

---

**CITY OF LAKE DALLAS, TEXAS**

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS REPORT

SEPTEMBER 30, 2009

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 Assets.....	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 Assets.....	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
Notes to Financial Statements.....	22
Required Supplementary Information:	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund .....	38
Combining and Individual Fund Statements and Schedules:	
General Fund:	
Comparative Balance Sheets .....	40
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances.....	41
Statement of Revenues – Budget and Actual.....	42
Statement of Expenditures by Department – Budget and Actual.....	43
Special Revenue Fund:	
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	52
Debt Service Fund:	
Comparative Balance Sheet.....	56
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances.....	57
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund.....	58

CITY OF LAKE DALLAS, TEXAS  
TABLE OF CONTENTS-Continued

Page No.

Independent Auditor's Report on Compliance and Internal Control over Financial Reporting based on an Audit of General Purpose Financial Statements Performed in Accordance with <u>Government Auditing Standards</u> .....	59
---	----

**STATISTICAL SECTION:**

General Governmental Expenditures by Function .....	62
General Governmental Revenues by Sources .....	64
General Governmental Tax Revenues by Source.....	67
Property Tax Levies and Collections.....	68
Ratio of Annual Debt Service Expenditures for General Long-Term Debt to Total General Governmental Expenditures .....	70
Texas Municipal Retirement System Supplementary Information Analysis of Funding Progress .....	71

**INDEPENDENT AUDITORS' REPORT**

Honorable Mayor and Members of the City Council  
City of Lake Dallas

Members of the Council:

We have audited the accompanying financial statements of the governmental activities, discretely presented component units, and each major fund of the City of Lake Dallas, Texas ("City") as of and for the year ended September 30, 2009, which collectively comprises the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City as of September 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying management's discussion and analysis on pages 5 through 11 is not a required part of the basic financial statements but is supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have issued a report dated January 4, 2010, on our consideration of the City's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the City of Lake Dallas's basic financial statements. The combining and individual fund statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

*Hankins, Eastup, Deaton, Tonn & Seay*

Hankins, Eastup, Deaton, Tonn & Seay  
A Professional Corporation  
Certified Public Accountants

January 4, 2010

**MANAGEMENT'S DISCUSSION & ANALYSIS**

This page left blank intentionally.

CITY OF LAKE DALLAS, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2009

---

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, 2009. We encourage readers to consider the information presented here in conjunction with the City's basic financial statements.

**Financial Highlights**

- The assets of the City of Lake Dallas exceeded its liabilities at September 30, 2009 by \$1,725,661. Of this amount, \$143,278 may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets decreased by \$1,418,939.
- As of September 30, 2009, the City of Lake Dallas's governmental funds reported combined ending fund balances of \$1,357,493, a decrease of \$1,195,560 in comparison with the beginning of the period. Approximately 11 percent of this total amount, \$156,569, is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current period, the general fund fund balance of \$243,800 amounted to 6 percent of total general fund expenditures.

**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 Economic Development Corporation, which was formed on January 1, 2003 as the result of a successful 4A sales tax election and the Lake Dallas Community Development Corporation, which was formed on January 1, 2003 as the result of a successful 4B sales tax election.

**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 assets presents information on all of the City of Lake Dallas's assets and liabilities, with the difference between the two reported as net assets. Over time, increase or decreases in net assets 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 assets 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 assets 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.

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

CITY OF LAKE DALLAS, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2009

---

- **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 Assets 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 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, debt service fund and capital projects fund, each of which 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, 2009

**Government-wide Financial Analysis**

The City's combined net assets were \$1,725,661 as of September 30, 2009. 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 assets (Table 1) and general revenues (Table 2) and changes in net assets (Table 3) of the City's governmental activities.

The largest portion of the City's net assets 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 Assets

	Governmental Activities	
	2008	2009
Current and other assets	\$2,989,946	\$1,699,096
Capital assets	<u>6,444,186</u>	<u>6,998,690</u>
Total assets	<u>9,434,132</u>	<u>8,697,786</u>
Long-term liabilities outstanding	5,908,146	6,759,704
Other liabilities	<u>381,386</u>	<u>212,421</u>
Total liabilities	<u>6,289,532</u>	<u>6,972,125</u>
Net assets:		
Invested in capital assets, net of related debt	536,040	468,690
Restricted	1,869,734	1,113,693
Unrestricted	<u>738,826</u>	<u>143,278</u>
Total net assets	<u>\$3,144,600</u>	<u>\$1,725,661</u>

**Governmental Activities.** The City's general revenues for governmental activities for the years ended September 30, 2008 and 2009 are detailed below (Table 2).

Table 2  
General Revenues

	2008	2009
Property taxes, levied for general purposes	\$1,737,070	\$1,895,126
Property taxes, levied for debt service	388,403	471,837
Sales taxes	553,255	506,808
Franchise taxes	345,823	363,508
Hotel occupancy taxes	61,239	52,449
Mixed beverage taxes	24,069	22,953
Contributions from EDC/CDC	196,166	122,009
Investment earnings	69,498	18,540
Miscellaneous	<u>26,924</u>	<u>16,210</u>
	<u>\$3,402,447</u>	<u>\$3,469,440</u>

CITY OF LAKE DALLAS, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2009

The following table provides a summary of the City's operations for the years ended September 30, 2008 and 2009.

Table 3  
Changes in Net Assets

	Governmental Activities	
	2008	2009
Revenues:		
Program revenues:		
Charges for services	\$ 999,131	\$1,116,452
Operating grants and contributions	4,932	8,423
General revenues:		
Property taxes	2,125,473	2,366,963
Sales taxes	553,255	506,808
Franchise taxes	345,823	363,508
Hotel occupancy taxes	61,239	52,449
Mixed beverage taxes	24,069	22,953
Contributions from EDC/CDC	196,166	122,009
Investment earnings	69,498	18,540
Other	<u>26,924</u>	<u>16,210</u>
	<u>4,406,510</u>	<u>4,594,315</u>
Expenses:		
Administrative	616,866	904,369
Special events	106,606	195,638
Public safety	2,299,063	2,420,451
Animal control	81,976	116,957
Public works - streets	554,094	629,455
Municipal court	103,075	136,288
Parks and recreation	107,429	139,122
Community development	177,420	150,702
Debt service - interest	<u>225,655</u>	<u>255,998</u>
	<u>4,272,184</u>	<u>4,948,980</u>
Special items	11,205	(6,893)
Transfers in (out)	30,560	(1,057,381)
Change in net assets	176,091	(1,418,939)
Net assets – October 1 (beginning)	<u>2,968,509</u>	<u>3,144,600</u>
Net assets – September 30 (ending)	<u>\$3,144,600</u>	<u>\$1,725,661</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, unreserved 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, 2009

---

As of the end of the current period, the City's governmental funds reported combined ending fund balances of \$1,357,493, a decrease of \$1,195,560 in comparison with the beginning of the period. Approximately 11 percent of this total amount (\$156,569) constitutes unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed, 1) to pay for capital improvements (\$945,239), 2) to liquidate prepaid items (\$87,231), and 3) for other miscellaneous restrictions (\$168,454).

The general fund is the chief operating fund of the City. At the end of the current period, unreserved fund balance of the general fund totaled \$156,569, while total fund balance was \$243,800. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 3.72 percent of total general fund expenditures, while total fund balance represents 5.80 percent of that same amount. The fund balance of the City's general fund decreased by \$569,295 during the current period.

**General Fund Budgetary Highlights**

During the current year, the City Council of the City of Lake Dallas amended the budget for the General Fund on one occasion.

The amended budget for the general fund reflected that the activity for the year would decrease available fund balance by \$128,514. The available fund balance for the general fund actually decreased in the amount of \$569,295. This decrease was due primarily to lower building permit and tax revenue received than had been budgeted.

**Capital Asset and Debt Administration**

**Capital Assets.** The City's investment in capital assets for its governmental activities as of September 30, 2009, amount to \$6,998,690 (net of accumulated depreciation). This amount represents a net increase of \$554,504, or 8.6 percent, above 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 included the following:

<u>Description</u>	<u>Amount</u>
Street rehabilitation projects	\$ 399,443
Initial costs on parks projects	93,315
Final costs on new animal shelter	302,981
Two police vehicles	55,770
Tornado chipper	33,715
Police vehicle recording systems	33,030
Total	<u>\$ 918,254</u>

CITY OF LAKE DALLAS, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2009

---

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

---

	<u>Governmental Activities</u>
Land	\$ 331,779
Buildings and Improvements	2,477,912
Streets and Parks Infrastructure	3,452,015
Equipment and Vehicles	451,718
Construction in Progress	<u>285,266</u>
Totals	<u>\$6,998,690</u>

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 \$4,355,000, accrued compensated absences of \$229,704 and general obligation bonds outstanding of \$2,175,000, for total long-term debt of \$6,759,704.

