u>291,273</u>
Total liabilities	<u>5,842,580</u>	<u>6,010,249</u>
Deferred inflows of resources	-	<u>152,437</u>
Net position:		
Net investment in capital assets	4,477,213	4,418,108
Restricted	336,379	295,048
Unrestricted	<u>858,736</u>	<u>697,241</u>
Total net position	<u>\$5,672,328</u>	<u>\$ 5,410,397</u>

Governmental Activities. The City's general revenues for governmental activities for the years ended September 30, 2015 and 2016 are detailed below (Table 2).

Table 2
General Revenues

	2015	2016
Property taxes, levied for general purposes	\$2,014,729	\$2,094,129
Property taxes, levied for debt service	502,709	448,346
Sales taxes	774,987	880,781
Franchise taxes	401,826	393,831
Hotel occupancy taxes	72,014	73,259
Mixed beverage taxes	19,294	19,675
Investment earnings	1,349	8,024
Miscellaneous	<u>14,462</u>	<u>4,570</u>
	<u>\$3,801,370</u>	<u>\$3,922,615</u>

CITY OF LAKE DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016

The following table provides a summary of the City's operations for the years ended September 30, 2015 and 2016.

Table 3
Changes in Net Position

	Governmental Activities	
	2015	2016
Revenues:		
Program revenues:		
Charges for services	\$1,022,982	\$1,025,090
Operating grants and contributions	12,738	110,509
Capital grants and contributions	-	43,613
General revenues:		
Property taxes	2,517,438	2,542,475
Sales taxes	774,987	880,781
Franchise taxes	401,826	393,831
Hotel occupancy taxes	72,014	73,259
Mixed beverage taxes	19,294	19,675
Investment earnings	1,349	8,024
Other	<u>14,462</u>	<u>4,570</u>
	<u>4,837,090</u>	<u>5,101,827</u>
Expenses:		
Administrative	647,892	686,228
Community relations	112,874	117,242
Public safety	2,615,369	2,711,124
Animal control	148,600	170,624
Library	39,079	166,306
Public works - streets	690,588	849,802
Municipal court	155,280	156,701
Parks and recreation	184,221	267,121
Community development	164,902	185,605
Debt service - interest	<u>177,996</u>	<u>169,339</u>
	<u>4,936,801</u>	<u>5,480,092</u>
Extraordinary items	845,206	-
Transfers in	181,681	116,334
Change in net position	927,176	(261,931)
Net position – October 1 (beginning)	5,148,948	5,672,328
Prior period adjustment	<u>(403,796)</u>	<u>-</u>
Net position – September 30 (ending)	<u>\$5,672,328</u>	<u>\$5,410,397</u>

Financial Analysis of the Government's Funds

Governments Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of government's net resources available for spending at the end of the period.

CITY OF LAKE DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016

As of the end of the current period, the City's governmental funds reported a combined ending fund balance of \$1,833,282, a decrease of \$61,461 in comparison with the beginning of the period. Unassigned fund balance available for spending at the City's discretion was \$1,140,688. A portion of fund balance is considered nonspendable and not available for new spending because it is restricted for road maintenance (\$227,252), restricted for debt service (\$142,607), has already been committed to liquidate prepaid items (\$10,801) or are special revenue funds that have been restricted or assigned for specific purposes (\$311,934).

The general fund is the chief operating fund of the City. At the end of the current period, unassigned fund balance of the general fund was \$1,140,688, while total fund balance was \$1,378,741. The fund balance of the City's general fund decreased by \$23,633 during the current period.

General Fund Budgetary Highlights

During the current year, the City Council amended the budget once for the General Fund.

The original budget for the general fund projected that the activity for the year would decrease available fund balance by \$2,489. The available fund balance for the general fund actually decreased in the amount of \$23,633. The additional increase was primarily due to additional capital outlay expenditures.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental activities as of September 30, 2016, amounted to \$8,650,869 (net of accumulated depreciation). This amount represents a net decrease of \$334,565, or 3.7 percent, below the beginning of the period. The investment in capital assets includes land, buildings, equipment, vehicles, roads and parks.

Major capital asset additions during the current year include the following:

<u>Description</u>	<u>Amount</u>
Backhoe	\$ 82,525
Police radios	98,029
Boat dock	37,524
Skid steer loader	<u>43,613</u>
Total	<u>\$261,691</u>

Table 4
Capital Assets at Year-end
(Net of Depreciation)

	<u>Governmental Activities</u>
Land	\$ 397,872
Buildings and Improvements	2,014,106
Streets and Parks Infrastructure	5,843,966
Equipment and Vehicles	<u>394,925</u>
Totals	<u>\$8,650,869</u>

CITY OF LAKE DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016

Additional information on the City's capital assets can be found in Note 6 of this report.

Long-term Debt. At the end of the current period, the City had certificates of obligation outstanding of \$2,360,000, accrued compensated absences of \$274,380 and general obligation bonds outstanding of \$1,900,000, for total long-term debt of \$4,534,380. No new debt was incurred during the year.

The City's total long-term debt decreased by \$273,756 during the current period or 5.7%. Additional information on the City's long-term debt can be found in Note 7 of this report.

Economic Factors and Next Year's Budgets and Rates

In August 2016, the City hired a new City Manager, Matt Shaffstall. Since that time the City has been updating and changing its approach to finances. Beginning with FY 2016-17 the City has moved to a fund accounting model of budgeting. As part of the City's strategic plan the City has made financial transparency one of its top priorities and established goals of developing and adopting written financial policies, be awarded the Texas Comptrollers Transparency Star Award, and be awarded the Government Finance Officers Association's Distinguished Budget Presentation Award.

Economy

In 2016, Lake Dallas saw the completion of the Lakeshore Apartment project valued at \$8,603,886. In 2017, the City anticipates the redevelopment of a large industrial tract for redevelopment as retail space. This project is being driven by an expansion of QT gas & convenience station, which is one of the City's largest sales tax generating retailers. The QT project will demolish an existing, vacant industrial building, give QT room to build a new 25% larger store and create 5-6 new pad sites for commercial development along the Swisher Road corridor.

In 2017, the City will also complete phase 1 of its Main Street redevelopment project, which will help facilitate the revitalization of the City's downtown corridor.

In 2016, the City saw an 11% increase in property values. The new residential product being built in the City is selling at a much higher per square foot value than the previously built housing stock.

In 2017, the City anticipates a number of residential infill projects. The platting and site plans are in for a number of residential home projects that are expected to begin construction over the next year.

In its strategic plan the City set Quality Development through enhanced building standards and code enforcement as a top priority. In 2017, the City will increase its minimum home sizes and make several other upgrades to its building requirements that should result increasing the home value of new construction.

The City of Lake Dallas is entering the redevelopment phase of the City's development cycle. With widening and reconstruction of Interstate 35 -East, the City will experience major redevelopment of commercial space along the interstate and Swisher corridors. The City is budgeting for sales tax to remain flat through the construction phase and then quickly rise. For property taxes, the City is budgeting for steady growth in its residential and commercial values.

The City has implemented a new sales tax monitoring program (ZacTax) that examines the City's confidential sales tax report each month. The City is expecting an increase in one of the City's largest sales tax contributors through the QT expansion project reference above.

CITY OF LAKE DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016

Finances

The City's General Fund experienced two windfalls of one time revenue transfers in the prior year. The City discontinued its Type A Economic Development Corporation and transferred its fund balance of approximately \$700,000 to the General Fund. Also the City's non-profit library board disbanded and transferred approximately \$100,000 to the General Fund. These fund balances are now being programmed as the basis of the City's capital improvement plan.

In 2017 the City will be implementing a formal fund balance policy. The City intends to maintain a General Fund balance of approximately 90 days, with excess to be programmed for future capital improvements.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City of Lake Dallas, 212 Main St., Lake Dallas, Texas 75065.

This page left blank intentionally.

BASIC FINANCIAL STATEMENTS

This page left blank intentionally.

CITY OF LAKE DALLAS, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Community Development Corporation</u>
ASSETS		
Cash and Investments	\$1,753,823	\$ 457,473
Receivables (net of allowance for uncollectibles):		
Taxes – Ad Valorem	72,289	-
Taxes – Sales	157,070	52,357
Taxes - Franchise	27,332	-
Taxes- Occupancy	21,951	-
Taxes – Mixed Beverage	5,536	-
Other	100,433	-
Prepaid Expenses	10,801	-
Internal Balances	22,049	(22,049)
Capital Assets:		
Land	397,872	-
Buildings and Improvements, net	2,014,106	-
Streets and Parks Infrastructure, net	5,843,966	-
Equipment and Vehicles, net	394,925	-
Total Assets	<u>10,822,153</u>	<u>487,781</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on bond refunding	27,239	-
Deferred outflow related to TMRS	<u>723,691</u>	-
Total Deferred Outflows of Resources	<u>750,930</u>	-
LIABILITIES		
Accounts Payable	23,380	623
Accrued Wages Payable	30,602	-
Accrued Interest Payable	25,560	-
State Court Costs Payable	47,283	-
Short-term Loan Payable	128,114	-
Other Liabilities	36,334	-
Noncurrent Liabilities:		
Due within one year	500,000	-
Due in more than one year	4,034,380	-
Net pension liability	<u>1,184,596</u>	-
Total Liabilities	<u>6,010,249</u>	<u>623</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to TMRS	<u>152,437</u>	-
Total Deferred Inflows of Resources	<u>152,437</u>	-
NET POSITION		
Net investment in capital assets	4,418,108	-
Restricted for:		
Community Development	-	487,158
Court Security and Technology	62,965	-
Other Purposes	232,083	-
Unrestricted Net Position	<u>697,241</u>	-
Total Net Position	<u>\$5,410,397</u>	<u>\$ 487,158</u>

The accompanying notes are an integral part of this statement.

