

CITY OF LAKE DALLAS, TEXAS

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

SEPTEMBER 30, 2013

CITY OF LAKE DALLAS, TEXAS
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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Lake Dallas, Texas

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Lake Dallas, Texas ("City"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Lake Dallas, Texas as of September 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, in 2013 the City adopted new accounting guidance, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Positions*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages 5 through 10 and the budgetary comparison information on page 38, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2014 on our consideration of the City of Lake Dallas, Texas's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lake Dallas, Texas's internal control over financial reporting and compliance.

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

January 10, 2014

MANAGEMENT'S DISCUSSION & ANALYSIS

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CITY OF LAKE DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013

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, 2013. We encourage readers to consider the information presented here in conjunction with the City's basic financial statements and with the independent auditors' report.

Financial Highlights

- The assets and deferred outflows of the City of Lake Dallas exceeded its liabilities at September 30, 2013 by \$2,651,388.
- The City's total net position increased by \$423,275.
- As of September 30, 2013, the City of Lake Dallas's governmental funds reported a combined ending fund balance of \$335,925, an increase of \$367,099 in comparison with the beginning of the period.

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. Separately-issued financial statements for each of these component units may be obtained by contacting the City of Lake Dallas.

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

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

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

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

- **Governmental activities.** All of the City's basic services are reported here, including the police, fire, library, community development, public works, park services, municipal court, and general administration. Property taxes, sales taxes, and franchise fees finance most of these activities.

CITY OF LAKE DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013

- **Business-type activities.** The City may charge a fee to customers to help it cover all or most of the cost of certain services it provides. The City had no business-type activities during the current period.

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

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

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

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

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

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

CITY OF LAKE DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013

Government-wide Financial Analysis

The City's combined net position was \$2,651,388 as of September 30, 2013. The City first implemented GASB Statement No. 34, *Basic Financial Statement – and Management's Discussion and Analysis – for State and Local Governments*, for fiscal year 2004. The following analysis presents both current and prior year data and discusses significant changes in the accounts. This analysis focuses on the net position (Table 1) and general revenues (Table 2) and changes in net position (Table 3) of the City's governmental activities.

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

Table 1
Net Position

	Governmental Activities	
	2012	2013
Current and other assets	\$ 877,760	\$ 947,687
Capital assets	<u>7,944,351</u>	<u>7,681,824</u>
Total assets	<u>8,822,111</u>	<u>8,629,511</u>
Deferred outflows of resources	-	<u>40,859</u>
Long-term liabilities outstanding	5,695,365	5,433,398
Other liabilities	<u>793,194</u>	<u>585,584</u>
Total liabilities	<u>6,488,559</u>	<u>6,018,982</u>
Net position:		
Net investment in capital assets	2,534,351	2,501,824
Restricted	152,787	212,912
Unrestricted	<u>(353,586)</u>	<u>(63,348)</u>
Total net position	<u>\$2,333,552</u>	<u>\$2,651,388</u>

Governmental Activities. The City's general revenues for governmental activities for the years ended September 30, 2012 and 2013 are detailed below (Table 2).

Table 2
General Revenues

	2012	2013
Property taxes, levied for general purposes	\$1,747,068	\$1,701,606
Property taxes, levied for debt service	636,325	623,589
Sales taxes	662,826	695,042
Franchise taxes	412,124	405,491
Hotel occupancy taxes	49,456	54,755
Mixed beverage taxes	12,848	23,449
Contributions from EDC/CDC	774,901	-
Investment earnings	1,116	895
Miscellaneous	<u>21,631</u>	<u>4,806</u>
	<u>\$4,318,295</u>	<u>\$3,509,633</u>

CITY OF LAKE DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013

The following table provides a summary of the City's operations for the years ended September 30, 2012 and 2013.

Table 3
Changes in Net Position

	Governmental Activities	
	2012	2013
Revenues:		
Program revenues:		
Charges for services	\$1,484,176	\$1,500,354
Operating grants and contributions	7,550	10,850
Capital grants and contributions	-	-
General revenues:		
Property taxes	2,383,393	2,325,195
Sales taxes	662,826	695,042
Franchise taxes	412,124	405,491
Hotel occupancy taxes	49,456	54,755
Mixed beverage taxes	12,848	23,449
Contributions from EDC/CDC	774,901	-
Investment earnings	1,116	895
Other	<u>21,631</u>	<u>4,806</u>
	<u>5,810,021</u>	<u>5,020,837</u>
Expenses:		
Administrative	953,666	735,967
Special events	115,531	114,787
Public safety	2,588,477	2,559,337
Animal control	103,783	147,662
Public works - streets	553,213	526,243
Municipal court	154,146	164,665
Parks and recreation	178,994	197,007
Community development	133,569	132,715
Debt service - interest	<u>272,942</u>	<u>240,433</u>
	<u>5,054,321</u>	<u>4,818,816</u>
Special items	1,500	6,141
Transfers in (out)	305,199	215,113
Change in net position	1,062,399	423,275
Net position – October 1 (beginning, as restated)	<u>1,271,153</u>	<u>2,228,113</u>
Net position – September 30 (ending)	<u>\$2,333,552</u>	<u>\$2,651,388</u>

Financial Analysis of the Government's Funds

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

CITY OF LAKE DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013

As of the end of the current period, the City's governmental funds reported a combined ending fund balance of \$335,925, an increase of \$367,099 in comparison with the beginning of the period. There was no unassigned fund balance available for spending at the City's discretion. A portion of fund balance is considered nonspendable and not available for new spending because it has already been committed to liquidate prepaid items (\$5,765).

The general fund is the chief operating fund of the City. At the end of the current period, unassigned fund balance of the general fund was a deficit of \$43,202, while total fund balance was a deficit of \$37,437. The fund balance of the City's general fund increased by \$196,654 during the current period, due to expenditure savings in several departments.

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 original budget for the general fund projected that the activity for the year would decrease available fund balance by \$1,371. The available fund balance for the general fund actually increased in the amount of \$196,654. This increase was due primarily to higher tax revenue received than had been expected, combined with expenditure savings in several departments.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental activities as of September 30, 2013, amount to \$7,681,824 (net of accumulated depreciation). This amount represents a net decrease of \$262,527, or 3.3 percent, below the beginning of the period. The investment in capital assets includes land, buildings, equipment, vehicles, roads and parks.

Capital asset additions during the current year consist of the following:

<u>Description</u>	<u>Amount</u>
Continued work on Lakeview Drive project, paid for with Denton County funding	\$208,186
2013 Dodge Charger	<u>26,110</u>
Total	<u>\$234,296</u>

CITY OF LAKE DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013

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

	<u>Governmental Activities</u>
Land	\$ 397,872
Buildings and Improvements	2,235,038
Streets and Parks Infrastructure	3,184,859
Equipment and Vehicles	210,290
Construction in Progress	<u>1,653,765</u>
Totals	<u>\$7,681,824</u>

Additional information on the City's capital assets can be found in Note 7 of this report.

Long-term Debt. At the end of the current period, the City had certificates of obligation outstanding of \$2,730,000, accrued compensated absences of \$253,398 and general obligation bonds outstanding of \$2,450,000, for total long-term debt of \$5,433,398. New debt incurred during the year was the issuance of \$895,000 general obligation refunding bonds to refund some certificates of obligation.

The City's total debt decreased by \$261,967 during the current period or 4.6%. Additional information on the City's long-term debt can be found in Note 8 of this report.

Economic Factors and Next Year's Budgets and Rates

The City of Lake Dallas experienced a better financial condition during the 2013 budget year. Efforts to minimize unnecessary spending, the avoidance of unbudgeted expenditures, and an upturn in some revenues, particularly sales tax revenue, contributed significantly towards overturning the fund deficit that occurred over the past three or four fiscal years. It was originally forecast during the 2013 fiscal year that the new strategies to improve the financial picture would result in a positive cash flow by the end of fiscal year 2015. But due to positive sales tax revenues and better financial planning that is expected to continue through this year, the deficit is expected to come to an end before the 2015 fiscal year. With a more positive forecast for the 2015 fiscal year and the final payment of a loan to North Star Bank scheduled for 2015, the City is well on the way to recovery. This is reflected in Standard and Poor's recent evaluation of the City's finances that has indicated a significant upturn to the City's economic condition, and that should eventually result in an improvement to the bond rating that was downgraded in the recent past.

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.