The City's total debt increased by \$851,558 during the current period or 14%, primarily due to the issuance of \$1,160,000 certificates of obligation. 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**

FY 2009 turned out to be a difficult financial year for Lake Dallas. Several revenue categories were down due to the economy while emergency needs pushed the budget envelope. Interestingly the revenues for FY 2009 compared to 2008 were significantly higher in many categories including Property Tax, Franchise Fees and Court Fines. Unfortunately the severe drops in Building Permits, both Budgeted amount and compared to 2008, and drops in Hotel Occupancy Tax, Sales Tax almost offset those gains. The point being that especially with Property Tax and Court Fines these are two of the major revenue generators and they held strong in the face of a down economy and that bodes well for the future. Building Permits, Sales Taxes and Hotel Occupancy Taxes will recover as the economy improves. The end result for the FY2009 budget year was that in order to meet the City's obligations and emergency needs the cash reserves were reduced.

Because FY 2009 was a strong year for Property Tax and Assessments the City Council was able to keep the tax rate at the same level--\$0.71. This was done with the expectation that some of the underperforming revenue categories would rebound during this FY—Building Permits and Sale Taxes primarily—and to an increase in Court fines due to raises in the Court fine structure and to the addition of two new patrol officers and an increase in ticket revenue as a result. This property value increase small just over 1% but considering that many jurisdiction were faced with 3 and 4 % losses in value this was a huge plus for Lake Dallas. In addition several construction projects came on line for tax purposes—the HVAC building and 30 new residences in the Oaks at North Lakeview subdivision were the principle additions.

CITY OF LAKE DALLAS, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2009

---

In FY 2010 the full impact of the Quik Trip business plus the reoccupancy of four restaurants coupled with a revived economy ought to bring increases to normal levels in Sales Taxes and Building Permits. There are three major commercial projects that will pull building permits this year—Daniels Air Conditioning, Sonic Drive-In and Swisher Courts and these will have significant impacts on revenues. Once completed, these three projects will also have impacts on the Sales Tax revenues. A final revenue source that went absent in FY 2009 was the payment from the EDC for the 2008 Bond expenses, the EDC budgeted this expense but with the drop in revenues was unable to pay this \$80,000 amount.

In terms of expenses the departments did a great job of keeping expenses in line and without several emergency or unplanned road and storm water improvements the budgeted expenses would have been in line.

**Current Projects:**

- Daniels Air Conditioning has received Site Plan approval and is working toward submitting building permit information. Construction should begin by March.
- The Oaks at North Lakeview had only 6 homes left to be built at the end of FY 2009 and these are all under construction; a new subdivision on Harbourtown Drive will ultimately have 12 new homes and two are built and occupied.
- Sonic Drive-In rebuilding project will commence in February and be completed in two months and while not a new business the make over should improve sales.
- Swisher Courts an indoor volleyball, basketball, soccer and football venue will begin construction in March/April and be open for business in the summer.
- The EDC has let the contract for the construction of the connection with Swisher Road to Lakeview including improvements to the north section of Lakeview as well.

**Future Projects:**

- Video Plus is designing a 36,000 square foot office building on their property;
- The 13 acre site occupied by Unified Aircraft Services on Swisher Road is available and is being evaluated by the City as a site for a mixed use development, hopefully tied in with the DCTA rail transit facility.
- A 12-acre site adjacent to the railroad near Main Street is being marketed for development.

The EDC and CDC continue to support local business improvement projects and other community improvement projects that will enhance the City in several ways including quality of life, transportation improvements, business environment (Main Street) and parks 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 ASSETS  
SEPTEMBER 30, 2009

	<u>Primary Government</u>	<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Economic Development Corporation</u>	<u>Community Development Corporation</u>
<b>ASSETS</b>			
Cash and Investments	\$1,384,975	\$ 90,844	\$1,133,748
Receivables (net of allowance for uncollectibles):			
Taxes – Ad Valorem	67,341	-	-
Taxes – Sales	34,014	17,007	17,007
Taxes- Occupancy	3,394	-	-
Taxes – Mixed Beverage	5,944	-	-
Other	11,359	-	-
Prepaid Costs	87,231	1,255	-
Internal Balances	1,605	(1,226)	(379)
Debt Issuance Costs, net	103,233	-	-
Capital Assets:			
Land	331,779	518,535	-
Buildings and Improvements, net	2,477,912	-	-
Streets and Parks Infrastructure, net	3,452,015	-	-
Equipment and Vehicles, net	451,718	-	-
Construction in Progress	<u>285,266</u>	<u>-</u>	<u>-</u>
Total Assets	<u>8,697,786</u>	<u>626,415</u>	<u>1,150,376</u>
<b>LIABILITIES</b>			
Accounts Payable	5,982	3,920	32,523
Accrued Wages Payable	56,740	-	-
Accrued Interest Payable	41,392	-	-
State Court Costs Payable	48,803	-	-
Other Liabilities	3,779	-	-
Deferred Revenues	55,725	-	-
Noncurrent Liabilities:			
Due within one year	365,000	48,724	-
Due in more than one year	<u>6,394,704</u>	<u>302,621</u>	<u>-</u>
Total Liabilities	<u>6,972,125</u>	<u>355,265</u>	<u>32,523</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt	468,690	167,190	-
Restricted for:			
Capital Improvements	945,239	-	-
Community Development	-	-	1,117,853
Economic Development	-	103,960	-
Court Security and Technology	35,112	-	-
Police Department	93,604	-	-
Other Purposes	39,738	-	-
Unrestricted Net Assets	<u>143,278</u>	<u>-</u>	<u>-</u>
Total Net Assets	<u>\$1,725,661</u>	<u>\$ 271,150</u>	<u>\$1,117,853</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, 2009

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
<b>GOVERNMENTAL ACTIVITIES:</b>			
General Government	\$ 904,369	\$ 360,972	\$ -
Special Events	195,638	50,766	-
Public Safety	2,420,451	360,599	3,706
Animal Control	116,957	5,189	4,717
Public Works - Streets	629,455	-	-
Municipal Court	136,288	136,288	-
Parks and Recreation	139,122	4,449	-
Community Development	150,702	198,189	-
Debt Service - Interest	<u>255,998</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>4,948,980</u>	<u>1,116,452</u>	<u>8,423</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b><u>\$4,948,980</u></b>	<b><u>\$1,116,452</u></b>	<b><u>\$ 8,423</u></b>
<b>COMPONENT UNITS:</b>			
Economic Development Corporation	\$ 155,011	\$ -	\$ -
Community Development Corporation	<u>264,609</u>	<u>-</u>	<u>-</u>
<b>TOTAL COMPONENT UNITS</b>	<b><u>\$ 419,620</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

**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
- Contributions from EDC/CDC
- Miscellaneous

- Transfers in (out)
- Special item – loss on disposition of assets
- Total General Revenues and Special Items

Change in Net Assets

NET ASSETS, October 1 (beginning)

NET ASSETS, September 30 (ending)

The accompanying Notes are an integral part of this statement.

Net (Expense) Revenue and  
Change in Net Assets

Governmental Activities	Component Units	
	Economic Development Corp	Community Development Corp
\$ (543,397)	\$ -	\$ -
(144,872)	-	-
(2,056,146)	-	-
(107,051)	-	-
(629,455)	-	-
-	-	-
(134,673)	-	-
47,487	-	-
(255,998)	-	-
<u>(3,824,105)</u>	<u>-</u>	<u>-</u>
(3,824,105)	-	-
-	(155,011)	-
<u>-</u>	<u>-</u>	<u>(264,609)</u>
<u>-</u>	<u>(155,011)</u>	<u>(264,609)</u>
1,895,126	-	-
471,837	-	-
506,808	253,404	253,404
363,508	-	-
52,449	-	-
22,953	-	-
18,540	357	817
122,009	-	-
16,210	-	-
(1,057,381)	6,944	1,050,437
(6,893)	-	-
<u>2,405,166</u>	<u>260,705</u>	<u>1,304,658</u>
(1,418,939)	105,694	1,040,049
<u>3,144,600</u>	<u>165,456</u>	<u>77,804</u>
<u>\$1,725,661</u>	<u>\$ 271,150</u>	<u>\$1,117,853</u>

CITY OF LAKE DALLAS, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2009

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>					
Cash and investments	\$271,282	\$168,454	\$ -	\$ 945,239	\$1,384,975
Receivables (net of allowances for uncollectibles):					
Ad Valorem tax	55,474	-	11,867	-	67,341
Sales tax	34,014	-	-	-	34,014
Occupancy tax	3,394	-	-	-	3,394
Mixed beverage tax	5,944	-	-	-	5,944
Other	11,359	-	-	-	11,359
Due from EDC/CDC	1,605	-	-	-	1,605
Prepaid costs	<u>87,231</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,231</u>
Total Assets	<u>\$470,303</u>	<u>\$168,454</u>	<u>\$ 11,867</u>	<u>\$ 945,239</u>	<u>\$1,595,863</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 5,982	\$ -	\$ -	\$ -	\$ 5,982
Accrued wages payable	56,740	-	-	-	56,740
State court costs payable	48,803	-	-	-	48,803
Other liabilities	3,779	-	-	-	3,779
Deferred revenues	<u>111,199</u>	<u>-</u>	<u>11,867</u>	<u>-</u>	<u>123,066</u>
Total Liabilities	<u>226,503</u>	<u>-</u>	<u>11,867</u>	<u>-</u>	<u>238,370</u>
<b>Fund Balances:</b>					
Reserved for prepaid costs	87,231	-	-	-	87,231
Reserved for construction	-	-	-	945,239	945,239
Other reserves	-	168,454	-	-	168,454
Undesignated	<u>156,569</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>156,569</u>
Total Fund Balances	<u>243,800</u>	<u>168,454</u>	<u>-</u>	<u>945,239</u>	<u>1,357,493</u>
Total Liabilities and Fund Balances	<u>\$470,303</u>	<u>\$168,454</u>	<u>\$ 11,867</u>	<u>\$ 945,239</u>	<u>\$1,595,863</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 ASSETS  
SEPTEMBER 30, 2009

