

**CITY OF LINDALE, TEXAS  
BASIC FINANCIAL STATEMENTS  
and  
REQUIRED SUPPLEMENTARY and  
OTHER INFORMATION**

**FISCAL YEAR ENDED  
SEPTEMBER 30, 2010**

**Gollob Morgan Peddy**  
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CITY OF LINDALE, TEXAS

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## INDEPENDENT AUDITORS' REPORT

City Council  
City of Lindale, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lindale, Texas as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Lindale, Texas' management. 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 Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 business-type activities, each major fund, and the aggregate remaining fund information of the City of Lindale, Texas as of September 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2010 on our consideration of the City of Lindale, Texas' internal control over financial reporting and on our tests 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (MD&A) is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lindale, Texas' basic financial statements. The accompanying financial information listed as additional supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The additional financial information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Colleen Morgan Peddy*

Certified Public Accountants

Tyler, Texas  
December 15, 2010

**City Of Lindale**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2010**

As management of the City of Lindale, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2010.

**Financial Highlights**

- As of the end of the current fiscal year, the assets of the City exceed its liabilities by \$18,931,879 (net assets). These net assets are made up of \$11,728,904 in capital assets net of related debt, \$920,963 set aside for capital improvements, \$1,079,567 restricted to meet the City's ongoing debt obligations to creditors, \$216,097 restricted for parks, and \$4,986,348 unrestricted, available resources.
- At the close of the current fiscal year, the City of Lindale's governmental funds reported a combined ending fund balance of \$6,895,256. Of the balance, \$4,678,629 is undesignated and available by the City's designation and policies.
- At the end of the current fiscal year, undesignated fund balance in the general fund was \$1,224,050 that represents 35.93% of the total 2010 general fund expenditures.
- The City's total non-current liabilities decreased to \$19,193,945. That is an \$834,142 decrease over the prior year 2009 balance of \$20,028,087. The decrease from 2010 to 2009 is due to no new loans being taken out in 2010 and principal payments being applied.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The financial statements are prepared using Governmental Accounting Statement No. 34 *Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments*. This is the seventh year that the City is reporting using the new reporting model.

The City'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 includes other supplementary information in addition to the basic financial statements.

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

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of

the City is improving or deteriorating. However, other nonfinancial factors must also be considered.

The *statement of activities* presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus all of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide financial statements distinguish functions of the City of Lindale that are principally supported by taxes and other governmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, streets and drainage, parks and recreation and economic development. The business-type activities include water and sewer, emergency medical service and construction.

The *fund financial statements* are presented using fund designations. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other local governments, used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

*Governmental funds.* These funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains four major governmental funds – general, economic development, 2009 capital projects bond fund and debt service. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund

balances for these funds, which are considered to be major funds. Data from the other governmental funds is presented as a single aggregated presentation as these funds are considered nonmajor governmental funds.

*Proprietary funds.* The City of Lindale maintains several types of proprietary funds within the enterprise fund. Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. The City used enterprise funds to account for its water and sewer operations, capital improvements and nonmajor enterprise activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer and the capital improvement. A combination of these funds is presented in the government-wide financial statements.

*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 fund financial statements.

*Other information.* In addition to the basic financial statements and accompanying notes, this report presents certain required supplemental information concerning the City's budget and actual expenditures. In addition to the supplemental budget information, non-major fund information is presented for the governmental funds and business type activities.

### **Government-wide Financial Analysis**

The government-wide statement of net assets displays the assets, liabilities and net assets broken down between governmental and business-type activities. Assets and liabilities are shown as either current or noncurrent. Current designation presumes that the transaction will become cash or consume cash within one fiscal year. Noncurrent assets and liabilities are long-term in nature.

As noted earlier, net assets, over time, may serve as a useful indicator of the City's financial position. At the end of the fiscal year September 30, 2010, the City's assets exceeded liabilities by \$18,931,879. This amount is greater than the 2009 balance of \$17,910,399. By far the largest portion of the City's net assets is the \$11,728,904 investment in capital assets (e.g., land, buildings, equipment, and infrastructure less any related debt used to acquire these assets that is still outstanding). The 2010 investment in capital assets is greater than the prior years due to improvements and extensions to the water and sewer system together with other infrastructure projects. The 2010 investment in capital assets amount of \$11,728,904 was greater than the 2009 total of \$11,418,017. The City uses 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.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 7,506,870	\$ 8,644,993	\$ 1,284,367	\$ 859,644	\$ 8,791,237	\$ 9,504,637
Capital assets	15,862,576	14,673,737	13,957,153	14,282,166	29,819,729	28,955,903
<b>Total assets</b>	<b>23,369,446</b>	<b>23,318,730</b>	<b>15,241,520</b>	<b>15,141,810</b>	<b>38,610,966</b>	<b>38,460,540</b>
Current liabilities	248,979	284,628	236,163	237,426	485,142	522,054
Noncurrent liabilities	19,103,814	19,911,253	90,131	116,834	19,193,945	20,028,087
<b>Total liabilities</b>	<b>19,352,793</b>	<b>20,195,881</b>	<b>326,294</b>	<b>354,260</b>	<b>19,679,087</b>	<b>20,550,141</b>
Net invested in capital	(2,171,760)	(2,580,438)	13,900,664	13,998,455	11,728,904	11,418,017
Restricted	2,216,627	3,557,467	-	270,056	2,216,627	3,827,523
Unrestricted	3,971,786	2,145,820	1,014,562	519,039	4,986,348	2,664,859
<b>Total net assets</b>	<b>\$ 4,016,653</b>	<b>\$ 3,122,849</b>	<b>\$14,915,226</b>	<b>\$14,787,550</b>	<b>\$ 18,931,879</b>	<b>\$ 17,910,399</b>

**Governmental activities.** Consistent with the preceding governmental net assets, this is the seventh year to report governmental activities under the new reporting standard GASB No. 34. Increased collection of current and delinquent property taxes, interest and rent (LEDC's rent for new building space), increased transfers and sale of lots and decreased franchise taxes, hotel motel taxes and sales taxes resulted in the governmental activities adding \$893,804 to the governmental activities net assets in fiscal year 2010.

#### City of Lindale's Change in Net Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
<b>Revenues</b>						
Charges for services	\$1,297,650	\$1,371,795	\$2,185,120	\$2,015,974	\$3,482,770	\$3,387,769
Operating Grants and contribution	9,135	9,235	-	-	9,135	9,235
Capital grants and contribution	84,350	99,920	25,135	224,865	109,485	324,785
General revenue						
Property taxes	2,063,430	1,783,891	-	-	2,063,430	1,783,891
Franchise taxes	267,045	276,786	-	-	267,045	276,786
Sales and use taxes	2,202,753	2,239,251	-	-	2,202,753	2,239,251
Interest and rent	266,754	218,460	18,353	14,199	285,107	232,659
Sales of lots	26,650	13,200	-	-	26,650	13,200
Other	-	-	-	-	-	-
Transfers	54,418	(36,434)	(54,418)	36,434	-	-
<b>Total revenue</b>	<b>6,272,185</b>	<b>5,976,104</b>	<b>2,174,190</b>	<b>2,291,472</b>	<b>8,446,375</b>	<b>8,267,576</b>
<b>Expenses</b>						
General government	932,632	827,763	-	-	932,632	827,763
Public Safety	1,697,924	1,507,539	-	-	1,697,924	1,507,539
Streets and drainage	1,050,945	1,152,808	-	-	1,050,945	1,152,808
Interest	904,059	757,626	-	-	904,059	757,626
Parks and recreation	-	-	-	-	-	-
Economic development	554,389	441,200	-	-	554,389	441,200
Water and sewer	-	-	2,009,901	1,987,285	2,009,901	1,987,285
Emergency medical services	-	-	36,613	45,873	36,613	45,873
Construction and other	-	-	-	36,243	-	36,243
Other	238,432	184,245	-	-	238,432	184,245
<b>Total expenses</b>	<b>5,378,381</b>	<b>4,871,181</b>	<b>2,046,514</b>	<b>2,069,401</b>	<b>7,424,895</b>	<b>6,940,582</b>
<b>Change in net assets</b>	<b>\$893,804</b>	<b>\$1,104,923</b>	<b>\$127,676</b>	<b>\$222,071</b>	<b>\$1,021,480</b>	<b>\$1,326,994</b>

## **Financial Analysis of the Government's Funds**

As noted earlier, the City of Lindale uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental 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 ability to finance upcoming requirements. In particular, unreserved fund balances may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year. As a measure of the Governmental fund's liquidity, the 2010 year ending fund balance of \$6,895,256 had five major components. These include the economic development fund balance of \$2,325,675, \$920,963 in capital projects, \$1,224,050 in the unrestricted general fund, \$1,079,567 in debt service and \$1,345,001 in other governmental funds. The unrestricted portion of the General Fund represented 35.93% percent of the 2010 expenses that is more than the 23.16% expenses coverage in fiscal year 2009.

*Proprietary funds.* The City's proprietary funds provide the same information found in the government-wide financial statements but in more detail.

The 2010 unrestricted net assets of the proprietary fund amounted to \$1,014,562 as compared to the 2009 \$519,039 which is all held by the water and sewer fund.

A \$240,773 net transfer to the Water Fund resulted in a 2010 change to the Proprietary Fund net assets of \$397,732. The Highway 16 West Sewer System Expansion Project, funded by the Texas Community Development Block Grant and local funds, was finished with revenue for the year 2010 being \$25,135.

### **General Fund Budgetary Highlights**

In the current fiscal year, expenditures were less than appropriations in each department of the General Fund, which shows a more conservative approach and planning in the departments.

### **Capital Assets and Debt Administration**

*Capital Assets.* The City of Lindale's investment in capital assets net of accumulated depreciation and related debt for both the governmental and business-type activities as of September 30, 2010 is \$11,728,904 that is comparable to the 2009 total of \$11,418,017. Net capital assets without the related debt reflect the capital asset value of \$29,819,729 changed from the 2009 value of \$28,955,903.

**Capital Assets at Year-End  
Less Accumulated Depreciation**

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Land	\$7,372,899	\$7,354,860	\$172,926	\$172,926	\$7,545,825	\$7,527,786
Construction in progress	14,483	157,351	-	374,459	14,483	531,810
Building and Improvements	4,039,651	2,995,000	261,194	261,194	4,300,845	3,256,194
Infrastructure	5,501,230	5,190,986	-	-	5,501,230	5,190,986
Machinery and Equipment	1,216,730	891,881	618,177	620,948	1,834,907	1,512,829
Water and sewer system	-	-	19,205,215	18,657,602	19,205,215	18,657,602
Total	18,144,993	16,590,078	20,257,512	20,087,129	38,402,505	36,677,207
Less Accumulated Depreciation	(2,282,417)	(1,916,341)	(6,300,359)	(5,804,963)	(8,582,776)	(7,721,304)
<b>Combined Total</b>	<b>\$15,862,576</b>	<b>\$14,673,737</b>	<b>\$13,957,153</b>	<b>\$14,282,166</b>	<b>\$29,819,729</b>	<b>\$28,955,903</b>

Additional information on the City's capital assets can be found in footnote 4C of this financial report.

*Long term debt.* The government has issued bonds in prior years to fund construction projects, improve or expand the water and sewer system,

At the end of the fiscal year 2010, the City governmental activities had outstanding debt obligations of \$15,295,000 plus \$163,264 of unamortized bond premium and deferred defeasance credit of \$120,003 that totals \$15,338,261. The business-type activities had outstanding notes payable totaling \$35,799.

Compensated absence obligations are those amounts owed to employees for accumulated vacation and sick leave time that will be taken in the future.

**Outstanding Debt at Year-End**

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Certificates of obligation	\$11,775,000	\$12,330,000	-	-	\$11,775,000	\$12,330,000
General obligations	3,520,000	3,615,000	-	-	3,520,000	3,615,000
Deferred defeasance	(120,003)	(131,819)	-	-	(120,003)	(131,819)
Capital Lease	43,966	65,621	20,690	30,881	64,656	96,502
Unamortized bond premium	163,264	179,672	-	-	163,264	179,672
Notes payable	3,573,072	3,709,608	35,799	47,563	3,608,871	3,757,171
Compensated absences	148,515	143,171	33,642	38,390	182,157	181,561
<b>Combined total</b>	<b>\$19,103,814</b>	<b>\$19,911,253</b>	<b>\$90,131</b>	<b>\$116,834</b>	<b>\$19,193,945</b>	<b>\$20,028,087</b>

The City's outstanding debt is not rated. Additional information on the City's long-term debt can be found in footnote 4F of this financial report.

## **Economic Factors and Next Year's Budgets and Rates**

As in the previous two years, we remain cautious in planning for the City in the near future. The unstable economy has forced us to remain conservative in our budgeting even though there has been a spark of recovery from time to time. When we see a continuous trend of improvement in the economic recovery, we will display more optimism in our budgeting.

