

CITY OF LAKE DALLAS, TEXAS

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

SEPTEMBER 30, 2021

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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, 2021, 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, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

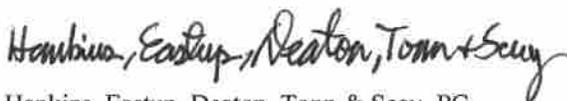
Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages 5 through 12 and the Texas Municipal Retirement System Schedules on pages 48 thru 50 be presented to supplement the basic financial statements. Such information, although 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 February 11, 2022 on our consideration of the City of Lake Dallas, Texas's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lake Dallas, Texas's internal control over financial reporting and compliance.



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

February 11, 2022

MANAGEMENT'S DISCUSSION & ANALYSIS

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CITY OF LAKE DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

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, 2021. 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, 2021 by \$8,379,893.
- The City's total net position increased by \$1,082,440 during the fiscal year from the results of current year operations.
- As of September 30, 2021, the City of Lake Dallas's governmental funds reported a combined ending fund balance of \$5,107,731, an increase of \$664,861 in comparison with the beginning of the period.
- The general fund fund balance decreased \$176,292, from a fund balance of \$2,728,285 at the beginning of the year to an ending fund balance of \$2,551,993.
- The general fund fund balance at September 30, 2021 of \$2,551,993 represents a reserve of 46.02% current year general fund expenditures.

Overview of the Financial Statements

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

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

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

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

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

CITY OF LAKE DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

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, 2021

Government-wide Financial Analysis

The City's combined net position was \$8,379,893 as of September 30, 2021. 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	
	2020	2021
Current and other assets	\$ 4,643,878	\$ 5,371,234
Capital assets	8,034,114	7,758,455
Total assets	<u>12,677,992</u>	<u>13,129,689</u>
Deferred outflows of resources	769,528	628,327
Long-term liabilities outstanding	5,203,844	4,545,084
Other liabilities	156,266	222,626
Total liabilities	<u>5,360,110</u>	<u>4,767,710</u>
Deferred inflows of resources	789,957	610,413
Net position:		
Net investment in capital assets	4,612,600	4,662,164
Restricted	546,686	1,721,024
Unrestricted	<u>2,138,167</u>	<u>1,996,705</u>
Total net position	<u>\$ 7,297,453</u>	<u>\$ 8,379,893</u>

Governmental Activities. The City's general revenues for governmental activities for the years ended September 30, 2020 and 2021 are detailed below (Table 2).

Table 2
General Revenues

	2020	2021
Property taxes, levied for general purposes	\$ 2,902,278	\$ 3,004,203
Property taxes, levied for debt service	442,845	447,414
Sales taxes	1,261,783	1,283,352
Franchise taxes	449,816	422,987
Hotel occupancy taxes	3,611	17,110
Mixed beverage taxes	23,363	28,708
Investment earnings	39,821	2,338
CLFRF funds	-	998,949
Gain on sale of assets	-	16,311
Miscellaneous	29,109	10,266
	<u>\$ 5,152,626</u>	<u>\$ 6,231,638</u>

CITY OF LAKE DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

The following table provides a summary of the City's operations for the years ended September 30, 2020 and 2021.

Changes in Net Position		Governmental Activities	
	2020	2021	
Revenues:			
Program revenues:			
Charges for services	\$ 967,917	\$ 843,766	
Operating grants and contributions	507,219	159,137	
General revenues:			
Property taxes	3,345,123	3,451,617	
Sales taxes	1,261,783	1,283,352	
Franchise taxes	449,816	422,987	
Hotel occupancy taxes	3,611	17,110	
Mixed beverage taxes	23,363	28,708	
Investment earnings	39,821	2,338	
CLFRF funds	-	998,949	
Gain on sale of assets	-	16,311	
Other	29,109	10,266	
	6,627,762	7,234,541	
Expenses:			
Administration	777,091	1,070,265	
Tourism	17,828	61,170	
City council	4,355	9,766	
Public safety	2,793,168	2,772,799	
Animal services	257,500	221,482	
Library	217,484	234,337	
Public works - streets	1,165,383	955,694	
Municipal court	138,912	120,921	
Parks and facilities	227,138	251,744	
Development services	278,845	379,894	
Debt service - interest	166,132	110,170	
	6,043,836	6,188,242	
Transfers in	235,825	36,141	
Change in net position	819,751	1,082,440	
Net position – October 1 (beginning)	6,477,702	7,297,453	
Net position – September 30 (ending)	\$ 7,297,453	\$ 8,379,893	

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, 2021

As of the end of the current period, the City's governmental funds reported a combined ending fund balance of \$5,107,731, an increase of \$664,861 in comparison with the beginning of the period. Unassigned fund balance available for spending at the City's discretion was \$2,519,517. A portion of fund balance is considered nonspendable and not available for new spending because it is restricted for street maintenance (\$315,008), restricted for debt service (\$190,496), restricted for capital projects (\$588,069), restricted for tourism (\$48,095), has already been committed to liquidate prepaid items (\$34,299) or are special revenue funds that have been restricted or assigned for specific purposes (\$1,339,058).

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 \$2,519,517, while total fund balance was \$2,551,993. The fund balance of the City's general fund decreased by \$176,292 during the current period, primarily due to additional administrative and development services expenditures.

General Fund Budgetary Highlights

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

The original budget for the general fund projected that the activity for the year would decrease available fund balance by \$92,601. The available fund balance for the general fund actually decreased in the amount of \$176,292 due to greater than expected revenue from property tax and sales tax, offset by lower than expected court fines and higher than expected administrative expenditures.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental activities as of September 30, 2021, amounted to \$7,758,455 (net of accumulated depreciation). This amount represents a net decrease of \$275,659, or 3.4 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:

Description	Amount
Council chamber AV upgrade	\$ 49,629
Land purchase	42,925
Public safety vehicle	47,923
Public works vehicle	34,420
Carport for public safety vehicles	39,700
Replacement flooring - City Hall	48,073
Total	\$ 262,670

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

	Governmental Activities
Land	\$ 440,797
Construction in Progress	772,768
Buildings and Improvements	1,792,519
Streets and Parks Infrastructure	4,234,859
Equipment and Vehicles	517,512
Totals	\$ 7,758,455

CITY OF LAKE DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

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 \$1,330,000, accrued compensated absences of \$329,509, equipment loans of \$286,667 and general obligation bonds outstanding of \$2,070,000, for total long-term debt of \$4,016,176. New debt was incurred during the year through an additional equipment loan.

The City's total long-term debt decreased by \$544,564 during the current period or 11.94%. 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

Coming off the heels of COVID-19 (Pandemic), major portions of the United States, Mexico and Canada endured Winter Storm Uri and new variants to the COVID-19 virus. To make matters worse, a major power outage occurred during this time as Texans faced record breaking low temperatures, which wreaked havoc upon millions of Texas lives spanning from hours to days. Although these events caused devastation (on various levels), there are "positives" to glean from these experiences. At a minimum, the Pandemic exposed America's supply chain and underserved communities, which led to unexpected funds to local governments including the City of Lake Dallas (City) through the Coronavirus Local & State Fiscal Recovery Fund (a.k.a. "ARP"). Additionally, Uri exposed a vulnerability to our major electrical power grid here at home drawing attention to needed inter-governmental cooperation.

One major community need exposed by COVID is the availability of internet services. As America adapted to social distancing practices, many businesses and schools had to change how they operate. New standards centered almost solely upon the use of the internet. Unfortunately, as schools and businesses relied heavily upon the internet to continue their operations, students and workers in underserved areas were unable to continue learning and working (respectively) because of the lack of reliable and/or strong internet services. Although the Pandemic exposed major issues in education and teleworking, it highlighted a need that was addressed by the Federal government when they issued ARP dollars to local and state governments.

Regardless of setbacks caused by the Pandemic and effects of critical weather-related incidents, our community had significant achievements regarding broadband, and the local economy and development. Final rules regarding the use of ARP funds by local government allowed the Lake Cities to embark upon the necessary steps to move closer to installation of a fiber ring for connecting and serving all four cities and their citizenry via the use of ARP funds.

An "upswing" in the economy also occurred, which was observed in revenues and development. General Fund Sales Tax revenues increased from \$1,051,486 (FY 19-20) to \$1,069,460 (FY 20-21). This difference represents an overall 1.7% increase between the two fiscal years. Additionally, the City's property tax rate decreased from \$0.644970 to \$0.642060 per \$100 assessed valuation, which translated to a \$0.00291 cent decrease in the tax rate. (The City experienced an increase in property values and new construction.)