---

**Total Fund Balances – Governmental Funds** \$1,357,493

Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the period, the cost of these assets was \$9,070,007 and the accumulated depreciation was \$2,625,821. In addition, long-term liabilities of \$5,908,146 are not due and payable in the current period, and therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net assets. 536,040

Current period capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the current period capital outlays and debt principal payments is to increase net assets. 1,216,305

The current period depreciation expense increases accumulated depreciation. The net effect of the current period's depreciation is to decrease net assets. (461,851)

Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, removing the basis of capital assets sold and recognizing the liabilities associated with accrued interest and compensated absences. The net effect of these reclassifications and recognitions is to decrease net assets. (922,326)

**Net Assets of Governmental Activities** \$1,725,661

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, 2009

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
Revenues:					
Taxes (ad valorem, sales and other)	\$2,832,685	\$ -	\$ 468,978	\$ -	\$3,301,663
Special assessments	4,449	-	-	-	4,449
Licenses and permits	100,651	-	-	-	100,651
Charges for services	494,922	107,146	-	-	602,068
Fines and fees	362,240	47,044	-	-	409,284
Donations and grants	-	8,423	-	-	8,423
Interest	7,030	-	-	11,510	18,540
Utilities settlement	6,102	-	-	-	6,102
Miscellaneous revenues	10,108	-	-	-	10,108
Total Revenues	<u>3,818,187</u>	<u>162,613</u>	<u>468,978</u>	<u>11,510</u>	<u>4,461,288</u>
Expenditures:					
General government	881,029	-	-	-	881,029
Special events	132,755	63,798	-	-	196,553
Public safety	2,286,834	8,342	-	-	2,295,176
Animal control	94,659	5,516	-	-	100,175
Public works – streets	356,767	-	-	-	356,767
Municipal court	112,155	21,526	-	-	133,681
Parks and recreation	99,127	14,364	-	-	113,491
Community development	147,635	-	-	-	147,635
Capital outlay	91,765	10,389	-	799,085	901,239
Debt service:					
Principal retirement	-	-	315,066	-	315,066
Interest, fees and issuance costs	-	-	288,655	30,000	318,655
Total Expenditures	<u>4,202,726</u>	<u>123,935</u>	<u>603,721</u>	<u>829,085</u>	<u>5,759,467</u>
Excess of Revenues Over (Under) Expenditures	<u>(384,539)</u>	<u>38,678</u>	<u>(134,743)</u>	<u>(817,575)</u>	<u>(1,298,179)</u>
Other Resources (Uses):					
Certificates of obligation proceeds	-	-	-	1,160,000	1,160,000
Transfers in	-	129,776	134,743	-	264,519
Transfers out	<u>(184,756)</u>	<u>-</u>	<u>-</u>	<u>(1,137,144)</u>	<u>(1,321,900)</u>
Total Other Resources (Uses)	<u>(184,756)</u>	<u>129,776</u>	<u>134,743</u>	<u>22,856</u>	<u>102,619</u>
Net Change in Fund Balance	(569,295)	168,454	-	(794,719)	(1,195,560)
Fund Balances - October 1 (beginning)	<u>813,095</u>	<u>-</u>	<u>-</u>	<u>1,739,958</u>	<u>2,553,053</u>
Fund Balance - September 30 (ending)	<u>\$ 243,800</u>	<u>\$168,454</u>	<u>\$ -</u>	<u>\$ 945,239</u>	<u>\$1,357,493</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, 2009

---

**Total Net Change in Fund Balances – Governmental Funds** \$(1,195,560)

Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the capital outlays and debt principal payments is to increase net assets. 1,216,305

Deprecation 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 period's depreciation is to decrease net assets. (461,851)

Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, removing the basis of capital assets sold and recognizing the liabilities associated with accrued interest and compensated absences. The net effect of these reclassifications and recognitions is to decrease net assets. (977,833)

**Change in Net Assets of Governmental Activities** \$(1,418,939)

The accompanying Notes are an integral part of this statement.

CITY OF LAKE DALLAS, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

---

**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 provides 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, 2009

---

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, 2009 has two discretely presented component units as defined by GASB criteria, the Lake Dallas Economic Development Corporation and the Lake Dallas Community Development Corporation. Separately-issued financial statements for each of these component units 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 Assets and the Statement of Changes in Net Assets) 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, 2009

---

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 principal and paying interest due.

*Capital Projects Fund* – The Capital Projects Funds accounts for proceeds from the sale of bonds to be used for authorized acquisition, construction, or renovation projects. Upon completion of a project, any unused bond proceeds are transferred to the Debt Service Fund and are used to retire related bond principal.

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.

**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, 2009

---

**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 deferred 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	7 years

CITY OF LAKE DALLAS, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

---

**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.

**J. Reserves and Designations**

Reserves on fund balance in the fund financial statements indicate portions of fund equity legally segregated for a specific future use. At September 30, 2009, the City's fund balances were reserved for the following purposes:

- Reserve for prepaid costs represents that portion of fund balance already disbursed on expenditures that relate to a subsequent fiscal year.
- Reserve for court security represents that portion of fund balance legally restricted for court security costs.
- Reserve for court technology represents that portion of fund balance legally restricted for court technology costs.
- Reserve for child safety represents that portion of fund balance legally restricted for child safety costs.
- Reserve for juvenile case management represents that portion of fund balance legally restricted for juvenile case management costs.
- Reserve for Willow Grove Park fees represents that portion of fund balance generated from Willow Grove Park camping permits and legally restricted for Willow Grove Park costs.
- Reserve for Kid-N-Cops represents that portion of fund balance received from donors for the Kids-N-Cops program.
- Reserve for animal rescue represents that portion of fund balance received from donors for the animal rescue program.
- Reserve for LEOSE represents that portion of fund balance legally restricted for police training.
- Reserve for VSC auction represents that portion of fund balance generated from providing police services for entities disposing of impounded and abandoned vehicles, and legally restricted for police department costs.
- Reserve for police technology donations represents that portion of fund balance received from donors for police equipment.
- Reserve for police seizure funds represents that portion of fund balance generated from court seizure of funds related to drug cases, and legally restricted for police department costs.
- Reserve for economic development represents the fund balance of the Lake Dallas Economic Development Corporation.
- Reserve for community development represents the fund balance of the Lake Dallas Community Development Corporation.

Designations indicate portions of fund equity which are designated by the City Council for a specific future use but are not legally restricted. At September 30, 2009, the City had no designated fund balances.

CITY OF LAKE DALLAS, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

---

**K. 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.

**L. Net Assets**

Net assets represents the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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 assets are 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.

**M. 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. The 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.

**1. Cash Deposits:**

At September 30, 2009, the carrying amount of the City's deposits in checking accounts and interest-bearing savings accounts was \$5,262 and the bank balance was \$166,843. The City's cash deposits at September 30, 2009 were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

CITY OF LAKE DALLAS, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

---

**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, 2009, the City's cash balances totaled \$166,843. 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, 2009, the City held all of its investments in three public funds investment pools – Texpool, TexStar 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 credit quality rating for LOGIC at year-end was AAA (Standard & Poor's) and for TexPool and TexStar were AAAM (Standard & Poor's).
- d. **Interest Rate Risk:** This is the risk that changes in interest rates will adversely affect the fair value of an investment. The City 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, TexStar 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, 2009, the City was not exposed to foreign currency risk.

CITY OF LAKE DALLAS, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

- 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, 2009 are shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Market Value</u>
TexPool Investment Pool	\$ 100,096	\$ 100,096
LOGIC Investment Pool	327,070	327,070
TexStar Investment Pool	<u>945,531</u>	<u>945,531</u>
Total	<u>\$1,372,697</u>	<u>\$1,372,697</u>

**3. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

- A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The details of this \$1,216,305 adjustment are as follows:

Current year capital outlay	\$ 901,239
Bond principal payments	115,000
Cert. of obligation principal payments	150,000
Equipment finance loan principal payments	<u>50,066</u>
Net adjustment	<u>\$1,216,305</u>

Another element of that reconciliation state that: "Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest." The details of this \$(922,326) adjustment are as follows:

Certificate of obligation proceeds	\$(1,160,000)
Deferred tax revenue recognized as revenue	67,341
Accrued interest payable on long-term debt	(41,392)
Increase in accrued compensated absences	(6,624)
Capital outlay contributed by EDC/CDC	122,009
Capitalized debt issuance costs	107,345
Amortization of debt issuance costs	(4,112)
Book value of capital assets disposed	<u>(6,893)</u>
Net adjustment	<u>\$ (922,326)</u>

CITY OF LAKE DALLAS, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities: One element of that reconciliation explains that "various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting.