The tax rate was decreased from \$.5023 to \$.493364 which is a decrease of .89 cents. That is the second lowest tax rate in 25 years. If we continue to increase the amount of funds from the utilities to be used toward the retirement of bond indebtedness, we feel the tax rate will continue to be in the same area, if not less.

Sales tax plays such a critical part in the revenues of our City; it sometimes makes it difficult to forecast when we will see positive signs of those changing. We budgeted less in the sales tax revenues for the coming year even though the last few months have shown some signs of the decrease of spending leveling off.

We have always maintained that one of the most valuable assets the City has is its employees. The 2010-2011 Budget maintained current employee benefits and allowed for a 2 percent, one time compensation. Four positions that had not been filled previously are still not budgeted to be filled. The City wants to see a trend of positives in its revenues or savings in the expenditures before the addition of employees or buying recurring capital items.

During the past year, the new Municipal Building for the Administrative Offices and Police Department was completed.

### **Request for information**

This financial report is designed to provide a general overview of the City of Lindale's finances for all of 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 Lindale P.O. Box 130 Lindale, Texas or call 903-882-3422.

## EXHIBIT 1

**CITY OF LINDALE, TEXAS**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2010**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,085,132	\$ 873,996	\$ 5,959,128
Investments	1,450,000	-	1,450,000
Receivables (net of allowance for doubtful accounts)	558,404	240,254	798,658
Prepaid expenses	555	-	555
Restricted Assets:			
Temporarily restricted			
Cash and cash equivalents	10,000	170,117	180,117
Bond issue costs (net)	402,779	-	402,779
Capital Assets (net of accumulated depreciation):			
Land	7,372,899	172,926	7,545,825
Buildings and improvements	3,382,004	201,947	3,583,951
Infrastructure	4,623,561	-	4,623,561
Machinery and equipment	469,629	84,465	554,094
Construction in progress	14,483	-	14,483
Water and sewer system	-	13,497,815	13,497,815
<b>Total Assets</b>	<b>23,369,446</b>	<b>15,241,520</b>	<b>38,610,966</b>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	168,322	66,046	234,368
Deposits and other refundable balances	-	170,117	170,117
Deferred revenue	-	-	-
Accrued interest	80,657	-	80,657
Non-current liabilities:			
Due within one year	913,567	29,909	943,476
Due in more than one year	18,190,247	60,222	18,250,469
<b>Total Liabilities</b>	<b>19,352,793</b>	<b>326,294</b>	<b>19,679,087</b>
<b>NET ASSETS</b>			
Investment in capital assets, net of related debt	(2,171,760)	13,900,664	11,728,904
Restricted for:			
Debt retirement	1,079,567	-	1,079,567
Parks			
Expendable	7,450	-	7,450
Nonexpendable	208,647	-	208,647
Capital improvements	920,963	-	920,963
Unrestricted	3,971,786	1,014,562	4,986,348
<b>Total Net Assets</b>	<b>\$ 4,016,653</b>	<b>\$ 14,915,226</b>	<b>\$ 18,931,879</b>

The notes to the financial statements are an integral part of this statement.

CITY OF LINDALE, TEXAS  
STATEMENT OF ACTIVITIES  
SEPTEMBER 30, 2010

PROGRAM ACTIVITIES PRIMARY GOVERNMENT:	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental activities:							
General government	\$ 932,632	\$ 148,252	-	-	\$ (784,380)	\$ -	\$ (784,380)
Public safety	1,697,924	396,269	-	84,350	(1,217,305)	-	(1,217,305)
Public works	1,050,945	753,129	-	-	(297,816)	-	(297,816)
Economic development	554,389	-	-	-	(554,389)	-	(554,389)
Interest	904,059	-	-	-	(904,059)	-	(904,059)
Other	238,432	-	9,135	-	(229,297)	-	(229,297)
Total governmental activities	5,378,381	1,297,650	9,135	84,350	(3,987,246)	-	(3,987,246)
Business-type activities:							
Water and sewer	2,009,901	2,145,255	-	25,135	-	160,489	160,489
Emergency Medical Services	36,613	39,865	-	-	-	3,252	3,252
Total business-type activities	2,046,514	2,185,120	-	25,135	-	163,741	163,741
Total primary government	\$ 7,424,895	\$ 3,482,770	\$ 9,135	\$ 109,485	\$ (3,987,246)	\$ 163,741	\$ (3,823,505)
General revenues:							
Current and delinquent property taxes					2,063,430	-	2,063,430
Franchise taxes					267,045	-	267,045
Sales tax					1,925,795	-	1,925,795
Hotel/motel taxes					276,958	-	276,958
Interest and rent					266,754	18,353	285,107
Sale of lots					26,650	-	26,650
Transfers					54,418	(54,418)	-
Total general revenues and transfers					4,881,050	(36,065)	4,844,985
Change in net assets					893,804	127,676	1,021,480
Net assets - beginning of year					3,122,849	14,787,550	17,910,399
Net assets - end of year					\$ 4,016,653	\$ 14,915,226	\$ 18,931,879

The notes to the financial statements are an integral part of this statement.

CITY OF LINDALE, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2010

	MAJOR FUNDS				OTHER GOVERNMENTAL FUNDS	ELIMINATIONS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	LINDALE ECONOMIC DEVELOPMENT	2009 CAPITAL PROJECTS BOND FUND	DEBT SERVICE			
<b>ASSETS</b>							
Cash and cash equivalents	\$ 1,415,028	\$ 433,894	\$ 920,963	\$ 1,079,567	\$ 1,235,680	\$ -	\$ 5,085,132
Investments	-	1,450,000	-	-	-	-	1,450,000
Receivables (net of allowance for doubtful accounts):							
Taxes	12,810	109,453	-	27,703	110,380	-	260,346
Sanitation	73,585	-	-	-	-	-	73,585
Other	218,940	-	-	-	5,533	-	224,473
Prepaid expenses	-	338,368	-	-	-	(337,813)	555
Due from other funds	1,116	-	-	-	-	(1,116)	-
Cash - restricted	-	10,000	-	-	-	-	10,000
<b>Total Assets</b>	<b>\$ 1,721,479</b>	<b>\$ 2,341,715</b>	<b>\$ 920,963</b>	<b>\$ 1,107,270</b>	<b>\$ 1,351,593</b>	<b>\$ (338,929)</b>	<b>\$ 7,104,091</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 62,068	\$ 6,040	\$ -	\$ -	\$ 5,476	\$ -	\$ 73,584
Accrued expenses	84,738	-	-	-	-	-	84,738
Due to other funds	-	-	-	-	1,116	1,116	-
Deferred revenue	350,623	-	-	27,703	-	337,813	40,513
Option contract liability	-	10,000	-	-	-	-	10,000
<b>Total Liabilities</b>	<b>497,429</b>	<b>16,040</b>	<b>-</b>	<b>27,703</b>	<b>6,592</b>	<b>338,929</b>	<b>208,835</b>
<b>Fund Balances:</b>							
<b>Reserved for:</b>							
Debt retirement	-	-	-	1,079,567	-	-	1,079,567
Parks	-	-	-	-	216,097	-	216,097
Capital improvements	-	-	920,963	-	-	-	920,963
<b>Total Reserved Fund Balances</b>	<b>-</b>	<b>-</b>	<b>920,963</b>	<b>1,079,567</b>	<b>216,097</b>	<b>-</b>	<b>2,216,627</b>
<b>Unreserved</b>							
Undesignated	1,224,050	2,325,675	-	-	1,128,904	-	4,678,629
<b>Total Undesignated Fund Balances</b>	<b>1,224,050</b>	<b>2,325,675</b>	<b>-</b>	<b>-</b>	<b>1,128,904</b>	<b>-</b>	<b>4,678,629</b>
<b>Total Fund Balances</b>	<b>1,224,050</b>	<b>2,325,675</b>	<b>920,963</b>	<b>1,079,567</b>	<b>1,345,001</b>	<b>-</b>	<b>6,895,256</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,721,479</b>	<b>\$ 2,341,715</b>	<b>\$ 920,963</b>	<b>\$ 1,107,270</b>	<b>\$ 1,351,593</b>	<b>\$ 338,929</b>	<b>\$ 7,104,091</b>

CITY OF LINDALE, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2010

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets (Exhibit 1)

	Total Governmental Funds
Total fund balances governmental funds (Exhibit 3 page 1)	\$ 6,895,256
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	15,862,576
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	40,513
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in governmental funds balance sheet.	(80,657)
Long term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.	<u>(18,701,035)</u>
Net Assets of governmental activities	<u>\$ 4,016,653</u>

CITY OF LINDALE, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	MAJOR FUNDS					ELIMINATIONS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	LINDALE ECONOMIC DEVELOPMENT	2009 CAPITAL PROJECTS BOND FUND	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS		
<b>REVENUES</b>							
Current and delinquent property taxes	667,651	\$ -	\$ -	1,405,655	\$ -	\$ -	\$ 2,073,306
Franchise taxes	267,045	-	-	-	-	-	267,045
Sales tax	1,288,462	637,333	-	-	-	-	1,925,795
Building permits	90,583	-	-	-	-	-	90,583
Fines and forfeitures	396,269	-	-	-	-	-	396,269
Solid waste collections	753,129	-	-	-	-	-	753,129
Interest	35,070	54,624	48,809	43,095	35,310	-	216,908
Rents	25,738	7,700	-	-	-	-	33,438
Sale of lots	-	-	-	-	26,650	-	26,650
Donations	-	-	-	-	9,135	-	9,135
Hotel / Motel tax	-	-	-	-	276,958	-	276,958
LEDC Reimbursement	95,911	-	-	-	-	(95,911)	-
Grant revenue	-	-	-	-	70,000	-	70,000
Miscellaneous income	24,820	569	-	-	32,280	-	57,669
<b>Total Revenues</b>	<b>3,644,678</b>	<b>700,226</b>	<b>48,809</b>	<b>1,448,750</b>	<b>450,333</b>	<b>(95,911)</b>	<b>6,196,885</b>
<b>EXPENDITURES</b>							
General Government	748,408	-	-	-	-	-	748,408
Public safety	1,630,606	-	-	-	-	-	1,630,606
Public works	931,383	-	-	-	-	-	931,383
Economic development	95,738	554,562	-	-	-	95,911	554,389
Other	-	-	-	-	238,432	-	238,432
Debt service:							
Principal	-	136,536	-	650,000	-	-	786,536
Interest and fees	-	173,242	-	734,994	-	-	908,236
Capital outlay	-	33,677	1,386,562	-	101,932	-	1,522,171
<b>Total Expenditures</b>	<b>3,406,135</b>	<b>898,017</b>	<b>1,386,562</b>	<b>1,384,994</b>	<b>340,364</b>	<b>95,911</b>	<b>7,320,161</b>
Revenues Over (Under) Expenditures	238,543	(197,791)	(1,337,753)	63,756	109,969	-	(1,123,276)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	128,768	-	-	100,000	-	(4,955)	223,813
Transfers out	-	-	(133,669)	-	(40,681)	4,955	(169,395)
Donated revenue	14,350	-	-	-	-	-	14,350
<b>Total Other Financing Sources (Uses)</b>	<b>143,118</b>	<b>-</b>	<b>(133,669)</b>	<b>100,000</b>	<b>(40,681)</b>	<b>-</b>	<b>68,768</b>
Net Change in Fund Balances	381,661	(197,791)	(1,471,422)	163,756	69,288	-	(1,054,508)
Fund Balance, October 1, 2009	842,389	2,523,466	2,392,385	915,811	1,275,713	-	7,949,764
Fund Balance, September 30, 2010	\$ 1,224,050	\$ 2,325,675	\$ 920,963	\$ 1,079,567	\$ 1,345,001	\$ -	\$ 6,895,256

