

CITY OF LAKE DALLAS, TEXAS

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

SEPTEMBER 30, 2019

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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 unit, each major fund and the aggregate remaining fund information of the City of Lake Dallas, Texas ("City"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Lake Dallas, Texas as of September 30, 2019, 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.

Emphasis of Matter

As discussed in Notes 13 and 17 to the financial statements, in the current fiscal year, the City adopted new accounting guidance prescribed by GASB Statement No. 75 for its other post-employment benefit (OPEB) plan – a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). Because GASB Statement No. 75 implements new measurement criteria and reporting provisions, significant information has been added to the Government-Wide Statements. The Statement of Net Position discloses the City’s Net OPEB Liability and deferred resource outflows and deferred resource inflows related to the City’s OPEB plan. The Statement of Activities discloses the adjustment to the City’s Beginning Net Position. Our opinion is not modified with respect to the 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 12 and the Texas Municipal Retirement System Schedules on pages 48 thru 50 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 22, 2020 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, Tomm & Seay, PC
Denton, Texas

January 22, 2020

MANAGEMENT'S DISCUSSION & ANALYSIS

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CITY OF LAKE DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

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, 2019. We encourage readers to consider the information presented here in conjunction with the City's basic financial statements and with the independent auditors' report.

Financial Highlights

- The assets and deferred outflows of the City of Lake Dallas exceeded its liabilities and deferred inflows at September 30, 2019 by \$6,477,702.
- The City's total net position increased by \$632,297 during the fiscal year from the results of current year operations. In addition, total net position decreased by \$83,373 from the results of the implementation of GASB 75 related to net OPEB liability during the year.
- As of September 30, 2019, the City of Lake Dallas's governmental funds reported a combined ending fund balance of \$4,395,022, an increase of \$2,450,050 in comparison with the beginning of the period.
- The general fund fund balance increased \$585,400, from a fund balance of \$1,282,699 at the beginning of the year to an ending fund balance of \$1,868,099.

Overview of the Financial Statements

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

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

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

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

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

CITY OF LAKE DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

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

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

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

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

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

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

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

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

CITY OF LAKE DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

Government-wide Financial Analysis

The City's combined net position was \$6,477,702 as of September 30, 2019. 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 | |
|-----------------------------------|----------------------------|--------------|
| | 2018 | 2019 |
| Current and other assets | \$ 2,214,077 | \$ 4,585,034 |
| Capital assets | 8,258,742 | 7,720,066 |
| Total assets | 10,472,819 | 12,305,100 |
| Deferred outflows of resources | 435,556 | 954,769 |
| Long-term liabilities outstanding | 4,169,828 | 6,263,042 |
| Other liabilities | 233,962 | 148,792 |
| Total liabilities | 4,403,790 | 6,411,834 |
| Deferred inflows of resources | 575,807 | 370,333 |
| Net position: | | |
| Net investment in capital assets | 4,787,693 | 4,566,321 |
| Restricted | 478,748 | 617,815 |
| Unrestricted | 662,337 | 1,293,566 |
| Total net position | \$ 5,928,778 | \$ 6,477,702 |

Governmental Activities. The City's general revenues for governmental activities for the years ended September 30, 2018 and 2019 are detailed below (Table 2).

Table 2
General Revenues

| | 2018 | 2019 |
|---|--------------|--------------|
| Property taxes, levied for general purposes | \$ 2,470,903 | \$ 2,711,978 |
| Property taxes, levied for debt service | 454,129 | 441,476 |
| Sales taxes | 1,016,232 | 1,135,016 |
| Franchise taxes | 424,586 | 429,563 |
| Hotel occupancy taxes | 84,978 | 32,321 |
| Mixed beverage taxes | 20,517 | 23,997 |
| Investment earnings | 39,727 | 64,617 |
| Miscellaneous | 16,460 | 13,041 |
| | \$ 4,527,532 | \$ 4,852,009 |

CITY OF LAKE DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

The following table provides a summary of the City's operations for the years ended September 30, 2018 and 2019.

Table 3
Changes in Net Position

| | Governmental Activities | |
|--------------------------------------|----------------------------|---------------------|
| | 2018 | 2019 |
| Revenues: | | |
| Program revenues: | | |
| Charges for services | \$ 895,199 | \$ 1,172,134 |
| Operating grants and contributions | 58,923 | 133,812 |
| General revenues: | | |
| Property taxes | 2,925,032 | 3,153,454 |
| Sales taxes | 1,016,232 | 1,135,016 |
| Franchise taxes | 424,586 | 429,563 |
| Hotel occupancy taxes | 84,978 | 32,321 |
| Mixed beverage taxes | 20,517 | 23,997 |
| Investment earnings | 39,727 | 64,617 |
| Other | 16,460 | 13,041 |
| | <u>5,481,654</u> | <u>6,157,955</u> |
| Expenses: | | |
| Administration | 654,582 | 665,385 |
| Tourism | 61,220 | 67,047 |
| City council | 9,551 | 13,626 |
| Public safety | 2,624,264 | 2,614,664 |
| Animal services | 225,095 | 210,026 |
| Library | 183,317 | 181,703 |
| Public works - streets | 1,021,772 | 892,998 |
| Municipal court | 189,635 | 146,252 |
| Parks and facilities | 256,579 | 232,088 |
| Development services | 291,916 | 262,493 |
| Debt service - interest | 148,861 | 194,948 |
| Capital Outlay | - | 245,559 |
| | <u>5,666,792</u> | <u>5,726,789</u> |
| Gain on sale of assets | 54,222 | - |
| Transfers in | 243,724 | 201,131 |
| Change in net position | 112,808 | 632,297 |
| Net position – October 1 (beginning) | 5,815,970 | 5,928,778 |
| Prior period adjustment | - | (83,373) |
| Net position – September 30 (ending) | <u>\$ 5,928,778</u> | <u>\$ 6,477,702</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, 2019

As of the end of the current period, the City's governmental funds reported a combined ending fund balance of \$4,395,022, an increase of \$2,450,050 in comparison with the beginning of the period. Unassigned fund balance available for spending at the City's discretion was \$1,851,295. A portion of fund balance is considered nonspendable and not available for new spending because it is restricted for street maintenance (\$243,955), restricted for debt service (\$317,931), restricted for tourism (\$70,766), has already been committed to liquidate prepaid items (\$22,591) or are special revenue funds that have been restricted or assigned for specific purposes (\$271,650).

The general fund is the chief operating fund of the City. At the end of the current period, unassigned fund balance of the general fund was \$1,851,295, while total fund balance was \$1,868,099. The fund balance of the City's general fund increased by \$585,400 during the current period, primarily due to additional ad valorem tax, sales tax and court revenue.

General Fund Budgetary Highlights

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

The original budget for the general fund projected that the activity for the year would decrease available fund balance by \$37,441. The available fund balance for the general fund actually increased in the amount of \$585,400 due to greater than expected revenue from sales tax and court activity.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental activities as of September 30, 2019, amounted to \$7,720,026 (net of accumulated depreciation). This amount represents a net decrease of \$538,716, or 6.5 percent, below the beginning of the period. The investment in capital assets includes land, buildings, equipment, vehicles, roads and parks.

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

| <u>Description</u> | <u>Amount</u> |
|------------------------|-------------------|
| Police vehicle | \$ 53,109 |
| Public works vehicle | 34,190 |
| Public works equipment | <u>17,821</u> |
| Total | <u>\$ 105,120</u> |

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

| | <u>Governmental Activities</u> |
|----------------------------------|------------------------------------|
| Land | \$ 397,872 |
| Construction in Progress | 1,659 |
| Buildings and Improvements | 1,827,245 |
| Streets and Parks Infrastructure | 4,962,864 |
| Equipment and Vehicles | <u>530,386</u> |
| Totals | <u>\$ 7,720,026</u> |

CITY OF LAKE DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

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

Long-term Debt. At the end of the current period, the City had certificates of obligation outstanding of \$1,565,000, accrued compensated absences of \$231,263, equipment loans of \$272,382 and general obligation bonds outstanding of \$2,910,000, for total long-term debt of \$4,978,645. New debt was incurred during the year through the issuance of general obligation refunding bonds to defease a certificates of obligation series, the issuance of a certificates of obligation series, and an additional equipment loan.

The City's total long-term debt increased by \$1,219,114 during the current period or 32.43%. Additional information on the City's long-term debt can be found in Note 7 of this report.

Economic Factors and New Year's Budgets and Rates

The FY 2019-20 Budget focuses on continuing all existing services for our citizens, maintaining appropriate staffing levels, implementing a capital improvements plan, and maintaining a fund balance level in accordance with the City's fiscal policies. Highlights of the budget are detailed below.

- The property tax rate for the upcoming fiscal year will decrease from \$0.661750 to \$0.644970 per \$100 of assessed valuation. This is a 1.678 cent decrease in the tax rate.
- Sales Tax revenues are projected to have a slight increase due to the anticipated opening of some commercial development.
- Franchise Fees are projected to decrease due to the passage of Senate-Bill-1152 that authorizes a cable or phone company to stop paying the lesser of its state cable franchise or telephone access line fees, whichever are less for the company statewide. We are expecting a \$30,000 decrease as a result of this new state law. The bill requires providers to file, not later than October 1 of each year, an annual written notification with the city of which fee will be eliminated.
- Fines and Fees are projected to increase by over \$100,000 mainly due to increased court fines and increased number of health and other permits.
- There are no cuts in programs or services to citizens.
- The full-time equivalents (FTE) will increase from 36.5 to 37.5, due to the hiring of a police officer under the Violence Against Women state grant that was approved by the City Council last fiscal year. Also, the 0.5 FTE temporary/seasonal worker in the Parks Department has been eliminated, and a 0.5 FTE library assistant has been added to the Library to help with their increased workload.
- There is a cost of living increase for employees of 2%, and an equity adjustment for some employees.
- The police officer position has been reclassified in the City's Compensation Plan from the current grade "D" up to grade "E" with a starting salary of \$50,967. This is an increase of \$4,633 and will place the new officer starting salary competitive with some area agencies. This reclassification has a ripple effect because it will require the reclassification of Police Sergeant from grade "E" to grade "F", and Police Lieutenant from grade "F" to grade "G" and eliminate the Police Captain position that was located on grade "G". All of this resulted in equity adjustments for every police officer, Sergeant and Lieutenant.
- There is a cost increase of approximately 4% to the employee group health coverage with the TML Pool Plans.

CITY OF LAKE DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

- Capital Improvement Plan projects include the replacement of a vehicle for Police, and a replacement truck for Parks; replacement ac units for City Hall, Library, Animal Shelter and Fire Station; exterior painting and an automated external defibrillator for City Hall; replacement tile for police department and final phase renovation of the property room; replacement windows for Library; and replacement cat kennels for the Animal Shelter. All the capital improvement requests for Parks are going to be covered by the Lake Dallas Community Development Corporation.
- There is a new Technology Capital Improvement Plan added to this budget that includes \$19,907 in new technology replacements. These costs are mainly for the replacement of Windows 7 computers that will no longer be supported and pose a security issue.
- One-time strategic planning items include the hiring of a consultant for a salary and compensation study.

The General Fund revenues are proposed at \$5,122,890, which represents an increase of 5.75% from the previous year's budget. Additional property taxes of \$155,418, which is a 5.9% increase from last year's budget, will be realized from increased values and new construction. Sales tax revenues are projected to increase slightly, and franchise fees are expected to decrease slightly, approximately \$30,000, due to new state law. Fines and fees are projected to increase by over \$100,000 due to increased court fines and increased number of health and other permits.

General Fund operating expenses are proposed at \$5,122,125, which represents an increase of 4.75% from the previous year's budget. This increase is primarily attributed to the employee compensation package and equity adjustments, as well as hiring a consultant for a salary and compensation study. Also, this includes \$19,907 in new technology replacements as part of the new Technology Capital Improvement Plan. These costs are mainly for the replacement of Windows 7 computers that will no longer be supported and pose a security issue.

The Capital Improvements Program (CIP) for FY 2019-20 totals \$188,612 and includes: an additional vehicle for Police CID and replacement vehicle for the Parks Department. Replacement AC Units for City Hall, Library, Animal Shelter and the Fire Station. Replacement tile for police department and the final phase renovation of the property room. Exterior painting and an automated external defibrillator for City Hall. Replacement windows for the Library, and replacement Cat Kennels for the Animal Shelter. There is also \$19,907 budget for technology updates. All the capital improvement projects for our parks, except for Willow Grove Park, are covered in the CDC budget.

The Debt Service Fund's purpose is to provide for principal and interest payments for the City's General Obligation bonds. Revenues and expenditures will vary each year in relations to the timing of issuance and the schedule of repayments. For FY 2019-20 debt service is budgeted at \$678,970, which includes a \$235,825 transfer from the Lake Dallas Community Development Corporation.

The Lake Dallas (Type B) Community Development Corporation (CDC) Fund is funded by a special one-half (1/2) cent sales tax allocation, which was approved by the voters and went into effect in 2003. The CDC is governed by a board of directors. The CDC develops and submits its own budget to the City, for consideration and approval by the City Council. The revenue for this fund is projected to increase since sales tax is projected to have a slight increase in FY 2019-20.

CITY OF LAKE DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

The importance of cash reserves, generally identified as Reserve Fund Balance, cannot be stressed enough in any governmental function. The ability to overcome unexpected disasters or to be able to fund an unbudgeted expenditure that may be significant to the City requires available but unencumbered funds. In the past, the Council has expressed an intent to maintain a level of unassigned fund balance in the general fund equal to 25 percent of the fund's operating expenditures. For FY 2019-20 that would require approximately \$1,279,268 in the fund balance. The estimated reserve balance at the end of FY 2018-19 is \$1,552,285 and the estimated reserve fund balance for FY 2019-20 is \$1,558,107. City Management will continue to monitor our financial performance and make appropriate expenditure and/or revenue adjustments as necessary to manage the reserve fund balance.