These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest." The details of this \$(977,833) adjustment are as follows:

Certificates of obligation proceeds	\$(1,160,000)
Current year change in deferred tax revenue	11,018
Decrease in accrued interest payable	36,769
Increase in accrued compensated absences	(6,624)
Capital outlay contributed by EDC/CDC	122,009
Capitalization of current year issuance costs	30,000
Amortization of debt issuance costs	(4,112)
Book value of capital assets disposed	<u>(6,893)</u>
Net adjustment	<u>\$ (977,833)</u>

**4. RECEIVABLES**

Government-wide receivables as of September 30, 2009, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service Fund	Total
Receivables:			
Property taxes	\$ 71,470	\$ 15,143	\$ 86,613
Sales taxes	34,014	-	34,014
Occupancy tax	3,394	-	3,394
Mixed beverage tax	5,944	-	5,944
Other	<u>11,359</u>	<u>-</u>	<u>11,359</u>
Gross Receivables	126,181	15,143	141,324
Less: Uncollectible allowance	<u>15,996</u>	<u>3,276</u>	<u>19,272</u>
Net Total Receivables	<u>\$110,185</u>	<u>\$ 11,867</u>	<u>\$122,052</u>

Governmental funds report deferred 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 deferred revenue reported in the governmental funds relates to delinquent property taxes.

**5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

There were no amounts due from and due to other funds at September 30, 2009.

CITY OF LAKE DALLAS, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

Fund transfers during the year include the following:

- Transfer of reserve funds from the general fund to the special revenue fund - \$129,776.
- Transfer of certificates of obligation proceeds from the capital projects fund to Lake Dallas Community Development Corporation, to fund the cost of the Willow Grove Park project - \$1,130,000.
- Transfer of certificates of obligation proceeds from the capital projects fund to Lake Dallas Economic Development Corporation, to fund the cost of a paving and drainage project - \$23,357.
- Transfers from Lake Dallas Community Development Corporation to the debt service fund, toward payment of long-term debt - \$82,063.
- Transfers from Lake Dallas Economic Development Corporation to the debt service fund, toward payment of long-term debt - \$16,413.

**6. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Land	\$ 331,779	\$ -	\$ -	\$ 331,779
Buildings and Improvements	2,231,728	769,149	(47,000)	2,953,877
Street and Parks Infrastructure	4,865,184	405,193	-	5,270,377
Equipment and Vehicles	1,048,816	156,140	-	1,204,956
Construction in Progress	<u>592,500</u>	<u>461,915</u>	<u>(769,149)</u>	<u>285,266</u>
Totals at historic cost	<u>9,070,007</u>	<u>1,792,397</u>	<u>(816,149)</u>	<u>10,046,255</u>
Less accumulated depreciation for:				
Buildings and Improvements	(445,648)	(70,424)	40,107	(475,965)
Street and Parks Infrastructure	(1,543,505)	(274,857)	-	(1,818,362)
Equipment and Vehicles	<u>(636,668)</u>	<u>(116,570)</u>	<u>-</u>	<u>(753,238)</u>
Total accumulated depreciation	<u>(2,625,821)</u>	<u>(461,851)</u>	<u>40,107</u>	<u>(3,047,565)</u>
Governmental activities capital assets, net	<u>\$6,444,186</u>	<u>\$1,330,546</u>	<u>\$ (776,042)</u>	<u>\$ 6,998,690</u>

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

Governmental Activities:	
General Government	\$ 31,880
Special Events	249
Public Safety	115,848
Animal Control	14,064
Public Works-Streets	271,838
Municipal Court	925
Parks and Recreation	24,152
Community Development	<u>2,895</u>
Total depreciation expense – Governmental activities	<u>\$461,851</u>

CITY OF LAKE DALLAS, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

**7. LONG TERM DEBT**

Long term debt of the City consists of two general obligation bond series, five 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, 2009:

<u>Description</u>	<u>Interest Rate Payable</u>	<u>Amounts Outstanding 10/01/08</u>	<u>Additions</u>	<u>Retired</u>	<u>Amounts Outstanding 09/30/09</u>	<u>Due Within One Year</u>
Bonded Indebtedness:						
1998 General Obligation	4.5-6.0%	\$1,290,000	\$ -	\$105,000	\$1,185,000	\$ 110,000
2008 General Obligation	4.21%	<u>1,000,000</u>	<u>-</u>	<u>10,000</u>	<u>990,000</u>	<u>35,000</u>
Total Bonded Indebtedness		<u>2,290,000</u>	<u>-</u>	<u>115,000</u>	<u>2,175,000</u>	<u>145,000</u>
Certificates of Obligation:						
2001 Series	4.875-5.0%	585,000	-	30,000	555,000	35,000
2006 Series	4.24%	1,525,000	-	55,000	1,470,000	60,000
2008 Series	4.204%	375,000	-	40,000	335,000	50,000
2008 A Series	4.199%	860,000	-	25,000	835,000	30,000
2009 Series	4.26%	<u>-</u>	<u>1,160,000</u>	<u>-</u>	<u>1,160,000</u>	<u>45,000</u>
Total Cert. of Obligation		<u>3,345,000</u>	<u>1,160,000</u>	<u>150,000</u>	<u>4,355,000</u>	<u>220,000</u>
Equipment Finance Loan:						
Northstar Bank	4.50%	<u>50,066</u>	<u>-</u>	<u>50,066</u>	<u>-</u>	<u>-</u>
Total Equipment Finance Loan		<u>50,066</u>	<u>-</u>	<u>50,066</u>	<u>-</u>	<u>-</u>
Compensated Absences		<u>223,080</u>	<u>6,624</u>	<u>-</u>	<u>229,704</u>	<u>-</u>
Total Long-Term Debt		<u>\$5,908,146</u>	<u>\$1,166,624</u>	<u>\$315,066</u>	<u>\$6,759,704</u>	<u>\$ 365,000</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.

CITY OF LAKE DALLAS, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

---

**8. DEBT SERVICE REQUIREMENTS TO MATURITY**

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

Year Ended September 30,	<u>Principal</u>	<u>Interest</u>	Total <u>Requirements</u>
2010	\$ 145,000	\$ 98,821	\$ 243,821
2011	150,000	92,288	242,288
2012	160,000	85,524	245,524
2013	165,000	78,140	243,140
2014	170,000	70,519	240,519
2015-2019	820,000	223,726	1,043,726
2020-2024	285,000	95,568	380,568
2025-2028	<u>280,000</u>	<u>30,103</u>	<u>310,103</u>
Total	<u>\$2,175,000</u>	<u>\$ 774,689</u>	<u>\$2,949,689</u>

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

Year Ended September 30,	<u>Principal</u>	<u>Interest</u>	Total <u>Requirements</u>
2010	\$ 220,000	\$ 180,746	\$ 400,746
2011	225,000	177,297	402,297
2012	230,000	167,598	397,598
2013	245,000	157,557	402,557
2014	250,000	146,986	396,986
2015-2019	1,165,000	577,251	1,742,251
2020-2024	1,170,000	316,209	1,486,209
2025-2029	<u>850,000</u>	<u>85,334</u>	<u>935,334</u>
Total	<u>\$4,355,000</u>	<u>\$1,808,978</u>	<u>\$6,163,978</u>

CITY OF LAKE DALLAS, TEXAS  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2009

---

**9. EMPLOYEE RETIREMENT PLAN**

**Plan Description**

The City provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8667; in addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).

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 2008	Plan Year 2009
Employee deposit rate	7.0%	7.0%
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

**Contributions**

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

CITY OF LAKE DALLAS, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation/(asset) are as follows:

1. Annual Required Contribution (ARC)	<u>\$177,521</u>
2. Annual Pension Cost (APC)	177,521
3. Contributions Made	<u>(177,521)</u>
4. Increase (decrease) in net pension obligation	-0-
5. Net Pension Obligation/(Asset), beginning of year	<u>-0-</u>
6. Net Pension Obligation/(Asset), end of year	<u>\$ -0-</u>

The required contribution rates for fiscal year 2009 were determined as part of the December 31, 2006 and 2007 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2008, also follows:

Valuation Date	<u>12/31/2006</u>	<u>12/31/2007</u>	<u>12/31/2008</u>
Actuarial Cost Method	Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining Amortization Period	25 years - open period	30 years - closed period	29 years - closed period
Asset Valuation Method	Amortized cost	Amortized cost	Amortized cost
Actuarial Assumptions:			
Investment Rate of Return*	7.0%	7.0%	7.5%
Projected Salary Increases*	Varies by age and service	Varies by age and service	Varies by age and service
* Includes Inflation at	3.00%	3.00%	3.00%
Cost-of-Living Adjustments	N/A	2.1%	2.1%