On the development side, the City Council approved several new development projects:

New Projects (alpha order):

- 3HConcrete – SUP to allows contractors shop
- Elk Horn Realty – Site Plan for construction of an office and associated storage
- Meritage Homes - Falcon Place – 73 development residential lots
- Perry Custom Homes – Providence Addition – rezoning from C-1 to Residential

CITY OF LAKE DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

Other development items include new home permits and Certificates of Occupancy issuance:

New Home Permits (alpha order):

- Individual owners
- Mentor Custom Homes, Inc.
- Meritage Homes
- Perry Custom Builders
- TD Custom Homes LLC
- TTMJ Assets

Certificate of Occupancy (alpha order):

- Arrington Outdoor Advertising
- Champ Distributing
- Coco Loco Fruit & Snack
- Don Julio Torta and Tacos
- Fallen Ink Tattoo Studio
- Foot Castle
- Good Foot Massage
- Legacy Boxing
- Legacy Nutrition
- Lakeside Liquor Store.
- Metroplex Property Group
- Purple Lilies Photography
- Shushi Q
- VFW Post 10460
- WP Auto Glass

Roadway reconstruction and/or improvement projects were developed with the intent of submitting to Denton County for consideration of their November 2022 Bond Election. The City's goal is to reconstruct certain roads in a manner that improves not only drainage and traffic flow, but to provide pedestrian access. Plan details include moving from asphalt to concrete, as well as the addition of curbs, gutters, storm drainage, street lighting and sidewalks. The improvements intend to remedy deterioration of streets, restoration of proper drainage flows, enhance travel safety, and provide clear and safe designated pedestrian routes.

As we head into FY 2021-2022, the City may anticipate moving forward with presenting the roadway reconstruction/improvement projects to Denton County, finalization of the broadband project (pending contract negotiations), completion of the stormwater utility drainage fee study, steps taken toward revitalization (e.g., abatement of Code issues, new development, restructuring processes and procedures, etc.), and the selection of a new Police Chief and Finance Director.

CITY OF LAKE DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

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, 2021

	Primary Government	Component Unit
	Governmental Activities	Community Development Corporation
ASSETS		
Cash and Investments	\$ 4,887,115	\$ 316,650
Receivables (net of allowance for uncollectibles):		
Taxes – Ad Valorem	75,520	-
Taxes – Sales	242,768	80,923
Taxes - Mixed Beverage	4,203	-
Taxes - Franchise	29,732	-
Taxes- Occupancy	33,276	-
Other	63,285	-
Prepaid Expenses	34,299	-
Internal Balances	1,036	(1,036)
Capital Assets:		
Land	440,797	1,084,279
Construction in Progress	772,768	-
Buildings and Improvements, net	1,792,519	-
Streets and Parks Infrastructure, net	4,234,859	-
Equipment and Vehicles, net	517,512	-
Total Assets	<u>13,129,689</u>	<u>1,480,816</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on bond refunding	23,874	-
Deferred outflow related to TMRS	570,809	-
Deferred outflow related to OPEB	33,644	-
Total Deferred Outflows of Resources	<u>628,327</u>	<u>-</u>
LIABILITIES		
Accounts Payable	124,582	15,382
Accrued Wages Payable	68,027	-
Accrued Interest Payable	21,567	4,795
Escrowed Funds	8,450	-
Noncurrent Liabilities:		
Due within one year	646,955	30,000
Due in more than one year	3,369,221	655,000
Net pension liability	385,185	-
Net OPEB liability	143,723	-
Total Liabilities	<u>4,767,710</u>	<u>705,177</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to TMRS	606,387	-
Deferred inflow related to OPEB	4,026	-
Total Deferred Inflows of Resources	<u>610,413</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	4,662,164	394,484
Restricted for:		
Community Development	-	381,155
Court Security and Technology	73,189	-
Other Purposes	1,647,835	-
Unrestricted Net Position	1,996,705	-
Total Net Position	<u>\$ 8,379,893</u>	<u>\$ 775,639</u>

The accompanying notes are an integral part of this statement.

CITY OF LAKE DALLAS, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
GOVERNMENTAL ACTIVITIES:				
Administration	\$ 1,070,265	\$ 44,000	\$ 4,500	\$ -
Tourism	61,170	36,095	-	-
City Council	9,766	-	-	-
Public Safety	2,772,799	278,831	85,229	-
Animal Services	221,482	12,001	21,487	-
Library	234,337	9,937	35,147	-
Public Works - Streets	955,694	-	12,774	-
Municipal Court	120,921	120,921	-	-
Parks and Facilities	251,744	182,125	-	-
Development Services	379,894	159,856	-	-
Debt Service - Interest and Fees	110,170	-	-	-
Total Governmental Activities	<u>6,188,242</u>	<u>843,766</u>	<u>159,137</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 6,188,242</u>	<u>\$ 843,766</u>	<u>\$ 159,137</u>	<u>\$ -</u>
COMPONENT UNIT:				
Community Development Corporation	<u>\$ 214,771</u>	<u>\$ 4,200</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL COMPONENT UNIT	<u>\$ 214,771</u>	<u>\$ 4,200</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

CLFRF Funds

Gain on sale of assets

Miscellaneous

Special item – transfers in (out)

Total General Revenues and Special Items

Change in Net Position

NET POSITION, October 1 (beginning)

NET POSITION, September 30 (ending)

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Change in Net Position	
Governmental Activities	Component Unit Community Development Corp
\$ (1,021,765)	\$ -
(25,075)	-
(9,766)	-
(2,408,739)	-
(187,994)	-
(189,253)	-
(942,920)	-
-	-
(69,619)	-
(220,038)	-
(110,170)	-
<u>(5,185,339)</u>	<u>-</u>
<u>(5,185,339)</u>	<u>-</u>
<u>-</u>	<u>(210,571)</u>
<u>-</u>	<u>(210,571)</u>
3,004,203	-
447,414	-
1,283,352	427,784
422,987	-
17,110	-
28,708	-
2,338	280
998,949	-
16,311	-
10,266	-
36,141	(36,141)
<u>6,267,779</u>	<u>391,923</u>
1,082,440	181,352
<u>7,297,453</u>	<u>594,287</u>
<u>\$ 8,379,893</u>	<u>\$ 775,639</u>

CITY OF LAKE DALLAS, TEXAS
BALANCE SHEET GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

ASSETS	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	OTHER FUNDS	TOTAL GOVERNMENTAL FUNDS
Cash and cash equivalents	\$2,256,502	\$ 192,309	\$ 614,490	\$ 1,823,814	\$ 4,887,115
Receivables (net of allowances for uncollectibles):					
Ad Valorem tax	63,251	12,269	-	-	75,520
Sales tax	202,307	-	-	40,461	242,768
Mixed beverage tax	4,203	-	-	-	4,203
Franchise tax	29,732	-	-	-	29,732
Occupancy tax	-	-	-	33,276	33,276
Other	63,285	-	-	-	63,285
Due from other funds	119,041	-	-	25,870	144,911
Due from CDC	1,036	-	-	-	1,036
Prepaid costs	32,476	-	-	1,823	34,299
 Total Assets	 <u>\$2,771,833</u>	 <u>\$ 204,578</u>	 <u>\$ 614,490</u>	 <u>\$ 1,925,244</u>	 <u>\$ 5,516,145</u>
 LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 92,064	\$ -	\$ 26,421	\$ 6,097	\$ 124,582
Accrued wages payable	68,027	-	-	-	68,027
Due to other funds	-	2,937	-	141,974	144,911
Escrowed funds	8,450	-	-	-	8,450
Total Liabilities	<u>168,541</u>	<u>2,937</u>	<u>26,421</u>	<u>148,071</u>	<u>345,970</u>
Deferred Inflows of Resources:					
Unavailable Revenue-Property Taxes	51,299	11,145	-	-	62,444
Total Deferred Inflows of Resources	<u>51,299</u>	<u>11,145</u>	<u>-</u>	<u>-</u>	<u>62,444</u>
Fund Balances:					
Nonspendable fund balance:					
Prepaid costs	32,476	-	-	1,823	34,299
Restricted fund balance:					
Restricted for debt service	-	190,496	-	-	190,496
Restricted for capital projects	-	-	588,069	-	588,069
Restricted for court security/technology	-	-	-	73,189	73,189
Restricted for street maintenance	-	-	-	315,008	315,008
Restricted for tourism	-	-	-	48,095	48,095
Restricted for other purposes	-	-	-	1,284,732	1,284,732
Assigned fund balance	-	-	-	54,326	54,326
Unassigned fund balance	2,519,517	-	-	-	2,519,517
Total Fund Balances	<u>2,551,993</u>	<u>190,496</u>	<u>588,069</u>	<u>1,777,173</u>	<u>5,107,731</u>
 Total Liabilities, Deferred Inflows and Fund Balances	 <u>\$2,771,833</u>	 <u>\$ 204,578</u>	 <u>\$ 614,490</u>	 <u>\$ 1,925,244</u>	 <u>\$ 5,516,145</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, 2021

Total Fund Balance – Governmental Funds	\$ 5,107,731
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund financial statements.	17,302,741
Accumulated depreciation is not reported in the fund financial statements.	(9,544,286)
Bonds payable, certificates of obligation payable, equipment loan payable and compensated absences payable are not reported in the fund financial statements.	(4,016,176)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	(21,567)
Property tax revenue reported as unavailable revenue in the fund financial statements was recognized as revenue in the government-wide financial statements.	62,444
Deferred charge on bond refundings is not recognized in the fund financial statements.	23,874
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 \$385,185, a Deferred Resource Outflow related to TMRS in the amount of \$570,809 and a Deferred Resource Inflow related to TMRS in the amount of \$606,387. This amounted to a decrease in Net Position in the amount of \$420,763.	(420,763)
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 \$143,723, a Deferred Resource Outflow related to OPEB in the amount of \$33,644, and a Deferred Resource Inflow related to OPEB in the amount of \$4,026. This amounted to a decrease in Net Position in the amount of \$114,105.	<u>(114,105)</u>
Net Position of Governmental Activities	<u>\$ 8,379,893</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, 2021

