

CITY OF LAKE DALLAS, TEXAS

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

SEPTEMBER 30, 2020

CITY OF LAKE DALLAS, TEXAS
TABLE OF CONTENTS

Page No.

Independent Auditors' Report	1
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities.....	16
Fund Financial Statements:	
Governmental Fund Financial Statements:	
Balance Sheet	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balances	20
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities.....	21
Budgetary Comparison Schedule – General Fund	22
Notes to Financial Statements	23
Required Supplementary Information:	
Schedule of Changes in Net Pension Liability and Related Ratios – Texas Municipal Retirement System.....	46
Schedule of Employer Contributions – Texas Municipal Retirement System	48
Schedule of Changes in Total OPEB Liability and Related Ratios.....	50
Notes to Required Supplementary Information	51
Combining and Individual Fund Statements and Schedules:	
General Fund:	
Comparative Balance Sheets	54
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	55
Statement of Revenues – Budget and Actual	56
Statement of Expenditures by Department – Budget and Actual	57
Special Revenue Fund:	
Combining Balance Sheet.....	66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	70
Debt Service Fund:	
Comparative Balance Sheet	74
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances	75
Budgetary Comparison Schedule – Debt Service Fund.....	76

CITY OF LAKE DALLAS, TEXAS
TABLE OF CONTENTS-Continued

Page No.

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	77
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STATISTICAL SECTION:

General Governmental Expenditures by Function.....	80
General Governmental Revenues by Source	82
General Governmental Tax Revenues by Source	85
Property Tax Levies and Collections	86
Ratio of Annual Debt Service Expenditures for General Long-Term Debt to Total General Governmental Expenditures.....	88

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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, 2020, 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, 2020, 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 January 11, 2021 on our consideration of the City of Lake Dallas, Texas's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lake Dallas, Texas's internal control over financial reporting and compliance.



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

January 11, 2021

MANAGEMENT'S DISCUSSION & ANALYSIS

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CITY OF LAKE DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

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, 2020. 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, 2020 by \$7,297,453.
- The City's total net position increased by \$819,751 during the fiscal year from the results of current year operations.
- As of September 30, 2020, the City of Lake Dallas's governmental funds reported a combined ending fund balance of \$4,442,870, an increase of \$47,848 in comparison with the beginning of the period.
- The general fund fund balance increased \$860,186, from a fund balance of \$1,868,099 at the beginning of the year to an ending fund balance of \$2,728,285.

Overview of the Financial Statements

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

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

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

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

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

CITY OF LAKE DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

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, 2020

Government-wide Financial Analysis

The City's combined net position was \$7,297,453 as of September 30, 2020. 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	2019
Current and other assets	\$ 4,643,878	\$ 4,585,034
Capital assets	8,034,114	7,720,066
Total assets	<u>12,677,992</u>	<u>12,305,100</u>
Deferred outflows of resources	769,528	954,769
Long-term liabilities outstanding	5,203,844	6,263,042
Other liabilities	156,266	148,792
Total liabilities	<u>5,360,110</u>	<u>6,411,834</u>
Deferred inflows of resources	789,957	370,333
Net position:		
Net investment in capital assets	4,612,600	4,566,321
Restricted	546,686	617,815
Unrestricted	2,138,167	1,293,566
Total net position	<u>\$ 7,297,453</u>	<u>\$ 6,477,702</u>

Governmental Activities. The City's general revenues for governmental activities for the years ended September 30, 2019 and 2020 are detailed below (Table 2).

Table 2
General Revenues

	2020	2019
Property taxes, levied for general purposes	\$ 2,902,278	\$ 2,711,978
Property taxes, levied for debt service	442,845	441,476
Sales taxes	1,261,783	1,135,016
Franchise taxes	449,816	429,563
Hotel occupancy taxes	3,611	32,321
Mixed beverage taxes	23,363	23,997
Investment earnings	39,821	64,617
Miscellaneous	29,109	13,041
	<u>\$ 5,152,626</u>	<u>\$ 4,852,009</u>

CITY OF LAKE DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

The following table provides a summary of the City's operations for the years ended September 30, 2019 and 2020.

Table 3
Changes in Net Position

	Governmental Activities	
	2020	2019
Revenues:		
Program revenues:		
Charges for services	\$ 967,917	\$ 1,172,134
Operating grants and contributions	507,219	133,812
General revenues:		
Property taxes	3,345,123	3,153,454
Sales taxes	1,261,783	1,135,016
Franchise taxes	449,816	429,563
Hotel occupancy taxes	3,611	32,321
Mixed beverage taxes	23,363	23,997
Investment earnings	39,821	64,617
Other	29,109	13,041
	<u>6,627,762</u>	<u>6,157,955</u>
Expenses:		
Administration	777,091	665,385
Tourism	17,828	67,047
City council	4,355	13,626
Public safety	2,793,168	2,614,664
Animal services	257,500	210,026
Library	217,484	181,703
Public works - streets	1,165,383	892,998
Municipal court	138,912	146,252
Parks and facilities	227,138	232,088
Development services	278,845	262,493
Debt service - interest	166,132	194,948
Capital Outlay	-	245,559
	<u>6,043,836</u>	<u>5,726,789</u>
Transfers in	235,825	201,131
Change in net position	819,751	632,297
Net position – October 1 (beginning)	6,477,702	5,928,778
Prior period adjustment	-	(83,373)
Net position – September 30 (ending)	<u>\$7,297,453</u>	<u>\$6,477,702</u>

Financial Analysis of the Government's Funds

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

CITY OF LAKE DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

As of the end of the current period, the City's governmental funds reported a combined ending fund balance of \$4,442,870, an increase of \$47,848 in comparison with the beginning of the period. Unassigned fund balance available for spending at the City's discretion was \$2,715,197. A portion of fund balance is considered nonspendable and not available for new spending because it is restricted for street maintenance (\$155,693), restricted for debt service (\$346,564), restricted for capital projects (\$762,300), restricted for tourism (\$61,537), has already been committed to liquidate prepaid items (\$33,871) or are special revenue funds that have been restricted or assigned for specific purposes (\$289,365).

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 \$2,715,197, while total fund balance was \$2,728,285. The fund balance of the City's general fund increased by \$860,186 during the current period, primarily due to additional ad valorem tax and sales tax revenue, and less capital outlay expenditures.

General Fund Budgetary Highlights

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

The original budget for the general fund projected that the activity for the year would increase available fund balance by \$766. The available fund balance for the general fund actually increased in the amount of \$860,186 due to greater than expected revenue from sales tax and CARES fund, combined with expenditure savings in several departments.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental activities as of September 30, 2020, amounted to \$8,034,114 (net of accumulated depreciation). This amount represents a net increase of \$314,088, or 4.1 percent, above the beginning of the period. The investment in capital assets includes land, buildings, equipment, vehicles, roads and parks.

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

Description	Amount
Initial costs on Shady Shores Rd reconstruction	\$ 700,000
Public safety vehicle	43,048
Parks vehicle	50,740
Light poles-Main St	67,828
Total	\$ 861,616

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

	Governmental Activities
Land	\$ 397,872
Construction in Progress	707,339
Buildings and Improvements	1,790,448
Streets and Parks Infrastructure	4,614,670
Equipment and Vehicles	523,785
Totals	\$ 8,034,114

CITY OF LAKE DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

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 \$1,450,000, accrued compensated absences of \$325,900, equipment loans of \$289,840 and general obligation bonds outstanding of \$2,495,000, for total long-term debt of \$4,560,740. New debt was incurred during the year through an additional equipment loan.

The City's total long-term debt decreased by \$417,905 during the current period or 8.39%. Additional information on the City's long-term debt can be found in Note 7 of this report.

Economic Factors and New Year's Budgets and Rates

The FY 2020-21 Budget focuses on continuing all existing services for our citizens, maintaining appropriate staffing levels, implementing a capital improvements plan, and maintaining a fund balance level in accordance with the city's fiscal policies. Highlights of the budget are detailed below.

Beginning in December 2019, a novel coronavirus, now designated SARS-CoV2 which causes the disease COVID-19, spread through the world, and was declared a global pandemic by the World Health Organization. The various levels of government took actions to address the evolving COVID-19 situation. On March 13, 2020, Texas Governor Greg Abbott Proclaimed a State of Disaster in Texas Due To COVID-19. On that same day, Denton County Judge Andy Eads issued a Disaster Declaration. On March 15, the Centers for Disease Control (CDC) issued an interim guidance that recommended canceling or postponing in-person events that consist of 50 people or more throughout the United States. On March 17, 2020 Lake Dallas Mayor Michael Barnhart issued a Disaster Declaration Order under the authority of the Texas Government Code Section 418.108. On March 24, 2020, Denton County Judge issued a "Stay at Home" order for all county residents except for specific essential activities and work to provide essential business and government services. On March 31, 2020, Governor Abbott also issued a "Stay at Home Order" including the closing of non-essential businesses. Eventually some businesses would reopen, while others remained closed.

The impacts of these stay-at-home orders and closures had a negative impact to some of our municipal revenues. However, staff delayed certain expenditures and reduced some operational costs. Also, on June 11, 2020, the City entered an Interlocal Agreement with Denton County to receive federal funding under the Coronavirus Aid, Relief, and Economic Security Act to address and respond to the impact and effects of the COVID-19 Emergency. The County established a COVID-19 municipality funding program, allowing the County to grant money to municipalities. The funding calculation was based on the higher of each city's 2019 NCTCOG estimated population (7,260) or 2018 ACS estimated population of (7,944) multiplied by \$55 per capita. Lake Dallas received \$436,920. The City gave back \$100,000 to the County to include in their OPEN for Business grant program for exclusive use by Lake Dallas businesses, and retained the remaining \$336,920 for reimbursement of COVID-19 related expenses. 2020 has been an unprecedented year, and staff reacted to each new executive order and tried to anticipate the impacts to the municipal budget.

In preparing the FY 2020-21 budget, the focus was on trying to keep all staff employed; avoid any negative impact to salaries and, in fact, includes some equity adjustments based on the employee compensation plan study; continue all existing services for our citizens; maintain appropriate staffing levels; update the capital improvement plans; and maintain a fund balance level in accordance with the city's fiscal policies.