CITY OF LAKE DALLAS, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
GOVERNMENTAL ACTIVITIES:				
General Government	\$ 686,228	\$ 57,392	\$ -	\$ -
Community Relations	117,242	33,424	-	-
Public Safety	2,711,124	520,975	7,654	-
Animal Control	170,624	13,952	7,525	-
Library	166,306	17,200	29,046	-
Public Works - Streets	849,802	-	48,323	43,613
Municipal Court	156,701	156,701	-	-
Parks and Recreation	267,121	111,401	17,961	-
Community Development	185,605	114,045	-	-
Debt Service - Interest and Fees	<u>169,339</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>5,480,092</u>	<u>1,025,090</u>	<u>110,509</u>	<u>43,613</u>
TOTAL PRIMARY GOVERNMENT	<u>\$5,480,092</u>	<u>\$1,025,090</u>	<u>\$ 110,509</u>	<u>\$ 43,613</u>
COMPONENT UNIT:				
Community Development Corporation	<u>\$ 176,302</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL COMPONENT UNIT	<u>\$ 176,302</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
GENERAL REVENUES:				
Taxes:				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
Sales taxes				
Franchise taxes				
Hotel occupancy taxes				
Mixed beverage taxes				
Investment Earnings				
Miscellaneous				
Special item – transfers in (out)				
Total General Revenues and Special Items				
Change in Net Position				
NET POSITION, October 1 (beginning)				
NET POSITION, September 30 (ending)				

The accompanying notes are an integral part of this statement.

CITY OF LAKE DALLAS, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	<u>GENERAL FUND</u>	<u>DEBT SERVICE FUND</u>	<u>OTHER FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS				
Cash and cash equivalents	\$1,299,282	\$142,607	\$311,934	\$1,753,823
Receivables (net of allowances for uncollectibles):				
Ad Valorem tax	58,165	14,124	-	72,289
Sales tax	157,070	-	-	157,070
Franchise tax	27,332	-	-	27,332
Occupancy tax	21,951	-	-	21,951
Mixed beverage tax	5,536	-	-	5,536
Other	100,433	-	-	100,433
Due from CDC	22,049	-	-	22,049
Prepaid costs	<u>10,801</u>	<u>-</u>	<u>-</u>	<u>10,801</u>
Total Assets	<u>\$1,702,619</u>	<u>\$156,731</u>	<u>\$311,934</u>	<u>\$2,171,284</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 23,380	\$ -	\$ -	\$ 23,380
Accrued wages payable	30,602	-	-	30,602
State court costs payable	47,283	-	-	47,283
Other liabilities	36,334	-	-	36,334
Short-term loan payable	<u>128,114</u>	<u>-</u>	<u>-</u>	<u>128,114</u>
Total Liabilities	<u>265,713</u>	<u>-</u>	<u>-</u>	<u>265,713</u>
Deferred Inflows of Resources:				
Unavailable Revenue-Property Taxes	<u>58,165</u>	<u>14,124</u>	<u>-</u>	<u>72,289</u>
Total Deferred Inflows of Resources	<u>58,165</u>	<u>14,124</u>	<u>-</u>	<u>72,289</u>
Fund Balances:				
Nonspendable fund balance:				
Prepaid costs	10,801	-	-	10,801
Restricted fund balance:				
Restricted for debt service	-	142,607	-	142,607
Restricted for court security/technology	-	-	62,965	62,965
Restricted for road maintenance	227,252	-	-	227,252
Restricted for other purposes	-	-	232,082	232,082
Assigned fund balance	-	-	16,887	16,887
Unassigned fund balance	<u>1,140,688</u>	<u>-</u>	<u>-</u>	<u>1,140,688</u>
Total Fund Balances	<u>1,378,741</u>	<u>142,607</u>	<u>311,934</u>	<u>1,833,282</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$1,702,619</u>	<u>\$156,731</u>	<u>\$311,934</u>	<u>\$2,171,284</u>

The accompanying notes are an integral part of this statement.

CITY OF LAKE DALLAS, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

Total Fund Balance – Governmental Funds	\$ 1,833,282
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund financial statements.	15,215,849
Accumulated depreciation is not reported in the fund financial statements.	(6,564,980)
Bonds payable, certificates of obligation payable and compensated absences payable are not reported in the fund financial statements.	(4,534,380)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	(25,560)
Property tax revenue reported as unavailable revenue in the fund financial statements was recognized as revenue in the government-wide financial statements.	72,289
Deferred charge on bond refundings is not recognized in the fund financial statements.	27,239
Included in the items related to debt is the recognition of the City’s net TMRS pension liability required by GASB 68 in the amount of \$1,184,596, a Deferred Resource Outflow related to TMRS in the amount of \$723,691 and a Deferred Resource Inflow related to TMRS in the amount of \$152,437. This amounted to a decrease in Net Position in the amount of \$613,342.	<u>(613,342)</u>
Net Position of Governmental Activities	<u>\$ 5,410,397</u>

The accompanying notes are an integral part of this statement.

CITY OF LAKE DALLAS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	GENERAL FUND	DEBT SERVICE FUND	OTHER FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:				
Taxes (ad valorem, sales and other)	\$ 3,449,726	\$ 446,117	\$ -	\$ 3,895,843
Special assessments	4,150	-	-	4,150
Licenses and permits	125,013	-	-	125,013
Charges for services	234,641	-	52,723	287,364
Court fines	510,722	-	50,199	560,921
Donations and grants	77,369	-	33,140	110,509
Insurance proceeds	-	-	37,524	37,524
Interest	7,327	-	697	8,024
Miscellaneous revenues	14,688	-	-	14,688
Total Revenues	<u>4,423,636</u>	<u>446,117</u>	<u>174,283</u>	<u>5,044,036</u>
Expenditures:				
General government	643,477	-	-	643,477
Community relations	112,514	-	-	112,514
Public safety	2,501,480	-	45,086	2,546,566
Animal control	127,469	-	7,099	134,568
Library	152,428	-	-	152,428
Public works – streets	473,678	-	-	473,678
Municipal court	143,259	-	12,971	156,230
Parks and recreation	62,342	-	84,598	146,940
Community development	169,953	-	-	169,953
Capital outlay	186,092	-	52,957	239,049
Debt service:				
Principal retirement	-	280,000	-	280,000
Interest and fees	2,911	163,517	-	166,428
Total Expenditures	<u>4,575,603</u>	<u>443,517</u>	<u>202,711</u>	<u>5,221,831</u>
Excess of Revenues Over (Under) Expenditures	<u>(151,967)</u>	<u>2,600</u>	<u>(28,428)</u>	<u>(177,795)</u>
Other Financing Resources (Uses):				
Transfers out	-	-	(12,000)	(12,000)
Transfers in	128,334	-	-	128,334
Total Other Financing Resources (Uses)	<u>128,334</u>	<u>-</u>	<u>(12,000)</u>	<u>116,334</u>
Net Change in Fund Balance	(23,633)	2,600	(40,428)	(61,461)
Fund Balance - October 1 (beginning)	<u>1,402,374</u>	<u>140,007</u>	<u>352,362</u>	<u>1,894,743</u>
Fund Balance - September 30 (ending)	<u>\$ 1,378,741</u>	<u>\$ 142,607</u>	<u>\$ 311,934</u>	<u>\$ 1,833,282</u>

The accompanying notes are an integral part of this statement.

CITY OF LAKE DALLAS, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Total Net Change in Fund Balances – Governmental Funds	\$ (61,461)
Current year principal payments on bonds payable and certificates of obligation payable are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements.	280,000
Current year capital asset additions are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of reclassifying the current year capital asset additions is to increase net position.	282,662
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year’s depreciation is to decrease net position in the government-wide financial statements.	(617,227)
Interest is accrued on outstanding debt in the government-side financial statements, whereas in the fund financial statements interest expenditures are reported when due.	1,629
Revenues from property taxes are recorded as unavailable in the fund financial statements until they are considered available to finance current expenditures, but such revenues are recognized when assessed, net of an allowance for uncollectable amounts, in the government-wide financial statements.	14,178
Current year amortization of deferred charge on bond refunding is not recorded in the fund financial statements, but is shown as a reduction of the deferred loss in the government-wide financial statements.	(4,540)
Current year compensated absences earned but not used is not recorded in the fund financial statements, but is shown as an increase in long-term debt in the government-wide financial statements.	(6,244)
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. The contributions made after the measurement date of 12/31/15 caused the change in ending net position to increase in the amount of \$173,537. Contributions made before the measurement date but during the 2016 FY were also de-expended and recorded as a reduction in the net position liability for the City. This also caused an increase in the change in net position in the amount of \$46,348. These contributions were replaced with the City’s pension expense for the year of \$370,813, which caused a decrease in the change in net position. The impact of all of these is to decrease the change in net position by \$150,928.	<u>(150,928)</u>
Change in Net Position of Governmental Activities	<u>\$(261,931)</u>

The accompanying notes are an integral part of this statement.