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	OTHER FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:					
Taxes (ad valorem, sales and other)	\$ 4,530,248	\$447,829	\$ -	\$ 231,002	\$ 5,209,079
Licenses and permits	165,250	-	-	-	165,250
Charges for services	267,571	-	-	125,820	393,391
Court fines	255,840	-	-	29,285	285,125
CLFRF funds	-	-	-	998,949	998,949
Donations and grants	34,732	-	-	124,405	159,137
Insurance proceeds	556	-	-	-	556
Interest	1,249	242	426	421	2,338
Miscellaneous	9,710	-	-	-	9,710
Total Revenues	<u>5,265,156</u>	<u>448,071</u>	<u>426</u>	<u>1,509,882</u>	<u>7,223,535</u>
Expenditures:					
Administration	1,096,941	-	-	-	1,096,941
Tourism	30,605	-	-	30,565	61,170
City council	9,766	-	-	-	9,766
Public safety	2,559,455	-	-	98,033	2,657,488
Animal services	197,057	-	-	5,400	202,457
Library	259,079	-	-	116	259,195
Public works – streets	474,319	-	4,910	67,438	546,667
Municipal court	116,895	-	-	10,401	127,296
Parks and facilities	102,287	-	-	76,913	179,200
Development services	392,127	-	-	-	392,127
Capital outlay	201,311	-	189,597	37,295	428,203
Debt service:					
Principal retirement	96,303	545,000	-	-	641,303
Interest and fees	9,028	95,280	-	-	104,308
Total Expenditures	<u>5,545,173</u>	<u>640,280</u>	<u>194,507</u>	<u>326,161</u>	<u>6,706,121</u>
Excess of Revenues Over (Under) Expenditures	<u>(280,017)</u>	<u>(192,209)</u>	<u>(194,081)</u>	<u>1,183,721</u>	<u>517,414</u>
Other Financing Resources (Uses):					
Loan proceeds	93,130	-	-	-	93,130
Sale of assets	18,176	-	-	-	18,176
Transfers out	(7,581)	-	-	-	(7,581)
Transfers in	-	36,141	-	7,581	43,722
Total Other Financing Resources (Uses)	<u>103,725</u>	<u>36,141</u>	<u>-</u>	<u>7,581</u>	<u>147,447</u>
Net Change in Fund Balance	(176,292)	(156,068)	(194,081)	1,191,302	664,861
Fund Balance - October 1 (beginning)	<u>2,728,285</u>	<u>346,564</u>	<u>782,150</u>	<u>585,871</u>	<u>4,442,870</u>
Fund Balance - September 30 (ending)	<u>\$ 2,551,993</u>	<u>\$190,496</u>	<u>\$ 588,069</u>	<u>\$ 1,777,173</u>	<u>\$ 5,107,731</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, 2021

Total Net Change in Fund Balances – Governmental Funds	\$ 664,861
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.	641,303
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.	428,203
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.	(701,997)
Interest is accrued on outstanding debt in the government-side financial statements, whereas in the fund financial statements interest expenditures are reported when due.	1,440
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.	(5,305)
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.	(93,130)
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.	(3,609)
Basis of capital assets sold are not recorded in the fund financial statements but are shown as a reduction of capital assets in the government-wide financial statements.	(1,865)
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 12/31/20 caused the change in ending net position to increase in the amount of \$241,251. Contributions made before the measurement date but during the 2021 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 \$88,506. These contributions were replaced with the City’s pension expense for the year of \$151,727, which caused a decrease in the change in net position. The impact of all of these is to increase net position by \$178,030.	178,030
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 12/31/20 caused net position to increase in the amount of \$1,236. Contributions made before the measurement date but during the 2021 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 \$412. These contributions were replaced with the City’s OPEB expense for the year of \$19,837, which caused a decrease in the change in net position. The impact of all of these is to decrease net position by \$18,189.	(18,189)
Change in Net Position of Governmental Activities	<u>\$ 1,082,440</u>

CITY OF LAKE DALLAS, TEXAS
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>		Actual Amounts (GAAP BASIS)	Variance With Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes (ad valorem, sales and other)	\$ 4,453,162	\$ 4,453,162	\$ 4,530,248	\$ 77,086
Licenses and permits	107,930	107,930	165,250	57,320
Charges for services	292,733	292,733	267,571	(25,162)
Court fines	316,000	316,000	255,840	(60,160)
CARES funds	-	-	-	-
Donations and grants	29,046	29,046	34,732	5,686
Insurance proceeds	-	-	556	556
Interest	30,000	30,000	1,249	(28,751)
Miscellaneous revenue	12,000	12,000	9,710	(2,290)
Total Revenues	<u>5,240,871</u>	<u>5,240,871</u>	<u>5,265,156</u>	<u>24,285</u>
Expenditures:				
Current:				
Administration	750,097	842,925	1,096,941	(254,016)
Tourism	27,000	27,000	30,605	(3,605)
City council	13,850	13,850	9,766	4,084
Public safety	2,728,014	2,728,014	2,559,455	168,559
Animal services	227,768	227,768	197,057	30,711
Library	275,753	275,753	259,079	16,674
Public works-streets	488,623	488,623	474,319	14,304
Municipal court	131,733	131,733	116,895	14,838
Parks and recreation	120,152	120,152	102,287	17,865
Development services	366,035	366,035	392,127	(26,092)
Debt Service	112,374	112,374	105,331	7,043
Capital Outlay	141,584	141,584	201,311	(59,727)
Total Expenditures	<u>5,382,983</u>	<u>5,475,811</u>	<u>5,545,173</u>	<u>(69,362)</u>
Excess of Revenues over (under) Expenditures	<u>(142,112)</u>	<u>(234,940)</u>	<u>(280,017)</u>	<u>(45,077)</u>
Other Financing Sources (Uses):				
Loan Proceeds	91,160	91,160	93,130	1,970
Sale of Assets	61,000	61,000	18,176	(42,824)
Transfers out	(19,821)	(19,821)	(7,581)	12,240
Transfers in	10,000	10,000	-	(10,000)
Total Other Financing Sources (Uses)	<u>142,339</u>	<u>142,339</u>	<u>103,725</u>	<u>(38,614)</u>
Net Change in Fund Balance	227	(92,601)	(176,292)	(83,691)
Fund Balance – October 1 (beginning)	<u>2,728,285</u>	<u>2,728,285</u>	<u>2,728,285</u>	<u>-</u>
Fund Balance – September 30 (ending)	<u>\$ 2,728,512</u>	<u>\$ 2,635,684</u>	<u>\$ 2,551,993</u>	<u>\$ (83,691)</u>

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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, 2021

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, 2021 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, 2021

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
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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.

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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, 2021, the carrying amount of the City's deposits in checking accounts and interest-bearing savings accounts was \$602,714 and the bank balance was \$669,694. The City's cash deposits at September 30, 2021 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, 2021, the City's cash balances totaled \$669,694. 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, 2021, 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, 2021, 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, 2021 are shown below:

Name	Carrying Amount	Market Value
TexPool Investment Pool	\$ 2,951,423	\$ 2,951,423
LOGIC Investment Pool	308,795	308,795
TexStar Investment Pool	24,608	24,608
Texas Class Investment Pool	998,950	998,950
Total	\$ 4,283,776	\$ 4,283,776

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.

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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, 2021.
- 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 \$2,519,517 at September 30, 2021. Prepaid costs of \$32,476 are considered nonspendable fund balance.

Special Revenue Funds

The fund balances of the Court Technology Fund and Court Security Fund (totaling \$73,189) are shown as restricted for those purposes. The fund balances of the Street Maintenance Tax Fund (\$315,008) and the Hotel Occupancy Tax Fund (\$48,095) 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, CLFRF Grant and Willow Grove Camping Fees Fund (totaling \$1,284,732) 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 \$54,326) have been assigned for use in the activities that generated those funds.

Debt Service Funds

The Debt Service Fund has restricted fund balance of \$190,496 at September 30, 2021 that is restricted by law for use in retiring long-term debt.

3. RECEIVABLES

Government-wide receivables as of September 30, 2021, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service Fund	Special Revenue Fund	Total
Receivables:				
Property taxes	\$ 83,225	\$ 16,144	\$ -	\$ 99,369
Sales taxes	202,307	-	40,461	242,768
Mixed beverage tax	4,203	-	-	4,203
Occupancy tax	-	-	160,199	160,199
Franchise tax	29,732	-	-	29,732
SRO reimbursement	63,285	-	-	63,285
Gross Receivables	<u>382,752</u>	<u>16,144</u>	<u>200,660</u>	<u>599,556</u>
Less: Uncollectible allowance	19,974	3,875	126,923	150,772
Net Total Receivables	<u>\$ 362,778</u>	<u>\$ 12,269</u>	<u>\$ 73,737</u>	<u>\$ 448,784</u>

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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, 2021, 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	\$ -
VAWA Grant	70,068	-
Police Auction	-	119,041
Debt Service Fund	-	-
Total General Fund	<u>141,974</u>	<u>119,041</u>
<u>Special Revenue Fund</u>		
General Fund	-	25,870
Total Special Revenue Fund	<u>-</u>	<u>25,870</u>
<u>Debt Service Fund</u>		
General Fund	2,937	-
Total Debt Service Fund	<u>2,937</u>	<u>-</u>
Total	<u>\$ 144,911</u>	<u>\$ 144,911</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, 2021 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>		
VAWA Grant	\$ 7,581	\$ -
<u>Special Revenue Fund:</u>		
VAWA Grant	-	7,581
Total	<u>\$ 7,581</u>	<u>\$ 7,581</u>

Interfund transfers during the year include the following:

- Transfer of \$7,581 from the general fund to the VAWA Grant special revenue to cover excess costs of that grant.