Requests for operational needs, personnel and capital items were evaluated and recommendations are based upon need and available funds. These items have been included in the FY 2020-21 budget, as presented.

CITY OF LAKE DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

Highlights of the budget are detailed below:

- The property tax rate for the upcoming fiscal year will decrease from \$0.644970 to \$0.642060 per \$100 of assessed valuation. This is a 0.00291 cent decrease in the tax rate.
- Sales Tax revenues are projected to increase due to the opening of some commercial developments, and increased sales of alcoholic beverages in our liquor stores.
- Franchise Fees are projected to have a slight increase.
- Fines and Fee are projected to decrease due to the effects of COVID-19.
- There are no cuts in programs or services to citizens.
- The full-time equivalents (FTE) will increase from 37.5 to 39.5, due to the addition of a 0.5 FTE in the Library Department that will be added to an existing 0.5 FTE to make a new full time (Library Technician); the addition of 1 FTE to the Development Services Department to assist with increased workload and special projects and to be shared with the Public Works Department; and a 0.5 FTE in the Police Department to help with administrative, record keeping and other duties.
- Equity adjustment for most employees based on the recently adopted Employee Compensation Plan. The plan was the result of the research and recommendations by PayPoint HR, a consultant contracted by the City, and direction by the City Council.
- There is no cost increase to the employee group health coverage with the TML Pool Plans.
- There is a \$400,000 transfer included from the General Fund Balance to the newly created Fire Contract Stabilization Fund.
- Capital Improvement Plan projects include the replacement of a vehicle for Police, replacement truck for public works and replacement zero turn mower for Parks; replacement air conditioning units for City Hall, Library, Animal Shelter and Fire Station; an automated external defibrillator for City Hall; a storage shed for the animal shelter; a replacement DVD Burner for the Police Department; and new blue tooth switches for body cameras for the Police Department. All the capital improvement requests for Parks are going to be covered by the Lake Dallas Community Development Corporation.
- There is a new Technology Capital Improvement Plan added to this budget that includes \$8,983 in new technology replacements. These costs are for the replacement of a DVD Writer and for Bluetooth connectors needed by the Police Department. CARES Act funds received from Denton County will be used to purchase other needed technology.
- One-time strategic planning items include the hiring of a consultant to assist with the Zoning Ordinance update and a consultant to help with the update of the Parks Master Plan, as recommended by the Parks Board.

The General Fund revenues are proposed at \$5,403,031, which represents an increase of 5.47% from the previous year's budget. Additional property taxes of \$93,727, which is a 3.3% increase from last year's budget, will be realized from increased values and new construction. Sales tax revenues are projected to increase, and franchise fees are expected to have to increase. Fines and fees are projected to decrease by \$81,700 due to a decrease in court fine collections and the projected number of building and other permits.

General Fund operating expenses are proposed at \$5,402,805, which represents an increase of 5.479% from the from the previous year's budget. This increase is primarily attributed to the employee compensation package, and consultant fees for special projects. There is also a onetime transfer to the Special Revenue Fire Contract Stabilization Fund. This increase also includes \$8,983 in new technology replacements for the Police Department as part of the new Technology Capital Improvement Plan.

CITY OF LAKE DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

The Capital Improvements Program totals \$141,583 including: an additional vehicle for Police, and a replacement vehicle as well as a replacement zero turn mower for the Public Works Department; replacement AC Units for City Hall, Library, Animal Shelter, & Fire Station; an automated external defibrillator for City Hall; and a storage building for the Animal Shelter. There is also \$8,983.30 budget for technology updates. There is \$69,000 in capital improvement requests for Parks are going to be covered by the Lake Dallas Community Development Corporation, except for Willow Grove Park.

The Debt Service Fund provides for principal and interest payments for the City's General Obligation bonds. Revenues and expenditures will vary each year in relation to the timing of issuance and the schedule of repayments. Resources include an applicable portion of the Ad Valorem Tax levy and related income, and transfers from the Community Development Corporation for any debt commitments they have made. For FY 2020-21 debt service is budgeted at \$693,680.98, which includes a \$240,028 transfer from the Lake Dallas Community Development Corporation.

The Fire Contract Stabilization Fund is dedicated to stabilizing the tax rate and utilizing additional revenues in the General Fund to pay for the upcoming increase to the Fire Contract Cost. The Fire Contract Stabilization Fund is funded by unassigned fund balance from previous years of surplus revenue and unused expenditures. Presently, the Fire Contract Stabilization Fund revenues and expenditures are recorded in a dedicated fund independent of the City's General Fund. The projected revenue for FY 2020-2021 is \$415,000. Authorized expenditures are \$0 for Fire Contract for the FY2020-2021 Fiscal Year.

The City of Lake Dallas has one Component of Unit of Government Fund, the Lake Dallas (Type B) Community Development Corporation (CDC). The main source of revenue for this fund is a special one-half (1/2) cent sales tax allocation, which was approved by the voters and went into effect in 2003. The CDC is governed by a board of directors. The CDC develops and submits its own budget to the City, for consideration and approval by the City Council. The projected revenue for FY 2020-2021 is \$419,949 and is based on historical numbers and is dependent on sales tax collections. Authorized expenditures are \$829,378 to cover operational costs and commitments, including \$240,028 in debt service payments and \$80,000 in transfers to the General Fund and Park Fund.

The importance of cash reserves, generally identified as Reserve Fund Balance, cannot be stressed enough in any governmental function. The ability to overcome unexpected disasters or to be able to fund an unbudgeted expenditure that may be significant to the City requires available but unencumbered funds. Council recently adopted a fiscal policy to maintain a level of unassigned fund balance in the general fund equal to 25 percent of the fund's operating expenditures. For FY 2020-2021 that would require approximately \$1,340,931 in the fund balance. The estimated reserve balance at the end of FY 2019-20 is \$2,168,976 and the estimated reserve fund balance for FY 2020-2021 is \$1,769,033, this includes a \$400,000 transfer to the Fire Contract Stabilization Fund. City Management will continue to monitor our financial performance and make appropriate expenditure and/or revenue adjustments as necessary to manage the reserve fund balance.

Requests for Information

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

BASIC FINANCIAL STATEMENT

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CITY OF LAKE DALLAS, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	Primary Government	Component Unit
	Governmental Activities	Community Development Corporation
ASSETS		
Cash and Investments	\$ 4,262,173	\$ 385,452
Receivables (net of allowance for uncollectibles):		
Taxes – Ad Valorem	67,749	-
Taxes – Sales	218,305	72,768
Taxes - Mixed Beverage	2,307	-
Taxes - Franchise	24,782	-
Taxes- Occupancy	20,025	-
Other	8,630	-
Prepaid Expenses	38,871	-
Internal Balances	1,036	(1,036)
Capital Assets:		
Land	397,872	842,003
Construction in Progress	707,339	-
Buildings and Improvements, net	1,790,448	-
Streets and Parks Infrastructure, net	4,614,670	-
Equipment and Vehicles, net	523,785	-
Total Assets	<u>12,677,992</u>	<u>1,299,187</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on bond refunding	31,176	-
Deferred outflow related to TMRS	724,049	-
Deferred outflow related to OPEB	14,303	-
Total Deferred Outflows of Resources	<u>769,528</u>	<u>-</u>
LIABILITIES		
Accounts Payable	65,186	-
Accrued Wages Payable	62,587	-
Accrued Interest Payable	23,007	4,900
Short-term Loan Payable	2,883	-
Other Liabilities	2,603	-
Noncurrent Liabilities:		
Due within one year	641,215	15,000
Due in more than one year	3,919,525	685,000
Net pension liability	534,151	-
Net OPEB liability	108,953	-
Total Liabilities	<u>5,360,110</u>	<u>704,900</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to TMRS	788,691	-
Deferred inflow related to OPEB	1,266	-
Total Deferred Inflows of Resources	<u>789,957</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	4,612,600	137,103
Restricted for:		
Community Development	-	457,184
Court Security and Technology	73,343	-
Other Purposes	473,343	-
Unrestricted Net Position	2,138,167	-
Total Net Position	<u>\$ 7,297,453</u>	<u>\$ 594,287</u>

The accompanying notes are an integral part of this statement.

CITY OF LAKE DALLAS, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES:				
Administration	\$ 777,091	\$ 43,080	\$ -	\$ -
Tourism	17,828	7,102	-	-
City Council	4,355	-	-	-
Public Safety	2,793,168	432,479	424,732	-
Animal Services	257,500	23,455	32,471	-
Library	217,484	8,008	33,016	-
Public Works - Streets	1,165,383	-	17,000	-
Municipal Court	138,912	138,912	-	-
Parks and Facilities	227,138	169,354	-	-
Development Services	278,845	145,527	-	-
Debt Service - Interest and Fees	166,132	-	-	-
Total Governmental Activities	<u>6,043,836</u>	<u>967,917</u>	<u>507,219</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 6,043,836</u>	<u>\$ 967,917</u>	<u>\$ 507,219</u>	<u>\$ -</u>
COMPONENT UNIT:				
Community Development Corporation	\$ 106,027	\$ 14,904	\$ -	\$ -
TOTAL COMPONENT UNIT	<u>\$ 106,027</u>	<u>\$ 14,904</u>	<u>\$ -</u>	<u>\$ -</u>

GENERAL REVENUES:

Taxes:

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

Investment Earnings

Miscellaneous

Special item – transfers in (out)

Total General Revenues and Special Items

Change in Net Position

NET POSITION, October 1 (beginning)

NET POSITION, September 30 (ending)

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Change in Net Position	
Governmental Activities	Component Unit Community Development Corp
\$ (734,011)	\$ -
(10,726)	-
(4,355)	-
(1,935,957)	-
(201,574)	-
(176,460)	-
(1,148,383)	-
-	-
(57,784)	-
(133,318)	-
(166,132)	-
<u>(4,568,700)</u>	<u>-</u>
<u>(4,568,700)</u>	<u>-</u>
<u>-</u>	<u>(91,123)</u>
<u>-</u>	<u>(91,123)</u>
2,902,278	-
442,845	-
1,261,783	420,594
449,816	-
3,611	-
23,363	-
39,821	5,828
29,109	-
235,825	(235,825)
<u>5,388,451</u>	<u>190,597</u>
819,751	99,474
<u>6,477,702</u>	<u>494,813</u>
<u>\$ 7,297,453</u>	<u>\$ 594,287</u>