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 STATEMENT

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CITY OF LAKE DALLAS, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

| | <u>Primary Government</u> | <u>Component Unit</u> |
|--|---------------------------|-----------------------|
| | <u>Governmental</u> | <u>Community</u> |
| | <u>Activities</u> | <u>Development</u> |
| | | <u>Corporation</u> |
| ASSETS | | |
| Cash and Investments | 4,192,673 | 525,235 |
| Receivables (net of allowance for uncollectibles): | | |
| Taxes – Ad Valorem | 63,236 | - |
| Taxes – Sales | 228,740 | 76,247 |
| Taxes - Mixed Beverage | 6,639 | - |
| Taxes - Franchise | 23,560 | - |
| Taxes- Occupancy | 20,025 | - |
| Other | 26,574 | - |
| Prepaid Expenses | 22,591 | - |
| Internal Balances | 1,036 | (1,036) |
| Capital Assets: | | |
| Land | 397,872 | 611,718 |
| Construction in Progress | 1,659 | - |
| Buildings and Improvements, net | 1,827,245 | - |
| Streets and Parks Infrastructure, net | 4,962,864 | - |
| Equipment and Vehicles, net | 530,386 | - |
| Total Assets | <u>12,305,100</u> | <u>1,212,164</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred charge on bond refunding | 38,478 | - |
| Deferred outflow related to TMRS | 914,781 | - |
| Deferred outflow related to OPEB | 1,510 | - |
| Total Deferred Outflows of Resources | <u>954,769</u> | <u>-</u> |
| LIABILITIES | | |
| Accounts Payable | 48,095 | - |
| Accrued Wages Payable | 40,025 | - |
| Accrued Interest Payable | 19,305 | 17,351 |
| Short-term Loan Payable | 38,432 | - |
| Other Liabilities | 2,935 | - |
| Noncurrent Liabilities: | | |
| Due within one year | 606,330 | - |
| Due in more than one year | 4,372,315 | 700,000 |
| Net pension liability | 1,199,352 | - |
| Net OPEB liability | 85,045 | - |
| Total Liabilities | <u>6,411,834</u> | <u>717,351</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflow related to TMRS | 369,093 | - |
| Deferred inflow related to OPEB | 1,240 | - |
| Total Deferred Inflows of Resources | <u>370,333</u> | <u>-</u> |
| NET POSITION | | |
| Net investment in capital assets | 4,566,321 | (105,633) |
| Restricted for: | | |
| Community Development | - | 600,446 |
| Court Security and Technology | 61,635 | - |
| Other Purposes | 556,180 | - |
| Unrestricted Net Position | 1,293,566 | - |
| Total Net Position | <u>\$ 6,477,702</u> | <u>\$ 494,813</u> |

The accompanying notes are an integral part of this statement.

CITY OF LAKE DALLAS, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

| Functions/Programs | Expenses | Program Revenues | | |
|-----------------------------------|---------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| GOVERNMENTAL ACTIVITIES: | | | | |
| Administration | \$ 665,385 | \$ 217,699 | \$ 1,000 | \$ - |
| Tourism | 67,047 | 48,765 | - | - |
| City Council | 13,626 | - | - | - |
| Public Safety | 2,614,664 | 458,828 | 70,391 | - |
| Animal Services | 210,026 | 23,702 | 20,297 | - |
| Library | 181,703 | 9,092 | 42,124 | - |
| Public Works - Streets | 892,998 | - | - | - |
| Municipal Court | 146,252 | 146,252 | - | - |
| Parks and Facilities | 232,088 | 117,845 | - | - |
| Development Services | 262,493 | 149,951 | - | - |
| Debt Service - Interest and Fees | 194,948 | - | - | - |
| Capital Outlay | 245,559 | - | - | - |
| Total Governmental Activities | <u>5,726,789</u> | <u>1,172,134</u> | <u>133,812</u> | <u>-</u> |
| TOTAL PRIMARY GOVERNMENT | <u>\$ 5,726,789</u> | <u>\$ 1,172,134</u> | <u>\$ 133,812</u> | <u>\$ -</u> |
| COMPONENT UNIT: | | | | |
| Community Development Corporation | <u>\$ 150,617</u> | <u>\$ 10,500</u> | <u>\$ -</u> | <u>\$ -</u> |
| TOTAL COMPONENT UNIT | <u>\$ 150,617</u> | <u>\$ 10,500</u> | <u>\$ -</u> | <u>\$ -</u> |

GENERAL REVENUES:

Taxes:

- Property taxes, levied for general purposes
- Property taxes, levied for debt service
- Sales taxes
- Franchise taxes
- Hotel occupancy taxes
- Mixed beverage taxes

Investment Earnings

Miscellaneous

Special item – transfers in (out)

Total General Revenues and Special Items

Change in Net Position

NET POSITION, October 1 (beginning)

Prior period adjustment-required by GASB 75

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 Unit Community Development Corp |
| \$ (446,686) | \$ - |
| (18,282) | - |
| (13,626) | - |
| (2,085,445) | - |
| (166,027) | - |
| (130,487) | - |
| (892,998) | - |
| - | - |
| (114,243) | - |
| (112,542) | - |
| (194,948) | - |
| (245,559) | - |
| <u>(4,420,843)</u> | <u>-</u> |
| <u>(4,420,843)</u> | <u>-</u> |
| - | (140,117) |
| - | (140,117) |
| 2,711,978 | - |
| 441,476 | - |
| 1,135,016 | 378,336 |
| 429,563 | - |
| 32,321 | - |
| 23,997 | - |
| 64,617 | 10,917 |
| 13,041 | - |
| 201,131 | (201,131) |
| <u>5,053,140</u> | <u>188,122</u> |
| 632,297 | 48,005 |
| 5,928,778 | 446,808 |
| (83,373) | - |
| <u>\$ 6,477,702</u> | <u>\$ 494,813</u> |

CITY OF LAKE DALLAS, TEXAS
BALANCE SHEET GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

| ASSETS | GENERAL FUND | DEBT SERVICE FUND | CAPITAL PROJECTS FUND | OTHER FUNDS | TOTAL GOVERNMENTAL FUNDS |
|--|---------------------------|--------------------------|-----------------------------|--------------------------|--------------------------------|
| Cash and cash equivalents | \$ 1,663,706 | \$ 320,500 | \$ 1,555,199 | \$ 653,268 | \$ 4,192,673 |
| Receivables (net of allowances for uncollectibles): | | | | | |
| Ad Valorem tax | 52,064 | 11,172 | - | - | 63,236 |
| Sales tax | 190,617 | - | - | 38,123 | 228,740 |
| Mixed beverage tax | 6,639 | - | - | - | 6,639 |
| Franchise tax | 23,560 | - | - | - | 23,560 |
| Occupancy tax | - | - | - | 20,025 | 20,025 |
| Other | 8,566 | - | - | 18,008 | 26,574 |
| Due from other funds | 78,476 | - | - | 25,870 | 104,346 |
| Due from CDC | 1,036 | - | - | - | 1,036 |
| Prepaid costs | 16,804 | - | - | 5,787 | 22,591 |
| Total Assets | <u>\$2,041,468</u> | <u>\$ 331,672</u> | <u>\$ 1,555,199</u> | <u>\$ 761,081</u> | <u>\$ 4,689,420</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 42,216 | \$ - | \$ - | \$ 5,879 | \$ 48,095 |
| Accrued wages payable | 40,025 | - | - | - | 40,025 |
| Other liabilities | 2,935 | - | - | - | 2,935 |
| Due to other funds | - | 2,937 | - | 101,409 | 104,346 |
| Short-term loan payable | 38,432 | - | - | - | 38,432 |
| Total Liabilities | <u>123,608</u> | <u>2,937</u> | <u>-</u> | <u>107,288</u> | <u>233,833</u> |
| Deferred Inflows of Resources: | | | | | |
| Unavailable Revenue-Property Taxes | 49,761 | 10,804 | - | - | 60,565 |
| Total Deferred Inflows of Resources | <u>49,761</u> | <u>10,804</u> | <u>-</u> | <u>-</u> | <u>60,565</u> |
| Fund Balances: | | | | | |
| Nonspendable fund balance: | | | | | |
| Prepaid costs | 16,804 | - | - | 5,787 | 22,591 |
| Restricted fund balance: | | | | | |
| Restricted for debt service | - | 317,931 | - | - | 317,931 |
| Restricted for capital projects | - | - | 1,555,199 | - | 1,555,199 |
| Restricted for court security/technology | - | - | - | 61,635 | 61,635 |
| Restricted for street maintenance | - | - | - | 243,955 | 243,955 |
| Restricted for tourism | - | - | - | 70,766 | 70,766 |
| Restricted for other purposes | - | - | - | 241,459 | 241,459 |
| Assigned fund balance | - | - | - | 30,191 | 30,191 |
| Unassigned fund balance | 1,851,295 | - | - | - | 1,851,295 |
| Total Fund Balances | <u>1,868,099</u> | <u>317,931</u> | <u>1,555,199</u> | <u>653,793</u> | <u>4,395,022</u> |
| Total Liabilities, Deferred Inflows and Fund Balances | <u>\$2,041,468</u> | <u>\$ 331,672</u> | <u>\$ 1,555,199</u> | <u>\$ 761,081</u> | <u>\$ 4,689,420</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, 2019

| | |
|---|----------------------------|
| Total Fund Balance – Governmental Funds | \$ 4,395,022 |
| Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund financial statements. | 15,898,099 |
| Accumulated depreciation is not reported in the fund financial statements. | (8,178,073) |
| Bonds payable, certificates of obligation payable, equipment loan payable and compensated absences payable are not reported in the fund financial statements. | (4,978,645) |
| Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due. | (19,305) |
| Property tax revenue reported as unavailable revenue in the fund financial statements was recognized as revenue in the government-wide financial statements. | 60,565 |
| Deferred charge on bond refundings is not recognized in the fund financial statements. | 38,478 |
| Included in the items related to debt is the recognition of the City’s net TMRS pension liability required by GASB 68 in the amount of \$1,199,352, a Deferred Resource Outflow related to TMRS in the amount of \$914,781 and a Deferred Resource Inflow related to TMRS in the amount of \$369,093. This amounted to a decrease in Net Position in the amount of \$653,664. | (653,664) |
| Included in the items related to debt is the recognition of the City’s net TMRS OPEB liability required by GASB 75 in the amount of \$85,045, a Deferred Resource Outflow related to OPEB in the amount of \$1,510, and a Deferred Resource Inflow related to OPEB in the amount of \$1,240. This amounted to a decrease in Net Position in the amount of \$84,775. | <u>(84,775)</u> |
| Net Position of Governmental Activities | <u>\$ 6,477,702</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, 2019

| | GENERAL FUND | DEBT SERVICE FUND | CAPITAL PROJECTS FUND | OTHER FUNDS | TOTAL GOVERNMENTAL FUNDS |
|---|---------------------|-------------------------|-----------------------------|-------------------|--------------------------------|
| Revenues: | | | | | |
| Taxes (ad valorem, sales and other) | \$ 4,107,880 | \$ 441,257 | \$ - | \$ 221,489 | \$ 4,770,626 |
| Licenses and permits | 158,009 | - | - | - | 158,009 |
| Charges for services | 283,511 | - | - | 67,376 | 350,887 |
| Court fines | 449,953 | - | - | 39,022 | 488,975 |
| Donations and grants | 42,210 | - | - | 91,602 | 133,812 |
| Insurance proceeds | 170,030 | - | - | 4,233 | 174,263 |
| Interest | 40,644 | 10,099 | - | 13,874 | 64,617 |
| Miscellaneous | 10,641 | - | 2,400 | - | 13,041 |
| Total Revenues | 5,262,878 | 451,356 | 2,400 | 437,596 | 6,154,230 |
| Expenditures: | | | | | |
| Administration | 644,300 | - | - | - | 644,300 |
| Tourism | 33,154 | - | - | 33,893 | 67,047 |
| City council | 13,626 | - | - | - | 13,626 |
| Public safety | 2,418,678 | - | - | 83,318 | 2,501,996 |
| Animal services | 168,543 | - | - | 17,244 | 185,787 |
| Library | 175,844 | - | - | 2,835 | 178,679 |
| Public works – streets | 357,083 | - | - | 26,352 | 383,435 |
| Municipal court | 126,762 | - | - | 19,583 | 146,345 |
| Parks and facilities | 86,318 | - | - | 66,680 | 152,998 |
| Development services | 259,072 | - | - | - | 259,072 |
| Capital outlay | 382,971 | - | - | 29,570 | 412,541 |
| Debt service: | | | | | |
| Principal retirement | 59,011 | 395,000 | - | - | 454,011 |
| Interest and fees | 9,906 | 104,238 | - | - | 114,144 |
| Bond issuance costs | - | 28,118 | 45,000 | - | 73,118 |
| Total Expenditures | 4,735,268 | 527,356 | 45,000 | 279,475 | 5,587,099 |
| Excess of Revenues Over (Under) Expenditures | 527,610 | (76,000) | (42,600) | 158,121 | 567,131 |
| Other Financing Resources (Uses): | | | | | |
| Certificates of Obligation proceeds | - | - | 1,565,000 | - | 1,565,000 |
| Bond proceeds | - | 725,000 | - | - | 725,000 |
| Loan proceeds | 84,564 | - | - | - | 84,564 |
| Payments to refunding escrow agent | - | (692,776) | - | - | (692,776) |
| Transfers out | (33,308) | - | - | (11,534) | (44,842) |
| Transfers in | 6,534 | 201,131 | 32,799 | 5,509 | 245,973 |
| Total Other Financing Resources (Uses) | 57,790 | 233,355 | 1,597,799 | (6,025) | 1,882,919 |
| Net Change in Fund Balance | 585,400 | 157,355 | 1,555,199 | 152,096 | 2,450,050 |
| Fund Balance - October 1 (beginning) | 1,282,699 | 160,576 | - | 501,697 | 1,944,972 |
| Fund Balance - September 30 (ending) | <u>\$ 1,868,099</u> | <u>\$ 317,931</u> | <u>\$ 1,555,199</u> | <u>\$ 653,793</u> | <u>\$ 4,395,022</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, 2019

| | |
|--|---------------------|
| Total Net Change in Fund Balances – Governmental Funds | \$ 2,450,050 |
| Current year principal payments on bonds, certificates of obligation and equipment loans are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements. | 454,011 |
| 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. | 166,982 |
| 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. | (705,698) |
| Interest is accrued on outstanding debt in the government-side financial statements, whereas in the fund financial statements interest expenditures are reported when due. | (384) |
| 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. | 3,725 |
| Certificates of obligation proceeds are shown as other resources in the fund financial statements but are shown as an increase in long-term debt in the government-wide financial statements. | (1,565,000) |
| Equipment loan proceeds are shown as other resources in the fund financial statements but are shown as an increase in long-term debt in the government-wide financial statements. | (84,564) |
| Bond proceeds are shown as other resources in the fund financial statements but are shown as an increase in long-term debt in the government-wide financial statements. | (725,000) |
| Payments to bond refunding paying agent are shown as other uses in the fund financial statements but are shown as a decrease in long-term debt in the government-wide financial statements. | 692,776 |
| 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. | (7,302) |
| Current year compensated absences earned but not used is not recorded in the fund financial statements, but is shown as a decrease in long-term debt in the government-wide financial statements. | 11,439 |