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6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 397,872	\$ 42,925	\$ -	\$ 440,797
Construction in Progress	707,339	65,429	-	772,768
Total capital assets, not being depreciated	<u>1,105,211</u>	<u>108,354</u>	<u>-</u>	<u>1,213,565</u>
Capital assets, being depreciated:				
Buildings and Improvements	3,101,986	84,931	-	3,186,917
Street and Parks	10,757,098	42,905	-	10,800,003
Equipment and Vehicles	1,954,874	192,013	(44,631)	2,102,256
Total capital assets, being depreciated	<u>15,813,958</u>	<u>319,849</u>	<u>(44,631)</u>	<u>16,089,176</u>
Less accumulated depreciation for:				
Buildings and Improvements	(1,311,538)	(82,860)	-	(1,394,398)
Street and Parks	(6,142,428)	(422,716)	-	(6,565,144)
Equipment and Vehicles	(1,431,089)	(196,421)	42,766	(1,584,744)
Total accumulated depreciation	<u>(8,885,055)</u>	<u>(701,997)</u>	<u>42,766</u>	<u>(9,544,286)</u>
Total capital assets, being depreciated, net	<u>6,928,903</u>	<u>(382,148)</u>	<u>(1,865)</u>	<u>6,544,890</u>
Governmental activities capital assets, net	<u>\$ 8,034,114</u>	<u>\$ (273,794)</u>	<u>\$ (1,865)</u>	<u>\$ 7,758,455</u>

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

Governmental Activities:	
General Government	\$ 18,749
Public Safety	151,125
Animal Services	27,996
Public Works-Streets	424,682
Municipal Court	1,832
Parks and Recreation	76,415
Development Services	741
Library	457
Total depreciation expense – Governmental activities	<u>\$ 701,997</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, 2021:

Description	Interest Rate Payable	Amounts Outstanding 10/1/20	Refunded/ Additions	Retired	Amounts Outstanding 9/30/21	Due Within One Year
Bonded Indebtedness:						
2008 General Obligation	4.21%	\$ 510,000	\$ -	\$ 55,000	\$ 455,000	\$ 55,000
2012 General Obligation	1.499%	240,000	-	150,000	90,000	90,000
2018 General Obligation	2.81%	1,085,000	-	150,000	935,000	155,000
2019 General Obligation	1.86%	660,000	-	70,000	590,000	65,000
Total Bonded Indebtedness		<u>2,495,000</u>	<u>-</u>	<u>425,000</u>	<u>2,070,000</u>	<u>365,000</u>
Certificates of Obligation:						
2019 Series		1,450,000	-	120,000	1,330,000	165,000
Total Cert. of Obligation		<u>1,450,000</u>	<u>-</u>	<u>120,000</u>	<u>1,330,000</u>	<u>165,000</u>
Equipment Loans		289,840	93,130	96,303	286,667	116,955
Compensated Absences		325,900	3,609	-	329,509	-
Total Long-Term Debt		<u>\$ 4,560,740</u>	<u>\$ 96,739</u>	<u>\$641,303</u>	<u>\$ 4,016,176</u>	<u>\$646,955</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 September 30,	Principal	Interest	Total Requirements
2022	\$ 365,000	\$ 57,753	\$ 422,753
2023	290,000	48,523	338,523
2024	295,000	40,199	335,199
2025	310,000	31,735	341,735
2026	320,000	22,826	342,826
2027-2029	490,000	22,735	512,735
Total	<u>\$ 2,070,000</u>	<u>\$ 223,771</u>	<u>\$ 2,293,771</u>

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

Year Ended September 30,	Principal	Interest	Total Requirements
2022	\$ 165,000	\$ 25,270	\$ 190,270
2023	155,000	22,135	177,135
2024	160,000	19,190	179,190
2025	165,000	16,150	181,150
2026	165,000	13,015	178,015
2027-2029	520,000	19,855	539,855
Total	<u>\$ 1,330,000</u>	<u>\$ 115,615</u>	<u>\$ 1,445,615</u>

9. DEFEASED BONDS OUTSTANDING

In prior years, the City issued refunding bonds 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, 2021, \$1,165,000 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, 2021 is as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Amounts Outstanding 10/1/2020</u>	<u>Additions</u>	<u>Retired</u>	<u>Amounts Outstanding 9/30/2021</u>
Citizens 1st Bank	3.544%	\$ 2,883	\$ -	\$ 2,883	\$ -
Total		<u>\$ 2,883</u>	<u>\$ -</u>	<u>\$ 2,883</u>	<u>\$ -</u>

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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 10/1/20</u>	<u>Additions</u>	<u>Retired</u>	<u>Amounts Outstanding 9/30/21</u>
Equipment loan - Government Capital Corp	2.997%	\$ 127,023	\$ -	\$ 62,617	\$ 64,406
Equipment loan - Government Capital Corp	4.25%	69,029	-	16,195	52,834
Equipment loan - Government Capital Corp	3.497%	93,788	-	17,491	76,297
Equipment loan - Government Capital Corp	3.19%	-	93,130	-	93,130
Total		<u>\$ 289,840</u>	<u>\$ 93,130</u>	<u>\$ 96,303</u>	<u>\$ 286,667</u>

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

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
September 30, 2022	\$ 116,955	\$ 9,817	\$ 126,772
2023	54,369	5,976	60,345
2024	56,347	3,998	60,345
2025	39,182	2,034	41,216
2026	19,814	632	20,446
Total	<u>\$ 286,667</u>	<u>\$ 22,457</u>	<u>\$ 309,124</u>

12. DEFINED BENEFIT PENSION PLANS

Plan Description

The City of Lake Dallas participates as one of 895 plans in the defined benefit cash-balance 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 Governor-appointed Board of Trustees. However, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

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

Benefits Provided

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

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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 2020	Plan Year 2021
Employee deposit rate	7.0%	7.0%
Employer deposit rate	13.24%	13.70%
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, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	44
Inactive employees entitled to buy not yet receiving benefits	57
Active employees	<u>37</u>
	138

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 13.24% and 13.70% in calendar years 2020 and 2021, respectively. The City’s contributions to TMRS for the year ended September 30, 2021 were \$329,757, which consists of \$304,234 required contributions and \$25,523 additional voluntary contributions.

Net Pension Liability

The City’s Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

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Actuarial assumptions:

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year, adjusted down from population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. 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 2021 are summarized in the following table:

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Asset Class	Target Allocation	Long-Term Expected Portfolio Real Rate of Return*
Global	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	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	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2019	\$ 9,666,629	\$ 9,132,478	\$ 534,151
Changes for the year:			
Service Cost	366,138	-	366,138
Interest	649,272	-	649,272
Change in benefit terms	-	-	-
Difference between expected and actual experience	(28,563)	-	(28,563)
Changes of assumptions	-	-	-
Contributions – employer	-	303,421	(303,421)
Contributions – employee	-	144,230	(144,230)
Net investment income	-	692,823	(692,823)
Benefit payments, including refunds of employee contributions	(461,719)	(461,719)	-
Administrative expense	-	(4,486)	4,486
Other changes	-	(175)	175
Net changes	525,128	674,094	(148,966)
Balance at 12/31/2020	\$ 10,191,757	\$ 9,806,572	\$ 385,185

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, 2021

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability (asset)	\$1,884,956	\$385,185	\$(823,613)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2021, the City recognized pension expense of \$151,250.

At September 30, 2021, 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	\$ -	\$ 17,278
Changes in actuarial assumptions	3,095	-
Difference between projected and actual investment earnings	326,463	589,109
Contributions subsequent to the measurement date	241,251	-
Total	\$ 570,809	\$ 606,387

\$241,251 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, 2022. 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:	
2022	\$ (111,522)
2023	5,920
2024	(155,950)
2025	(15,277)
2026	-
Thereafter	-

CITY OF LAKE DALLAS, TEXAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021

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, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	16
Inactive employees entitled to but not yet receiving benefits	12
Active employees	<u>37</u>
Total	65

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>2021</u>
Employer rate	0.08%
Employer contributions	\$ 1,648

Actuarial Assumptions

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Inflation	2.5%
Salary increases	3.50% to 11.5%, including inflation
Discount rate	2.00%

Mortality rates for service retirees were based on the 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with Scale UMP.

Mortality rates for disabled retirees were based on the 2020 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Actuarial assumptions used in the December 31, 2020 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2014 through December 31, 2018.

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 2.00% was based on the 20-Year Municipal GO AA Index as of December 31, 2020.