CITY OF LAKE DALLAS, TEXAS
BALANCE SHEET GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

ASSETS	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	OTHER FUNDS	TOTAL GOVERNMENTAL FUNDS
Cash and cash equivalents	\$2,517,722	\$ 349,501	\$ 762,300	\$ 632,650	\$ 4,262,173
Receivables (net of allowances for uncollectibles):					
Ad Valorem tax	56,189	11,560	-	-	67,749
Sales tax	181,921	-	-	36,384	218,305
Mixed beverage tax	2,307	-	-	-	2,307
Franchise tax	24,782	-	-	-	24,782
Occupancy tax	-	-	-	20,025	20,025
Other	8,630	-	-	-	8,630
Due from other funds	93,866	-	-	25,870	119,736
Due from CDC	1,036	-	-	-	1,036
Prepaid costs	13,088	-	19,850	5,933	38,871
 Total Assets	 <u>\$2,899,541</u>	 <u>\$ 361,061</u>	 <u>\$ 782,150</u>	 <u>\$ 720,862</u>	 <u>\$ 4,763,614</u>
 LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 46,994	\$ -	\$ -	\$ 18,192	\$ 65,186
Accrued wages payable	62,587	-	-	-	62,587
Other liabilities	2,603	-	-	-	2,603
Due to other funds	-	2,937	-	116,799	119,736
Short-term loan payable	2,883	-	-	-	2,883
Total Liabilities	<u>115,067</u>	<u>2,937</u>	<u>-</u>	<u>134,991</u>	<u>252,995</u>
Deferred Inflows of Resources:					
Unavailable Revenue-Property Taxes	56,189	11,560	-	-	67,749
Total Deferred Inflows of Resources	<u>56,189</u>	<u>11,560</u>	<u>-</u>	<u>-</u>	<u>67,749</u>
Fund Balances:					
Nonspendable fund balance:					
Prepaid costs	13,088	-	19,850	5,933	38,871
Restricted fund balance:					
Restricted for debt service	-	346,564	-	-	346,564
Restricted for capital projects	-	-	762,300	-	762,300
Restricted for court security/technology	-	-	-	73,343	73,343
Restricted for street maintenance	-	-	-	155,693	155,693
Restricted for tourism	-	-	-	61,537	61,537
Restricted for other purposes	-	-	-	256,113	256,113
Assigned fund balance	-	-	-	33,252	33,252
Unassigned fund balance	2,715,197	-	-	-	2,715,197
Total Fund Balances	<u>2,728,285</u>	<u>346,564</u>	<u>782,150</u>	<u>585,871</u>	<u>4,442,870</u>
 Total Liabilities, Deferred Inflows and Fund Balances	 <u>\$2,899,541</u>	 <u>\$ 361,061</u>	 <u>\$ 782,150</u>	 <u>\$ 720,862</u>	 <u>\$ 4,763,614</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, 2020

Total Fund Balance – Governmental Funds	\$ 4,442,870
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund financial statements.	16,919,169
Accumulated depreciation is not reported in the fund financial statements.	(8,885,055)
Bonds payable, certificates of obligation payable, equipment loan payable and compensated absences payable are not reported in the fund financial statements.	(4,560,740)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	(23,007)
Property tax revenue reported as unavailable revenue in the fund financial statements was recognized as revenue in the government-wide financial statements.	67,749
Deferred charge on bond refundings is not recognized in the fund financial statements.	31,176
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 \$534,151, a Deferred Resource Outflow related to TMRS in the amount of \$724,049 and a Deferred Resource Inflow related to TMRS in the amount of \$788,691. This amounted to a decrease in Net Position in the amount of \$598,793.	(598,793)
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 \$108,953, a Deferred Resource Outflow related to OPEB in the amount of \$14,303, and a Deferred Resource Inflow related to OPEB in the amount of \$1,266. This amounted to a decrease in Net Position in the amount of \$95,916.	<u>(95,916)</u>
Net Position of Governmental Activities	<u>\$ 7,297,453</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, 2020

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	OTHER FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:					
Taxes (ad valorem, sales and other)	\$ 4,420,515	\$ 442,089	\$ -	\$ 213,908	\$ 5,076,512
Licenses and permits	151,538	-	-	-	151,538
Charges for services	235,587	-	-	124,190	359,777
Court fines	408,541	-	-	41,709	450,250
CARES funds	336,920	-	-	-	336,920
Donations and grants	44,560	-	-	125,739	170,299
Insurance proceeds	6,352	-	-	-	6,352
Interest	19,746	4,737	8,019	7,319	39,821
Miscellaneous	7,902	21,207	-	-	29,109
Total Revenues	<u>5,631,661</u>	<u>468,033</u>	<u>8,019</u>	<u>512,865</u>	<u>6,620,578</u>
Expenditures:					
Administration	746,873	-	-	-	746,873
Tourism	4,695	-	-	13,133	17,828
City council	4,355	-	-	-	4,355
Public safety	2,517,153	-	-	99,833	2,616,986
Animal services	197,558	-	-	30,981	228,539
Library	213,354	-	-	2,059	215,413
Public works – streets	408,425	-	-	318,645	727,070
Municipal court	129,757	-	-	7,499	137,256
Parks and facilities	68,680	-	-	79,735	148,415
Development services	277,080	-	-	-	277,080
Capital outlay	199,611	-	781,068	40,391	1,021,070
Debt service:					
Principal retirement	76,330	530,000	-	-	606,330
Interest and fees	9,903	145,225	-	-	155,128
Total Expenditures	<u>4,853,774</u>	<u>675,225</u>	<u>781,068</u>	<u>592,276</u>	<u>6,902,343</u>
Excess of Revenues Over (Under) Expenditures	<u>777,887</u>	<u>(207,192)</u>	<u>(773,049)</u>	<u>(79,411)</u>	<u>(281,765)</u>
Other Financing Resources (Uses):					
Loan proceeds	93,788	-	-	-	93,788
Transfers out	(14,090)	-	-	(2,601)	(16,691)
Transfers in	2,601	235,825	-	14,090	252,516
Total Other Financing Resources (Uses)	<u>82,299</u>	<u>235,825</u>	<u>-</u>	<u>11,489</u>	<u>329,613</u>
Net Change in Fund Balance	860,186	28,633	(773,049)	(67,922)	47,848
Fund Balance - October 1 (beginning)	<u>1,868,099</u>	<u>317,931</u>	<u>1,555,199</u>	<u>653,793</u>	<u>4,395,022</u>
Fund Balance - September 30 (ending)	<u>\$ 2,728,285</u>	<u>\$ 346,564</u>	<u>\$ 782,150</u>	<u>\$ 585,871</u>	<u>\$ 4,442,870</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, 2020

Total Net Change in Fund Balances – Governmental Funds	\$ 47,848
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.	606,330
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.	1,021,070
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.	(706,982)
Interest is accrued on outstanding debt in the government-side financial statements, whereas in the fund financial statements interest expenditures are reported when due.	(3,702)
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.	7,184
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.	(93,788)
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.	(94,637)
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 12/31/19 caused the change in ending net position to increase in the amount of \$215,392. Contributions made before the measurement date but during the 2020 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 \$79,923. These contributions were replaced with the City’s pension expense for the year of \$240,114, which caused a decrease in the change in net position. The impact of all of these is to increase net position by \$54,871.	54,871
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 12/31/19 caused net position to increase in the amount of \$682. Contributions made before the measurement date but during the 2020 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 \$227. These contributions were replaced with the City’s OPEB expense for the year of \$12,050, which caused a decrease in the change in net position. The impact of all of these is to decrease net position by \$11,141.	<u>(11,141)</u>
Change in Net Position of Governmental Activities	<u>\$ 819,751</u>

CITY OF LAKE DALLAS, TEXAS
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget
	Original	Final		
Revenues:				
Taxes (ad valorem, sales and other)	\$ 4,152,500	\$ 4,152,500	\$ 4,420,515	\$ 268,015
Licenses and permits	108,365	108,365	151,538	43,173
Charges for services	277,779	277,779	235,587	(42,192)
Court fines	396,700	396,700	408,541	11,841
CARES funds	-	-	336,920	336,920
Donations and grants	29,046	29,046	44,560	15,514
Insurance proceeds	-	-	6,352	6,352
Interest	40,000	40,000	19,746	(20,254)
Miscellaneous revenue	600	600	7,902	7,302
Total Revenues	<u>5,004,990</u>	<u>5,004,990</u>	<u>5,631,661</u>	<u>626,671</u>
Expenditures:				
Current:				
Administration	780,526	780,526	746,873	33,653
Tourism	30,500	30,500	4,695	25,805
City council	12,400	12,400	4,355	8,045
Public safety	2,581,659	2,581,659	2,517,153	64,506
Animal services	201,242	201,242	197,558	3,684
Library	221,465	221,465	213,354	8,111
Public works-streets	434,275	434,275	408,425	25,850
Municipal court	131,830	131,830	129,757	2,073
Parks and recreation	75,376	75,376	68,680	6,696
Development services	321,156	321,156	277,080	44,076
Debt Service	121,851	121,851	86,233	35,618
Capital Outlay	204,944	204,944	199,611	5,333
Total Expenditures	<u>5,117,224</u>	<u>5,117,224</u>	<u>4,853,774</u>	<u>263,450</u>
Excess of Revenues over (under) Expenditures	<u>(112,234)</u>	<u>(112,234)</u>	<u>777,887</u>	<u>890,121</u>
Other Financing Sources (Uses):				
Loan Proceeds	98,000	98,000	93,788	(4,212)
Sale of Assets	10,000	10,000	-	(10,000)
Transfers out	(5,000)	(5,000)	(14,090)	(9,090)
Transfers in	10,000	10,000	2,601	(7,399)
Total Other Financing Sources (Uses)	<u>113,000</u>	<u>113,000</u>	<u>82,299</u>	<u>(30,701)</u>
Net Change in Fund Balance	766	766	860,186	859,420
Fund Balance – October 1 (beginning)	<u>1,868,099</u>	<u>1,868,099</u>	<u>1,868,099</u>	<u>-</u>
Fund Balance -- September 30 (ending)	<u>\$ 1,868,865</u>	<u>\$ 1,868,865</u>	<u>\$ 2,728,285</u>	<u>\$ 859,420</u>

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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, 2020

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, 2020 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, 2020

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, 2020

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, 2020

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

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

I. Compensated Absences

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

J. Estimates

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

K. Net Position

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

L. Budgets and Budgetary Accounting

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

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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, 2020, the carrying amount of the City's deposits in checking accounts and interest-bearing savings accounts was \$449,399 and the bank balance was \$597,204. The City's cash deposits at September 30, 2020 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, 2020, the City's cash balances totaled \$597,204. 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.