**CITY OF LINDALE, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds	\$ (1,054,508)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	1,188,839
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(9,876)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued; whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>769,349</u>
Change in net assets of governmental activities	<u><u>\$ 893,804</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF LINDALE, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)  
GENERAL FUND  
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
<b>REVENUES</b>				
Current and delinquent property taxes	\$ 729,000	\$ 729,000	\$ 667,651	\$ (61,349)
Franchise taxes	260,000	260,000	267,045	7,045
Sales tax	1,250,000	1,250,000	1,270,171	20,171
Building permits	30,000	77,180	90,583	13,403
Fines and forfeitures	300,000	376,000	396,269	20,269
Solid waste collections	743,000	743,000	753,965	10,965
Interest	10,000	10,000	35,070	25,070
Rents	12,000	12,000	25,738	13,738
LEDC Reimbursement	96,005	96,005	95,911	(94)
Miscellaneous income	10,000	10,000	24,820	14,820
<b>Total Revenues</b>	<u>3,440,005</u>	<u>3,563,185</u>	<u>3,627,223</u>	<u>64,038</u>
<b>EXPENDITURES</b>				
General Government	940,098	960,148	836,869	123,279
Public safety	1,546,360	1,677,660	1,621,290	56,370
Public works	1,036,320	1,049,190	937,094	112,096
<b>Total Expenditures</b>	<u>3,522,778</u>	<u>3,686,998</u>	<u>3,395,253</u>	<u>291,745</u>
Revenues Over (Under) Expenditures	(82,773)	(123,813)	231,970	355,783
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	82,773	123,813	128,768	4,955
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>82,773</u>	<u>123,813</u>	<u>128,768</u>	<u>4,955</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses - Budget Basis	-	-	360,738	360,738
Budget Basis to GAAP Basis Adjustments (Note A)	-	-	20,923	20,923
Revenues and Other Sources Over (Under) Expenditures and Other Uses - GAAP Basis	-	-	381,661	381,661
Fund Balance, October 1, 2009	-	-	842,389	842,389
<b>Fund Balance, September 30, 2010</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,224,050</u>	<u>\$ 1,224,050</u>

CITY OF LINDALE, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)  
GENERAL FUND  
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Note A - Explanation of Differences Between Budget Basis Presentation and GAAP

Basis Presentation:

Sources/Inflows of Resources:

Differences - Budget to GAAP

Decrease in accrued service revenues for services earned during the current year but billed in the following year	\$ (835)
Change in sales tax receivable	18,292
Donated revenue	14,350

Uses/Outflows of Resources:

Differences - Budget to GAAP

Decrease in accrued expenses for services rendered or goods provided during the current year but paid for in the following year	1,742
Donated asset	(14,350)
Increase in bad debt reserve	(676)
Decrease in accounts payable	2,400

Net Change in Budget Basis Presentation and GAAP Basis Presentation	\$ 20,923
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CITY OF LINDALE, TEXAS  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2010

	BUSINESS-TYPE ACTIVITIES		
	ENTERPRISE FUNDS		
	WATER & SEWER FUND	TXCDBG #728239 FUND	TOTAL ENTERPRISE FUNDS
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 873,996	\$ -	\$ 873,996
Accounts receivable (Net)	240,254	-	240,254
Total Current Assets	<u>1,114,250</u>	<u>-</u>	<u>1,114,250</u>
Restricted current assets:			
Temporarily Restricted			
Customer deposits	170,117	-	170,117
Total restricted current assets	<u>170,117</u>	<u>-</u>	<u>170,117</u>
Capital Assets:			
Land	172,926	-	172,926
Water & Sewer system	19,205,215	-	19,205,215
Buildings	261,194	-	261,194
Machinery & equipment	618,177	-	618,177
Less: Accumulated depreciation	<u>(6,300,359)</u>	<u>-</u>	<u>(6,300,359)</u>
Total Capital Assets Net Of Accumulated Depreciation	<u>13,957,153</u>	<u>-</u>	<u>13,957,153</u>
Total Noncurrent Assets:	<u>13,957,153</u>	<u>-</u>	<u>13,957,153</u>
Total Assets	<u>\$ 15,241,520</u>	<u>\$ -</u>	<u>\$ 15,241,520</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	\$ 32,575	\$ -	\$ 32,575
Accrued expenses	33,471	-	33,471
Compensated absences	5,607	-	5,607
Capital lease payable - current portion	12,080	-	12,080
Notes payable - current portion	12,222	-	12,222
Total Current Liabilities	<u>95,955</u>	<u>-</u>	<u>95,955</u>
Current liabilities payable from restricted assets:			
Customer deposits	170,117	-	170,117
Total current liabilities payable from restricted assets	<u>170,117</u>	<u>-</u>	<u>170,117</u>
Noncurrent Liabilities:			
Compensated absences	28,035	-	28,035
Capital lease payable	8,610	-	8,610
Notes payable	23,577	-	23,577
Total Noncurrent Liabilities	<u>60,222</u>	<u>-</u>	<u>60,222</u>
Total Liabilities	<u>326,294</u>	<u>-</u>	<u>326,294</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	13,900,664	-	13,900,664
Unrestricted	1,014,562	-	1,014,562
Total Net Assets	<u>\$ 14,915,226</u>	<u>\$ -</u>	<u>\$ 14,915,226</u>

**CITY OF LINDALE, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2010**

	BUSINESS-TYPE ACTIVITIES			TOTAL ENTERPRISE FUNDS
	WATER & SEWER FUND	TXCDBG #728239 FUND	ELIMINATIONS	
OPERATING REVENUES				
Charges for services:				
Water sales	\$ 1,201,187	\$ -	\$ -	\$ 1,201,187
Sewer charges	870,917	-	-	870,917
EMS	39,865	-	-	39,865
Tap and connect fees	50,769	-	-	50,769
Miscellaneous	22,382	-	-	22,382
Rents	12,727	-	-	12,727
Total Operating Revenues	<u>2,197,847</u>	<u>-</u>	<u>-</u>	<u>2,197,847</u>
OPERATING EXPENSES				
Water and sewer operations	1,497,733	-	-	1,497,733
Emergency Medical Services	36,613	-	-	36,613
Depreciation	512,168	-	-	512,168
Total Operating Expenses	<u>2,046,514</u>	<u>-</u>	<u>-</u>	<u>2,046,514</u>
Operating Income (Loss)	<u>151,333</u>	<u>-</u>	<u>-</u>	<u>151,333</u>
NON-OPERATING REVENUES (EXPENSES)				
Grant revenue	-	25,135	-	25,135
Interest and fiscal charge expense	(14,512)	-	-	(14,512)
Interest income	20,138	-	-	20,138
Total non-operating revenue (expenses)	<u>5,626</u>	<u>25,135</u>	<u>-</u>	<u>30,761</u>
Income before transfers	156,959	25,135	-	182,094
Transfers in	464,586	68,303	(431,797)	101,092
Transfers out	(223,813)	(363,494)	431,797	(155,510)
Total Transfers	<u>240,773</u>	<u>(295,191)</u>	<u>-</u>	<u>(54,418)</u>
Change in Net Assets	397,732	(270,056)	-	127,676
Net Assets, October 1, 2009	<u>14,517,494</u>	<u>270,056</u>	<u>-</u>	<u>14,787,550</u>
Net Assets, September 30, 2010	<u>\$ 14,915,226</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,915,226</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LINDALE, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Increase (Decrease) in Cash and Cash Equivalents

	BUSINESS-TYPE ACTIVITIES			TOTAL ENTERPRISE FUNDS
	ENTERPRISE FUNDS			
	WATER & SEWER FUND	TXCDBG #728239 FUND	ELIMINATIONS	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers and users	\$ 2,190,544	\$ -	\$ -	\$ 2,190,544
Cash paid to suppliers for goods and services	(955,397)	-	-	(955,397)
Cash paid to employees for services	(582,105)	-	-	(582,105)
Net cash provided by (used in) operating activities	653,042	-	-	653,042
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Advances (to) from other funds	(303)	-	-	(303)
Transfers in	-	68,303	-	68,303
Transfers out	(223,813)	-	-	(223,813)
Net cash provided by (used in) non-capital financing activities	(224,116)	68,303	-	(155,813)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and construction of capital assets and equipment	(6,280)	(93,438)	-	(99,718)
Grant revenue received	-	25,135	-	25,135
Payment on note payable	(11,764)	-	-	(11,764)
Payment on capital lease	(10,190)	-	-	(10,190)
Interest paid	(14,512)	-	-	(14,512)
Net cash (used in) capital and related financing activities	(42,746)	(68,303)	-	(111,049)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest earned on investments	20,138	-	-	20,138
Net cash provided by investing activities	20,138	-	-	20,138
Net increase (decrease) in cash	406,318	-	-	406,318
Cash, beginning of period	637,795	-	-	637,795
Cash, end of period	\$ 1,044,113	\$ -	\$ -	\$ 1,044,113
<b>Reconciliation of cash to Exhibit 7:</b>				
Cash - current asset	\$ 873,996	\$ -	\$ -	\$ 873,996
Cash - restricted current asset	170,117	-	-	170,117
Total cash, end of period	\$ 1,044,113	\$ -	\$ -	\$ 1,044,113

The notes to the financial statements are an integral part of this statement.

CITY OF LINDALE, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2010

Increase (Decrease) in Cash and Cash Equivalents

Reconciliation of Operating Income (Loss) To Net Cash  
Provided By (Used In) Operating Activities:

Operating income (loss)	\$ 151,333	\$ -	\$ -	\$ 151,333
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	512,168	-	-	512,168
Increase in accounts receivable	(18,103)	-	-	(18,103)
Increase (Decrease) in accounts payable	1,592	-	-	1,592
Increase in customer deposits	10,800	-	-	10,800
Decrease in compensated absences	(4,748)	-	-	(4,748)
	<u>501,709</u>	<u>-</u>	<u>-</u>	<u>501,709</u>
Total adjustments				
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 653,042</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 653,042</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LINDALE, TEXAS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

NOTE 1: — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**A. General Statement**

The City of Lindale, Texas operates under a Mayor-City Council form of government and provides the following services: general administration, police, planning and zoning, street, solid waste, and water and sewer services.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for governmental and financial reporting. On June 15, 1987, the GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with the subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below.

**B. The Reporting Entity**

These financial statements present all of the funds of the City.

The financial statements of the City of Lindale, Texas include all funds and account groups and other organizations for which the City is financially accountable. Financial accountability is determined on the basis of appointment of a voting majority of the respective governing board, imposition of will, financial benefit or burden and financial accountability as a result of fiscal dependency. In determining the financial reporting entity, the City complies with the provisions of Government Accounting Standards Board Statement No. 14, "The Financial Reporting Entity" and Government Accounting Standards Board Statement No. 39 "Determining Whether Certain Organizations are Component Units – an amendment of GASB No. 14", and includes all component units of which the City appointed a voting majority of the units' board and the City is either able to impose its will on the unit or a financial benefit or burden relationship exists.

Individual Component Unit Disclosure – Blended Component Units

The City has one separate component unit. The Lindale Economic Development Corporation (LEDC) is governed by a five (5) member board, appointed by the City Council and Mayor. The sole purpose of the LEDC is to determine the use of the proceeds of the one-half cent city sales tax for community development activities within the City. Although it is legally separate from the City, the LEDC is reported as a component unit of the City of Lindale because of the City's control over the financial operations and decisions of the LEDC.

All other entities associated with the City are excluded from the financial statements because they are autonomous governments or are administrative in nature.

**C. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government.

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. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues. Major individual governmental funds are reported as separate columns in the fund financial statements.

#### **D. 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 the proprietary 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 government 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.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Lindale Economic Development Fund is a special revenue fund which is used to account for the activities of the Lindale Economic Development Corporation, a component unit of the City.

The 2009 Capital Projects Bond Fund is a governmental capital projects fund used to account for construction costs to be funded by the proceeds from the Series 2009 Certificates of Obligation.

The Debt Service Fund accounts for the repayment of the City's general obligation debt.

The government reports the following major proprietary funds:

The Water and Sewer Fund is used to account for sale of water and wastewater treatment by the City to businesses and residential customers.

The TXCDBG #728239 Fund accounts for the costs of a water and sewer construction project funded by a Community Development Program grant and local funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided and (2) 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivery goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### **E. Assets, Liabilities, and Net Assets or Equity**

1. Cash and cash equivalents – the City considers all cash in demand deposit accounts and petty cash accounts to be cash and cash equivalents, as well as certificates of deposit and funds maintained in external investment pools that can be readily converted to cash on a daily basis.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds:” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are shown net of an allowance for uncollectible.

The City provides an allowance for doubtful accounts based upon the anticipated collectibility of each specific account, as determined by experience.

Property taxes are levied October 1 on the assessed value of property at January 1 and are due by January 31 of the following year. Unpaid taxes attach as an enforceable lien on property as of January 31. Revenue from taxes assessed is recorded as deferred revenue on October 1. The deferred revenue from taxes is then recognized as revenue during the year as the taxes are actually received.

3. Due from Other Funds

Current portions of long-term interfund loans receivable (reported in “Due from” asset accounts) are considered “available spendable resources”.