CITY OF LAKE DALLAS, TEXAS
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Budgeted Amounts</u>		Actual Amounts (GAAP BASIS)	Variance With Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes (ad valorem, sales and other)	\$ 3,516,048	\$ 3,516,048	\$ 3,449,726	\$ (66,322)
Special assessments	1,000	1,000	4,150	3,150
Licenses and permits	58,210	58,210	125,013	66,803
Charges for services	230,220	230,220	234,641	4,421
Court fines	600,000	600,000	510,722	(89,278)
Donations and grants	29,046	29,046	77,369	48,323
Interest	-	-	7,327	7,327
Miscellaneous revenue	2,000	2,000	14,688	12,688
Total Revenues	<u>4,436,524</u>	<u>4,436,524</u>	<u>4,423,636</u>	<u>(12,888)</u>
Expenditures:				
Current:				
General government	598,956	598,956	643,477	(44,521)
Community relations	115,655	115,655	112,514	3,141
Public safety	2,651,347	2,651,347	2,501,480	149,867
Animal control	146,190	146,190	127,469	18,721
Library	158,249	158,249	152,428	5,821
Public works-streets	351,554	351,554	473,678	(122,124)
Municipal court	142,237	142,237	143,259	(1,022)
Parks and recreation	63,450	63,450	62,342	1,108
Community development	169,786	169,786	169,953	(167)
Debt Service - interest	-	71,502	2,911	68,591
Capital Outlay	86,400	86,400	186,092	(99,692)
Total Expenditures	<u>4,483,824</u>	<u>4,555,326</u>	<u>4,575,603</u>	<u>(20,277)</u>
Excess of Revenues over (under) Expenditures	<u>(47,300)</u>	<u>(118,802)</u>	<u>(151,967)</u>	<u>(33,165)</u>
Other Financing Sources (Uses):				
Transfers in	116,313	116,313	128,334	12,021
Total Other Financing Sources (Uses)	<u>116,313</u>	<u>116,313</u>	<u>128,334</u>	<u>12,021</u>
Net Change in Fund Balance	69,013	(2,489)	(23,633)	(21,144)
Fund Balance – October 1 (beginning)	<u>1,402,374</u>	<u>1,402,374</u>	<u>1,402,374</u>	<u>-</u>
Fund Balance – September 30 (ending)	<u>\$ 1,471,387</u>	<u>\$ 1,399,885</u>	<u>\$ 1,378,741</u>	<u>\$ (21,144)</u>

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Lake Dallas (the "City") are presented in accordance with generally accepted accounting principles applicable to state and local governmental units as set forth by the Governmental Accounting Standards Board ("GASB").

In fiscal year 2004, the City implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for the State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* which provides additional guidance for the implementation of GASB Statement 34, GASB Statement No. 38, *Certain Financial Statement Disclosures*, which changes note disclosures requirements for governmental entities, and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, which clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where difference have arisen, or potentially could arise, in interpretation and practice of GASB Statement No. 34.

GASB Statements No. 34 established a new financial reporting model for state and local governments that included the addition of management's discussion and analysis, government-wide financial statements, required supplementary information and the elimination of the use of account groups to the already required fund financial statements and notes. GASB Statement No. 37 provided additional guidance in reporting infrastructure, program revenues and major criteria.

The GASB determined that fund accounting has and will continue to be essential in helping governments to achieve fiscal accountability and should, therefore, be retained. The GASB also determined that the government-wide financial statements are needed to allow users of financial reports to assess a government's operational accountability. The new GASB model integrates fund-based financial reporting and government-wide financial reporting as complementary components of a single comprehensive financial reporting model.

The following is a summary of the more significant accounting policies.

A. Reporting Entity

The City of Lake Dallas (City) is a municipal corporation governed by an elected mayor and five-member council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

The City of Lake Dallas, as of September 30, 2016 has one discretely presented component unit as defined by GASB criteria- the Lake Dallas Community Development Corporation. Separately-issued financial statements for the component unit may be obtained by contacting the City of Lake Dallas.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The City had no business-type activities during the period.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for government funds, proprietary funds, and fiduciary funds, even though the latter are excluded for the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The City had no proprietary funds or fiduciary funds during the period.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

Special Revenue Funds – These funds are established to account for funds restricted for specified purposes. For many funds in this type, project accounting is employed to maintain integrity for the various sources of funds.

Debt Service Fund – The Debt Service Fund accounts for the use of debt service taxes collected for the purpose of retiring bond and certificates of obligation principal and paying interest due.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first when appropriate, then unrestricted resources as they are needed.

D. Cash and Investments

The City's cash and investments are considered to be cash on hand, demand deposits and short-term investments in State investment pools.

E. Receivable and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the period are referred to as "due to/from other funds" or "advances to/from other funds."

Property tax receivables are shown net of an allowance for uncollectibles.

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

F. Property Taxes

Ad valorem taxes are levied from valuations assessed as of January 1 and recognized as revenue on the date of levy, on October 1. Property tax receivables are recognized when the City has an enforceable claim against the property owner. In the governmental funds, property tax revenue is recognized in the fiscal period for which the taxes are levied, provided that they become available. Available means collected within the current period, or expected to be collected soon enough thereafter, to be used to pay current liabilities. The City's availability period is sixty days. Taxes collected prior to the levy date to which they apply are recorded as unavailable revenues and recognized as revenue of the period to which they apply.

Current taxes are due on October 1 and become delinquent if unpaid on February 1. Taxes unpaid as of February 1 are subject to penalty and interest as the City Council provides by ordinance. On January 1 of each year, a tax lien attaches to property to secure all taxes, penalties and interest ultimately imposed.

G. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid in the government-wide and fund financial statements. These items consist primarily of prepaid insurance.

H. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., streets, roads, sidewalks and similar items), are reported in the governmental activities column in the government-wide financial statements. The City defines capital assets as assets with an initial individual cost of more than \$1000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the time received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest incurred during the construction phase of capital assets of governmental activities is not included as part of the capitalized value of the assets constructed.

Depreciation expense is calculated on the straight-line method. Depreciation methods are designed to amortize the cost of the assets over their estimated useful lives. Estimated useful lives of major categories of property are as follows:

<u>Category</u>	<u>Estimated Life</u>
Buildings	25-40 years
Street infrastructure	15 years
Machinery and equipment	7-10 years
Vehicles	5-7 years

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

I. Compensated Absences

It is the City's policy to permit employees to accumulate certain earned but unused vacation and sick pay benefits. When an employee separates from service with the City, the employee is entitled to receive pay for earned but unused vacation and sick pay. All such vacation and sick pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

J. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

K. Net Position

Net position represents the difference between assets, deferred outflows of resources, deferred inflows of resources and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

L. Budgets and Budgetary Accounting

Prior to September 1, the City Manager submits to the City Council a proposed budget for the ensuing fiscal year. At the meeting of the City Council at which the budget is submitted, the City Council fixes the time and place of the public hearing on the budget and causes to be published a notice of the budget hearing. After the budget hearing the budget may be adopted by a favorable vote of the majority vote of the Council. Upon adoption the budget is filed with the City Secretary and the County Clerk of Denton County.

The City Manager is authorized to transfer budgeted amounts between departments with any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Expenditures should not exceed appropriations at the department level, the classification level as reported in the combined financial statements. Unused appropriations lapse at the end of each fiscal year.

Budgets for the general fund and debt service fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). The budget was amended once during the year by the City Council. Any amendments are reflected in the official minutes of the Council.

2. DEPOSITS AND INVESTMENTS

The City's funds are required to be deposited and invested under the terms of a depository agreement. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the agreement. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

1. Cash Deposits:

At September 30, 2016, the carrying amount of the City's deposits in checking accounts and interest-bearing savings accounts was \$42,532 and the bank balance was \$115,383. The City's cash deposits at September 30, 2016 were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

2. Investments:

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptance, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

In compliance with the Public Funds Investment Act, the City has adopted a deposit and investment policy. That policy addresses the following risks:

- a. Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. As of September 30, 2016, the City's cash balances totaled \$115,383. This entire amount was either collateralized with securities held by the City's financial institution's agent in the City's name or covered by FDIC insurance. Thus, the City's deposits are not exposed to custodial credit risk.
- b. Custodial Credit Risk – Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At September 30, 2016, the City held all of its investments in two public funds investment pools – TexPool and LOGIC. Investments in external investment pools are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.
- c. Credit Risk: This is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligation. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. The City has no policy relating to the credit risk of investments. The credit quality rating for LOGIC at year-end was AAA (Standard & Poor's) and for TexPool was AAAm (Standard & Poor's).

CITY OF LAKE DALLAS, TEXAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2016

- d. **Interest Rate Risk:** This is the risk that changes in interest rates will adversely affect the fair value of an investment. The City has no formal policy relating to interest rate risk but manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for the TexPool and LOGIC investment pools is less than 60 days.
- e. **Foreign Currency Risk:** This is the risk that exchange rates will adversely affect the fair value of an investment. At September 30, 2016, the City was not exposed to foreign currency risk.
- f. **Concentration of Credit Risk:** This is the risk of loss attributed to the magnitude of the City's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. Investment pools are excluded from the 5 percent disclosure requirement.

The City's investments at September 30, 2016 are shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Market Value</u>
TexPool Investment Pool	\$ 679,763	\$ 679,763
LOGIC Investment Pool	<u>1,031,227</u>	<u>1,031,227</u>
Total	<u>\$1,710,990</u>	<u>\$1,710,990</u>

Fair Value Measurements

The City categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based in the lowest level input that is significantly to the valuation. The City's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The City's investments in the TexPool and LOGIC investment pools (statewide 2a7-like external investment pools) are not required to be measured at fair value but are measured at amortized cost.