BASIC FINANCIAL STATEMENTS

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CITY OF LAKE DALLAS, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

	<u>Primary Government</u>	<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Economic Development Corporation</u>	<u>Community Development Corporation</u>
ASSETS			
Cash and Investments	\$ 705,243	\$ 108,797	\$ 302,599
Receivables (net of allowance for uncollectibles):			
Taxes – Ad Valorem	54,953	-	-
Taxes – Sales	128,647	64,324	64,324
Taxes - Franchise	24,588	-	-
Taxes- Occupancy	17,638	-	-
Taxes – Mixed Beverage	5,358	-	-
Other	4,693	567	-
Prepaid Expenses	5,765	-	-
Internal Balances	802	236	(1,038)
Capital Assets:			
Land	397,872	135,988	-
Buildings and Improvements, net	2,235,038	-	-
Streets and Parks Infrastructure, net	3,184,859	-	-
Equipment and Vehicles, net	210,290	-	-
Construction in Progress	<u>1,653,765</u>	<u>-</u>	<u>-</u>
Total Assets	<u>8,629,511</u>	<u>309,912</u>	<u>365,885</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on bond refunding	<u>40,859</u>	<u>-</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>40,859</u>	<u>-</u>	<u>-</u>
LIABILITIES			
Accounts Payable	76,859	-	2,302
Accrued Wages Payable	6,126	-	-
Accrued Interest Payable	25,467	-	-
State Court Costs Payable	79,324	-	-
Other Liabilities	64,475	-	-
Short-term loan payable	333,333	-	-
Noncurrent Liabilities:			
Due within one year	315,000	-	-
Due in more than one year	<u>5,118,398</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>6,018,982</u>	<u>-</u>	<u>2,302</u>
NET POSITION			
Net investment in capital assets	2,501,824	135,988	-
Restricted for:			
Community Development	-	-	363,583
Economic Development	-	173,924	-
Court Security and Technology	32,456	-	-
Other Purposes	180,456	-	-
Unrestricted Net Position	<u>(63,348)</u>	<u>-</u>	<u>-</u>
Total Net Position	<u>\$2,651,388</u>	<u>\$ 309,912</u>	<u>\$ 363,583</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, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
GOVERNMENTAL ACTIVITIES:				
General Government	\$ 735,967	\$ 293,946	\$ -	\$ -
Community Relations	114,787	32,475	-	-
Public Safety	2,559,337	603,704	4,580	-
Animal Control	147,662	12,572	6,270	-
Public Works - Streets	526,243	212,425	-	-
Municipal Court	164,665	164,665	-	-
Parks and Recreation	197,007	87,813	-	-
Community Development	132,715	92,754	-	-
Debt Service - Interest and Fees	<u>240,433</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>4,818,816</u>	<u>1,500,354</u>	<u>10,850</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT	<u>\$4,818,816</u>	<u>\$1,500,354</u>	<u>\$ 10,850</u>	<u>\$ -</u>
COMPONENT UNITS:				
Economic Development Corporation	\$ 144,982	\$ -	\$ -	\$ -
Community Development Corporation	<u>121,009</u>	<u>-</u>	<u>-</u>	<u>11,656</u>
TOTAL COMPONENT UNITS	<u>\$ 266,081</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,656</u>

GENERAL REVENUES:

Taxes:

Property taxes, levied for general purposes

Property taxes, levied for debt service

Sales taxes

Franchise taxes

Hotel occupancy taxes

Mixed beverage taxes

Investment Earnings

Miscellaneous

Transfers in (out)

Special item – gain on disposition of assets

Total General Revenues and Special Items

Change in Net Position

NET POSITION, October 1 (beginning, as restated)

NET POSITION, September 30 (ending)

The accompanying Notes are an integral part of this statement.

Net (Expense) Revenue and
Change in Net Position

Governmental Activities	Component Units	
	Economic Development Corp	Community Development Corp
\$ (442,021)	\$ -	\$ -
(82,312)	-	-
(1,951,053)	-	-
(128,820)	-	-
(313,818)	-	-
-	-	-
(109,194)	-	-
(39,961)	-	-
(240,433)	-	-
<u>(3,307,612)</u>	<u>-</u>	<u>-</u>
(3,307,612)	-	-
-	(144,982)	-
<u>-</u>	<u>-</u>	<u>(109,443)</u>
<u>-</u>	<u>(144,982)</u>	<u>(109,443)</u>
1,701,606	-	-
623,589	-	-
695,042	347,523	347,523
405,491	-	-
54,755	-	-
23,449	-	-
895	42	308
4,806	-	3,915
215,113	(98,939)	(116,174)
6,141	-	-
<u>3,730,887</u>	<u>248,626</u>	<u>235,572</u>
423,275	103,644	126,129
<u>2,228,113</u>	<u>206,268</u>	<u>237,454</u>
<u>\$2,651,388</u>	<u>\$ 309,912</u>	<u>\$ 363,583</u>

CITY OF LAKE DALLAS, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	<u>GENERAL FUND</u>	<u>DEBT SERVICE FUND</u>	<u>OTHER FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS				
Cash and cash equivalents	\$ 332,742	\$ 140,035	\$232,466	\$ 705,243
Receivables (net of allowances for uncollectibles):				
Ad Valorem tax	42,773	12,180	-	54,953
Sales tax	128,647	-	-	128,647
Franchise tax	24,588	-	-	24,588
Occupancy tax	17,638	-	-	17,638
Mixed beverage tax	5,358	-	-	5,358
Other	4,693	-	-	4,693
Due from EDC/CDC	1,038	-	-	1,038
Prepaid costs	<u>5,765</u>	<u>-</u>	<u>-</u>	<u>5,765</u>
Total Assets	<u>\$ 563,242</u>	<u>\$ 152,215</u>	<u>\$232,466</u>	<u>\$ 947,923</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 76,859	\$ -	\$ -	\$ 76,859
Accrued wages payable	6,126	-	-	6,126
State court costs payable	79,324	-	-	79,324
Other liabilities	64,475	-	-	64,475
Due to EDC/CDC	236	-	-	236
Short-term loan payable	<u>333,333</u>	<u>-</u>	<u>-</u>	<u>333,333</u>
Total Liabilities	<u>560,353</u>	<u>-</u>	<u>-</u>	<u>560,353</u>
Deferred Inflows of Resources:				
Unavailable Revenue-Property Taxes	<u>40,326</u>	<u>11,319</u>	<u>-</u>	<u>51,645</u>
Total Deferred Inflows of Resources	<u>40,326</u>	<u>11,319</u>	<u>-</u>	<u>51,645</u>
Fund Balances:				
Nonspendable fund balance:				
Prepaid costs	5,765	-	-	5,765
Restricted fund balance:				
Restricted for debt service	-	140,896	-	140,896
Restricted for court security/technology	-	-	32,456	32,456
Restricted for other purposes	-	-	180,456	180,456
Assigned fund balance	-	-	19,554	19,554
Unassigned fund balance (deficit)	<u>(43,202)</u>	<u>-</u>	<u>-</u>	<u>(43,202)</u>
Total Fund Balances (Deficit)	<u>(37,437)</u>	<u>140,896</u>	<u>232,466</u>	<u>335,925</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 563,242</u>	<u>\$152,215</u>	<u>\$232,466</u>	<u>\$ 947,923</u>

The accompanying notes are an integral part of this statement.

CITY OF LAKE DALLAS, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

Total Fund Balance – Governmental Funds	\$ 335,925
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund financial statements.	12,611,697
Accumulated depreciation is not reported in the fund financial statements.	(4,929,873)
Bonds payable, certificates of obligation payable and compensated absences payable are not reported in the fund financial statements.	(5,433,398)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	(25,467)
Property tax revenue reported as unavailable revenue in the fund financial statements was recognized as revenue in the government-wide financial statements.	51,645
Deferred charge on bond refundings is not recognized in the fund financial statements.	<u>40,859</u>
Net Position of Governmental Activities	<u>\$2,651,388</u>

The accompanying Notes are an integral part of this statement.