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

- 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, 2020, 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, 2020, 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, 2020 are shown below:

Name	Carrying Amount	Market Value
TexPool Investment Pool	\$3,446,580	\$3,446,580
LOGIC Investment Pool	365,569	365,569
Total	\$3,812,149	\$3,812,149

Fair Value Measurements

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

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

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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, 2020.
- 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.

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

- **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 \$2,715,197 at September 30, 2020. Prepaid costs of \$13,088 are considered nonspendable fund balance.

Special Revenue Funds

The fund balances of the Court Technology Fund and Court Security Fund (totaling \$73,343) are shown as restricted for those purposes. The fund balances of the Street Maintenance Tax Fund (\$155,693) and the Hotel Occupancy Tax Fund (\$61,537) are shown as restricted for those purposes. The fund balances of the LEOSE Training Fund, Juvenile Case Management Fund, Drug Seizure Fund, Child Safety Fund, Forensic Testing Fund, Park Improvement Fund and Willow Grove Camping Fees Fund (totaling \$256,113) 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 \$33,252) have been assigned for use in the activities that generated those funds.

Debt Service Funds

The Debt Service Fund has restricted fund balance of \$346,564 at September 30, 2020 that is restricted by law for use in retiring long-term debt.

3. RECEIVABLES

Government-wide receivables as of September 30, 2020, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service Fund	Special Revenue Fund	Total
Receivables:				
Property taxes	\$ 73,933	\$ 15,210	\$ -	\$ 89,143
Sales taxes	181,921	-	36,384	218,305
Mixed beverage tax	2,307	-	-	2,307
Occupancy tax	-	-	20,025	20,025
Franchise tax	24,782	-	-	24,782
Other	8,630	-	-	8,630
Gross Receivables	<u>291,573</u>	<u>15,210</u>	<u>56,409</u>	<u>363,192</u>
Less: Uncollectible allowance	17,744	3,650	-	21,394
Net Total Receivables	<u>\$ 273,829</u>	<u>\$ 11,560</u>	<u>\$ 56,409</u>	<u>\$ 341,798</u>

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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, 2020, 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	44,893	-
Police Auction	-	25,870
Debt Service Fund	-	2,937
Total General Fund	<u>116,799</u>	<u>28,807</u>
<u>Special Revenue Fund</u>		
General Fund	-	90,929
Total Special Revenue Fund	<u>-</u>	<u>90,929</u>
<u>Debt Service Fund</u>		
General Fund	2,937	-
Total Debt Service Fund	<u>2,937</u>	<u>-</u>
Total	<u>\$ 119,736</u>	<u>\$ 119,736</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, 2020 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	\$ 14,090	\$ -
Juvenile Case Management	-	2,601
<u>Special Revenue Fund:</u>		
VAWA Grant	-	14,090
Juvenile Case Management	2,601	-
Total	<u>\$ 16,691</u>	<u>\$ 16,691</u>

Interfund transfers during the year include the following:

- Transfer of \$14,090 from the general fund to the VAWA Grant special revenue to cover excess costs of that grant.
- Transfer of \$2,601 from the Juvenile Case Management special revenue fund to the general fund for reimbursement of eligible costs.

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 397,872	\$ -	\$ -	\$ 397,872
Construction in Progress	1,659	705,680	-	707,339
Total capital assets, not being depreciated	<u>399,531</u>	<u>705,680</u>	<u>-</u>	<u>1,105,211</u>
Capital assets, being depreciated:				
Buildings and Improvements	3,061,563	40,423	-	3,101,986
Street and Parks	10,669,719	87,379	-	10,757,098
Equipment and Vehicles	1,767,286	187,588	-	1,954,874
Total capital assets, being depreciated	<u>15,498,568</u>	<u>315,390</u>	<u>-</u>	<u>15,813,958</u>
Less accumulated depreciation for:				
Buildings and Improvements	(1,234,318)	(77,220)	-	(1,311,538)
Street and Parks	(5,706,855)	(435,573)	-	(6,142,428)
Equipment and Vehicles	(1,236,900)	(194,189)	-	(1,431,089)
Total accumulated depreciation	<u>(8,178,073)</u>	<u>(706,982)</u>	<u>-</u>	<u>(8,885,055)</u>
Total capital assets, being depreciated, net	<u>7,320,495</u>	<u>(391,592)</u>	<u>-</u>	<u>6,928,903</u>
Governmental activities capital assets, net	<u>\$ 7,720,026</u>	<u>\$ 314,088</u>	<u>\$ -</u>	<u>\$ 8,034,114</u>

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

Governmental Activities:	
General Government	\$ 18,882
Public Safety	152,198
Animal Services	28,195
Public Works-Streets	427,698
Municipal Court	1,845
Parks and Recreation	76,958
Development Services	746
Library	460
Total depreciation expense –	
Governmental activities	<u>\$ 706,982</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.

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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, 2020:

Description	Interest Rate Payable	Amounts Outstanding 10/1/19	Refunded/ Additions	Retired	Amounts Outstanding 9/30/20	Due Within One Year
Bonded Indebtedness:						
2008 General Obligation	4.21%	\$ 565,000	\$ -	\$ 55,000	\$ 510,000	\$ 55,000
2012 General Obligation	1.499%	390,000	-	150,000	240,000	150,000
2018 General Obligation	2.81%	1,230,000	-	145,000	1,085,000	150,000
2019 General Obligation	1.86%	725,000	-	65,000	660,000	70,000
Total Bonded Indebtedness		<u>2,910,000</u>	<u>-</u>	<u>415,000</u>	<u>2,495,000</u>	<u>425,000</u>
Certificates of Obligation:						
2019 Series		1,565,000	-	115,000	1,450,000	120,000
Total Cert. of Obligation		<u>1,565,000</u>	<u>-</u>	<u>115,000</u>	<u>1,450,000</u>	<u>120,000</u>
Equipment Loans		272,382	93,788	76,330	289,840	96,215
Compensated Absences		231,263	94,637	-	325,900	-
Total Long-Term Debt		<u>\$ 4,978,645</u>	<u>\$ 188,425</u>	<u>\$606,330</u>	<u>\$ 4,560,740</u>	<u>\$641,215</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
2021	\$ 425,000	\$ 67,834	\$ 492,834
2022	365,000	57,753	422,753
2023	290,000	48,523	338,523
2024	295,000	40,199	335,199
2025	310,000	31,735	341,735
2026-2029	810,000	45,561	855,561
Total	<u>\$2,495,000</u>	<u>\$291,605</u>	<u>\$ 2,786,605</u>

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

Year Ended September 30,	Principal	Interest	Total Requirements
2021	\$ 120,000	\$ 27,550	\$ 147,550
2022	165,000	25,270	190,270
2023	155,000	22,135	177,135
2024	160,000	19,190	179,190
2025	165,000	16,150	181,150
2026-2029	685,000	32,870	717,870
Total	<u>\$ 1,450,000</u>	<u>\$ 143,165</u>	<u>\$ 1,593,165</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, 2020, \$1,515,000 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, 2020 is as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Amounts Outstanding 10/01/19</u>	<u>Additions</u>	<u>Retired</u>	<u>Amounts Outstanding 09/30/20</u>
Citizens 1 st Bank	3.544%	\$ 38,432	\$ -	\$35,549	\$ 2,883
Total		<u>\$ 38,432</u>	<u>\$ -</u>	<u>\$35,549</u>	<u>\$ 2,883</u>

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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</u>		<u>Retired</u>	<u>Amounts</u>
		<u>Outstanding 10/1/19</u>	<u>Additions</u>		<u>Outstanding 9/30/20</u>
Equipment loan - Government Capital Corp	2.997%	\$ 187,818	\$ -	\$ 60,795	\$ 127,023
Equipment loan - Government Capital Corp	4.25%	84,564	-	15,535	69,029
Equipment loan - Government Capital Corp	3.497%	-	93,788	-	93,788
Total		<u>\$ 272,382</u>	<u>\$ 93,788</u>	<u>\$ 76,330</u>	<u>\$ 289,840</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, 2021	\$ 96,215	\$ 10,111	\$ 106,326
2022	99,480	6,846	106,326
2023	36,336	3,563	39,899
2024	37,740	2,159	39,899
2025	20,069	702	20,771
Total	<u>\$ 289,840</u>	<u>\$ 23,381</u>	<u>\$ 313,221</u>

12. DEFINED BENEFIT PENSION PLANS

Plan Description

The City of Lake Dallas participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

Benefits Provided

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

CITY OF LAKE DALLAS, TEXAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2020

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 2019	Plan Year 2020
Employee deposit rate	7.0%	7.0%
Employer deposit rate	12.70%	13.24%
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, 2019 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	50
Active employees	<u>35</u>
	129

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 12.70% and 13.24% in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2020 were \$295,315, which consists of \$258,446 required contributions and \$36,869 additional voluntary contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

Actuarial assumptions:

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.7% 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 2019 are summarized in the following table:

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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 12/31/2018	\$ 9,280,541	\$ 8,081,189	\$ 1,199,352
Changes for the year:			
Service Cost	316,733	-	316,733
Interest	618,310	-	618,310
Change in benefit terms	-	-	-
Difference between expected and actual experience	(25,474)	-	(25,474)
Changes of assumptions	34,035	-	34,035
Contributions – employer	-	240,024	(240,024)
Contributions – employee	-	127,202	(127,202)
Net investment income	-	1,248,850	(1,248,850)
Benefit payments, including refunds of employee contributions	(557,516)	(557,516)	-
Administrative expense	-	(7,059)	7,059
Other changes	-	(212)	212
Net changes	386,088	1,051,289	(665,201)
Balance at 12/31/2019	\$ 9,666,629	\$ 9,132,478	\$ 534,151

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, 2020

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability (asset)	\$1,947,721	\$534,151	\$(606,624)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2020, the City recognized pension expense of \$237,535.