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, 2019

The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. The contributions made after the measurement date of 12/31/18 caused the change in ending net position to increase in the amount of \$163,010. Contributions made before the measurement date but during the 2019 FY were also de-expended and recorded as a reduction in the net position liability for the City. This also caused an increase in the change in net position in the amount of \$68,768. These contributions were replaced with the City's pension expense for the year of \$289,114, which caused a decrease in the change in net position. The impact of all of these is to decrease net position by \$57,336.

(57,336)

The implementation of GASB 75 required that certain expenditures be de-expended and recorded as deferred resource outflows. The contributions made after the measurement date of 12/31/18 caused net position to increase in the amount of \$552. Contributions made before the measurement date but during the 2019 FY were also de-expended and recorded as a reduction in the net position liability for the City. This also caused an increase in net position in the amount of \$184. These contributions were replaced with the City's OPEB expense for the year of \$2,138, which caused a decrease in the change in net position. The impact of all of these is to decrease net position by \$1,402.

(1,402)

Change in Net Position of Governmental Activities

\$ 632,297

CITY OF LAKE DALLAS, TEXAS
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

| | Budgeted Amounts | | Actual Amounts (GAAP BASIS) | Variance With Final Budget |
|--|---------------------|---------------------|-----------------------------------|----------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes (ad valorem, sales and other) | \$ 3,993,334 | \$ 3,993,334 | \$ 4,107,880 | \$ 114,546 |
| Licenses and permits | 96,100 | 96,100 | 158,009 | 61,909 |
| Charges for services | 282,887 | 282,887 | 283,511 | 624 |
| Court fines | 292,200 | 292,200 | 449,953 | 157,753 |
| Donations and grants | 30,546 | 30,546 | 42,210 | 11,664 |
| Insurance proceeds | 30,871 | 30,871 | 170,030 | 139,159 |
| Interest | 23,000 | 23,000 | 40,644 | 17,644 |
| Miscellaneous revenue | 10,000 | 10,000 | 10,641 | 641 |
| Total Revenues | <u>4,758,938</u> | <u>4,758,938</u> | <u>5,262,878</u> | <u>503,940</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Administration | 703,629 | 703,680 | 644,300 | 59,380 |
| Tourism | 26,200 | 26,200 | 33,154 | (6,954) |
| City council | 13,950 | 13,950 | 13,626 | 324 |
| Public safety | 2,475,865 | 2,475,865 | 2,418,678 | 57,187 |
| Animal services | 180,171 | 180,171 | 168,543 | 11,628 |
| Library | 182,700 | 182,700 | 175,844 | 6,856 |
| Public works-streets | 435,536 | 435,485 | 357,083 | 78,402 |
| Municipal court | 123,592 | 123,592 | 126,762 | (3,170) |
| Parks and recreation | 75,465 | 75,465 | 86,318 | (10,853) |
| Development services | 294,502 | 294,502 | 259,072 | 35,430 |
| Debt Service | 119,568 | 119,568 | 68,917 | 50,651 |
| Capital Outlay | 250,201 | 448,901 | 382,971 | 65,930 |
| Total Expenditures | <u>4,881,379</u> | <u>5,080,079</u> | <u>4,735,268</u> | <u>344,811</u> |
| Excess of Revenues over (under) Expenditures | <u>(122,441)</u> | <u>(321,141)</u> | <u>527,610</u> | <u>848,751</u> |
| Other Financing Sources (Uses): | | | | |
| Loan Proceeds | 75,000 | 75,000 | 84,564 | 9,564 |
| Sale of Assets | 10,000 | 10,000 | - | (10,000) |
| Transfers out | - | - | (33,308) | (33,308) |
| Transfers in | - | - | 6,534 | 6,534 |
| Total Other Financing Sources (Uses) | <u>85,000</u> | <u>85,000</u> | <u>57,790</u> | <u>(27,210)</u> |
| Net Change in Fund Balance | (37,441) | (236,141) | 585,400 | 821,541 |
| Fund Balance – October 1 (beginning) | <u>1,282,699</u> | <u>1,282,699</u> | <u>1,282,699</u> | <u>-</u> |
| Fund Balance – September 30 (ending) | <u>\$ 1,245,258</u> | <u>\$ 1,046,558</u> | <u>\$ 1,868,099</u> | <u>\$ 821,541</u> |

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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, 2019

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, 2019 has one discretely presented component unit as defined by GASB criteria- the Lake Dallas Community Development Corporation. Separately-issued financial statements for the component unit may be obtained by contacting the City of Lake Dallas.

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments are treated as being equal to the employer's yearly contributions for retirees. There are no investments as this is a pay-as-you-go plan.

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 Certificates of Obligation and General Obligation Bonds to be used for authorized acquisition, construction, or renovation projects. Upon completion of a project, any unused debt proceeds, if any, are used to retire related debt 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.

CITY OF LAKE DALLAS, TEXAS
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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.

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.

CITY OF LAKE DALLAS, TEXAS
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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 |

I. Compensated Absences

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

J. Estimates

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

K. Net Position

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

L. Budgets and Budgetary Accounting

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

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

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

2. DEPOSITS AND INVESTMENTS

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

1. Cash Deposits:

At September 30, 2019, the carrying amount of the City's deposits in checking accounts and interest-bearing savings accounts was \$93,295 and the bank balance was \$223,095. The City's cash deposits at September 30, 2019 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, 2019, the City's cash balances totaled \$223,095. 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.

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- 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, 2019, the City held all of its investments in two public funds investment pools – TexPool and LOGIC. Investments in external investment pools are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.
- c. **Credit Risk:** This is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligation. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. The City has no policy relating to the credit risk of investments. The credit quality rating for LOGIC at year-end was AAA (Standard & Poor’s) and for TexPool was AAAm (Standard & Poor’s).
- d. **Interest Rate Risk:** This is the risk that changes in interest rates will adversely affect the fair value of an investment. The City has no formal policy relating to interest rate risk but manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for the TexPool and LOGIC investment pools is less than 60 days.
- e. **Foreign Currency Risk:** This is the risk that exchange rates will adversely affect the fair value of an investment. At September 30, 2019, 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, 2019 are shown below:

| <u>Name</u> | <u>Carrying Amount</u> | <u>Market Value</u> |
|-------------------------|----------------------------|-------------------------|
| TexPool Investment Pool | \$3,729,786 | \$3,729,786 |
| LOGIC Investment Pool | <u>368,950</u> | <u>368,950</u> |
| Total | <u>\$4,098,736</u> | <u>\$4,098,736</u> |

Fair Value Measurements

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

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

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

3. FUND BALANCE

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

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

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has classified prepaid items as being nonspendable as these items are not expected to be converted to cash.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Court security and technology fees are being restricted because their use is restricted pursuant to the regulations that allow the collection of those fees. Child safety fees, juvenile case management fees, state LEOSE training fees and drug seizure funds are being restricted because their use is restricted by law in a similar manner to these specific purposes. Debt service funds are being restricted because their use is restricted for the purpose of retiring long-term debt.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. The Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This can also be done through adoption and amendment of the budget. These amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Council has no committed fund balance as of September 30, 2019.
- Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Council or through the Council delegating this responsibility to other individuals in the City. Under the City's policy, only the Council may assign amounts for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The City assigned fund balance resources of various funds accounted for through the special revenue fund.

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- 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 18) and are described below:

General Fund

The General Fund has unassigned fund balance of \$1,851,295 at September 30, 2019. Prepaid costs of \$16,804 are considered nonspendable fund balance.

Special Revenue Funds

The fund balances of the Court Technology Fund and Court Security Fund (totaling \$61,635) are shown as restricted for those purposes. The fund balances of the Street Maintenance Tax Fund (\$243,955) and the Hotel Occupancy Tax Fund (\$70,766) 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, Forensic Testing Fund, Park Improvement Fund and Willow Grove Camping Fees Fund (totaling \$241,459) are shown as restricted for those purposes also. The fund balances of the Kids N Cops Fund, Library Donations Fund and Animal Rescue Fund (totaling \$30,191) have been assigned for use in the activities that generated those funds.

Debt Service Funds

The Debt Service Fund has restricted fund balance of \$317,931 at September 30, 2019 that is restricted by law for use in retiring long-term debt.

3. RECEIVABLES

Government-wide receivables as of September 30, 2019, including the applicable allowances for uncollectible accounts, are as follows:

| | <u>General Fund</u> | <u>Debt Service Fund</u> | <u>Special Revenue Fund</u> | <u>Total</u> |
|-------------------------------|-------------------------|------------------------------|---------------------------------|-------------------|
| Receivables: | | | | |
| Property taxes | \$ 68,505 | \$ 14,700 | \$ - | \$ 83,205 |
| Sales taxes | 190,617 | - | 38,123 | 228,740 |
| Occupancy tax | - | - | 20,025 | 20,025 |
| Franchise tax | 23,560 | - | - | 23,560 |
| Other | <u>8,566</u> | <u>-</u> | <u>18,008</u> | <u>26,574</u> |
| Gross Receivables | 291,248 | 14,700 | 76,156 | 382,104 |
| Less: Uncollectible allowance | <u>16,441</u> | <u>3,528</u> | <u>-</u> | <u>19,969</u> |
| Net Total Receivables | <u>\$ 274,807</u> | <u>\$ 11,172</u> | <u>\$ 76,156</u> | <u>\$ 362,135</u> |

CITY OF LAKE DALLAS, TEXAS
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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.

5. INTERFUND BALANCES AND TRANSFERS

Interfund balances at September 30, 2019, consisted of the following individual fund receivables and payables:

| <u>Fund</u> | <u>Advances to Other Funds</u> | <u>Advances from Other Funds</u> |
|-----------------------------|------------------------------------|--------------------------------------|
| <u>General Fund</u> | | |
| Special Revenue Funds: | | |
| Street Maintenance Tax | \$ 71,906 | \$ - |
| Drug Seizure Fund | 7,567 | - |
| VAWA Grant | 21,936 | - |
| Police Auction | - | 25,870 |
| Debt Service Fund | - | 2,937 |
| Total General Fund | <u>101,409</u> | <u>28,807</u> |
| <u>Special Revenue Fund</u> | | |
| General Fund | - | 75,539 |
| Total Special Revenue Fund | - | <u>75,539</u> |
| <u>Debt Service Fund</u> | | |
| General Fund | 2,937 | - |
| Total Debt Service Fund | <u>2,937</u> | - |
| Total | <u>\$ 104,346</u> | <u>\$ 104,346</u> |

Virtually all of the above interfund balances are short-term loans due to the fact that checking account balances for most governmental funds are pooled into one demand account. There are no interfund balances that are not expected to be repaid within one year.

Interfund transfers for the year ended September 30, 2019 consisted of the following individual amounts:

| <u>Fund</u> | <u>Transfers to Other Funds</u> | <u>Transfers from Other Funds</u> |
|------------------------------|-------------------------------------|---------------------------------------|
| <u>General Fund:</u> | | |
| Debt Service Fund | \$ 281,661 | \$ - |
| Drug Seizure Fund | - | 6,534 |
| <u>Debt Service Fund:</u> | | |
| General Fund | - | 281,661 |
| <u>Special Revenue Fund:</u> | | |
| Kids N Cops Fund | - | 5,000 |
| Child Safety Fund | 5,000 | - |
| Drug Seizure Fund | 6,534 | - |
| Total | <u>\$ 293,195</u> | <u>\$ 293,195</u> |

Interfund transfers during the year include the following:

- Transfers from Lake Dallas Community Development Corporation to the debt service fund as reimbursement of payments of long-term debt - \$201,131.
- Transfer from the general fund to the capital projects fund for use with the certificates of obligation proceeds on construction projects - \$32,799.

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- Transfer of \$5,000 from the child safety special revenue fund and \$500 from the general fund to the Kids N Cops special revenue fund for use in that program.
- Transfer from the drug seizure special revenue fund to the general fund of drug seizure funds - \$6,534.
- Transfer of a general fund TexPool parks improvement account to the Parks Improvement special revenue fund - \$9.