CITY OF LAKE DALLAS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	GENERAL FUND	DEBT SERVICE FUND	OTHER FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:				
Taxes (ad valorem, sales and other)	\$ 2,878,033	\$ 622,351	-	\$ 3,500,384
Special assessments	2,941	-	-	2,941
Licenses and permits	104,612	-	-	104,612
Charges for services	666,419	-	50,950	717,369
Fines and fees	603,850	-	71,582	675,432
Donations and grants	-	-	10,850	10,850
Interest	614	-	281	895
Miscellaneous revenues	4,806	-	-	4,806
Total Revenues	<u>4,261,275</u>	<u>622,351</u>	<u>133,663</u>	<u>5,017,289</u>
Expenditures:				
General government	724,877	-	-	724,877
Community relations	114,787	-	-	114,787
Public safety	2,416,464	-	24,319	2,440,783
Animal control	121,759	-	5,573	127,332
Public works – streets	298,780	-	-	298,780
Municipal court	143,340	-	18,848	162,188
Parks and recreation	69,707	-	23,406	93,113
Community development	134,112	-	-	134,112
Capital outlay	239,825	-	13,885	253,710
Debt service:				
Principal retirement	-	310,000	-	310,000
Interest and fees	24,083	224,139	-	248,222
Total Expenditures	<u>4,287,734</u>	<u>534,139</u>	<u>86,031</u>	<u>4,907,904</u>
Excess of Revenues Over (Under) Expenditures	<u>(26,459)</u>	<u>88,212</u>	<u>47,632</u>	<u>109,385</u>
Other Financing Resources (Uses):				
Transfers out	(9,311)	-	-	(9,311)
Transfers in	224,424	-	-	224,424
Refunding bonds sold	-	895,000	-	895,000
Payment to refunding escrow agent	-	(860,399)	-	(860,399)
Sale of assets	8,000	-	-	8,000
Total Other Financing Resources (Uses)	<u>223,113</u>	<u>34,601</u>	<u>-</u>	<u>257,714</u>
Net Change in Fund Balance	196,654	122,813	47,632	367,099
Fund Balance (Deficit) - October 1 (beginning)	<u>(234,091)</u>	<u>18,083</u>	<u>184,834</u>	<u>(31,174)</u>
Fund Balance (Deficit) - September 30 (ending)	<u>\$ (37,437)</u>	<u>\$ 140,896</u>	<u>\$ 232,466</u>	<u>\$ 335,925</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, 2013

Total Net Change in Fund Balances – Governmental Funds	\$ 367,099
Current year principal payments on bonds payable and certificates of obligation payable are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements.	310,000
Current year capital asset additions are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of reclassifying the current year capital asset additions is to increase net position.	257,382
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position in the government-wide financial statements.	(518,050)
Interest is accrued on outstanding debt in the government-side financial statements, whereas in the fund financial statements interest expenditures are reported when due.	12,329
Revenues from property taxes are recorded as unavailable in the fund financial statements until they are considered available to finance current expenditures, but such revenues are recognized when assessed, net of an allowance for uncollectable amounts, in the government-wide financial statements.	3,548
Current year issuances of refunding bonds are shown as other resources in the fund financial statements but are shown as increases in long-term debt in the government-wide financial statements.	(895,000)
Payments to refund bonds payable are shown as other financing uses in the fund financial statements, but are shown as a reduction in long-term debt in the government-wide financial statements.	860,399
Current year amortization of deferred charge on bond refunding is not recorded in the fund financial statements, but is shown as a reduction of the deferred loss in the government-wide financial statements.	(4,540)
Current year compensated absences earned but not used is not recorded in the fund financial statements, but is shown as an increase in long-term debt in the government-wide financial statements.	31,967
Proceeds from the sale of capital assets are other resources in the fund financial statements, but the gain on sale of the capital asset is shown as a special item in the government-wide financial statements.	<u>(1,859)</u>
Change in Net Position of Governmental Activities	<u>\$ 423,275</u>

The accompanying Notes are an integral part of this statement.

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

A. Reporting Entity

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

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

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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, 2013 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 Position and the Statement of Activities) report information on all of the non-fiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The City had no business-type activities during the period.

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

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

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

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

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

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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

The City reports the following major governmental funds:

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

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

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

Capital Projects Fund – The Capital Projects Funds accounts for proceeds from the sale of bonds and certificates of obligation 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.

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

D. Cash and Investments

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

E. Receivable and Payables

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

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

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

F. Property Taxes

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

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

G. Prepaid Items

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

H. Capital Assets

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

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

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

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

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

I. Compensated Absences

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

J. Estimates

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

K. Net Position

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

L. Budgets and Budgetary Accounting

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

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

Budgets for the general fund and debt service fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). The budget was not amended during the year by the City Council. Any amendments are reflected in the official minutes of the Council.

CITY OF LAKE DALLAS, TEXAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2013

2. ADOPTION OF NEW ACCOUNTING STANDARDS

Beginning in 2013, the City implemented GASB Statement Numbers 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and 65, Items Previously Reported as Assets and Liabilities. These two statements:

- Defined transactions that result in the consumption of net assets in one period that are applicable to a future period as “deferred outflows of resources.”
- Defined transactions that result in the acquisition of net assets in one period that are applicable to a future period as “deferred inflows of resources.”
- Defined the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources as “net position.”
- Required certain items previously reported as assets and liabilities that meet the definition of deferred outflows or inflows of resources to be retroactively reclassified in the Statements of Net Position and Balance Sheets, if practical, for all prior periods presented.

The effects of these two changes in accounting principle on the City's 2013 financial statements were

- Governmental fund financial statements
 - Record property taxes uncollected within 60 days of the fiscal year-end, and therefore unavailable, as deferred inflows of resources in the governmental fund financial statements.
- Government-wide financial statements
 - Reclassify bond issuance costs previously reported as assets to expenses of the period in which they were incurred, resulting in an adjustment to beginning net position.
 - For refunded debt, record the difference between the reacquisition price and the net carrying amount of the refunded debt as a deferred resource outflow or inflow, as appropriate, and amortize the balance as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. Accordingly, all unamortized deferred losses on refunding transactions as of September 30, 2013 were reclassified as deferred outflows of resources.

Beginning Net Position (previously reported as Net Assets)	\$ 2,333,552
Reclassification of bond issuance costs	<u>(105,439)</u>
Beginning Net Position As Restated	<u>\$ 2,228,113</u>

3. DEPOSITS AND INVESTMENTS

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

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

1. Cash Deposits:

At September 30, 2013, the carrying amount of the City's deposits in checking accounts and interest-bearing savings accounts was \$7,486 and the bank balance was \$20,186. The City's cash deposits at September 30, 2013 were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

2. Investments:

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

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

- a. **Custodial Credit Risk – Deposits:** In the case of deposits, this is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. As of September 30, 2013, the City's cash balances totaled \$20,186. 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, 2013, 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 City has no policy relating to the credit risk of investments. The credit quality rating for LOGIC at year-end was AAA (Standard & Poor's) and for TexPool and TexStar were AAAM (Standard & Poor's).

CITY OF LAKE DALLAS, TEXAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2013

- d. **Interest Rate Risk:** This is the risk that changes in interest rates will adversely affect the fair value of an investment. The City has no formal policy relating to interest rate risk but manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for the TexPool, 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, 2013, the City was not exposed to foreign currency risk.
- f. **Concentration of Credit Risk:** This is the risk of loss attributed to the magnitude of the City's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. Investment pools are excluded from the 5 percent disclosure requirement.

The City's investments at September 30, 2013 are shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Market Value</u>
TexPool Investment Pool	\$ 496,230	\$ 496,230
LOGIC Investment Pool	195,232	195,232
TexStar Investment Pool	<u>12</u>	<u>12</u>
Total	<u>\$ 691,474</u>	<u>\$ 691,474</u>

4. FUND BALANCE

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

Fund Balance Classification: The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has classified prepaid items as being nonspendable as these items are not expected to be converted to cash.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Court security and technology fees are being restricted because their use is restricted pursuant to the regulations that allow the collection of those fees. Child safety fees, juvenile case management fees, state LEOSE training fees and drug seizure funds are being restricted because their use is restricted by law in a similar manner to these specific purposes. Debt service funds are being restricted because their use is restricted for the purpose of retiring long-term debt.

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. The Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This can also be done through adoption and amendment of the budget. These amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Council has no committed fund balance as of September 30, 2013.

- Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Council or through the Council delegating this responsibility to other individuals in the Town. Under the City's policy, only the Council may assign amounts for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The City assigned fund balance resources of various funds accounted for through the special revenue fund.

- Unassigned: This classification includes all amounts not included in other spendable classifications, including the residual fund balance for the General Fund.

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

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

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 16) and are described below:

General Fund

The General Fund has an unassigned fund balance deficit of \$43,202 at September 30, 2013. Prepaid costs of \$5,765 are considered nonspendable fund balance.

