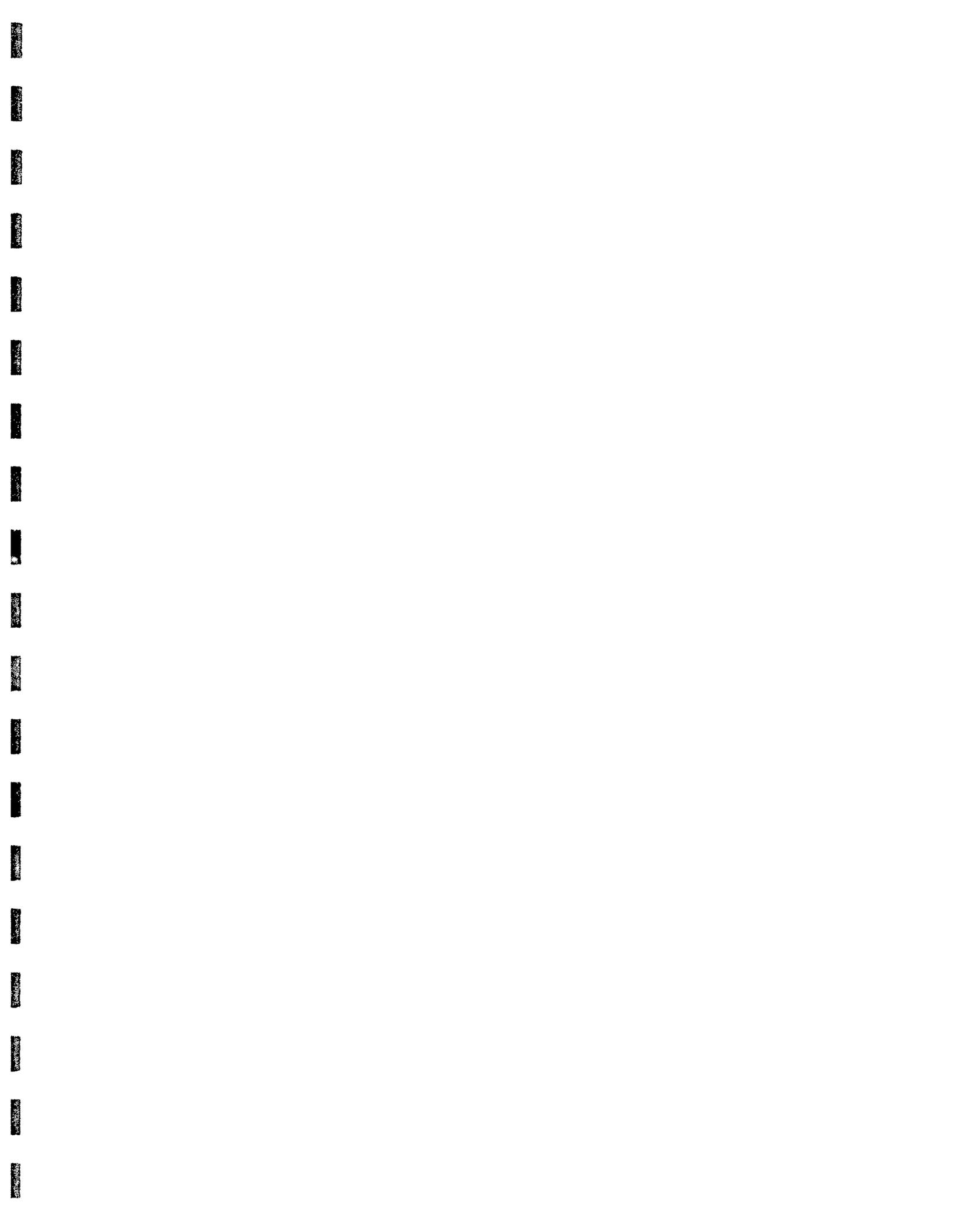


CITY OF LINDALE, TEXAS
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY AND OTHER
INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2012

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CITY OF LINDALE, TEXAS

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INDEPENDENT AUDITORS' REPORT

City Council
City of Lindale, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lindale, Texas as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Lindale, Texas' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lindale, Texas as of September 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2013 on our consideration of the City of Lindale, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

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



Certified Public Accountants

Tyler, Texas
February 13, 2013

**City Of Lindale
Management's Discussion and Analysis
For the Year Ended September 30, 2012**

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, 2012.