4. Capital Assets – includes property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$3,000 (amount not rounded) and an estimated 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 date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant and equipment of the government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	25-40
Machinery and equipment	5-10
Infrastructure	40

5. Construction in progress – Expenditures on incomplete capital projects have been capitalized as construction in progress. The assets resulting from these projects will be transferred from the construction in progress accounts to the appropriate asset account as the projects are completed.
6. Bond issue costs – Bond issue costs are amortized over the life of the bonds under straight line or the effective interest method.
7. Fund equity – Reserves of fund balance are used to indicate that a portion of fund equity is not available for expenditure or is legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.
8. Net Assets – represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of the City’s capital assets, net of accumulated depreciation, reduced by any outstanding debt used for the acquisition or construction of those assets. Net assets reported as restricted are those amounts which have limitations imposed on their use either through legislation adopted by the City or through external restrictions imposed by creditors, grantors or other laws and regulations.
9. Capitalized interest – The City has capitalized interest on construction projects when material.
10. Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 — RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

- A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets - One element of that reconciliation states that “Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.” The details of this \$15,862,576 difference are as follows:

Capital assets, October 1, 2009, net of accumulated depreciation	\$14,673,737
Capital asset additions, net of retirements	1,554,915
Depreciation of capital assets, current year	<u>(366,076)</u>
	<u>\$15,862,576</u>

Another element states that “Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.” The details of this \$(18,701,035) difference are as follows:

Long-term liabilities, October 1, 2009	\$(19,911,253)
Amortization of premium	16,408
Principal paid on debt for the year	808,191
Bond issue and insurance costs, net of amortization	402,779
Accretion of deferred defeasance	(11,816)
Change in compensated absences	<u>(5,344)</u>
	<u>\$(18,701,035)</u>

- B. Explanation of certain differences between the governmental fund statement of revenue, expenditures, and changes in fund balance and the government-wide statement of activities - One element of that reconciliation

explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated to their estimated useful lives and reported as depreciation expense. The details of this \$1,188,839 difference are as follows:

Capital outlay, asset additions, net of retirements	\$1,554,915
Depreciation expense	<u>(366,076)</u>
	<u>\$1,188,839</u>

Another element states “The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued; whereas, the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.” The details of this \$769,349 difference are as follows:

Principal paid on debt for the year	\$ 808,191
Amortization of premium	16,408
Amortization of bond issue and insurance costs	(42,267)
Accretion of deferred defeasance	(11,816)
Change in accrued interest	4,177
Change in compensated absences	<u>(5,344)</u>
	<u>\$ 769,349</u>

**NOTE 3 — STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The budget for the General Fund, Debt Service Fund, Hotel Motel Tax Fund, Cemetery Fund, Court Technology Fund, Building Security Fund, Child Safety Fees Fund and the Water and Sewer Fund are adopted essentially on the cash basis. The budgetary comparisons for these funds are on this non-GAAP budgetary basis.
2. Appropriations lapse at year end.
3. Encumbrance accounting is not used.

**NOTE 4 — DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

As of September 30, 2010, the City had the following deposits and investments:

	<u>BOOK BALANCE</u>	<u>BANK BALANCE</u>
Depository Accounts		
Insured	\$ 749,700	\$ 750,000
Collateral held by pledging bank's Trust Department in City's name	<u>5,389,245</u>	<u>5,446,146</u>
Total Depository Accounts	6,138,945	6,196,146
Petty Cash on hand	<u>300</u>	<u>-</u>
Total Cash and Cash Equivalents	<u>\$6,139,245</u>	<u>\$6,196,146</u>

Investments – Certificates of Deposit		
Insured	\$ 250,000	\$ 250,000
Collateral held by pledging bank's Trust Department in City's name	<u>1,200,000</u>	<u>1,200,000</u>
Total Investments – Certificates of Deposit	<u>\$1,450,000</u>	<u>\$1,450,000</u>

Interest Rate Risk – The City's investment policy allows for investments to be made in order to achieve the highest return of interest on excess cash.

## B. Receivables

Receivables as of year end for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Lindale Economic Development	Debt Service	Water and Sewer Fund	Other Governmental Funds	Total
Receivables:						
Taxes	\$ 20,174	\$ -	\$ 43,627	\$ -	\$ 110,380	\$ 174,181
Sanitation	83,368	-	-	-	-	83,368
Sales Tax	218,940	109,453	-	-	-	328,393
Accounts	-	-	-	293,930	5,533	299,463
Gross Receivables	<u>322,482</u>	<u>109,453</u>	<u>43,627</u>	<u>293,930</u>	<u>115,913</u>	<u>885,405</u>
Less: Allowance for Uncollectibles	<u>(17,147)</u>	<u>-</u>	<u>(15,924)</u>	<u>(53,676)</u>	<u>-</u>	<u>(86,747)</u>
Net Receivables	\$ <u>305,335</u>	\$ <u>109,453</u>	\$ <u>27,703</u>	\$ <u>240,254</u>	\$ <u>115,913</u>	\$ <u>798,658</u>

## C. Capital Assets

Capital asset activity for the year ended September 30, 2010 is as follows:

PRIMARY GOVERNMENT	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 7,354,860	\$ 18,039	\$ -	\$ 7,372,899
Construction in Progress	<u>157,351</u>	<u>1,199,677</u>	<u>(1,342,545)</u>	<u>14,483</u>
Total Capital Assets, Not Being Depreciated	<u>7,512,211</u>	<u>1,217,716</u>	<u>(1,342,545)</u>	<u>7,387,382</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	2,995,000	1,044,651	-	4,039,651
Infrastructure	5,190,986	310,244	-	5,501,230
Machinery and Equipment	<u>891,881</u>	<u>324,849</u>	<u>-</u>	<u>1,216,730</u>
Total Capital Assets, Being Depreciated	<u>9,077,867</u>	<u>1,679,744</u>	<u>-</u>	<u>10,757,611</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	(567,227)	(90,420)	-	(657,647)
Infrastructure	(746,375)	(131,294)	-	(877,669)
Machinery and Equipment	<u>(602,739)</u>	<u>(144,362)</u>	<u>-</u>	<u>(747,101)</u>
Total Accumulated Depreciation	<u>(1,916,341)</u>	<u>(366,076)</u>	<u>-</u>	<u>(2,282,417)</u>

Net Total Assets Being Depreciated	<u>7,161,526</u>	<u>1,313,668</u>	<u>-</u>	<u>8,475,194</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,673,737</u>	<u>\$ 2,531,384</u>	<u>\$ (1,342,545)</u>	<u>\$ 15,862,576</u>
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 172,926	\$ -	\$ -	\$ 172,926
Construction in Progress	<u>374,459</u>	<u>100,083</u>	<u>(474,542)</u>	<u>-</u>
Total Capital Assets, Not Being Depreciated	547,385	100,083	(474,542)	172,926
Capital Assets, Being Depreciated:				
Water and Sewer System	18,657,602	547,613	-	19,205,215
Buildings	261,194	-	-	261,194
Machinery and Equipment	<u>620,948</u>	<u>14,002</u>	<u>(16,773)</u>	<u>618,177</u>
Total Capital Assets, Being Depreciated	19,539,744	561,615	(16,773)	20,084,586
Less Accumulated Depreciation For:				
Water and Sewer System	(5,227,831)	(479,569)	-	(5,707,400)
Buildings	(52,717)	(6,530)	-	(59,247)
Machinery and Equipment	<u>(524,416)</u>	<u>(26,069)</u>	<u>16,773</u>	<u>(533,712)</u>
Total Accumulated Depreciation	<u>(5,804,964)</u>	<u>(512,168)</u>	<u>16,773</u>	<u>(6,300,359)</u>
Net Total Assets Being Depreciated	<u>13,734,780</u>	<u>49,447</u>	<u>-</u>	<u>13,784,227</u>
Business -Type Activities Capital Assets, Net	<u>\$ 14,282,165</u>	<u>\$ 149,530</u>	<u>\$ (474,542)</u>	<u>\$ 13,957,153</u>

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

Governmental Activities:	
General Government	\$ 53,079
Public Safety	115,646
Public Works	<u>197,351</u>
Total depreciation expense, governmental activities	<u>\$366,076</u>
Business-Type Activities:	
Water and Sewer Operations	\$507,136
Emergency Medical Services	<u>5,032</u>
Total	<u>\$512,168</u>

Construction Commitments

The City has one active construction project as of September 30, 2010. At year-end, the City's commitment with the contractor was as follows:

<u>Project</u>	<u>Spent-to- Date</u>	<u>Estimated Remaining</u>
Parrot Park Museum Elevator	\$ <u>10,009</u>	\$ <u>13,140</u>
	\$ <u><u>10,009</u></u>	\$ <u><u>13,140</u></u>

**D. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of September 30, 2010 is as follows:

Interfund receivables/payables:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Mobile Data Solutions Fund	General Fund	\$ <u>1,116</u>
		\$ <u><u>1,116</u></u>

Interfund transfers:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
Kinzie Trust	General Fund	\$ 4,955
Water & Sewer Fund	Debt Service Fund	100,000
Water & Sewer Fund	General Fund	123,813
Governmental Capital Projects Fund	Water and Sewer Fund	35,726
TXCDBG #728239 Fund	Water and Sewer Fund	295,191
2009 Capital Projects Bond Fund	Water and Sewer Fund	133,669
		\$ <u><u>693,354</u></u>

**E. Leases**

Operating Leases

The City leases five copy machines, one located in the City Hall workroom, one at the Water Department building, one in Municipal Court, one in Code Enforcement and one in the Police Department, under five separate lease agreements. Total costs for such leases were \$9,373 for the year ended September 30, 2010. The future minimum lease payments for these leases are as follows:

<u>Year Ended September 30</u>	<u>Amount</u>
2011	11,147
2012	10,938
2013	8,640
2014	8,640
2015	<u>4,863</u>
TOTAL	<u>\$ 44,228</u>

### Capital Leases

The City has entered into a lease agreement as lessee for financing the purchase of the City's new software, INCODE. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

The asset acquired through the capital lease is as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Asset:		
INCODE software	\$105,008	\$ 49,415
Less: Accumulated depreciation	<u>(71,755)</u>	<u>(33,767)</u>
TOTAL	<u>\$ 33,253</u>	<u>\$ 15,648</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2010 were as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2011	\$ 25,669	\$ 12,080
2012	<u>21,390</u>	<u>10,066</u>
Total minimum lease payments	47,059	22,146
Less: Amount representing interest	<u>( 3,093)</u>	<u>(1,456)</u>
Present value of minimum lease payments	<u>\$ 43,966</u>	<u>\$ 20,690</u>

### **F. Long-term debt**

The government has issued bonds in prior years to fund construction projects to improve or expand the water and sewer system as well as the City's streets and for constructing and equipping a public safety/administration building, municipal parking facilities, equipping the police and code enforcement departments and professional services rendered in connection therewith. Also, bonds issued in prior years were used to refinance a portion of its old bonds. These bonds will be repaid from amounts levied against the property owners benefited by the construction. Outstanding bonds at September 30, 2010 are comprised of the following issues:

#### Governmental Activities:

\$4,730,000 Series 2004 Combination Tax and Utility System Revenue Refunding Bonds maturing serially in various amounts through 8-15-20. Interest rates varying from 2.5 % to 4.5 %.

\$3,415,000

\$3,140,000 Series 2004 Combination Tax and Utility System Certificates of Obligation maturing serially in various amounts through 8-15-25. Interest rates varying from 2.5 % to 4.8 %.	2,600,000
\$3,910,000 Series 2005 Unlimited Tax Refunding Bonds maturing serially in various amounts through 8-15-25. Interest rates varying from 3.25% to 5.00 %.	3,520,000
\$3,000,000 Series 2006 Combination Tax and Utility System Revenue Certificates of Obligation maturing serially in various amounts through 8-15-25. Interest rates varying from 4.25% to 5.00%.	2,760,000
\$3,080,000 Series 2009 Combination Tax and Utility System Revenue Certificates of Obligation maturing serially in various amounts through 8-15-27. Interest rates varying from 4.00% to 4.75%.	<u>3,000,000</u>
Total Outstanding Governmental Bonded Debt	15,295,000
Plus: Unamortized Bond Premium	163,264
Less: Deferred Loss on Refunding, net of accretion	<u>(120,003)</u>
Net Outstanding Governmental Bonded Debt	<u>\$15,338,261</u>

The funding requirements to amortize all bonds outstanding as of September 30, 2010, including interest, are as follows:

YEAR ENDED	GOVERNMENTAL ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
9-30			
2011	\$ 720,000	\$ 659,148	\$ 1,379,148
2012	755,000	629,898	1,384,898
2013	785,000	598,260	1,383,260
2014	815,000	565,360	1,380,360
2015	850,000	531,208	1,381,208
2016-2020	4,865,000	2,088,020	6,953,020
2021-2025	6,035,000	935,737	6,970,737
2026-2027	<u>470,000</u>	<u>33,725</u>	<u>503,725</u>
	15,295,000	6,041,356	21,336,356
Unamortized Bond Premium	163,264	-	163,264
Deferred defeasance, net of accretion	<u>(120,003)</u>	<u>-</u>	<u>(120,003)</u>
	<u>\$15,338,261</u>	<u>\$ 6,041,356</u>	<u>\$21,379,617</u>

Each bond issue has a respective bond ordinance authorizing (a) creation of an interest and sinking fund for the bond issue and (b) establishment of a required minimum balance to be held by each issue in order to pay the next interest and sinking requirement due.