3. FUND BALANCE

The City has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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 City 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:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has classified prepaid items as being nonspendable as these items are not expected to be converted to cash.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Court security and technology fees are being restricted because their use is restricted pursuant to the regulations that allow the collection of those fees. Child safety fees, juvenile case management fees, state LEOSE training fees and drug seizure funds are being restricted because their use is restricted by law in a similar manner to these specific purposes. Debt service funds are being restricted because their use is restricted for the purpose of retiring long-term debt.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. The Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This can also be done through adoption and amendment of the budget. These amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Council has no committed fund balance as of September 30, 2016.
- Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Council or through the Council delegating this responsibility to other individuals in the City. Under the City's policy, only the Council may assign amounts for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The City assigned fund balance resources of various funds accounted for through the special revenue fund.
- Unassigned: This classification includes all amounts not included in other spendable classifications, including the residual fund balance for the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Council has provided otherwise in its commitment or assignment actions.

The Council has expressed an intent to maintain a level of assigned and unassigned fund balance in the general fund equal to 25 percent of the fund's operating expenditures.

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 18) and are described below:

General Fund

The General Fund has unassigned fund balance of \$1,140,688 at September 30, 2016. Prepaid costs of \$10,801 are considered nonspendable fund balance and \$227,252 is restricted for road maintenance.

Special Revenue Funds

The fund balances of the Court Technology Fund and Court Security Fund (totaling \$62,965) are shown as restricted for those purposes. The fund balances of the LEOSE Training Fund, Juvenile Case Management Fund, Drug Seizure Fund, Child Safety Fund, Police Auction Fund, Forensic Testing Fund and Willow Grove Camping Fees Fund (totaling \$232,082) are shown as restricted for those purposes also. The fund balances of the Kids N Cops Fund and Animal Rescue Fund (totaling \$16,887) have been assigned for use in the activities that generated those funds.

Debt Service Funds

The Debt Service Fund has restricted fund balance of \$142,607 at September 30, 2016 that is restricted by law for use in retiring long-term debt.

4. RECEIVABLES

Government-wide receivables as of September 30, 2016, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Receivables:			
Property taxes	\$ 76,533	\$ 18,584	\$ 95,117
Sales taxes	157,070	-	157,070
Occupancy tax	21,951	-	21,951
Mixed beverage tax	5,536	-	5,536
Franchise tax	27,332	-	27,332
Other	<u>100,433</u>	<u>-</u>	<u>100,433</u>
Gross Receivables	388,855	18,584	407,439
Less: Uncollectible allowance	<u>18,368</u>	<u>4,460</u>	<u>22,828</u>
Net Total Receivables	<u>\$370,487</u>	<u>\$ 14,124</u>	<u>\$384,611</u>

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal period, the unavailable revenue reported in the governmental funds relates to delinquent property taxes.

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

There were no amounts due from and due to other funds at September 30, 2016.

Fund transfers during the year include the following:

- Transfers from Lake Dallas Community Development Corporation to the general fund as reimbursement of payments of long-term debt - \$128,334.
- Transfer from the Willow Grove Camping Fees special revenue fund to the general fund for administrative fees - \$12,000.

6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 397,872	\$ -	\$ -	\$ 397,872
Total capital assets, not being depreciated	<u>397,872</u>	<u>-</u>	<u>-</u>	<u>397,872</u>
Capital assets, being depreciated:				
Buildings and Improvements	3,023,948	-	-	3,023,948
Street and Parks	10,156,963	37,524	-	10,194,487
Equipment and Vehicles	<u>1,479,636</u>	<u>245,138</u>	<u>(125,232)</u>	<u>1,599,542</u>
Total capital assets, being depreciated	<u>14,660,547</u>	<u>282,662</u>	<u>(125,232)</u>	<u>14,817,977</u>
Less accumulated depreciation for:				
Buildings and Improvements	(934,807)	(75,035)	-	(1,009,842)
Street and Parks	(3,889,567)	(460,954)	-	(4,350,521)
Equipment and Vehicles	<u>(1,248,611)</u>	<u>(81,238)</u>	<u>125,232</u>	<u>(1,204,617)</u>
Total accumulated depreciation	<u>(6,072,985)</u>	<u>(617,227)</u>	<u>125,232</u>	<u>(6,564,980)</u>
Total capital assets, being depreciated, net	<u>8,587,562</u>	<u>(334,565)</u>	<u>-</u>	<u>8,252,997</u>
Governmental activities capital assets, net	<u>\$ 8,985,434</u>	<u>\$(334,565)</u>	<u>\$ -</u>	<u>\$ 8,650,869</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 20,635
Public Safety	83,725
Animal Control	28,278
Public Works-Streets	366,562
Municipal Court	2,055
Parks and Recreation	115,372
Community Development	<u>600</u>
Total depreciation expense –	
Governmental activities	<u>\$617,227</u>

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

7. LONG TERM DEBT

Long term debt of the City consists of three general obligation bond series, three certificates of obligation series, and compensated absences. All long-term debt represents transactions in the City's governmental activities.

The City has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas (SID), which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the City.

The following is a summary of the changes in the City's Long-term Debt for the year ended September 30, 2016:

<u>Description</u>	<u>Interest Rate Payable</u>	<u>Amounts Outstanding 10/01/15</u>	<u>Additions</u>	<u>Retired</u>	<u>Amounts Outstanding 09/30/16</u>	<u>Due Within One Year</u>
Bonded Indebtedness:						
2008 General Obligation	4.21%	\$ 755,000	\$ -	\$ 45,000	\$ 710,000	\$ 45,000
2009 General Obligation	2.5-3.375%	440,000	-	145,000	295,000	145,000
2012 General Obligation	1.499%	<u>895,000</u>	-	-	<u>895,000</u>	<u>220,000</u>
Total Bonded Indebtedness		<u>2,090,000</u>	-	<u>190,000</u>	<u>1,900,000</u>	<u>410,000</u>
Certificates of Obligation:						
2006 Series	4.24%	910,000	-	-	910,000	-
2008 A Series	4.199%	640,000	-	40,000	600,000	40,000
2009 Series	4.26%	<u>900,000</u>	-	<u>50,000</u>	<u>850,000</u>	<u>50,000</u>
Total Cert. of Obligation		<u>2,450,000</u>	-	<u>90,000</u>	<u>2,360,000</u>	<u>90,000</u>
Compensated Absences		<u>268,136</u>	<u>6,244</u>	-	<u>274,380</u>	-
Total Long-Term Debt		<u>\$4,808,136</u>	<u>\$ 6,244</u>	<u>\$ 280,000</u>	<u>\$4,534,380</u>	<u>\$500,000</u>

General Obligation Bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the City. General Obligation Bonds require the City to compute, at the time taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) a fund to pay interest and principal at maturity. The City is in compliance with this requirement.

The retirement of accrued compensated absences is provided by financial resources of the General Fund.

8. DEBT SERVICE REQUIREMENTS TO MATURITY

Presented below is a summary of general obligation bond requirements to maturity:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
September 30,			
2017	\$ 410,000	\$ 53,085	\$ 463,085
2018	340,000	43,180	383,180
2019	195,000	33,913	228,913
2020	205,000	29,634	234,634
2021	205,000	25,069	230,069
2022-2026	400,000	72,500	472,500
2027-2028	<u>145,000</u>	<u>9,263</u>	<u>154,263</u>
Total	<u>\$1,900,000</u>	<u>\$ 266,644</u>	<u>\$2,166,644</u>

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

Presented below is a summary of certificates of obligation requirements to maturity:

Year Ended	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
September 30,			
2017	\$ 90,000	\$ 99,994	\$ 189,994
2018	180,000	96,184	276,184
2019	190,000	88,557	278,557
2020	190,000	80,508	270,508
2021	200,000	72,459	272,459
2022-2026	1,150,000	226,724	1,376,724
2027-2029	<u>360,000</u>	<u>28,434</u>	<u>388,434</u>
Total	<u>\$2,360,000</u>	<u>\$ 692,860</u>	<u>\$3,052,860</u>

9. DEFEASED BONDS OUTSTANDING

In prior years, the City issued refunding bonds to defease outstanding bonds for the purpose of consolidation and to achieve debt service savings. The City has placed the proceeds from the refunding issues in irrevocable escrow accounts with a trust agent to ensure payment of debt service on the refunded bonds.

Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. Although defeased, the refunded debt from those earlier issues will not be actually retired until the call dates have come due or until maturity if they are not callable issues. On September 30, 2016, \$480,000 of bonds outstanding are considered defeased.

10. SHORT-TERM FINANCING

Short-term financing consists of a commercial loan obtained at Northstar Bank during the current fiscal year for the purchase of equipment. A summary of the activity on the line of credit during the fiscal year ended September 30, 2016 is as follows:

<u>Description</u>	<u>Interest Rate</u> <u>Payable</u>	<u>Amounts</u> <u>Outstanding</u> <u>10/01/15</u>	<u>Additions</u>	<u>Retired</u>	<u>Amounts</u> <u>Outstanding</u> <u>09/30/16</u>
Line of credit	4.50%	\$ -	\$187,924	\$ 59,810	\$ 128,114

On October 24, 2016, the outstanding loan balance was refinanced through Governmental Capital Corporation.

CITY OF LAKE DALLAS, TEXAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2016

11. DEFINED BENEFIT PENSION PLANS

Plan Description

The City of Lake Dallas participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	Plan Year 2015	Plan Year 2016
Employee deposit rate	7.0%	7.0%
Employer deposit rate	12.41%	12.80%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5,0/20	60/5,0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Reporting	70% of CPI Reporting

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

Employees covered by benefit terms.