At September 30, 2020, 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	\$ 397	\$ 13,895
Changes in actuarial assumptions	18,565	-
Difference between projected and actual investment earnings	489,695	774,796
Contributions subsequent to the measurement date	215,392	-
Total	\$ 724,049	\$ 788,691

\$215,392 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, 2021. 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:	
2021	\$ (79,272)
2022	(82,645)
2023	22,557
2024	(140,674)
2025	-
Thereafter	-

CITY OF LAKE DALLAS, TEXAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2020

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, 2019 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	9
Active employees	<u>35</u>
Total	60

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>2020</u>
Employer rate	0.18%
Employer contributions	\$ 909

Actuarial Assumptions

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

Inflation	2.5%
Salary increases	3.50% to 11.5%, including inflation
Discount rate	2.75%

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 2019 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, 2019 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 2.75% was based on the 20-Year Municipal GO AA Index as of December 31, 2019.

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

At September 30, 2020, the City reported a total OPEB liability of \$108,953 measured at December 31, 2019. For the year ended September 30, 2020, the City recognized OPEB expense of \$7,754.

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, 2019 are as follows:

Changes in Total OPEB Liability	Total OPEB Liability
Balance at December 31, 2018	\$ 85,045
Changes for the year:	
Service cost	5,270
Interest on total OPEB liability	3,236
Changes of benefit terms	-
Differences between expected and actual experience	(2,486)
Effect of assumption changes or inputs	18,797
Benefit payments*	(909)
Balance as of December 31, 2019	\$ 108,953

*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, 2020

Discount Rate Sensitivity Analysis

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.75%, 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 (1.75%) or 1 percentage point higher (3.75%) than the current rate.

	1% Decrease in Discount Rate (1.75%)	Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
Total OPEB liability	\$135,528	\$108,953	\$89,437

At December 31, 2019, 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	\$ -	\$ 1,266
Changes in actuarial assumptions	13,621	-
Difference between projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	682	-
Total	\$ 14,303	\$ 1,266

Deferred outflows of resources related to OPEB resulting from contribution subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ended September 30, 2020 in the amount of \$682. 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:	
2021	\$ 3,674
2022	3,410
2023	2,412
2024	2,859
2025	-
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, 2020 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, 2020

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, 2020 through January 11, 2021, 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, 2020

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total Pension Liability				
Service Cost	\$ 316,733	\$ 312,484	\$ 310,358	\$ 304,544
Interest (on the Total Pension Liability)	618,310	589,594	573,047	548,546
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(25,474)	7,609	(198,331)	(108,277)
Change of assumptions	34,035	-	-	-
Benefit payments, including refunds of employee contributions	<u>(557,516)</u>	<u>(415,258)</u>	<u>(466,739)</u>	<u>(302,728)</u>
Net Change in Total Pension Liability	386,088	494,429	218,335	442,085
Total Pension Liability - Beginning	<u>9,280,541</u>	<u>8,786,112</u>	<u>8,567,777</u>	<u>8,125,692</u>
Total Pension Liability - Ending (a)	<u><u>\$ 9,666,629</u></u>	<u><u>\$ 9,280,541</u></u>	<u><u>\$ 8,786,112</u></u>	<u><u>\$ 8,567,777</u></u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 240,024	\$ 247,704	\$ 241,581	\$ 222,894
Contributions - Employee	127,202	128,821	124,713	124,265
Net Investment Income	1,248,850	(250,791)	1,032,735	469,202
Benefit payments, including refunds of employee contributions	(557,516)	(415,258)	(466,739)	(302,728)
Administrative Expense	(7,059)	(4,849)	(5,350)	(5,298)
Other	<u>(212)</u>	<u>(253)</u>	<u>(271)</u>	<u>(285)</u>
Net Change in Plan Fiduciary Net Position	1,051,289	(294,626)	926,669	508,050
Plan Fiduciary Net Position - Beginning	<u>8,081,189</u>	<u>8,375,815</u>	<u>7,449,146</u>	<u>6,941,096</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 9,132,478</u></u>	<u><u>\$ 8,081,189</u></u>	<u><u>\$ 8,375,815</u></u>	<u><u>\$ 7,449,146</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 534,151</u></u>	<u><u>\$ 1,199,352</u></u>	<u><u>\$ 410,297</u></u>	<u><u>\$ 1,118,631</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	94.47%	87.08%	95.33%	86.94%
Covered Employee Payroll	\$ 1,817,174	\$ 1,840,305	\$ 1,781,620	\$ 1,775,768
Net Pension Liability as a Percentage of Covered Employee Payroll	29.39%	65.17%	23.03%	62.99%

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>2015</u>	<u>2014</u>
\$ 280,697	\$ 254,024
542,064	493,307
-	-
(239,049)	235,740
98,743	-
(320,372)	(279,382)
362,083	703,689
7,763,609	7,059,920
\$ 8,125,692	\$ 7,763,609

\$ 214,231	\$ 236,507
123,422	124,103
10,212	370,300
(320,372)	(279,382)
(6,220)	(3,866)
(307)	(318)
20,966	447,344
6,920,130	6,472,786
\$ 6,941,096	\$ 6,920,130
\$ 1,184,596	\$ 843,479

85.42%	89.14%
\$ 1,768,037	\$ 1,763,314
67.00%	47.83%

CITY OF LAKE DALLAS, TEXAS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR FISCAL YEAR 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contribution	\$ 258,446	\$ 231,778	\$ 233,663	\$ 249,853
Contribution in Relation to the Contractually Required Contribution	<u>(258,446)</u>	<u>(231,778)</u>	<u>(233,663)</u>	<u>(249,853)</u>
Contribution Deficiency (Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
City's Covered-Employee Payroll	\$ 1,973,775	\$ 1,840,307	\$ 1,701,413	\$ 1,838,908
Contributions as a Percentage of Covered-Employee Payroll	13.09%	12.59%	13.73%	13.59%

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>2016</u>	<u>2015</u>
\$ 224,395	\$ 224,355
<u>(224,395)</u>	<u>(224,355)</u>
<u>\$ -0-</u>	<u>\$ -0-</u>
\$ 1,765,570	\$ 1,768,037
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 2020

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

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	26 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, 2020

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	2.75%
Retirement Age	Experience-based table of rates that are specific to the Town's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014
Mortality	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, 2019 AND 2020

	<u>2019</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 1,663,706	\$ 2,517,722
Receivables:		
Ad valorem tax	52,064	56,189
Sales tax	190,617	181,921
Franchise tax	23,560	24,782
Mixed beverage tax	6,639	2,307
Other	8,566	8,630
Due from other funds	78,476	93,866
Due from CDC	1,036	1,036
Prepaid costs	16,804	13,088
TOTAL ASSETS	<u><u>\$ 2,041,468</u></u>	<u><u>\$ 2,899,541</u></u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 42,216	\$ 46,994
Accrued wages payable	40,025	62,587
Other liabilities	2,935	2,603
Short-term loan payable	38,432	2,883
Total Liabilities	<u>123,608</u>	<u>115,067</u>
Deferred Inflows of Resources:		
Unavailable revenue-property taxes	49,761	56,189
Total Deferred Inflows of Resources	<u>49,761</u>	<u>56,189</u>
Fund Balance:		
Nonspendable	16,804	13,088
Assigned	-	-
Unassigned	1,851,295	2,715,197
Total Fund Balance	<u>1,868,099</u>	<u>2,728,285</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u><u>\$ 2,041,468</u></u>	<u><u>\$ 2,899,541</u></u>

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2020

	<u>2019</u>	<u>2020</u>
REVENUES:		
Taxes:		
Property	\$ 2,708,472	\$ 2,895,850
Sales	945,848	1,051,486
Mixed beverage	23,997	23,363
Franchise	429,563	449,816
License and permits	158,009	151,538
Charges for services	283,511	235,587
Court fines	449,953	408,541
CARES funds	-	336,920
Donations and grants	42,210	44,560
Insurance proceeds	170,030	6,352
Interest	40,644	19,746
Miscellaneous	10,641	7,902
Total Revenues	<u>5,262,878</u>	<u>5,631,661</u>
EXPENDITURES:		
Current:		
Administration	644,300	746,873
Tourism	33,154	4,695
City council	13,626	4,355
Public safety	2,418,678	2,517,153
Animal services	168,543	197,558
Library	175,844	213,354
Public works -- streets	357,083	408,425
Municipal court	126,762	129,757
Parks and facilities	86,318	68,680
Development services	259,072	277,080
Capital outlay	382,971	199,611
Debt service:		
Principal	59,011	76,330
Interest	9,906	9,903
Total Expenditures	<u>4,735,268</u>	<u>4,853,774</u>
Excess of Revenues over (under) Expenditures	<u>527,610</u>	<u>777,887</u>
OTHER FINANCING SOURCES (USES):		
Loan proceeds	84,564	93,788
Sale of assets	-	-
Transfers out	(33,308)	(14,090)
Transfers in	6,534	2,601
Total Other Financing Sources (Uses)	<u>57,790</u>	<u>82,299</u>
Net Change in Fund Balance	585,400	860,186
Fund Balance - October 1 (beginning)	1,282,699	1,868,099
Fund Balance - September 30 (Ending)	<u>\$ 1,868,099</u>	<u>\$ 2,728,285</u>