Financial Highlights

- As of the end of the current fiscal year, the assets of the City exceed its liabilities by \$22,662,643 (net assets). These net assets are made up of \$13,878,985 in capital assets net of related debt, \$197,836 set aside for capital improvements, \$1,343,489 restricted to meet the City's ongoing debt obligations to creditors, \$209,120 restricted for parks, \$1,801,416 restricted for economic development, \$1,113,470 set aside for tourism, \$147,061 restricted for other purposes and \$3,971,266 unrestricted, available resources.
- At the close of the current fiscal year, the City of Lindale's governmental funds reported a combined ending fund balance of \$6,801,283. Of the balance, \$1,792,113 is undesignated and available by the City's designation and policies.
- At the end of the current fiscal year, undesignated fund balance in the general fund was \$1,792,113 that represents 48.97% of the total 2012 general fund expenditures.
- The City's total non-current liabilities decreased to \$17,293,102. That is a \$989,482 decrease over the prior year 2011 balance of \$18,282,584. The decrease from 2012 to 2011 is due to no new loans being taken out in 2012 and principal payments being applied.

Overview of the Financial Statements

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

The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements.

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

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, other nonfinancial factors must also be considered.

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

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

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

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

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

in capital assets amount of \$13,878,985 was greater than the 2011 total of \$13,389,863. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 7,329,985	\$ 7,280,140	\$ 2,266,349	\$ 1,829,305	\$ 9,596,334	\$ 9,109,445
Capital assets	17,178,175	17,239,149	13,647,980	13,924,016	30,826,155	31,163,165
Total assets	24,508,160	24,519,289	15,914,329	15,753,321	40,422,489	40,272,610
Current liabilities	228,164	682,306	238,580	221,360	466,744	903,666
Noncurrent liabilities	17,257,381	18,213,070	35,721	69,514	17,293,102	18,282,584
Total liabilities	17,485,545	18,895,376	274,301	290,874	17,759,846	19,186,250
Net invested in capital	242,473	(500,644)	13,636,512	13,890,507	13,878,985	13,389,863
Restricted	4,812,392	4,617,113	-	-	4,812,392	4,617,113
Unrestricted	1,967,750	1,507,444	2,003,516	1,571,940	3,971,266	3,079,384
Total net assets	\$ 7,022,615	\$ 5,623,913	\$15,640,028	\$15,462,447	\$ 22,662,643	\$ 21,086,360

Governmental activities. Consistent with the preceding governmental net assets, this is the ninth year to report governmental activities under the new reporting standard GASB No. 34. Increased franchise taxes, sales and use taxes, and increased collection amount of current and delinquent property taxes, transfers, and decreased interest and rent and sales of lots have resulted in the governmental activities adding \$1,398,702 to the governmental activities net assets in fiscal year 2012. This is \$208,558 less than last year 2011 net assets of \$1,607,260.

City of Lindale's Change in Net Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Revenues						
Charges for services	\$1,433,557	\$1,226,097	\$2,327,230	\$2,306,886	\$3,760,787	\$3,532,983
Operating Grants and contribution	18,832	23,216	-	-	18,832	23,216
Capital grants and contribution	109,271	768,287	-	-	109,271	768,287
General revenue						
Property taxes	2,071,780	2,056,190	-	-	2,071,780	2,056,190
Franchise taxes	313,025	280,843	-	-	313,025	280,843
Sales and use taxes	2,331,640	2,283,353	-	-	2,331,640	2,283,353
Interest and rent	143,470	187,852	32,120	17,164	175,590	205,016
Sales of lots	20,000	22,200	-	-	20,000	22,200
Other	-	-	-	-	-	-
Transfers	200,000	(157,443)	(200,000)	157,443	-	-
Total revenue	6,641,575	6,690,595	2,159,350	2,481,493	8,800,925	9,172,088
Expenses						
General government	771,396	877,073	-	-	771,396	877,073
Public Safety	1,752,240	1,730,283	-	-	1,752,240	1,730,283
Public Works	1,304,803	1,164,710	-	-	1,304,803	1,164,710
Interest	933,447	823,672	-	-	933,447	823,672
Parks and recreation	-	-	-	-	-	-
Economic development	221,251	246,730	-	-	221,251	246,730
Water and sewer	-	-	1,976,737	1,929,240	1,976,737	1,929,240
Emergency medical services	-	-	5,032	5,032	5,032	5,032
Construction and other	-	-	-	-	-	-
Other	259,736	240,867	-	-	259,736	240,867
Total expenses	5,242,873	5,083,335	1,981,769	1,934,272	7,224,642	7,017,607
Change in net assets	\$1,398,702	\$1,607,260	\$177,581	\$547,221	\$1,576,283	\$2,154,481