The bond ordinances also require that the following information concerning insurance coverage as of September 30, 2010 be disclosed.

Insurer	Policy	Limit of Liability		Expiration Date
		Each Occurrence	Annual Aggregate	
Texas Municipal League	General Liability	\$2,000,000	\$4,000,000	10/1/2010
	Law Enforcement	1,000,000	2,000,000	10/1/2010
	Errors & Omissions	1,000,000	2,000,000	10/1/2010
	Auto Liability	500,000	n/a	10/1/2010
	Auto Physical Damage	10,000	n/a	10/1/2010
Texas Municipal League	Real & Personal Property	1,000,000	8,577,864	10/1/2010
	Mobile Equipment	n/a	276,362	10/1/2010
	Boiler & Machinery	100,000	n/a	10/1/2010
Texas Municipal League	Workers Comp	n/a	1,837,078	10/1/2010

As of September 30, 2010, the City was in compliance with all requirements of its bond ordinances.

The City also has the following notes payable at September 30, 2010:

GOVERNMENTAL ACTIVITIES

LEDC note payable to Southside Bank; original loan amount of \$4,000,000; interest varies from 4.75% to 5.229%; payable in 60 monthly installments of \$25,814 beginning July 1, 2007, followed by 180 monthly installments of \$26,643 beginning September 1, 2012, secured by real estate.

\$3,573,072

Less: Current portion (143,162)

LONG-TERM PORTION \$3,429,910

BUSINESS-TYPE ACTIVITIES

Note payable to Lindale State Bank at 3.0% payable in monthly installments of \$1,061 plus interest, secured by EMS building

\$ 35,799

Less: Current portion (12,222)

LONG-TERM PORTION \$ 23,577

The approximate maturities of notes payable for the next five years are as follows:

<u>YEAR ENDED SEPTEMBER 30,</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>
2011	\$ 143,162	\$ 12,222
2012	148,152	12,499
2013	151,733	11,078
2014	159,860	-
2015	168,423	-
2016-2020	986,707	-
2021-2025	1,281,468	-
2026-2027	<u>533,567</u>	<u>-</u>
Total	<u>\$ 3,573,072</u>	<u>\$ 35,799</u>

Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining Amortization Period	25 years; open period	29 years; closed period	28 years; closed period
Asset Valuation Method	Amortized Cost	Amortized Cost	Amortized Cost
Actuarial Assumptions:			
Investment Rate of Return*	7%	7%	7.5%
Projected Salary Increases*	Varies by age and service	Varies by age and service	Varies by age and service
* Includes Inflation at	3%	3%	3%
Cost-of-Living Adjustments	N/A	2.1%	2.1%

### Funding Status and Funding Progress

The funded status as of December 31, 2009, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2009	\$ 1,238,626	\$ 2,818,568	43.9%	\$ 1,579,942	\$ 1,663,974	94.9%

The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2007	\$ 587,031	\$ 2,083,003	28.2%	\$ 1,495,972	\$ 1,544,778	96.8%
12/31/2008	860,754	2,398,834	35.9%	1,538,080	1,652,901	93.1%
12/31/2009	1,238,626	2,818,568	43.9%	1,579,942	1,663,974	94.9%

### NOTE 9 – CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

CITY OF LINDALE, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2010

	CEMETERY FUND	HOTEL/MOTEL TAX FUND	CAPITAL PROJECTS FUND	HOMELAND SECURITY GRANT FUND	MOBILE DATA SOLUTIONS FUND	COURT TECHNOLOGY FUND	BUILDING SECURITY FUND	CHILD SAFETY FEES FUND	POLICE EDUCATION FUND	POLICE FOREFEITURE FUND	POLICE LEASE FUND	IB RICE FUND	PERMANENT FUND - KINZIE TRUST	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS														
Cash and cash equivalents	\$ 149,386	\$ 783,002	\$ -	\$ -	\$ -	\$ 23,322	\$ 13,959	\$ 4,979	\$ 6,584	\$ 2,286	\$ 9,145	\$ 24,920	\$ 216,097	\$ 1,235,680
Receivables:														
Taxes	-	110,380	-	-	5,533	-	-	-	-	-	-	-	-	110,380
Grant	-	-	-	-	-	-	-	-	-	-	-	-	-	5,533
Total Assets	\$ 149,386	\$ 893,382	\$ -	\$ -	\$ 5,533	\$ 23,322	\$ 13,959	\$ 4,979	\$ 6,584	\$ 2,286	\$ 9,145	\$ 24,920	\$ 216,097	\$ 1,351,593
LIABILITIES AND FUND BALANCES														
Liabilities:														
Accounts payable	\$ -	\$ 1,059	\$ -	\$ -	\$ 4,417	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,476
Due to other funds	-	-	-	-	1,116	-	-	-	-	-	-	-	-	1,116
Total Liabilities	-	1,059	-	-	5,533	-	-	-	-	-	-	-	-	6,592
Fund Balances:														
Reserved for Parks	149,386	894,323	-	-	-	23,322	13,959	4,979	6,584	2,286	9,145	24,920	216,097	216,097
Unappropriated unreserved	-	-	-	-	-	-	-	-	-	-	-	-	-	1,128,904
Total Fund Balances	149,386	894,323	-	-	-	23,322	13,959	4,979	6,584	2,286	9,145	24,920	216,097	1,345,001
Total Liabilities and Fund Balances	\$ 149,386	\$ 895,382	\$ -	\$ -	\$ 5,533	\$ 23,322	\$ 13,959	\$ 4,979	\$ 6,584	\$ 2,286	\$ 9,145	\$ 24,920	\$ 216,097	\$ 1,351,593

CITY OF LINDALE, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FISCAL YEAR ENDED SEPTEMBER 30, 2010

	CEMETERY FUND	HOTEL/MOTEL TAX FUND	CAPITAL PROJECTS FUND	HOMELAND SECURITY GRANT FUND	MOBILE DATA SOLUTIONS FUND	COURT TECHNOLOGY FUND	BUILDING SECURITY FUND	CHILD SAFETY FEES FUND	POLICE EDUCATION FUND	POLICE FORTIFURE FUND	POLICE LEOSE FUND	IB RICE FUND	PERMANENT FUND, KINZIE TRUST	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
<b>REVENUES</b>														
Service charges	-	-	-	-	-	-	-	\$	-	-	\$	-	\$	-
Sale of lots	26,650	-	-	-	-	-	-	-	-	-	-	-	-	26,650
Donations	9,135	-	-	-	-	-	-	-	-	-	-	-	-	9,135
Hotel / Motel tax	-	276,938	-	-	-	-	-	-	-	-	-	-	-	276,938
Miscellaneous	4,900	2,900	-	-	-	9,675	7,007	3,987	2,211	8	1,592	-	-	32,280
Grant revenue	-	-	-	20,000	50,000	-	-	-	-	-	-	-	-	70,000
Interest	3,408	22,313	52	-	335	-	608	-	20	-	33	1,086	7,455	33,310
Total Revenues	44,093	302,171	52	20,000	50,000	10,010	7,615	3,987	2,231	8	1,625	1,086	7,455	450,333
<b>EXPENDITURES</b>														
Building and grounds maintenance	21,596	-	-	-	-	-	-	-	-	-	-	-	-	21,596
Miscellaneous	731	206,401	-	-	-	-	-	288	1,429	-	1,528	6,459	-	210,377
Capital outlay	325	-	-	20,000	50,000	5,484	26,123	-	-	-	-	-	-	101,932
Total Expenditures	22,652	206,401	-	20,000	50,000	5,484	26,123	288	1,429	-	1,528	6,459	-	340,364
Excess (deficiency) of revenues over (under) expenditures	21,441	95,770	52	-	-	4,526	(18,508)	3,699	802	8	97	(3,373)	7,455	109,969
<b>OTHER FINANCING SOURCES (USES)</b>														
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(35,726)	-	-	-	-	-	-	-	-	-	(4,955)	(40,681)
Total Other Financing Sources (Uses)	-	-	(35,726)	-	-	-	-	-	-	-	-	-	(4,955)	(40,681)
Net Change in Fund Balances	21,441	95,770	(35,674)	-	-	4,526	(18,508)	3,699	802	8	97	(3,373)	2,500	69,288
Fund Balance, October 1, 2009	127,945	798,553	35,674	-	-	18,796	32,467	1,280	5,282	2,278	9,048	30,293	213,597	1,275,713
Fund Balance, September 30, 2010	\$ 149,386	\$ 894,323	\$ -	\$ -	\$ -	\$ 23,322	\$ 13,959	\$ 4,979	\$ 6,384	\$ 2,286	\$ 9,145	\$ 24,920	\$ 216,097	\$ 1,345,001

**CITY OF LINDALE, TEXAS  
CEMETERY FUND  
DETAILED SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)  
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
<b>REVENUES</b>				
Service Charge	\$ 500	\$ 500	\$ -	\$ (500)
Miscellaneous Income	-	-	4,900	4,900
Interest income	3,000	3,040	3,408	368
Sale of Cemetery Plots	12,000	12,000	26,650	14,650
Transfer from Reserves	33,175	33,175	-	(33,175)
Public Contribution	8,500	8,500	9,135	635
<b>TOTAL FINANCING SOURCES - BUDGET BASIS</b>	<u>\$ 57,175</u>	<u>\$ 57,215</u>	44,093	<u>\$ (13,122)</u>
Financial Statement Adjustments:			-	
<b>TOTAL FINANCING SOURCES - GAAP BASIS</b>			<u>\$ 44,093</u>	
<b>EXPENDITURES</b>				
Cemetery Administration:				
Postage	\$ 500	\$ 500	\$ 308	\$ 192
Miscellaneous Supplies	1,000	1,000	9	991
Software contract	375	415	414	1
Professional	300	300	-	300
Cemetery & Grounds	25,000	25,000	21,596	3,404
Capital Outlay	30,000	30,000	325	29,675
<b>TOTAL EXPENDITURES - BUDGET BASIS</b>	<u>\$ 57,175</u>	<u>\$ 57,215</u>	22,652	<u>\$ 34,563</u>
Financial Statement Adjustments:			-	
<b>TOTAL EXPENDITURES - GAAP BASIS</b>			<u>\$ 22,652</u>	

CITY OF LINDALE, TEXAS  
 COURT TECHNOLOGY FUND  
 DETAILED SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)  
 FISCAL YEAR ENDED SEPTEMBER 30, 2010

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Fines and Fees	\$ 9,500	\$ 9,500	\$ 9,675	\$ 175
Interest Income	-	-	335	335
TOTAL FINANCING SOURCES - BUDGET BASIS	<u>\$ 9,500</u>	<u>\$ 9,500</u>	10,010	<u>\$ 510</u>
Financial Statement Adjustments:			-	
TOTAL FINANCING SOURCES - GAAP BASIS			<u>\$ 10,010</u>	
EXPENDITURES				
Capital Expenditures:				
Court Technology Equipment	\$ 9,500	\$ 9,500	\$ 5,484	\$ 4,016
TOTAL EXPENDITURES - BUDGET BASIS	<u>\$ 9,500</u>	<u>\$ 9,500</u>	5,484	<u>\$ 4,016</u>
Financial Statement Adjustments:			-	
TOTAL EXPENDITURES - GAAP BASIS			<u>\$ 5,484</u>	

CITY OF LINDALE, TEXAS  
 BUILDING SECURITY FUND  
 DETAILED SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)  
 FISCAL YEAR ENDED SEPTEMBER 30, 2010

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Fines and Fees	\$ 3,000	\$ 3,000	\$ 7,007	\$ 4,007
Interest Income	-	-	608	608
TOTAL FINANCING SOURCES - BUDGET BASIS	<u>\$ 3,000</u>	<u>\$ 3,000</u>	7,615	<u>\$ 4,615</u>
Financial Statement Adjustments:			-	
TOTAL FINANCING SOURCES - GAAP BASIS			<u>\$ 7,615</u>	
EXPENDITURES				
Capital Expenditures:				
Capital Outlay	\$ -	\$ 26,123	\$ 26,123	\$ -
TOTAL EXPENDITURES - BUDGET BASIS	<u>\$ -</u>	<u>\$ 26,123</u>	26,123	<u>\$ -</u>
Financial Statement Adjustments:			-	
TOTAL EXPENDITURES - GAAP BASIS			<u>\$ 26,123</u>	