6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019 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 | - | 1,659 | - | 1,659 |
| Total capital assets, not being depreciated | <u>397,872</u> | <u>1,659</u> | <u>-</u> | <u>399,531</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and Improvements | 3,043,888 | 17,675 | - | 3,061,563 |
| Street and Parks | 10,655,342 | 14,377 | - | 10,669,719 |
| Equipment and Vehicles | <u>1,634,015</u> | <u>133,271</u> | <u>-</u> | <u>1,767,286</u> |
| Total capital assets, being depreciated | <u>15,333,245</u> | <u>165,323</u> | <u>-</u> | <u>15,498,568</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and Improvements | (1,158,649) | (75,669) | - | (1,234,318) |
| Street and Parks | (5,252,021) | (454,834) | - | (5,706,855) |
| Equipment and Vehicles | <u>(1,061,705)</u> | <u>(175,195)</u> | <u>-</u> | <u>(1,236,900)</u> |
| Total accumulated depreciation | <u>(7,472,375)</u> | <u>(705,698)</u> | <u>-</u> | <u>(8,178,073)</u> |
| Total capital assets, being depreciated, net | <u>7,860,870</u> | <u>(540,375)</u> | <u>-</u> | <u>7,320,495</u> |
| Governmental activities capital assets, net | <u>\$ 8,258,742</u> | <u>\$(538,716)</u> | <u>\$ -</u> | <u>\$ 7,720,026</u> |

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

| | |
|--|------------------|
| Governmental Activities: | |
| General Government | \$ 18,848 |
| Public Safety | 151,921 |
| Animal Services | 28,144 |
| Public Works-Streets | 426,921 |
| Municipal Court | 1,842 |
| Parks and Recreation | 76,816 |
| Development Services | 746 |
| Library | <u>460</u> |
| Total depreciation expense – Governmental activities | <u>\$705,698</u> |

7. LONG TERM DEBT

Long term debt of the City consists of four general obligation bond series, one certificate of obligation series, equipment loans and compensated absences. All long-term debt represents transactions in the City's governmental activities.

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

The following is a summary of the changes in the City's Long-term Debt for the year ended September 30, 2019:

| Description | Interest Rate Payable | Amounts Outstanding 10/01/18 | Refunded/ Additions | Retired | Amounts Outstanding 09/30/19 | Due Within One Year |
|------------------------------------|-----------------------|------------------------------|---------------------|--------------------|------------------------------|---------------------|
| Bonded Indebtedness: | | | | | | |
| 2008 General Obligation | 4.21% | \$ 615,000 | \$ - | \$ 50,000 | \$ 565,000 | \$ 55,000 |
| 2012 General Obligation | 1.499% | 535,000 | - | 145,000 | 390,000 | 150,000 |
| 2018 General Obligation | 2.81% | 1,375,000 | - | 145,000 | 1,230,000 | 145,000 |
| 2019 General Obligation | 1.86% | - | 725,000 | - | 725,000 | 65,000 |
| Total Bonded Indebtedness | | <u>2,525,000</u> | <u>725,000</u> | <u>340,000</u> | <u>2,910,000</u> | <u>415,000</u> |
| Certificates of Obligation: | | | | | | |
| 2009 Series | 4.26% | 745,000 | - | 745,000 | - | - |
| 2019 Series | | - | 1,565,000 | - | 1,565,000 | 115,000 |
| Total Cert. of Obligation | | <u>745,000</u> | <u>1,565,000</u> | <u>745,000</u> | <u>1,565,000</u> | <u>115,000</u> |
| Equipment Loans | | 246,829 | 84,564 | 59,011 | 272,382 | 76,330 |
| Compensated Absences | | 242,702 | - | 11,439 | 231,263 | - |
| Total Long-Term Debt | | <u>\$3,759,531</u> | <u>\$2,374,564</u> | <u>\$1,155,450</u> | <u>\$ 4,978,645</u> | <u>\$ 606,330</u> |

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

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

8. DEBT SERVICE REQUIREMENTS TO MATURITY

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

| Year Ended | Principal | Interest | Total Requirements |
|---------------|---------------------|-------------------|---------------------|
| September 30, | | | |
| 2020 | \$ 415,000 | \$ 76,409 | \$ 491,409 |
| 2021 | 425,000 | 67,834 | 492,834 |
| 2022 | 365,000 | 57,753 | 422,753 |
| 2023 | 290,000 | 48,523 | 338,523 |
| 2024 | 295,000 | 40,199 | 335,199 |
| 2025-2029 | 1,120,000 | 77,296 | 1,197,296 |
| Total | <u>\$ 2,910,000</u> | <u>\$ 368,014</u> | <u>\$ 3,278,014</u> |

CITY OF LAKE DALLAS, TEXAS
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Presented below is a summary of certificates of obligation requirements to maturity:

| Year Ended September 30, | <u>Principal</u> | <u>Interest</u> | Total <u>Requirements</u> |
|-----------------------------|---------------------|-------------------|------------------------------|
| 2020 | \$ 115,000 | \$ 26,927 | \$ 141,927 |
| 2021 | 120,000 | 27,550 | 147,550 |
| 2022 | 165,000 | 25,270 | 190,270 |
| 2023 | 155,000 | 22,135 | 177,135 |
| 2024 | 160,000 | 19,190 | 179,190 |
| 2025-2029 | <u>850,000</u> | <u>49,020</u> | <u>899,020</u> |
| Total | <u>\$ 1,565,000</u> | <u>\$ 170,092</u> | <u>\$ 1,735,092</u> |

9. DEFEASED BONDS OUTSTANDING

On September 5, 2019, the City issued \$725,000 (par value) in general obligation refunding bonds with a 1.86% interest rate to advance refund \$690,000 of certificates of obligation. The general obligation refunding bonds were issued at par, and, after paying issuance costs of \$32,224, the net proceeds were \$692,776. The net proceeds from the issuance of the general obligation 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 decreased its total debt service requirements by \$62,292 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$54,769.

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

Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. Although defeased, the refunded debt from those earlier issues will not be actually retired until the call dates have come due or until maturity if they are not callable issues. On September 30, 2019, \$1,570,000 of bonds outstanding are considered defeased.

10. SHORT-TERM FINANCING

Short-term financing consists of a commercial loan obtained at Independent Bank for the purchase of equipment and refinanced through Government Capital Corporation with Citizens 1st Bank. A summary of the activity on the loan during the fiscal year ended September 30, 2019 is as follows:

| <u>Description</u> | <u>Interest Rate</u> | <u>Amounts Outstanding 10/01/18</u> | <u>Additions</u> | <u>Retired</u> | <u>Amounts Outstanding 09/30/19</u> |
|-------------------------------|--------------------------|---|------------------|-----------------|---|
| Citizens 1 st Bank | 3.544% | \$ 72,736 | \$ - | \$34,304 | \$ 38,432 |
| Total | | <u>\$ 72,736</u> | <u>\$ -</u> | <u>\$34,304</u> | <u>\$ 38,432</u> |

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

11. EQUIPMENT LOANS

The City has obtained financing through Government Capital Corporation for the purchase of police vehicles and other equipment. A summary of the activity on the loans during the current fiscal year is as follows:

| <u>Description</u> | <u>Interest Rate</u> | <u>Amounts Outstanding 10/01/18</u> | <u>Additions</u> | <u>Retired</u> | <u>Amounts Outstanding 09/30/19</u> |
|---|--------------------------|---|------------------|------------------|---|
| Equipment loan - Government Capital Corp | 2.997% | \$ 246,829 | \$ - | \$ 59,011 | \$ 187,818 |
| Equipment loan - Government Capital Corp | 4.25% | - | 84,564 | - | 84,564 |
| Total | | <u>\$ 246,829</u> | <u>\$ 84,564</u> | <u>\$ 59,011</u> | <u>\$ 272,382</u> |

Presented below is a summary of debt service requirements to maturity:

| <u>Year Ended</u> September 30, | <u>Principal</u> | <u>Interest</u> | <u>Total Requirements</u> |
|------------------------------------|-------------------|------------------|-------------------------------|
| 2020 | \$ 76,330 | \$ 9,226 | \$ 85,556 |
| 2021 | 78,812 | 6,744 | 85,556 |
| 2022 | 81,377 | 4,179 | 85,556 |
| 2023 | 17,601 | 1,528 | 19,129 |
| 2024 | <u>18,262</u> | <u>867</u> | <u>19,129</u> |
| Total | <u>\$ 272,382</u> | <u>\$ 22,544</u> | <u>\$ 294,926</u> |

12. DEFINED BENEFIT PENSION PLANS

Plan Description

The City of Lake Dallas participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

Benefits Provided

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

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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

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

| | Plan Year 2018 | Plan Year 2019 |
|---|---------------------------|---------------------------|
| Employee deposit rate | 7.0% | 7.0% |
| Employer deposit rate | 13.71% | 12.70% |
| 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 |

Employees covered by benefit terms.

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|--|-----------|
| Inactive employees or beneficiaries currently receiving benefits | 41 |
| Inactive employees entitled to buy not yet receiving benefits | 47 |
| Active employees | <u>31</u> |
| | 119 |

Contributions

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

Employees for the City of Lake Dallas were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Lake Dallas were 13.71% and 12.70% in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2019 were \$231,778, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Actuarial assumptions:

The Total Pension Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

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

Salary increases were based on service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. For cities with fewer than twenty employees, more conservative methods and assumptions are used. First, lower termination rates are used, with maximum multipliers of 75% for employers with less than 6 members, 85% for employers with 6 to 10 members, and 100% for employers with 11 to 15 members. There is also a load on the life expectancy for employers with less than 15 active members. The life expectancy is loaded by decreasing the mortality rates by 1% for every active member less than 15. For underfunded plans, the maximum amortization period for amortizing gains and losses is decreased from current levels by 1 year for each active member less than the 20 member threshold. Once the plan is overfunded, the amortization period reverts back to the standard amortization period. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 through December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2018 are summarized in the following table:

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

| Asset Class | Target Allocation | Long-Term Expected Portfolio Real Rate of Return* |
|-----------------------|-------------------|---|
| Domestic Equity | 17.5% | 4.30% |
| International Equity | 17.5% | 6.10% |
| Core Fixed Income | 10.0% | 1.00% |
| Non-Core Fixed Income | 20.0% | 3.39% |
| Real Return | 10.0% | 3.78% |
| Real Estate | 10.0% | 4.44% |
| Absolute Return | 10.0% | 3.56% |
| Private Equity | 5.0% | 7.75% |
| Total | 100.0% | |

Discount Rate

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

Changes in the Net Pension Liability

| | Increase (Decrease) | | |
|---|--------------------------------|------------------------------------|------------------------------------|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) – (b) |
| Balance at 12/31/2017 | \$8,786,112 | \$8,375,815 | \$410,297 |
| Changes for the year: | | | |
| Service Cost | 312,484 | - | 312,484 |
| Interest | 589,594 | - | 589,594 |
| Change in benefit terms | - | - | - |
| Difference between expected and actual experience | 7,609 | - | 7,609 |
| Changes of assumptions | - | - | - |
| Contributions – employer | - | 247,704 | (247,704) |
| Contributions – employee | - | 128,821 | (128,821) |
| Net investment income | - | (250,791) | 250,791 |
| Benefit payments, including refunds of employee contributions | (415,258) | (415,258) | - |
| Administrative expense | - | (4,849) | 4,849 |
| Other changes | - | (253) | 253 |
| Net changes | 494,429 | (294,626) | 789,055 |
| Balance at 12/31/2018 | \$9,280,541 | \$8,081,189 | \$ 1,199,352 |

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

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

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

| | 1% Decrease in Discount Rate (5.75%) | Discount Rate (6.75%) | 1% Increase in Discount Rate (7.75%) |
|---|--|--------------------------|--|
| City's net pension liability (asset) | \$2,574,671 | \$1,199,352 | \$89,912 |

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2019, the City recognized pension expense of \$289,114.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual economic experience | \$ 4,003 | \$50,873 |
| Changes in actuarial assumptions | - | - |
| Difference between projected and actual investment earnings | 747,768 | 318,220 |
| Contributions subsequent to the measurement date | 163,010 | - |
| Total | \$914,781 | \$369,093 |

\$163,010 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended September 30: | |
|--------------------------|-----------|
| 2020 | \$104,686 |
| 2021 | 57,511 |
| 2022 | 57,250 |
| 2023 | 163,231 |
| 2024 | - |
| Thereafter | - |

CITY OF LAKE DALLAS, TEXAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

13. OTHER POST EMPLOYMENT BENEFITS

Plan Description

The City also participates in a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage (Supplemental Death Benefits) for their active members, including or not including retirees.

Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit (OPEB) and is a fixed amount of \$7,500. As the SDBF covers both active and retiree employees, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan. Texas Local Government Code Section 177.001 assigns the authority to establish and amend benefit provisions to the City Council. At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|--|-----------|
| Inactive employees or beneficiaries currently receiving benefits | 14 |
| Inactive employees entitled to but not yet receiving benefits | 9 |
| Active employees | <u>31</u> |
| Total | 54 |

Contributions

The City contributes to the SDBF program at a contractually required rate. An annual actuarial valuation is performed, and the contractual rate is equal to the cost of providing one-year term life insurance. The premium rate is expressed as a percentage of the covered payroll of members employed by the participating employer. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect.

The SDBF program is voluntary and employers can cease participation by adopting an ordinance before November 1 of any year to be effective the following January 1. Therefore, the funding policy of the program is to ensure that adequate resources are available to meet all insurance benefit payments for the upcoming year. It is not the intent of the funding policy to pre-fund retiree term life insurance during employees' entire careers. The City's contribution, which equaled the required contribution, was as follows for the year ended September 30:

| | |
|------------------------|-------------|
| | <u>2019</u> |
| Employer rate | 0.25% |
| Employer contributions | \$ 736 |

Actuarial Assumptions

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

| | |
|------------------|----------------------------|
| Inflation | 2.5% |
| Salary increases | 3.50% to 10.5%, |
| Discount rate | 3.71%, including inflation |

Mortality rates for service retirees were based on the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Mortality rates for disabled retirees were based on the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a three-year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2018 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014.