Special Revenue Funds

The fund balances of the Court Technology Fund and Court Security Fund (totaling \$32,456) are shown as restricted for those purposes. The fund balances of the LEOSE Training Fund, Juvenile Case Management Fund, Drug Seizure Fund, Child Safety Fund, Police Auction Fund and Willow Grove Camping Fees Fund (totaling \$180,456) are shown as restricted for those purposes also. The fund balances of the Kids N Cops Fund, Lake Lewisville Toll Bridge Fund and Animal Rescue Fund (totaling \$19,554) have been assigned for use in the activities that generated those funds.

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

Debt Service Funds

The Debt Service Fund has restricted fund balance of \$140,896 at September 30, 2013 that is restricted by law for use in retiring long-term debt.

5. RECEIVABLES

Government-wide receivables as of September 30, 2013, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Receivables:			
Property taxes	\$ 56,347	\$ 15,912	\$ 72,259
Sales taxes	128,647	-	128,647
Occupancy tax	17,638	-	17,638
Mixed beverage tax	5,358	-	5,358
Franchise tax	24,588	-	24,588
Other	<u>4,693</u>	<u>-</u>	<u>4,693</u>
Gross Receivables	237,271	15,912	253,183
Less: Uncollectible allowance	<u>13,574</u>	<u>3,732</u>	<u>17,306</u>
Net Total Receivables	<u>\$223,697</u>	<u>\$ 12,180</u>	<u>\$235,877</u>

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

6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

There were no amounts due from and due to other funds at September 30, 2013.

Fund transfers during the year include the following:

- Transfers from Lake Dallas Community Development Corporation to the general fund as reimbursement of payments of long-term debt - \$116,174.
- Transfers from Lake Dallas Economic Development Corporation to the general fund as reimbursement of payments of long-term debt - \$108,250.

CITY OF LAKE DALLAS, TEXAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2013

7. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 397,872	\$ -	\$ -	\$ 397,872
Construction in Progress	<u>2,154,428</u>	<u>210,613</u>	<u>(711,276)</u>	<u>1,653,765</u>
Total capital assets, not being depreciated	<u>2,552,300</u>	<u>210,613</u>	<u>(711,276)</u>	<u>2,051,637</u>
Capital assets, being depreciated:				
Buildings and Improvements	3,019,612	-	-	3,019,612
Street and Parks	5,531,025	711,276	-	6,242,301
Equipment and Vehicles	<u>1,300,121</u>	<u>46,769</u>	<u>(48,743)</u>	<u>1,298,147</u>
Total capital assets, being depreciated	<u>9,850,758</u>	<u>758,045</u>	<u>(48,743)</u>	<u>10,560,060</u>
Less accumulated depreciation for:				
Buildings and Improvements	(707,619)	(76,955)	-	(784,574)
Street and Parks	(2,730,124)	(327,318)	-	(3,057,442)
Equipment and Vehicles	<u>(1,020,964)</u>	<u>(113,777)</u>	<u>46,884</u>	<u>(1,087,857)</u>
Total accumulated depreciation	<u>(4,458,707)</u>	<u>(518,050)</u>	<u>46,884</u>	<u>(4,929,873)</u>
Total capital assets, being depreciated, net	<u>5,392,051</u>	<u>239,995</u>	<u>(1,859)</u>	<u>5,630,187</u>
Governmental activities capital assets, net	<u>\$7,944,351</u>	<u>\$ 450,608</u>	<u>\$ (713,135)</u>	<u>\$ 7,681,824</u>

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

Governmental Activities:	
General Government	\$ 24,090
Public Safety	122,352
Animal Control	20,330
Public Works-Streets	244,135
Municipal Court	2,477
Parks and Recreation	103,894
Community Development	<u>772</u>
Total depreciation expense – Governmental activities	<u>\$518,050</u>

8. LONG TERM DEBT

Long term debt of the City consists of three general obligation bond series, four 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.

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

The following is a summary of the changes in the City's Long-term Debt for the year ended September 30, 2013:

<u>Description</u>	<u>Interest Rate Payable</u>	<u>Amounts Outstanding 10/01/12</u>	<u>Additions</u>	<u>Refunded/ Retired</u>	<u>Amounts Outstanding 09/30/13</u>	<u>Due Within One Year</u>
Bonded Indebtedness:						
2008 General Obligation	4.21%	\$ 880,000	\$ -	\$ 40,000	\$ 840,000	\$ 40,000
2009 General Obligation	2.5-3.375%	850,000	-	135,000	715,000	135,000
2012 General Obligation	1.499%	<u>-</u>	<u>895,000</u>	<u>-</u>	<u>895,000</u>	<u>-</u>
Total Bonded Indebtedness		<u>1,730,000</u>	<u>895,000</u>	<u>175,000</u>	<u>2,450,000</u>	<u>175,000</u>
Certificates of Obligation:						
2001 Series	4.875-5.0%	445,000	-	445,000	-	-
2006 Series	4.24%	1,280,000	-	370,000	910,000	-
2008 Series	4.204%	175,000	-	55,000	120,000	60,000
2008 A Series	4.199%	745,000	-	35,000	710,000	35,000
2009 Series	4.26%	<u>1,035,000</u>	<u>-</u>	<u>45,000</u>	<u>990,000</u>	<u>45,000</u>
Total Cert. of Obligation		<u>3,680,000</u>	<u>-</u>	<u>950,000</u>	<u>2,730,000</u>	<u>140,000</u>
Compensated Absences		<u>285,365</u>	<u>-</u>	<u>31,967</u>	<u>253,398</u>	<u>-</u>
Total Long-Term Debt		<u>\$5,695,365</u>	<u>\$ 895,000</u>	<u>\$1,156,967</u>	<u>\$5,433,398</u>	<u>\$ 315,000</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.

9. DEBT SERVICE REQUIREMENTS TO MATURITY

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

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
September 30,			
2014	\$ 175,000	\$ 71,158	\$ 246,158
2015	185,000	65,424	250,424
2016	190,000	59,329	249,329
2017	410,000	53,085	463,085
2018	340,000	43,180	383,180
2019-2023	810,000	125,962	935,962
2024-2028	<u>340,000</u>	<u>44,417</u>	<u>384,417</u>
Total	<u>\$2,450,000</u>	<u>\$ 462,555</u>	<u>\$2,912,555</u>

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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

Year Ended September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2014	\$ 140,000	\$ 115,630	\$ 255,630
2015	140,000	109,717	249,717
2016	90,000	103,804	193,804
2017	90,000	99,994	189,994
2018	180,000	96,184	276,184
2019-2023	1,010,000	360,598	1,370,598
2024-2028	995,000	132,463	1,127,463
2029	<u>85,000</u>	<u>3,621</u>	<u>88,621</u>
Total	<u>\$2,730,000</u>	<u>\$1,022,011</u>	<u>\$3,752,011</u>

10. DEFEASED BONDS OUTSTANDING

On October 24, 2012, the Town issued \$895,000 (par value) in unlimited tax refunding bonds (current interest bonds) with an interest rate of 1.499% to advance refund \$815,000 of certificates of obligation. The unlimited tax refunding bonds were issued at par, and after paying issuance costs of \$34,601, the net proceeds were \$860,399. The net proceeds from the issuance of the unlimited tax refunding bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bond matures. The advance refunding met the requirements of an in-substance debt defeasance and the certificates of obligation were removed from the City's long-term liabilities.

As a result of the advance refunding, the City increased its total debt service requirements by \$5,807, but it resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$48,783.

Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. Although defeased, the refunded debt from those earlier issues will not be actually retired until the call dates have come due or until maturity if they are not callable issues. On September 30, 2013, \$705,000 of bonds outstanding are considered defeased.

11. SHORT-TERM FINANCING

Short-term financing consists of a line of credit obtained at Northstar Bank, upon which the City made periodic draws when needed for cash flow purposes. A summary of the activity on the line of credit during the fiscal year ended September 30, 2013 is as follows:

<u>Description</u>	<u>Interest Rate Payable</u>	<u>Amounts Outstanding 10/01/12</u>	<u>Additions</u>	<u>Retired</u>	<u>Amounts Outstanding 09/30/13</u>
Line of credit	6.0%	<u>\$500,000</u>	<u>\$ -</u>	<u>\$ 166,667</u>	<u>\$333,333</u>

On October 31, 2012, the outstanding line of credit of \$500,000 was converted to a note payable in equal annual principal payments over the next three years, plus monthly interest payments. Principal and interest requirements to maturity are as follows:

CITY OF LAKE DALLAS, TEXAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2013

Year Ended			Total
September 30,	<u>Principal</u>	<u>Interest</u>	<u>Requirements</u>
2014	\$ 166,667	\$ 13,332	\$ 179,999
2015	<u>166,666</u>	<u>3,332</u>	<u>169,998</u>
Total	<u>\$ 333,333</u>	<u>\$ 16,664</u>	<u>\$ 349,997</u>

12. 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.