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

At September 30, 2021, the City reported a total OPEB liability of \$143,723 measured at December 31, 2020. For the year ended September 30, 2021, the City recognized OPEB expense of \$19,773.

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, 2020 are as follows:

Changes in Total OPEB Liability	Total OPEB Liability
Balance at December 31, 2019	\$ 108,953
Changes for the year:	
Service cost	7,418
Interest on total OPEB liability	3,084
Changes of benefit terms	-
Differences between expected and actual experience	3,770
Effect of assumption changes or inputs	21,528
Benefit payments*	(1,030)
Balance as of December 31, 2020	<u>\$ 143,723</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, 2021

Discount Rate Sensitivity Analysis

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.00%, 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 (1.00%) or 1 percentage point higher (3.00%) than the current rate.

	1% Decrease in Discount Rate (1.00%)	Discount Rate (2.00%)	1% Increase in Discount Rate (3.00%)
Total OPEB liability	\$181,932	\$143,723	\$116,040

At December 31, 2020, 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	\$ 3,392	\$ 1,460
Changes in actuarial assumptions	29,016	2,566
Difference between projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	1,236	-
Total	\$ 33,644	\$ 4,026

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, 2021 in the amount of \$1,236. 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:	
2022	\$ 9,007
2023	8,009
2024	8,456
2025	2,910
2026	-
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, 2021 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, 2021

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, 2021 through February 11, 2022, which is the date the financial statements were available to be issued. No events were identified that are required to be disclosed in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAKE DALLAS, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	2020	2019	2018	2017
Total Pension Liability				
Service Cost	\$ 366,138	\$ 316,733	\$ 312,484	\$ 310,358
Interest (on the Total Pension Liability)	649,272	618,310	589,594	573,047
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(28,563)	(25,474)	7,609	(198,331)
Change of assumptions	-	34,035	-	-
Benefit payments, including refunds of employee contributions	(461,719)	(557,516)	(415,258)	(466,739)
Net Change in Total Pension Liability	525,128	386,088	494,429	218,335
Total Pension Liability - Beginning	9,666,629	9,280,541	8,786,112	8,567,777
Total Pension Liability - Ending (a)	<u>\$ 10,191,757</u>	<u>\$ 9,666,629</u>	<u>\$ 9,280,541</u>	<u>\$ 8,786,112</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 303,421	\$ 240,024	\$ 247,704	\$ 241,581
Contributions - Employee	144,230	127,202	128,821	124,713
Net Investment Income	692,823	1,248,850	(250,791)	1,032,735
Benefit payments, including refunds of employee contributions	(461,719)	(557,516)	(415,258)	(466,739)
Administrative Expense	(4,486)	(7,059)	(4,849)	(5,350)
Other	(175)	(212)	(253)	(271)
Net Change in Plan Fiduciary Net Position	674,094	1,051,289	(294,626)	926,669
Plan Fiduciary Net Position - Beginning	9,132,478	8,081,189	8,375,815	7,449,146
Plan Fiduciary Net Position - Ending (b)	<u>\$ 9,806,572</u>	<u>\$ 9,132,478</u>	<u>\$ 8,081,189</u>	<u>\$ 8,375,815</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 385,185</u>	<u>\$ 534,151</u>	<u>\$ 1,199,352</u>	<u>\$ 410,297</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	96.22%	94.47%	87.08%	95.33%
Covered Employee Payroll	\$ 2,060,427	\$ 1,817,174	\$ 1,840,305	\$ 1,781,620
Net Pension Liability as a Percentage of Covered Employee Payroll	18.69%	29.39%	65.17%	23.03%

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.

<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 304,544	\$ 280,697	\$ 254,024
548,546	542,064	493,307
-	-	-
(108,277)	(239,049)	235,740
-	98,743	-
<u>(302,728)</u>	<u>(320,372)</u>	<u>(279,382)</u>
442,085	362,083	703,689
<u>8,125,692</u>	<u>7,763,609</u>	<u>7,059,920</u>
<u>\$ 8,567,777</u>	<u>\$ 8,125,692</u>	<u>\$ 7,763,609</u>
\$ 222,894	\$ 214,231	\$ 236,507
124,265	123,422	124,103
469,202	10,212	370,300
(302,728)	(320,372)	(279,382)
(5,298)	(6,220)	(3,866)
<u>(285)</u>	<u>(307)</u>	<u>(318)</u>
508,050	20,966	447,344
<u>6,941,096</u>	<u>6,920,130</u>	<u>6,472,786</u>
<u>\$ 7,449,146</u>	<u>\$ 6,941,096</u>	<u>\$ 6,920,130</u>
<u>\$ 1,118,631</u>	<u>\$ 1,184,596</u>	<u>\$ 843,479</u>
86.94%	85.42%	89.14%
\$ 1,775,768	\$ 1,768,037	\$ 1,763,314
62.99%	67.00%	47.83%

CITY OF LAKE DALLAS, TEXAS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR FISCAL YEAR 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ 304,234	\$ 258,446	\$ 231,778	\$ 233,663
Contribution in Relation to the Contractually Required Contribution	<u>(304,234)</u>	<u>(258,446)</u>	<u>(231,778)</u>	<u>(233,663)</u>
Contribution Deficiency (Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
City's Covered-Employee Payroll	\$ 2,241,514	\$ 1,973,775	\$ 1,840,307	\$ 1,701,413
Contributions as a Percentage of Covered-Employee Payroll	13.57%	13.09%	12.59%	13.73%

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.

<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 249,853	\$ 224,395	\$ 224,355
<u>(249,853)</u>	<u>(224,395)</u>	<u>(224,355)</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
\$ 1,838,908	\$ 1,765,570	\$ 1,768,037
13.59%	12.71%	12.69%

CITY OF LAKE DALLAS, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR FISCAL YEAR 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability			
Service cost	\$ 7,418	\$ 5,270	\$ 4,601
Interest on total OPEB liability	3,084	3,236	2,842
Changes of benefit terms	-	-	-
Differences between expected and actual experience	3,770	(2,486)	1,209
Change of assumptions	21,528	18,797	(6,796)
Benefit payments/refunds of contributions	<u>(1,030)</u>	<u>(909)</u>	<u>(736)</u>
Net change in total OPEB liability	34,770	23,908	1,120
Total OPEB liability, beginning	<u>108,953</u>	<u>85,045</u>	<u>83,925</u>
Total OPEB liability, ending	<u>\$ 143,723</u>	<u>\$ 108,953</u>	<u>\$ 85,045</u>
Covered employee payroll	\$ 2,060,427	\$ 1,817,174	\$ 1,840,305
Net OPEB liability as a percentage of covered payroll	6.98%	6.00%	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, 2021

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; 12% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 11.5%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with Scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with Scale UMP.

Changes of Benefit Terms

There were no changes in benefit terms during the measurement period.

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, 2021

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 11.5%, including inflation
Discount Rate	2.00%
Retirement Age	Experience-based table of rates that are specific to the Town's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	2019 Municipal Retirees of Texas Mortality Tables with 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

**COMBINING & INDIVIDUAL FUND
STATEMENTS & SCHEDULES**

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2020 AND 2021

	2020	2021
ASSETS		
Cash and cash equivalents	\$ 2,517,722	\$ 2,256,502
Receivables:		
Ad valorem tax	56,189	63,251
Sales tax	181,921	202,307
Franchise tax	24,782	29,732
Mixed beverage tax	2,307	4,203
Other	8,630	63,285
Due from other funds	93,866	119,041
Due from CDC	1,036	1,036
Prepaid costs	13,088	32,476
TOTAL ASSETS	\$ 2,899,541	\$ 2,771,833
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 46,994	\$ 92,064
Accrued wages payable	62,587	68,027
Other liabilities	2,603	-
Escrowed funds	2,883	8,450
Total Liabilities	115,067	168,541
Deferred Inflows of Resources:		
Unavailable revenue-property taxes	56,189	51,299
Total Deferred Inflows of Resources	56,189	51,299
Fund Balance:		
Nonspendable	13,088	32,476
Unassigned	2,715,197	2,519,517
Total Fund Balance	2,728,285	2,551,993
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 2,899,541	\$ 2,771,833

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2021

	<u>2020</u>	<u>2021</u>
REVENUES:		
Taxes:		
Property	\$ 2,895,850	\$ 3,009,093
Sales	1,051,486	1,069,460
Mixed beverage	23,363	28,708
Franchise	449,816	422,987
License and permits	151,538	165,250
Charges for services	235,587	267,571
Court fines	408,541	255,840
CARES funds	336,920	-
Donations and grants	44,560	34,732
Insurance proceeds	6,352	556
Interest	19,746	1,249
Miscellaneous	7,902	9,710
Total Revenues	<u>5,631,661</u>	<u>5,265,156</u>
EXPENDITURES:		
Current:		
Administration	746,873	1,096,941
Tourism	4,695	30,605
City council	4,355	9,766
Public safety	2,517,153	2,559,455
Animal services	197,558	197,057
Library	213,354	259,079
Public works – streets	408,425	474,319
Municipal court	129,757	116,895
Parks and facilities	68,680	102,287
Development services	277,080	392,127
Capital outlay	199,611	201,311
Debt service:		
Principal	76,330	95,303
Interest	9,903	10,028
Total Expenditures	<u>4,853,774</u>	<u>5,545,173</u>
Excess of Revenues over (under) Expenditures	<u>777,887</u>	<u>(280,017)</u>
OTHER FINANCING SOURCES (USES):		
Loan proceeds	93,788	93,130
Sale of assets	-	18,176
Transfers out	(14,090)	(7,581)
Transfers in	2,601	-
Total Other Financing Sources (Uses)	<u>82,299</u>	<u>103,725</u>
Net Change in Fund Balance	860,186	(176,292)
Fund Balance - October 1 (beginning)	1,868,099	2,728,285
Fund Balance - September 30 (Ending)	<u>\$ 2,728,285</u>	<u>\$ 2,551,993</u>