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	34
Inactive employees entitled to buy not yet receiving benefits	36
Active employees	<u>31</u>
	101

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Contributions continued

Employees for the City of Lake Dallas were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Lake Dallas were 12.41% and 12.80% in calendar years 2015 and 2016, respectively. The City's contributions to TMRS for the year ended September 30, 2016 were \$224,395, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2015, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

Salary increases were based on service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. For cities with fewer than twenty employees, more conservative methods and assumptions are used. First, lower termination rates are used, with maximum multipliers of 75% for employers with less than 6 members, 85% for employers with 6 to 10 members, and 100% for employers with 11 to 15 members. There is also a load on the life expectancy for employers with less than 15 active members. The life expectancy is loaded by decreasing the mortality rates by 1% for every active member less than 15. For underfunded plans, the maximum amortization period for amortizing gains and losses is decreased from current levels by 1 year for each active member less than the 20 member threshold. Once the plan is overfunded, the amortization period reverts back to the standard amortization period. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2015, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2010 through December 31, 2014, first used in the December 31, 2014 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

Asset Class	Target Allocation	Long-Term Expected Portfolio Real Rate of Return*
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.65%
Real Return	10.0%	4.03%
Real Estate	10.0%	5.00%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	8.00%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/2014	\$7,763,609	\$6,920,130	\$843,479
Changes for the year:			
Service Cost	280,697	-	280,697
Interest	542,064	-	542,064
Change in benefit terms	-	-	-
Difference between expected and actual experience	(239,049)	-	(239,049)
Changes of assumptions	98,743	-	98,743
Contributions – employer	-	214,231	(214,231)
Contributions – employee	-	123,422	(123,422)
Net investment income	-	10,212	(10,212)
Benefit payments, including refunds of employee contributions	(320,372)	(320,372)	-
Administrative expense	-	(6,220)	6,220
Other changes	-	(307)	307
Net changes	362,083	20,966	341,117
Balance at 12/31/2015	\$8,125,692	\$6,941,096	\$1,184,596

Sensitivity of the net pension liability to changes in the discount rate

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

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability (asset)	\$2,418,837	\$1,184,596	\$185,483

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

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

For the year ended September 30, 2016, the City recognized pension expense of \$370,813.

At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 58,152	\$ 152,437
Changes in actuarial assumptions	62,967	-
Difference between projected and actual investment earnings	429,035	-
Contributions subsequent to the measurement date	173,537	-
Total	\$723,691	\$ 152,437

\$173,537 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2017	\$118,714
2018	72,764
2019	111,398
2020	94,841
2021	-
Thereafter	-

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

12. LITIGATION AND CONTINGENCIES

The City participates in some state and Federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectibility of any related receivable at September 30, 2016 may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

13. RISK MANAGEMENT

Liability and property insurance coverage is provided by TML Intergovernmental Risk Pool. The City retains, as a risk only, the deductible amounts for each declaration of coverage. There were no reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in each of the past three fiscal years.

The City is a member of the Texas Municipal League Intergovernmental Risk Pool. Insurance coverage of the City is divided into the following types: property, crime, general liability, public official's liability, auto liability, auto physical damage, auto catastrophic, inland marine (mobile equipment), law enforcement liability, and boiler and machinery.

14. SUBSEQUENT EVENTS

Management has reviewed events subsequent to September 30, 2016 through January 12, 2017, which is the date the financial statements were available to be issued. No events were identified that are required to be disclosed in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAKE DALLAS, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>2015</u>	<u>2014</u>
Total Pension Liability		
Service Cost	\$ 280,697	\$ 254,024
Interest (on the Total Pension Liability)	542,064	493,307
Changes of benefit terms	-	-
Difference between expected and actual experience	(239,049)	235,740
Change of assumptions	98,743	-
Benefit payments, including refunds of employee contributions	<u>(320,372)</u>	<u>(279,382)</u>
Net Change in Total Pension Liability	362,083	703,689
Total Pension Liability – Beginning	<u>7,763,609</u>	<u>7,059,920</u>
Total Pension Liability – Ending (a)	<u>\$8,125,692</u>	<u>\$7,763,609</u>
Plan Fiduciary Net Position		
Contributions – Employer	\$ 214,231	\$ 236,507
Contributions – Employee	123,422	124,103
Net Investment Income	10,212	370,300
Benefit payments, including refunds of employee contributions	(320,372)	(279,382)
Administrative Expense	(6,220)	(3,866)
Other	<u>(307)</u>	<u>(318)</u>
Net Change in Plan Fiduciary Net Position	20,966	447,344
Plan Fiduciary Net Position – Beginning	<u>6,920,130</u>	<u>6,472,786</u>
Plan Fiduciary Net Position – Ending (b)	<u>\$6,941,096</u>	<u>\$6,920,130</u>
Net Pension Liability – Ending (a) – (b)	<u>\$1,184,596</u>	<u>\$ 843,479</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	85.42%	89.14%
Covered Employee Payroll	\$1,768,037	\$1,763,314
Net Pension Liability as a Percentage of Covered Employee Payroll	67.00%	47.83%

Note: GASB 68, Paragraph 81, 2,a requires that the information on this schedule be data from the period corresponding with the period covered as of the measurement date of December 31, 2013 – the period from January 1, 2014 – December 31, 2014 and December 31, 2014 – the period from January 1, 2015 – December 31, 2015.

Note: Only two years of data is presented in accordance with GASBS 68, Paragraph 138. “The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement.”

CITY OF LAKE DALLAS, TEXAS
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 TEXAS MUNICIPAL RETIREMENT SYSTEM
 FOR FISCAL YEAR 2016

	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 224,395	\$ 224,355
Contribution in Relation to the Contractually Required Contribution	<u>(224,395)</u>	<u>(224,355)</u>
Contribution Deficiency (Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
City's Covered-Employee Payroll	\$1,765,570	\$1,768,037
Contributions as a Percentage of Covered-Employee Payroll	12.71%	12.69%

Note: GASB 68, Paragraph 81, 2,b requires that the data in this schedule be presented as of the City's current fiscal year as opposed to the time period covered by the measurement date of January 1, 2014 - December 31, 2014 and January 1, 2015 – December 31, 2015.

Note: Only two years of data is presented in accordance with GASBS 68, Paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

CITY OF LAKE DALLAS, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	30 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	3.0%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information:

Notes There were no benefit changes during the year.

**COMBINING & INDIVIDUAL FUND
STATEMENTS & SCHEDULES**

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2015 AND 2016

	2015	2016
ASSETS		
Cash and cash equivalents	\$ 1,306,159	\$ 1,299,282
Receivables:		
Ad valorem tax	48,250	58,165
Sales tax	148,640	157,070
Franchise tax	27,861	27,332
Occupancy tax	19,897	21,951
Mixed beverage tax	4,423	5,536
Other	9,536	100,433
Due from CDC	1,036	22,049
Prepaid costs	46,564	10,801
TOTAL ASSETS	<u>\$ 1,612,366</u>	<u>\$ 1,702,619</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 41,518	\$ 23,380
Accrued wages payable	19,088	30,602
Court costs payable	58,069	47,283
Other liabilities	45,101	36,334
Short-term loan payable	-	128,114
Total Liabilities	<u>163,776</u>	<u>265,713</u>
Deferred Inflows of Resources:		
Unavailable revenue-property taxes	46,216	58,165
Total Deferred Inflows of Resources	<u>46,216</u>	<u>58,165</u>
Fund Balance:		
Nonspendable	46,564	10,801
Restricted	80,455	227,252
Unassigned	1,275,355	1,140,688
Total Fund Balance	<u>1,402,374</u>	<u>1,378,741</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 1,612,366</u>	<u>\$ 1,702,619</u>

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2016

	2015	2016
REVENUES:		
Taxes:		
Property	\$ 2,008,747	\$ 2,082,180
Sales	774,987	880,781
Hotel occupancy tax	72,014	73,259
Mixed beverage	19,294	19,675
Franchise	401,826	393,831
Special assessments	465	4,150
License and permits	102,001	125,013
Charges for services	258,074	234,641
Court fines	570,538	510,722
Donations and grants	-	77,369
Interest	1,047	7,327
Miscellaneous	14,462	14,688
Total Revenues	4,223,455	4,423,636
EXPENDITURES:		
Current:		
General government	616,812	643,477
Community relations	114,479	112,514
Public safety	2,496,482	2,501,480
Animal control	127,207	127,469
Library	37,778	152,428
Public works – streets	271,980	473,678
Municipal court	139,990	143,259
Parks and recreation	60,687	62,342
Community development	159,082	169,953
Capital outlay	380,969	186,092
Debt service:		
Interest	-	2,911
Total Expenditures	4,405,466	4,575,603
Excess of Revenues over (under) Expenditures	(182,011)	(151,967)
OTHER FINANCING SOURCES (USES):		
Transfers in	193,681	128,334
Total Other Financing Sources (Uses)	193,681	128,334
EXTRAORDINARY ITEMS:		
Assets received-Lake Dallas EDC dissolution	749,764	-
Assets received-Lake Cities Library dissolution	95,442	-
Total Extraordinary Items	845,206	-
Net Change in Fund Balance	856,876	(23,633)
Fund Balance - October 1 (beginning)	545,498	1,402,374
Fund Balance - September 30 (Ending)	\$ 1,402,374	\$ 1,378,741

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF REVENUES
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2016
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2015