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 2012 year ending fund balance of \$6,801,283 had four major components. These include the economic development fund balance of \$1,801,416, \$1,792,113 in the general fund, \$1,343,489 in debt service fund and \$1,864,265 in other governmental funds. The unrestricted portion of the General Fund represented 48.97% percent of the 2012 expenses that is more than the 42.25% expenses coverage in fiscal year 2011.

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

The 2012 unrestricted net assets of the proprietary fund amounted to \$2,003,516 as compared to the 2011 \$1,571,940 which is all held by the water and sewer fund.

A (\$200,000) net transfer from the Water Fund resulted in a 2012 change to the Proprietary Fund net assets of \$177,581.

General Fund and Water Fund Budgetary Highlights

In the current fiscal year, appropriations exceeded expenditures in each department of the General Fund, with the exception of economic development and also in the Water Fund. The General and Water Fund Budgets were amended on July 17, 2012 and September 20, 2012 due to unexpected expenditures for the downtown projects/surveys, elections, insurance/bonds and an increase in cost of materials and services. The Water Fund Revenues increased because of drought conditions and other entities purchasing water from the City of Lindale. Ordinance 03-2012 approved an increase in water/sewer rates effective May 2012. This was the first increase in rates since 2008.

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, 2012 is \$13,878,985 that is comparable to the 2011 total of \$13,389,863. Net capital assets without the related debt reflect the capital asset value of \$30,826,155 changed from the 2011 value of \$31,163,164.

Capital Assets at Year-End Less Accumulated Depreciation

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Land	\$7,490,083	\$7,633,883	\$172,926	\$172,926	\$7,663,009	\$7,806,809
Construction in progress	-	1,473,483	-	-	-	1,473,483
Building and Improvements	4,071,729	4,032,888	261,194	261,194	4,332,923	4,294,082
Infrastructure	7,306,612	5,501,230	-	-	7,306,612	5,501,230
Machinery and Equipment	1,419,723	1,279,833	710,909	618,177	2,130,632	1,898,010
Water and sewer system	-	-	19,815,853	19,691,897	19,815,853	19,691,897
Total	20,288,147	19,921,317	20,960,882	20,744,194	41,249,029	40,665,511
Less Accumulated Depreciation	(3,109,972)	(2,682,168)	(7,312,902)	(6,820,179)	(10,422,874)	(9,502,347)
Combined Total	\$17,178,175	\$17,239,149	\$13,647,980	\$13,924,015	\$30,826,155	\$31,163,164

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

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

At the end of the fiscal year 2012, the City governmental activities had outstanding debt obligations of \$13,820,000 plus \$132,232 of unamortized bond premium less deferred defeasance credit of \$97,305 that totals \$13,854,927. The business-type activities had outstanding notes payable totaling \$11,468.

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

Outstanding Debt at Year-End

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Certificates of obligation	\$10,515,000	\$11,160,000	-	-	\$10,515,000	\$11,160,000
General obligations	3,305,000	3,415,000	-	-	3,305,000	3,415,000
Deferred defeasance	(97,305)	(108,498)	-	-	(97,305)	(108,498)
Capital Lease	-	20,702	-	9,742	-	30,444
Unamortized bond premium	132,232	147,440	-	-	132,232	147,440
Notes payable	3,278,611	3,429,910	11,468	23,767	3,290,079	3,453,677
Compensated absences	123,843	148,516	24,253	36,005	148,096	184,521
Combined total	\$17,257,381	\$18,213,070	\$35,721	\$69,514	\$17,293,102	\$18,282,584

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

Economic Factors and Next Year's Budgets and Rates

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

The tax rate was decreased from \$.493300 to \$.4930 which is a slight decrease from the previous year. That is the fourth lowest tax rate in 26 years. If we continue to increase the amount of funds from the utilities to be used toward the retirement of bond indebtedness, we feel the tax rate will continue to be in the same area, if not less.