The funded status as of December 31, 2008, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2008	\$2,758,125	\$3,818,078	72.2%	\$1,059,953	\$1,747,708	60.6%

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

CITY OF LAKE DALLAS, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

---

**10. 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, 2009 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.

**11. 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.

**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF LAKE DALLAS, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Budgeted Amounts</u>		Actual Amounts (GAAP BASIS)	Variance With Final Budget
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes (ad valorem, sales and other)	\$2,966,100	\$2,966,100	\$2,832,685	\$(133,415)
Special assessments	10,000	10,000	4,449	(5,551)
Licenses and permits	202,700	202,700	100,651	(102,049)
Charges for services	589,530	589,530	494,922	(94,608)
Fines	315,000	315,000	362,240	47,240
Interest	21,300	21,300	7,030	(14,270)
Utilities settlement	10,000	10,000	6,102	(3,898)
Miscellaneous revenue	<u>1,850</u>	<u>1,850</u>	<u>10,108</u>	<u>8,258</u>
<b>Total Revenues</b>	<b><u>4,116,480</u></b>	<b><u>4,116,480</u></b>	<b><u>3,818,187</u></b>	<b><u>(298,293)</u></b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	889,133	889,133	881,029	8,104
Special events	135,523	135,523	132,755	2,768
Public safety	2,269,253	2,269,253	2,286,834	(17,581)
Animal control	84,522	84,522	94,659	(10,137)
Public works-streets	353,625	353,625	356,767	(3,142)
Municipal court	112,983	112,983	112,155	828
Parks and recreation	98,057	98,057	99,127	(1,070)
Community development	162,898	162,898	147,635	15,263
Capital Outlay	<u>139,000</u>	<u>139,000</u>	<u>91,765</u>	<u>47,235</u>
<b>Total Expenditures</b>	<b><u>4,244,994</u></b>	<b><u>4,244,994</u></b>	<b><u>4,202,726</u></b>	<b><u>42,268</u></b>
Excess of Revenues over Expenditures	<u>(128,514)</u>	<u>(128,514)</u>	<u>(384,539)</u>	<u>(256,025)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	<u>-</u>	<u>-</u>	<u>(184,756)</u>	<u>(184,756)</u>
<b>Total Other Financing Sources (Uses)</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(184,756)</u></b>	<b><u>(184,756)</u></b>
Net Change in Fund Balance	(128,514)	(128,514)	(569,295)	(440,781)
Fund Balance – October 1 (Beginning)	<u>813,095</u>	<u>813,095</u>	<u>813,095</u>	<u>-</u>
Fund Balance – September 30 (Ending)	<u>\$ 684,581</u>	<u>\$ 684,581</u>	<u>\$ 243,800</u>	<u>\$(440,781)</u>

**COMBINING & INDIVIDUAL FUND  
STATEMENTS & SCHEDULES**

CITY OF LAKE DALLAS, TEXAS  
GENERAL FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$271,282	\$831,377
Receivables:		
Ad valorem tax	55,474	47,315
Sales tax	34,014	38,012
Occupancy tax	3,394	17,014
Mixed beverage tax	5,944	6,363
Other	11,359	17,561
Due from EDC/CDC	1,605	2,710
Prepaid costs	<u>87,231</u>	<u>13,562</u>
TOTAL ASSETS	<u>\$470,303</u>	<u>\$973,914</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	\$ 5,982	\$ 32,916
Accrued wages payable	56,740	45,287
Court costs payable	48,803	28,768
Other liabilities	3,779	6,533
Deferred revenue	<u>111,199</u>	<u>47,315</u>
Total Liabilities	<u>226,503</u>	<u>160,819</u>
Fund Balance:		
Reserved	87,231	143,338
Undesignated	<u>156,569</u>	<u>669,757</u>
Total Fund Balance	<u>243,800</u>	<u>813,095</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$470,303</u>	<u>\$973,914</u>

CITY OF LAKE DALLAS, TEXAS

GENERAL FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES  
FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
REVENUES:		
Taxes:		
Property	\$1,886,967	\$1,742,332
Sales	506,808	553,255
Hotel occupancy tax	52,449	61,239
Mixed beverage	22,953	24,069
Franchise	363,508	345,823
Special assessments	4,449	23,575
License and permits	100,651	340,429
Charges for services	494,922	249,418
Fines	362,240	385,709
Donations	-	4,932
Interest	7,030	29,066
Utilities settlement	6,102	10,844
Miscellaneous	<u>10,108</u>	<u>16,080</u>
Total Revenues	<u>3,818,187</u>	<u>3,786,771</u>
EXPENDITURES:		
Current:		
General government	881,029	576,333
Special events	132,755	107,142
Public safety	2,286,834	2,161,490
Animal control	94,659	78,823
Public works – streets	356,767	315,978
Municipal court	112,155	100,778
Parks and recreation	99,127	82,536
Community development	147,635	169,529
Capital outlay	<u>91,765</u>	<u>190,887</u>
Total Expenditures	<u>4,202,726</u>	<u>3,783,496</u>
Excess of Revenues over (under) Expenditures	<u>(384,539)</u>	<u>3,275</u>
OTHER FINANCING SOURCES (USES):		
Sale of assets	-	11,205
Transfers in	-	98,128
Transfers out	<u>(184,756)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(184,756)</u>	<u>109,333</u>
Net Change in Fund Balance	(569,295)	112,608
Fund Balance - October 1 (Beginning)	<u>813,095</u>	<u>700,487</u>
Fund Balance - September 30 (Ending)	<u>\$ 243,800</u>	<u>\$ 813,095</u>

CITY OF LAKE DALLAS, TEXAS  
GENERAL FUND  
STATEMENT OF REVENUES  
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2009  
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2008

	2009		Variance Favorable (Unfavorable)	2008 Actual
	Budget	Actual		
Ad valorem tax	\$ 1,929,000	\$ 1,886,967	\$ (42,033)	\$ 1,742,332
Sales tax	600,000	506,808	(93,192)	553,255
Mixed beverage tax	24,000	22,953	(1,047)	24,069
Hotel occupancy tax	70,000	52,449	(17,551)	61,239
Franchise tax	343,100	363,508	20,408	345,823
Solid waste billings	300,000	244,067	(55,933)	-
Court fines and fees	315,000	362,240	47,240	385,709
Building permits	150,000	45,816	(104,184)	250,784
Park improvement fees	10,000	4,449	(5,551)	23,575
Other permits and fees	52,700	54,835	2,135	89,645
School resource officer reimbursements	24,000	21,761	(2,239)	21,405
Police auction fees	-	-	-	12,425
Rent - Lake Cities Library	37,080	37,080	-	36,000
Rent - fire station	37,080	33,990	(3,090)	25,355
Other rentals	5,800	5,535	(265)	4,735
Dispatch contract	-	-	-	7,083
Parks maintenance	20,800	-	(20,800)	-
Warrant service	34,000	23,390	(10,610)	31,104
Staff/office services - EDC/CDC	72,000	72,000	-	72,000
Donations	-	-	-	4,932
Interest earned	21,300	7,030	(14,270)	29,066
State police training funds	-	-	-	1,461
Mowing	1,000	1,144	144	-
Animal services	5,000	5,189	189	6,247
Utilites settlement	10,000	6,102	(3,898)	10,844
Special events	52,770	50,766	(2,004)	33,064
Other revenue	1,850	10,108	8,258	14,619
<b>TOTAL REVENUE</b>	<b><u>\$ 4,116,480</u></b>	<b><u>\$ 3,818,187</u></b>	<b><u>\$ (298,293)</u></b>	<b><u>\$ 3,786,771</u></b>

CITY OF LAKE DALLAS, TEXAS  
GENERAL FUND  
STATEMENT OF EXPENDITURES BY DEPARTMENT  
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2009  
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2008

	2009		Variance Favorable (Unfavorable)	2008 Actual
	Budget	Actual		
GENERAL GOVERNMENT:				
Personnel:				
Salaries	\$ 264,157	\$ 266,478	\$ (2,321)	\$ 209,853
Retirement	25,985	25,179	806	19,308
Longevity pay	1,782	1,782	-	1,566
Insurance	19,757	15,547	4,210	13,046
Payroll taxes	4,747	4,256	491	3,660
Total Personnel	<u>316,428</u>	<u>313,242</u>	<u>3,186</u>	<u>247,433</u>
Supplies, Repairs and Services:				
Insurance	32,000	29,885	2,115	32,174
Office expense	7,755	8,201	(446)	7,359
Operating supplies	2,500	3,281	(781)	2,265
Travel	2,500	2,067	433	2,421
Continuing education	6,600	6,400	200	1,641
Election expense	14,500	16,196	(1,696)	-
Ads and public notices	2,000	2,854	(854)	2,209
Publications	350	584	(234)	268
Printing	-	2,311	(2,311)	-
Dues and memberships	4,000	3,145	855	2,973
Postage	7,500	6,909	591	3,381
Telephone and utilities	65,300	49,537	15,763	65,879
Professional services	55,000	66,353	(11,353)	23,066
Solid waste billing	211,000	207,330	3,670	-
Tax appraisal/collection	24,000	17,344	6,656	21,665
Legal services	13,470	7,205	6,265	16,011
Council and committees	8,200	8,884	(684)	6,123
Maintenance and repair - building	16,500	23,021	(6,521)	30,942
Maintenance and repair - equipment	13,030	12,447	583	20,294
Equipment rental	6,500	6,788	(288)	6,128
Equipment supplies	-	7,045	(7,045)	6,824
Lake Cities Library	80,000	80,000	-	77,277
Total Supplies, Repairs and Services	<u>572,705</u>	<u>567,787</u>	<u>4,918</u>	<u>328,900</u>
 TOTAL GENERAL GOVERNMENT	 <u>889,133</u>	 <u>881,029</u>	 <u>8,104</u>	 <u>576,333</u>