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Ad valorem tax	\$ 2,867,000	\$ 2,895,850	\$ 28,850
Sales tax	878,750	1,051,486	172,736
Mixed beverage tax	22,000	23,363	1,363
Franchise tax	384,750	449,816	65,066
Court fines and fees	396,700	408,541	11,841
Library donations, fines, memberships	8,500	8,008	(492)
Library funding	29,046	29,171	125
Building permits	30,000	70,640	40,640
Park administration fees	15,000	15,000	-
Other permits and fees	78,365	80,898	2,533
School resource officer reimbursements	63,285	63,285	-
Rent - fire station	45,493	45,493	-
Other rentals	1,501	1,244	(257)
Parks maintenance	30,000	30,000	-
Staff/office services - CDC	42,000	42,000	-
Interest earned	40,000	19,746	(20,254)
Animal services	24,500	23,455	(1,045)
Special events	47,500	7,102	(40,398)
CARES funds	-	336,920	336,920
Other donations/grants	-	15,389	15,389
Insurance proceeds	-	6,352	6,352
Other revenue	600	7,902	7,302
TOTAL REVENUE	<u>\$ 5,004,990</u>	<u>\$ 5,631,661</u>	<u>\$ 626,671</u>

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

	Budget	Actual	Variance Favorable (Unfavorable)
ADMINISTRATION:			
Personnel:			
Salaries	\$ 325,532	\$ 306,027	\$ 19,505
Retirement	49,046	48,584	462
Longevity pay	348	348	-
Insurance	34,310	27,114	7,196
Payroll taxes	5,389	4,953	436
Total Personnel	<u>414,625</u>	<u>387,026</u>	<u>27,599</u>
Supplies, Repairs and Services:			
Insurance	52,500	51,509	991
Office expense	16,000	6,716	9,284
Operating supplies	8,500	13,442	(4,942)
Travel and training	11,225	8,568	2,657
Ads and public notices	2,000	2,041	(41)
Publications	900	8,495	(7,595)
Printing	11,500	10,803	697
Dues and memberships	5,580	2,916	2,664
Postage	3,000	2,760	240
Telephone and utilities	39,000	43,079	(4,079)
Consultants and professionals	45,000	45,586	(586)
Legal services	45,000	64,873	(19,873)
Audit	17,000	16,000	1,000
Election costs	8,500	-	8,500
Tax appraisal fees	22,810	23,405	(595)
Email hosting services	6,400	-	6,400
Financial advisory services	3,500	-	3,500
SPAN	1,700	1,700	-
Civic Plus	4,982	4,982	-
Software maintenance	28,000	28,303	(303)
Maintenance and repair - building	21,304	20,566	738
Miscellaneous	11,500	4,103	7,397
Total Supplies, Repairs and Services	<u>365,901</u>	<u>359,847</u>	<u>6,054</u>
TOTAL ADMINISTRATION	<u>780,526</u>	<u>746,873</u>	<u>33,653</u>

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

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
CITY COUNCIL:			
Supplies, Repairs and Services:			
Office expense	\$ 300	\$ 232	\$ 68
Uniforms	600	-	600
Travel and training	9,200	2,456	6,744
Dues and memberships	2,000	1,650	350
Flowers/gifts/plaques	300	17	283
Total Supplies, Repairs and Services	<u>12,400</u>	<u>4,355</u>	<u>8,045</u>
TOTAL CITY COUNCIL	<u>12,400</u>	<u>4,355</u>	<u>8,045</u>
TOURISM:			
Supplies, Repairs and Services:			
Community events	5,500	4,695	805
Fireworks	25,000	-	25,000
Total Supplies, Repairs and Services	<u>30,500</u>	<u>4,695</u>	<u>25,805</u>
TOTAL TOURISM	<u>30,500</u>	<u>4,695</u>	<u>25,805</u>
PUBLIC SAFETY:			
Police Department:			
Personnel:			
Salaries	990,014	967,680	22,334
Retirement	148,664	148,587	77
Longevity pay	4,854	4,038	816
Insurance	190,834	162,286	28,548
Payroll taxes	17,125	19,353	(2,228)
Total Personnel	<u>1,351,491</u>	<u>1,301,944</u>	<u>49,547</u>

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:			
Office expense	\$ 6,000	\$ 2,662	\$ 3,338
Supplies	17,358	25,323	(7,965)
Printing	3,600	4,892	(1,292)
Travel and training	7,500	5,619	1,881
Physicals and evaluations	2,325	891	1,434
Ads and public notices	800	773	27
Publications	5,474	4,781	693
Dues and memberships	16,415	16,610	(195)
Uniforms	11,125	7,341	3,784
Utilities	4,980	4,980	-
Legal	6,500	1,526	4,974
SANE exams	2,500	-	2,500
Software maintenance	35,892	38,834	(2,942)
Property loss	500	-	500
Jail fees	1,500	800	700
Telephone	12,320	12,017	303
Communications	51,619	51,619	-
Consultants and professionals	7,250	7,610	(360)
Maintenance and repair - building	1,600	8,084	(6,484)
Maintenance and repair - equipment	7,342	6,041	1,301
Maintenance and repair - vehicles	18,175	19,902	(1,727)
Vehicle fuel	21,000	16,993	4,007
Total Supplies, Repairs and Services	<u>241,775</u>	<u>237,298</u>	<u>4,477</u>
 Total Police Department	 <u>1,593,266</u>	 <u>1,539,242</u>	 <u>54,024</u>
 Fire Department:			
Contribution for services	<u>988,393</u>	<u>977,911</u>	<u>10,482</u>
Total Fire Department	<u>988,393</u>	<u>977,911</u>	<u>10,482</u>
 TOTAL PUBLIC SAFETY	 <u>2,581,659</u>	 <u>2,517,153</u>	 <u>64,506</u>

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

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
ANIMAL SERVICES:			
Personnel:			
Salaries	\$ 115,382	\$ 117,038	\$ (1,656)
Longevity pay	144	144	-
Retirement	17,307	17,013	294
Insurance	31,620	27,435	4,185
Payroll taxes	2,483	2,173	310
Total Personnel	<u>166,936</u>	<u>163,803</u>	<u>3,133</u>
Supplies, Repairs and Services:			
Office expense	1,250	1,413	(163)
Supplies	4,850	4,738	112
Advertising	200	-	200
Travel and training	2,000	1,527	473
Land lease	1,300	1,313	(13)
Software maintenance	3,800	2,304	1,496
Dues and memberships	100	100	-
Uniforms	1,200	340	860
Telephone	456	833	(377)
Consultants and professionals	6,000	5,822	178
Utilities	10,000	11,878	(1,878)
Maintenance and repair - building	2,000	2,984	(984)
Maintenance and repair - vehicles	500	-	500
Vehicle fuel	650	503	147
Total Supplies, Repairs and Services	<u>34,306</u>	<u>33,755</u>	<u>551</u>
TOTAL ANIMAL SERVICES	<u>201,242</u>	<u>197,558</u>	<u>3,684</u>
LIBRARY:			
Personnel:			
Salaries	121,031	116,195	4,836
Longevity pay	144	144	-
Retirement	18,359	19,265	(906)
Insurance	8,724	8,537	187
Payroll taxes	2,747	2,479	268
Total Personnel	<u>151,005</u>	<u>146,620</u>	<u>4,385</u>

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:			
Supplies	\$ 2,350	\$ 3,245	\$ (895)
Postage	1,000	339	661
Library books/materials	20,000	18,063	1,937
Information technology	17,700	16,363	1,337
Travel and training	2,500	1,909	591
Printing	3,300	2,356	944
Advertising	2,000	1,990	10
Dues and memberships	5,000	4,521	479
Telephone	540	413	127
Utilities	12,750	8,880	3,870
Maintenance and repair - building	3,320	8,655	(5,335)
Total Supplies, Repairs and Services	<u>70,460</u>	<u>66,734</u>	<u>3,726</u>
 TOTAL LIBRARY	 <u>221,465</u>	 <u>213,354</u>	 <u>8,111</u>
PUBLIC WORKS:			
Streets and Drainage:			
Personnel:			
Salaries	199,075	204,613	(5,538)
Retirement	29,493	30,935	(1,442)
Longevity pay	1,044	936	108
Insurance	62,050	56,671	5,379
Payroll taxes	3,823	3,488	335
Total Personnel	<u>295,485</u>	<u>296,643</u>	<u>(1,158)</u>
Supplies, Repairs and Services:			
Supplies	5,300	2,998	2,302
Travel and training	2,000	22	1,978
Uniforms	1,200	789	411
Telephone	1,850	1,102	748
Equipment rentals	5,000	2,075	2,925
Street lighting	51,500	50,268	1,232
Utilities	3,500	5,566	(2,066)
Engineering	15,000	22,816	(7,816)
Information technology	1,500	1,725	(225)
Dues and memberships	390	238	152

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	\$ 786	\$ (386)
Maintenance and repair - equipment	11,150	10,806	344
Maintenance and repair- vehicle	2,500	2,959	(459)
Maintenance - drainage	20,000	948	19,052
Maintenance - signs	6,000	2,468	3,532
Maintenance - trees	5,000	-	5,000
Vehicle fuel	6,500	6,216	284
Total Supplies, Repairs and Services	<u>138,790</u>	<u>111,782</u>	<u>27,008</u>
TOTAL PUBLIC WORKS	<u>434,275</u>	<u>408,425</u>	<u>25,850</u>
MUNICIPAL COURT:			
Personnel:			
Salaries	54,640	56,695	(2,055)
Retirement	8,196	5,291	2,905
Insurance	13,738	13,579	159
Payroll taxes	1,116	825	291
Total Personnel	<u>77,690</u>	<u>76,390</u>	<u>1,300</u>
Supplies, Repairs and Services:			
Supplies	1,900	1,860	40
Travel and training	1,000	155	845
Printing	700	461	239
Dues and memberships	140	-	140
Legal services	12,000	17,224	(5,224)
MVBA fees	22,000	19,267	2,733
Municipal judge	14,400	14,400	-
Jury fees	500	-	500
Warrant roundup	1,500	-	1,500
Total Supplies, Repairs and Services	<u>54,140</u>	<u>53,367</u>	<u>773</u>
TOTAL MUNICIPAL COURT	<u>131,830</u>	<u>129,757</u>	<u>2,073</u>

