

CITY OF LINDALE, TEXAS

**BASIC FINANCIAL STATEMENTS and
REQUIRED SUPPLEMENTARY and OTHER
INFORMATION**

FISCAL YEAR ENDED SEPTEMBER 30, 2019

Gollob Morgan Peddy PC
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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council
City of Lindale, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Lindale, Texas, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise City of Lindale, Texas' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Lindale, Texas, as of September 30, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-9, the schedule of changes in net pension liability and related ratios, and the schedule of

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Lindale, Texas' basic financial statements. The additional supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements

The additional supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2020, on our consideration of 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Lindale, Texas' internal control over financial reporting and compliance.



Certified Public Accountants

Tyler, Texas
January 29, 2020

City Of Lindale
Management's Discussion and Analysis
For the Year Ended September 30, 2019

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, 2019.

Financial Highlights

- As of the end of the current fiscal year, the assets of the City exceed its liabilities by \$25,962,324 (net position). The net position is made up of \$18,311,896 in capital assets net of related debt, 528,798 set aside for capital improvements, \$966,173 restricted to meet the City's ongoing debt obligations to creditors, \$455,839 restricted for parks, \$867,171 set aside for tourism, \$240,279 restricted for other purposes and \$4,592,168 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 \$5,953,308. Of the balance, \$2,895,048 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 \$2,895,048 that represents 52% of the total 2019 general fund expenditures.
- The City's total non-current liabilities decreased to \$19,167,498. That is a \$658,382 decrease over the prior year 2018 balance of \$19,825,880. The decrease from 2018 to 2019 is principal payments being applied to existing bonds.

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 sixteenth 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 position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. 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 position changed during the fiscal year. All changes in net position 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, public works (streets and drainage, parks and recreation) and economic development. The business-type activities include water and sewer, interest, and bond issue cost.

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 two major governmental funds general, 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 non-major 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 non-major 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 position displays the assets, liabilities and net position 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 position, over time, may serve as a useful indicator of the City’s financial position. At the end of the fiscal year September 30, 2019, the City’s assets exceeded liabilities by \$25,962,324. This amount is greater than the 2018 balance of \$22,469,471. By far the largest portion of the City’s net assets is the \$18,311,896 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 2019 investment in capital assets is less than the prior years. The 2019 investment in capital assets amount of \$18,311,896 was less than the 2018 total of \$18,757,578. 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.

City of Lindale Total Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current and other assets	6,651,874	6,444,604	1,900,366	2,524,501	8,552,240	8,969,105
Capital assets	18,997,557	16,762,385	17,397,039	17,070,321	36,394,596	33,832,706
Total assets	25,649,431	23,206,989	19,297,405	19,594,822	44,946,836	42,801,811
Total Deferred Outflows	928,027	717,816	239,128	162,259	1,167,155	880,075
Current liabilities	406,100	469,424	343,707	573,581	749,807	1,043,005
Non-current liabilities	14,859,692	15,430,586	4,307,806	4,395,294	19,167,498	19,825,880
Total liabilities	15,265,792	15,900,010	4,651,513	4,968,875	19,917,305	20,868,885

Total Deferred Inflow	179,616	262,905	54,746	80,625	234,362	343,530
Net invested in capital	4,559,747	3,325,634	13,752,149	15,431,944	18,311,896	18,757,578
Restricted	3,058,260	3,201,956		(1,761,270)	3,058,260	1,440,686
Unrestricted	3,514,043	1,234,300	1,078,125	1,036,907	4,592,168	2,271,207
Total Net Position	11,132,050	7,761,890	14,830,274	14,707,581	25,962,324	22,469,471

Governmental activities. Consistent with the preceding governmental net position, this is the sixteenth year to report governmental activities under the new reporting standard GASB No. 34. Increased sales and use taxes, and increased collection amount of current and delinquent property taxes, franchise taxes, hotel/motel taxes, and sales of lots, insurance proceeds, interest and rent and a decrease in transfers have resulted in the governmental activities adding \$3,370,160 to the governmental activities net position in fiscal year 2019. This is \$2,462,262 increase over the 2018 change in net position of governmental activities.

City of Lindale's Change in Net Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues						
Charges for services	1,877,134	1,552,812	2,826,187	2,825,609	4,703,321	4,378,421
Operating Grants and contribution	-	-	-	-	-	-
Capital grants and contribution	349,039	74,447	-	33,143	349,039	107,590
General revenue						
Property taxes	2,678,996	2,515,264			2,678,996	2,515,264
Franchise taxes	320,251	300,817			320,251	300,817
Sales and use taxes	2,134,082	1,974,475			2,134,082	1,974,475
Hotel/Motel taxes	440,567	431,470			440,567	431,470
Sales of lots	30,800	32,800			30,800	32,800
Gain on sale of assets	-	-			-	-
Loss on sale of assets	-	(24,437)			-	(24,437)
Insurance Proceeds	19,091	14,462	9,791	35,937	28,882	50,399
Interest and rent	213,796	267,181	41,056	38,842	254,852	306,023
LEDC Infrastructure transfer	1,711,594				1,711,594	
Miscellaneous	134,775	167,050			134,775	167,050
Transfers	54,308	34,978	(54,308)	(34,978)	-	-
Total revenue	9,964,433	7,341,319	2,822,726	2,898,553	12,787,159	10,239,872
Expenses						
General government	1,316,939	1,213,505			1,316,939	1,213,505
Public Safety	2,410,906	2,249,620			2,410,906	2,249,620
Public Works	1,771,836	1,805,324			1,771,836	1,805,324
Economic Development	8,021	14,155			8,021	14,155
Tourism	16,514	14,407			16,514	14,407
Interest	507,725	521,276	117,740	129,829	625,465	651,105
Water/Sewer Operation	-	-	2,582,293	2,775,881	2,582,293	2,775,881
Bond Issue Cost	66,841	-		50,147	66,841	50,147
Other	495,491	615,134			495,491	615,134
Total expenses	6,594,273	6,433,421	2,700,033	2,955,857	9,294,306	9,389,278
Change in net position	3,370,160	907,898	122,693	(57,304)	3,492,853	850,594

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, unassigned 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 2019 year ending fund balance of \$5,953,308 had three major components. These include \$2,895,048 in the general fund, \$966,173 in debt service fund, and \$2,092,087 in other governmental funds. The unrestricted portion of the General Fund represented 52% percent of the 2019 expenditures that is greater than the 49% expenditures coverage in fiscal year 2018.

Proprietary funds.

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

The 2019 unrestricted net assets of the proprietary funds amounted to \$1,078,125 as compared to the 2018 \$1,036,907 which is held by the water and sewer fund.

After a (\$54,308) net transfer from the Water Fund to the Governmental funds for 2019 there was still an increase to the Proprietary Fund net assets of \$122,693.

General Fund and Water Fund Budgetary Highlights

In the current fiscal year, appropriations exceeded expenditures in some departments of the General Fund and Water fund. The General and Water Fund Budgets were amended due to unexpected expenditures.

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, 2019 of \$18,311,896 is comparable to the 2018 total of \$18,757,578. Net capital assets without the related debt reflect the capital asset value of \$36,394,596 changed from the 2018 value of \$33,832,706.

Capital Assets at Year-End Less Accumulated Depreciation

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	3,748,797	3,748,797	172,926	172,926	3,921,723	3,921,723
Construction in progress	627,951	86,037	109,275	1,655,143	737,226	1,741,180
Building and Improvements	9,998,011	9,936,632	711,554	484,791	10,709,565	10,421,423
Water and sewer system	-	-	27,161,611	24,829,173	27,161,611	24,829,173
Infrastructure	8,409,863	6,349,306	-	-	8,409,863	6,349,306
Machinery and Equipment	2,170,591	2,059,921	1,027,161	1,027,161	3,197,752	3,087,082
Total	24,955,213	22,180,693	29,182,527	28,169,194	54,137,740	50,349,887
Less Accumulated Depreciation	(5,957,656)	(5,418,308)	(11,785,488)	(11,098,873)	(17,743,144)	(16,517,180)
Combined Total	18,997,557	16,762,385	17,397,039	17,070,321	36,394,596	33,832,706

Additional information on the City’s capital assets can be found in footnote C. Capital Assets 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 2019, the City governmental activities had outstanding debt obligations of \$12,184,682 plus \$401,180 of unamortized bond premium that totals \$12,585,832.

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

Outstanding Debt at Year-End

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Certificates of obligation	4,934,652	6,788,750	3,510,000	3,690,000	8,444,652	10,478,750
General obligations	7,250,000	6,470,000	-	-	7,250,000	6,470,000
Capital Lease	6,294	16,160	14,584	24,034	20,878	40,194
Unamortized bond premium	401,180	347,951	120,305	134,580	521,485	482,531
Compensated absences	312,620	290,056	65,053	80,652	377,673	370,708
Net Pension Liability	1,954,946	1,517,668	597,864	462,264	2,552,810	1,979,932
Combined total	14,859,692	15,430,585	4,307,806	4,391,530	19,167,498	19,822,115

The City’s outstanding debt is not rated. Additional information on the City’s long-term debt can be found in footnote (F) Long-Term Debt of this financial report.

Economic Factors and Next Year’s Budgets and Rates

The tax rate was decreased from \$.475 to \$.4709 which is slightly lower than the rate last year. We feel the tax rate will continue to be in the same area and do not foresee any change.

Sales tax plays such a critical part in the revenues of our City and still shows a steady increase this year. We budgeted more in the sales tax revenues for the coming year than last year but not as much as we actually received this past year.

The city has several infrastructure projects scheduled to begin in 2019; Phase I of Avenue ‘B’ and installing of infrastructure along the I-20 Frontage Road and widening Wood Springs Road, creating new commercial growth that will impact the Sales Tax and Ad Val Tax. The city also has a mandated project of moving utilities for the widening of Hwy 16 at an estimated cost of 1.4 million.

We have always maintained that one of the most valuable assets the City has is its employees. The 2019-2020 Budget maintained current employee benefits and allowed for a 3% Cost of Living pay increase.

The budget is separated into the general expenditures of maintenance and operations for all departments and capital improvements for next year and future capital needs. Capital expenditures will receive Council approval before purchases are made.

All of these factors were considered in preparing the City's budget for the 2019-2020 fiscal year.

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.

BASIC FINANCIAL STATEMENTS

EXHIBIT 1

CITY OF LINDALE, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	PRIMARY GOVERNMENT			COMPONENT UNIT LINDALE ECONOMIC DEVELOPMENT CORPORATION
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL	
ASSETS				
Cash and cash equivalents	\$ 4,714,918	\$ 677,208	\$ 5,392,126	\$ 1,200,463
Investments	304,000	478,336	782,336	2,300,000
Receivables (net of allowance for doubtful accounts)	1,103,611	366,191	1,469,802	173,821
Prepaid expenses	102,375	-	102,375	91,063
Note receivable	-	-	-	660,000
Other assets	-	-	-	161,535
Internal balances	(101,828)	101,828	-	-
Restricted Assets:				
Temporarily restricted				
Cash and cash equivalents	528,798	276,803	805,601	-
Bond insurance costs (net)	-	-	-	-
Capital Assets (net of accumulated depreciation):				
Land	3,748,797	172,926	3,921,723	3,381,280
Buildings and improvements	8,075,252	577,480	8,652,732	-
Infrastructure	6,159,058	-	6,159,058	-
Machinery and equipment	386,499	126,852	513,351	6,910
Construction in progress	627,951	109,275	737,226	-
Water and sewer system	-	16,410,506	16,410,506	-
Total Capital Assets	<u>18,997,557</u>	<u>17,397,039</u>	<u>36,394,596</u>	<u>3,388,190</u>
Total Assets	<u>25,649,431</u>	<u>19,297,405</u>	<u>44,946,836</u>	<u>7,975,072</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding (net of amortization)	148,151	-	148,151	-
Deferred charge on TMRS pension	779,876	239,128	1,019,004	-
Total Deferred Outflows of Resources	<u>928,027</u>	<u>239,128</u>	<u>1,167,155</u>	<u>-</u>
LIABILITIES				
Accounts payable and accrued expenses	267,817	51,663	319,480	6,267
Deposits and other refundable balances	-	276,803	276,803	-
Deferred revenue	91,063	-	91,063	-
Accrued interest	47,220	15,241	62,461	6,799
Non-current liabilities:				
Due within one year	1,182,006	208,096	1,390,102	220,175
Due in more than one year	13,677,686	4,099,710	17,777,396	1,736,082
Total Liabilities	<u>15,265,792</u>	<u>4,651,513</u>	<u>19,917,305</u>	<u>1,969,323</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred charge on TMRS pension	179,616	54,746	234,362	-
Total Deferred Inflows of Resources	<u>179,616</u>	<u>54,746</u>	<u>234,362</u>	<u>-</u>
NET POSITION				
Net investment of capital assets	4,559,747	13,752,149	18,311,896	1,431,933
Restricted for:				
Economic development	-	-	-	-
Tourism	867,171	-	867,171	-
Debt retirement	966,173	-	966,173	-
Parks				
Expendable	242,039	-	242,039	-
Nonexpendable	213,800	-	213,800	-
Capital improvements	528,798	-	528,798	-
Other purposes	240,279	-	240,279	-
Unrestricted	<u>3,514,043</u>	<u>1,078,125</u>	<u>4,592,168</u>	<u>4,573,816</u>
Total Net Position	<u>\$ 11,132,050</u>	<u>\$ 14,830,274</u>	<u>\$ 25,962,324</u>	<u>\$ 6,005,749</u>

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

CITY OF LINDALE, TEXAS
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2019

PROGRAM ACTIVITIES	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN FINANCIAL POSITION			COMPONENT UNIT LINDALE ECONOMIC DEVELOPMENT CORPORATION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT			
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
PRIMARY GOVERNMENT:								
Governmental activities:								
General government	\$ 1,316,939	\$ 335,710	\$ -	\$ 58,858	\$ (922,371)	\$ -	\$ (922,371)	\$ -
Public safety	2,410,906	476,937	-	-	(1,933,969)	-	(1,933,969)	-
Public works	1,771,836	1,064,487	-	290,181	(417,168)	-	(417,168)	-
Economic development	8,021	-	-	-	(8,021)	-	(8,021)	-
Tourism	16,514	-	-	-	(16,514)	-	(16,514)	-
Interest	507,725	-	-	-	(507,725)	-	(507,725)	-
Bond issue cost	66,841	-	-	-	(66,841)	-	(66,841)	-
Other	495,491	-	-	-	(495,491)	-	(495,491)	-
Total governmental activities	6,594,273	1,877,134	-	349,039	(4,368,100)	-	(4,368,100)	-
Business-type activities:								
Water and sewer	2,582,293	2,826,187	-	-	-	243,894	243,894	-
Interest	117,740	-	-	-	-	(117,740)	(117,740)	-
Bond issue cost	-	-	-	-	-	-	-	-
Emergency Medical Services	-	-	-	-	-	-	-	-
Total business-type activities	2,700,033	2,826,187	-	-	-	126,154	126,154	-
Total primary government	\$ 9,294,306	\$ 4,703,321	\$ -	\$ 349,039	\$ (4,368,100)	\$ 126,154	\$ (4,241,946)	-
COMPONENT UNIT:								
Lindale Economic Development Corporation	\$ 459,227	\$ -	\$ -	\$ -	-	-	-	(459,227)
Total business-type activities	\$ 459,227	\$ -	\$ -	\$ -	-	-	-	(459,227)
General revenues:								
Current and delinquent property taxes					2,678,996	-	2,678,996	-
Franchise taxes					320,251	-	320,251	-
Sales tax					2,134,082	-	2,134,082	1,052,796
Hotel/motel taxes					440,567	-	440,567	-
Interest and rent					213,796	41,056	254,852	66,476
Insurance proceeds					19,091	9,791	28,882	-
LEDC Infrastructure transfer					1,711,594	-	1,711,594	(1,711,594)
Miscellaneous					134,775	-	134,775	42,273
Sale of lots					30,800	-	30,800	-
Transfers					54,308	(54,308)	-	-
Total general revenues and transfers					7,738,260	(3,461)	7,734,799	(550,049)
Change in net position					3,370,160	122,693	3,492,853	(1,009,276)
Net position - beginning of year					7,761,890	14,707,581	22,469,471	7,015,025
Net Position - end of year					\$ 11,132,050	\$ 14,830,274	\$ 25,962,324	\$ 6,005,749