**CITY OF LINDALE, TEXAS  
HOTEL-MOTEL OCCUPANCY TAX FUND  
DETAILED SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)  
FISCAL YEAR ENDED SEPTEMBER 30, 2010**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
<b>REVENUES</b>				
Motel Tax	\$ 225,000	\$ 256,705	\$ 274,177	\$ 17,472
Rental of Kinzie House	-	-	2,900	\$ 2,900
Interest income	10,000	10,000	22,313	12,313
<b>TOTAL FINANCING SOURCES - BUDGET BASIS</b>	<u>\$ 235,000</u>	<u>\$ 266,705</u>	299,390	<u>\$ 32,685</u>
Financial Statement Adjustments:				
Increase in taxes receivable			2,781	
<b>TOTAL FINANCING SOURCES - GAAP BASIS</b>			<u>\$ 302,171</u>	
<b>EXPENDITURES</b>				
Hotel-Motel Administration:				
Salaries	\$ 20,000	\$ 23,300	\$ 23,238	\$ 62.00
Social Security/Medicare	1,530	1,830	1,778	52
Miscellaneous	500	1,595	1,060	535
Signs & Displays	32,000	32,000	30,408	1,592
Publications & Advertising	17,000	17,000	5,000	12,000
Utilities	14,000	18,100	12,943	5,157
Miscellaneous Maintenance	3,500	3,500	279	3,221
Professional	20,250	20,290	290	20,000
Transfer to Reserves	21,366	21,366	-	21,366
Communications	-	120	115	5
Chamber of Commerce	83,104	83,104	83,104	-
Building & Grounds	21,750	44,500	47,126	(2,626)
<b>TOTAL EXPENDITURES - BUDGET BASIS</b>	<u>\$ 235,000</u>	<u>\$ 266,705</u>	205,342	<u>\$ 61,363</u>
Financial Statement Adjustments:				
Increase in accounts payable			1,059	
<b>TOTAL EXPENDITURES - GAAP BASIS</b>			<u>\$ 206,401</u>	

CITY OF LINDALE, TEXAS  
DEBT SERVICE FUND  
DETAILED SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)  
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
<b>REVENUES</b>				
Current and delinquent property taxes	\$ 1,283,494	\$ 1,283,494	\$ 1,405,655	\$ 122,161
Interest income	10,000	10,000	43,095	33,095
Transfer from other fund	100,000	100,000	100,000	-
<b>TOTAL FINANCING SOURCES - BUDGET BASIS</b>	<u>\$ 1,393,494</u>	<u>\$ 1,393,494</u>	1,548,750	<u>\$ 155,256</u>
Financial Statement Adjustments:			-	
<b>TOTAL REVENUES - GAAP BASIS</b>			<u>\$ 1,548,750</u>	
<b>EXPENDITURES</b>				
Transfer to Reserves	\$ 7,000	\$ 7,000	\$ -	\$ 7,000
Debt Service:				
Bond principal	650,000	650,000	650,000	-
Interest and fees	733,494	733,494	733,494	-
Agent fees	3,000	3,000	1,500	1,500
<b>TOTAL EXPENDITURES - BUDGET BASIS</b>	<u>\$ 1,393,494</u>	<u>\$ 1,393,494</u>	1,384,994	<u>\$ 8,500</u>
Financial Statement Adjustments:			-	
<b>TOTAL EXPENDITURES - GAAP BASIS</b>			<u>\$ 1,384,994</u>	

**CITY OF LINDALE, TEXAS**  
**DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL**  
**(NON-GAAP BUDGET BASIS)**  
**GENERAL FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2010**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>REVENUES</b>				
Current and delinquent property taxes	\$ 729,000	\$ 729,000	\$ 667,651	\$ (61,349)
Franchise taxes	260,000	260,000	267,045	7,045
Sales tax	1,250,000	1,250,000	1,270,171	20,171
Building permits	30,000	77,180	90,583	13,403
Fines and forfeitures	300,000	376,000	396,269	20,269
Garbage Collection	684,000	684,000	698,481	14,481
Garbage Tax	59,000	59,000	55,484	(3,516)
Transfer from other fund	82,773	123,813	128,768	4,955
Miscellaneous Income	10,000	10,000	24,820	14,820
Interest Earned	10,000	10,000	35,070	25,070
Rental of Community Center	12,000	12,000	11,050	(950)
Rental income - LEDC	-	-	14,688	14,688
LEDC Reimbursement	<u>96,005</u>	<u>96,005</u>	<u>95,911</u>	<u>(94)</u>
FINANCING SOURCES - BUDGET BASIS	<u>\$ 3,522,778</u>	<u>\$ 3,686,998</u>	3,755,991	<u>\$ 68,993</u>
Financial Statement Adjustments:				
Sales tax receivable at 9-30-10			218,940	
Sales tax receivable at 9-30-09			(200,648)	
Donated revenue			14,350	
Decrease in solid waste collection receivable			<u>(835)</u>	
TOTAL FINANCING SOURCES - GAAP BASIS			<u>\$ 3,787,798</u>	

CITY OF LINDALE, TEXAS  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)  
GENERAL FUND  
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>GENERAL GOVERNMENT/ADMINISTRATION</u>				
<u>PERSONNEL SERVICES:</u>				
Supervision	\$ 120,800	\$ 120,800	\$ 101,699	\$ 19,101
Salaries-Full-time	32,100	32,100	27,844	4,256
Overtime	-	-	485	(485)
Vacation	-	-	7,745	(7,745)
Sick Leave	-	-	1,506	(1,506)
Holiday	-	-	7,044	(7,044)
Auto allowance	6,000	6,000	6,000	-
Comp Time	-	-	6,969	(6,969)
Retirement	23,610	23,610	23,355	255
Social Security/Medicare	12,300	12,300	12,186	114
Health Insurance	13,400	13,400	13,389	11
Dental	895	895	846	49
Life Insurance	620	620	593	27
Vision	360	360	324	36
Long term disability	420	420	395	25
Workers comp	500	500	282	218
<b>Total Personnel Services</b>	<b>211,005</b>	<b>211,005</b>	<b>210,662</b>	<b>343</b>
<u>SUPPLIES:</u>				
Office Supplies	6,000	6,000	5,794	206
Postage	1,500	1,500	957	543
Miscellaneous Supplies	4,500	4,500	2,997	1,503
Building & Cleaning Supplies	300	300	101	199
<b>Total Supplies</b>	<b>12,300</b>	<b>12,300</b>	<b>9,849</b>	<b>2,451</b>
<u>CONTRACTUAL:</u>				
Communications-Telephone	16,000	16,000	8,400	7,600
Miscellaneous	-	470	470	-
Insurance & Bonds	25,000	25,000	21,614	3,386
Publications & Advertising	3,500	3,500	856	2,644
Utilities	20,000	24,200	23,884	316
Librarian	40,000	40,000	40,000	-
Association Dues	3,000	3,000	2,737	263
Travel	15,000	15,000	7,587	7,413
Schools	6,000	6,000	1,823	4,177
Software Contract	10,400	10,400	10,296	104
<b>Total Contractual</b>	<b>138,900</b>	<b>143,570</b>	<b>117,667</b>	<b>25,903</b>
<u>MAINTENANCE:</u>				
Building & grounds	2,500	2,500	2,466	34
Janitorial	13,000	13,000	12,425	575
Furniture & fixtures	500	500	314	186
Machinery & equipment	4,000	4,000	2,427	1,573
<b>Total Maintenance</b>	<b>20,000</b>	<b>20,000</b>	<b>17,632</b>	<b>2,368</b>
<u>SUNDRY:</u>				
Elections	4,000	4,000	-	4,000
Legal	40,000	40,000	24,966	15,034
Professional	45,000	59,800	59,743	57
State Garbage Tax	59,000	59,000	55,434	3,566
<b>Total Sundry</b>	<b>148,000</b>	<b>162,800</b>	<b>140,143</b>	<b>22,657</b>
<u>CAPITAL EXPENDITURES:</u>				
Signs and displays	30,000	30,000	3,904	26,096
<b>TOTAL GENERAL GOVERNMENT/ADMINISTRATION</b>	<b>560,205</b>	<b>579,675</b>	<b>499,857</b>	<b>79,818</b>

CITY OF LINDALE, TEXAS  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)  
GENERAL FUND  
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>GENERAL GOVERNMENT/CODE ENFORCEMENT</b>				
<b>PERSONNEL SERVICES:</b>				
Supervision	\$ 54,075	\$ 54,075	\$ 46,432	\$ 7,643
Salaries-Full-time	71,053	71,053	57,804	13,249
Vacation	-	-	5,546	(5,546)
Sick Leave	-	-	4,319	(4,319)
Holiday	-	-	5,723	(5,723)
Comp Time	-	-	4,176	(4,176)
Retirement	18,605	18,605	18,179	426
Social Security/Medicare	9,600	9,600	9,486	114
Health Insurance	13,400	13,400	13,389	11
Dental	895	895	846	49
Life Insurance	500	500	488	12
Vision	360	360	324	36
Long Term Disability	400	400	369	31
Workers Comp	2,800	2,800	2,333	467
<b>Total Personnel Services</b>	<b>171,688</b>	<b>171,688</b>	<b>169,414</b>	<b>2,274</b>
<b>SUPPLIES:</b>				
Office Supplies	2,200	2,600	2,533	67
Postage	600	600	308	292
Wearing Apparel	600	600	466	134
Fuel/Gas & Diesel	4,000	4,000	2,714	1,286
Technical Supplies	1,800	1,800	1,410	390
Computer Supplies	3,000	3,000	1,120	1,880
<b>Total Supplies</b>	<b>12,200</b>	<b>12,600</b>	<b>8,551</b>	<b>4,049</b>
<b>CONTRACTUAL:</b>				
Communications-Telephone	1,500	1,500	1,382	118
Communications	1,200	1,200	864	336
Insurance & Bonds	500	500	481	19
Publications & Advertising	1,200	1,200	197	1,003
Association Dues	2,200	2,200	971	1,229
Travel	2,000	2,000	934	1,066
Schools	5,000	5,000	1,882	3,118
ETS Fees/Bank Service Charges	1,000	1,000	376	624
Software Contract	7,400	7,580	7,571	9
Humane Society	3,000	3,000	1,208	1,792
<b>Total Contractual</b>	<b>25,000</b>	<b>25,180</b>	<b>15,866</b>	<b>9,314</b>
<b>MAINTENANCE:</b>				
Machinery & Equipment	3,000	3,000	2,775	225
Motor Vehicle & Maintenance	1,500	1,500	1,444	56
<b>Total Maintenance</b>	<b>4,500</b>	<b>4,500</b>	<b>4,219</b>	<b>281</b>
<b>SUNDRY:</b>				
Professional	20,000	20,000	2,222	17,778
Legal	5,000	5,000	540	4,460
<b>Total Sundry</b>	<b>25,000</b>	<b>25,000</b>	<b>2,762</b>	<b>22,238</b>
<b>CAPITAL EXPENDITURES:</b>				
Machinery & Equipment	40,000	40,000	38,782	1,218
Furniture & Equipment	1,000	1,000	839	161
Communications Equipment	3,500	3,500	667	2,833
Other Equipment	1,000	1,000	-	1,000
<b>Total Capital Expenditures</b>	<b>45,500</b>	<b>45,500</b>	<b>40,288</b>	<b>5,212</b>
<b>TOTAL GENERAL GOVERNMENT/ CODE ENFORCEMENT</b>	<b>283,888</b>	<b>284,468</b>	<b>241,100</b>	<b>43,368</b>

CITY OF LINDALE, TEXAS  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)  
GENERAL FUND  
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>GENERAL GOVERNMENT/LEDC</u>				
<u>PERSONNEL SERVICES:</u>				
Supervision	\$ 65,000	\$ 65,000	\$ 56,688	\$ 8,312
Vacation	-	-	2,250	(2,250)
Sick Leave	-	-	3,063	(3,063)
Holiday	-	-	3,000	(3,000)
Auto Allowance	9,200	9,200	9,000	200
Retirement	11,040	11,040	10,850	190
Social Security/Medicare	5,525	5,525	5,661	(136)
Health Insurance	4,465	4,465	4,482	(17)
Dental	300	300	282	18
Life Insurance	275	275	254	21
Vision	200	200	108	92
Long Term Disability	-	-	180	(180)
Workers Comp	-	-	94	(94)
Total Personnel Services	96,005	96,005	95,912	93
TOTAL GENERAL GOVERNMENT/LEDC	96,005	96,005	95,912	93
<u>COURT</u>				
<u>PERSONNEL SERVICES:</u>				
Supervision	8,400	8,400	8,400	-
Salaries-Full-time	62,000	62,000	53,136	8,864
Overtime	-	-	6	(6)
Vacation	-	-	2,327	(2,327)
Sick Leave	-	-	1,454	(1,454)
Holiday	-	-	2,820	(2,820)
Comp Time	-	-	1,429	(1,429)
Retirement	9,220	9,220	8,968	252
Social Security/Medicare	4,750	4,750	4,680	70
Health Insurance	8,680	8,680	8,948	(268)
Dental	570	570	564	6
Life Insurance	440	440	226	214
Vision	220	220	216	4
Long Term Disability	360	360	173	187
Workers Comp	200	200	188	12
Total Personnel Services	94,840	94,840	93,535	1,305
<u>SUPPLIES:</u>				
Office Supplies	1,000	1,000	814	186
Postage	600	600	408	192
Total Supplies	1,600	1,600	1,222	378
<u>CONTRACTUAL:</u>				
Communications	500	850	816	34
Software	2,400	2,400	2,400	-
Insurance & Bonds	100	100	50	50
Publications & Advertising	100	100	-	100
ETS Fees/Bank Service Charges	3,000	3,600	-	3,600
Association Dues	300	300	270	30
Travel	2,000	2,000	1,479	521
Schools	1,000	1,000	200	800
Total Contractual	9,400	10,350	5,215	5,135
<u>SUNDRY:</u>				
Court Expense	400	400	246	154
Legal	20,000	20,000	12,143	7,857
Professional	2,000	6,500	5,100	1,400
ETS/Bank charges	-	-	3,363	(3,363)
Transfer to State-Fines	150,000	226,000	225,961	39
Total Sundry	172,400	252,900	246,813	6,087
TOTAL COURT	278,240	359,690	346,785	12,905