	2016		Variance Favorable (Unfavorable)	2015 Actual
	Budget	Actual		
Ad valorem tax	\$ 2,069,048	\$ 2,082,180	\$ 13,132	\$ 2,008,747
Sales tax	975,000	880,781	(94,219)	774,987
Mixed beverage tax	18,000	19,675	1,675	19,294
Hotel occupancy tax	65,000	73,259	8,259	72,014
Franchise tax	389,000	393,831	4,831	401,826
Court fines and fees	600,000	510,722	(89,278)	570,538
Library donations, fines, memberships	19,150	17,200	(1,950)	1,564
Library funding	29,046	29,046	-	-
Denton County funding	-	48,323	48,323	-
Building permits	10,000	43,434	33,434	24,744
Park improvement fees	1,000	4,150	3,150	465
Other permits and fees	48,210	81,579	33,369	77,257
School resource officer reimbursements	43,896	43,896	-	45,052
Rent - Lake Cities Library	-	-	-	33,804
Rent - fire station	43,374	43,289	(85)	42,439
Other rentals	2,000	3,666	1,666	2,705
Parks maintenance	30,000	30,000	-	30,000
Staff/office services - EDC/CDC	42,000	42,000	-	45,500
Interest earned	-	7,327	7,327	1,047
Mowing	4,000	7,214	3,214	5,442
Animal services	12,000	13,952	1,952	14,181
Special events	33,800	33,424	(376)	37,387
Utilities settlement	-	10,118	10,118	9,277
Other revenue	2,000	4,570	2,570	5,185
TOTAL REVENUE	<u>\$ 4,436,524</u>	<u>\$ 4,423,636</u>	<u>\$ (12,888)</u>	<u>\$ 4,223,455</u>

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2016
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2015

	2016		Variance Favorable (Unfavorable)	2015 Actual
	Budget	Actual		
GENERAL GOVERNMENT:				
Personnel:				
Salaries	\$ 253,765	\$ 208,415	\$ 45,350	\$ 193,297
Retirement	32,311	21,259	11,052	19,209
Longevity pay	1,692	1,692	-	1,548
Insurance	25,279	18,683	6,596	15,566
Payroll taxes	3,707	3,480	227	2,825
Total Personnel	<u>316,754</u>	<u>253,529</u>	<u>63,225</u>	<u>232,445</u>
Supplies, Repairs and Services:				
Insurance	54,400	55,255	(855)	45,856
Office expense	5,000	5,154	(154)	5,195
Operating supplies	6,000	3,594	2,406	3,361
Travel	2,000	2,086	(86)	2,233
Continuing education	2,000	1,725	275	1,354
Election expense	5,000	8,182	(3,182)	8,113
Ads and public notices	3,000	3,476	(476)	3,322
Publications	200	85	115	100
Printing	2,000	1,758	242	2,038
Dues and memberships	3,800	2,705	1,095	2,995
Postage	5,000	4,292	708	4,531
Telephone and utilities	47,000	44,241	2,759	41,953
Professional services	51,000	144,378	(93,378)	87,210
Tax appraisal/collection	20,500	18,947	1,553	19,389
Legal services	24,000	41,070	(17,070)	37,469
Council and committees	4,000	3,347	653	4,609
Scholarship	1,000	-	1,000	-
Maintenance and repair - building	25,000	31,273	(6,273)	21,880
Maintenance and repair - equipment	13,102	10,669	2,433	9,639
Equipment rental	5,400	5,227	173	5,593
SPAN	1,300	1,300	-	1,300
Lake Cities Library	-	-	-	75,000
Miscellaneous	1,500	1,184	316	1,227
Total Supplies, Repairs and Services	<u>282,202</u>	<u>389,948</u>	<u>(107,746)</u>	<u>384,367</u>
TOTAL GENERAL GOVERNMENT	<u>598,956</u>	<u>643,477</u>	<u>(44,521)</u>	<u>616,812</u>

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2016
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2015

	2016		Variance Favorable (Unfavorable)	2015 Actual
	Budget	Actual		
COMMUNITY RELATIONS:				
Personnel:				
Salaries	\$ 40,610	\$ 45,580	\$ (4,970)	\$ 48,216
Retirement	4,545	4,533	12	6,239
Insurance	7,175	7,522	(347)	452
Payroll taxes	525	827	(302)	713
Total Personnel	<u>52,855</u>	<u>58,462</u>	<u>(5,607)</u>	<u>55,620</u>
Supplies, Repairs and Services:				
Supplies	-	-	-	524
Office expense	350	286	64	266
Travel	750	-	750	365
Continuing education	300	-	300	50
Intern/Stipend	1,000	500	500	-
Advertising	5,000	1,921	3,079	3,395
Dues and memberships	500	188	312	258
Telephone	950	616	334	670
Fireworks contribution	24,950	24,950	-	24,280
Community events	26,000	22,858	3,142	26,170
Rentals	3,000	2,733	267	2,881
Total Supplies, Repairs and Services	<u>62,800</u>	<u>54,052</u>	<u>8,748</u>	<u>58,859</u>
			-	
TOTAL COMMUNITY RELATIONS	<u>115,655</u>	<u>112,514</u>	<u>3,141</u>	<u>114,479</u>
PUBLIC SAFETY:				
Police Department:				
Personnel:				
Salaries	1,156,577	1,064,856	91,721	1,102,539
Retirement	141,603	138,958	2,645	144,880
Longevity pay	12,264	11,955	309	10,896
Insurance	174,633	141,973	32,660	130,504
Payroll taxes	17,689	19,833	(2,144)	16,643
Total Personnel	<u>1,502,766</u>	<u>1,377,575</u>	<u>125,191</u>	<u>1,405,462</u>

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2016
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2015

	2016		Variance Favorable (Unfavorable)	2015 Actual
	Budget	Actual		
Supplies, Repairs and Services:				
Office expense	\$ 4,000	\$ 4,095	\$ (95)	\$ 4,843
Supplies	6,000	6,255	(255)	5,232
Travel expense	2,000	1,842	158	2,286
Continuing education	600	30	570	376
Miscellaneous expense	500	388	112	224
Ads and public notices	800	317	483	1,033
Publications	500	91	409	249
Dues and memberships	250	373	(123)	280
Uniforms	4,000	8,425	(4,425)	6,887
Telephone	15,000	10,468	4,532	12,265
Professional services	40,000	31,348	8,652	28,694
Detention expenses	1,500	1,740	(240)	1,457
Maintenance and repair - equipment	4,000	1,606	2,394	2,663
Maintenance and repair - vehicles	20,000	20,450	(450)	20,024
Gas and oil	30,000	18,651	11,349	23,658
Total Supplies, Repairs and Services	<u>129,150</u>	<u>106,079</u>	<u>23,071</u>	<u>110,171</u>
Total Police Department	<u>1,631,916</u>	<u>1,483,654</u>	<u>148,262</u>	<u>1,515,633</u>
Fire Department:				
Contribution for services	1,005,931	1,005,931	-	980,849
Building maintenance	13,500	11,895	1,605	-
Total Fire Department	<u>1,019,431</u>	<u>1,017,826</u>	<u>1,605</u>	<u>980,849</u>
TOTAL PUBLIC SAFETY	<u>2,651,347</u>	<u>2,501,480</u>	<u>149,867</u>	<u>2,496,482</u>
ANIMAL CONTROL:				
Personnel:				
Salaries	86,192	82,799	3,393	76,616
Retirement	9,313	9,044	269	9,196
Insurance	19,265	15,612	3,653	12,210
Payroll taxes	1,925	2,145	(220)	1,734
Total Personnel	<u>116,695</u>	<u>109,600</u>	<u>7,095</u>	<u>99,756</u>

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2016
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2015

	2016		Variance Favorable (Unfavorable)	2015 Actual
	Budget	Actual		
Supplies, Repairs and Services:				
Office expense	\$ 600	\$ 277	\$ 323	\$ 594
Supplies	5,000	3,313	1,687	6,217
Travel	-	68	(68)	122
Continuing education	400	385	15	470
Advertising	-	-	-	439
Dues and memberships	45	-	45	45
Uniforms	400	1,167	(767)	187
Telephone	1,900	1,011	889	1,240
Professional services	600	100	500	592
Utilities	10,000	7,546	2,454	9,588
Land lease	1,250	1,200	50	1,214
Maintenance and repair - building	4,000	859	3,141	2,458
Maintenance and repair - equipment	2,300	931	1,369	1,516
Maintenance and repair - vehicles	1,000	40	960	2,140
Gas and oil	2,000	972	1,028	629
Total Supplies, Repairs and Services	<u>29,495</u>	<u>17,869</u>	<u>11,626</u>	<u>27,451</u>
TOTAL ANIMAL CONTROL	<u>146,190</u>	<u>127,469</u>	<u>18,721</u>	<u>127,207</u>
LIBRARY:				
Personnel:				
Salaries	88,692	84,742	3,950	25,102
Retirement	6,137	6,353	(216)	1,037
Insurance	8,710	7,968	742	1,820
Payroll taxes	3,835	4,152	(317)	997
Total Personnel	<u>107,374</u>	<u>103,215</u>	<u>4,159</u>	<u>28,956</u>
Supplies, Repairs and Services:				
Supplies	2,375	2,339	36	258
Postage	1,000	554	446	36
Library materials	8,250	7,508	742	1,609
Technology	6,100	5,504	596	1,302
Travel and training	750	1,093	(343)	-
Printing	300	247	53	-
Advertising	350	868	(518)	-
Dues and memberships	4,150	3,791	359	-
Telephone	800	822	(22)	153

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2016
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2015