The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. A discount rate of 3.71% was based on the 20-Year Municipal GO AA Index as of December 31, 2018.

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At September 30, 2019, the City reported a total OPEB liability of \$85,045 measured at December 31, 2018. For the year ended September 30, 2019, the City recognized OPEB expense of \$2,138.

There were no changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

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

Changes in the total OPEB liability for the measurement year ended December 31, 2018 are as follows:

| Changes in Total OPEB Liability | <u>Total OPEB Liability</u> |
|---|---------------------------------|
| Balance at December 31, 2017 | \$ 83,925 |
| Changes for the year: | |
| Service cost | 4,601 |
| Interest on total OPEB liability | 2,842 |
| Changes of benefit terms | - |
| Effect of economic/demographic experience | 1,209 |
| Effect of assumption changes or inputs | (6,796) |
| Benefit payments* | <u>(736)</u> |
| Balance as of December 31, 2018 | <u>\$ 85,045</u> |

*Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Discount Rate Sensitivity Analysis

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.71%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.71%) or 1 percentage point higher (4.71%) than the current rate.

| | 1% Decrease in Discount Rate (2.71%) | Discount Rate (3.71%) | 1% Increase in Discount Rate (4.71%) |
|----------------------|--|--------------------------|--|
| Total OPEB liability | \$103,709 | \$85,045 | \$71,125 |

At December 31, 2018, the City reported its deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual economic experience | \$ 958 | \$ - |
| Changes in actuarial assumptions | - | 1,240 |
| Difference between projected and actual investment earnings | - | - |
| Contributions subsequent to the measurement date | 552 | - |
| Total | \$ 1,510 | \$1,240 |

Deferred outflows of resources related to OPEB resulting from contribution subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ended September 30, 2020 in the amount of \$552. The other net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB, excluding contributions made subsequent to the measurement date, will be recognized in OPEB expense as follows:

| Year ended September 30: | |
|--------------------------|--------|
| 2020 | \$ 311 |
| 2021 | 311 |
| 2022 | 47 |
| 2023 | (951) |
| 2024 | - |
| Thereafter | - |

14. 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, 2019 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.

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

15. 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.

16. SUBSEQUENT EVENTS

Management has reviewed events subsequent to September 30, 2019 through January 22, 2020, 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.

17. PRIOR PERIOD ADJUSTMENT

In fiscal year 2019, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions (OPEB)*. As a result, the beginning net position of the City's governmental activities has been restated on the Statement of Activities to reflect the net OPEB liability and deferred outflows of resources relating to TMRS contributions made after the prior measurement date of the plan. The following illustrates the effect of the prior period adjustment:

| | |
|--|---------------------|
| Beginning Net Position – As Originally Presented | \$ 5,928,778 |
| Restatement due to: | |
| Net OPEB liability (measurement date as of December 31, 2017) | (83,925) |
| Deferred Outflows: | |
| City contributions made to TMRS during the fiscal year | <u>552</u> |
| Beginning Net Position – As Restated | <u>\$ 5,845,405</u> |

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAKE DALLAS, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2019

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total Pension Liability | | | | | |
| Service Cost | \$ 312,484 | \$ 310,358 | \$ 304,544 | \$ 280,697 | \$ 254,024 |
| Interest (on the Total Pension Liability) | 589,594 | 573,047 | 548,546 | 542,064 | 493,307 |
| Changes of benefit terms | - | - | - | - | - |
| Difference between expected and actual experience | 7,609 | (198,331) | (108,277) | (239,049) | 235,740 |
| Change of assumptions | - | - | - | 98,743 | - |
| Benefit payments, including refunds of employee contributions | <u>(415,258)</u> | <u>(466,739)</u> | <u>(302,728)</u> | <u>(320,372)</u> | <u>(279,382)</u> |
| Net Change in Total Pension Liability | 494,429 | 218,335 | 442,085 | 362,083 | 703,689 |
| Total Pension Liability - Beginning | <u>8,786,112</u> | <u>8,567,777</u> | <u>8,125,692</u> | <u>7,763,609</u> | <u>7,059,920</u> |
| Total Pension Liability - Ending (a) | <u>\$ 9,280,541</u> | <u>\$ 8,786,112</u> | <u>\$ 8,567,777</u> | <u>\$ 8,125,692</u> | <u>\$ 7,763,609</u> |
| Plan Fiduciary Net Position | | | | | |
| Contributions - Employer | \$ 247,704 | \$ 241,581 | \$ 222,894 | \$ 214,231 | \$ 236,507 |
| Contributions - Employee | 128,821 | 124,713 | 124,265 | 123,422 | 124,103 |
| Net Investment Income | (250,791) | 1,032,735 | 469,202 | 10,212 | 370,300 |
| Benefit payments, including refunds of employee contributions | (415,258) | (466,739) | (302,728) | (320,372) | (279,382) |
| Administrative Expense | (4,849) | (5,350) | (5,298) | (6,220) | (3,866) |
| Other | <u>(253)</u> | <u>(271)</u> | <u>(285)</u> | <u>(307)</u> | <u>(318)</u> |
| Net Change in Plan Fiduciary Net Position | (294,626) | 926,669 | 508,050 | 20,966 | 447,344 |
| Plan Fiduciary Net Position - Beginning | <u>8,375,815</u> | <u>7,449,146</u> | <u>6,941,096</u> | <u>6,920,130</u> | <u>6,472,786</u> |
| Plan Fiduciary Net Position - Ending (b) | <u>\$ 8,081,189</u> | <u>\$ 8,375,815</u> | <u>\$ 7,449,146</u> | <u>\$ 6,941,096</u> | <u>\$ 6,920,130</u> |
| Net Pension Liability - Ending (a) - (b) | <u>\$ 1,199,352</u> | <u>\$ 410,297</u> | <u>\$ 1,118,631</u> | <u>\$ 1,184,596</u> | <u>\$ 843,479</u> |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 87.08% | 95.33% | 86.94% | 85.42% | 89.14% |
| Covered Employee Payroll | \$ 1,840,305 | \$ 1,781,620 | \$ 1,775,768 | \$ 1,768,037 | \$ 1,763,314 |
| Net Pension Liability as a Percentage of Covered Employee Payroll | 65.17% | 23.03% | 62.99% | 67.00% | 47.83% |

Note: The information from this schedule corresponds with the period covered as of the Plan's measurement dates of December 31. Plan information was unavailable prior to 2014. Ten years will ultimately be displayed.

CITY OF LAKE DALLAS, TEXAS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR FISCAL YEAR 2019

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|------------------|------------------|------------------|------------------|------------------|
| Contractually Required Contribution | \$ 231,778 | \$ 233,663 | \$ 249,853 | \$ 224,395 | \$ 224,355 |
| Contribution in Relation to the Contractually Required Contribution | <u>(231,778)</u> | <u>(233,663)</u> | <u>(249,853)</u> | <u>(224,395)</u> | <u>(224,355)</u> |
| Contribution Deficiency (Excess) | <u>\$ -0-</u> |
| City's Covered-Employee Payroll | \$ 1,840,307 | \$ 1,701,413 | \$ 1,838,908 | \$ 1,765,570 | \$ 1,768,037 |
| Contributions as a Percentage of Covered-Employee Payroll | 12.59% | 13.73% | 13.59% | 12.71% | 12.69% |

Note: The information from this schedule corresponds with the City's fiscal years ended September 30. Plan information was unavailable prior to 2014. Ten years will ultimately be displayed.

CITY OF LAKE DALLAS, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR FISCAL YEAR 2019

| | 2019 |
|---|--------------|
| Total OPEB Liability | |
| Service cost | \$ 4,601 |
| Interest on total OPEB liability | 2,842 |
| Changes of benefit terms | - |
| Differences between expected and actual experience | 1,209 |
| Change of assumptions | (6,796) |
| Benefit payments/refunds of contributions | (736) |
| Net change in total OPEB liability | 1,120 |
| | |
| Total OPEB liability, beginning | 83,925 |
| Total OPEB liability, ending | \$ 85,045 |
| | |
| Covered employee payroll | \$ 1,840,305 |
| | |
| Net OPEB liability as a percentage of covered payroll | 4.62% |

Note: The information from this schedule corresponds with the period covered as of the Plan's measurement dates of December 31. Plan information was unavailable prior to 2018. Ten year will ultimately be displayed.

No assets are accumulated in a trust as defined by GASB 75. Benefits are on a pay as you go basis.

CITY OF LAKE DALLAS, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Note A – Net Pension Liability – Texas Municipal Retirement System

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

| | |
|-------------------------------|--|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Percentage of Payroll, Closed |
| Remaining Amortization Period | 25 years |
| Asset Valuation Method | 10 Year smoothed market; 15% soft corridor |
| Inflation | 2.5% |
| Salary Increases | 3.50% to 10.5%, including inflation |
| Investment Rate of Return | 6.75% |
| Retirement Age | Experience-based table of rates that are specific to the Town's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014 |
| Mortality | RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB |

Changes of Benefit Terms

Increased employee contribution rate from 5% to 6%.

Changes in the Size or Composition of the Population Covered by the Benefit Terms

There were no changes in the size or composition of the population covered by the benefit terms during the measurement period.

Changes of Assumptions

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

CITY OF LAKE DALLAS, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Note B – Total OPEB Liability – Texas Municipal Retirement System

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

| | |
|-----------------------|--|
| Actuarial Cost Method | Entry Age Normal |
| Inflation | 2.5% |
| Salary Increases | 3.50% to 10.5%, including inflation |
| Retirement Age | Experience-based table of rates that are specific to the Town's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014 |
| Mortality | RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB |

**COMBINING & INDIVIDUAL FUND
STATEMENTS & SCHEDULES**

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2018 AND 2019

| | 2018 | 2019 |
|---|---------------------|---------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 1,243,138 | \$ 1,663,706 |
| Receivables: | | |
| Ad valorem tax | 55,298 | 52,064 |
| Sales tax | 157,620 | 190,617 |
| Franchise tax | 15,045 | 23,560 |
| Mixed beverage tax | - | 6,639 |
| Other | 1,307 | 8,566 |
| Due from other funds | 48,973 | 78,476 |
| Due from CDC | 1,036 | 1,036 |
| Prepaid costs | 16,061 | 16,804 |
| TOTAL ASSETS | \$ 1,538,478 | \$ 2,041,468 |
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE | | |
| Liabilities: | | |
| Accounts payable | \$ 97,996 | \$ 42,216 |
| Accrued wages payable | 34,860 | 40,025 |
| Other liabilities | 3,932 | 2,935 |
| Short-term loan payable | 72,736 | 38,432 |
| Total Liabilities | 209,524 | 123,608 |
| Deferred Inflows of Resources: | | |
| Unavailable revenue-property taxes | 46,255 | 49,761 |
| Total Deferred Inflows of Resources | 46,255 | 49,761 |
| Fund Balance: | | |
| Nonspendable | 16,061 | 16,804 |
| Assigned | 44,621 | - |
| Unassigned | 1,222,017 | 1,851,295 |
| Total Fund Balance | 1,282,699 | 1,868,099 |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE | \$ 1,538,478 | \$ 2,041,468 |

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2019

| | 2018 | 2019 |
|--|--------------|--------------|
| REVENUES: | | |
| Taxes: | | |
| Property | \$ 2,471,430 | \$ 2,708,472 |
| Sales | 846,860 | 945,848 |
| Mixed beverage | 20,517 | 23,997 |
| Franchise | 424,586 | 429,563 |
| License and permits | 145,356 | 158,009 |
| Charges for services | 278,971 | 283,511 |
| Court fines | 297,061 | 449,953 |
| Donations and grants | 31,546 | 42,210 |
| Insurance proceeds | 11,307 | 170,030 |
| Interest | 23,571 | 40,644 |
| Miscellaneous | 16,460 | 10,641 |
| Total Revenues | 4,567,665 | 5,262,878 |
| EXPENDITURES: | | |
| Current: | | |
| Administration | 662,906 | 644,300 |
| Tourism | 27,548 | 33,154 |
| City council | 9,551 | 13,626 |
| Public safety | 2,454,301 | 2,418,678 |
| Animal services | 181,798 | 168,543 |
| Library | 188,279 | 175,844 |
| Public works -- streets | 340,945 | 357,083 |
| Municipal court | 183,043 | 126,762 |
| Parks and facilities | 77,904 | 86,318 |
| Development services | 298,061 | 259,072 |
| Capital outlay | 32,329 | 382,971 |
| Debt service: | | |
| Principal | 61,372 | 59,011 |
| Interest | 8,261 | 9,906 |
| Total Expenditures | 4,526,298 | 4,735,268 |
| Excess of Revenues over (under) Expenditures | 41,367 | 527,610 |
| OTHER FINANCING SOURCES (USES): | | |
| Loan proceeds | - | 84,564 |
| Sale of assets | 54,222 | - |
| Transfers out | (281,661) | (33,308) |
| Transfers in | 24,450 | 6,534 |
| Total Other Financing Sources (Uses) | (202,989) | 57,790 |
| Net Change in Fund Balance | (161,622) | 585,400 |
| Fund Balance - October 1 (beginning) | 1,444,321 | 1,282,699 |
| Fund Balance - September 30 (Ending) | \$ 1,282,699 | \$ 1,868,099 |