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

CITY OF LINDALE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	MAJOR FUNDS			ELIMINATIONS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS		
ASSETS					
Cash and cash equivalents	\$ 2,543,945	\$ 966,173	\$ 1,204,800	\$ -	\$ 4,714,918
Investments	50,000	-	254,000	-	304,000
Receivables (net of allowance for doubtful accounts)					
Taxes	21,065	19,541	1,330	-	41,936
Sanitation	129,349	-	-	-	129,349
Grants	-	-	290,181	-	290,181
Other	642,145	-	-	-	642,145
Due from other funds	106,394	-	-	(106,394)	-
Cash - restricted	-	-	528,798	-	528,798
Total Assets	\$ 3,492,898	\$ 985,714	\$ 2,279,109	\$ (106,394)	\$ 6,651,327
LIABILITIES					
Accounts payable	\$ 69,915	\$ -	\$ 80,628	\$ -	\$ 150,543
Accrued expenses	117,274	-	-	-	117,274
Due to other funds	101,828	-	106,394	(106,394)	101,828
Total Liabilities	289,017	-	187,022	(106,394)	369,645
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	21,064	19,541	-	-	40,605
Unavailable revenue - fines	287,769	-	-	-	287,769
Total Deferred Inflows of Resources	308,833	19,541	-	-	328,374
FUND BALANCES					
Nonspendable:					
Permanent fund principal	-	-	213,800	-	213,800
Restricted for:					
Capital improvements	-	-	528,798	-	528,798
Debt service	-	966,173	-	-	966,173
Tourism	-	-	867,171	-	867,171
Court technology	-	-	33,103	-	33,103
Building security	-	-	62,248	-	62,248
Child safety	-	-	35,341	-	35,341
Law enforcement purposes	-	-	30,927	-	30,927
PEG facilities	-	-	56,724	-	56,724
Boy Scout building upkeep	-	-	21,936	-	21,936
Parks and recreation	-	-	114,907	-	114,907
Assigned to:					
Cemetery	-	-	117,559	-	117,559
Parks and recreation	-	-	5,142	-	5,142
Kinzie house	-	-	4,431	-	4,431
Unassigned	2,895,048	-	-	-	2,895,048
Total Fund Balances	2,895,048	966,173	2,092,087	-	5,953,308
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,492,898	\$ 985,714	\$ 2,279,109	\$ (106,394)	\$ 6,651,327

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

CITY OF LINDALE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Financial Position (Exhibit 1)

	TOTAL GOVERNMENTAL FUNDS
Total fund balances governmental funds (Exhibit 3 page 1)	\$ 5,953,308
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	18,997,557
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	339,686
Deferred outflows represent the consumption of net position that are applicable to a future reporting period.	928,027
Deferred inflows is an acquisition of net assets that is applicable to a future reporting period.	(179,616)
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.	(47,220)
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>(14,859,692)</u>
Net Position of governmental activities	<u>\$ 11,132,050</u>

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

CITY OF LINDALE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2019

	MAJOR FUNDS		OTHER GOVERNMENTAL FUNDS	ELIMINATIONS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	DEBT SERVICE			
REVENUES					
Current and delinquent property taxes	\$ 1,255,457	\$ 1,235,820	\$ 176,206	\$ -	\$ 2,667,483
Franchise taxes	320,251	-	-	-	320,251
Sales tax	2,134,082	-	-	-	2,134,082
Building permits	335,710	-	-	-	335,710
Fines and forfeitures	452,598	-	-	-	452,598
Solid waste collections	1,064,487	-	-	-	1,064,487
Interest	62,448	36,706	38,768	-	137,922
Rents	69,738	-	-	-	69,738
Sale of lots	-	-	30,800	-	30,800
Donations	45,670	-	13,188	-	58,858
Hotel / Motel tax	-	-	358,492	-	358,492
Grants	-	-	290,181	-	290,181
Economic Development	82,075	-	-	-	82,075
Miscellaneous income	28,123	-	106,652	-	134,775
Total Revenues	5,850,639	1,272,526	1,014,287	-	8,137,452
EXPENDITURES					
General Government	1,195,082	-	-	-	1,195,082
Public safety	2,161,453	-	-	-	2,161,453
Public works	1,437,407	-	-	-	1,437,407
Economic development	8,021	-	-	-	8,021
Tourism	10,641	-	-	-	10,641
Other	-	2,050	595,816	-	597,866
Debt service:					
Principal	9,866	2,704,098	-	-	2,713,964
Interest and fees	315	473,747	-	-	474,062
Capital outlay	669,558	-	437,249	-	1,106,807
Total Expenditures	5,492,343	3,179,895	1,033,065	-	9,705,303
Revenues Over (Under) Expenditures	358,296	(1,907,369)	(18,778)	-	(1,567,851)
OTHER FINANCING SOURCES (USES)					
Transfers in	293	320,000	638,524	(582,959)	375,858
Transfers out	(14,850)	(306,700)	(582,959)	582,959	(321,550)
Insurance Proceeds	19,091	-	-	-	19,091
Bond Issue Cost	-	(66,841)	-	-	(66,841)
Bond Proceeds	-	1,780,427	-	-	1,780,427
Total Other Financing Sources (Uses)	4,534	1,726,886	55,565	-	1,786,985
Net Change in Fund Balances	362,830	(180,483)	36,787	-	219,134
Fund Balance, October 1, 2018	2,532,218	1,146,656	2,055,300	-	5,734,174
Fund Balance, September 30, 2019	<u>\$ 2,895,048</u>	<u>\$ 966,173</u>	<u>\$ 2,092,087</u>	<u>\$ -</u>	<u>\$ 5,953,308</u>

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

EXHIBIT 5

**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, 2019**

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

Net change in fund balances - total governmental funds	\$	219,134
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 depreciation and disposals exceeded capital outlay in the current period.		2,235,172
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(64,524)
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 position. Also, governmental funds report the effect of 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.		974,509
Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.		5,869
Change in net position of governmental activities	\$	<u>3,370,160</u>

The notes to the basic 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, 2019

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Current and delinquent property taxes	\$ 1,327,000	\$ 1,327,000	\$ 1,255,457	\$ (71,543)
Franchise taxes	285,000	285,000	320,251	35,251
Sales tax	1,893,570	1,965,045	2,128,352	163,307
Building permits	100,000	100,000	335,710	235,710
Fines and forfeitures	415,000	415,000	452,598	37,598
Solid waste collections	898,000	1,098,000	1,067,156	(30,844)
Interest	12,000	12,000	62,448	50,448
Rents	55,000	55,000	96,239	41,239
LEDC reimbursement	16,500	16,500	82,075	65,575
Reimbursed funds	-	-	2,825	2,825
Insurance proceeds	-	19,000	19,091	91
Miscellaneous income	15,000	15,000	22,298	7,298
Other agency donation	-	-	45,670	45,670
Total Revenues	5,017,070	5,307,545	5,890,170	582,625
EXPENDITURES				
General Government	1,299,310	1,381,185	1,214,122	167,063
Public safety	2,374,120	2,405,920	2,270,083	135,837
Public works	1,839,140	2,440,940	2,034,249	406,691
Tourism	16,500	16,500	10,641	5,859
Total Expenditures	5,529,070	6,244,545	5,529,095	715,450
Revenues Over (Under) Expenditures	(512,000)	(937,000)	361,075	1,298,075
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	293	293
Transfers out	-	-	(14,850)	(14,850)
Total Other Financing Sources (Uses)	-	-	(14,557)	(14,557)
Revenues and Other Sources Over (Under) Expenditures and Other Uses - Budget Basis	(512,000)	(937,000)	346,518	1,283,518
Budget Basis to GAAP Basis Adjustments (Note A)	-	-	16,312	16,312
Revenues and Other Sources Over (Under) Expenditures and Other Uses - GAAP Basis	(512,000)	(937,000)	362,830	1,299,830
Fund Balance, October 1, 2018	512,000	937,000	2,532,218	1,595,218
Fund Balance, September 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,895,048</u>	<u>\$ 2,895,048</u>

The notes to the basic 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, 2019

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

Basis Presentation:	
Sources/Inflows of Resources:	
Differences - Budget to GAAP	
Change in garbage collection and tax receivable	\$ (2,669)
Change in rental income	(23,501)
Sale of assets	5,730
Uses/Outflows of Resources:	
Differences - Budget to GAAP	
Decrease in accounts payable	52,305
Increase in accrued expenditures	(15,553)
	<hr/>
Net Change in Budget Basis Presentation and GAAP Basis Presentation	<u><u>\$ 16,312</u></u>

**CITY OF LINDALE, TEXAS
COMBINED STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2019**

	<u>BUSINESS-TYPE ACTIVITIES</u>
	<u>ENTERPRISE FUNDS</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 677,208
Investments	478,336
Accounts receivable (Net)	366,191
Other current assets	101,828
	<hr/>
Total Current Assets	1,623,563
	<hr/>
Restricted current assets:	
Temporarily Restricted	
Customer deposits	276,803
Total restricted current assets	276,803
	<hr/>
Capital Assets:	
Land	172,926
Water & Sewer system	27,161,611
Buildings	711,554
Machinery & equipment	1,027,161
Construction in progress	109,275
Less: Accumulated depreciation	(11,785,488)
Total Capital Assets Net Of Accumulated Depreciation	17,397,039
	<hr/>
Total Noncurrent Assets	17,397,039
	<hr/>
Total Assets	19,297,405
	<hr/>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on TMRS pension	239,128
Total Deferred Outflows of Resources	239,128
	<hr/>
LIABILITIES	
Current Liabilities:	
Accounts payable	19,415
Accrued expenses	47,489
Compensated absences	10,842
Capital lease - current portion	3,645
Long term debt - current portion	193,609
Total Current Liabilities	275,000
	<hr/>
Current liabilities payable from restricted assets:	
Customer deposits	276,803
Total current liabilities payable from restricted assets	276,803
	<hr/>
Noncurrent Liabilities:	
Long term debt	3,436,696
Capital lease	10,940
Compensated absences	54,210
Net pension liability	597,864
Total Noncurrent Liabilities	4,099,710
	<hr/>
Total Liabilities	4,651,513
	<hr/>
DEFERRED INFLOWS OF RESOURCES	
Deferred charge on TMRS pension	54,746
Total Deferred Inflows of Resources	54,746
	<hr/>
NET POSITION	
Net investment of capital assets	13,752,149
Unrestricted	1,078,125
	<hr/>
Total Net Position	\$ 14,830,274
	<hr/> <hr/>

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

CITY OF LINDALE, TEXAS
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2019

	<u>BUSINESS-TYPE ACTIVITIES</u>
	<u>ENTERPRISE FUNDS</u>
OPERATING REVENUES	
Charges for services:	
Water sales	\$ 1,667,642
Sewer charges	1,008,412
Tap and connect fees	126,690
Miscellaneous	23,443
	2,826,187
Total Operating Revenues	2,826,187
OPERATING EXPENSES	
Water and sewer operations	1,895,677
Depreciation	686,616
	2,582,293
Total Operating Expenses	2,582,293
Operating Income (Loss)	243,894
NON-OPERATING REVENUES (EXPENSES)	
Interest and fiscal charge expense	(117,740)
Insurance proceeds	9,568
Reimbursed funds	223
Interest income	41,056
	41,056
Total non-operating revenue (expenses)	(66,893)
Income (Loss) before transfers	177,001
Transfers in	321,550
Transfers out	(375,858)
	(54,308)
Total Transfers	(54,308)
Change in Net Position	122,693
Net Position, October 1, 2018	14,707,581
Net Position, September 30, 2019	\$ 14,830,274

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

CITY OF LINDALE, TEXAS
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2019

	<u>BUSINESS-TYPE ACTIVITIES</u>
	<u>ENTERPRISE FUNDS</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers and users	\$ 2,804,238
Cash paid to suppliers for goods and services	(976,151)
Cash paid to employees for services	(880,380)
	<hr/>
Net cash provided by operating activities	947,707
	<hr/>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers out	(320,000)
Transfers in	306,700
Insurance proceeds	9,568
Reimbursed funds	223
	<hr/>
Net cash used in non-capital financing activities	(3,509)
	<hr/>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets and equipment	(1,275,034)
Capital lease payments	(9,449)
Bond payments	(189,814)
Interest paid	(127,283)
	<hr/>
Net cash used in capital and related financing activities	(1,601,580)
	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest earned	41,056
	<hr/>
Net cash provided by investing activities	41,056
	<hr/>
Net decrease in cash	(616,326)
	<hr/>
Cash, beginning of period	1,570,337
	<hr/>
Cash, end of period	\$ 954,011
	<hr/> <hr/>
Reconciliation of cash to Exhibit 7:	
Cash - current asset	\$ 677,208
Cash - restricted current asset	276,803
Total cash, end of period	\$ 954,011
	<hr/> <hr/>

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

CITY OF LINDALE, TEXAS
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2019

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

Operating income	\$	243,894
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense		686,616
Increase in accounts receivable		(33,199)
Increase in deferred outflows		(76,869)
Increase in accounts payable		15,680
Increase in customer deposits		11,250
Increase in accrued expenses		6,213
Increase in net pension liability		135,600
Decrease in deferred inflows		(25,879)
Decrease in compensated absences		(15,599)
		703,813
Total adjustments		703,813
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$	947,707

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

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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 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.

Component Units

Component units are organizations for which the City is financially accountable and all other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Financial accountability exists if the City appoints a voting majority of an organization’s governing body and is either able to impose its will on that organization or there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. The City may be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the City. The financial statements of the component units may be discretely presented in a separate column from the primary government or blended with the financial statements of the primary government.

The financial statements of the following component unit has been discretely presented in the accompanying report because (i) their governing board is not substantially the same as the governing body of the City, or (ii) the component unit provides services entirely or almost entirely to the citizenry and not the City.

Lindale Economic Development Corporation (LEDC)

LEDC is a Texas nonprofit corporation organized for the purpose of benefiting and accomplishing public purposes of the City of Lindale, Texas, by promoting, assisting and enhancing economic development activities for the City. The Board members are appointed by the City of Lindale City Council. LEDC is funded by a one-half cent sales tax levied on taxable sales within the City of Lindale. The statements of LEDC are located in the additional supplemental information section of this report. LEDC is reported in a separate column to emphasize that it is legally separate from the City.

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

C. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by the taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

The government reports the following major proprietary fund:

The Water and Sewer Fund is used to account for sale of water and wastewater treatment by the City to businesses and residential customers. It also is used to account for the bond proceeds and capital construction of improvements to the City's water and sewer system.

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

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 non-operating 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 non-operating revenues and expenses.

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position 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 with original maturity of three months or less when purchased.
2. Investments – Investments for the City, as well as its component unit, are reported at fair value. State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements. The City is authorized by its governing board to invest in the obligations of the United States government, it agents and instrumentalities, certificates of deposit at financial institutions, local government investment pools, no load registered money market funds and repurchase agreements.

The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City does not have any investments that are measured using Level 1 or Level 3 inputs. The City's investment in certificates of deposit are valued using the interest rates available compared to the current market to similar certificates of deposit.

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity - Continued

3. 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”. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column. 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 collectability 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 inflows of resources - unavailable revenue property taxes on October 1. The deferred inflow from taxes is then recognized as revenue during the year as the taxes are actually received.

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

5. Capital Assets

Capital assets, which include property, plant, and equipment, water and sewer systems, and infrastructure (e.g. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 (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

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity - Continued

The City has a collection of antique farm equipment housed in the Parrott Park Museum. The collection is not capitalized because it meets all the following conditions.

- The collection is held for reasons other than financial gain.
 - The collection is protected, kept unencumbered, cared for, and preserved.
 - The collection is subject to City policy requiring that the proceeds from sales of collection items be used to acquire other items for collections.
6. 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.
7. Bond issue costs – The City has implemented GASB Statement No. 65. Under GASB Statement No. 65, bond issue costs are expensed when incurred.
8. Compensated Absences

A liability for unused vacation and sick time for all full time employees is calculated and reported in the proprietary fund and government-wide statements. For financial reporting, the following criteria must be met to be considered as compensated absences:

- Leave or compensation is attributable to services already rendered.
- Leave or compensation is not contingent on a specific event (such as illness).

Per GASB Interpretation No. 6, liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e., are due for payment). Compensated absences are accrued in the proprietary fund and government-wide statements.

Vacation time is earned based on years of service, which range from six months to 20 years. Regular full-time employees with six months of service earn five days of vacation, and regular full-time employees with 20 years of service earn 20 days of vacation. Employees are expected to take their vacation time each year, however amounts may be carried over with no maximum.

Each regular full-time employee earns sick leave at the rate of six hours per month of service and may accumulate maximum sick leave of 120 working days. However, only employees with ten years or more of continuous service shall be paid for accumulated sick leave, not to exceed 60 days. In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, “Accounting for Compensated Absences,” no liability is recorded for non-vested accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of cumulative sick leave benefits that it is estimated to be taken as “terminal leave” prior to retirement.

The regular workweek is based on 40 hours actually worked. Overtime, unless required to be paid by Federal statutes, is accumulated as compensatory (comp) time and earned at time and a half for non-exempt employees and at straight time for exempt employees. Comp time is accumulated and either taken off or paid at the employees’ current rate of pay on termination, resignation, retirement or death.