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 2012	Plan Year 2013
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.

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

CITY OF LAKE DALLAS, TEXAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2013

obligation/(asset) are as follows:

1. Annual Required Contribution (ARC)	\$241,315
2. Annual Pension Cost (APC)	241,315
3. Contributions Made	<u>(241,315)</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 2013 were determined as part of the December 31, 2010 and 2011 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2012, also follows:

Valuation Date	<u>12/31/2010</u>	<u>12/31/2011</u>	<u>12/31/2012</u>
Actuarial Cost Method	Projected 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	27.3 years - closed period	26.4 years - closed period	25.5 years - closed period
Amortization Period for new Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return*	7.0%	7.0%	7.0%
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	2.1%	2.1%	2.1%

The funded status as of December 31, 2012, the most recent actuarial valuation date, is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Funded Ratio</u>	<u>Unfunded AAL (UAAL)</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/2012	\$5,622,267	\$6,475,736	86.8%	\$853,469	\$1,754,206	48.7%

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.

13. 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, 2013 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.

14. 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.

15. SUBSEQUENT EVENTS

Management has reviewed events subsequent to September 30, 2013 through January 10, 2014, which is the date the financial statements were available to be issued. No events were identified that are required to be disclosed in the financial statements:

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAKE DALLAS, TEXAS
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts (GAAP BASIS)	Variance With Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes (ad valorem, sales and other)	\$ 2,781,500	\$ 2,781,500	\$ 2,878,033	\$ 96,533
Special assessments	1,500	1,500	2,941	1,441
Licenses and permits	91,800	91,800	104,612	12,812
Charges for services	2,176,312	2,176,312	666,419	(1,509,893)
Fines	650,000	650,000	603,850	(46,150)
Interest	300	300	614	314
Miscellaneous revenue	15,000	15,000	4,806	(10,194)
Total Revenues	<u>5,716,412</u>	<u>5,716,412</u>	<u>4,261,275</u>	<u>(1,455,137)</u>
Expenditures:				
Current:				
General government	881,048	881,048	724,877	(156,171)
Community relations	122,880	122,880	114,787	(8,093)
Public safety	2,509,289	2,509,289	2,416,464	(92,825)
Animal control	114,404	114,404	121,759	7,355
Public works-streets	308,034	308,034	298,780	(9,254)
Municipal court	134,424	134,424	143,340	8,916
Parks and recreation	76,244	76,244	69,707	(6,537)
Community development	141,860	141,860	134,112	(7,748)
Capital Outlay	1,531,700	1,531,700	239,825	(1,291,875)
Debt service:				
Principal	131,700	131,700	-	(131,700)
Interest	25,000	25,000	24,083	(917)
Total Expenditures	<u>5,976,583</u>	<u>5,976,583</u>	<u>4,287,734</u>	<u>(1,688,849)</u>
Excess of Revenues over (under) Expenditures	<u>(260,171)</u>	<u>(260,171)</u>	<u>(26,459)</u>	<u>233,712</u>
Other Financing Sources (Uses):				
Transfers in	258,300	258,300	224,424	(33,876)
Transfers out	-	-	(9,311)	(9,311)
Sale of assets	500	500	8,000	7,500
Total Other Financing Sources (Uses)	<u>258,800</u>	<u>258,800</u>	<u>223,113</u>	<u>(35,687)</u>
Net Change in Fund Balance	(1,371)	(1,371)	196,654	198,025
Fund Balance (Deficit) – October 1 (beginning)	<u>(234,091)</u>	<u>(234,091)</u>	<u>(234,091)</u>	<u>-</u>
Fund Balance (Deficit) – September 30 (ending)	<u>\$ (235,462)</u>	<u>\$ (235,462)</u>	<u>\$ (37,437)</u>	<u>\$ 198,025</u>

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2013

NOTE 1. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

The Council adopts an “appropriated budget” on a basis consistent with GAAP for the general fund and debt service fund. At a minimum, the Council is required to present the original and the final amended budgets for revenues and expenditures compared to actual revenues and expenditures for these two funds.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- Prior to September 1, the Council prepares a budget based on the modified zero-based budgetary concept for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- After one or more budget workshops with the Council, a meeting is called for the purpose of adopting the proposed budget. At least ten days but not more than 30 days public notice of the meeting is required.
- Prior to September 30, the Council legally adopts the budget for the general fund and debt service fund.
- After the budget for the above listed funds is approved, any amendment that causes an increase or decrease in a fund’s total expenditures or total revenue or other resources object category requires Council approval prior to the fact. These amendments are presented to the Council at its regular monthly meeting and are reflected in the official minutes. The general fund budget was not amended during the year.
- Expenditure budgets are controlled at the departmental level by the City Manager. Budget managers may authorize transfers within departmental categories that do not affect the total fund appropriation. All budget appropriations lapse at year-end.

The general fund and debt service fund budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**COMBINING & INDIVIDUAL FUND
STATEMENTS & SCHEDULES**

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$ 332,742	\$ 320,913
Receivables:		
Ad valorem tax	42,773	45,840
Sales tax	128,647	131,336
Franchise tax	24,588	-
Occupancy tax	17,638	13,911
Mixed beverage tax	5,358	3,153
Other	4,693	16,965
Due from EDC/CDC	1,038	77
Prepaid costs	5,765	27,302
TOTAL ASSETS	<u>\$ 563,242</u>	<u>\$ 559,497</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 76,859	\$ 42,048
Accrued wages payable	6,126	62,861
Court costs payable	79,324	73,471
Other liabilities	64,475	36,781
Due to EDC/CDC	236	174
Short-term loan payable	333,333	500,000
Deferred revenue	-	40,237
Total Liabilities	<u>560,353</u>	<u>755,572</u>
Deferred Inflows of Resources:		
Unavailable revenue-property taxes	40,326	38,016
Total Deferred Inflows of Resources	<u>40,326</u>	<u>38,016</u>
Fund Balance:		
Nonspendable	5,765	27,302
Unassigned	(43,202)	(261,393)
Total Fund Balance (Deficit)	<u>(37,437)</u>	<u>(234,091)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 563,242</u>	<u>\$ 559,497</u>

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
REVENUES:		
Taxes:		
Property	\$ 1,699,296	\$ 1,757,978
Sales	695,042	662,826
Hotel occupancy tax	54,755	49,456
Mixed beverage	23,449	12,848
Franchise	405,491	412,124
Special assessments	2,941	238
License and permits	104,612	68,353
Charges for services	666,419	675,982
Fines	603,850	635,832
Interest	614	768
Utilities settlement	-	10,241
Miscellaneous	4,806	11,390
Total Revenues	<u>4,261,275</u>	<u>4,298,036</u>
EXPENDITURES:		
Current:		
General government	724,877	921,854
Community relations	114,787	112,556
Public safety	2,416,464	2,419,996
Animal control	121,759	84,611
Public works – streets	298,780	311,391
Municipal court	143,340	131,605
Parks and recreation	69,707	68,220
Community development	134,112	128,455
Capital outlay	239,825	137,418
Debt service:		
Interest	24,083	30,000
Total Expenditures	<u>4,287,734</u>	<u>4,346,106</u>
Excess of Revenues over (under) Expenditures	<u>(26,459)</u>	<u>(48,070)</u>
OTHER FINANCING SOURCES (USES):		
Transfers in	224,424	305,199
Transfers out	(9,311)	-
Sale of assets	8,000	1,500
Total Other Financing Sources (Uses)	<u>223,113</u>	<u>306,699</u>
Net Change in Fund Balance	196,654	258,629
Fund Balance (Deficit) - October 1 (beginning)	<u>(234,091)</u>	<u>(492,720)</u>
Fund Balance (Deficit) - September 30 (Ending)	<u>\$ (37,437)</u>	<u>\$ (234,091)</u>

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF REVENUES
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2013
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2012