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2019

| | Budget | Actual | Variance Favorable (Unfavorable) |
|--|---------------------|---------------------|--|
| Ad valorem tax | \$ 2,709,584 | \$ 2,708,472 | \$ (1,112) |
| Sales tax | 856,750 | 945,848 | 89,098 |
| Mixed beverage tax | 20,000 | 23,997 | 3,997 |
| Franchise tax | 407,000 | 429,563 | 22,563 |
| Court fines and fees | 292,200 | 449,953 | 157,753 |
| Library donations, fines, memberships | 6,950 | 9,092 | 2,142 |
| Library funding | 29,046 | 29,046 | - |
| Denton County funding | - | 3,507 | 3,507 |
| Building permits | 30,000 | 27,308 | (2,692) |
| Park administration fees | 15,000 | 15,000 | - |
| Other permits and fees | 66,100 | 130,701 | 64,601 |
| School resource officer reimbursements | 63,285 | 63,285 | - |
| Rent - fire station | 45,042 | 45,042 | - |
| Other rentals | 4,275 | 3,118 | (1,157) |
| Parks maintenance | 30,000 | 30,000 | - |
| Staff/office services - EDC/CDC | 42,000 | 42,000 | - |
| Interest earned | 23,000 | 40,644 | 17,644 |
| Animal services | 28,500 | 23,702 | (4,798) |
| Special events | 47,835 | 48,765 | 930 |
| Donations/grants | 1,500 | 13,164 | 11,664 |
| Insurance proceeds | 30,871 | 170,030 | 139,159 |
| Other revenue | 10,000 | 10,641 | 641 |
| TOTAL REVENUE | \$ 4,758,938 | \$ 5,262,878 | \$ 503,940 |

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2019

| | Budget | Actual | Variance Favorable (Unfavorable) |
|--------------------------------------|----------------|----------------|--|
| ADMINISTRATION: | | | |
| Personnel: | | | |
| Salaries | \$ 312,682 | \$ 284,362 | \$ 28,320 |
| Retirement | 40,572 | 40,618 | (46) |
| Longevity pay | 996 | 312 | 684 |
| Insurance | 36,049 | 12,474 | 23,575 |
| Payroll taxes | 5,211 | 4,125 | 1,086 |
| Total Personnel | <u>395,510</u> | <u>341,891</u> | <u>53,619</u> |
| Supplies, Repairs and Services: | | | |
| Insurance | 50,000 | 46,717 | 3,283 |
| Office expense | 9,400 | 3,109 | 6,291 |
| Operating supplies | 5,400 | 7,702 | (2,302) |
| Travel and training | 11,225 | 11,088 | 137 |
| Ads and public notices | 2,000 | 1,596 | 404 |
| Publications | 500 | 2,822 | (2,322) |
| Printing | 7,000 | 15,006 | (8,006) |
| Dues and memberships | 5,500 | 5,490 | 10 |
| Postage | 3,000 | 2,652 | 348 |
| Telephone and utilities | 38,000 | 42,178 | (4,178) |
| Consultants and professionals | 15,000 | 18,501 | (3,501) |
| Legal services | 45,000 | 57,483 | (12,483) |
| Audit | 17,000 | 16,000 | 1,000 |
| Election costs | 8,500 | - | 8,500 |
| Tax appraisal fees | 21,000 | 18,185 | 2,815 |
| Email hosting services | 6,400 | 2,002 | 4,398 |
| Financial advisory services | 3,500 | - | 3,500 |
| SPAN | 1,300 | 1,300 | - |
| Civic Plus | 4,745 | 4,745 | - |
| Software maintenance | 28,000 | 24,831 | 3,169 |
| Maintenance and repair - building | 21,500 | 18,180 | 3,320 |
| Miscellaneous | 4,200 | 2,822 | 1,378 |
| Total Supplies, Repairs and Services | <u>308,170</u> | <u>302,409</u> | <u>5,761</u> |
| TOTAL ADMINISTRATION | <u>703,680</u> | <u>644,300</u> | <u>59,380</u> |

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2019

| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|--------------------------------------|------------------|------------------|--|
| CITY COUNCIL: | | | |
| Supplies, Repairs and Services: | | | |
| Office expense | \$ - | \$ 222 | \$ (222) |
| Uniforms | 600 | 491 | 109 |
| Travel and training | 6,000 | 8,087 | (2,087) |
| Dues and memberships | 1,700 | - | 1,700 |
| Legislative | 5,000 | 3,790 | 1,210 |
| Flowers/gifts/plaques | 650 | 1,036 | (386) |
| Total Supplies, Repairs and Services | <u>13,950</u> | <u>13,626</u> | <u>324</u> |
| TOTAL CITY COUNCIL | <u>13,950</u> | <u>13,626</u> | <u>324</u> |
| TOURISM: | | | |
| Supplies, Repairs and Services: | | | |
| Community events | 1,200 | 8,154 | (6,954) |
| Fireworks | 25,000 | 25,000 | - |
| Total Supplies, Repairs and Services | <u>26,200</u> | <u>33,154</u> | <u>(6,954)</u> |
| TOTAL TOURISM | <u>26,200</u> | <u>33,154</u> | <u>(6,954)</u> |
| PUBLIC SAFETY: | | | |
| Police Department: | | | |
| Personnel: | | | |
| Salaries | 971,027 | 906,966 | 64,061 |
| Retirement | 121,797 | 116,391 | 5,406 |
| Longevity pay | 5,544 | 6,234 | (690) |
| Insurance | 166,050 | 172,498 | (6,448) |
| Payroll taxes | 16,356 | 13,054 | 3,302 |
| Total Personnel | <u>1,280,774</u> | <u>1,215,143</u> | <u>65,631</u> |

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2019

| | Budget | Actual | Variance Favorable (Unfavorable) |
|--|------------------|------------------|--|
| Supplies, Repairs and Services: | | | |
| Office expense | \$ 5,720 | \$ 5,653 | \$ 67 |
| Supplies | 21,225 | 22,620 | (1,395) |
| Printing | 3,000 | 2,368 | 632 |
| Travel and training | 6,450 | 2,612 | 3,838 |
| Physicals and evaluations | 2,200 | 2,142 | 58 |
| Ads and public notices | 800 | - | 800 |
| Publications | 4,738 | 4,443 | 295 |
| Dues and memberships | 13,550 | 13,511 | 39 |
| Uniforms | 9,805 | 9,237 | 568 |
| Utilities | 9,900 | 4,980 | 4,920 |
| Legal | 5,000 | 2,668 | 2,332 |
| SANE exams | - | 2,624 | (2,624) |
| Software maintenance | 37,600 | 32,976 | 4,624 |
| Property loss | 500 | - | 500 |
| Jail fees | 5,000 | 250 | 4,750 |
| Telephone | 8,900 | 9,900 | (1,000) |
| Communications | 31,771 | 31,771 | - |
| Consultants and professionals | 6,850 | 15,026 | (8,176) |
| Maintenance and repair - building | 1,600 | 1,758 | (158) |
| Maintenance and repair - equipment | 6,775 | 6,774 | 1 |
| Maintenance and repair - vehicles | 14,100 | 34,017 | (19,917) |
| Vehicle fuel | 21,000 | 19,598 | 1,402 |
| Total Supplies, Repairs and Services | <u>216,484</u> | <u>224,928</u> | <u>(8,444)</u> |
| Total Police Department | <u>1,497,258</u> | <u>1,440,071</u> | <u>57,187</u> |
| Fire Department: | | | |
| Contribution for services | <u>978,607</u> | <u>978,607</u> | <u>-</u> |
| Total Fire Department | <u>978,607</u> | <u>978,607</u> | <u>-</u> |
| TOTAL PUBLIC SAFETY | <u>2,475,865</u> | <u>2,418,678</u> | <u>57,187</u> |

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2019

| | Budget | Actual | Variance Favorable (Unfavorable) |
|--------------------------------------|----------------|----------------|--|
| ANIMAL SERVICES: | | | |
| Personnel: | | | |
| Salaries | \$ 109,707 | \$ 104,322 | \$ 5,385 |
| Longevity pay | 282 | 282 | - |
| Retirement | 10,524 | 10,035 | 489 |
| Insurance | 23,008 | 19,264 | 3,744 |
| Payroll taxes | 2,100 | 3,116 | (1,016) |
| Total Personnel | <u>145,621</u> | <u>137,019</u> | <u>8,602</u> |
| Supplies, Repairs and Services: | | | |
| Office expense | 900 | 374 | 526 |
| Supplies | 4,850 | 6,114 | (1,264) |
| Travel and training | 2,000 | 596 | 1,404 |
| Physicals and evaluations | 100 | 460 | (360) |
| Land lease | 1,300 | 1,285 | 15 |
| Software maintenance | 4,300 | 2,129 | 2,171 |
| Uniforms | 1,200 | 656 | 544 |
| Telephone | 1,200 | 855 | 345 |
| Consultants and professionals | 6,000 | 2,697 | 3,303 |
| Utilities | 9,500 | 12,155 | (2,655) |
| Maintenance and repair - building | 2,000 | 2,915 | (915) |
| Maintenance and repair - vehicles | 500 | 681 | (181) |
| Vehicle fuel | 700 | 607 | 93 |
| Total Supplies, Repairs and Services | <u>34,550</u> | <u>31,524</u> | <u>3,026</u> |
| TOTAL ANIMAL SERVICES | <u>180,171</u> | <u>168,543</u> | <u>11,628</u> |
| LIBRARY: | | | |
| Personnel: | | | |
| Salaries | 98,879 | 99,987 | (1,108) |
| Longevity pay | 72 | 72 | - |
| Retirement | 7,297 | 7,720 | (423) |
| Insurance | 7,900 | 7,167 | 733 |
| Payroll taxes | 3,642 | 4,067 | (425) |
| Total Personnel | <u>117,790</u> | <u>119,013</u> | <u>(1,223)</u> |

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2019

| | Budget | Actual | Variance Favorable (Unfavorable) |
|--|----------------|----------------|--|
| Supplies, Repairs and Services: | | | |
| Supplies | \$ 2,500 | \$ 2,074 | \$ 426 |
| Postage | 1,000 | 375 | 625 |
| Library books/materials | 15,000 | 13,933 | 1,067 |
| Information technology | 16,500 | 10,895 | 5,605 |
| Travel and training | 2,000 | 2,320 | (320) |
| Printing | 3,000 | 4,456 | (1,456) |
| Advertising | 1,000 | 782 | 218 |
| Dues and memberships | 5,000 | 5,719 | (719) |
| Telephone | 360 | 472 | (112) |
| Utilities | 12,750 | 10,487 | 2,263 |
| Maintenance and repair - building | 5,800 | 5,318 | 482 |
| Total Supplies, Repairs and Services | <u>64,910</u> | <u>56,831</u> | <u>8,079</u> |
| | | | |
| TOTAL LIBRARY | <u>182,700</u> | <u>175,844</u> | <u>6,856</u> |
| | | | |
| PUBLIC WORKS: | | | |
| Streets and Drainage: | | | |
| Personnel: | | | |
| Salaries | 186,675 | 161,557 | 25,118 |
| Retirement | 22,068 | 20,480 | 1,588 |
| Longevity pay | 1,038 | 906 | 132 |
| Insurance | 47,788 | 48,446 | (658) |
| Payroll taxes | 1,666 | 2,499 | (833) |
| Total Personnel | <u>259,235</u> | <u>233,888</u> | <u>25,347</u> |
| | | | |
| Supplies, Repairs and Services: | | | |
| Supplies | 3,200 | 3,053 | 147 |
| Travel and training | 2,000 | 329 | 1,671 |
| Uniforms | 1,500 | 1,092 | 408 |
| Telephone | 1,900 | 1,525 | 375 |
| Equipment rentals | 6,350 | 1,799 | 4,551 |
| Street lighting | 51,000 | 53,993 | (2,993) |
| Utilities | 3,500 | 3,101 | 399 |
| Engineering | 60,000 | 17,997 | 42,003 |
| Information technology | 2,000 | 1,803 | 197 |

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2019

| | Budget | Actual | Variance Favorable (Unfavorable) |
|--|----------------|----------------|--|
| Supplies, Repairs and Services: | | | |
| Maintenance and repair - building | \$ 800 | \$ 299 | \$ 501 |
| Maintenance and repair - equipment | 7,000 | 4,753 | 2,247 |
| Maintenance and repair- vehicle | 2,500 | 2,323 | 177 |
| Maintenance - drainage | 15,000 | 13,679 | 1,321 |
| Maintenance - signs | 8,000 | 5,621 | 2,379 |
| Maintenance - trees | 5,000 | 3,785 | 1,215 |
| Vehicle fuel | 6,500 | 8,043 | (1,543) |
| Total Supplies, Repairs and Services | <u>176,250</u> | <u>123,195</u> | <u>53,055</u> |
| TOTAL PUBLIC WORKS | <u>435,485</u> | <u>357,083</u> | <u>78,402</u> |
| MUNICIPAL COURT: | | | |
| Personnel: | | | |
| Salaries | 51,364 | 59,339 | (7,975) |
| Longevity pay | 372 | 372 | - |
| Retirement | 6,578 | 5,714 | 864 |
| Insurance | 7,711 | 8,664 | (953) |
| Payroll taxes | 902 | 748 | 154 |
| Total Personnel | <u>66,927</u> | <u>74,837</u> | <u>(7,910)</u> |
| Supplies, Repairs and Services: | | | |
| Supplies | 1,700 | 2,607 | (907) |
| Travel and training | 750 | 507 | 243 |
| Printing | 700 | 1,085 | (385) |
| Dues and memberships | 115 | 115 | - |
| Legal services | 12,000 | 11,291 | 709 |
| MVBA fees | 25,000 | 20,882 | 4,118 |
| Municipal judge | 14,400 | 14,400 | - |
| Jury fees | 500 | 187 | 313 |
| Warrant roundup | 1,500 | 851 | 649 |
| Total Supplies, Repairs and Services | <u>56,665</u> | <u>51,925</u> | <u>4,740</u> |
| TOTAL MUNICIPAL COURT | <u>123,592</u> | <u>126,762</u> | <u>(3,170)</u> |