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity - Continued

9. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premium and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on the debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. The first is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second is a deferred charge on the TMRS pension. The TMRS pension expense and net pension liability are reported as of the date of the last actuarial study, which was December 31, 2018. The deferred outflow shows the difference in contributions to the TMRS retirement plan that occurred between December 31, 2018 and September 30, 2019.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources (revenue) until that time. The City has two items that qualify for reporting in this category. The first is an item which arises only under a modified accrual basis of accounting. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and fines. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second is reported in the government-wide statement of net position. It is a deferred charge related to the TMRS retirement pension. This represents the differences between expected and actual actuarial gains and losses, and projected and actual pension plan investment gains and losses. This amount will be amortized in future periods.

11. Fund Balance classification – The City adopted GASB Statement No. 54, which redefined how fund balances of governmental funds are presented in the financial statements. Fund balances are classified as follows:

Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity - Continued

Committed – These amounts can only be used for specific purposes determined by a formal action by City Council ordinance or resolution. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification reflects the amounts constrained by the City’s “intent” to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

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

The details of the fund balances for the governmental funds are included in the Governmental Funds Balance Sheet.

12. Financial Position – The City has adopted GASB Statement No. 63, which redefines how net assets are presented in the financial statements. The Statement of Net Assets is now the Statement of Net Position. Net position represents the difference between assets and liabilities, and is divided into three components.

Net investment in capital assets - This component 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 and adjusted for any deferred outflows or inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt.

Restricted – This component consist of 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, reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This component consist of the net amount of the assets, deferred outflows and inflows of resources, and liabilities not included in net investment in capital assets or restricted components of net position.

13. Capitalized interest – The City has capitalized interest on construction projects when material.

14. 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.

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity - Continued

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

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*, which will enhance consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. This statement is effective for reporting periods beginning after December 15, 2018. The City is evaluating the impact of this statement on the City’s financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases*, which will increase the usefulness of governments’ financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance and purpose of a government’s leasing arrangements. This statement is effective for reporting periods beginning after December 15, 2019.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* which will improve the information that is disclosed in notes to the financial statements related to debt, including direct borrowing and direct placements, by requiring additional essential information related to debt be disclosed, including unused lines of credit; assets pledged as collateral for debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant acceleration clauses. This statement is effective for reporting periods beginning after June 15, 2018. The City is evaluating the impact of this statement on its financial statements.

In June 2018 GASB issued Statement No. 89 *Accounting for Interest Cost Incurred before the End of a Construction Period* which will (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement establishes accounting requirements for interest cost incurred before the end of a construction period by requiring that interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the cost of a capital asset reported in a business-type activity or enterprise fund. . This statement is effective for reporting periods beginning after December 15, 2019. The City is evaluating the impact of this statement on its financial statements.

In August 2018 GASB issued Statement No. 90 *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61* which will improve the consistency and comparability of reporting the government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. The City is evaluating the impact of this statement on its financial statements.

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity - Continued

In May 2019 GASB issued Statement No. 91 *Conduit debt Obligations* which has the objectives of providing a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The City is evaluating the impact of this statement on its financial statements.

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 position

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 \$18,997,557 difference are as follows:

Capital assets, October 1, 2018, net of accumulated depreciation	\$ 16,762,385
Capital assets additions, net of retirements	2,818,456
Depreciation of capital assets, current year	<u>(583,284)</u>
	<u>\$ 18,997,557</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 \$(14,859,692) difference are as follows:

Long-term liabilities, October 1, 2018	\$ (15,430,586)
Premium on new debt	(150,427)
Amortization of premium	97,198
Issuance of debt	(1,630,000)
Principal paid on debt for the year	2,704,099
Change in compensated absences	(22,564)
Increase in net pension liability	(437,278)
Payments on capital lease	<u>9,866</u>
	<u>\$ (14,859,692)</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 \$2,235,172 difference are as follows:

Capital outlay, asset additions, net of retirements	\$ 2,818,456
Depreciation expense	<u>(583,284)</u>
	<u>\$ 2,235,172</u>

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

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 - Continued

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 position. 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 \$974,509 difference are as follows:

Principal paid on debt for the year	\$	2,704,099
Payments on capital lease		9,866
Amortization of premium		97,198
Amortization of deferred defeasance		(37,960)
Issuance of debt		(1,630,000)
Premium on new debt		(150,427)
Change in accrued interest		4,297
Change in compensated absences		(22,564)
		(22,564)
		\$ 974,509

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, Parrott Park Museum Fund, Kinzie House Fund, Tourism / Downtown Development 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.

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE 4 — DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Cash and investments as of September 30, 2019 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:	
Primary Government	
Cash and cash equivalents	\$ 5,392,126
Restricted cash and cash equivalents	805,601
Investments	782,336
Component Unit	
Cash and cash equivalents	1,200,463
Investments	<u>2,300,000</u>
Total Cash and Investments	<u><u>\$ 10,480,526</u></u>
Cash on hand	\$ 710
Savings and checking accounts	7,397,480
Investments	<u>3,082,336</u>
Total Cash and Investments	<u><u>\$ 10,480,526</u></u>

Custodial Credit Risk - In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits.

At September 30, 2019, the carrying value of the City's bank deposits was \$6,980,063 while the bank balance was \$7,104,009. All bank balances not covered by federal depository insurance, were covered by collateral held in the pledging financial institutions' trust department in the City's name.

At September 30, 2019, the carrying value of the LEDC's (a discretely presented component unit) bank deposits was \$3,500,463 while the bank balance was \$3,510,692. All bank balances not covered by federal depository insurance, were covered by collateral held in the pledging financial institutions' trust department in the LEDC's name.

The City Council has adopted a written investment policy regarding the investments of its funds as defined by the Public Funds Investment Act of 1995 (Chapter 2256, Texas Government Code). The investments of the City are in compliance with the Council's investment policies. All significant legal and contractual provisions for investments were complied with during the year.

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.

Concentrations – The City's investment policy requires the diversification of maturities in order to reduce the need to sell investments prior to maturity, thus reducing market risk. The City's investment policy specifies no more than 20% of the portfolio may be invested for a period greater than one year. Also, unless matched to specific requirements, no portion of the portfolio may be invested for a period greater than two years. The City is in compliance with this provision as all certificates of deposit classified as investments had maturity dates of one year or less.

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

B. Receivables

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

	General Fund	Debt Service	Other Governmental Funds	Total Governmental	Water and Sewer Fund	Total Primary Government	Lindale Economic Development
<u>Receivables:</u>							
Taxes	\$ 32,640	\$ 30,276	\$ 1,330	\$ 64,246	\$ -	\$ 64,246	\$ -
Sanitation	153,014	-	-	153,014	-	153,014	-
Sales Tax	354,376	-	-	354,376	-	354,376	173,821
Courts	899,279	-	-	899,279	-	899,279	-
Grant	-	-	290,181	290,181	-	290,181	-
Accounts	-	-	-	-	469,814	469,814	-
Gross Receivables	<u>1,439,309</u>	<u>30,276</u>	<u>291,511</u>	<u>1,761,096</u>	<u>469,814</u>	<u>2,230,910</u>	<u>173,821</u>
Less: Allowance for							
Uncollectibles	(646,750)	(10,735)	-	(657,485)	(103,623)	(761,108)	-
Net Total Receivables	<u>\$ 792,559</u>	<u>\$ 19,541</u>	<u>\$ 291,511</u>	<u>\$1,103,611</u>	<u>\$ 366,191</u>	<u>\$1,469,802</u>	<u>\$ 173,821</u>

C. Capital Assets

Capital asset activity for the year ended September 30, 2019 is as follows:

<u>PRIMARY GOVERNMENT</u>	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,748,797	\$ -	\$ -	\$ 3,748,797
Construction in Progress	86,037	571,608	(29,694)	627,951
Total Capital Assets, Not Being Depreciated	<u>3,834,834</u>	<u>571,608</u>	<u>(29,694)</u>	<u>4,376,748</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	9,936,632	61,379	-	9,998,011
Infrastructure	6,349,306	2,060,557	-	8,409,863
Machinery and Equipment	2,059,921	154,606	(43,936)	2,170,591
Total Capital Assets, Being Depreciated	<u>18,345,859</u>	<u>2,276,542</u>	<u>(43,936)</u>	<u>20,578,465</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	(1,667,131)	(256,021)	-	(1,923,152)
Infrastructure	(2,040,101)	(210,703)	-	(2,250,804)
Machinery and Equipment	(1,711,076)	(116,560)	43,936	(1,783,700)
Total Accumulated Depreciation	<u>(5,418,308)</u>	<u>(583,284)</u>	<u>43,936</u>	<u>(5,957,656)</u>
Net Total Assets Being Depreciated	<u>12,927,551</u>	<u>1,693,258</u>	<u>-</u>	<u>14,620,809</u>
Governmental Activities Capital Assets, Net	<u>\$ 16,762,385</u>	<u>\$ 2,264,866</u>	<u>\$ (29,694)</u>	<u>\$ 18,997,557</u>

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

C. Capital Assets - Continued

Business-Type Activities:

Capital Assets, Not Being Depreciated:

Land	\$ 172,926	\$ -	\$ -	\$ 172,926
Construction in Progress	1,655,143	786,570	(2,332,438)	109,275
Total Capital Assets, Not Being Depreciated	<u>1,828,069</u>	<u>786,570</u>	<u>(2,332,438)</u>	<u>282,201</u>

Capital Assets, Being Depreciated:

Water and Sewer System	24,829,173	2,332,438	-	27,161,611
Buildings	484,790	226,764	-	711,554
Machinery and Equipment	1,027,161	-	-	1,027,161
Total Capital Assets, Being Depreciated	<u>26,341,124</u>	<u>2,559,202</u>	<u>-</u>	<u>28,900,326</u>

Less Accumulated Depreciation For:

Water and Sewer System	(10,114,000)	(637,105)	-	(10,751,105)
Buildings	(118,389)	(15,685)	-	(134,074)
Machinery and Equipment	(866,483)	(33,826)	-	(900,309)
Total Accumulated Depreciation	<u>(11,098,872)</u>	<u>(686,616)</u>	<u>-</u>	<u>(11,785,488)</u>

Net Total Assets Being Depreciated	<u>15,242,252</u>	<u>1,872,586</u>	<u>-</u>	<u>17,114,838</u>
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Business -Type Activities Capital Assets, Net	<u>\$ 17,070,321</u>	<u>\$ 2,659,156</u>	<u>\$ (2,332,438)</u>	<u>\$ 17,397,039</u>
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

General Government	\$ 92,762
Public Safety	166,736
Public Works	<u>323,786</u>

Total depreciation expense, governmental activities	<u>\$ 583,284</u>
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Business-Type Activities:

Water and Sewer Operations	<u>\$ 686,616</u>
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Total	<u>\$ 686,616</u>
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Capital asset activity for LEDC for the year ended September 30, 2019 is as follows:

Capital Assets, Not Being Depreciated:

Land	\$ 3,381,280	\$ -	\$ -	\$ 3,381,280
Total Capital Assets, Not Being Depreciated	<u>3,381,280</u>	<u>-</u>	<u>-</u>	<u>3,381,280</u>

Capital Assets, Being Depreciated:

Infrastructure	2,027,696	-	(2,027,696)	-
Machinery and Equipment	34,069	-	-	34,069
Total Capital Assets, Being Depreciated	<u>2,061,765</u>	<u>-</u>	<u>(2,027,696)</u>	<u>34,069</u>

Less Accumulated Depreciation For:

Infrastructure	(316,102)	-	316,102	-
Machinery and Equipment	(24,699)	(2,460)	-	(27,159)
Total Accumulated Depreciation	<u>(340,801)</u>	<u>(2,460)</u>	<u>316,102</u>	<u>(27,159)</u>

Net Total Assets Being Depreciated	<u>1,720,964</u>	<u>(2,460)</u>	<u>(1,711,594)</u>	<u>6,910</u>
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Capital Assets, Net	<u>\$ 5,102,244</u>	<u>\$ (2,460)</u>	<u>\$ (1,711,594)</u>	<u>\$ 3,388,190</u>
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CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

C. Capital Assets - Continued

Construction Commitments

The City has the following construction projects as of September 30, 2019:

<u>Project</u>	<u>Spent-to- Date</u>	<u>Estimated Remaining</u>
Highway 16 Utility relocation	\$ 109,275	\$ 1,290,725
Avenue B	66,316	2,533,684
Avenue A/Avenue D	50,520	647,331
Harvest Darden Park	<u>511,115</u>	<u>317,385</u>
	<u>\$ 737,226</u>	<u>\$ 4,789,125</u>

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of September 30, 2019 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Tourism/Downtown Fund	\$ 306
General Fund	Kinzie Trust Fund	350
General Fund	Parrot Park Museum	1,125
General Fund	2019 Grant TPWD Fund	104,613
Water & Sewer Fund	General Fund	<u>101,828</u>
		<u>\$ 208,222</u>

The City expects to liquidate the majority of interfund balances within one year.

The composition of interfund transfers as of September 30, 2019 is as follows:

	<u>Transfers In</u>					<u>Total</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Gov Funds</u>	<u>Water and Sewer Fund</u>	<u>Other Proprietary Funds</u>	
<u>Transfers Out:</u>						
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 14,850	\$ 14,850
Debt Service Fund	-	-	-	306,700	-	306,700
Water and Sewer Fund	<u>293</u>	<u>320,000</u>	<u>55,565</u>	<u>-</u>	<u>5,747,598</u>	<u>6,123,456</u>
Total transfers out/in	<u>\$ 293</u>	<u>\$ 320,000</u>	<u>\$ 55,565</u>	<u>\$ 306,700</u>	<u>\$ 5,762,448</u>	<u>\$ 6,445,006</u>

Interfund transfers are primarily to transfer completed construction projects to the Water and Sewer Fund, service debt, and close out dormant funds.

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

E. Leases

Operating Leases

The City leased four copy machines, one in Code Enforcement, one in Downtown Development, one in the Police Department, and one in the Municipal Court under separate lease agreements. Total costs for such leases were \$6,667 for the year ended September 30, 2019.

The future minimum lease payments for the remaining two operating leases are as follows:

2020	\$	8,558
2021		5,068
2022		4,511
2023		2,256
	<u>\$</u>	<u>20,393</u>

Capital Leases

In prior years the City has entered into a lease agreement to rent two copiers for a total monthly amount of \$394. The lease was effective September 30, 2014, and was terminated in March 2019. This lease agreement qualified as a capital lease for accounting purposes.

In prior years, the City entered into a lease agreement to rent a copier and a plotter for a total monthly amount of \$337. The lease was effective October 1, 2014. This lease agreement qualifies as a capital lease for accounting purposes.

In prior years, the City entered into a lease agreement to rent a plotter for a total monthly amount of \$194. The lease was effective February 15, 2016. This lease agreement qualifies as a capital lease for accounting purposes.

During the year ended September 30, 2018 entered into two leases for a plotter, and a copier for a total monthly amount of \$542. The leases were effective in July, and qualify as capital leases for accounting purposes. The assets acquired through the capital lease are as follows:

		<u>Governmental</u> <u>Activities</u>
Asset:		
(2) Copy Machines	\$	17,025
(1) Plotter		8,438
Less: Accumulated Depreciation		(13,939)
Total	<u>\$</u>	<u>11,524</u>
		<u>Business-Type</u> <u>Activities</u>
Asset:		
(3) Copy Machine	\$	32,891
(1) Plotter		13,860
Less: Accumulated Depreciation		(23,064)
Total	<u>\$</u>	<u>23,687</u>

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

E. Leases - Continued

The future minimum lease obligations as of September 30, 2019 were as follows:

YEAR ENDED	GOVERNMENTAL ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
<u>9-30</u>			
2020	2,292	154	2,446
2021	1,374	101	1,475
2022	1,416	59	1,475
2023	1,212	17	1,229
	\$ 6,294	\$ 331	\$ 6,625

YEAR ENDED	BUSINESS-TYPE ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
<u>9-30</u>			
2020	3,644	388	4,032
2021	3,755	277	4,032
2022	3,870	163	4,033
2023	3,315	45	3,360
	\$ 14,584	\$ 873	\$ 15,457

Leases to Others

The City leases certain real property to other entities in noncancellable leases classified as operating leases.

The City leases the EMS Building to Champion EMS for \$1,300 a month. The lease expires June 2023. The assets leased have a cost of \$226,847 and accumulated depreciation of \$92,994, and are included in the Proprietary Fund financial statements. The City received \$15,600 in rental income in 2019 on this lease.

The City leases the Kinzie House to the Lindale Chamber of Commerce on a year to year basis for \$6,000 annually. The lease expires in May 2025. The assets leased has a cost of \$98,901, and accumulated depreciation of \$35,579 and are included in the governmental activities on the statement of net position. The City received \$6,000 in rental income in 2019 on this lease.