CITY OF LAKE DALLAS, TEXAS  
GENERAL FUND  
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)  
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2009  
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2008

	2009		Variance Favorable (Unfavorable)	2008 Actual
	Budget	Actual		
<b>SPECIAL EVENTS:</b>				
Personnel:				
Salaries	\$ 51,578	\$ 53,450	\$ (1,872)	\$ 50,146
Retirement	5,276	4,334	942	4,137
Insurance	6,504	6,063	441	6,251
Payroll taxes	1,015	861	154	832
Total Personnel	<u>64,373</u>	<u>64,708</u>	<u>(335)</u>	<u>61,366</u>
Supplies, Repairs and Services:				
Supplies	500	572	(72)	496
Office expense	500	430	70	259
Travel	800	1,124	(324)	1,102
Continuing education	300	140	160	140
Printing	2,500	2,730	(230)	1,139
Advertising	6,000	4,118	1,882	6,417
Dues and memberships	350	135	215	135
Telephone	400	345	55	354
Fireworks contribution	25,000	24,500	500	-
Professional services	-	1,000	(1,000)	-
Community events	25,000	23,309	1,691	27,336
Rentals	9,500	9,504	(4)	8,398
Maintenance and repair - equipment	300	140	160	-
Total Supplies, Repairs and Services	<u>71,150</u>	<u>68,047</u>	<u>3,103</u>	<u>45,776</u>
			-	
<b>TOTAL SPECIAL EVENTS</b>	<u>135,523</u>	<u>132,755</u>	<u>2,768</u>	<u>107,142</u>

CITY OF LAKE DALLAS, TEXAS  
GENERAL FUND  
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)  
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2009  
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2008

	2009		Variance Favorable (Unfavorable)	2008 Actual
	Budget	Actual		
<b>PUBLIC SAFETY:</b>				
Police Department:				
Personnel:				
Salaries	\$ 973,444	\$ 1,045,474	\$ (72,030)	\$ 908,463
Retirement	100,045	107,689	(7,644)	85,890
Longevity pay	8,778	8,778	-	7,488
Insurance	139,516	134,880	4,636	123,984
Payroll taxes	19,510	15,495	4,015	15,276
Total Personnel	<u>1,241,293</u>	<u>1,312,316</u>	<u>(71,023)</u>	<u>1,141,101</u>
Supplies, Repairs and Services:				
Office expense	7,800	9,613	(1,813)	8,867
Supplies	7,800	7,918	(118)	10,605
Travel expense	2,500	1,329	1,171	1,812
Miscellaneous expense	600	78	522	303
Ads and public notices	2,000	949	1,051	1,856
Publications	1,800	487	1,313	660
Printing	3,000	60	2,940	3,127
Dues and memberships	500	437	63	170
Uniforms	4,000	1,647	2,353	3,389
Training	1,500	545	955	3,499
Telephone	8,000	7,257	743	7,095
Professional services	42,000	33,731	8,269	34,747
Detention expenses	3,000	1,477	1,523	2,282
K-9 support	1,500	510	990	1,383
Kids-N-Cops program	-	-	-	4,742
Maintenance and repair - building	-	-	-	1,926
Maintenance and repair - equipment	17,000	8,928	8,072	12,681
Maintenance and repair - vehicles	12,000	9,540	2,460	19,097
Gas and oil	43,500	25,245	18,255	36,581
Special programs	3,000	-	3,000	7,000
Rewards program	3,000	-	3,000	-
Equipment supplies	-	1,307	(1,307)	16,513
Total Supplies, Repairs and Services	<u>164,500</u>	<u>111,058</u>	<u>53,442</u>	<u>178,335</u>
Total Police Department	<u>1,405,793</u>	<u>1,423,374</u>	<u>(17,581)</u>	<u>1,319,436</u>

CITY OF LAKE DALLAS, TEXAS  
GENERAL FUND  
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)  
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2009  
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2008

	2009		Variance Favorable (Unfavorable)	2008 Actual
	Budget	Actual		
Fire Department:				
Contribution for services	\$ 863,460	\$ 863,460	\$ -	\$ 842,054
Total Fire Department	<u>863,460</u>	<u>863,460</u>	<u>-</u>	<u>842,054</u>
TOTAL PUBLIC SAFETY	<u>2,269,253</u>	<u>2,286,834</u>	<u>(17,581)</u>	<u>2,161,490</u>
ANIMAL CONTROL:				
Personnel:				
Salaries	54,188	59,660	(5,472)	50,693
Retirement	4,031	4,427	(396)	3,807
Insurance	7,972	6,995	977	7,468
Payroll taxes	2,181	1,938	243	1,615
Total Personnel	<u>68,372</u>	<u>73,020</u>	<u>(4,648)</u>	<u>63,583</u>
Supplies, Repairs and Services:				
Office expense	1,000	3,584	(2,584)	184
Supplies	5,000	10,680	(5,680)	2,389
Travel expense	150	-	150	101
Ads and public notices	250	303	(53)	291
Publications	100	-	100	-
Printing	300	-	300	-
Dues and memberships	50	-	50	-
Uniforms	400	-	400	263
Telephone	600	553	47	666
Professional services	500	463	37	473
Special events	300	-	300	-
Land lease	3,000	4,200	(1,200)	8,400
Maintenance and repair - building	1,000	109	891	158
Maintenance and repair - equipment	500	23	477	142
Maintenance and repair - vehicles	500	693	(193)	992
Gas and oil	2,500	1,031	1,469	1,181
Total Supplies, Repairs and Services	<u>16,150</u>	<u>21,639</u>	<u>(5,489)</u>	<u>15,240</u>
TOTAL ANIMAL CONTROL	<u>84,522</u>	<u>94,659</u>	<u>(10,137)</u>	<u>78,823</u>

CITY OF LAKE DALLAS, TEXAS  
GENERAL FUND  
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)  
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2009  
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2008

	2009		Variance Favorable (Unfavorable)	2008 Actual
	Budget	Actual		
<b>PUBLIC WORKS:</b>				
Street Department:				
Personnel:				
Salaries	\$ 139,888	\$ 144,474	\$ (4,586)	\$ 143,484
Retirement	14,550	15,129	(579)	12,876
Longevity pay	2,754	2,754	-	2,484
Insurance	30,174	26,515	3,659	29,869
Payroll taxes	2,859	1,281	1,578	2,158
Total Personnel	<u>190,225</u>	<u>190,153</u>	<u>72</u>	<u>190,871</u>
Supplies, Repairs and Services:				
Supplies	2,000	2,446	(446)	1,761
Advertising	500	-	500	487
Continuing education	500	115	385	105
Dues and memberships	200	115	85	115
Travel	-	39	(39)	-
Uniforms	2,600	1,964	636	1,637
Telephone	1,600	1,088	512	1,078
Street lighting	53,000	55,756	(2,756)	48,673
Professional services	500	843	(343)	1,849
Street signs	5,000	6,538	(1,538)	5,930
Maintenance and repair - building	500	151	349	224
Maintenance and repair - equipment	2,500	2,057	443	734
Maintenance and repair- vehicle	2,000	1,399	601	939
Maintenance - drainage	9,000	17,707	(8,707)	8,593
Maintenance - sidewalks	6,000	5,400	600	-
Maintenance - streets	68,000	65,786	2,214	43,215
Gas and oil	7,500	4,534	2,966	8,300
Equipment rental	2,000	676	1,324	1,467
Total Supplies, Repairs and Services	<u>163,400</u>	<u>166,614</u>	<u>(3,214)</u>	<u>125,107</u>
<b>TOTAL PUBLIC WORKS</b>	<u>353,625</u>	<u>356,767</u>	<u>(3,142)</u>	<u>315,978</u>

CITY OF LAKE DALLAS, TEXAS  
GENERAL FUND  
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)  
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2009  
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2008