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
Ad valorem tax	\$ 2,979,612	\$ 3,009,093	\$ 29,481
Sales tax	1,018,750	1,069,460	50,710
Mixed beverage tax	25,000	28,708	3,708
Franchise tax	429,800	422,987	(6,813)
Court fines and fees	316,000	255,840	(60,160)
Library donations, fines, memberships	10,000	9,937	(63)
Library funding	29,046	29,046	-
Building permits	30,000	73,865	43,865
Park administration fees	20,000	20,000	-
Other permits and fees	77,930	91,385	13,455
School resource officer reimbursements	63,285	63,285	-
Rent - fire station	45,948	45,948	-
Other rentals	1,500	305	(1,195)
Parks maintenance	36,000	36,000	-
Staff/office services - CDC	44,000	44,000	-
Interest earned	30,000	1,249	(28,751)
Animal services	24,500	12,001	(12,499)
Special events	47,500	36,095	(11,405)
Other donations/grants	-	5,686	5,686
Insurance proceeds	-	556	556
Other revenue	12,000	9,710	(2,290)
TOTAL REVENUE	\$ 5,240,871	\$ 5,265,156	\$ 24,285

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
ADMINISTRATION:			
Personnel:			
Salaries	\$ 342,773	\$ 357,221	\$ (14,448)
Retirement	51,416	52,106	(690)
Longevity pay	606	606	-
Insurance	35,888	17,079	18,809
Payroll taxes	5,618	6,215	(597)
Total Personnel	<u>436,301</u>	<u>433,227</u>	<u>3,074</u>
Supplies, Repairs and Services:			
Insurance	52,500	54,954	(2,454)
Office expense	10,500	5,772	4,728
Operating supplies	8,500	13,897	(5,397)
Travel and training	9,250	1,480	7,770
Ads and public notices	2,000	2,907	(907)
Publications	5,230	4,939	291
Printing	11,500	12,498	(998)
Dues and memberships	5,580	3,859	1,721
Postage	3,000	595	2,405
Telephone and utilities	39,040	38,404	636
Consultants and professionals	100,828	202,520	(101,692)
Legal services	45,000	93,834	(48,834)
Audit	17,000	16,500	500
Election costs	8,500	9,191	(691)
Tax appraisal fees	22,810	23,717	(907)
Email hosting services	-	10,000	(10,000)
Financial advisory services	1,500	-	1,500
SPAN	1,700	-	1,700
Civic Plus	4,982	5,231	(249)
Software maintenance	27,000	35,143	(8,143)
Maintenance and repair - building	21,304	85,852	(64,548)
Miscellaneous	8,900	4,421	4,479
Lawsuit settlement	-	38,000	(38,000)
Total Supplies, Repairs and Services	<u>406,624</u>	<u>663,714</u>	<u>(257,090)</u>
 TOTAL ADMINISTRATION	 <u>842,925</u>	 <u>1,096,941</u>	 <u>(254,016)</u>

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
CITY COUNCIL:			
Supplies, Repairs and Services:			
Office expense	\$ 300	\$ 502	\$ (202)
Legislative	3,800	-	3,800
Travel and training	7,450	7,830	(380)
Dues and memberships	2,000	1,274	726
Flowers/gifts/plaques	300	160	140
Total Supplies, Repairs and Services	<u>13,850</u>	<u>9,766</u>	<u>4,084</u>
 TOTAL CITY COUNCIL	 <u>13,850</u>	 <u>9,766</u>	 <u>4,084</u>
 TOURISM:			
Supplies, Repairs and Services:			
Community events	5,000	8,605	(3,605)
Fireworks	22,000	22,000	-
Total Supplies, Repairs and Services	<u>27,000</u>	<u>30,605</u>	<u>(3,605)</u>
 TOTAL TOURISM	 <u>27,000</u>	 <u>30,605</u>	 <u>(3,605)</u>
 PUBLIC SAFETY:			
Police Department:			
Personnel:			
Salaries	1,127,836	1,034,122	93,714
Retirement	163,175	148,028	15,147
Longevity pay	5,832	4,866	966
Insurance	188,737	154,301	34,436
Payroll taxes	18,528	20,742	(2,214)
Total Personnel	<u>1,504,108</u>	<u>1,362,059</u>	<u>142,049</u>

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
Supplies, Repairs and Services:			
Office expense	\$ 6,200	\$ 4,229	\$ 1,971
Supplies	15,750	23,645	(7,895)
Printing	4,381	3,863	518
Travel and training	11,550	4,170	7,380
Physicals and evaluations	3,266	2,277	989
Ads and public notices	900	25	875
Publications	5,502	3,875	1,627
Dues and memberships	12,630	12,115	515
Uniforms	9,800	9,098	702
Utilities	4,980	4,980	-
Legal	3,500	-	3,500
Software maintenance	36,000	25,901	10,099
Property loss	500	-	500
Jail fees	1,500	-	1,500
Telephone	10,275	12,257	(1,982)
Communications	47,348	65,768	(18,420)
Consultants and professionals	13,365	11,567	1,798
Maintenance and repair - building	1,600	3,166	(1,566)
Maintenance and repair - equipment	13,655	1,421	12,234
Maintenance and repair - vehicles	20,599	10,909	9,690
Vehicle fuel	21,000	18,525	2,475
Total Supplies, Repairs and Services	<u>244,301</u>	<u>217,791</u>	<u>26,510</u>
Total Police Department	<u>1,748,409</u>	<u>1,579,850</u>	<u>168,559</u>
Fire Department:			
Contribution for services	<u>979,605</u>	<u>979,605</u>	<u>-</u>
Total Fire Department	<u>979,605</u>	<u>979,605</u>	<u>-</u>
TOTAL PUBLIC SAFETY	<u>2,728,014</u>	<u>2,559,455</u>	<u>168,559</u>

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
ANIMAL SERVICES:			
Personnel:			
Salaries	\$ 127,804	\$ 113,703	\$ 14,101
Longevity pay	318	318	-
Retirement	19,021	16,186	2,835
Insurance	33,088	26,958	6,130
Payroll taxes	2,649	2,077	572
Total Personnel	<u>182,880</u>	<u>159,242</u>	<u>23,638</u>
Supplies, Repairs and Services:			
Office expense	1,550	1,078	472
Supplies	8,400	8,284	116
Advertising	200	-	200
Travel and training	2,370	-	2,370
Physicals and evaluations	460	147	313
Land lease	1,350	1,318	32
Software maintenance	3,800	4,000	(200)
Dues and memberships	320	100	220
Uniforms	800	280	520
Telephone	788	1,176	(388)
Consultants and professionals	9,000	7,402	1,598
Utilities	12,700	10,537	2,163
Maintenance and repair - building	2,000	2,812	(812)
Maintenance and repair - vehicles	500	243	257
Vehicle fuel	650	438	212
Total Supplies, Repairs and Services	<u>44,888</u>	<u>37,815</u>	<u>7,073</u>
TOTAL ANIMAL SERVICES	<u>227,768</u>	<u>197,057</u>	<u>30,711</u>
LIBRARY:			
Personnel:			
Salaries	160,411	145,583	14,828
Longevity pay	216	216	-
Retirement	24,062	21,533	2,529
Insurance	17,737	21,873	(4,136)
Payroll taxes	3,298	3,968	(670)
Total Personnel	<u>205,724</u>	<u>193,173</u>	<u>12,551</u>

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
Supplies, Repairs and Services:			
Supplies	\$ 2,300	\$ 3,452	\$ (1,152)
Postage	1,000	364	636
Library books/materials	20,000	24,210	(4,210)
Information technology	16,042	12,764	3,278
Travel and training	4,027	900	3,127
Printing	3,300	2,384	916
Advertising	2,500	1,929	571
Dues and memberships	5,000	6,152	(1,152)
Telephone	540	577	(37)
Utilities	12,500	9,909	2,591
Maintenance and repair - building	2,820	3,265	(445)
Total Supplies, Repairs and Services	70,029	65,906	4,123
TOTAL LIBRARY	275,753	259,079	16,674
PUBLIC WORKS:			
Streets and Drainage:			
Personnel:			
Salaries	219,143	227,049	(7,906)
Retirement	32,871	33,893	(1,022)
Longevity pay	1,152	1,152	-
Insurance	65,931	47,676	18,255
Payroll taxes	4,150	5,331	(1,181)
Total Personnel	323,247	315,101	8,146
Supplies, Repairs and Services:			
Supplies	5,300	2,957	2,343
Travel and training	2,000	1,709	291
Uniforms	1,200	585	615
Telephone	2,157	1,337	820
Equipment rentals	5,000	4,806	194
Street lighting	51,500	56,872	(5,372)
Utilities	3,500	6,975	(3,475)
Engineering	40,000	36,601	3,399
Information technology	1,500	4,675	(3,175)
Dues and memberships	1,624	2,244	(620)