The city leases land to Lamar Advertising for placement of a billboard for \$2,000 annually. The lease expires March 2023. The City received \$2,000 in rental income in 2019 on this lease.

Future minimum lease payments to be received are as follows:

YEAR ENDED	
<u>9-30</u>	
2020	\$ 23,600
2021	23,600
2022	23,600
2023	17,700
2024	6,000
Thereafter	15,500
	\$ 110,000

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

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, 2019 are comprised of the following issues:

Governmental Activities:

\$2,405,000 Series 2012 General Obligation Refunding Bonds Maturing 8-15-2025 with an interest rate of 2.36%	1,785,000
\$2,400,000 Series 2014 General Obligation Refunding Bonds Maturing 4-15-2020 with an interest rate of 1.59%.	395,000
\$5,000,000 Series 2015 Certificates of Obligation maturing on 8-27-2035 with an interest rate of 3.700%.	4,934,652
\$4,380,000 Series 2015 General Obligation Refunding Bonds, Maturing serially in various amounts through 8-15-2025 with an interest rate from 2.00% to 4.00%,	3,460,000
\$1,630,000 Series 2019 General Obligation Refunding Bonds, Maturing serially in various amounts through 8-15-2027 with an interest rate 4.00%,	<u>1,610,000</u>
Total Outstanding Governmental Bonded Debt	12,184,682
Plus: Unamortized Bond Premium	<u>401,180</u>
Net Outstanding Governmental Bonded Debt	<u>\$ 12,585,832</u>

The funding requirements to amortize all bonds outstanding as of September 30, 2019, including interest, are as follows:

YEAR ENDED	GOVERNMENTAL ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
9-30			
2020	1,034,434	424,647	1,459,081
2021	1,094,785	398,231	1,493,016
2022	1,130,146	362,617	1,492,763
2023	1,155,521	325,715	1,481,236
2024	1,205,911	284,856	1,490,767
2025 - 2029	3,433,356	896,814	4,330,170
2030 - 2034	2,558,878	396,322	2,955,200
2035	571,651	21,149	592,800
	<u>\$ 12,184,682</u>	<u>\$ 3,110,351</u>	<u>\$ 15,295,033</u>

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

F. Long-term Debt - continued

Business-Type Activities:

\$2,945,000 Series 2013 Combination Tax and Utility Certificates of Obligation, Maturing 8-15-33. Interest rates varying from 2.00% to 4.250%	\$2,210,000
\$1,410,000 Series 2017 Combination Tax and Utility Certificates of Obligation, Maturing 8-15-37. Interest rate 3.00%	<u>\$1,300,000</u>
Total Outstanding Business-Type Bonded Debt	3,510,000
Plus: Unamortized Bond Premium	<u>120,305</u>
Net Outstanding Business-Type Bonded Debt	<u>\$3,630,305</u>

The funding requirements to amortize all bonds outstanding as of September 30, 2019, including interest, are as follows:

YEAR ENDED	BUSINESS-TYPE ACTIVITIES		
	9-30	PRINCIPAL	INTEREST
2020	180,000	121,925	301,925
2021	185,000	117,150	302,150
2022	195,000	111,600	306,600
2023	200,000	105,750	305,750
2024	205,000	99,750	304,750
2025-2029	1,135,000	340,400	1,475,400
2030-2034	1,145,000	131,600	1,276,600
2034-2035	265,000	12,075	277,075
	<u>\$ 3,510,000</u>	<u>\$ 1,040,250</u>	<u>\$ 4,550,250</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, 2019 be disclosed.

<u>Insurer</u>	<u>Policy</u>	Limit of Liability		<u>Expiration Date</u>
		Each Occurrence	Annual Aggregate	
Texas Municipal League	General Liability	\$2,000,000	\$4,000,000	10/1/2019
	Law Enforcement	1,000,000	2,000,000	10/1/2019
	Errors & Omissions	1,000,000	2,000,000	10/1/2019
	Auto Liability	500,000	n/a	10/1/2019
	Auto Physical Damage	10,000	n/a	10/1/2019
	Supplemental Sewage Backup	50,000	n/a	10/1/2019
	Information Security & Privacy	n/a	1,000,000	10/1/2019
	Privacy Breach Response	n/a	50,000	10/1/2019
Texas Municipal League	Real & Personal Property	1,000,000	16,952,883	10/1/2019
	Mobile Equipment	n/a	537,749	10/1/2019
	Boiler & Machinery	100,000	n/a	10/1/2019
Texas Municipal League	Workers Comp	n/a	n/a	10/1/2019

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

F. Long-term Debt - Continued

As of September 30, 2019, the City was in compliance with all requirements of its bond ordinances.

The LEDC has the following notes payable at September 30, 2019:

LEDC note payable to Southside Bank; original loan amount of \$4,000,000; interest of 4.00%; 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.

	\$1,956,257
Less: Current portion	<u>(220,175)</u>
LONG-TERM PORTION	<u>\$1,736,082</u>

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

YEAR ENDED	COMPONENT UNIT		
	PRINCIPAL	INTEREST	TOTAL
9-30			
2020	220,175	74,572	294,747
2021	229,354	65,393	294,747
2022	238,701	56,046	294,747
2023	248,426	46,321	294,747
2024	258,547	36,200	294,747
2025-2027	761,054	43,934	804,988
	\$ 1,956,257	\$ 322,466	\$ 2,278,723

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

F. Long-term Debt - Continued

Changes in long-term liabilities

Long term liability activity for the year ended September 30, 2019 was as follows:

	Beginning Balance <u>10/1/2018</u>	Additions	Reductions	Ending Balance <u>9/30/2019</u>	Due Within One Year
Governmental Activities:					
Certificates of Obligation	\$ 6,788,750	\$ -	\$ (1,854,098)	\$ 4,934,652	\$ 9,434
General Obligation	6,470,000	1,630,000	(850,000)	7,250,000	1,025,000
Capital Lease	16,160	-	(9,866)	6,294	2,292
Unamortized Bond Premium	347,951	150,427	(97,198)	401,180	93,177
Compensated Absences	290,057	22,563	-	312,620	52,103
Net Pension Liability	<u>1,517,668</u>	<u>437,278</u>	<u>-</u>	<u>1,954,946</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 15,430,586</u>	<u>\$ 2,240,268</u>	<u>\$ (2,811,162)</u>	<u>\$ 14,859,692</u>	<u>\$ 1,182,006</u>
Business-Type Activities:					
Certificates of Obligation	\$ 3,690,000	\$ -	\$ (180,000)	\$ 3,510,000	\$ 180,000
Unamortized Bond Premium	138,344	-	(18,039)	120,305	13,610
Capital Lease	24,034	-	(9,450)	14,584	3,645
Compensated Absences	80,652	-	(15,599)	65,053	10,842
Net Pension Liability	<u>462,264</u>	<u>135,600</u>	<u>-</u>	<u>597,864</u>	<u>-</u>
Business-Type Activity Long-Term Liabilities	<u>\$ 4,395,294</u>	<u>\$ 135,600</u>	<u>\$ (223,088)</u>	<u>\$ 4,307,806</u>	<u>\$ 208,097</u>

The liabilities listed above for compensated absences will be liquidated by the City's General and Proprietary Funds.

Long-term liability activity for LEDC for the year ended September 30, 2019 was as follows:

	Ending Balance <u>10/1/2018</u>	Additions	Reductions	Ending Balance <u>9/30/2019</u>	Due Within One Year
Component unit:					
Notes Payable	\$ 2,171,060	\$ -	\$ (214,803)	\$ 1,956,257	\$ 220,175
Net Pension Liability	-	-	-	-	-
Compensated Absences	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Component Unit Long-Term Liabilities	<u>\$ 2,171,060</u>	<u>\$ -</u>	<u>\$ (214,803)</u>	<u>\$ 1,956,257</u>	<u>\$ 220,175</u>

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE 5 — GROUP CONCENTRATIONS OF CREDIT RISK

The City provides water, sewer and sanitation to its residents. Residents are provided with these services and are billed each month for usage in the prior month. The credit granted by the City for usage of these services is all with residents of the City. As of September 30, 2019, the City had \$495,540 in net receivables from its residents for the usage of these services.

NOTE 6 – COMMITMENTS

On January 1, 2006, the City entered into a written contract with Allied Waste Systems, Inc. for the collection and disposal of garbage for residents as well as commercial and industrial units within the City limits. The service is to be paid for according to rates set forth within the contract. The contract is for a term of four years and nine months beginning January 1, 2006 and ending September 30, 2010 and was renewed for a successive five years upon mutual agreement of both parties. On March 4, 2014 Allied Waste changed its name to Republic Services, Inc. The existing contract was extended through September 30, 2020. Under the terms of the extension, rate modifications cannot take place until after the first anniversary of the contract extension.

On December 2, 2015, the City entered into a lease agreement with Lindale CBC, LLC, for the lease of office space for the City of Lindale Tourism Center. The lease period is for 10 years and the lease amount is \$14,625 annually. The City paid the full amount of the 10 year lease (\$146,250) in advance. The advance payment is shown as a prepaid expense on the City's statement of net position and will be amortized over the ten year period of the lease.

NOTE 7 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance and insurance with the Texas Municipal League (TML). As of September 30, 2019, the City did not have any liability for unpaid claims or adjustments under policies carried with TML. During the year ended September 30, 2019, there was no reduction in insurance coverage from the prior year. There were no settlements in the prior three fiscal years which exceeded insurance coverage carried by the City.

NOTE 8 – DEFINED BENEFIT PENSION PLAN

Plan Description

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

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

Benefits Provided

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

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE 8 – DEFINED BENEFIT PENSION PLAN - CONTINUED

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

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

	Plan Year 2018	Plan Year 2017
Employee deposit rate	6.0%	6.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Year required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Employees covered by benefit terms.

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

	12/31/2018	12/31/2017
Inactive employees or beneficiaries currently receiving benefits	12	13
Inactive employees entitled to but not yet receiving benefits	31	25
Active employees	54	53
	97	91

Contributions

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

Employees for the City of Lindale were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City of Lindale were 14.31% and 14.22% in calendar years 2017 and 2018, respectively. The City’s contributions to TMRS for the year ended September 30, 2019, were \$378,248, and were equal to the required contributions.

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE 8 – DEFINED BENEFIT PENSION PLAN - CONTINUED

Net Pension Liability

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

Actuarial assumptions:

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

Inflation	2.50% per year
Overall payroll growth	3.00% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

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

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

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE 8 – DEFINED BENEFIT PENSION PLAN - CONTINUED

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.30%
International Equity	17.50%	6.10%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.39%
Real Return	10.00%	3.78%
Real Estate	10.00%	4.44%
Absolute Return	10.00%	3.56%
Private Equity	5.00%	7.75%
Total	<u>100.00%</u>	

Discount Rate

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

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/2017	\$ 7,716,022	\$ 5,736,090	\$ 1,979,932
Changes for the year:			
Service cost	354,564	-	354,564
Interest	524,774	-	524,774
Change of benefit terms	-	-	-
Difference between expected and actual experience	22,083	-	22,083
Changes of assumptions	-	-	-
Contributions - employer	-	354,565	(354,565)
Contributions - employee	-	149,605	(149,605)
Net investment income	-	(172,133)	172,133
Benefit payments, including refunds of employee contributions	(237,734)	(237,734)	-
Administrative expense	-	(3,321)	3,321
Other changes	-	(173)	173
Net changes	<u>663,687</u>	<u>90,809</u>	<u>572,878</u>
Balance at 12/31/2018	<u>\$ 8,379,709</u>	<u>\$ 5,826,899</u>	<u>\$ 2,552,810</u>

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE 8 – DEFINED BENEFIT PENSION PLAN - CONTINUED

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 3,795,130	\$ 2,552,810	\$ 1,533,705

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2019, the City recognized pension expense of \$516,880.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 217,469	\$ 30,406
Changes in actuarial assumptions	19,129	-
Difference between projected and actual investment earnings	500,444	203,956
Contributions subsequent to the measurement date	282,002	-
Total	<u>\$ 1,019,044</u>	<u>\$ 234,362</u>

\$282,002 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	
2019	\$ 162,193
2020	112,560
2021	104,199
2022	123,340
2023	388
Thereafter	-
	<u>\$ 502,680</u>

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE 9 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended September 30, 2019, expenditures exceeded appropriations the Hotel/Motel Occupancy Fund by \$1,709 and was funded by fund balance.

NOTE 10 – NEGATIVE FUND BALANCE

The following fund had a negative fund balance as of September 30, 2019. Parrott Park Museum Fund (4,224). The negative balance will be covered by the General Fund.

NOTE 11 – SIGNIFICANT TRANSACTIONS WITH COMPONENT UNIT

The City has an agreement with the Lindale Economic Development Corporation, whereby one-third of the sales tax revenue of the City is paid to the LEDC. During the year ended September 30, 2019, \$1,052,796 of sales tax revenue received by the City was allocated to LEDC. On August 28, 2009, the City and LEDC signed a ten year lease agreement whereby the City is leasing office space to LEDC for \$35,250 per year. LEDC paid the full amount of the lease upfront and the amount is being amortized over the life of the lease. On November 5, 2013, the City Council approved a two year extension of the lease term with LEDC in exchange for the transfer of 2.066 acres of land.

Infrastructure completed by LEDC is transferred to the City upon completion of the project. In 2019, Infrastructure with a net book value of \$1,711,594 was transferred to the City.

NOTE 12 – PROPERTY TAX ABATEMENT AND NOTE RECEIVABLE

During 2017, LEDC sold land in its industrial park to Sanderson Farms in exchange for a note receivable in the face amount of \$660,000. The note bears interest at 6% per annum, and is due in full May 1, 2022. The note payments include annual credits of \$220,000, plus interest, beginning April 30, 2020, for constructing administrative offices and a hatchery on the property, and attainment of certain employment goals.

In conjunction with the sale and performance agreement, the City has agreed to property tax abatements of 50% annually on December 31, 2019 through 2029. The abatements are authorized under sections 311.005(a)(4) and Ordinance No. O-2010-89 of section 2303.507 of the Texas Government Code. No abatements were recognized during 2018.

NOTE 13 – SALES TAX ABATEMENT

In July of 2016, the city entered into an agreement with the Lindale CBC, LLC (developer), for the development of the downtown area in the reinvestment zone. Under this agreement, the city agreed to rebate to the developer all of the ½ cent sales tax collected by the city for businesses in the reinvestment zone for a period of five years. After the first five years, the rebate will decline by 20% each year thereafter for the next five years. The amount that was rebated for the fiscal year ended September 30, 2019 was \$16,101.

As of September 30, 2019, this is the only sales tax abatement agreement in effect.

NOTE 14 – SUBSEQUENT EVENT

Subsequent events have been evaluated through January 29, 2020, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LINDALE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018
Total pension liability					
Service Cost	\$ 266,834	\$ 308,716	\$ 350,819	\$ 344,135	\$ 354,564
Interest (on the Total Pension Liability)	364,279	392,281	418,544	467,021	524,774
Difference between expected and actual results	(93,773)	(33,104)	112,031	245,128	22,083
Change of assumptions	-	71,897	-	-	-
Benefit payments, including refunds of employee contributions	(133,769)	(182,734)	(145,686)	(174,049)	(237,734)
Net Change in Total Pension Liability	403,571	557,056	735,708	882,235	663,687
Total Pension Liability - Beginning	5,137,452	5,541,023	6,098,079	6,833,787	7,716,022
Total Pension Liability - Ending (a)	<u>\$ 5,541,023</u>	<u>\$ 6,098,079</u>	<u>\$ 6,833,787</u>	<u>\$ 7,716,022</u>	<u>\$ 8,379,709</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 302,345	\$ 324,648	\$ 347,668	\$ 344,377	\$ 354,565
Contributions - Employee	118,567	129,170	145,467	144,392	149,605
Net Investment Income	193,915	5,708	280,052	661,074	(172,133)
Benefit payments, including refunds of employee contributions	(133,769)	(182,734)	(145,686)	(174,049)	(237,734)
Administrative Expense	(2,023)	(3,475)	(3,160)	(3,422)	(3,321)
Other	(166)	(172)	(170)	(173)	(173)
Net Change in Plan Fiduciary Net Position	478,869	273,145	624,171	972,199	90,809
Plan Fiduciary Net Position - Beginning	3,387,706	3,866,575	4,139,720	4,763,891	5,736,090
Plan Fiduciary Net Position - Ending (b)	<u>\$ 3,866,575</u>	<u>\$ 4,139,720</u>	<u>\$ 4,763,891</u>	<u>\$ 5,736,090</u>	<u>\$ 5,826,899</u>
Net Pension Liability - Ending (a)-(b)	1,674,448	1,958,359	2,069,896	1,979,932	2,552,810
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	69.78%	67.89%	69.71%	74.34%	69.54%
Covered Employee Payroll	\$ 1,976,109	\$ 2,152,831	\$ 2,424,457	\$ 2,406,537	\$ 2,493,417
Net Pension Liability as a Percentage of Covered Employee Payroll	84.73%	90.97%	85.38%	82.27%	102.38%

**CITY OF LINDALE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially Determined Contribution	\$ 298,281	\$ 315,977	\$ 337,064	\$ 340,554	\$ 351,805	\$ 378,248
Contributions in relation to the actuarially determined contributions	<u>298,281</u>	<u>315,977</u>	<u>337,064</u>	<u>340,554</u>	<u>351,805</u>	<u>378,248</u>
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 1,954,197	\$ 2,088,629	\$ 2,323,465	\$ 2,378,518	\$ 2,469,884	\$ 2,607,035
Contributions as a percentage of covered employee payroll	15.26%	15.13%	14.51%	14.32%	14.24%	14.51%

NOTES TO SCHEDULE OF CONTRIBUTIONS

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	27 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information: There were no benefit changes during the year.