	2009		Variance Favorable (Unfavorable)	2008 Actual
	Budget	Actual		
<b>MUNICIPAL COURT:</b>				
Personnel:				
Salaries	\$ 70,262	\$ 70,225	\$ 37	\$ 60,629
Retirement	5,644	5,708	(64)	4,987
Longevity pay	534	534	-	462
Insurance	6,270	6,220	50	6,470
Payroll taxes	2,518	2,354	164	1,114
Total Personnel	<u>85,228</u>	<u>85,041</u>	<u>187</u>	<u>73,662</u>
Supplies, Repairs and Services:				
Supplies	350	1,117	(767)	1,433
Travel	200	851	(651)	329
Continuing education	100	102	(2)	497
Advertising	200	73	127	185
Publications	1,200	2,160	(960)	1,030
Dues and memberships	105	200	(95)	140
Legal services	25,600	20,730	4,870	22,080
Maintenance and repair - equipment	-	1,881	(1,881)	1,422
Total Supplies, Repairs and Services	<u>27,755</u>	<u>27,114</u>	<u>641</u>	<u>27,116</u>
 TOTAL MUNICIPAL COURT	 <u>112,983</u>	 <u>112,155</u>	 <u>828</u>	 <u>100,778</u>
<b>PARKS AND RECREATION:</b>				
Personnel:				
Salaries	61,852	61,836	16	34,269
Retirement	5,668	6,382	(714)	3,117
Longevity	186	186	-	-
Insurance	14,663	14,854	(191)	6,841
Payroll taxes	1,438	994	444	622
Total Personnel	<u>83,807</u>	<u>84,252</u>	<u>(445)</u>	<u>44,849</u>

CITY OF LAKE DALLAS, TEXAS  
GENERAL FUND  
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)  
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2009  
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2008

	2009		Variance Favorable (Unfavorable)	2008 Actual
	Budget	Actual		
Supplies, Repairs and Services:				
Supplies	\$ -	\$ 26	\$ (26)	\$ 5,054
Advertising	-	-	-	2,100
Dues and memberships	-	-	-	505
Telephone	850	637	213	393
Uniforms	650	1,305	(655)	457
Equipment rental	3,000	3,904	(904)	3,514
Park utilities	-	-	-	6,831
Park maintenance	2,000	628	1,372	3,341
Sign maintenance	200	1,880	(1,680)	302
Professional services	-	-	-	35
Gas and oil	4,000	3,593	407	4,218
Maintenance and repair - equipment	1,800	1,968	(168)	2,952
Maintenance and repair - vehicle	1,000	934	66	535
Equipment supplies	750	-	750	7,450
Total Supplies, Repairs and Services	<u>14,250</u>	<u>14,875</u>	<u>(625)</u>	<u>37,687</u>
TOTAL PARKS AND RECREATION	<u>98,057</u>	<u>99,127</u>	<u>(1,070)</u>	<u>82,536</u>
COMMUNITY DEVELOPMENT:				
Personnel:				
Salaries	88,604	87,979	625	81,793
Retirement	9,130	8,672	458	7,759
Longevity pay	552	552	-	384
Insurance	12,152	12,451	(299)	12,860
Payroll taxes	1,825	1,421	404	1,421
Total Personnel	<u>112,263</u>	<u>111,075</u>	<u>1,188</u>	<u>104,217</u>

CITY OF LAKE DALLAS, TEXAS  
GENERAL FUND  
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)  
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2009  
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2008

	2009		Variance Favorable (Unfavorable)	2008 Actual
	Budget	Actual		
Supplies, Repairs and Services:				
Supplies	\$ 650	\$ 412	\$ 238	\$ 428
Travel	1,000	478	522	529
Continuing education	1,000	509	491	379
Advertising	400	391	9	355
Publications	450	153	297	322
Dues and memberships	250	186	64	332
Telephone	875	686	189	739
Professional services	42,750	30,414	12,336	59,619
Maintenance and repair - equipment	2,210	2,700	(490)	1,800
Maintenance and repair - vehicles	250	364	(114)	2
Gas and oil	800	267	533	257
Equipment supplies	-	-	-	550
Total Supplies, Repairs and Services	<u>50,635</u>	<u>36,560</u>	<u>14,075</u>	<u>65,312</u>
 TOTAL COMMUNITY DEVELOPMENT	 <u>162,898</u>	 <u>147,635</u>	 <u>15,263</u>	 <u>169,529</u>
 CAPITAL OUTLAY:				
Capital outlay - building	-	-	-	116,882
Capital outlay - equipment	85,000	35,995	49,005	47,289
Capital outlay - vehicles	54,000	55,770	(1,770)	26,716
 TOTAL CAPITAL OUTLAY	 <u>139,000</u>	 <u>91,765</u>	 <u>47,235</u>	 <u>190,887</u>
 TOTAL EXPENDITURES	 <u>\$ 4,244,994</u>	 <u>\$ 4,202,726</u>	 <u>\$ 42,268</u>	 <u>\$ 3,783,496</u>

This page left blank intentionally.

CITY OF LAKE DALLAS, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Court Technology Fund</u>	<u>Court Security Fund</u>	<u>LEOSE Training Fund</u>
Revenues:			
Charges for services	\$ -	\$ -	\$ -
Fines and fees	9,253	7,058	-
Donations and grants	<u>-</u>	<u>-</u>	<u>1,500</u>
Total Revenues	<u>9,253</u>	<u>7,058</u>	<u>1,500</u>
Expenditures:			
Special events	-	-	-
Public safety	-	-	2,347
Animal control	-	-	-
Municipal court	2,221	5,459	-
Parks and recreation	-	-	-
Capital outlay	<u>-</u>	<u>3,889</u>	<u>-</u>
Total Expenditures	<u>2,221</u>	<u>9,348</u>	<u>2,347</u>
Excess (Deficit) of Revenues over Expenditures	<u>7,032</u>	<u>(2,290)</u>	<u>(847)</u>
Other Resources (Uses):			
Transfers in	<u>19,443</u>	<u>10,928</u>	<u>4,773</u>
Total Other Resources (Uses)	<u>19,443</u>	<u>10,928</u>	<u>4,773</u>
Net Change in Fund Balance	26,475	8,638	3,926
Fund Balance – October 1 (beginning)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund Balance – September 30 (ending)	<u>\$26,475</u>	<u>\$ 8,638</u>	<u>\$ 3,926</u>

<u>Child Safety Fund</u>	<u>Juvenile Case Management Fund</u>	<u>Drug Seizure Fund</u>	<u>VSC Auction Fund</u>	<u>Kids N Cops Fund</u>	<u>Lake Lewisville Toll Bridge Fund</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$79,402
19,182	11,551	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,207</u>	<u>-</u>
<u>19,182</u>	<u>11,551</u>	<u>-</u>	<u>-</u>	<u>2,207</u>	<u>79,402</u>
-	-	-	-	-	63,798
-	-	-	1,568	4,427	-
-	-	-	-	-	-
10,953	2,893	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>6,500</u>	<u>-</u>	<u>-</u>
<u>10,953</u>	<u>2,893</u>	<u>-</u>	<u>8,068</u>	<u>4,427</u>	<u>63,798</u>
<u>8,229</u>	<u>8,658</u>	<u>-</u>	<u>(8,068)</u>	<u>(2,220)</u>	<u>15,604</u>
<u>33,237</u>	<u>13,406</u>	<u>6,801</u>	<u>21,252</u>	<u>8,149</u>	<u>-0-</u>
<u>33,237</u>	<u>13,406</u>	<u>6,801</u>	<u>21,252</u>	<u>8,149</u>	<u>-0-</u>
41,466	22,064	6,801	13,184	5,929	15,604
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$41,466</u>	<u>\$22,064</u>	<u>\$6,801</u>	<u>\$13,184</u>	<u>\$5,929</u>	<u>\$15,604</u>

CITY OF LAKE DALLAS, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES (CONTINUED)  
 SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Willow Grove Camping Fees</u>	<u>Animal Rescue Fund</u>	<u>Police Technology Fund</u>
<b>Revenues:</b>			
Charges for services	\$27,744	\$ -	\$ -
Fines and fees	-	-	-
Donations and grants	<u>-</u>	<u>4,716</u>	<u>-</u>
Total Revenues	<u>27,744</u>	<u>4,716</u>	<u>-</u>
<b>Expenditures:</b>			
Special events	-	-	-
Public safety	-	-	-
Animal control	-	5,516	-
Municipal court	-	-	-
Parks and recreation	14,364	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>14,364</u>	<u>5,516</u>	<u>-</u>
Excess (Deficit) of Revenues over Expenditures	<u>13,379</u>	<u>(800)</u>	<u>-</u>
<b>Other Resources (Uses):</b>			
Transfers in	<u>6,942</u>	<u>4,610</u>	<u>235</u>
Total Other Resources (Uses)	<u>6,942</u>	<u>4,610</u>	<u>235</u>
Net Change in Fund Balance	20,322	3,810	235
Fund Balance – October 1 (beginning)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund Balance – September 30 (ending)	<u>\$20,322</u>	<u>\$ 3,810</u>	<u>\$ 235</u>