	2013		Variance Favorable (Unfavorable)	2012 Actual
	Budget	Actual		
Ad valorem tax	\$ 1,738,000	\$ 1,699,296	\$ (38,704)	\$ 1,757,978
Sales tax	590,000	695,042	105,042	662,826
Mixed beverage tax	13,000	23,449	10,449	12,848
Hotel occupancy tax	55,000	54,755	(245)	49,456
Franchise tax	385,500	405,491	19,991	412,124
Solid waste billings	380,000	176,310	(203,690)	357,744
Court fines and fees	650,000	603,850	(46,150)	635,832
Building permits	40,000	42,341	2,341	16,755
Park improvement fees	1,500	2,941	1,441	238
Lakeview Drive funding	1,500,000	212,425	(1,287,575)	76,498
Other permits and fees	51,800	62,271	10,471	51,598
School resource officer reimbursements	42,907	42,907	-	22,899
Rent - Lake Cities Library	40,570	40,570	-	40,570
Rent - fire station	40,535	40,435	(100)	38,605
Other rentals	3,000	1,953	(1,047)	2,998
Willow Grove Park administration fee	24,000	-	(24,000)	-
Parks maintenance	30,000	30,000	-	24,000
Staff/office services - EDC/CDC	72,000	72,000	-	72,000
Interest earned	300	614	314	768
Mowing	1,200	4,772	3,572	1,126
Animal services	6,000	12,572	6,572	7,962
Utilites settlement	-	-	-	10,241
Special events	36,100	32,475	(3,625)	31,580
Other revenue	15,000	4,806	(10,194)	11,390
TOTAL REVENUE	<u>\$ 5,716,412</u>	<u>\$ 4,261,275</u>	<u>\$ (1,455,137)</u>	<u>\$ 4,298,036</u>

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2013
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2012

	2013		Variance Favorable (Unfavorable)	2012 Actual
	Budget	Actual		
GENERAL GOVERNMENT:				
Personnel:				
Salaries	\$ 211,383	\$ 201,860	\$ 9,523	\$ 242,465
Retirement	24,819	25,975	(1,156)	31,563
Longevity pay	1,848	1,848	-	1,860
Insurance	12,394	12,814	(420)	10,283
Payroll taxes	5,654	3,597	2,057	5,271
Total Personnel	256,098	246,094	10,004	291,442
Supplies, Repairs and Services:				
Insurance	45,500	35,200	10,300	25,482
Office expense	5,000	5,153	(153)	5,654
Operating supplies	3,500	4,254	(754)	4,509
Travel	2,300	2,030	270	1,440
Continuing education	1,650	1,512	138	1,275
Election expense	-	-	-	7,166
Ads and public notices	2,500	3,119	(619)	6,794
Publications	200	107	93	280
Printing	2,000	638	1,362	2,748
Dues and memberships	4,500	2,855	1,645	3,569
Postage	8,000	7,923	77	8,431
Telephone and utilities	40,100	39,872	228	42,345
Professional services	20,000	29,056	(9,056)	40,332
Solid waste billing	306,000	161,014	144,986	292,853
Tax appraisal/collection	22,400	21,381	1,019	22,241
Legal services	10,000	11,970	(1,970)	13,492
Council and committees	4,500	5,112	(612)	5,123
Scholarship	-	-	-	1,000
Maintenance and repair - building	22,000	21,113	887	19,135
Maintenance and repair - equipment	11,300	9,598	1,702	13,778
Equipment rental	8,600	8,062	538	7,801
Equipment supplies	2,000	4,770	(2,770)	-
SPAN	1,900	1,900	-	8,964
Lake Cities Library	100,000	100,000	-	96,000
Miscellaneous	1,000	2,144	(1,144)	-
Total Supplies, Repairs and Services	624,950	478,783	146,167	630,412
TOTAL GENERAL GOVERNMENT	881,048	724,877	156,171	921,854

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2013
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2012

	2013		Variance Favorable (Unfavorable)	2012 Actual
	Budget	Actual		
COMMUNITY RELATIONS:				
Personnel:				
Salaries	\$ 51,570	\$ 50,894	\$ 676	\$ 47,682
Retirement	5,893	6,673	(780)	5,875
Insurance	6,415	6,382	33	7,452
Payroll taxes	902	819	83	939
Total Personnel	<u>64,780</u>	<u>64,768</u>	<u>12</u>	<u>61,948</u>
Supplies, Repairs and Services:				
Supplies	500	553	(53)	648
Office expense	350	930	(580)	598
Travel	200	83	117	118
Continuing education	100	30	70	35
Printing	1,000	215	785	829
Advertising	4,000	869	3,131	2,149
Dues and memberships	500	400	100	365
Telephone	400	431	(31)	400
Fireworks contribution	24,500	24,500	-	24,500
Contract labor	-	-	-	310
Community events	22,500	18,025	4,475	16,746
Rentals	4,000	3,983	17	3,870
Maintenance and repair - equipment	50	-	50	40
Total Supplies, Repairs and Services	<u>58,100</u>	<u>50,019</u>	<u>8,081</u>	<u>50,608</u>
TOTAL COMMUNITY RELATIONS	<u>122,880</u>	<u>114,787</u>	<u>8,093</u>	<u>112,556</u>

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2013
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2012

	2013		Variance Favorable (Unfavorable)	2012 Actual
	Budget	Actual		
PUBLIC SAFETY:				
Police Department:				
Personnel:				
Salaries	\$ 1,157,277	\$ 1,098,448	\$ 58,829	\$ 1,070,005
Retirement	148,724	153,764	(5,040)	144,019
Longevity pay	10,962	11,628	(666)	11,676
Insurance	142,371	123,923	18,448	151,241
Payroll taxes	22,079	17,571	4,508	21,014
Total Personnel	<u>1,481,413</u>	<u>1,405,334</u>	<u>76,079</u>	<u>1,397,955</u>
Supplies, Repairs and Services:				
Office expense	5,200	5,349	(149)	6,472
Supplies	10,500	18,582	(8,082)	4,127
Travel expense	800	1,409	(609)	737
Continuing education	500	370	130	620
Miscellaneous expense	500	250	250	262
Ads and public notices	800	308	492	646
Publications	400	144	256	-
Printing	1,200	-	1,200	-
Dues and memberships	500	374	126	330
Uniforms	4,000	3,197	803	3,789
Telephone	8,600	9,388	(788)	9,120
Professional services	37,000	26,040	10,960	30,895
Detention expenses	1,500	1,509	(9)	1,503
Maintenance and repair - equipment	11,000	5,769	5,231	5,043
Maintenance and repair - vehicles	10,000	14,296	(4,296)	11,112
Gas and oil	30,000	38,065	(8,065)	36,561
Total Supplies, Repairs and Services	<u>122,500</u>	<u>125,050</u>	<u>(2,550)</u>	<u>111,217</u>
Total Police Department	<u>1,603,913</u>	<u>1,530,384</u>	<u>73,529</u>	<u>1,509,172</u>

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2013
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2012

	2013		Variance Favorable (Unfavorable)	2012 Actual
	Budget	Actual		
Fire Department:				
Contribution for services	\$ 905,376	\$ 886,080	\$ 19,296	\$ 910,824
Total Fire Department	<u>905,376</u>	<u>886,080</u>	<u>19,296</u>	<u>910,824</u>
 TOTAL PUBLIC SAFETY	 <u>2,509,289</u>	 <u>2,416,464</u>	 <u>92,825</u>	 <u>2,419,996</u>
 ANIMAL CONTROL:				
Personnel:				
Salaries	73,277	75,640	(2,363)	48,132
Retirement	9,373	9,599	(226)	5,474
Insurance	12,844	13,042	(198)	8,343
Payroll taxes	1,775	1,386	389	1,405
Total Personnel	<u>97,269</u>	<u>99,667</u>	<u>(2,398)</u>	<u>63,354</u>
 Supplies, Repairs and Services:				
Office expense	250	1,216	(966)	220
Supplies	2,500	3,881	(1,381)	3,015
Travel	-	76	(76)	-
Continuing education	-	125	(125)	170
Printing	100	-	100	-
Dues and memberships	35	45	(10)	35
Uniforms	300	386	(86)	112
Telephone	550	805	(255)	540
Professional services	-	710	(710)	-
Utilities	9,200	10,303	(1,103)	10,307
Land lease	1,250	1,200	50	1,200
Maintenance and repair - building	1,000	1,310	(310)	3,725
Maintenance and repair - equipment	300	10	290	196
Maintenance and repair - vehicles	450	214	236	473
Gas and oil	1,200	1,811	(611)	1,264
Total Supplies, Repairs and Services	<u>17,135</u>	<u>22,092</u>	<u>(4,957)</u>	<u>21,257</u>
 TOTAL ANIMAL CONTROL	 <u>114,404</u>	 <u>121,759</u>	 <u>(7,355)</u>	 <u>84,611</u>