ADDITIONAL SUPPLEMENTARY INFORMATION

**CITY OF LINDALE, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	CEMETERY FUND	HOTEL MOTEL TAX FUND	PARROTT PARK MUSEUM FUND	TOURISM / DOWNTOWN	COMMUNITY PARK TPWD	SIDEWALK GRANT	KINZIE HOUSE FUND	COURT TECHNOLOGY FUND	BUILDING SECURITY FUND	CHILD SAFETY FEES FUND	POLICE EDUCATION FUND	POLICE LEOSE FUND
ASSETS												
Cash and cash equivalents	\$ 117,560	\$ 824,009	\$ 310	\$ 48,695	\$ -	\$ -	\$ 4,431	\$ 11,660	\$ 62,248	\$ 35,341	\$ 15,085	\$ 4,156
Restricted cash	-	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	21,443	-	-	-	-
Taxes receivable	-	1,330	-	-	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	\$ 117,560	\$ 825,339	\$ 310	\$ 48,695	\$ -	\$ -	\$ 4,431	\$ 33,103	\$ 62,248	\$ 35,341	\$ 15,085	\$ 4,156
LIABILITIES AND FUND BALANCES												
Liabilities:												
Accounts payable	\$ 1	\$ -	\$ 3,409	\$ 6,557	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	1,125	306	-	-	-	-	-	-	-	-
Total Liabilities	1	-	4,534	6,863	-	-	-	-	-	-	-	-
Fund Balances:												
Nonspendable:												
Permanent fund principal	-	-	-	-	-	-	-	-	-	-	-	-
Restricted for:												
Capital improvements	-	-	-	-	-	-	-	-	-	-	-	-
Tourism	-	825,339	-	41,832	-	-	-	-	-	-	-	-
Court Technology	-	-	-	-	-	-	-	33,103	-	-	-	-
Building Security	-	-	-	-	-	-	-	-	62,248	-	-	-
Child Safety	-	-	-	-	-	-	-	-	-	35,341	-	-
Law enforcement purposes	-	-	-	-	-	-	-	-	-	-	15,085	4,156
PEG facilities	-	-	-	-	-	-	-	-	-	-	-	-
Boy Scout building upkeep	-	-	-	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-	-	-	-	-
Assigned to:												
Cemetery	117,559	-	-	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	(4,224)	-	-	-	-	-	-	-	-	-
Kinzie House	-	-	-	-	-	-	4,431	-	-	-	-	-
Total Fund Balances	117,559	825,339	(4,224)	41,832	-	-	4,431	33,103	62,248	35,341	15,085	4,156
Total Liabilities and Fund Balances	\$ 117,560	\$ 825,339	\$ 310	\$ 48,695	\$ -	\$ -	\$ 4,431	\$ 33,103	\$ 62,248	\$ 35,341	\$ 15,085	\$ 4,156

**CITY OF LINDALE, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	POLICE FORFEITURE FUND	PEG FRANCHISE FUND	IB RICE FUND	PERMANENT FUND - KINZIE TRUST	REINVESTMENT ZONE #2	REINVESTMENT ZONE #3	INFRASTRUCTURE	2015 TIF BOND	2019 GRANT TPWD PARK II	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS										
Cash and cash equivalents	\$ 11,686	\$ 56,724	\$ 779	\$ 12,116	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,204,800
Restricted cash	-	-	-	-	29,109	197	499,492	-	-	528,798
Investments	-	-	21,157	211,400	-	-	-	-	-	254,000
Taxes receivable	-	-	-	-	-	-	-	-	-	1,330
Grants receivable	-	-	-	-	-	-	-	-	290,181	290,181
Due from other funds	-	-	-	-	-	-	-	-	-	-
Total Assets	\$ 11,686	\$ 56,724	\$ 21,936	\$ 223,516	\$ 29,109	\$ 197	\$ 499,492	\$ -	\$ 290,181	\$ 2,279,109
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	70,661	\$ 80,628
Due to other funds	-	-	-	350	-	-	-	-	104,613	106,394
Total Liabilities	-	-	-	350	-	-	-	-	175,274	187,022
Fund Balances:										
Nonspendable:										
Permanent fund principal	-	-	-	213,800	-	-	-	-	-	213,800
Restricted for:										
Capital improvements	-	-	-	-	29,109	197	499,492	-	-	528,798
Tourism	-	-	-	-	-	-	-	-	-	867,171
Court Technology	-	-	-	-	-	-	-	-	-	33,103
Building Security	-	-	-	-	-	-	-	-	-	62,248
Child Safety	-	-	-	-	-	-	-	-	-	35,341
Law enforcement purposes	11,686	-	-	-	-	-	-	-	-	30,927
PEG facilities	-	56,724	-	-	-	-	-	-	-	56,724
Boy Scout building upkeep	-	-	21,936	-	-	-	-	-	-	21,936
Parks and Recreation	-	-	-	-	-	-	-	-	114,907	114,907
Assigned to:										
Cemetery	-	-	-	-	-	-	-	-	-	117,559
Parks and Recreation	-	-	-	9,366	-	-	-	-	-	5,142
Kinzie House	-	-	-	-	-	-	-	-	-	4,431
Total Fund Balances	11,686	56,724	21,936	223,166	29,109	197	499,492	-	114,907	2,092,087
Total Liabilities and Fund Balances	\$ 11,686	\$ 56,724	\$ 21,936	\$ 223,516	\$ 29,109	\$ 197	\$ 499,492	\$ -	\$ 290,181	\$ 2,279,109

CITY OF LINDALE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2019

	CEMETERY FUND	HOTEL MOTEL TAX FUND	PARROTT PARK MUSEUM FUND	TOURISM / DOWNTOWN	COMMUNITY PARK TPWD	SIDEWALK GRANT	KINZIE HOUSE FUND	COURT TECHNOLOGY FUND	BUILDING SECURITY FUND	CHILD SAFETY FEES FUND	POLICE EDUCATION FUND	POLICE LEOSE FUND
REVENUES												
Sale of lots	\$ 30,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Donations	8,680	-	4,508	-	-	-	-	-	-	-	-	-
Property taxes	-	-	-	-	-	-	-	-	-	-	-	-
Hotel / Motel tax	-	358,492	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	22,205	17,925	-	-	-	9,566	3,875	6,401	3,813	2,367
Grant revenue	-	-	-	-	-	-	-	-	-	-	-	-
Interest	433	18,777	-	-	-	-	64	357	953	498	64	28
Total Revenues	39,913	377,269	26,713	17,925	-	-	64	9,923	4,828	6,899	3,877	2,395
EXPENDITURES												
Personnel Services	-	-	62,613	163,104	-	-	-	-	-	-	-	-
Maintenance	33,011	-	20,313	4,693	-	-	1,200	9,012	-	-	-	-
Supplies	-	-	1,817	8,801	-	-	-	-	-	-	-	-
Contractual	-	-	13,547	86,080	-	-	-	-	-	-	-	-
Miscellaneous	1,362	73,909	9,660	7,955	-	-	-	-	-	-	1,365	5,319
Capital outlay	-	-	22,405	-	-	-	-	-	-	-	-	-
Total Expenditures	34,373	73,909	130,355	270,633	-	-	1,200	9,012	-	-	1,365	5,319
Excess (deficiency) of revenues over (under) expenditures	5,540	303,360	(103,642)	(252,708)	-	-	(1,136)	911	4,828	6,899	2,512	(2,924)
OTHER FINANCING SOURCES (USES)												
Transfers in	-	-	102,600	254,390	30,192	25,373	4,000	-	-	-	-	-
Transfers out	-	(360,990)	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	(360,990)	102,600	254,390	30,192	25,373	4,000	-	-	-	-	-
Net Change in Fund Balances	5,540	(57,630)	(1,042)	1,682	30,192	25,373	2,864	911	4,828	6,899	2,512	(2,924)
Fund Balance, October 1, 2018	112,019	882,969	(3,182)	40,150	(30,192)	(25,373)	1,567	32,192	57,420	28,442	12,573	7,080
Fund Balance, September 30, 2019	\$ 117,559	\$ 825,339	\$ (4,224)	\$ 41,832	\$ -	\$ -	\$ 4,431	\$ 33,103	\$ 62,248	\$ 35,341	\$ 15,085	\$ 4,156

**CITY OF LINDALE, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	POLICE FORFEITURE FUND	PEG FRANCHISE FUND	PERMANENT FUND - KINZIE TRUST	IB RICE FUND	REINVESTMENT ZONE #2	REINVESTMENT ZONE #3	INFRASTRUCTURE	2015 TIF BOND	2019 GRANT TPWD PARK II	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES										
Sale of lots	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,800
Donations	-	-	-	-	-	-	-	-	-	13,188
Property taxes	-	-	-	-	72,197	104,009	-	-	-	176,206
Hotel / Motel tax	-	-	-	-	-	-	-	-	-	358,492
Miscellaneous	40,500	-	-	-	-	-	-	-	-	106,652
Grant revenue	-	-	-	-	-	-	-	-	290,181	290,181
Interest	26	416	209	5,227	-	-	10,416	1,300	-	38,768
Total Revenues	40,526	416	209	5,227	72,197	104,009	10,416	1,300	290,181	1,014,287
EXPENDITURES										
Personnel Services	-	-	-	-	-	-	-	-	-	225,717
Maintenance	-	-	-	-	-	-	-	-	-	68,229
Supplies	-	-	-	-	-	-	-	-	-	10,618
Contractual	-	-	-	-	12,350	-	-	-	-	111,977
Miscellaneous	32,145	-	-	-	41,980	5,580	-	-	-	179,275
Capital outlay	-	-	-	-	-	-	-	17,601	397,243	437,249
Total Expenditures	32,145	-	-	-	54,330	5,580	-	17,601	397,243	1,033,065
Excess (deficiency) of revenues over (under) expenditures	8,381	416	209	5,227	17,867	98,429	10,416	(16,301)	(107,062)	(18,778)
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	-	-	-	-	221,969	638,524
Transfers out	-	-	-	-	-	(145,000)	-	(76,969)	-	(582,959)
Total Other Financing Sources (Uses)	-	-	-	-	-	(145,000)	-	(76,969)	221,969	55,565
Net Change in Fund Balances	8,381	416	209	5,227	17,867	(46,571)	10,416	(93,270)	114,907	36,787
Fund Balance, October 1, 2018	3,305	56,308	21,727	217,939	11,242	46,768	489,076	93,270	-	2,055,300
Fund Balance, September 30, 2019	\$ 11,686	\$ 56,724	\$ 21,936	\$ 223,166	\$ 29,109	\$ 197	\$ 499,492	\$ -	\$ 114,907	\$ 2,092,087

**CITY OF LINDALE, TEXAS
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2019**

	BUSINESS-TYPE ACTIVITIES				TOTAL COMBINED ENTERPRISE FUNDS
	ENTERPRISE FUNDS				
	WATER & SEWER FUND	2017 CAPITAL PROJECTS BOND FUND	2013 CAPITAL PROJECTS BOND FUND	TX CDBG GRANT SEWER PROJECT FUND	
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 677,208	\$ -	\$ -	\$ -	\$ 677,208
Investments	478,336	-	-	-	478,336
Accounts receivable (Net)	366,191	-	-	-	366,191
Due from other funds	101,828	-	-	-	101,828
Total Current Assets	1,623,563	-	-	-	1,623,563
Restricted current assets:					
Temporarily Restricted					
Customer deposits	276,803	-	-	-	276,803
Total restricted current assets	276,803	-	-	-	276,803
Capital Assets:					
Land	172,926	-	-	-	172,926
Water & Sewer system	27,161,611	-	-	-	27,161,611
Buildings	711,554	-	-	-	711,554
Machinery & equipment	1,027,161	-	-	-	1,027,161
Construction in progress	109,275	-	-	-	109,275
Less: Accumulated depreciation	(11,785,488)	-	-	-	(11,785,488)
Total Capital Assets Net Of Accumulated Depreciation	17,397,039	-	-	-	17,397,039
Total Noncurrent Assets:	17,397,039	-	-	-	17,397,039
Total Assets	19,297,405	-	-	-	19,297,405
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on TMRS pension	239,128	-	-	-	239,128
Total Deferred Outflows of Resources	239,128	-	-	-	239,128
LIABILITIES					
Current Liabilities:					
Accounts payable	19,415	-	-	-	19,415
Accrued expenses	47,489	-	-	-	47,489
Compensated absences	10,842	-	-	-	10,842
Capital lease - current portion	3,645	-	-	-	3,645
Long term debt - current portion	193,609	-	-	-	193,609
Total Current Liabilities	275,000	-	-	-	275,000
Current liabilities payable from restricted assets:					
Customer deposits	276,803	-	-	-	276,803
Total current liabilities payable from restricted assets	276,803	-	-	-	276,803
Noncurrent Liabilities:					
Long term debt	3,436,696	-	-	-	3,436,696
Capital lease	10,940	-	-	-	10,940
Compensated absences	54,210	-	-	-	54,210
Net pension liability	597,864	-	-	-	597,864
Total Noncurrent Liabilities	4,099,710	-	-	-	4,099,710
Total Liabilities	4,651,513	-	-	-	4,651,513
DEFERRED INFLOWS OF RESOURCES					
Deferred charge on TMRS pension	54,746	-	-	-	54,746
Total Deferred Inflows of Resources	54,746	-	-	-	54,746
NET POSITION					
Invested in capital assets, net of related debt	13,752,149	-	-	-	13,752,149
Unrestricted	1,078,125	-	-	-	1,078,125
Total Net Position	\$ 14,830,274	\$ -	\$ -	\$ -	\$ 14,830,274

CITY OF LINDALE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2019

	BUSINESS-TYPE ACTIVITIES					TOTAL COMBINED ENTERPRISE FUNDS
	ENTERPRISE FUNDS					
	WATER & SEWER FUND	2017 CAPITAL PROJECTS BOND FUND	2013 CAPITAL PROJECTS BOND FUND	TX CDBG GRANT SEWER PROJECT FUND	ELIMINATIONS	
OPERATING REVENUES						
Charges for services:						
Water sales	\$ 1,667,642	\$ -	\$ -	\$ -	\$ -	\$ 1,667,642
Sewer charges	1,008,412	-	-	-	-	1,008,412
Tap and connect fees	126,690	-	-	-	-	126,690
Miscellaneous	23,443	-	-	-	-	23,443
Total Operating Revenues	2,826,187	-	-	-	-	2,826,187
OPERATING EXPENSES						
Water and sewer operations	1,895,677	-	-	-	-	1,895,677
Depreciation	686,616	-	-	-	-	686,616
Total Operating Expenses	2,582,293	-	-	-	-	2,582,293
Operating Income (Loss)	243,894	-	-	-	-	243,894
NON-OPERATING REVENUES (EXPENSES)						
Interest and fiscal charge expense	(583)	(31,497)	(85,660)	-	-	(117,740)
Insurance proceeds	9,568	-	-	-	-	9,568
Reimbursed funds	223	-	-	-	-	223
Interest income	27,673	3,569	9,814	-	-	41,056
Total non-operating revenue (expenses)	36,881	(27,928)	(75,846)	-	-	(66,893)
Income (Loss) before transfers	280,775	(27,928)	(75,846)	-	-	177,001
Transfers in	2,102,052	1,445,742	2,506,504	14,850	(5,747,598)	321,550
Transfers out	(4,021,404)	(1,430,789)	(671,263)	-	5,747,598	(375,858)
Total Transfers	(1,919,352)	14,953	1,835,241	14,850	-	(54,308)
Change in Net Position	(1,638,577)	(12,975)	1,759,395	14,850	-	122,693
Net Position, October 1, 2018	16,468,851	12,975	(1,759,395)	(14,850)	-	14,707,581
Net Position, September 30, 2019	\$ 14,830,274	\$ -	\$ -	\$ -	\$ -	\$ 14,830,274