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)
PARKS AND FACILITIES:			
Personnel:			
Salaries	\$ 33,574	\$ 40,974	\$ (7,400)
Retirement	4,661	3,199	1,462
Insurance	9,378	3,254	6,124
Payroll taxes	613	1,333	(720)
Total Personnel	<u>48,226</u>	<u>48,760</u>	<u>(534)</u>
Supplies, Repairs and Services:			
Supplies	2,150	513	1,637
Telephone	200	-	200
Travel and training	200	-	200
Uniforms	500	46	454
Mowing contract	15,000	9,138	5,862
Park maintenance	5,000	6,690	(1,690)
Maintenance and repair - equipment	1,500	1,064	436
Maintenance and repair - vehicle	100	195	(95)
Vehicle fuel	2,500	2,274	226
Total Supplies, Repairs and Services	<u>27,150</u>	<u>19,920</u>	<u>7,230</u>
TOTAL PARKS AND FACILITIES	<u>75,376</u>	<u>68,680</u>	<u>6,696</u>
DEVELOPMENT SERVICES:			
Personnel:			
Salaries	152,489	150,866	1,623
Retirement	22,873	20,111	2,762
Longevity pay	426	426	-
Insurance	30,414	25,725	4,689
Payroll taxes	2,859	2,282	577
Total Personnel	<u>209,061</u>	<u>199,410</u>	<u>9,651</u>

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:			
Supplies	\$ 4,400	\$ 2,882	\$ 1,518
Travel and training	2,545	945	1,600
Printing	5,500	3,747	1,753
Advertising	1,000	552	448
Dues and memberships	950	1,394	(444)
Telephone	1,100	866	234
Consultants and professionals	-	975	(975)
Software maintenance	2,500	3,218	(718)
Keep Lake Dallas Beautiful	800	1,820	(1,020)
Engineering	15,000	11,467	3,533
Inspection services	28,000	38,132	(10,132)
Health inspections	3,500	4,475	(975)
Property abatement	5,000	5,668	(668)
Comprehensive plan	40,000	-	40,000
Maintenance and repair - vehicles	600	860	(260)
Vehicle fuel	1,200	669	531
Total Supplies, Repairs and Services	<u>112,095</u>	<u>77,670</u>	<u>34,425</u>
 TOTAL DEVELOPMENT SERVICES	 <u>321,156</u>	 <u>277,080</u>	 <u>44,076</u>
 CAPITAL OUTLAY:			
Capital outlay - information technology	19,907	43,230	(23,323)
Capital outlay - equipment	16,032	16,380	(348)
Capital outlay - vehicles	98,000	93,788	4,212
Capital outlay - building	71,005	46,213	24,792
 TOTAL CAPITAL OUTLAY	 <u>204,944</u>	 <u>199,611</u>	 <u>5,333</u>
 DEBT SERVICE:			
Principal	111,729	76,330	35,399
Interest and fees	10,122	9,903	219
 TOTAL DEBT SERVICE	 <u>121,851</u>	 <u>86,233</u>	 <u>35,618</u>
 TOTAL EXPENDITURES	 <u>\$ 5,117,224</u>	 <u>\$ 4,853,774</u>	 <u>\$ 263,450</u>

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CITY OF LAKE DALLAS, TEXAS
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Court Technology Fund	Court Security Fund	Street Maintenance Sales Tax	Hotel Occupancy Tax	Library Donations
ASSETS					
Cash and cash equivalents	\$ 14,040	\$ 55,193	\$ 204,214	\$ 41,512	\$ 9,128
Receivables:					
Sales tax	-	-	36,384	-	-
Occupancy tax	-	-	-	20,025	-
Other	-	-	-	-	-
Due from other funds	-	-	-	-	-
Prepaid costs	4,110	-	-	-	-
TOTAL ASSETS	<u>\$ 18,150</u>	<u>\$ 55,193</u>	<u>\$ 240,598</u>	<u>\$ 61,537</u>	<u>\$ 9,128</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 12,999	\$ -	\$ -
Due to other funds	-	-	71,906	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>84,905</u>	<u>-</u>	<u>-</u>
Fund Balance:					
Nonspendable	4,110	-	-	-	-
Restricted	14,040	55,193	155,693	61,537	-
Assigned	-	-	-	-	9,128
Total Fund Balance	<u>18,150</u>	<u>55,193</u>	<u>155,693</u>	<u>61,537</u>	<u>9,128</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 18,150</u>	<u>\$ 55,193</u>	<u>\$ 240,598</u>	<u>\$ 61,537</u>	<u>\$ 9,128</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
\$ 159,584	\$ 886	\$ 14,984	\$ (25,870)	\$ 8	\$ 75,727	\$ 9,140	\$ 2,562
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	25,870	-	-	-	-
-	-	-	-	-	1,823	-	-
<u>\$ 159,584</u>	<u>\$ 886</u>	<u>\$ 14,984</u>	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ 77,550</u>	<u>\$ 9,140</u>	<u>\$ 2,562</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,193	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	5,193	-	-
-	-	-	-	-	1,823	-	-
159,584	886	-	-	8	70,534	-	2,562
-	-	14,984	-	-	-	9,140	-
<u>159,584</u>	<u>886</u>	<u>14,984</u>	<u>-</u>	<u>8</u>	<u>72,357</u>	<u>9,140</u>	<u>2,562</u>
<u>\$ 159,584</u>	<u>\$ 886</u>	<u>\$ 14,984</u>	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ 77,550</u>	<u>\$ 9,140</u>	<u>\$ 2,562</u>

CITY OF LAKE DALLAS, TEXAS
 COMBINING BALANCE SHEET (CONTINUED)
 SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	VAWA Grant	LEOSE Training Fund	Child Safety Fund	Total
ASSETS				
Cash and cash equivalents	\$ 44,893	\$ 2,245	\$ 24,404	\$ 632,650
Receivables:				-
Sales tax	-	-	-	36,384
Occupancy tax	-	-	-	20,025
Other	-	-	-	-
Due from other funds	-	-	-	25,870
Prepaid costs	-	-	-	5,933
TOTAL ASSETS	<u>\$ 44,893</u>	<u>\$ 2,245</u>	<u>\$ 24,404</u>	<u>\$ 720,862</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 18,192
Due to other funds	44,893	-	-	116,799
Total Liabilities	<u>44,893</u>	<u>-</u>	<u>-</u>	<u>134,991</u>
Fund Balance:				
Nonspendable	-	-	-	5,933
Restricted	-	2,245	24,404	546,686
Assigned	-	-	-	33,252
Total Fund Balance	<u>-</u>	<u>2,245</u>	<u>24,404</u>	<u>585,871</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 44,893</u>	<u>\$ 2,245</u>	<u>\$ 24,404</u>	<u>\$ 720,862</u>

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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, 2020

	Court Technology Fund	Court Security Fund	Street Maintenance Sales Tax	Hotel Occupancy Tax	Library Donations
Revenues:					
Taxes	\$ -	\$ -	\$ 210,297	\$ 3,611	\$ -
Charges for services	-	-	-	-	-
Fines and fees	8,870	9,502	-	-	-
Donations and grants	-	-	17,000	-	1,920
Interest earned	266	544	3,086	293	78
Total Revenues	<u>9,136</u>	<u>10,046</u>	<u>230,383</u>	<u>3,904</u>	<u>1,998</u>
Expenditures:					
Tourism	-	-	-	13,133	-
Public safety	-	-	-	-	-
Animal services	-	-	-	-	-
Municipal court	7,260	214	-	-	-
Parks and recreation	-	-	-	-	-
Library	-	-	-	-	2,059
Public works - streets	-	-	318,645	-	-
Capital outlay	-	-	-	-	-
Total Expenditures	<u>7,260</u>	<u>214</u>	<u>318,645</u>	<u>13,133</u>	<u>2,059</u>
Excess of Revenues over (under) Expenditures	1,876	9,832	(88,262)	(9,229)	(61)
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	1,876	9,832	(88,262)	(9,229)	(61)
Fund Balance – October 1 (beginning)	<u>16,274</u>	<u>45,361</u>	<u>243,955</u>	<u>70,766</u>	<u>9,189</u>
Fund Balance – September 30 (ending)	<u>\$ 18,150</u>	<u>\$ 55,193</u>	<u>\$ 155,693</u>	<u>\$ 61,537</u>	<u>\$ 9,128</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	124,190	-	-
6,979	1,856	-	-	-	-	-	1,490
-	-	4,960	-	-	-	32,471	-
1,833	80	124	-	-	546	71	46
<u>8,812</u>	<u>1,936</u>	<u>5,084</u>	<u>-</u>	<u>-</u>	<u>124,736</u>	<u>32,542</u>	<u>1,536</u>
-	-	-	-	-	-	-	-
-	6,646	3,523	-	-	-	-	-
-	-	-	-	-	-	30,981	-
25	-	-	-	-	-	-	-
-	-	-	-	-	79,735	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	40,391	-	-
<u>25</u>	<u>6,646</u>	<u>3,523</u>	<u>-</u>	<u>-</u>	<u>120,126</u>	<u>30,981</u>	<u>-</u>
8,787	(4,710)	1,561	-	-	4,610	1,561	1,536
(2,601)	-	-	-	-	-	-	-
<u>(2,601)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
6,186	(4,710)	1,561	-	-	4,610	1,561	1,536
<u>153,398</u>	<u>5,596</u>	<u>13,423</u>	<u>-</u>	<u>8</u>	<u>67,747</u>	<u>7,579</u>	<u>1,026</u>
<u>\$ 159,584</u>	<u>\$ 886</u>	<u>\$ 14,984</u>	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ 72,357</u>	<u>\$ 9,140</u>	<u>\$ 2,562</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, 2020