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2013
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2012

	2013		Variance Favorable (Unfavorable)	2012 Actual
	Budget	Actual		
PUBLIC WORKS:				
Street Department:				
Personnel:				
Salaries	\$ 122,183	\$ 140,613	\$ (18,430)	\$ 153,689
Retirement	17,141	18,915	(1,774)	20,506
Longevity pay	3,618	3,618	-	3,402
Insurance	25,148	21,610	3,538	27,996
Payroll taxes	2,919	2,446	473	2,076
Total Personnel	<u>171,009</u>	<u>187,202</u>	<u>(16,193)</u>	<u>207,669</u>
Supplies, Repairs and Services:				
Supplies	3,500	8,689	(5,189)	1,110
Advertising	-	868	(868)	-
Continuing education	250	335	(85)	339
Dues and memberships	35	205	(170)	35
Travel	100	-	100	-
Uniforms	1,640	1,568	72	1,709
Telephone	1,200	970	230	1,174
Street lighting	46,000	62,038	(16,038)	61,247
Professional services	200	161	39	-
Street signs	3,500	3,647	(147)	4,637
Maintenance and repair - building	500	378	122	306
Maintenance and repair - equipment	4,000	5,196	(1,196)	2,576
Maintenance and repair- vehicle	1,500	4,536	(3,036)	1,422
Maintenance - drainage	1,300	348	952	13,610
Maintenance - sidewalks	2,000	400	1,600	1,200
Maintenance - streets	65,300	16,673	48,627	7,875
Gas and oil	6,000	5,566	434	6,482
Total Supplies, Repairs and Services	<u>137,025</u>	<u>111,578</u>	<u>25,447</u>	<u>103,722</u>
TOTAL PUBLIC WORKS	<u>308,034</u>	<u>298,780</u>	<u>9,254</u>	<u>311,391</u>

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2013
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2012

	2013		Variance Favorable (Unfavorable)	2012 Actual
	Budget	Actual		
MUNICIPAL COURT:				
Personnel:				
Salaries	\$ 81,376	\$ 85,382	\$ (4,006)	\$ 73,762
Retirement	10,712	11,374	(662)	10,231
Insurance	12,749	11,955	794	14,580
Payroll taxes	1,687	1,486	201	1,785
Total Personnel	<u>106,524</u>	<u>110,197</u>	<u>(3,673)</u>	<u>100,358</u>
Supplies, Repairs and Services:				
Supplies	550	898	(348)	1,303
Travel	600	1,076	(476)	791
Continuing education	400	645	(245)	305
Advertising	-	137	(137)	-
Publications	2,600	2,328	272	2,313
Dues and memberships	250	340	(90)	-
Legal services	22,500	26,929	(4,429)	26,535
Warrant roundup	1,000	790	210	-
Total Supplies, Repairs and Services	<u>27,900</u>	<u>33,143</u>	<u>(5,243)</u>	<u>31,247</u>
TOTAL MUNICIPAL COURT	<u>134,424</u>	<u>143,340</u>	<u>(8,916)</u>	<u>131,605</u>
PARKS AND RECREATION:				
Personnel:				
Salaries	49,919	41,425	8,494	36,781
Retirement	5,258	4,636	622	4,991
Insurance	8,485	8,211	274	9,622
Payroll taxes	832	1,021	(189)	791
Total Personnel	<u>64,494</u>	<u>55,293</u>	<u>9,201</u>	<u>52,185</u>

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2013
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2012

	2013		Variance Favorable (Unfavorable)	2012 Actual
	Budget	Actual		
Supplies, Repairs and Services:				
Telephone	\$ 450	\$ 362	\$ 88	\$ 409
Uniforms	800	835	(35)	838
Equipment rental	500	-	500	-
Park maintenance	1,000	3,393	(2,393)	-
Gas and oil	4,000	4,064	(64)	4,441
Maintenance and repair - equipment	4,000	4,179	(179)	9,658
Maintenance and repair - vehicle	1,000	1,581	(581)	689
Total Supplies, Repairs and Services	<u>11,750</u>	<u>14,414</u>	<u>(2,664)</u>	<u>16,035</u>
TOTAL PARKS AND RECREATION	<u>76,244</u>	<u>69,707</u>	<u>6,537</u>	<u>68,220</u>
COMMUNITY DEVELOPMENT:				
Personnel:				
Salaries	88,812	87,395	1,417	86,232
Retirement	11,845	11,600	245	11,563
Longevity pay	852	852	-	672
Insurance	13,006	8,970	4,036	13,071
Payroll taxes	1,810	1,292	518	1,758
Total Personnel	<u>116,325</u>	<u>110,109</u>	<u>6,216</u>	<u>113,296</u>
Supplies, Repairs and Services:				
Supplies	\$ 300	\$ 472	\$ (172)	\$ 1,290
Travel	200	60	140	264
Continuing education	500	130	370	90
Advertising	-	69	(69)	-
Publications	50	35	15	-
Dues and memberships	85	36	49	36
Telephone	700	402	298	402
Professional services	21,000	20,434	566	11,071
Maintenance and repair - equipment	2,100	1,972	128	1,575
Maintenance and repair - vehicles	300	40	260	125
Gas and oil	300	353	(53)	306
Total Supplies, Repairs and Services	<u>25,535</u>	<u>24,003</u>	<u>1,532</u>	<u>15,159</u>
TOTAL COMMUNITY DEVELOPMENT	<u>141,860</u>	<u>134,112</u>	<u>7,748</u>	<u>128,455</u>

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2013
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2012

	2013		Variance Favorable (Unfavorable)	2012 Actual
	Budget	Actual		
DEBT SERVICE:				
Principal	131,700	-	131,700	-
Interest	25,000	24,083	917	30,000
TOTAL DEBT SERVICE	<u>156,700</u>	<u>24,083</u>	<u>132,617</u>	<u>30,000</u>
CAPITAL OUTLAY:				
Capital outlay - equipment	5,700	5,529	171	18,168
Capital outlay - vehicles	26,000	26,110	(110)	26,590
Capital outlay - streets	1,500,000	208,186	1,291,814	92,660
TOTAL CAPITAL OUTLAY	<u>1,531,700</u>	<u>239,825</u>	<u>1,291,875</u>	<u>137,418</u>
TOTAL EXPENDITURES	<u>\$ 5,976,583</u>	<u>\$ 4,287,734</u>	<u>\$ 1,688,849</u>	<u>\$ 4,346,106</u>

CITY OF LAKE DALLAS, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Court Technology <u>Fund</u>	Court Security <u>Fund</u>	LEOSE Training <u>Fund</u>
Revenues:			
Charges for services	\$ -	\$ -	\$ -
Fines and fees	17,892	13,416	-
Donations and grants	-	-	-
Interest earned	31	21	12
Total Revenues	<u>17,923</u>	<u>13,437</u>	<u>12</u>
Expenditures:			
Public safety	-	-	2,467
Animal control	-	-	-
Municipal court	11,839	5,941	-
Parks and recreation	-	-	-
Capital outlay	10,314	3,571	-
Total Expenditures	<u>22,153</u>	<u>9,512</u>	<u>2,467</u>
Net Change in Fund Balance	(4,230)	3,925	(2,455)
Fund Balance – October 1 (beginning)	<u>24,075</u>	<u>8,686</u>	<u>8,643</u>
Fund Balance – September 30 (ending)	<u>\$ 19,845</u>	<u>\$ 12,611</u>	<u>\$ 6,188</u>