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2019

| | Budget | Actual | Variance Favorable (Unfavorable) |
|--------------------------------------|----------------|----------------|--|
| PARKS AND FACILITIES: | | | |
| Personnel: | | | |
| Salaries | \$ 45,206 | \$ 49,073 | \$ (3,867) |
| Longevity pay | 126 | 258 | (132) |
| Retirement | 3,940 | 5,310 | (1,370) |
| Insurance | 10,260 | 10,016 | 244 |
| Payroll taxes | 1,163 | 1,233 | (70) |
| Total Personnel | <u>60,695</u> | <u>65,890</u> | <u>(5,195)</u> |
| Supplies, Repairs and Services: | | | |
| Supplies | 2,370 | 1,536 | 834 |
| Telephone | 200 | 192 | 8 |
| Uniforms | 600 | 789 | (189) |
| Physicals and evaluations | 100 | - | 100 |
| Mowing contract | - | 5,954 | (5,954) |
| Platting services | 5,000 | 7,500 | (2,500) |
| Park maintenance | - | 339 | (339) |
| Maintenance and repair - equipment | 2,000 | 1,974 | 26 |
| Maintenance and repair - vehicle | 1,500 | 877 | 623 |
| Vehicle fuel | 3,000 | 1,267 | 1,733 |
| Total Supplies, Repairs and Services | <u>14,770</u> | <u>20,428</u> | <u>(5,658)</u> |
| TOTAL PARKS AND FACILITIES | <u>75,465</u> | <u>86,318</u> | <u>(10,853)</u> |
| DEVELOPMENT SERVICES: | | | |
| Personnel: | | | |
| Salaries | 146,774 | 150,321 | (3,547) |
| Retirement | 18,788 | 19,378 | (590) |
| Longevity pay | 108 | 108 | - |
| Insurance | 28,481 | 23,100 | 5,381 |
| Payroll taxes | 2,601 | 2,108 | 493 |
| Total Personnel | <u>196,752</u> | <u>195,015</u> | <u>1,737</u> |

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2019

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|---------------------|---------------------|--|
| Supplies, Repairs and Services: | | | |
| Supplies | \$ 2,800 | \$ 3,201 | \$ (401) |
| Travel and training | 2,000 | 979 | 1,021 |
| Printing | 1,500 | 379 | 1,121 |
| Advertising | 1,000 | 1,435 | (435) |
| Dues and memberships | 950 | 713 | 237 |
| Telephone | 1,100 | 1,004 | 96 |
| Consultants and professionals | - | 18,827 | (18,827) |
| Software maintenance | 3,200 | 1,479 | 1,721 |
| Keep Lake Dallas Beautiful | 500 | 687 | (187) |
| Engineering | 6,000 | (14,658) | 20,658 |
| Inspection services | 28,000 | 37,696 | (9,696) |
| Health inspections | 3,500 | 4,480 | (980) |
| Property abatement | 5,000 | 6,018 | (1,018) |
| Comprehensive plan | 40,000 | - | 40,000 |
| Maintenance and repair - vehicles | 1,000 | 659 | 341 |
| Vehicle fuel | 1,200 | 1,158 | 42 |
| Total Supplies, Repairs and Services | <u>97,750</u> | <u>64,057</u> | <u>33,693</u> |
| | | | |
| TOTAL DEVELOPMENT SERVICES | <u>294,502</u> | <u>259,072</u> | <u>35,430</u> |
| | | | |
| CAPITAL OUTLAY: | | | |
| Capital outlay - information technology | 20,000 | 28,828 | (8,828) |
| Capital outlay - equipment | 14,001 | 5,851 | 8,150 |
| Capital outlay - vehicles | 75,000 | 84,599 | (9,599) |
| Capital outlay - building | 339,900 | 263,693 | 76,207 |
| | | | |
| TOTAL CAPITAL OUTLAY | <u>448,901</u> | <u>382,971</u> | <u>65,930</u> |
| | | | |
| DEBT SERVICE: | | | |
| Principal | 104,044 | 59,011 | 45,033 |
| Interest and fees | 15,524 | 9,906 | 5,618 |
| | | | |
| TOTAL DEBT SERVICE | <u>119,568</u> | <u>68,917</u> | <u>50,651</u> |
| | | | |
| TOTAL EXPENDITURES | <u>\$ 5,080,079</u> | <u>\$ 4,735,268</u> | <u>\$ 344,811</u> |

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CITY OF LAKE DALLAS, TEXAS
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

| | Court Technology Fund | Court Security Fund | Street Maintenance Sales Tax | Hotel Occupancy Tax | Library Donations |
|---|-----------------------------|---------------------------|------------------------------------|---------------------------|----------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 12,310 | \$ 45,361 | \$ 279,894 | \$ 50,741 | \$ 9,189 |
| Receivables: | | | | | |
| Sales tax | - | - | 38,123 | - | - |
| Occupancy tax | - | - | - | 20,025 | - |
| Other | - | - | - | - | - |
| Due from other funds | - | - | - | - | - |
| Prepaid costs | 3,964 | - | - | - | - |
| TOTAL ASSETS | <u>\$ 16,274</u> | <u>\$ 45,361</u> | <u>\$ 318,017</u> | <u>\$ 70,766</u> | <u>\$ 9,189</u> |
| LIABILITIES AND FUND BALANCE | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ - | \$ - | \$ 2,156 | \$ - | \$ - |
| Due to other funds | - | - | 71,906 | - | - |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>74,062</u> | <u>-</u> | <u>-</u> |
| Fund Balance: | | | | | |
| Nonspendable | 3,964 | - | - | - | - |
| Restricted | 12,310 | 45,361 | 243,955 | 70,766 | - |
| Assigned | - | - | - | - | 9,189 |
| Total Fund Balance | <u>16,274</u> | <u>45,361</u> | <u>243,955</u> | <u>70,766</u> | <u>9,189</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 16,274</u> | <u>\$ 45,361</u> | <u>\$ 318,017</u> | <u>\$ 70,766</u> | <u>\$ 9,189</u> |

| Juvenile Case Management Fund | Drug Seizure Fund | Kids N Cops Fund | Police Auction | Forensic Testing | Willow Grove Park Fund | Animal Rescue Fund | Park Improvement Fund |
|-------------------------------|-------------------|------------------|----------------|------------------|------------------------|--------------------|-----------------------|
| \$ 153,398 | \$ 13,163 | \$ 13,423 | \$ (25,870) | \$ 8 | \$ 69,647 | \$ 7,579 | \$ 1,026 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | 25,870 | - | - | - | - |
| - | - | - | - | - | 1,823 | - | - |
| <u>\$ 153,398</u> | <u>\$ 13,163</u> | <u>\$ 13,423</u> | <u>\$ -</u> | <u>\$ 8</u> | <u>\$ 71,470</u> | <u>\$ 7,579</u> | <u>\$ 1,026</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,723 | \$ - | \$ - |
| - | 7,567 | - | - | - | - | - | - |
| - | 7,567 | - | - | - | 3,723 | - | - |
| - | - | - | - | - | 1,823 | - | - |
| 153,398 | 5,596 | - | - | 8 | 65,924 | - | 1,026 |
| - | - | 13,423 | - | - | - | 7,579 | - |
| <u>153,398</u> | <u>5,596</u> | <u>13,423</u> | <u>-</u> | <u>8</u> | <u>67,747</u> | <u>7,579</u> | <u>1,026</u> |
| <u>\$ 153,398</u> | <u>\$ 13,163</u> | <u>\$ 13,423</u> | <u>\$ -</u> | <u>\$ 8</u> | <u>\$ 71,470</u> | <u>\$ 7,579</u> | <u>\$ 1,026</u> |

CITY OF LAKE DALLAS, TEXAS
 COMBINING BALANCE SHEET (CONTINUED)
 SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

| | VAWA Grant | LEOSE Training Fund | Child Safety Fund | Total |
|---|------------------|---------------------------|-------------------------|-------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 3,928 | \$ 3,133 | \$ 16,338 | \$ 653,268 |
| Receivables: | | | | - |
| Sales tax | - | - | - | 38,123 |
| Occupancy tax | - | - | - | 20,025 |
| Other | 18,008 | - | - | 18,008 |
| Due from other funds | - | - | - | 25,870 |
| Prepaid costs | - | - | - | 5,787 |
| TOTAL ASSETS | \$ 21,936 | \$ 3,133 | \$ 16,338 | \$ 761,081 |
| LIABILITIES AND FUND BALANCE | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 5,879 |
| Due to other funds | 21,936 | - | - | 101,409 |
| Total Liabilities | 21,936 | - | - | 107,288 |
| Fund Balance: | | | | |
| Nonspendable | - | - | - | 5,787 |
| Restricted | - | 3,133 | 16,338 | 617,815 |
| Assigned | - | - | - | 30,191 |
| Total Fund Balance | - | 3,133 | 16,338 | 653,793 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 21,936 | \$ 3,133 | \$ 16,338 | \$ 761,081 |

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CITY OF LAKE DALLAS, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

| | Court Technology Fund | Court Security Fund | Street Maintenance Sales Tax | Hotel Occupancy Tax | Library Donations |
|--|-----------------------------|---------------------------|------------------------------------|---------------------------|----------------------|
| Revenues: | | | | | |
| Taxes | \$ - | \$ - | \$ 189,168 | \$ 32,321 | \$ - |
| Charges for services | - | - | - | - | - |
| Fines and fees | 9,377 | 7,009 | - | - | - |
| Donations and grants | - | - | - | - | 2,878 |
| Insurance proceeds | - | - | - | - | - |
| Interest earned | 534 | 1,104 | 4,802 | 770 | 203 |
| Total Revenues | <u>9,911</u> | <u>8,113</u> | <u>193,970</u> | <u>33,091</u> | <u>3,081</u> |
| Expenditures: | | | | | |
| Tourism | - | - | - | 33,893 | - |
| Public safety | - | - | - | - | - |
| Animal services | - | - | - | - | - |
| Municipal court | 18,444 | 600 | - | - | - |
| Parks and recreation | - | - | - | - | - |
| Library | - | - | - | - | 2,835 |
| Public works - streets | - | - | 26,352 | - | - |
| Capital outlay | - | 4,906 | 14,164 | - | - |
| Total Expenditures | <u>18,444</u> | <u>5,506</u> | <u>40,516</u> | <u>33,893</u> | <u>2,835</u> |
| Excess of Revenues over (under) Expenditures | (8,533) | 2,607 | 153,454 | (802) | 246 |
| Other Financing Sources (Uses): | | | | | |
| Transfers in (out) | - | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balance | (8,533) | 2,607 | 153,454 | (802) | 246 |
| Fund Balance – October 1 (beginning) | <u>24,807</u> | <u>42,754</u> | <u>90,501</u> | <u>71,568</u> | <u>8,943</u> |
| Fund Balance – September 30 (ending) | <u>\$ 16,274</u> | <u>\$ 45,361</u> | <u>\$ 243,955</u> | <u>\$ 70,766</u> | <u>\$ 9,189</u> |

| Juvenile Case Management Fund | Drug Seizure Fund | Kids N Cops Fund | Police Auction | Forensic Testing | Willow Grove Park Fund | Animal Rescue Fund | Park Improvement Fund |
|-------------------------------|-------------------|------------------|----------------|------------------|------------------------|--------------------|-----------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | 67,376 | - | - |
| 343 | 7,118 | - | - | - | - | - | 1,529 |
| - | - | 5,129 | - | - | - | 20,297 | - |
| - | - | - | - | - | 4,233 | - | - |
| 3,753 | 265 | 254 | - | - | 1,279 | 145 | 120 |
| <u>4,096</u> | <u>7,383</u> | <u>5,383</u> | - | - | <u>72,888</u> | <u>20,442</u> | <u>1,649</u> |
| - | - | - | - | - | - | - | - |
| - | 4,669 | 7,085 | - | - | - | - | - |
| - | - | - | - | - | - | 17,244 | - |
| 539 | - | - | - | - | - | - | - |
| - | - | - | - | - | 60,444 | - | 6,236 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | 10,500 | - | - |
| <u>539</u> | <u>4,669</u> | <u>7,085</u> | - | - | <u>70,944</u> | <u>17,244</u> | <u>6,236</u> |
| 3,557 | 2,714 | (1,702) | - | - | 1,944 | 3,198 | (4,587) |
| - | (6,534) | 5,500 | - | - | - | - | 9 |
| - | (6,534) | 5,500 | - | - | - | - | 9 |
| 3,557 | (3,820) | 3,798 | - | - | 1,944 | 3,198 | (4,578) |
| 149,841 | 9,416 | 9,625 | - | 8 | 65,803 | 4,381 | 5,604 |
| <u>\$ 153,398</u> | <u>\$ 5,596</u> | <u>\$ 13,423</u> | <u>\$ -</u> | <u>\$ 8</u> | <u>\$ 67,747</u> | <u>\$ 7,579</u> | <u>\$ 1,026</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, 2019

| | VAWA Grant | LEOSE Training Fund | Child Safety Fund | Total |
|--|---------------|---------------------------|-------------------------|-------------------|
| Revenues: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ 221,489 |
| Charges for services | - | - | - | 67,376 |
| Fines and fees | - | - | 13,646 | 39,022 |
| Donations and grants | 61,816 | 1,482 | - | 91,602 |
| Insurance proceeds | - | - | - | 4,233 |
| Interest earned | - | 88 | 557 | 13,874 |
| Total Revenues | <u>61,816</u> | <u>1,570</u> | <u>14,203</u> | <u>437,596</u> |
| Expenditures: | | | | |
| Tourism | - | - | - | 33,893 |
| Public safety | 61,816 | 2,853 | 6,895 | 83,318 |
| Animal services | - | - | - | 17,244 |
| Municipal court | - | - | - | 19,583 |
| Parks and recreation | - | - | - | 66,680 |
| Library | - | - | - | 2,835 |
| Public works - streets | - | - | - | 26,352 |
| Capital outlay | - | - | - | 29,570 |
| Total Expenditures | <u>61,816</u> | <u>2,853</u> | <u>6,895</u> | <u>279,475</u> |
| Excess of Revenues over (under) Expenditures | - | (1,283) | 7,308 | 158,121 |
| Other Financing Sources (Uses): | | | | |
| Transfers in (out) | - | - | (5,000) | (6,025) |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>(5,000)</u> | <u>(6,025)</u> |
| Net Change in Fund Balance | - | (1,283) | 2,308 | 152,096 |
| Fund Balance – October 1 (beginning) | - | 4,416 | 14,030 | 501,697 |
| Fund Balance -- September 30 (ending) | <u>\$ -</u> | <u>\$ 3,133</u> | <u>\$ 16,338</u> | <u>\$ 653,793</u> |