CITY OF LINDALE, TEXAS
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2019

	BUSINESS-TYPE ACTIVITIES					TOTAL COMBINED ENTERPRISE FUNDS
	ENTERPRISE FUNDS					
	WATER & SEWER FUND	2017 CAPITAL PROJECTS BOND FUND	2013 CAPITAL PROJECTS BOND FUND	TX CDBG GRANT SEWER PROJECT FUND	ELIMINATIONS	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers and users	2,804,238	\$ -	\$ -	\$ -	\$ -	\$ 2,804,238
Cash paid to suppliers for goods and services	(976,151)	-	-	-	-	(976,151)
Cash paid to employees for services	(880,380)	-	-	-	-	(880,380)
Net cash provided by operating activities	947,707	-	-	-	-	947,707
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Transfers out	(320,000)	-	-	-	-	(320,000)
Transfers in	-	95,650	211,050	-	-	306,700
Insurance proceeds	9,568	-	-	-	-	9,568
Reimbursed funds	223	-	-	-	-	223
Net cash provided by (used in) non-capital financing activities	(310,209)	95,650	211,050	-	-	(3,509)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition and construction of capital assets and equipment	(525,625)	(749,409)	-	-	-	(1,275,034)
Capital lease payments	(9,449)	-	-	-	-	(9,449)
Bond payments	-	(55,000)	(134,814)	-	-	(189,814)
Interest paid	(583)	(40,650)	(86,050)	-	-	(127,283)
Net cash provided by (used in) capital and related financing activities	(535,657)	(845,059)	(220,864)	-	-	(1,601,580)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest earned	27,673	3,569	9,814	-	-	41,056
Net cash provided by investing activities	27,673	3,569	9,814	-	-	41,056
Net increase (decrease) in cash	129,514	(745,840)	-	-	-	(616,326)
Cash, beginning of period	824,497	745,840	-	-	-	1,570,337
Cash, end of period	\$ 954,011	\$ -	\$ -	\$ -	\$ -	\$ 954,011
Reconciliation of cash to Exhibit 7:						
Cash - current asset	\$ 677,208	\$ -	\$ -	\$ -	\$ -	\$ 677,208
Cash - restricted current asset	276,803	-	-	-	-	276,803
Total cash, end of period	\$ 954,011	\$ -	\$ -	\$ -	\$ -	\$ 954,011

CITY OF LINDALE, TEXAS
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2019

Increase (Decrease) in Cash and Cash Equivalents

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

Operating income	\$	243,894	\$	-	\$	-	\$	-	\$	-	\$	243,894
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:												
Depreciation expense		686,616		-		-		-		-		686,616
Increase in accounts receivable		(33,199)		-		-		-		-		(33,199)
Increase in deferred outflows		(76,869)		-		-		-		-		(76,869)
Increase in accounts payable		15,680		-		-		-		-		15,680
Increase in customer deposits		11,250		-		-		-		-		11,250
Increase in accrued expenses		6,213		-		-		-		-		6,213
Increase in net pension liability		135,600		-		-		-		-		135,600
Decrease in deferred inflows		(25,879)		-		-		-		-		(25,879)
Decrease in compensated absences		(15,599)		-		-		-		-		(15,599)
Total adjustments		<u>703,813</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>703,813</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$	<u>947,707</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>947,707</u>

**CITY OF LINDALE, TEXAS
CEMETERY FUND
DETAILED SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Interest income	\$ 200	\$ 200	\$ 433	\$ 233
Sale of Cemetery Plots	37,000	37,000	30,800	(6,200)
Public Contribution	8,000	8,000	8,680	680
Reimbursed funds	11,500	11,500	-	11,500
TOTAL FINANCING SOURCES - BUDGET BASIS	\$ 56,700	\$ 56,700	39,913	\$ 6,213
Financial Statement Adjustments:			-	
TOTAL FINANCING SOURCES - GAAP BASIS			\$ 39,913	
EXPENDITURES				
Cemetery Administration:				
Postage	\$ 500	\$ 500	\$ -	\$ 500
Office supplies	-	-	511	(511)
Miscellaneous	50	50	-	50
Utilities	300	300	208	92
Software contract	625	625	643	(18)
Legal & Professional	200	200	-	200
Misc. Maintenance	3,000	3,000	-	3,000
Cemetery Maintenance	40,000	40,000	33,011	6,989
TOTAL EXPENDITURES - BUDGET BASIS	\$ 44,675	\$ 44,675	34,373	\$ 10,302
Financial Statement Adjustments:			-	
TOTAL EXPENDITURES - GAAP BASIS			\$ 34,373	

**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, 2019**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Fines and Fees	\$ 9,500	\$ 9,500	\$ 9,566	\$ 66
Interest Income	-	-	357	357
TOTAL FINANCING SOURCES - BUDGET BASIS	<u>\$ 9,500</u>	<u>\$ 9,500</u>	9,923	<u>\$ 423</u>
Financial Statement Adjustments:			-	
TOTAL FINANCING SOURCES - GAAP BASIS			<u>\$ 9,923</u>	
EXPENDITURES				
Capital Expenditures:				
Court Technology Equipment	\$ 9,500	\$ 9,500	\$ 9,012	\$ 488
TOTAL EXPENDITURES - BUDGET BASIS	<u>\$ 9,500</u>	<u>\$ 9,500</u>	9,012	<u>\$ 488</u>
Financial Statement Adjustments:			-	
TOTAL EXPENDITURES - GAAP BASIS			<u>\$ 9,012</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, 2019**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Fines and Fees	\$ 7,000	\$ 7,000	\$ 3,875	\$ (3,125)
Interest Income	-	-	953	953
TOTAL FINANCING SOURCES - BUDGET BASIS	<u>\$ 7,000</u>	<u>\$ 7,000</u>	4,828	<u>\$ (2,172)</u>
Financial Statement Adjustments:			-	
TOTAL FINANCING SOURCES - GAAP BASIS			<u>\$ 4,828</u>	
EXPENDITURES				
Building and Grounds	\$ 7,000	\$ 7,000	-	\$ 7,000
TOTAL EXPENDITURES - BUDGET BASIS	<u>\$ 7,000</u>	<u>\$ 7,000</u>	-	<u>\$ 7,000</u>
Financial Statement Adjustments:			-	
TOTAL EXPENDITURES - GAAP BASIS			<u>\$ -</u>	

**CITY OF LINDALE, TEXAS
CHILD SAFETY FEES FUND
DETAILED SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Fines and Fees	\$ 3,000	\$ 3,000	\$ 6,401	\$ 3,401
Interest Income	-	-	498	498
TOTAL FINANCING SOURCES - BUDGET BASIS	<u>\$ 3,000</u>	<u>\$ 3,000</u>	6,899	<u>\$ 3,899</u>
Financial Statement Adjustments:			-	
TOTAL FINANCING SOURCES - GAAP BASIS			<u>\$ 6,899</u>	
EXPENDITURES				
Office Supplies	\$ 500	\$ 500	-	\$ 500
TOTAL EXPENDITURES - BUDGET BASIS	<u>\$ 500</u>	<u>\$ 500</u>	-	<u>\$ 500</u>
Financial Statement Adjustments:			-	
TOTAL EXPENDITURES - GAAP BASIS			<u>\$ -</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, 2019**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Motel Tax	\$ 395,000	\$ 395,000	\$ 358,492	\$ (36,508)
Interest income	5,000	5,000	18,777	13,777
TOTAL FINANCING SOURCES - BUDGET BASIS	\$ 400,000	\$ 400,000	377,269	\$ (22,731)
Financial Statement Adjustments:			-	
TOTAL FINANCING SOURCES - GAAP BASIS			\$ 377,269	
EXPENDITURES				
Hotel-Motel Administration:				
Signs & Displays	\$ 22,100	\$ 22,100	\$ 21,460	\$ 640
Professional	-	-	1,749	(1,749)
Transfer to Kinzie House fund	4,000	4,000	4,000	-
Transfer to Parrott Museum fund	67,600	102,000	102,600	(600)
Transfer to Tourism Fund	254,390	254,390	254,390	-
Chamber of Commerce	50,700	50,700	50,700	-
TOTAL EXPENDITURES - BUDGET BASIS	\$ 398,790	\$ 433,190	434,899	\$ (1,709)
Financial Statement Adjustments:			-	
TOTAL EXPENDITURES - GAAP BASIS			\$ 434,899	

**CITY OF LINDALE, TEXAS
PARROTT PARK MUSEUM FUND
DETAILED SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Chapel Rental	\$ 900	\$ 900	\$ -	\$ (900)
Donations	6,000	6,000	4,508	(1,492)
Gift Shop income	5,000	5,000	9,594	4,594
Gift Shop Sales Tax	400	400	-	(400)
Transfer from Hotel Motel fund	67,600	67,600	102,600	35,000
Miscellaneous Income	300	300	132	(168)
Interest income	100	100	14	(86)
Festival income	-	-	12,465	12,465
TOTAL FINANCING SOURCES - BUDGET BASIS	<u>\$ 80,300</u>	<u>\$ 80,300</u>	129,313	<u>\$ 49,013</u>
Financial Statement Adjustments:			-	
TOTAL FINANCING SOURCES - GAAP BASIS			<u>\$ 129,313</u>	
EXPENDITURES				
Parrot Park Museum Administration:				
Salaries	\$ 44,500	\$ 58,400	\$ 58,335	\$ 65
Social Security/Medicare	4,400	4,400	4,463	(63)
Office Supplies	500	500	163	337
Wearing Apparel	200	200	154	46
Miscellaneous	2,300	-	1,500	(1,500)
Utilities	12,000	12,000	10,125	1,875
Professional	1,000	100	490	(390)
Gift Shop Resale Items	3,000	9,200	9,170	30
State Comp (Sales Tax)	400	400	-	400
Communications	2,000	2,600	2,552	48
Publications and Advertising	2,000	2,000	563	1,437
Bank ETS Fees	-	500	347	153
Building & Grounds	8,000	42,500	42,717	(217)
TOTAL EXPENDITURES - BUDGET BASIS	<u>\$ 80,300</u>	<u>\$ 132,800</u>	130,579	<u>\$ 2,221</u>
Financial Statement Adjustments:				
Decrease in accrued expenditures			(224)	
TOTAL EXPENDITURES - GAAP BASIS			<u>\$ 130,355</u>	

**CITY OF LINDALE, TEXAS
KINZIE HOUSE FUND
DETAILED SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Transfer from Hotel/Motel	\$ 4,000	\$ 4,000	\$ 4,000	\$ -
Interest Income	-	-	64	64
TOTAL FINANCING SOURCES - BUDGET BASIS	<u>\$ 4,000</u>	<u>\$ 4,000</u>	4,064	<u>\$ 64</u>
Financial Statement Adjustments:			-	
TOTAL FINANCING SOURCES - GAAP BASIS			<u>\$ 4,064</u>	
EXPENDITURES				
Building and Grounds	\$ 4,000	\$ 4,000	1,200	\$ 2,800
TOTAL EXPENDITURES - BUDGET BASIS	<u>\$ 4,000</u>	<u>\$ 4,000</u>	1,200	<u>\$ 2,800</u>
Financial Statement Adjustments:			-	
TOTAL EXPENDITURES - GAAP BASIS			<u>\$ 1,200</u>	

CITY OF LINDALE, TEXAS
TOURISM / DOWNTOWN DEVELOPMENT FUND
DETAILED SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FISCAL YEAR ENDED SEPTEMBER 30, 2019

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Transfer from Hotel/Motel	\$ 254,390	\$ 254,390	\$ 254,390	\$ -
PWW Festival Income	25,000	25,000	16,925	(8,075)
Sponsorship Funds	-	-	1,000	1,000
TOTAL FINANCING SOURCES - BUDGET BASIS	<u>\$ 279,390</u>	<u>\$ 279,390</u>	272,315	<u>\$ (7,075)</u>
Financial Statement Adjustments:			-	
TOTAL FINANCING SOURCES - GAAP BASIS			<u>\$ 272,315</u>	
EXPENDITURES				
PERSONNEL SERVICES:				
Supervision	\$ 70,200	\$ 70,200	\$ 54,892	\$ 15,308
Salaries - Full time	45,700	45,700	29,679	16,021
Salaries - Part time	-	-	12,355	(12,355)
Overtime	4,000	4,000	2,124	1,876
Vacation	-	-	3,663	(3,663)
Sick Leave	-	-	1,816	(1,816)
Holiday	-	-	4,743	(4,743)
Comp time	-	-	8,262	(8,262)
Auto Allowance	5,400	5,400	5,400	-
Retirement	17,400	17,400	16,025	1,375
Social Security / Medicare	9,300	9,300	9,404	(104)
Health Insurance	13,850	13,850	13,039	811
Dental	960	960	828	132
Life Insurance	280	280	281	(1)
Vision	250	250	180	70
Long Term Disability	300	300	277	23
Workers Comp	200	200	-	200
Total Personnel Services	<u>167,840</u>	<u>167,840</u>	<u>162,968</u>	<u>4,872</u>
SUPPLIES:				
Office supplies	\$ 1,500	\$ 1,600	\$ 1,536	64
Promotional materials	2,600	2,600	2,000	600
Technical supplies	3,000	3,600	3,512	88
Misc. Supplies	1,900	1,900	1,698	202
Postage	200	200	55	145
Total Supplies	<u>\$ 9,200</u>	<u>\$ 9,900</u>	<u>\$ 8,801</u>	<u>\$ 1,099</u>

**CITY OF LINDALE, TEXAS
TOURISM / DOWNTOWN DEVELOPMENT FUND
DETAILED SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FISCAL YEAR ENDED SEPTEMBER 30, 2019**

CONTRACTUAL:				
Miscellaneous	\$ 3,000	\$ 3,000	\$ 485	\$ 2,515
Communications - Telephone	4,000	4,000	2,619	1,381
Insurance and bonds	300	300	-	300
Utilities	2,000	2,000	653	1,347
Publications and advertising	10,500	10,900	10,849	51
Associations dues	3,500	3,500	3,170	330
Tourism rent	5,000	5,000	4,797	203
ETS fees / Bank service charges	300	350	327	23
Event reimbursement	10,000	10,000	6,000	4,000
Travel	6,000	6,000	2,097	3,903
School	2,000	2,000	1,334	666
Business Network	250	250	110	140
Events	-	60	58	2
Festivals	42,000	53,600	53,581	19
	<u>88,850</u>	<u>100,960</u>	<u>86,080</u>	<u>14,880</u>
MAINTENANCE:				
Janitorial	1,500	1,500	254	1,246
Machinery & Equipment	3,500	4,500	4,439	61
	<u>5,000</u>	<u>6,000</u>	<u>4,693</u>	<u>1,307</u>
SUNDRY				
Legal	500	500	-	500
Professional	8,000	8,000	7,955	45
	<u>8,500</u>	<u>8,500</u>	<u>7,955</u>	<u>545</u>
TOTAL EXPENDITURES - BUDGET BASIS	<u><u>\$ 279,390</u></u>	<u><u>\$ 293,200</u></u>	270,497	<u><u>\$ 22,703</u></u>
Financial Statement Adjustments:				
Increase in accrued expenditures			<u>\$ 136</u>	
TOTAL EXPENDITURES - GAAP BASIS			<u><u>\$ 270,633</u></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, 2019**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Current and delinquent property taxes	\$ 1,082,550	\$ 1,082,550	\$ 1,242,450	\$ 159,900
Interest income	-	-	36,706	36,706
Transfer from Other Funds	700,000	700,000	320,000	(380,000)
TOTAL FINANCING SOURCES - BUDGET BASIS	\$ 1,782,550	\$ 1,782,550	1,599,156	\$ (183,394)
Financial Statement Adjustments:				
Ad Valorem Taxes			(6,630)	
Bond proceeds			1,780,427	
TOTAL REVENUES - GAAP BASIS			\$ 3,372,953	
EXPENDITURES				
Debt Service:				
Bond Interest	\$ 585,436	\$ 585,436	437,491	\$ 147,945
Payment on Principal	1,194,114	1,194,114	1,034,098	160,016
Transfer to other funds	-	-	306,700	(306,700)
Agent fees	3,000	3,000	1,350	1,650
TOTAL EXPENDITURES - BUDGET BASIS	\$ 1,782,550	\$ 1,782,550	1,779,639	\$ 2,911
Financial Statement Adjustments:				
Payoff of 2009 bonds			1,773,797	
TOTAL EXPENDITURES - GAAP BASIS			\$ 3,553,436	