	2016		Variance Favorable (Unfavorable)	2015 Actual
	Budget	Actual		
Utilities	\$ 10,500	\$ 8,117	\$ 2,383	\$ 2,798
Professional services	1,100	769	331	403
Equipment rentals	6,600	8,052	(1,452)	1,513
Maintenance and repair - building	8,600	9,549	(949)	750
Total Supplies, Repairs and Services	<u>50,875</u>	<u>49,213</u>	<u>1,662</u>	<u>8,822</u>
 TOTAL LIBRARY	 <u>158,249</u>	 <u>152,428</u>	 <u>5,821</u>	 <u>37,778</u>
 PUBLIC WORKS:				
Street Department:				
Personnel:				
Salaries	128,076	118,995	9,081	121,519
Retirement	16,088	14,867	1,221	15,737
Longevity pay	840	348	492	696
Insurance	32,638	28,235	4,403	24,018
Payroll taxes	1,862	2,158	(296)	1,917
Total Personnel	<u>179,504</u>	<u>164,603</u>	<u>14,901</u>	<u>163,887</u>
 Supplies, Repairs and Services:				
Supplies	2,000	2,827	(827)	1,957
Advertising	150	508	(358)	482
Travel	100	56	44	21
Continuing education	300	824	(524)	299
Uniforms	1,800	1,308	492	1,759
Telephone	1,800	1,358	442	1,489
Street lighting	50,000	55,421	(5,421)	52,060
Street signs	15,000	7,740	7,260	8,498
Quarterly cleanups	-	-	-	4,859
Maintenance and repair - building	700	1,636	(936)	675
Maintenance and repair - equipment	8,000	12,921	(4,921)	1,826
Maintenance and repair- vehicle	5,000	2,647	2,353	5,236
Maintenance - drainage	1,500	1,068	432	211
Maintenance - sidewalks	5,000	4,530	470	525
Maintenance - streets	77,100	211,238	(134,138)	23,816
Gas and oil	3,600	4,993	(1,393)	4,380
Total Supplies, Repairs and Services	<u>172,050</u>	<u>309,075</u>	<u>(137,025)</u>	<u>108,093</u>
 TOTAL PUBLIC WORKS	 <u>351,554</u>	 <u>473,678</u>	 <u>(122,124)</u>	 <u>271,980</u>

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2016
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2015

	2016		Variance Favorable (Unfavorable)	2015 Actual
	Budget	Actual		
MUNICIPAL COURT:				
Personnel:				
Salaries	\$ 82,316	\$ 85,217	\$ (2,901)	\$ 82,430
Retirement	10,309	11,062	(753)	10,427
Insurance	17,168	15,873	1,295	14,166
Payroll taxes	1,194	1,817	(623)	1,340
Total Personnel	<u>110,987</u>	<u>113,969</u>	<u>(2,982)</u>	<u>108,363</u>
Supplies, Repairs and Services:				
Supplies	800	935	(135)	642
Travel	500	144	356	137
Continuing education	700	429	271	95
Publications	1,500	804	696	1,530
Advertising	-	172	(172)	-
Dues and memberships	250	240	10	260
Legal services	26,000	26,147	(147)	28,040
Warrant roundup	1,500	419	1,081	923
Total Supplies, Repairs and Services	<u>31,250</u>	<u>29,290</u>	<u>1,960</u>	<u>31,627</u>
TOTAL MUNICIPAL COURT	<u>142,237</u>	<u>143,259</u>	<u>(1,022)</u>	<u>139,990</u>
PARKS AND RECREATION:				
Personnel:				
Salaries	35,606	33,670	1,936	34,459
Retirement	4,246	4,888	(642)	4,485
Insurance	9,205	10,697	(1,492)	8,838
Payroll taxes	493	657	(164)	506
Total Personnel	<u>49,550</u>	<u>49,912</u>	<u>(362)</u>	<u>48,288</u>
Supplies, Repairs and Services:				
Supplies	1,400	1,225	175	1,912
Telephone	400	393	7	403
Uniforms	1,100	960	140	1,174
Park maintenance	2,500	2,226	274	1,566
Gas and oil	3,500	1,930	1,570	3,298
Rentals	500	-	500	-
Maintenance and repair - equipment	3,000	3,241	(241)	3,623
Maintenance and repair - vehicle	1,500	2,455	(955)	423
Total Supplies, Repairs and Services	<u>13,900</u>	<u>12,430</u>	<u>1,470</u>	<u>12,399</u>
TOTAL PARKS AND RECREATION	<u>63,450</u>	<u>62,342</u>	<u>1,108</u>	<u>60,687</u>

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2016
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2015

	2016		Variance Favorable (Unfavorable)	2015 Actual
	Budget	Actual		
COMMUNITY DEVELOPMENT:				
Personnel:				
Salaries	101,892	100,852	1,040	102,220
Retirement	12,951	13,430	(479)	13,145
Longevity pay	1,146	1,146	-	1,002
Insurance	17,522	15,321	2,201	14,246
Payroll taxes	1,495	1,799	(304)	1,467
Total Personnel	<u>135,006</u>	<u>132,548</u>	<u>2,458</u>	<u>132,080</u>
Supplies, Repairs and Services:				
Supplies	300	210	90	376
Travel	300	428	(128)	323
Continuing education	650	100	550	625
Publications	710	85	625	-
Advertising	-	198	(198)	-
Dues and memberships	120	193	(73)	58
Telephone	400	587	(187)	400
Professional services	28,800	32,112	(3,312)	21,938
Maintenance and repair - equipment	2,200	2,465	(265)	2,577
Maintenance and repair - vehicles	1,000	958	42	590
Gas and oil	300	69	231	115
Total Supplies, Repairs and Services	<u>34,780</u>	<u>37,405</u>	<u>(2,625)</u>	<u>27,002</u>
TOTAL COMMUNITY DEVELOPMENT	<u>169,786</u>	<u>169,953</u>	<u>(167)</u>	<u>159,082</u>
CAPITAL OUTLAY:				
Capital outlay - buildings	-	-	-	2,500
Capital outlay - equipment	86,400	186,092	(99,692)	24,893
Capital outlay - vehicles	-	-	-	137,602
Capital outlay - streets	-	-	-	215,974
TOTAL CAPITAL OUTLAY	<u>86,400</u>	<u>186,092</u>	<u>(99,692)</u>	<u>380,969</u>
DEBT SERVICE:				
Interest	71,502	2,911	68,591	-
TOTAL DEBT SERVICE	<u>71,502</u>	<u>2,911</u>	<u>68,591</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 4,555,326</u>	<u>\$ 4,575,603</u>	<u>\$ (20,277)</u>	<u>\$ 4,405,466</u>

CITY OF LAKE DALLAS, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Court Technology Fund	Court Security Fund	LEOSE Training Fund	Child Safety Fund
Revenues:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Fines and fees	13,401	9,979	-	16,054
Donations and grants	-	-	1,523	-
Insurance proceeds	-	-	-	-
Interest earned	130	151	36	144
Total Revenues	<u>13,531</u>	<u>10,130</u>	<u>1,559</u>	<u>16,198</u>
Expenditures:				
Public safety	-	-	1,803	26,080
Animal control	-	-	-	-
Municipal court	9,466	3,505	-	-
Parks and recreation	-	-	-	-
Capital outlay	7,845	-	-	4,363
Total Expenditures	<u>17,311</u>	<u>3,505</u>	<u>1,803</u>	<u>30,443</u>
Excess of Revenues over (under) Expenditures	(3,780)	6,625	(244)	(14,245)
Other Financing Sources (Uses):				
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(3,780)	6,625	(244)	(14,245)
Fund Balance – October 1 (beginning)	<u>32,707</u>	<u>27,413</u>	<u>7,619</u>	<u>53,405</u>
Fund Balance – September 30 (ending)	<u>\$ 28,927</u>	<u>\$ 34,038</u>	<u>\$ 7,375</u>	<u>\$ 39,160</u>

Juvenile Case Management Fund	Drug Seizure Fund	Kids N Cops Fund	Police Auction	Forensic Testing	Willow Grove Camping Fees	Animal Rescue Fund	Total
\$ -	\$ -	\$ -	\$ 20,210	\$ -	\$ 32,513	\$ -	\$ 52,723
10,765	-	-	-	-	-	-	50,199
-	3,500	2,631	-	-	17,961	7,525	33,140
-	-	-	-	-	37,524	-	37,524
-	57	51	-	-	106	22	697
<u>10,765</u>	<u>3,557</u>	<u>2,682</u>	<u>20,210</u>	<u>-</u>	<u>88,104</u>	<u>7,547</u>	<u>174,283</u>
-	-	2,226	13,505	1,472	-	-	45,086
-	-	-	-	-	-	7,099	7,099
-	-	-	-	-	-	-	12,971
-	-	-	-	-	84,598	-	84,598
-	-	-	-	-	40,749	-	52,957
-	-	<u>2,226</u>	<u>13,505</u>	<u>1,472</u>	<u>125,347</u>	<u>7,099</u>	<u>202,711</u>
10,765	3,557	456	6,705	(1,472)	(37,243)	448	(28,428)
-	-	-	-	-	(12,000)	-	(12,000)
-	-	-	-	-	(12,000)	-	(12,000)
10,765	3,557	456	6,705	(1,472)	(49,243)	448	(40,428)
<u>133,942</u>	<u>14,454</u>	<u>11,221</u>	<u>19,165</u>	<u>1,877</u>	<u>45,797</u>	<u>4,762</u>	<u>352,362</u>
<u>\$ 144,707</u>	<u>\$ 18,011</u>	<u>\$ 11,677</u>	<u>\$ 25,870</u>	<u>\$ 405</u>	<u>\$ (3,446)</u>	<u>\$ 5,210</u>	<u>\$ 311,934</u>