CITY OF LINDALE, TEXAS  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)  
GENERAL FUND  
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>POLICE</b>				
<b>PERSONNEL SERVICES:</b>				
Supervision	\$ 58,970	\$ 58,970	\$ 49,442	\$ 9,528
Salaries-Full-time	680,000	680,000	588,871	91,129
Salaries-Part-time	-	15,000	15,468	(468)
Overtime	5,000	21,800	21,710	90
Vacation	-	-	34,019	(34,019)
Sick Leave	-	-	25,077	(25,077)
Holiday	-	-	35,544	(35,544)
Comp Time	-	-	12,508	(12,508)
Retirement	110,700	110,700	112,506	(1,806)
Social Security/Medicare	60,000	60,000	59,871	129
Health Insurance	89,300	89,300	86,332	2,968
Dental	5,700	5,700	5,538	162
Life Insurance	4,500	4,500	2,736	1,764
Vision	2,200	2,200	2,061	139
Long Term Disability	3,750	3,750	2,078	1,672
Workers Comp	25,000	25,000	20,809	4,191
<b>Total Personnel Services</b>	<b>1,045,120</b>	<b>1,076,920</b>	<b>1,074,570</b>	<b>2,350</b>
<b>SUPPLIES:</b>				
Office Supplies	4,500	4,900	4,691	209
Postage	500	500	339	161
Wearing Apparel	5,500	5,500	2,736	2,764
Fuel/Gas & Diesel	50,000	50,000	39,945	10,055
Technical Supplies	4,000	4,000	2,960	1,040
Miscellaneous Supplies	3,000	3,000	1,424	1,576
<b>Total Supplies</b>	<b>67,500</b>	<b>67,900</b>	<b>52,095</b>	<b>15,805</b>
<b>CONTRACTUAL:</b>				
Communications-Telephone	5,000	5,000	9,911	(4,911)
Communications	10,000	10,000	2,762	7,238
Insurance & Bonds	15,000	15,000	13,695	1,305
Publications & Advertising	700	700	290	410
Association Dues	1,000	1,000	130	870
Travel	4,000	4,000	2,569	1,431
Schools	4,000	4,000	753	3,247
Contracts - Miscellaneous	35,000	35,000	29,237	5,763
<b>Total Contractual</b>	<b>74,700</b>	<b>74,700</b>	<b>59,347</b>	<b>15,353</b>
<b>MAINTENANCE:</b>				
Machinery & Equipment	11,000	11,000	9,479	1,521
Motor Vehicle & Maintenance	20,000	22,900	22,892	8
Miscellaneous Maintenance	1,500	3,000	2,655	345
Building & Grounds	2,000	2,000	261	1,739
<b>Total Maintenance</b>	<b>34,500</b>	<b>38,900</b>	<b>35,287</b>	<b>3,613</b>
<b>SUNDRY:</b>				
Legal	3,000	3,000	275	2,725
Professional	4,000	4,100	1,151	2,949
<b>Total Sundry</b>	<b>7,000</b>	<b>7,100</b>	<b>1,426</b>	<b>5,674</b>
<b>CAPITAL EXPENDITURES:</b>				
Motor Vehicle	19,600	43,600	42,932	668
Other Equipment	11,700	-	-	-
<b>Total Capital Expenditures</b>	<b>31,300</b>	<b>43,600</b>	<b>42,932</b>	<b>668</b>
<b>TOTAL POLICE</b>	<b>1,260,120</b>	<b>1,309,120</b>	<b>1,265,657</b>	<b>43,463</b>

CITY OF LINDALE, TEXAS  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)  
GENERAL FUND  
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>FIRE</b>				
<b>PERSONNEL SERVICES:</b>				
Retirement	\$ 8,000	\$ 8,850	\$ 8,848	\$ 2
Total Personnel Services	8,000	8,850	8,848	2
<b>TOTAL FIRE</b>	<b>8,000</b>	<b>8,850</b>	<b>8,848</b>	<b>2</b>
<b>PUBLIC WORKS</b>				
<b>PERSONNEL SERVICES:</b>				
Salaries-Full-time	120,000	120,000	98,966	21,034
Overtime	3,500	3,500	4,219	(719)
Vacation	-	-	3,896	(3,896)
Sick Leave	-	-	2,770	(2,770)
Holiday	-	-	4,783	(4,783)
Comp Time	-	-	1,334	(1,334)
Retirement	18,500	18,500	16,253	2,247
Social Security/Medicare	9,500	9,500	8,871	629
Health Insurance	17,900	17,900	14,472	3,428
Dental	1,140	1,140	1,312	(172)
Life Insurance	880	880	403	477
Vision	500	500	360	140
Long Term Disability	800	800	284	516
Workers Comp	4,000	4,000	1,599	2,401
Total Personnel Services	176,720	176,720	159,522	17,198
<b>SUPPLIES:</b>				
Office Supplies	1,500	1,500	517	983
Postage	50	50	-	50
Wearing Apparel	1,000	1,000	825	175
Fuel/Gas & Diesel	20,000	20,000	11,469	8,531
Technical Supplies	1,500	1,500	1,283	217
Cleaning Supplies	500	500	146	354
Building Supplies	700	700	609	91
Tractor Supplies	3,500	3,650	3,631	19
Miscellaneous Supplies	500	500	89	411
Total Supplies	29,250	29,400	18,569	10,831
<b>CONTRACTUAL:</b>				
Communications-Telephone	2,000	2,000	1,984	16
Insurance & Bonds	1,800	1,800	896	904
Utilities	130,000	130,000	116,913	13,087
Association Dues	200	200	-	200
Equipment Rental	2,000	2,000	1,998	2
Solid Waste Contract	600,000	600,000	551,080	48,920
Janitorial Service	7,150	7,150	5,850	1,300
Total Contractual	743,150	743,150	678,721	64,429
<b>MAINTENANCE:</b>				
Building and Grounds	25,000	25,000	17,335	7,665
Machinery & Equipment	15,000	19,000	18,994	6
Motor Vehicle & Maintenance	5,000	5,000	4,661	339
Streets & Alleys	25,000	25,000	22,774	2,226
Culverts	2,000	2,000	561	1,439
Signals & Markers	10,000	12,500	12,338	162
Total Maintenance	82,000	88,500	76,663	11,837
<b>SUNDRY:</b>				
Legal	200	200	-	200
Professional	5,000	5,000	1,359	3,641
Total Sundry	5,200	5,200	1,359	3,841

CITY OF LINDALE, TEXAS  
 DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
 (NON-GAAP BUDGET BASIS)  
 GENERAL FUND  
 FISCAL YEAR ENDED SEPTEMBER 30, 2010

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
CAPITAL EXPENDITURES:				
Machinery & Equipment	\$ -	\$ 6,220	\$ 2,260	\$ 3,960
Total Capital Expenditures	-	6,220	2,260	3,960
TOTAL PUBLIC WORKS	1,036,320	1,049,190	937,094	112,096
TOTAL EXPENDITURES - BUDGET BASIS	\$ 3,522,778	\$ 3,686,998	3,395,253	\$ 291,745
Financial Statement Adjustments:				
Donated asset			14,350	
Decrease in accrued expenses			(1,742)	
Increase in bad debt reserve			676	
Decrease in accounts payable			(2,400)	
TOTAL EXPENDITURES - GAAP BASIS			\$ 3,406,137	

**CITY OF LINDALE, TEXAS**  
**DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL**  
**(NON-GAAP BUDGET BASIS)**  
**WATER & SEWER FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2010**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>REVENUES</b>				
Charges for services:				
Water sales	\$ 1,000,000	\$ 1,000,000	\$ 1,182,061	\$ 182,061
Sewer charges	675,000	833,140	859,710	26,570
EMS	50,000	50,000	41,398	(8,602)
Tap and connect fees	25,000	25,000	50,769	25,769
Miscellaneous	2,500	17,500	22,382	4,882
Rents	12,800	12,800	12,727	(73)
Interest	1,000	16,585	20,138	3,553
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES - BUDGET BASIS</b>	<b>\$ 1,766,300</b>	<b>\$ 1,955,025</b>	<b>2,189,185</b>	<b>\$ 234,160</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Financial Statement Adjustments:				
Water and sewer receivable for September 2008			(203,722)	
Water and sewer receivable for September 2009			210,862	
Water and sewer usage for September 2008 billed in subsequent month			(57,420)	
Water and sewer usage for September 2009 billed in subsequent month			79,080	
Transfers in for asset additions			464,586	
			<u>                    </u>	
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES - GAAP BASIS</b>			<b>\$ 2,682,571</b>	
			<u>                    </u>	

CITY OF LINDALE, TEXAS  
DETAILED SCHEDULE OF EXPENSES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)  
WATER & SEWER FUND  
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>WATER &amp; SEWER OPERATIONS</b>				
<b>PERSONNEL SERVICES:</b>				
Supervision	\$ 56,800	\$ 56,800	\$ 48,726	\$ 8,074
Salaries Full-time	325,000	325,000	288,124	36,876
Overtime	16,000	24,500	24,362	138
Vacation	-	-	21,767	(21,767)
Sick Leave	-	-	9,006	(9,006)
Holiday	-	-	18,189	(18,189)
Comp Time	-	-	5,950	(5,950)
Retirement	59,160	60,660	61,004	(344)
Social Security/Medicare	30,500	30,500	31,834	(1,334)
Health Insurance	53,600	53,600	51,380	2,220
Dental	3,800	3,800	3,255	545
Life Insurance	2,900	2,900	1,481	1,419
Vision	1,500	1,500	1,242	258
Long Term Disability	2,900	2,900	1,110	1,790
Workers Comp	20,000	20,000	14,675	5,325
<b>Total Personnel Services</b>	<b>572,160</b>	<b>582,160</b>	<b>582,105</b>	<b>55</b>
<b>SUPPLIES:</b>				
Office supplies	2,800	2,800	2,443	357
Postage	25,000	25,000	22,134	2,866
Wearing apparel	1,600	1,600	1,570	30
Fuel, gas & diesel	18,000	18,000	17,775	225
Technical supplies	2,000	2,500	2,408	92
Cleaning supplies	100	100	-	100
Building supplies	500	500	331	169
Food supplies	200	200	39	161
Chemicals & lab test	40,000	44,700	44,541	159
Tractor supplies	2,500	3,800	3,672	128
Miscellaneous supplies	500	500	208	292
<b>Total Supplies and Materials</b>	<b>93,200</b>	<b>99,700</b>	<b>95,121</b>	<b>4,579</b>
<b>CONTRACTUAL:</b>				
Communications - Telephone	20,000	27,000	26,566	434
Communications	4,800	4,800	1,871	2,929
Insurance & Bonds - Casualty	7,000	7,000	6,559	441
Publications & advertising	750	750	158	592
Utilities	355,000	355,000	327,701	27,299
Association dues	900	900	802	98
Equipment rental	1,500	1,500	624	876
Travel	300	600	571	29
Schools	5,200	5,200	1,389	3,811
Software contract	15,500	17,600	17,517	83
EMS contract	48,500	48,500	36,613	11,887
<b>Total Contractual</b>	<b>459,450</b>	<b>468,850</b>	<b>420,371</b>	<b>48,479</b>
<b>MAINTENANCE:</b>				
Buildings & grounds	2,500	3,000	2,776	224
Janitorial	2,400	2,400	2,400	-
Furniture & Fixtures	400	400	-	400
Machinery & equipment	16,000	16,000	15,608	392
Motor vehicles & maintenance	3,500	4,000	3,729	271
Miscellaneous miscellaneous	500	500	53	447
<b>Total Maintenance</b>	<b>25,300</b>	<b>26,300</b>	<b>24,566</b>	<b>1,734</b>