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2019

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES				
Current and delinquent property taxes	\$ 1,327,000	\$ 1,327,000	\$ 1,255,457	\$ (71,543)
Franchise taxes	285,000	285,000	320,251	35,251
Sales tax	1,893,570	1,965,045	2,128,352	163,307
Building permits	100,000	100,000	335,710	235,710
Fines and forfeitures	415,000	415,000	452,598	37,598
Garbage Collection	830,000	1,030,000	1,007,039	(22,961)
Garbage Tax	68,000	68,000	60,117	(7,883)
Miscellaneous Income	15,000	15,000	22,298	7,298
Interest Earned	12,000	12,000	62,448	50,448
Downtown Revenue	-	-	495	495
Reimbursed funds	-	-	2,825	2,825
Event/Festival Fees	-	-	3,000	3,000
Rental of Community Center	15,000	15,000	14,150	(850)
Other rental	10,000	10,000	33,493	23,493
Insurance proceeds	-	19,000	19,091	91
Rental income	30,000	30,000	45,101	15,101
LEDC Reimbursement	16,500	16,500	82,075	65,575
Other agency donation	-	-	45,670	45,670
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FINANCING SOURCES - BUDGET BASIS	<u>\$ 5,017,070</u>	<u>\$ 5,307,545</u>	5,890,170	<u>\$ 582,625</u>
Financial Statement Adjustments:				
Garbage collection and tax			(2,669)	
Rental income			(23,501)	
Sale of assets			5,730	
Transfers			293	
TOTAL FINANCING SOURCES - GAAP BASIS			<u>\$ 5,870,023</u>	

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2019

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>GENERAL GOVERNMENT/ADMINISTRATION</u>				
<u>PERSONNEL SERVICES:</u>				
Supervision	\$ 246,800	\$ 246,800	\$ 202,048	\$ 44,752
Salaries-Full-time	38,800	38,800	30,029	8,771
Overtime	1,000	1,000	83	917
Vacation	-	-	16,166	(16,166)
Sick Leave	-	-	4,855	(4,855)
Holiday	-	-	12,734	(12,734)
Auto allowance	7,200	7,200	7,200	-
Comp Time	-	-	10,864	(10,864)
Retirement	41,800	41,800	38,506	3,294
Social Security/Medicare	22,000	22,000	20,304	1,696
Health Insurance	20,700	20,700	24,773	(4,073)
Dental	1,500	1,500	1,855	(355)
Life Insurance	730	730	613	117
Vision	400	400	403	(3)
Long term disability	500	500	722	(222)
Workers comp	700	700	2,100	(1,400)
Health Reimbursement	1,000	2,000	1,788	212
	<u>383,130</u>	<u>384,130</u>	<u>375,043</u>	<u>9,087</u>
<u>SUPPLIES:</u>				
Office Supplies	7,000	8,050	8,025	25
Postage	1,500	1,500	1,416	84
Miscellaneous Supplies	8,000	8,000	7,871	129
Technical Supplies	500	500	210	290
Building & Cleaning Supplies	400	400	49	351
	<u>17,400</u>	<u>18,450</u>	<u>17,571</u>	<u>879</u>
<u>CONTRACTUAL:</u>				
Communications-Telephone	24,000	24,000	22,056	1,944
Miscellaneous	2,000	2,800	2,580	220
Insurance & Bonds	28,000	28,000	26,787	1,213
Publications & Advertising	6,000	6,000	3,592	2,408
Utilities	21,000	21,000	17,316	3,684
Librarian	40,000	40,000	40,000	-
Association Dues	3,400	3,400	2,325	1,075
Travel	11,000	11,000	7,479	3,521
Schools	4,000	9,200	9,169	31
ETS Fees/Bank Service Charges	200	200	177	23
Software Contract	16,000	16,000	14,750	1,250
	<u>155,600</u>	<u>161,600</u>	<u>146,231</u>	<u>15,369</u>
<u>MAINTENANCE:</u>				
Building & grounds	10,000	10,000	9,428	572
Janitorial	20,000	20,000	15,326	4,674
Furniture & fixtures	500	500	308	192
Machinery & equipment	6,000	6,000	5,044	956
	<u>36,500</u>	<u>36,500</u>	<u>30,106</u>	<u>6,394</u>
<u>SUNDRY:</u>				
Elections	8,000	8,000	-	8,000
Legal	35,000	35,000	33,901	1,099
Professional	120,000	190,400	169,744	20,656
Tax Rebate	30,000	30,000	17,784	12,216
State Garbage Tax	68,000	68,000	47,792	20,208
	<u>261,000</u>	<u>331,400</u>	<u>269,221</u>	<u>62,179</u>
<u>CAPITAL EXPENDITURES:</u>				
Technical Equipment	-	-	9,261	(9,261)
Building and Grounds	35,000	35,000	-	35,000
	<u>35,000</u>	<u>35,000</u>	<u>9,261</u>	<u>25,739</u>
TOTAL GENERAL GOVERNMENT/ADMINISTRATION	<u>888,630</u>	<u>967,080</u>	<u>847,433</u>	<u>119,647</u>

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2019

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>GENERAL GOVERNMENT/CODE ENFORCEMENT</u>				
<u>PERSONNEL SERVICES:</u>				
Supervision	\$ 73,700	\$ 73,700	\$ 64,054	\$ 9,646
Salaries-Full-time	128,200	128,200	110,900	17,300
Overtime	8,000	8,000	13,410	(5,410)
Vacation	-	-	5,297	(5,297)
Sick Leave	-	-	4,401	(4,401)
Holiday	-	-	9,159	(9,159)
Comp Time	-	-	5,235	(5,235)
Retirement	30,000	30,000	32,092	(2,092)
Social Security/Medicare	16,100	16,100	16,924	(824)
Health Insurance	27,700	27,700	28,543	(843)
Dental	1,990	1,990	2,054	(64)
Life Insurance	500	500	579	(79)
Vision	440	440	446	(6)
Long Term Disability	550	550	609	(59)
Workers Comp	2,000	2,000	496	1,504
Health reimbursement	1,000	1,000	-	1,000
Total Personnel Services	290,180	290,180	294,199	(4,019)
<u>SUPPLIES:</u>				
Office Supplies	4,000	4,000	4,014	(14)
Postage	600	600	330	270
Wearing Apparel	1,000	1,000	484	516
Fuel/Gas & Diesel	3,000	3,200	3,063	137
Technical Supplies	2,500	3,700	3,667	33
Miscellaneous Supplies	300	300	72	228
Computer Supplies	3,000	3,000	-	3,000
Total Supplies	14,400	15,800	11,630	4,170
<u>CONTRACTUAL:</u>				
Communications	6,000	6,000	5,379	621
Insurance & Bonds	600	825	810	15
Publications & Advertising	1,000	1,000	292	708
Association Dues	1,000	1,200	1,402	(202)
Travel	4,000	4,000	3,877	123
Schools	5,000	5,000	2,903	2,097
ETS Fees/Bank Service Charges	1,500	3,100	2,966	134
Software Contract	6,000	6,000	5,893	107
Humane Society	20,000	20,000	12,840	7,160
Total Contractual	45,100	47,125	36,362	10,763
<u>MAINTENANCE:</u>				
Machinery & Equipment	10,000	10,000	6,399	3,601
Motor Vehicle & Maintenance	1,500	1,500	999	501
Total Maintenance	11,500	11,500	7,398	4,102
<u>SUNDRY:</u>				
Professional	18,000	18,000	5,039	12,961
Legal	15,000	15,000	4,040	10,960
Total Sundry	33,000	33,000	9,079	23,921
TOTAL GENERAL GOVERNMENT/ CODE ENFORCEMENT	394,180	397,605	358,668	38,937

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2019

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
COURT				
PERSONNEL SERVICES:				
Supervision	\$ 12,000	\$ 12,000	\$ 12,000	\$ -
Salaries-Full-time	63,000	63,000	53,793	9,207
Salaries-Part-time	10,000	10,000	-	10,000
Overtime	1,000	1,000	108	892
Vacation	-	-	2,373	(2,373)
Sick Leave	-	-	1,546	(1,546)
Holiday	-	-	2,845	(2,845)
Comp Time	-	-	441	(441)
Retirement	9,500	9,500	8,866	634
Social Security/Medicare	6,000	6,000	4,675	1,325
Health Insurance	14,000	14,000	14,097	(97)
Dental	1,000	1,000	994	6
Life Insurance	200	200	157	43
Vision	220	220	234	(14)
Long Term Disability	300	300	187	113
Workers Comp	300	300	429	(129)
Health Reimbursement Account	1,000	1,000	-	1,000
Total Personnel Services	118,520	118,520	102,745	15,775
SUPPLIES:				
Office Supplies	2,000	2,200	2,082	118
Postage	1,500	1,500	773	727
Total Supplies	3,500	3,700	2,855	845
CONTRACTUAL:				
Communications	2,500	3,100	3,060	40
Software	4,500	4,500	2,030	2,470
Insurance & Bonds	100	100	100	-
Publications & Advertising	600	600	-	600
ETS Fees/Bank Service Charges	7,000	7,000	5,682	1,318
Association Dues	200	200	40	160
Travel	1,000	1,000	422	578
Schools	800	800	601	199
Total Contractual	16,700	17,300	11,935	5,365
MAINTENANCE:				
Furniture and Fixtures	500	500	-	500
Total Maintenance	500	500	-	500
SUNDRY:				
Court Expense	700	700	-	700
Legal	10,000	10,000	6,660	3,340
Professional	8,000	8,000	4,537	3,463
Transfer to State-Fines	200,000	200,000	159,574	40,426
Total Sundry	218,700	218,700	170,771	47,929
TOTAL COURT	357,920	358,720	288,306	70,414
GENERAL GOVERNMENT/LEDC				
PERSONNEL SERVICES:				
Health Insurance	14,000	14,000	6,978	7,022
Dental	1,000	1,000	475	525
Life Insurance	500	500	231	269
Vision	500	500	99	401
Long Term Disability	500	500	238	262
Total Personnel Services	16,500	16,500	8,021	8,479
TOTAL GENERAL GOVERNMENT/LEDC	16,500	16,500	8,021	8,479

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2019

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
POLICE				
PERSONNEL SERVICES:				
Supervision	\$ 157,000	\$ 157,000	\$ 78,346	\$ 78,654
Salaries-Full-time	990,000	990,000	874,814	115,186
Salaries-Part-time	8,000	8,000	6,999	1,001
Overtime	40,000	40,000	36,547	3,453
Vacation	-	-	57,281	(57,281)
Sick Leave	-	-	20,226	(20,226)
Holiday	-	-	50,127	(50,127)
Comp Time	-	-	15,578	(15,578)
Retirement	171,000	171,000	165,777	5,223
Social Security/Medicare	91,000	91,000	87,943	3,057
Health Insurance	173,000	173,000	154,580	18,420
Dental	11,000	11,000	11,327	(327)
Life Insurance	3,000	3,000	3,412	(412)
Vision	2,800	2,800	2,462	338
Long Term Disability	3,500	3,500	2,997	503
Workers Comp	20,000	20,000	34,520	(14,520)
Health Reimbursement Account	-	1,000	750	250
Total Personnel Services	1,670,300	1,671,300	1,603,686	67,614
SUPPLIES:				
Office Supplies	9,000	9,000	8,093	907
Postage	1,000	1,000	750	250
Wearing Apparel	12,000	12,000	4,815	7,185
Fuel/Gas & Diesel	40,000	40,000	39,320	680
Technical Supplies	7,500	7,500	2,662	4,838
Miscellaneous Supplies	7,500	7,500	7,277	223
Total Supplies	77,000	77,000	62,917	14,083
CONTRACTUAL:				
Communications-Telephone	22,000	22,000	21,003	997
Communications	3,000	3,000	1,400	1,600
Insurance & Bonds	18,000	18,000	17,948	52
Publications & Advertising	1,500	1,500	568	932
Association Dues	800	800	469	331
Travel	5,000	6,000	5,957	43
Schools	7,000	7,000	5,264	1,736
ETS/Bank Svc Chgs	100	100	-	100
Contracts - Miscellaneous	35,000	39,500	39,312	188
Total Contractual	92,400	97,900	91,921	5,979
MAINTENANCE:				
Machinery & Equipment	40,000	40,000	25,794	14,206
Motor Vehicle & Maintenance	32,000	53,500	53,176	324
Miscellaneous Maintenance	5,500	5,500	5,061	439
Building & Grounds	2,000	2,000	758	1,242
Total Maintenance	79,500	101,000	84,789	16,211
SUNDRY:				
Legal	8,000	8,000	-	8,000
Professional	4,000	4,000	1,755	2,245
Total Sundry	12,000	12,000	1,755	10,245
CAPITAL EXPENDITURES:				
Motor Vehicle	70,000	70,000	63,449	6,551
Technical Equipment	-	-	55,350	(55,350)
Total Capital Expenditures	70,000	70,000	118,799	(48,799)
TOTAL POLICE	2,001,200	2,029,200	1,963,867	65,333

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2019

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
FIRE				
PERSONNEL SERVICES:				
Retirement	\$ 15,000	\$ 18,000	\$ 17,910	\$ 90
Total Personnel Services	15,000	18,000	17,910	90
TOTAL FIRE	15,000	18,000	17,910	90
PUBLIC WORKS				
PERSONNEL SERVICES:				
Salaries-Full-time	190,000	190,000	153,838	36,162
Salaries-Part-time	25,000	25,000	18,684	6,316
Overtime	10,000	10,000	11,768	(1,768)
Vacation	-	-	10,150	(10,150)
Sick Leave	-	-	3,805	(3,805)
Holiday	-	-	8,168	(8,168)
Comp Time	-	-	1,469	(1,469)
Retirement	28,000	28,000	27,448	552
Social Security/Medicare	17,200	17,200	15,903	1,297
Health Insurance	37,000	37,000	27,907	9,093
Dental	2,420	2,420	2,008	412
Life Insurance	1,200	1,200	418	782
Vision	600	600	437	163
Long Term Disability	920	920	473	447
Workers Comp	2,300	2,300	2,639	(339)
Health reimbursement	1,000	1,000	-	1,000
Total Personnel Services	315,640	315,640	285,115	30,525
SUPPLIES:				
Office Supplies	500	500	392	108
Wearing Apparel	1,600	1,600	1,012	588
Fuel/Gas & Diesel	20,000	20,000	17,920	2,080
Technical Supplies	2,600	2,600	2,358	242
Cleaning Supplies	400	400	53	347
Building Supplies	1,000	1,400	1,312	88
Food Supplies	200	200	-	200
Tractor Supplies	4,500	4,500	3,275	1,225
Miscellaneous Supplies	500	500	39	461
Total Supplies	31,300	31,700	26,361	5,339
CONTRACTUAL:				
Communications	3,400	3,900	3,733	167
Insurance & Bonds	1,800	1,800	1,535	265
Utilities	150,000	150,000	119,536	30,464
Association Dues	200	200	-	200
Equipment Rental	2,000	3,600	3,541	59
Schools	1,000	1,000	975	25
Solid Waste Contract	630,000	800,000	799,773	227
Janitorial Service	7,000	7,000	5,398	1,602
Total Contractual	795,400	967,500	934,491	33,009
MAINTENANCE:				
Building and Grounds	110,000	110,000	82,352	27,648
Machinery & Equipment	28,000	28,000	24,223	3,777
Motor Vehicle & Maintenance	12,000	12,000	6,685	5,315
Miscellaneous Maintenance	5,000	7,200	7,056	144
Streets & Alleys	75,000	75,000	54,225	20,775
Culverts	4,000	4,000	-	4,000
Athletic Fields-Grounds	15,000	15,000	12,312	2,688
Signals & Markers	16,000	18,100	18,071	29
Total Maintenance	265,000	269,300	204,924	64,376

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2019

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
SUNDRY:				
Legal	\$ 800	\$ 800	\$ 800	\$ -
Professional	24,000	24,000	7,350	16,650
Total Sundry	<u>24,800</u>	<u>24,800</u>	<u>8,150</u>	<u>16,650</u>
CAPITAL EXPENDITURES:				
Streets	-	425,000	449,124	(24,124)
Parks	150,000	150,000	-	150,000
Buildings & Grounds	200,000	200,000	31,685	168,315
Machinery and Equipment	33,000	33,000	18,656	14,344
Motor Vehicle	24,000	24,000	75,743	(51,743)
Total Capital Expenditures	<u>407,000</u>	<u>832,000</u>	<u>575,208</u>	<u>256,792</u>
TOTAL PUBLIC WORKS	<u>1,839,140</u>	<u>2,440,940</u>	<u>2,034,249</u>	<u>406,691</u>
TOURISM				
SUPPLIES:				
Miscellaneous Supplies	2,000	2,000	549	1,451
Total Supplies	<u>2,000</u>	<u>2,000</u>	<u>549</u>	<u>1,451</u>
CONTRACTUAL:				
Miscellaneous	2,000	2,000	252	1,748
Events	6,000	6,000	9,640	(3,640)
Total Contractual	<u>8,000</u>	<u>8,000</u>	<u>9,892</u>	<u>(1,892)</u>
MAINTENANCE:				
Machinery and Equipment	2,500	2,500	-	2,500
Total Maintenance	<u>2,500</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
SUNDRY:				
Professional	4,000	4,000	200	3,800
Total Sundry	<u>4,000</u>	<u>4,000</u>	<u>200</u>	<u>3,800</u>
TOTAL TOURISM	<u>16,500</u>	<u>16,500</u>	<u>10,641</u>	<u>5,859</u>
TOTAL EXPENDITURES - BUDGET BASIS	<u>\$ 5,529,070</u>	<u>\$ 6,244,545</u>	5,529,095	<u>\$ 715,450</u>
Financial Statement Adjustments:				
Increase in accrued expenditures			15,553	
Transfers out			14,850	
Decrease in accounts payable			<u>(52,305)</u>	
TOTAL EXPENDITURES - GAAP BASIS			<u>\$ 5,507,193</u>	