	VAWA Grant	LEOSE Training Fund	Child Safety Fund	Total
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 213,908
Charges for services	-	-	-	124,190
Fines and fees	-	-	13,012	41,709
Donations and grants	67,869	1,519	-	125,739
Interest earned	-	40	312	7,319
Total Revenues	<u>67,869</u>	<u>1,559</u>	<u>13,324</u>	<u>512,865</u>
Expenditures:				
Tourism	-	-	-	13,133
Public safety	81,959	2,447	5,258	99,833
Animal services	-	-	-	30,981
Municipal court	-	-	-	7,499
Parks and recreation	-	-	-	79,735
Library	-	-	-	2,059
Public works - streets	-	-	-	318,645
Capital outlay	-	-	-	40,391
Total Expenditures	<u>81,959</u>	<u>2,447</u>	<u>5,258</u>	<u>592,276</u>
Excess of Revenues over (under) Expenditures	(14,090)	(888)	8,066	(79,411)
Other Financing Sources (Uses):				
Transfers in (out)	14,090	-	-	11,489
Total Other Financing Sources (Uses)	<u>14,090</u>	<u>-</u>	<u>-</u>	<u>11,489</u>
Net Change in Fund Balance	-	(888)	8,066	(67,922)
Fund Balance – October 1 (beginning)	-	3,133	16,338	653,793
Fund Balance – September 30 (ending)	<u>\$ -</u>	<u>\$ 2,245</u>	<u>\$ 24,404</u>	<u>\$ 585,871</u>

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CITY OF LAKE DALLAS, TEXAS
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2019 AND 2020

	<u>2019</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 320,500	\$ 349,501
Receivables:		
Ad valorem tax	<u>11,172</u>	<u>11,560</u>
TOTAL ASSETS	<u>\$ 331,672</u>	<u>\$ 361,061</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE		
Liabilities:		
Due to other funds	<u>\$ 2,937</u>	<u>\$ 2,937</u>
Total Liabilities	<u>2,937</u>	<u>2,937</u>
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	<u>10,804</u>	<u>11,560</u>
Total Deferred Inflows of Resources	<u>10,804</u>	<u>11,560</u>
Fund balance:		
Restricted for debt service	<u>317,931</u>	<u>346,564</u>
Total Fund Balance	<u>317,931</u>	<u>346,564</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 331,672</u>	<u>\$ 361,061</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, 2019 AND 2020

	2019	2020
REVENUES:		
Taxes:		
Property	\$ 441,257	\$ 442,089
Interest	10,099	4,737
Other	-	21,207
	451,356	468,033
TOTAL REVENUES	451,356	468,033
EXPENDITURES:		
Debt service:		
Principal retirement	395,000	530,000
Interest and fees	104,238	145,225
Bond issuance costs	28,118	-
	527,356	675,225
TOTAL EXPENDITURES	527,356	675,225
Excess of Revenues over (under) Expenditures	(76,000)	(207,192)
Other Financing Resources (Uses):		
Bond proceeds	725,000	-
Payments to refunding escrow agent	(692,776)	-
Transfers in	201,131	235,825
Total Other Financing Resources (Uses)	233,355	235,825
Net change in fund balance	157,355	28,633
Fund balance, beginning of year	160,576	317,931
Fund balance, end of year	\$ 317,931	\$ 346,564

CITY OF LAKE DALLAS, TEXAS
 BUDGETARY COMPARISON SCHEDULE – DEBT SERVICE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		Actual Amounts (GAAP BASIS)	Variance With Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes (ad valorem)	\$ 440,208	\$ 440,208	\$ 442,089	\$ 1,881
Interest	7,500	7,500	4,737	(2,763)
Other	-	-	21,207	21,207
Total Revenues	<u>447,708</u>	<u>447,708</u>	<u>468,033</u>	<u>20,325</u>
Expenditures:				
Principal	556,977	556,977	530,000	26,977
Interest and fees	121,993	121,993	145,225	(23,232)
Total Expenditures	<u>678,970</u>	<u>678,970</u>	<u>675,225</u>	<u>3,745</u>
Excess of Revenues Over (Under) Expenditures	<u>(231,262)</u>	<u>(231,262)</u>	<u>(207,192)</u>	<u>24,070</u>
Other Financing Resources (Uses):				
Transfers in	235,825	235,825	235,825	-
Total Other Financing Resources (Uses)	<u>235,825</u>	<u>235,825</u>	<u>235,825</u>	<u>-</u>
Net Change in Fund Balance	4,563	4,563	28,633	24,070
Fund Balance – October 1 (beginning)	<u>317,931</u>	<u>317,931</u>	<u>317,931</u>	<u>-</u>
Fund Balance – September 30 (ending)	<u>\$ 322,494</u>	<u>\$ 322,494</u>	<u>\$ 346,564</u>	<u>\$ 24,070</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, 2020, and the related notes to the financial statements, which collectively comprise The City of Lake Dallas, Texas's basic financial statements, and have issued our report dated January 11, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



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

January 11, 2021

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
2011	\$ 896,277	\$2,538,262	\$ 90,810	\$309,911	\$ 140,453	\$ 107,995	\$ 119,870
2012	921,854	2,455,426	88,492	311,391	152,134	93,881	128,455
2013	724,877	2,440,783	127,332	298,780	162,188	93,113	134,112
2014	593,199	2,456,186	149,482	261,144	159,238	74,610	192,819
2015	616,812	2,506,825	135,342	271,980	151,488	78,959	159,082
2016	643,477	2,546,566	134,568	473,678	156,230	146,940	169,953
2017	692,398	2,517,874	135,724	313,000	196,666	103,663	278,219
2018	733,677	2,499,673	200,530	599,152	190,713	182,566	298,061
2019	724,973	2,501,996	185,787	383,435	146,345	152,998	259,072
2020	769,056	2,616,986	228,539	727,070	137,256	148,415	277,080

<u>Library</u>	<u>Community Relations</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
\$ -	\$ 115,098	\$ 139,921	\$ 649,267	\$ 5,107,864
-	112,556	148,530	667,211	5,079,930
-	114,787	253,710	558,222	4,907,904
-	119,726	2,065,753	514,717	6,586,874
37,778	114,479	380,969	500,482	4,954,196
152,428	112,514	239,049	446,428	5,221,831
154,505	99,410	698,926	657,921	5,848,306
188,743	-	123,962	753,489	5,770,566
178,679	-	412,541	641,273	5,587,099
215,413	-	1,021,070	761,458	6,902,343

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

Fiscal Year	Taxes	License and Permits	Charges for Services	Court Fines	Interest	Donations/ Grants
2011	\$3,275,226	\$ 91,240	\$ 718,141	\$ 666,417	\$ 795	\$ 51,700
2012	3,534,748	68,591	712,799	702,786	1,116	7,550
2013	3,500,384	107,553	717,369	675,432	895	10,850
2014	3,539,885	255,255	2,442,787	785,608	529	18,413
2015	3,778,284	102,466	291,848	628,668	1,349	12,738
2016	3,895,843	129,163	287,364	560,921	8,024	110,509
2017	4,369,274	205,472	335,601	415,603	18,375	48,340
2018	4,472,594	145,356	391,448	321,732	39,727	61,556
2019	4,770,626	158,009	350,887	488,975	64,617	133,812
2020	5,076,512	151,538	359,777	450,250	39,821	507,219

<u>Miscellaneous</u>	<u>Total</u>
\$ 28,463	\$4,831,982
21,631	5,049,221
4,806	5,017,289
4,640	7,047,117
14,462	4,829,815
52,212	5,044,036
72,502	5,465,167
50,490	5,482,903
187,304	6,154,230
35,461	6,620,578

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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
2011	\$2,341,696	\$ 516,425	\$ 350,045	\$ 51,316	\$ 15,744	\$3,275,226
2012	2,397,494	662,826	412,124	49,456	12,848	3,534,748
2013	2,231,647	695,042	405,491	54,755	23,449	3,500,384
2014	2,363,878	701,241	386,766	69,982	18,018	3,539,885
2015	2,510,163	774,987	401,826	72,014	19,294	3,778,284
2016	2,528,297	880,781	393,831	73,259	19,675	3,895,843
2017	2,703,316	1,170,140	402,736	71,902	21,180	4,369,274
2018	2,926,281	1,016,232	424,586	84,978	20,517	4,472,594
2019	3,149,729	1,135,016	429,563	32,321	23,997	4,770,626
2020	3,337,939	1,261,783	449,816	3,611	23,363	5,076,512

(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>
2011	\$2,317,805	\$2,287,698	98.70%	\$ 26,824	\$2,314,522	99.86%
2012	2,362,226	2,336,365	98.90	27,584	2,363,949	100.07
2013	2,326,050	2,308,038	99.22	(2,170)	2,305,868	99.13
2014	2,341,912	2,323,470	99.21	15,981	2,339,451	99.89
2015	2,494,907	2,469,998	99.00	14,017	2,484,015	99.56
2016	2,531,786	2,503,074	98.87	12,260	2,515,334	99.35
2017	2,692,296	2,662,593	98.90	5,597	2,668,190	99.10
2018	2,897,846	2,868,579	98.99	34,860	2,903,439	100.19
2019	3,130,174	3,103,355	99.14	28,107	3,131,462	100.04
2020	3,339,760	3,316,915	99.32	12,398	3,329,313	99.69

<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Levy</u>
\$ 81,789	3.53%
77,212	3.27
72,259	3.11
70,349	3.00
79,858	3.20
95,117	3.76
97,628	3.63
89,274	3.08
83,205	2.66
89,143	2.67

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
2011	\$ 385,000	\$ 251,571	\$ 636,571	\$ 5,107,864	12.46%
2012	400,000	237,211	637,211	5,079,930	12.54
2013	310,000	224,139	534,139	4,907,904	10.88
2014	315,000	186,995	501,995	6,586,874	7.62
2015	325,000	175,482	500,482	4,954,196	10.10
2016	280,000	166,428	446,428	5,221,831	8.55
2017	500,000	157,921	657,921	5,848,306	11.25
2018	561,372	119,738	681,110	5,770,566	11.80
2019	454,011	114,144	568,155	5,542,099	10.25
2020	606,330	155,128	761,458	6,121,275	12.44

(1) Excludes Capital Projects Fund.