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budget	Actual	Variance Favorable (Unfavorable)
Supplies, Repairs and Services:			
Maintenance and repair - building	\$ 400	\$ 2,816	\$ (2,416)
Maintenance and repair - equipment	11,195	5,667	5,528
Maintenance and repair- vehicle	2,500	11,214	(8,714)
Maintenance - drainage	20,000	6,788	13,212
Maintenance - signs	6,000	6,076	(76)
Maintenance - trees	5,000	-	5,000
Vehicle fuel	6,500	7,896	(1,396)
Total Supplies, Repairs and Services	<u>165,376</u>	<u>159,218</u>	<u>6,158</u>
 TOTAL PUBLIC WORKS	 <u>488,623</u>	 <u>474,319</u>	 <u>14,304</u>
 MUNICIPAL COURT:			
Personnel:			
Salaries	59,955	45,892	14,063
Retirement	8,827	7,012	1,815
Insurance	14,134	13,817	317
Payroll taxes	1,177	748	429
Total Personnel	<u>84,093</u>	<u>67,469</u>	<u>16,624</u>
 Supplies, Repairs and Services:			
Supplies	1,900	517	1,383
Travel and training	1,000	1,743	(743)
Printing	700	1,145	(445)
Dues and memberships	140	-	140
Legal services	14,000	22,499	(8,499)
MVBA fees	15,000	10,322	4,678
Municipal judge	14,400	13,200	1,200
Jury fees	500	-	500
Total Supplies, Repairs and Services	<u>47,640</u>	<u>49,426</u>	<u>(1,786)</u>
 TOTAL MUNICIPAL COURT	 <u>131,733</u>	 <u>116,895</u>	 <u>14,838</u>

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
PARKS AND FACILITIES:			
Personnel:			
Salaries	\$ 34,703	\$ 47,436	\$ (12,733)
Retirement	4,814	6,984	(2,170)
Insurance	9,797	9,672	125
Payroll taxes	627	1,721	(1,094)
Total Personnel	<u>49,941</u>	<u>65,813</u>	<u>(15,872)</u>
Supplies, Repairs and Services:			
Supplies	2,150	1,104	1,046
Telephone	187	192	(5)
Travel and training	200	135	65
Dues and memberships	974	974	-
Uniforms	500	1,179	(679)
Mowing contract	15,000	13,706	1,294
Consultants and professionals	42,000	-	42,000
Park maintenance	5,000	11,863	(6,863)
Maintenance and repair - building	-	2,259	(2,259)
Maintenance and repair - equipment	1,500	1,687	(187)
Maintenance and repair - vehicle	200	1,119	(919)
Vehicle fuel	2,500	2,256	244
Total Supplies, Repairs and Services	<u>70,211</u>	<u>36,474</u>	<u>33,737</u>
TOTAL PARKS AND FACILITIES	<u>120,152</u>	<u>102,287</u>	<u>17,865</u>
DEVELOPMENT SERVICES:			
Personnel:			
Salaries	195,896	195,246	650
Retirement	29,385	35,137	(5,752)
Longevity pay	444	444	-
Insurance	40,346	43,193	(2,847)
Payroll taxes	3,651	3,481	170
Total Personnel	<u>269,722</u>	<u>277,501</u>	<u>(7,779)</u>

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Supplies, Repairs and Services:			
Supplies	\$ 6,200	\$ 3,275	\$ 2,925
Travel and training	2,590	1,159	1,431
Printing	5,400	6,416	(1,016)
Advertising	1,000	560	440
Dues and memberships	550	519	31
Telephone	2,268	1,324	944
Consultants and professionals	13,000	1,300	11,700
Software maintenance	4,705	4,403	302
Keep Lake Dallas Beautiful	1,500	2,488	(988)
Engineering	12,000	43,018	(31,018)
Inspection services	35,000	34,932	68
Health inspections	4,700	4,755	(55)
Property abatement	5,500	2,170	3,330
Maintenance and repair - vehicles	900	1,659	(759)
Vehicle lease	-	6,553	(6,553)
Vehicle fuel	1,000	95	905
Total Supplies, Repairs and Services	<u>96,313</u>	<u>114,626</u>	<u>(18,313)</u>
 TOTAL DEVELOPMENT SERVICES	 <u>366,035</u>	 <u>392,127</u>	 <u>(26,092)</u>
 CAPITAL OUTLAY:			
Capital outlay - information technology	8,984	50,895	(41,911)
Capital outlay - equipment	10,300	10,702	(402)
Capital outlay - vehicles	80,900	82,344	(1,444)
Capital outlay - building	41,400	57,370	(15,970)
 TOTAL CAPITAL OUTLAY	 <u>141,584</u>	 <u>201,311</u>	 <u>(59,727)</u>
 DEBT SERVICE:			
Principal	102,325	96,303	6,022
Interest and fees	10,049	9,028	1,021
 TOTAL DEBT SERVICE	 <u>112,374</u>	 <u>105,331</u>	 <u>7,043</u>
 TOTAL EXPENDITURES	 <u>\$ 5,475,811</u>	 <u>\$ 5,545,173</u>	 <u>\$ (69,362)</u>

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CITY OF LAKE DALLAS, TEXAS
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Court Technology Fund</u>	<u>Court Security Fund</u>	<u>Street Maintenance Sales Tax</u>	<u>Hotel Occupancy Tax</u>	<u>Library Donations</u>
ASSETS					
Cash and cash equivalents	\$ 12,280	\$ 60,909	\$ 346,958	\$ 14,819	\$ 15,116
Receivables:					
Sales tax	-	-	40,461	-	-
Occupancy tax	-	-	-	33,276	-
Other	-	-	-	-	-
Due from other funds	-	-	-	-	-
Prepaid costs	-	-	-	-	-
TOTAL ASSETS	<u>\$ 12,280</u>	<u>\$ 60,909</u>	<u>\$ 387,419</u>	<u>\$ 48,095</u>	<u>\$ 15,116</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 505	\$ -	\$ -
Due to other funds	-	-	71,906	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>72,411</u>	<u>-</u>	<u>-</u>
Fund Balance:					
Nonspendable	-	-	-	-	-
Restricted	12,280	60,909	315,008	48,095	-
Assigned	-	-	-	-	15,116
Total Fund Balance	<u>12,280</u>	<u>60,909</u>	<u>315,008</u>	<u>48,095</u>	<u>15,116</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 12,280</u>	<u>\$ 60,909</u>	<u>\$ 387,419</u>	<u>\$ 48,095</u>	<u>\$ 15,116</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
\$ 164,182	\$ 4,275	\$ 13,977	\$ (25,870)	\$ 8	\$ 87,783	\$ 25,233	\$ 2,718
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	25,870	-	-	-	-
-	-	-	-	-	1,823	-	-
<u>\$ 164,182</u>	<u>\$ 4,275</u>	<u>\$ 13,977</u>	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ 89,606</u>	<u>\$ 25,233</u>	<u>\$ 2,718</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,592	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	5,592	-	-
-	-	-	-	-	1,823	-	-
164,182	4,275	-	-	8	82,191	-	2,718
-	-	13,977	-	-	-	25,233	-
<u>164,182</u>	<u>4,275</u>	<u>13,977</u>	<u>-</u>	<u>8</u>	<u>84,014</u>	<u>25,233</u>	<u>2,718</u>
<u>\$ 164,182</u>	<u>\$ 4,275</u>	<u>\$ 13,977</u>	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ 89,606</u>	<u>\$ 25,233</u>	<u>\$ 2,718</u>

CITY OF LAKE DALLAS, TEXAS
 COMBINING BALANCE SHEET (CONTINUED)
 SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	CLFRF Grant	VAWA Grant	LEOSE Training Fund	Child Safety Fund	Total
ASSETS					
Cash and cash equivalents	\$ 998,950	\$ 70,068	\$ 1,577	\$ 30,831	\$1,823,814
Receivables:					-
Sales tax	-	-	-	-	40,461
Occupancy tax	-	-	-	-	33,276
Other	-	-	-	-	-
Due from other funds	-	-	-	-	25,870
Prepaid costs	-	-	-	-	1,823
TOTAL ASSETS	\$ 998,950	\$ 70,068	\$ 1,577	\$ 30,831	\$1,925,244
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 6,097
Due to other funds	-	70,068	-	-	141,974
Total Liabilities	-	70,068	-	-	148,071
Fund Balance:					
Nonspendable	-	-	-	-	1,823
Restricted	998,950	-	1,577	30,831	1,721,024
Assigned	-	-	-	-	54,326
Total Fund Balance	998,950	-	1,577	30,831	1,777,173
TOTAL LIABILITIES AND FUND BALANCE	\$ 998,950	\$ 70,068	\$ 1,577	\$ 30,831	\$1,925,244

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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, 2021