CITY OF LINDALE, TEXAS  
DETAILED SCHEDULE OF EXPENSES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)  
WATER & SEWER FUND  
FISCAL YEAR ENDED SEPTEMBER 30, 2010

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>MAINTENANCE - BUILDING &amp; STRUCTURE:</b>				
Sanitary sewers	30,000	40,000	37,910	2,090
Water mains	30,000	30,000	25,234	4,766
Plants, towers & wells	100,000	170,000	168,012	1,988
<b>Total Maintenance - building &amp; structure</b>	<b>160,000</b>	<b>240,000</b>	<b>231,156</b>	<b>8,844</b>
<b>SUNDRY:</b>				
Legal & professional	45,000	55,000	49,880	5,120
ETS/Bank charges	-	6,500	6,221	279
Miscellaneous	100	100	-	100
Inspection fees	12,000	14,000	-	14,000
Transfer to Reserves	56,717	56,717	13,814	42,903
<b>Total Sundry</b>	<b>113,817</b>	<b>132,317</b>	<b>69,915</b>	<b>62,402</b>
<b>CAPITAL - BUILDING &amp; STRUCTURE:</b>				
Building & Grounds	1,800	-	-	-
Service lines (sewer)	2,000	2,200	1,279	921
Plants, towers & wells	15,000	16,600	16,521	79
Mains	40,000	40,000	18,517	21,483
Wells & pumps	10,000	10,000	5,846	4,154
Meters & meter boxes	15,000	19,500	19,057	443
Service lines (water)	30,000	38,000	34,561	3,439
Service man holes	6,000	6,000	1,640	4,360
Hydrants & valves	18,000	18,000	15,794	2,206
EMS Building	12,800	13,700	13,633	67
<b>Total Capital - building &amp; structure</b>	<b>150,600</b>	<b>164,000</b>	<b>126,848</b>	<b>37,152</b>
<b>CAPITAL EQUIPMENT:</b>				
Furniture & equipment	200	200	-	200
Communications equipment	800	800	-	800
Motor Vehicle	-	6,285	6,280	5
Other equipment	8,000	8,800	8,761	39
Building & equipment	-	1,800	533	1,267
<b>Total Capital Equipment</b>	<b>9,000</b>	<b>17,885</b>	<b>15,574</b>	<b>2,311</b>
<b>BOND EXPENSE:</b>				
Transfer to General Fund	82,773	123,813	123,813	-
Transfer to I&S	100,000	100,000	100,000	-
<b>Total Bond Expense</b>	<b>182,773</b>	<b>223,813</b>	<b>223,813</b>	<b>-</b>
<b>TOTAL EXPENSES - BUDGET BASIS</b>	<b>\$ 1,766,300</b>	<b>\$ 1,955,025</b>	<b>\$ 1,789,469</b>	<b>\$ 165,556</b>
<b>Financial Statement Adjustments:</b>				
Depreciation			512,168	
Bad debt reserve adjustment			10,696	
Decrease in compensated absences			(4,748)	
Capital outlay items not expensed			(6,280)	
Principal payments not expensed			(21,954)	
Increase in accrued expenses			5,488	
<b>TOTAL EXPENSES AND TRANSFERS - GAAP BASIS</b>			<b>\$ 2,284,839</b>	

SCHEDULE "12"

CITY OF LINDALE, TEXAS  
 SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS - BY SOURCE  
 FISCAL YEAR ENDED SEPTEMBER 30, 2010

	TOTAL	LAND	BUILDINGS	INFRASTRUCTURE	MACHINERY & EQUIPMENT	CONSTRUCTION IN PROGRESS
Governmental assets - October 1, 2009	\$ 16,590,077	\$ 7,354,860	\$ 2,994,999	\$ 5,190,986	\$ 891,881	\$ 157,351
EXPENDITURES FROM GOVERNMENTAL FUNDS:						
<u>GENERAL FUND</u>						
Land	2,600	2,600	-	-	-	-
Buildings & improvements	-	-	-	-	-	-
Street improvements	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-
Machinery & equipment	90,639	-	-	-	90,639	-
<u>HOTEL/MOTEL TAX FUND</u>						
Buildings & improvements	36,815	-	22,332	-	-	14,483
<u>CAPITAL PROJECTS FUNDS</u>						
<u>Land</u>						
Buildings & improvements	864,968	-	1,022,319	-	-	-
Machinery & equipment	119,849	-	-	-	119,849	(157,351)
Infrastructure	310,244	-	-	310,244	-	-
<u>LINDALE ECONOMIC DEVELOPMENT FUND</u>						
Land	15,439	15,439	-	-	-	-
Machinery & equipment	18,238	-	-	-	18,238	-
<u>HOMELAND SECURITY GRANT FUND</u>						
Machinery & equipment	20,000	-	-	-	20,000	-
<u>MOBILE DATA SOLUTIONS FUND</u>						
Machinery & equipment	50,000	-	-	-	50,000	-
<u>BUILDING SECURITY FUND</u>						
Machinery & equipment	26,123	-	-	-	26,123	-
<b>GOVERNMENTAL ASSETS -</b>	<b>\$ 18,144,992</b>	<b>\$ 7,372,899</b>	<b>\$ 4,039,650</b>	<b>\$ 5,501,230</b>	<b>\$ 1,216,730</b>	<b>\$ 14,483</b>
SEPTEMBER 30, 2010						

CITY OF LINDALE, TEXAS  
 SCHEDULE OF CHANGES IN GOVERNMENTAL LONG-TERM DEBT  
 FISCAL YEAR ENDED SEPTEMBER 30, 2010

	TOTAL	2004 SERIES	2004 REF SERIES	2005 REF SERIES	2006 SERIES	2009 SERIES	CAPITAL LEASE	LEDC NOTE PAYABLE	COMPENSATED ABSENCES
Governmental fund debt, October 1, 2009	\$ 19,911,253	\$ 2,680,000	\$ 3,690,000	\$ 3,519,369	\$ 2,975,828	\$ 3,127,656	\$ 65,621	\$ 3,709,608	\$ 143,171
<b>ADDITIONS</b>									
2009 Certificates of Obligation	-	-	-	-	-	-	-	-	-
2009 Certificates of Obligation Premium	-	-	-	-	-	-	-	-	-
Compensated absences	5,344	-	-	-	-	-	-	-	5,344
Accretion of bond defeasance	11,816	-	-	11,816	-	-	-	-	-
Total Additions	17,160	-	-	11,816	-	-	-	-	5,344
<b>RETIREMENTS</b>									
Bond principal:									
2004 Certificates of Obligation	80,000	80,000	-	-	-	-	-	-	-
2004 Refunding General Obligation	275,000	-	275,000	-	-	-	-	-	-
2005 Refunding	95,000	-	-	95,000	-	-	-	-	-
2006 Certificates of Obligation	120,000	-	-	-	120,000	-	-	-	-
2009 Certificates of Obligation	80,000	-	-	-	-	80,000	-	-	-
Total Bond Retirements	650,000	80,000	275,000	95,000	120,000	80,000	-	-	-
Other Retirements:									
Capital lease payments	21,655	-	-	-	-	-	21,655	-	-
Note principal	136,536	-	-	-	-	-	-	136,536	-
Amortization of bond premium	16,408	-	-	3,244	10,041	3,123	-	-	-
Total Other Retirements	174,599	-	-	3,244	10,041	3,123	21,655	136,536	-
<b>GOVERNMENTAL FUND DEBT,</b>									
<b>SEPTEMBER 30, 2010</b>	<b>\$ 19,103,814</b>	<b>\$ 2,600,000</b>	<b>\$ 3,415,000</b>	<b>\$ 3,432,941</b>	<b>\$ 2,845,787</b>	<b>\$ 3,044,533</b>	<b>\$ 43,966</b>	<b>\$ 3,573,072</b>	<b>\$ 148,515</b>

SCHEDULE "14"

LINDALE ECONOMIC DEVELOPMENT CORPORATION  
 STATEMENT OF FINANCIAL POSITION  
 (NONGOVERNMENTAL PRESENTATION)  
 SEPTEMBER 30, 2010

<b>Assets</b>	
Current Assets	
Cash and cash equivalents	\$ 443,894
Investments	1,450,000
Sales tax receivable	109,453
Total Current Assets	<u>2,003,347</u>
Property and equipment (net of accumulated depreciation)	16,718
Other Assets	
Organizational cost	555
Prepaid rent	337,813
Land held for resale	4,069,185
Total Other Assets	<u>4,407,553</u>
Total Assets	<u>\$ 6,427,618</u>
<b>Liabilities and Net Assets</b>	
Current Liabilities	
Accounts payable	\$ 16,040
Accrued interest payable	13,978
Current portion of long-term debt	143,162
Total Current Liabilities	<u>173,180</u>
Long-Term Liabilities	
Notes payable- net of current portion	3,429,910
Total Liabilities	<u>3,603,090</u>
Net Assets	
Unrestricted	<u>2,824,528</u>
Total Liabilities and Net Assets	<u>\$ 6,427,618</u>

SCHEDULE "15"

LINDALE ECONOMIC DEVELOPMENT CORPORATION  
 STATEMENT OF ACTIVITIES  
 (NONGOVERNMENTAL PRESENTATION)  
 SEPTEMBER 30, 2010

	<u>Unrestricted</u>
<b>Revenues, Gains, and Other Support</b>	
Sales tax	\$ 637,333
Interest income	54,624
Rent income	7,700
Other income	569
Total Revenues, Gains, and Other Support	<u>700,226</u>
<b>Expenses and Losses</b>	
Salaries, benefits and payroll taxes	95,911
Professional services	46,101
Office rent	14,688
Office supplies	749
Postage/Express Mail	185
Communications	3,095
Conferences and meetings	2,378
Dues and subscriptions	750
Travel	55
Memberships	3,040
Interest and bank charges	172,711
Maintenance of properties	4,393
Marketing materials	730
Printing and Direct Mail	632
ICSC	2,042
Sponsorships	1,500
Board Expenditures	320
TJC Facility Expense	57,917
Project expense	312,371
Website	2,745
Billboard	1,500
Advertising materials	2,065
Trade show	1,395
Depreciation	1,520
Total Expenses and Losses	<u>728,793</u>
Change in Net Assets	(28,567)
Net Assets at Beginning of Year	<u>2,853,095</u>
Net Assets at End of Year	<u>\$ 2,824,528</u>

**LINDALE ECONOMIC DEVELOPMENT CORPORATION  
STATEMENT OF CASH FLOWS  
(NONGOVERNMENTAL PRESENTATION)  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ (28,567)
Adjustments to change in net assets to cash provided by (used in) operating activities:	
Depreciation expense	1,520
(Increase) decrease in assets:	
Sales tax receivable	(9,144)
Prepaid rent	14,687
Increase (decrease) in liabilities:	
Accounts payable	(13,187)
Accrued interest payable	(531)
	<u>                    </u>
Total Adjustments	<u>(6,655)</u>
Net Cash Used in Operating Activities	<u>(35,222)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of furniture and equipment	(18,238)
Purchase of land held for resale	(15,439)
	<u>                    </u>
Net Cash Provided by Investing Activities	<u>(33,677)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Principal payments on notes payable	<u>(136,536)</u>
Net Cash Used in Financing Activities	<u>(136,536)</u>
Net Decrease in Cash & Cash Equivalents	(205,435)
Cash and cash equivalents, beginning of year	<u>649,329</u>
Cash and cash equivalents, end of year	<u>\$ 443,894</u>
 <b>SUPPLEMENTAL INFORMATION:</b>	
Cash paid for interest	<u>\$ 173,242</u>

**OTHER REPORTS**



**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**

To the City Council  
City of Lindale, Texas

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lindale, Texas, as of and for the year ended September 30, 2010, which collectively comprise the City of Lindale, Texas' basic financial statements and have issued our report thereon dated December 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 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. We consider the deficiency described below to be a material weakness.

Preparing Financial Statements

Effective internal control over financial reporting involves identification and analysis of the risk of material misstatements to the City's audited financial statements. Controls should also determine how those identified risks should be managed. Management has not identified risks to the preparation of reliable financial statements and as a result has not designed effective controls over the preparation of the financial statements to prevent or detect material misstatements, including footnote disclosures. The City relies on its auditors to prepare its financial statements and footnote disclosures. The auditors can not be part of the City's internal controls over financial reporting.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Lindale, Texas' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an

objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the City Council and the management of the City of Lindale, Texas and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants

Tyler, Texas  
December 15, 2010