CITY OF LAKE DALLAS, TEXAS
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2015 AND 2016

	<u>2015</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 139,459	\$ 142,607
Receivables:		
Ad valorem tax	<u>12,443</u>	<u>14,124</u>
TOTAL ASSETS	<u>\$ 151,902</u>	<u>\$156,731</u>
DEFERRED INFLOWS AND FUND BALANCE		
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	<u>\$ 11,895</u>	<u>\$ 14,124</u>
Total Deferred Inflows of Resources	<u>11,895</u>	<u>14,124</u>
Fund balance:		
Restricted for debt service	<u>140,007</u>	<u>142,607</u>
Total Fund Balance	<u>140,007</u>	<u>142,607</u>
TOTAL DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 151,902</u>	<u>\$156,731</u>

CITY OF LAKE DALLAS, TEXAS
DEBT SERVICE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2016

	<u>2015</u>	<u>2016</u>
REVENUES:		
Taxes:		
Property	\$ <u>501,416</u>	\$ <u>446,117</u>
TOTAL REVENUES	<u>501,416</u>	<u>446,117</u>
EXPENDITURES:		
Debt service:		
Principal retirement	325,000	280,000
Interest and fees	<u>175,482</u>	<u>163,517</u>
TOTAL EXPENDITURES	<u>500,482</u>	<u>443,517</u>
Excess of Revenues over Expenditures	<u>934</u>	<u>2,600</u>
Net change in fund balance	934	2,600
Fund balance, beginning of year	<u>139,073</u>	<u>140,007</u>
Fund balance, end of year	<u>\$ 140,007</u>	<u>\$ 142,607</u>

CITY OF LAKE DALLAS, TEXAS
 BUDGETARY COMPARISON SCHEDULE – DEBT SERVICE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Budgeted Amounts</u>		Actual Amounts (GAAP BASIS)	Variance With Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes (ad valorem, sales and other)	\$ 443,133	\$ 443,133	\$ 446,117	\$ 2,984
Total Revenues	<u>443,133</u>	<u>443,133</u>	<u>446,117</u>	<u>2,984</u>
Expenditures:				
Principal	280,000	280,000	280,000	-
Interest and fees	<u>163,534</u>	<u>163,534</u>	<u>163,517</u>	<u>17</u>
Total Expenditures	<u>443,534</u>	<u>443,534</u>	<u>443,517</u>	<u>17</u>
Net Change in Fund Balance	(401)	(401)	2,600	3,001
Fund Balance – October 1 (beginning)	<u>140,007</u>	<u>140,007</u>	<u>140,007</u>	<u>-</u>
Fund Balance – September 30 (ending)	<u>\$ 139,606</u>	<u>\$ 139,606</u>	<u>\$ 142,607</u>	<u>\$ 3,001</u>

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and City Council
City of Lake Dallas, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Lake Dallas, Texas, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise The City of Lake Dallas, Texas's basic financial statements, and have issued our report dated January 12, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hankins, Eastup, Deaton, Tonn & Seay

Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

January 12, 2017

STATISTICAL SECTION

CITY OF LAKE DALLAS, TEXAS
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Animal Control</u>	<u>Public Works - Streets</u>	<u>Municipal Court</u>	<u>Park and Recreation</u>	<u>Community Development</u>
2007	\$480,528	\$1,970,968	\$ 91,157	\$ 277,513	\$ 88,299	\$ 67,996	\$ 157,177
2008	576,333	2,161,490	78,823	315,978	100,778	82,536	169,529
2009	881,029	2,295,176	100,175	356,767	133,681	113,491	147,635
2010	978,718	2,484,940	121,518	316,898	131,070	132,459	150,471
2011	896,277	2,538,262	90,810	309,911	140,453	107,995	119,870
2012	921,854	2,455,426	88,492	311,391	152,134	93,881	128,455
2013	724,877	2,440,783	127,332	298,780	162,188	93,113	134,112
2014	593,199	2,456,186	149,482	261,144	159,238	74,610	192,819
2015	616,812	2,506,825	135,342	271,980	151,488	78,959	159,082
2016	643,477	2,546,566	134,568	473,678	156,230	146,940	169,953

<u>Library</u>	<u>Community Relations</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
\$ -	\$ 92,473	\$ 99,609	\$399,681	\$ 3,725,401
-	107,142	1,123,821	457,347	5,173,777
-	196,553	901,239	633,721	5,759,467
-	164,893	1,308,153	668,116	6,457,236
-	115,098	139,921	649,267	5,107,864
-	112,556	148,530	667,211	5,079,930
-	114,787	253,710	558,222	4,907,904
-	119,726	2,065,753	514,717	6,586,874
37,778	114,479	380,969	500,482	4,954,196
152,428	112,514	239,049	446,428	5,221,831

CITY OF LAKE DALLAS, TEXAS
GENERAL GOVERNMENTAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Special Assessments</u>	<u>License and Permits</u>	<u>Charges for Services</u>	<u>Court Fines</u>	<u>Interest</u>
2007	\$ 3,001,540	\$ 16,829	\$250,241	\$286,972	\$266,397	\$ 77,818
2008	3,115,718	23,575	340,429	249,418	385,709	69,498
2009	3,301,663	4,449	100,651	602,068	409,284	18,540
2010	3,274,471	1,993	121,455	830,574	546,534	2,001
2011	3,275,226	2,631	88,609	718,141	666,417	795
2012	3,534,748	238	68,353	712,799	702,786	1,116
2013	3,500,384	2,941	104,612	717,369	675,432	895
2014	3,539,885	3,146	252,109	2,442,787	785,608	529
2015	3,778,284	465	102,001	291,848	628,668	1,349
2016	3,895,843	4,150	125,013	287,364	560,921	8,024

<u>Grants</u>	<u>Miscellaneous</u>	<u>Total</u>
\$ -	\$ 37,571	\$3,937,368
4,932	26,924	4,216,203
8,423	16,210	4,461,288
12,164	22,589	4,811,781
51,700	28,463	4,831,982
7,550	21,631	5,049,221
10,850	4,806	5,017,289
18,413	4,640	7,047,117
12,738	14,462	4,829,815
110,509	52,212	5,044,036

This page left blank intentionally.

CITY OF LAKE DALLAS, TEXAS
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	(1)			Hotel	Mixed	Total
	<u>Property</u>	<u>Sales</u>	<u>Franchise</u>	<u>Occupancy</u>	<u>Beverage</u>	
2007	\$ 1,989,017	\$545,544	\$384,191	\$59,852	\$22,936	\$3,001,540
2008	2,131,332	553,255	345,823	61,239	24,069	3,115,718
2009	2,355,945	506,808	363,508	52,449	22,953	3,301,663
2010	2,384,613	496,635	338,783	34,603	19,837	3,274,471
2011	2,341,696	516,425	350,045	51,316	15,744	3,275,226
2012	2,397,494	662,826	412,124	49,456	12,848	3,534,748
2013	2,231,647	695,042	405,491	54,755	23,449	3,500,384
2014	2,363,878	701,241	386,766	69,982	18,018	3,539,885
2015	2,510,163	774,987	401,826	72,014	19,294	3,778,284
2016	2,528,297	880,781	393,831	73,259	19,675	3,895,843

(1) Includes penalties and interest.

CITY OF LAKE DALLAS, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>Total Levy</u>	<u>Current Tax Collections</u>	<u>Percentage Of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio Of Total Collections To Levy</u>
2007	\$1,938,669	\$1,904,807	98.25%	\$50,893	\$1,955,700	100.88%
2008	2,121,104	2,082,593	98.18	26,978	2,109,571	99.46
2009	2,334,122	2,301,094	98.58	30,267	2,331,361	99.88
2010	2,377,828	2,349,084	98.79	11,158	2,360,242	99.26
2011	2,317,805	2,287,698	98.70	26,824	2,314,522	99.86
2012	2,362,226	2,336,365	98.90	27,584	2,363,949	100.07
2013	2,326,050	2,308,038	99.22	(2,170)	2,305,868	99.13
2014	2,341,912	2,323,470	99.21	15,981	2,339,451	99.89
2015	2,494,907	2,469,998	99.00	14,017	2,484,015	99.56
2016	2,531,786	2,503,074	98.87	12,260	2,515,334	99.35

<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Levy</u>
\$117,078	6.04%
78,473	3.70
86,613	3.71
86,276	3.63
81,789	3.53
77,212	3.27
72,259	3.11
70,349	3.00
79,858	3.20
95,117	3.76

CITY OF LAKE DALLAS, TEXAS
RATIO TO ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL LONG-TERM DEBT
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES (1)
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest and Fees</u>	<u>Total Debt Service</u>	<u>Total (1) Governmental Expenditures</u>	<u>Ratio of Debt Service to Total General Governmental Expenditures</u>
2007	\$220,967	\$178,714	\$399,681	\$3,725,401	10.73%
2008	228,881	172,019	400,900	4,184,396	9.58
2009	315,066	288,655	603,721	4,930,382	12.25
2010	390,000	276,024	666,024	5,588,216	11.92
2011	385,000	251,571	636,571	5,107,864	12.46
2012	400,000	237,211	637,211	5,079,930	12.54
2013	310,000	224,139	534,139	4,907,904	10.88
2014	315,000	186,995	501,995	6,586,874	7.62
2015	325,000	175,482	500,482	4,954,196	10.10
2016	280,000	166,428	446,428	5,221,831	8.55

(1) Excludes Capital Projects Fund.