	Court Technology Fund	Court Security Fund	Street Maintenance Sales Tax	Hotel Occupancy Tax	Library Donations
Revenues:					
Taxes	\$ -	\$ -	\$ 213,892	\$ 17,110	\$ -
Charges for services	-	-	-	-	-
Fines and fees	4,509	5,671	-	-	-
Donations and grants	-	-	12,774	-	6,101
Interest earned	22	45	87	13	3
Total Revenues	<u>4,531</u>	<u>5,716</u>	<u>226,753</u>	<u>17,123</u>	<u>6,104</u>
Expenditures:					
Tourism	-	-	-	30,565	-
Public safety	-	-	-	-	-
Animal services	-	-	-	-	-
Municipal court	10,401	-	-	-	-
Parks and recreation	-	-	-	-	-
Library	-	-	-	-	116
Public works - streets	-	-	67,438	-	-
Capital outlay	-	-	-	-	-
Total Expenditures	<u>10,401</u>	<u>-</u>	<u>67,438</u>	<u>30,565</u>	<u>116</u>
Excess of Revenues over (under) Expenditures	(5,870)	5,716	159,315	(13,442)	5,988
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	(5,870)	5,716	159,315	(13,442)	5,988
Fund Balance – October 1 (beginning)	<u>18,150</u>	<u>55,193</u>	<u>155,693</u>	<u>61,537</u>	<u>9,128</u>
Fund Balance – September 30 (ending)	<u>\$ 12,280</u>	<u>\$ 60,909</u>	<u>\$ 315,008</u>	<u>\$ 48,095</u>	<u>\$ 15,116</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	125,820	-	-
4,446	3,583	-	-	-	-	-	154
-	-	300	-	-	-	21,487	-
152	6	10	-	-	45	6	2
<u>4,598</u>	<u>3,589</u>	<u>310</u>	<u>-</u>	<u>-</u>	<u>125,865</u>	<u>21,493</u>	<u>156</u>
-	-	-	-	-	-	-	-
-	200	1,317	-	-	-	-	-
-	-	-	-	-	-	5,400	-
-	-	-	-	-	-	-	-
-	-	-	-	-	76,913	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	37,295	-	-
<u>-</u>	<u>200</u>	<u>1,317</u>	<u>-</u>	<u>-</u>	<u>114,208</u>	<u>5,400</u>	<u>-</u>
4,598	3,389	(1,007)	-	-	11,657	16,093	156
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4,598	3,389	(1,007)	-	-	11,657	16,093	156
159,584	886	14,984	-	8	72,357	9,140	2,562
<u>\$ 164,182</u>	<u>\$ 4,275</u>	<u>\$ 13,977</u>	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ 84,014</u>	<u>\$ 25,233</u>	<u>\$ 2,718</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, 2021

	CLFRF Grant	VAWA Grant	LEOSE Training Fund	Child Safety Fund	Total
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 231,002
Charges for services	-	-	-	-	125,820
Fines and fees	-	-	-	10,922	29,285
Donations and grants	998,949	82,361	1,382	-	1,123,354
Interest earned	1	-	3	26	421
Total Revenues	<u>998,950</u>	<u>82,361</u>	<u>1,385</u>	<u>10,948</u>	<u>1,509,882</u>
Expenditures:					
Tourism	-	-	-	-	30,565
Public safety	-	89,942	2,053	4,521	98,033
Animal services	-	-	-	-	5,400
Municipal court	-	-	-	-	10,401
Parks and recreation	-	-	-	-	76,913
Library	-	-	-	-	116
Public works - streets	-	-	-	-	67,438
Capital outlay	-	-	-	-	37,295
Total Expenditures	<u>-</u>	<u>89,942</u>	<u>2,053</u>	<u>4,521</u>	<u>326,161</u>
Excess of Revenues over (under) Expenditures	998,950	(7,581)	(668)	6,427	1,183,721
Other Financing Sources (Uses):					
Transfers in (out)	-	7,581	-	-	7,581
Total Other Financing Sources (Uses)	<u>-</u>	<u>7,581</u>	<u>-</u>	<u>-</u>	<u>7,581</u>
Net Change in Fund Balance	998,950	-	(668)	6,427	1,191,302
Fund Balance – October 1 (beginning)	<u>-</u>	<u>-</u>	<u>2,245</u>	<u>24,404</u>	<u>585,871</u>
Fund Balance – September 30 (ending)	<u>\$ 998,950</u>	<u>\$ -</u>	<u>\$ 1,577</u>	<u>\$ 30,831</u>	<u>\$ 1,777,173</u>

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CITY OF LAKE DALLAS, TEXAS
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2020 AND 2021

	<u>2020</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 349,501	\$ 192,309
Receivables:		
Ad valorem tax	<u>11,560</u>	<u>12,269</u>
TOTAL ASSETS	<u>\$ 361,061</u>	<u>\$ 204,578</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>11,560</u>	<u>11,145</u>
Total Deferred Inflows of Resources	<u>11,560</u>	<u>11,145</u>
Fund balance:		
Restricted for debt service	<u>346,564</u>	<u>190,496</u>
Total Fund Balance	<u>346,564</u>	<u>190,496</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 361,061</u>	<u>\$ 204,578</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, 2020 AND 2021

	2020	2021
REVENUES:		
Taxes:		
Property	\$ 442,089	\$ 447,829
Interest	4,737	242
Other	21,207	-
TOTAL REVENUES	468,033	448,071
EXPENDITURES:		
Debt service:		
Principal retirement	530,000	545,000
Interest and fees	145,225	95,280
TOTAL EXPENDITURES	675,225	640,280
Excess of Revenues over (under) Expenditures	(207,192)	(192,209)
Other Financing Resources (Uses):		
Transfers in	235,825	36,141
Total Other Financing Resources (Uses)	235,825	36,141
Net change in fund balance	28,633	(156,068)
Fund balance, beginning of year	317,931	346,564
Fund balance, end of year	\$ 346,564	\$ 190,496

CITY OF LAKE DALLAS, TEXAS
 BUDGETARY COMPARISON SCHEDULE – DEBT SERVICE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>		Actual Amounts (GAAP BASIS)	Variance With Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes (ad valorem)	\$ 447,653	\$ 447,653	\$ 447,829	\$ 176
Interest	6,000	6,000	242	(5,758)
Total Revenues	<u>453,653</u>	<u>453,653</u>	<u>448,071</u>	<u>(5,582)</u>
Expenditures:				
Principal	545,000	545,000	545,000	-
Interest and fees	95,384	95,384	95,280	104
Total Expenditures	<u>640,384</u>	<u>640,384</u>	<u>640,280</u>	<u>104</u>
Excess of Revenues Over (Under) Expenditures	<u>(186,731)</u>	<u>(186,731)</u>	<u>(192,209)</u>	<u>(5,478)</u>
Other Financing Resources (Uses):				
Transfers in	195,628	195,628	36,141	(159,487)
Total Other Financing Resources (Uses)	<u>195,628</u>	<u>195,628</u>	<u>36,141</u>	<u>(159,487)</u>
Net Change in Fund Balance	8,897	8,897	(156,068)	(164,965)
Fund Balance – October 1 (beginning)	<u>346,564</u>	<u>346,564</u>	<u>346,564</u>	<u>-</u>
Fund Balance – September 30 (ending)	<u>\$ 355,461</u>	<u>\$ 355,461</u>	<u>\$ 190,496</u>	<u>\$ (164,965)</u>

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

Honorable Mayor and City Council
City of Lake Dallas, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Lake Dallas, Texas, as of and for the year ended September 30, 2021, 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 February 11, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Hankins, Eastup, Deaton, Tonn & Seay

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

February 11, 2022

STATISTICAL SECTION

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

Fiscal Year	Administration	Public Safety	Animal Services	Public Works - Streets	Municipal Court	Park and Recreation	Development Services
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
2020	769,056	2,616,986	228,539	727,070	137,256	148,415	277,080
2021	1,167,877	2,657,488	202,457	546,667	127,296	179,200	392,127

<u>Library</u>	<u>Community Relations</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
\$ -	\$ 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
215,413	-	1,021,070	761,458	6,902,343
259,195	-	428,203	745,611	6,706,121

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>
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
2020	5,076,512	151,538	359,777	450,250	39,821	507,219
2021	5,209,079	165,250	393,391	285,125	2,338	1,158,086

<u>Miscellaneous</u>	<u>Total</u>
\$ 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
35,461	6,620,578
10,266	7,223,535

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

Fiscal Year	(1) Property	Sales	Franchise	Hotel Occupancy	Mixed Beverage	Total
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
2020	3,337,939	1,261,783	449,816	3,611	23,363	5,076,512
2021	3,456,922	1,283,352	422,987	17,110	28,708	5,209,079

(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>
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
2020	3,339,760	3,316,915	99.32	12,398	3,329,313	99.69
2021	3,438,390	3,408,789	99.14	8,057	3,416,846	99.37

<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Levy</u>
\$ 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
89,143	2.67
99,369	2.89

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)

Fiscal Year	Principal	Interest and Fees	Total Debt Service	Total (1) Governmental Expenditures	Ratio of Debt Service to Total General Governmental Expenditures
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
2020	606,330	155,128	761,458	6,121,275	12.44
2021	641,303	104,308	745,611	6,511,614	11.45

(1) Excludes Capital Projects Fund.