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CITY OF LAKE DALLAS, TEXAS
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2018 AND 2019

| | <u>2018</u> | <u>2019</u> |
|---|-------------------|-------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 161,547 | \$ 320,500 |
| Receivables: | | |
| Ad valorem tax | <u>12,551</u> | <u>11,172</u> |
| TOTAL ASSETS | <u>\$ 174,098</u> | <u>\$ 331,672</u> |
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE | | |
| Liabilities: | | |
| Due to other funds | <u>\$ 2,937</u> | <u>\$ 2,937</u> |
| Total Liabilities | <u>2,937</u> | <u>2,937</u> |
| Deferred Inflows of Resources: | | |
| Unavailable revenue - property taxes | <u>10,585</u> | <u>10,804</u> |
| Total Deferred Inflows of Resources | <u>10,585</u> | <u>10,804</u> |
| Fund balance: | | |
| Restricted for debt service | <u>160,576</u> | <u>317,931</u> |
| Total Fund Balance | <u>160,576</u> | <u>317,931</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE | <u>\$ 174,098</u> | <u>\$ 331,672</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, 2018 AND 2019

| | 2018 | 2019 |
|--|-------------|------------|
| REVENUES: | | |
| Taxes: | | |
| Property | \$ 454,851 | \$ 441,257 |
| Interest | 6,699 | 10,099 |
| TOTAL REVENUES | 461,550 | 451,356 |
| EXPENDITURES: | | |
| Debt service: | | |
| Principal retirement | 545,000 | 395,000 |
| Interest and fees | 111,477 | 104,238 |
| Bond issuance costs | 27,379 | 28,118 |
| TOTAL EXPENDITURES | 683,856 | 527,356 |
| Excess of Revenues over (under) Expenditures | (222,306) | (76,000) |
| Other Financing Resources (Uses): | | |
| Bond proceeds | 1,400,000 | 725,000 |
| Payments to refunding escrow agent | (1,372,621) | (692,776) |
| Transfers in | 219,274 | 201,131 |
| Total Other Financing Resources (Uses) | 246,653 | 233,355 |
| Net change in fund balance | 24,347 | 157,355 |
| Fund balance, beginning of year | 136,229 | 160,576 |
| Fund balance, end of year | \$ 160,576 | \$ 317,931 |

CITY OF LAKE DALLAS, TEXAS
 BUDGETARY COMPARISON SCHEDULE – DEBT SERVICE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

| | Budgeted Amounts | | Actual Amounts (GAAP BASIS) | Variance With Final Budget |
|--|-------------------|-------------------|-----------------------------------|----------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes (ad valorem) | \$ 434,390 | \$ 434,390 | \$ 441,257 | \$ 6,867 |
| Interest | 2,500 | 2,500 | 10,099 | 7,599 |
| Total Revenues | <u>436,890</u> | <u>436,890</u> | <u>451,356</u> | <u>14,466</u> |
| Expenditures: | | | | |
| Principal | 530,831 | 530,831 | 395,000 | 135,831 |
| Interest and fees | 104,690 | 104,690 | 104,238 | 452 |
| Bond issuance costs | - | - | 28,118 | (28,118) |
| Total Expenditures | <u>635,521</u> | <u>635,521</u> | <u>527,356</u> | <u>108,165</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(198,631)</u> | <u>(198,631)</u> | <u>(76,000)</u> | <u>122,631</u> |
| Other Financing Resources (Uses): | | | | |
| Bond proceeds | - | - | 725,000 | 725,000 |
| Payments to refunding escrow agent | - | - | (692,776) | (692,776) |
| Transfers in | 201,131 | 201,131 | 201,131 | - |
| Total Other Financing Resources (Uses) | <u>201,131</u> | <u>201,131</u> | <u>233,355</u> | <u>32,224</u> |
| Net Change in Fund Balance | 2,500 | 2,500 | 157,355 | 154,855 |
| Fund Balance – October 1 (beginning) | <u>160,576</u> | <u>160,576</u> | <u>160,576</u> | <u>-</u> |
| Fund Balance – September 30 (ending) | <u>\$ 163,076</u> | <u>\$ 163,076</u> | <u>\$ 317,931</u> | <u>\$ 154,855</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, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Lake Dallas, Texas, as of and for the year ended September 30, 2019, 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 22, 2020.

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, Tom & Seay

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

January 22, 2020

STATISTICAL SECTION

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

| <u>Fiscal Year</u> | <u>Administration</u> | <u>Public Safety</u> | <u>Animal Services</u> | <u>Public Works - Streets</u> | <u>Municipal Court</u> | <u>Park and Recreation</u> | <u>Development Services</u> |
|--------------------|-----------------------|----------------------|------------------------|-------------------------------|------------------------|----------------------------|-----------------------------|
| 2010 | \$978,718 | \$2,484,940 | \$121,518 | \$316,898 | \$131,070 | \$132,459 | \$150,471 |
| 2011 | 896,277 | 2,538,262 | 90,810 | 309,911 | 140,453 | 107,995 | 119,870 |
| 2012 | 921,854 | 2,455,426 | 88,492 | 311,391 | 152,134 | 93,881 | 128,455 |
| 2013 | 724,877 | 2,440,783 | 127,332 | 298,780 | 162,188 | 93,113 | 134,112 |
| 2014 | 593,199 | 2,456,186 | 149,482 | 261,144 | 159,238 | 74,610 | 192,819 |
| 2015 | 616,812 | 2,506,825 | 135,342 | 271,980 | 151,488 | 78,959 | 159,082 |
| 2016 | 643,477 | 2,546,566 | 134,568 | 473,678 | 156,230 | 146,940 | 169,953 |
| 2017 | 692,398 | 2,517,874 | 135,724 | 313,000 | 196,666 | 103,663 | 278,219 |
| 2018 | 733,677 | 2,499,673 | 200,530 | 599,152 | 190,713 | 182,566 | 298,061 |
| 2019 | 724,973 | 2,501,996 | 185,787 | 383,435 | 146,345 | 152,998 | 259,072 |

| | <u>Library</u> | <u>Community Relations</u> | <u>Capital Outlay</u> | <u>Debt Service</u> | <u>Total</u> |
|----|----------------|----------------------------|-----------------------|---------------------|--------------|
| \$ | - | \$164,893 | \$1,308,153 | \$668,116 | \$6,457,236 |
| | - | 115,098 | 139,921 | 649,267 | 5,107,864 |
| | - | 112,556 | 148,530 | 667,211 | 5,079,930 |
| | - | 114,787 | 253,710 | 558,222 | 4,907,904 |
| | - | 119,726 | 2,065,753 | 514,717 | 6,586,874 |
| | 37,778 | 114,479 | 380,969 | 500,482 | 4,954,196 |
| | 152,428 | 112,514 | 239,049 | 446,428 | 5,221,831 |
| | 154,505 | 99,410 | 698,926 | 657,921 | 5,848,306 |
| | 188,743 | - | 123,962 | 753,489 | 5,770,566 |
| | 178,679 | - | 412,541 | 641,273 | 5,587,099 |

-A

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

| <u>Fiscal Year</u> | <u>Taxes</u> | <u>License and Permits</u> | <u>Charges for Services</u> | <u>Court Fines</u> | <u>Interest</u> | <u>Donations/ Grants</u> |
|--------------------|--------------|----------------------------|-----------------------------|--------------------|-----------------|--------------------------|
| 2010 | \$3,274,471 | \$123,448 | \$830,574 | \$546,534 | \$2,001 | \$12,164 |
| 2011 | 3,275,226 | 91,240 | 718,141 | 666,417 | 795 | 51,700 |
| 2012 | 3,534,748 | 68,591 | 712,799 | 702,786 | 1,116 | 7,550 |
| 2013 | 3,500,384 | 107,553 | 717,369 | 675,432 | 895 | 10,850 |
| 2014 | 3,539,885 | 255,255 | 2,442,787 | 785,608 | 529 | 18,413 |
| 2015 | 3,778,284 | 102,466 | 291,848 | 628,668 | 1,349 | 12,738 |
| 2016 | 3,895,843 | 129,163 | 287,364 | 560,921 | 8,024 | 110,509 |
| 2017 | 4,369,274 | 205,472 | 335,601 | 415,603 | 18,375 | 48,340 |
| 2018 | 4,472,594 | 145,356 | 391,448 | 321,732 | 39,727 | 61,556 |
| 2019 | 4,770,626 | 158,009 | 350,887 | 488,975 | 64,617 | 133,812 |

| <u>Miscellaneous</u> | <u>Total</u> |
|----------------------|--------------|
| \$ 22,589 | \$4,811,781 |
| 28,463 | 4,831,982 |
| 21,631 | 5,049,221 |
| 4,806 | 5,017,289 |
| 4,640 | 7,047,117 |
| 14,462 | 4,829,815 |
| 52,212 | 5,044,036 |
| 72,502 | 5,465,167 |
| 50,490 | 5,482,903 |
| 187,304 | 6,154,230 |

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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> |
|--------------------|-------------------------|--------------|------------------|----------------------------|---------------------------|--------------|
| 2010 | \$2,384,613 | \$496,635 | \$338,783 | \$34,603 | \$19,837 | \$3,274,471 |
| 2011 | 2,341,696 | 516,425 | 350,045 | 51,316 | 15,744 | 3,275,226 |
| 2012 | 2,397,494 | 662,826 | 412,124 | 49,456 | 12,848 | 3,534,748 |
| 2013 | 2,231,647 | 695,042 | 405,491 | 54,755 | 23,449 | 3,500,384 |
| 2014 | 2,363,878 | 701,241 | 386,766 | 69,982 | 18,018 | 3,539,885 |
| 2015 | 2,510,163 | 774,987 | 401,826 | 72,014 | 19,294 | 3,778,284 |
| 2016 | 2,528,297 | 880,781 | 393,831 | 73,259 | 19,675 | 3,895,843 |
| 2017 | 2,703,316 | 1,170,140 | 402,736 | 71,902 | 21,180 | 4,369,274 |
| 2018 | 2,926,281 | 1,016,232 | 424,586 | 84,978 | 20,517 | 4,472,594 |
| 2019 | 3,149,729 | 1,135,016 | 429,563 | 32,321 | 23,997 | 4,770,626 |

(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> |
|--------------------|-------------------|--------------------------------|-------------------------------------|-----------------------------------|------------------------------|---|
| 2010 | \$2,377,828 | \$2,349,084 | 98.79% | \$11,158 | \$2,360,242 | 99.26% |
| 2011 | 2,317,805 | 2,287,698 | 98.70 | 26,824 | 2,314,522 | 99.86 |
| 2012 | 2,362,226 | 2,336,365 | 98.90 | 27,584 | 2,363,949 | 100.07 |
| 2013 | 2,326,050 | 2,308,038 | 99.22 | (2,170) | 2,305,868 | 99.13 |
| 2014 | 2,341,912 | 2,323,470 | 99.21 | 15,981 | 2,339,451 | 99.89 |
| 2015 | 2,494,907 | 2,469,998 | 99.00 | 14,017 | 2,484,015 | 99.56 |
| 2016 | 2,531,786 | 2,503,074 | 98.87 | 12,260 | 2,515,334 | 99.35 |
| 2017 | 2,692,296 | 2,662,593 | 98.90 | 5,597 | 2,668,190 | 99.10 |
| 2018 | 2,897,846 | 2,868,579 | 98.99 | 34,860 | 2,903,439 | 100.19 |
| 2019 | 3,130,174 | 3,103,355 | 99.14 | 28,107 | 3,131,462 | 100.04 |

| <u>Outstanding Delinquent Taxes</u> | <u>Ratio of Delinquent Taxes to Levy</u> |
|---|--|
| \$ 86,276 | 3.63% |
| 81,789 | 3.53 |
| 77,212 | 3.27 |
| 72,259 | 3.11 |
| 70,349 | 3.00 |
| 79,858 | 3.20 |
| 95,117 | 3.76 |
| 97,628 | 3.63 |
| 89,274 | 3.08 |
| 83,205 | 2.66 |

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> |
|--------------------|------------------|--------------------------|---------------------------|--|---|
| 2010 | \$390,000 | \$276,024 | \$666,024 | \$5,588,216 | 11.92% |
| 2011 | 385,000 | 251,571 | 636,571 | 5,107,864 | 12.46 |
| 2012 | 400,000 | 237,211 | 637,211 | 5,079,930 | 12.54 |
| 2013 | 310,000 | 224,139 | 534,139 | 4,907,904 | 10.88 |
| 2014 | 315,000 | 186,995 | 501,995 | 6,586,874 | 7.62 |
| 2015 | 325,000 | 175,482 | 500,482 | 4,954,196 | 10.10 |
| 2016 | 280,000 | 166,428 | 446,428 | 5,221,831 | 8.55 |
| 2017 | 500,000 | 157,921 | 657,921 | 5,848,306 | 11.25 |
| 2018 | 561,372 | 119,738 | 681,110 | 5,770,566 | 11.80 |
| 2019 | 454,011 | 114,144 | 568,155 | 5,542,099 | 10.25 |

(1) Excludes Capital Projects Fund.