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
WATER & SEWER FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2019

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES				
Charges for services:				
Water sales	\$ 1,625,000	\$ 1,625,000	\$ 1,634,443	\$ 9,443
Sewer charges	875,000	875,000	1,008,412	133,412
Tap and connect fees	65,000	118,550	126,690	8,140
Miscellaneous	10,000	20,000	23,443	3,443
Insurance proceeds	-	-	9,568	9,568
Reimbursed funds	-	-	223	223
Interest	<u>8,000</u>	<u>23,000</u>	<u>27,673</u>	<u>4,673</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES - BUDGET BASIS	<u>\$ 2,583,000</u>	<u>\$ 2,661,550</u>	\$ 2,830,452	<u>\$ 168,902</u>
Financial Statement Adjustments:				
Bad debt reserve adjustment			33,199	
Transfers from other funds			<u>2,102,052</u>	
TOTAL REVENUES AND OTHER FINANCING SOURCES - GAAP BASIS			<u>\$ 4,965,703</u>	

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
WATER & SEWER FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2019

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
WATER & SEWER OPERATIONS				
PERSONNEL SERVICES:				
Supervision	\$ 153,000	\$ 153,000	\$ 71,330	\$ 81,670
Salaries Full-time	432,000	432,000	415,262	16,738
Overtime	25,000	25,000	26,705	(1,705)
Vacation	-	-	44,121	(44,121)
Sick Leave	-	-	20,543	(20,543)
Holiday	-	-	26,252	(26,252)
Comp Time	-	-	12,706	(12,706)
Retirement	88,000	88,000	89,534	(1,534)
Social Security/Medicare	47,000	47,000	47,194	(194)
Health Insurance	96,900	96,900	94,264	2,636
Dental	6,900	6,900	6,790	110
Life Insurance	2,800	2,800	3,988	(1,188)
Vision	1,500	1,500	1,476	24
Long Term Disability	1,500	1,500	1,623	(123)
Workers Comp	23,000	23,000	24,179	(1,179)
Health Reimbursement Account	1,000	6,000	4,923	1,077
	<u>878,600</u>	<u>883,600</u>	<u>890,890</u>	<u>(7,290)</u>
TOTAL PERSONNEL SERVICES				
SUPPLIES:				
Office supplies	3,500	4,300	4,183	117
Postage	28,000	29,300	29,218	82
Wearing apparel	2,000	2,000	1,973	27
Fuel, gas & diesel	24,000	24,000	8,225	15,775
Technical supplies	14,000	14,000	13,945	55
Cleaning supplies	100	100	-	100
Building supplies	500	500	-	500
Food supplies	400	400	381	19
Chemicals & lab test	53,000	50,300	52,868	(2,568)
Tractor supplies	2,800	2,800	731	2,069
Miscellaneous supplies	500	500	391	109
	<u>\$ 128,800</u>	<u>\$ 128,200</u>	<u>\$ 111,915</u>	<u>16,285</u>
TOTAL SUPPLIES AND MATERIALS				
CONTRACTUAL:				
Communications	\$ 85,000	\$ 85,000	\$ 68,997	16,003
Insurance & Bonds - Casualty	12,000	12,000	14,223	(2,223)
Publications & advertising	1,200	1,200	290	910
Utilities	290,000	290,000	289,156	844
Association dues	800	800	83	717
Equipment rental	7,500	7,500	2,000	5,500
Travel	800	800	273	527
Schools	6,000	6,000	5,876	124
Software contract	29,500	29,500	22,424	7,076
ETS/Bank charges	20,000	28,000	27,983	17
	<u>\$ 452,800</u>	<u>\$ 460,800</u>	<u>\$ 431,305</u>	<u>\$ 29,495</u>
TOTAL CONTRACTUAL				
MAINTENANCE:				
Buildings & grounds	\$ 8,000	\$ 8,000	\$ 5,745	\$ 2,255
Janitorial	5,000	5,000	4,627	373
Furniture & Fixtures	-	1,400	1,335	65
Machinery & equipment	25,000	25,000	21,084	3,916
Motor vehicles & maintenance	5,000	5,000	4,753	247
Miscellaneous	500	550	542	8
	<u>\$ 43,500</u>	<u>\$ 44,950</u>	<u>\$ 38,086</u>	<u>\$ 6,864</u>
TOTAL MAINTENANCE				

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
WATER & SEWER FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2019

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
MAINTENANCE - BUILDING & STRUCTURE:				
Sanitary sewers	\$ 34,000	\$ 34,000	\$ 18,576	\$ 15,424
Water mains	40,000	45,000	44,597	403
Plants, towers & wells	180,000	180,000	90,692	89,308
Total Maintenance - building & structure	<u>254,000</u>	<u>259,000</u>	<u>153,865</u>	<u>105,135</u>
SUNDRY:				
Legal	1,000	1,500	1,348	152
Professional	35,000	43,000	42,149	851
Miscellaneous	100	100	23	77
Inspection fees	18,500	18,500	17,225	1,275
Total Sundry	<u>54,600</u>	<u>63,100</u>	<u>60,745</u>	<u>2,355</u>
CAPITAL - BUILDING & STRUCTURE:				
Building & Equipment	2,600	2,600	2,279	321
Service lines (sewer)	3,500	3,500	2,452	1,048
Plants, towers & wells	15,000	15,000	4,185	10,815
Mains	40,000	40,000	20,885	19,115
Wells & pumps	25,000	25,000	3,891	21,109
Meters & meter boxes	100,000	100,000	52,460	47,540
Service lines (water)	35,000	67,000	65,873	1,127
Service man holes	10,000	10,000	3,812	6,188
Hydrants & valves	17,000	32,000	30,092	1,908
Total Capital - building & structure	<u>248,100</u>	<u>295,100</u>	<u>185,929</u>	<u>109,171</u>
CAPITAL EQUIPMENT:				
Machinery & equipment	183,500	183,500	10,005	173,495
Lift Station	-	-	51,340	(51,340)
Sewer Lines	150,000	150,000	88,390	61,610
Buildings and grounds	-	-	21,079	(21,079)
Relocating Utilities	-	-	109,275	(109,275)
Plants-Towers-Wells	170,000	170,000	255,541	(85,541)
Total Capital Equipment	<u>503,500</u>	<u>503,500</u>	<u>535,630</u>	<u>(32,130)</u>
BOND EXPENSE:				
Transfer to I&S	520,000	520,000	320,000	200,000
Total Bond Expense	<u>520,000</u>	<u>520,000</u>	<u>320,000</u>	<u>200,000</u>
TOTAL EXPENSES - BUDGET BASIS	<u>\$ 3,083,900</u>	<u>\$ 3,158,250</u>	<u>\$ 2,728,365</u>	<u>\$ 429,885</u>
Financial Statement Adjustments:				
Depreciation			686,616	
Decrease in compensated absences			(15,599)	
Capital outlay items not expensed			(525,625)	
GASB 68 pension adjustment			32,852	
Capitalize lease payments			(9,449)	
Transfer to other funds			3,701,404	
Miscellaneous adjustments			(3)	
Decrease in accounts payable and accrued expenses			5,719	
TOTAL EXPENSES AND TRANSFERS - GAAP BASIS			<u>\$ 6,604,280</u>	

SCHEDULE "20"

CITY OF LINDALE, TEXAS
 SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS - BY SOURCE
 FISCAL YEAR ENDED SEPTEMBER 30, 2019

	<u>TOTAL</u>	<u>LAND</u>	<u>BUILDINGS</u>	<u>INFRASTRUCTURE</u>	<u>MACHINERY & EQUIPMENT</u>	<u>CONSTRUCTION IN PROGRESS</u>
Governmental assets - October 1, 2018	\$ 22,180,693	\$ 3,748,797	\$ 9,936,632	\$ 6,349,306	\$ 2,059,921	\$ 86,037
ADDITIONS FROM GOVERNMENTAL FUNDS:						
<u>GENERAL FUND</u>						
Land	-	-	-	-	-	-
Buildings & improvements	632,987	-	61,379	-	-	571,608
Machinery & equipment	154,606	-	-	-	154,606	-
Infrastructure	348,963	-	-	348,963	-	-
RETIREMENTS FROM GOVERNMENTAL FUNDS:						
<u>GENERAL FUND</u>						
Land	-	-	-	-	-	-
Buildings & improvements	(29,694)	-	-	-	-	(29,694)
Machinery & equipment	(43,936)	-	-	-	(43,936)	-
TRANSFERS FROM EDC:						
<u>GENERAL FUND</u>						
Infrastructure	1,711,594	-	-	1,711,594	-	-
GOVERNMENTAL ASSETS - SEPTEMBER 30, 2019	<u>\$ 24,955,213</u>	<u>\$ 3,748,797</u>	<u>\$ 9,998,011</u>	<u>\$ 8,409,863</u>	<u>\$ 2,170,591</u>	<u>\$ 627,951</u>

SCHEDULE "21"

CITY OF LINDALE, TEXAS
 SCHEDULE OF CHANGES IN GOVERNMENTAL LONG-TERM DEBT
 FISCAL YEAR ENDED SEPTEMBER 30, 2019

	TOTAL	BOND ISSUES					CAPITAL LEASE	COMPENSATED ABSENCES	NET PENSION LIABILITY	
		2009 SERIES	2012 SERIES	2014 REF SERIES	2015 SERIES	2015 REF SERIES				2019 REF SERIES
Governmental fund debt, October 1, 2018	\$ 15,430,586	\$ 1,858,804	\$ 1,915,000	\$ 780,000	\$ 4,943,750	\$ 4,109,148	\$ -	\$ 16,160	\$ 290,056	\$ 1,517,668
ADDITIONS										
Bond Principal:										
2019 Refunding General Obligation	1,780,427	-	-	-	-	-	1,780,427	-	-	-
Change in net pension liability	437,278	-	-	-	-	-	-	-	-	437,278
Compensated absences	22,564	-	-	-	-	-	-	-	22,564	-
Total Additions	2,240,269	-	-	-	-	-	1,780,427	-	22,564	437,278
RETIREMENTS										
Bond principal:										
2009 Certificates of Obligation	1,845,000	1,845,000	-	-	-	-	-	-	-	-
2012 Refunding General Obligation	130,000	-	130,000	-	-	-	-	-	-	-
2014 Refunding General Obligation	385,000	-	-	385,000	-	-	-	-	-	-
2015 Certificates of Obligation	9,098	-	-	-	9,098	-	-	-	-	-
2015 Refunding General Obligation	315,000	-	-	-	-	315,000	-	-	-	-
2019 Refunding General Obligation	20,000	-	-	-	-	-	20,000	-	-	-
Total Bond Retirements	2,704,098	1,845,000	130,000	385,000	9,098	315,000	20,000	-	-	-
Other Retirements:										
Capital lease payments	9,866	-	-	-	-	-	-	9,866	-	-
Amortization of bond premium	97,199	13,804	-	-	-	70,487	12,908	-	-	-
Total Other Retirements	107,065	13,804	-	-	-	70,487	12,908	9,866	-	-
GOVERNMENTAL FUND DEBT, SEPTEMBER 30, 2019	\$ 14,859,692	\$ -	\$ 1,785,000	\$ 395,000	\$ 4,934,652	\$ 3,723,661	\$ 1,747,519	\$ 6,294	\$ 312,620	\$ 1,954,946

SCHEDULE "22"

**LINDALE ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF NET POSITION
(NONGOVERNMENTAL PRESENTATION)
SEPTEMBER 30, 2019**

Assets	
Current Assets	
Cash and cash equivalents	1,200,463
Investments	2,300,000
Sales tax receivable	173,821
Total Current Assets	3,674,284
Property and equipment (net of accumulated depreciation)	6,910
Other Assets	
Organizational cost	555
Prepaid rent	91,063
Land held for resale	3,381,280
Note Receivable	660,000
Intangible asset	160,980
Total Other Assets	4,293,878
Total Assets	7,975,072
Liabilities	
Current Liabilities	
Accounts payable	6,267
Accrued interest payable	6,799
Current portion of long-term debt	220,175
Total Current Liabilities	233,241
Long-Term Liabilities	
Notes payable- net of current portion	1,736,082
Total Long-Term Liabilities	1,736,082
Total Liabilities	1,969,323
Net Position	
Unrestricted	6,005,749
Total Net Position	\$ 6,005,749

SCHEDULE "23"

**LINDALE ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
(NONGOVERNMENTAL PRESENTATION)
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Unrestricted
Revenues, Gains, and Other Support	
Sales tax	\$ 1,052,796
Interest income	64,476
Rent income	2,000
TIF District	41,980
Other income	293
Total Revenues, Gains, and Other Support	1,161,545
 Expenses and Losses	
Salaries, benefits and payroll taxes	136,319
Professional services	28,180
Office rent	35,250
Office supplies	825
Postage/Express Mail	183
Communications	3,499
Conferences and meetings	15,379
Dues and subscriptions	995
Travel	6,777
Memberships	12,240
Interest and bank charges	79,612
Maintenance of properties	2,042
Marketing materials	49,395
Advertising materials	1,554
Sponsorships	9,675
Insurance	2,201
Rent expense	715
Miscellaneous	1,076
Infrastructure improvements	70,850
Transfer of infrastructure to the City	1,711,594
Depreciation	2,460
Total Expenses and Losses	2,170,821
Change in Net Position	(1,009,276)
Net Position at Beginning of Year	7,015,025
Net Position at End of Year	\$ 6,005,749

**LINDALE ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
(NONGOVERNMENTAL PRESENTATION)
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net position	\$ (1,009,276)
Adjustments to change in net assets to cash provided by (used in) operating activities:	
Transfer of infrastructure to the City	1,711,594
Depreciation expense	2,460
(Increase) decrease in assets:	
Sales tax receivable	(3,396)
Prepaid rent	35,250
Increase (decrease) in liabilities:	
Accounts payable	1,895
Accrued expenses	88
	<u>1,747,891</u>
 Total Adjustments	<u>1,747,891</u>
 Net Cash Provided by Operating Activities	<u>738,615</u>
 CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments on notes payable	<u>(214,804)</u>
 Net Cash Used in Financing Activities	<u>(214,804)</u>
 Net Decrease in Cash & Cash Equivalents	523,811
 Cash and cash equivalents, beginning of year	<u>676,652</u>
 Cash and cash equivalents, end of year	<u>\$ 1,200,463</u>
 SUPPLEMENTAL INFORMATION:	
Cash paid for interest	<u>\$ 79,502</u>

NON CASH INVESTING AND FINANCING ACTIVITIES

During the year, the EDC transferred completed infrastructure to the City with a net book value of \$1,711,594.

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**

Independent Auditors' Report

The Governing Body
City of Lindale, Texas

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Lindale, Texas as of and for the year ended September 30, 2019 and the related notes to the financial statements, which collectively comprise City of Lindale, Texas' basic financial statements, and have issued our report thereon dated January 29, 2020.

Internal Control over Financial Reporting

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

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

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

As a result of our testing of the data used to determine the City's pension liabilities and expenses, it was noted that two employees classified as part time worked hours that exceeded the threshold of 1,000 hours a year for inclusion in the TMRS program; one in 2018 and one in 2018, 2017 and 2016, and was not entered into the program.

Management had corrected the issue by reducing part time employee hours to comply with the threshold during the fiscal year 2019 upon discovery of the issue at the end of the 2018 calendar year.

Compliance and Other Matters

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

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disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards, and which are described in the preceding paragraph.

City of Lindale, Texas' Response to Findings

The City agrees with the findings reflected above related to the improper credits for the non-cash adjustments of court citations. The City Manager and Finance Director will work with TMRS to determine whether the employee in question should be enrolled into the TMRS system, and properly include them if necessary.

Purpose of this Report

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



Certified Public Accountants

Tyler, Texas
January 29, 2020