<u>Child Safety Fund</u>	<u>Juvenile Case Management Fund</u>	<u>Drug Seizure Fund</u>	<u>Kids N Cops Fund</u>	<u>Lake Lewisville Toll Bridge Fund</u>	<u>Police Auction</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 850
17,935	22,339	-	-	-	-
-	-	-	4,580	-	-
<u>52</u>	<u>111</u>	<u>14</u>	<u>18</u>	<u>-</u>	<u>-</u>
<u>17,987</u>	<u>22,450</u>	<u>14</u>	<u>4,598</u>	<u>-</u>	<u>850</u>
17,456	-	300	4,096	-	-
-	-	-	-	-	-
-	1,068	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>17,456</u>	<u>1,068</u>	<u>300</u>	<u>4,096</u>	<u>-</u>	<u>-</u>
531	21,382	(286)	502	-	850
<u>31,846</u>	<u>70,674</u>	<u>8,865</u>	<u>12,283</u>	<u>608</u>	<u>-</u>
<u>\$ 32,377</u>	<u>\$ 92,056</u>	<u>\$ 8,579</u>	<u>\$ 12,785</u>	<u>\$ 608</u>	<u>\$ 850</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, 2013

	<u>Willow Grove Camping Fees</u>	<u>Animal Rescue Fund</u>	<u>Total</u>
Revenues:			
Charges for services	\$50,100	\$ -	\$ 50,950
Fines and fees	-	-	71,582
Donations and grants	-	6,270	10,850
Interest earned	<u>13</u>	<u>9</u>	<u>281</u>
Total Revenues	<u>50,113</u>	<u>6,279</u>	<u>133,663</u>
Expenditures:			
Public safety	-	-	24,319
Animal control	-	5,573	5,573
Municipal court	-	-	18,848
Parks and recreation	23,406	-	23,406
Capital outlay	<u>-</u>	<u>-</u>	<u>13,885</u>
Total Expenditures	<u>23,406</u>	<u>5,573</u>	<u>86,031</u>
Net Change in Fund Balance	26,707	706	47,632
Fund Balance – October 1 (beginning, as restated)	<u>13,699</u>	<u>5,455</u>	<u>184,834</u>
Fund Balance – September 30 (ending)	<u>\$40,406</u>	<u>\$ 6,161</u>	<u>\$232,466</u>

CITY OF LAKE DALLAS, TEXAS
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$140,035	\$15,286
Receivables:		
Ad valorem tax	<u>12,180</u>	<u>12,878</u>
TOTAL ASSETS	<u>\$ 152,215</u>	<u>\$28,164</u>
DEFERRED INFLOWS AND FUND BALANCE		
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	<u>\$ 11,319</u>	<u>\$10,081</u>
Total Deferred Inflows of Resources	<u>11,319</u>	<u>10,081</u>
Fund balance:		
Restricted for debt service	<u>140,896</u>	<u>18,083</u>
Total Fund Balance	<u>140,896</u>	<u>18,083</u>
TOTAL DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 152,215</u>	<u>\$28,164</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, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
REVENUES:		
Taxes:		
Property	<u>\$ 622,351</u>	<u>\$ 639,516</u>
TOTAL REVENUES	<u>622,351</u>	<u>639,516</u>
EXPENDITURES:		
Debt service:		
Principal retirement	310,000	400,000
Interest and fees	<u>224,139</u>	<u>237,211</u>
TOTAL EXPENDITURES	<u>534,139</u>	<u>637,211</u>
Excess of Revenues over Expenditures	<u>88,212</u>	<u>2,305</u>
OTHER FINANCING SOURCES (USES):		
Refunding bonds sold	895,000	-
Payment to refunding escrow agent	<u>(860,399)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>34,601</u>	<u>-</u>
Change in fund balance	122,813	2,305
Fund balance, beginning of year	<u>18,083</u>	<u>15,778</u>
Fund balance, end of year	<u>\$ 140,896</u>	<u>\$ 18,083</u>

CITY OF LAKE DALLAS, TEXAS
 BUDGETARY COMPARISON SCHEDULE – DEBT SERVICE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts (GAAP BASIS)	Variance With Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes (ad valorem, sales and other)	\$ 644,000	\$ 644,000	\$ 622,351	\$ (21,649)
Total Revenues	<u>644,000</u>	<u>644,000</u>	<u>622,351</u>	<u>(21,649)</u>
Expenditures:				
Principal	310,000	310,000	310,000	-
Interest and fees	<u>209,306</u>	<u>209,306</u>	<u>224,139</u>	<u>(14,833)</u>
Total Expenditures	<u>519,306</u>	<u>519,306</u>	<u>534,139</u>	<u>(14,833)</u>
Excess of Revenues over (under) Expenditures	124,694	124,694	88,212	(36,482)
Other Financing Sources (Uses):				
Refunding Bond Proceeds	-	-	895,000	895,000
Payment to Refunding Escrow Agent	<u>-</u>	<u>-</u>	<u>(860,399)</u>	<u>(860,399)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>34,601</u>	<u>34,601</u>
Net Change in Fund Balance	124,694	124,694	122,813	(1,881)
Fund Balance – October 1 (beginning)	<u>18,083</u>	<u>18,083</u>	<u>18,083</u>	<u>-</u>
Fund Balance (Deficit) – September 30 (ending)	<u>\$ 142,777</u>	<u>\$ 142,777</u>	<u>\$ 140,896</u>	<u>\$ (1,881)</u>

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

Honorable Mayor and City Council
City of Lake Dallas, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Lake Dallas, Texas, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise The City of Lake Dallas, Texas's basic financial statements, and have issued our report dated January 10, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

January 10, 2014

STATISTICAL SECTION

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

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Animal Control</u>	<u>Public Works - Streets</u>	<u>Municipal Court</u>	<u>Park and Recreation</u>	<u>Community Development</u>
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
2010	978,718	2,484,940	121,518	316,898	131,070	132,459	150,471
2011	896,277	2,538,262	90,810	309,911	140,453	107,995	119,870
2012	921,854	2,455,426	88,492	311,391	152,134	93,881	128,455
2013	724,877	2,440,783	127,332	298,780	162,188	93,113	134,112

<u>Community Relations</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
\$ -	\$ 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
164,893	1,308,153	668,116	6,457,236
115,098	139,921	649,267	5,107,864
112,556	148,530	667,211	5,079,930
114,787	253,710	558,222	4,907,904

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

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Special Assessments</u>	<u>License and Permits</u>	<u>Charges for Services</u>	<u>Fines</u>	<u>Interest</u>
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
2010	3,274,471	1,993	121,455	830,574	546,534	2,001
2011	3,275,226	2,631	88,609	718,141	666,417	795
2012	3,534,748	238	68,353	712,799	702,786	1,116
2013	3,500,384	2,941	104,612	717,369	675,432	895

<u>Grants</u>	<u>Miscellaneous</u>	<u>Total</u>
\$ 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
12,164	22,589	4,811,781
51,700	28,463	4,831,982
7,550	21,631	5,049,221
10,850	4,806	5,017,289

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

<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>
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
2010	2,384,613	496,635	338,783	34,603	19,837	3,274,471
2011	2,341,696	516,425	350,045	51,316	15,744	3,275,226
2012	2,397,494	662,826	412,124	49,456	12,848	3,534,748
2013	2,231,647	695,042	405,491	54,755	23,449	3,500,384

(1) Includes penalties and interest.

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

<u>Fiscal Year</u>	<u>Total Levy</u>	<u>Current Tax Collections</u>	<u>Percentage Of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio Of Total Collections To Levy</u>
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
2010	2,377,828	2,349,084	98.79	11,158	2,360,242	99.26
2011	2,317,805	2,287,698	98.70	26,824	2,314,522	99.86
2012	2,362,226	2,336,365	98.90	27,584	2,363,949	100.07
2013	2,326,050	2,308,038	99.22	(2,170)	2,305,868	99.13

<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Levy</u>
\$ 123,800	8.31%
122,991	7.32
134,256	7.55
117,078	6.04
78,473	3.70
86,613	3.71
86,276	3.63
81,789	3.53
77,212	3.27
72,259	3.11

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest and Fees</u>	<u>Total Debt Service</u>	<u>Total (1) Governmental Expenditures</u>	<u>Ratio of Debt Service to Total General Governmental Expenditures</u>
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	4,930,382	12.25
2010	390,000	276,024	666,024	5,588,216	11.92
2011	385,000	251,571	636,571	5,107,864	12.46
2012	400,000	237,211	637,211	5,079,930	12.54
2013	310,000	224,139	534,139	4,907,904	10.88

(1) Excludes Capital Projects Fund.

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

<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>
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
2010	3,055,077	4,268,323	71.6	1,213,246	1,744,148	69.6
2011	4,459,588	5,716,758	78.0	1,257,170	1,900,881	66.1
2012	5,029,750	5,988,124	84.0	958,374	1,863,091	51.4
2013	5,622,267	6,475,736	86.8	853,469	1,754,206	48.7

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