---

Total

\$107,146  
47,044  
8,423  
162,613

63,798  
8,342  
5,516  
21,526  
14,364  
10,389  
123,935

38,678

129,776  
129,776

168,454

-0-

\$168,454

CITY OF LAKE DALLAS, TEXAS  
DEBT SERVICE FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2009 AND 2008

---

	<u>2009</u>	<u>2008</u>
ASSETS		
Receivables:		
Ad valorem tax	<u>\$11,867</u>	<u>\$ 9,008</u>
TOTAL ASSETS	<u>\$11,867</u>	<u>\$ 9,008</u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Deferred revenues	<u>\$11,867</u>	<u>\$ 9,008</u>
Total Liabilities	<u>11,867</u>	<u>9,008</u>
Fund balance:		
Reserved for debt service	<u>      -</u>	<u>      -</u>
Total Fund Balance	<u>      -</u>	<u>      -</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$11,867</u>	<u>\$ 9,008</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, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
REVENUES:		
Taxes:		
Property	\$468,978	\$389,000
TOTAL REVENUES	<u>468,978</u>	<u>389,000</u>
EXPENDITURES:		
Debt service:		
Principal retirement	315,066	228,881
Interest and fiscal charges	<u>288,655</u>	<u>172,019</u>
TOTAL EXPENDITURES	<u>603,721</u>	<u>400,900</u>
Excess of revenues over (under) expenditures	<u>(134,743)</u>	<u>(11,900)</u>
OTHER FINANCING SOURCES (USES):		
Operating transfers in (net)	<u>134,743</u>	<u>11,900</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>134,743</u>	<u>11,900</u>
Change in fund balance	-0-	-0-
Fund balance, beginning of year	<u>-0-</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ -0-</u>	<u>\$ -0-</u>

CITY OF LAKE DALLAS, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – DEBT SERVICE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Budgeted Amounts</u>		Actual Amounts (GAAP BASIS)	Variance With Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes-ad valorem	<u>\$410,000</u>	<u>\$410,000</u>	<u>\$468,978</u>	<u>\$ 58,978</u>
Total Revenues	<u>410,000</u>	<u>410,000</u>	<u>468,978</u>	<u>58,978</u>
Expenditures:				
Principal	270,332	270,332	315,066	(44,734)
Interest and Fees	<u>222,224</u>	<u>222,224</u>	<u>288,655</u>	<u>(66,431)</u>
Total Expenditures	<u>492,556</u>	<u>492,556</u>	<u>603,721</u>	<u>(111,165)</u>
Excess of Revenues over Expenditures	<u>(82,556)</u>	<u>(82,556)</u>	<u>(134,743)</u>	<u>(52,187)</u>
Other Financing Sources (Uses):				
Transfers In (net)	<u>88,870</u>	<u>88,870</u>	<u>134,743</u>	<u>45,873</u>
Total Other Financing Sources (Uses)	<u>88,870</u>	<u>88,870</u>	<u>134,743</u>	<u>45,873</u>
Net Change in Fund Balance	6,314	6,314	-	6,314
Fund Balance – October 1 (Beginning)	-	-	-	-
Fund Balance – September 30 (Ending)	<u>\$ 6,314</u>	<u>\$ 6,314</u>	<u>\$ -</u>	<u>\$ 6,314</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 Members of the City Council  
City of Lake Dallas, Texas

We have audited the financial statements of the governmental activities, the discretely presented component units and each major fund of the City of Lake Dallas as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 4, 2010. 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 Standards* issued by the Comptroller General of the United States.

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 STANDARDS, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, and appropriate federal awarding agencies and is not intended to be used and should not be used by anyone other than these specified parties.



Hankins, Eastup, Deaton, Tonn & Seay  
A Professional Corporation  
Certified Public Accountants

January 4, 2010

**STATISTICAL SECTION**

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

---

<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>
2000	\$216,824	\$1,036,091	\$ -	\$188,818	\$53,022	\$ 72,968	\$118,439
2001	220,322	1,029,313	92,712	402,811	59,278	199,953	82,051
2002	260,731	1,348,318	62,050	240,454	75,631	61,359	77,050
2003	304,278	1,370,459	62,101	220,140	62,235	17,166	94,658
2004	337,509	1,480,659	68,552	224,981	60,792	20,859	106,697
2005	381,023	1,748,863	75,847	249,303	67,524	40,091	146,893
2006	482,707	1,934,157	76,256	256,019	61,726	29,569	153,693
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

---

<u>Special Events</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
\$ -	\$1,439,140	\$212,960	\$3,338,262
-	865,983	211,953	3,164,376
-	839,549	261,846	3,226,988
-	217,414	226,283	2,574,734
-	336,295	306,548	2,942,892
-	691,339	272,938	3,673,821
100,702	133,829	311,582	3,540,240
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

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

---

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Special Assessments</u>	<u>License and Permits</u>	<u>Charges for Services</u>	<u>Fines</u>	<u>Interest</u>
2000	\$1,672,043	\$ 8,968	\$116,655	\$ 38,603	\$110,952	\$158,644
2001	1,857,983	13,258	147,418	28,874	123,392	112,213
2002	1,939,336	10,134	108,535	27,519	89,391	30,018
2003	2,105,390	7,799	122,291	143,028	118,295	12,262
2004	2,245,530	7,134	145,098	169,548	129,887	11,368
2005	2,471,767	8,114	170,221	249,417	167,065	29,831
2006	2,666,678	6,326	139,302	286,582	207,022	82,542
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

---

<u>Grants</u>	<u>Miscellaneous</u>	<u>Intergovernmental</u>	<u>Total</u>
\$32,585	\$19,330	\$100,000	\$2,257,780
-	13,948	-	2,297,086
-	48,424	-	2,253,357
35,127	25,941	-	2,570,133
48,567	70,363	-	2,827,495
41,306	47,204	-	3,184,925
1,200	47,123	-	3,436,775
-	37,571	-	3,937,368
4,932	26,924	-	4,216,203
8,423	16,210	-	4,461,288

This page left blank intentionally.

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

---

<u>Fiscal Year</u>	<u>(1) Property</u>	<u>Sales</u>	<u>Franchise</u>	<u>Hotel Occupancy</u>	<u>Mixed Beverage</u>	<u>Total</u>
2000	\$1,062,023	\$351,901	\$242,501	\$ -	\$15,618	\$1,672,043
2001	1,197,515	367,788	277,271	-	15,409	1,857,983
2002	1,258,045	376,267	289,973	-	15,051	1,939,336
2003	1,391,283	379,220	313,053	-	21,834	2,105,390
2004	1,498,150	435,367	296,404	-	15,609	2,245,530
2005	1,704,100	452,083	302,023	-	13,561	2,471,767
2006	1,792,766	505,000	314,796	35,629	18,487	2,666,678
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

(1) Includes penalties and interest.

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

---

<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>
2000	\$1,055,242	\$1,037,567	98.33%	\$13,859	\$1,051,426	99.64%
2001	1,180,075	1,162,179	98.48	18,609	1,180,788	100.01
2002	1,299,874	1,224,635	94.21	15,875	1,240,510	95.43
2003	1,378,020	1,334,786	96.86	35,899	1,370,685	99.47
2004	1,489,914	1,451,497	97.42	25,767	1,477,264	99.15
2005	1,680,812	1,646,085	97.93	33,543	1,679,628	99.93
2006	1,778,138	1,736,716	97.67	28,726	1,765,442	99.29
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

---

<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Levy</u>
\$ 60,021	5.69%
56,842	4.82
114,353	8.80
116,360	8.44
123,800	8.31
122,991	7.32
134,256	7.55
117,078	6.04
78,473	3.70
86,613	3.71

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

---

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total (1) Governmental Expenditures</u>	<u>Ratio of Debt Service to Total General Governmental Expenditures</u>
2000	\$105,000	\$107,960	\$212,960	\$2,437,892	8.74%
2001	110,000	101,953	211,953	2,898,790	7.31
2002	115,000	146,846	261,846	3,224,235	8.12
2003	100,000	126,283	226,283	2,446,151	9.25
2004	185,000	121,548	306,548	2,692,871	11.38
2005	151,293	121,645	272,938	3,372,646	8.09
2006	159,443	152,139	311,582	3,540,240	8.80
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	4,858,228	12.43

(1) Excludes Capital Projects Fund.

CITY OF LAKE DALLAS, TEXAS  
 TEXAS MUNICIPAL RETIREMENT SYSTEM SUPPLEMENTARY INFORMATION  
 ANALYSIS OF FUNDING PROGRESS

---

<u>Fiscal Year</u>	<u>Net Assets Available For Benefits</u>	<u>Pension Benefit Obligation</u>	<u>Percentage Funded</u>	<u>Unfunded Pension Benefit Obligation</u>	<u>Annual Covered Payroll</u>	<u>Unfunded Pension Benefit Obligation As A Percentage Covered Payroll</u>
2001	\$1,486,189	\$1,644,808	90.4%	\$158,609	\$777,613	20.4%
2002	1,716,101	1,977,076	86.8	260,975	755,234	34.6
2003	1,708,377	2,001,829	85.3	293,452	843,871	34.8
2004	1,684,597	2,042,938	82.5	358,341	1,001,378	35.8
2005	1,902,681	2,253,408	84.4	350,727	1,162,166	30.2
2006	2,162,422	2,560,323	84.5	397,901	1,354,668	29.4
2007	2,330,207	2,736,265	85.1	406,058	1,349,148	30.1
2008	2,504,803	3,352,552	74.7	847,749	1,371,362	61.8
2009	2,758,125	3,818,078	72.2	1,059,953	1,747,708	60.6

This page left blank intentionally.