Sales tax plays such a critical part in the revenues of our City; it sometimes makes it difficult to forecast when we will see positive signs of those changing. We budgeted more in the sales tax revenues for the coming year than last year but not as much as we actually received this past year.

We have always maintained that one of the most valuable assets the City has is its employees. The 2012-2013 Budget maintained current employee benefits and allowed for a 3% pay increase. Four positions that had not been filled previously are still not budgeted to be filled. We have created one new position in the Police Department. The position of Administrative Assistant to the Chief of Police will create a better flow of information from the Municipal Court, police officers and dispatchers. The position will also be responsible for activating current warrants and disposing of outdated ones and handling of open records request. The City wants to proceed with optimism but caution when filling full time positions.

This year 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.

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.

**CITY OF LINDALE, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	\$ 5,259,553	\$ 1,449,769	\$ 6,709,322
Investments	1,220,588	478,336	1,698,924
Receivables (net of allowance for doubtful accounts)	525,831	144,427	670,258
Prepaid expenses	555	-	555
Restricted Assets:			
Temporarily restricted			
Cash and cash equivalents	-	193,817	193,817
Bond issue costs (net)	323,458	-	323,458
Capital Assets (net of accumulated depreciation):			
Land	7,490,083	172,926	7,663,009
Buildings and improvements	3,202,969	188,324	3,391,293
Infrastructure	6,123,534	-	6,123,534
Machinery and equipment	361,589	168,086	529,675
Construction in progress	-	-	-
Water and sewer system	-	13,118,644	13,118,644
Total Assets	24,508,160	15,914,329	40,422,489
LIABILITIES			
Accounts payable and accrued expenses	154,823	44,763	199,586
Deposits and other refundable balances	-	193,817	193,817
Deferred revenue	-	-	-
Accrued interest	73,341	-	73,341
Non-current liabilities:			
Due within one year	957,373	15,510	972,883
Due in more than one year	16,300,008	20,211	16,320,219
Total Liabilities	17,485,545	274,301	17,759,846
NET ASSETS			
Investment in capital assets, net of related debt	242,473	13,636,512	13,878,985
Restricted for:			
Economic development	1,801,416	-	1,801,416
Tourism	1,113,470	-	1,113,470
Debt retirement	1,343,489	-	1,343,489
Parks			
Nonexpendable	209,120	-	209,120
Capital improvements	197,836	-	197,836
Other purposes	147,061	-	147,061
Unrestricted	1,967,750	2,003,516	3,971,266
Total Net Assets	\$ 7,022,615	\$ 15,640,028	\$ 22,662,643

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

CITY OF LINDALE, TEXAS
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2012

PROGRAM ACTIVITIES PRIMARY GOVERNMENT:	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		TOTAL
					GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	
Governmental activities							
General government	\$ 771,396	\$ 42,362	-	\$ -	\$ (729,034)	\$ -	\$ (729,034)
Public safety	1,752,240	478,125	-	-	(1,274,115)	-	(1,274,115)
Public works	1,304,803	832,029	-	-	(472,774)	-	(472,774)
Economic development	221,251	-	109,271	-	(111,980)	-	(111,980)
Interest	933,447	-	-	-	(933,447)	-	(933,447)
Other	259,736	81,041	18,832	-	(159,863)	-	(159,863)
Total governmental activities	5,242,873	1,433,557	18,832	109,271	(3,681,213)	-	(3,681,213)
Business-type activities							
Water and sewer	1,976,737	2,327,188	-	-	-	350,451	350,451
Emergency Medical Services	5,032	42	-	-	-	(4,990)	(4,990)
Total business-type activities	1,981,769	2,327,230	-	-	-	345,461	345,461
Total primary government	\$ 7,224,642	\$ 3,760,787	\$ 18,832	\$ 109,271	\$ (3,681,213)	\$ 345,461	\$ (3,335,752)
General revenues:							
Current and delinquent property taxes					2,071,780	-	2,071,780
Franchise taxes					313,025	-	313,025
Sales tax					2,028,645	-	2,028,645
Hotel/motel taxes					302,995	-	302,995
Interest and rent					143,470	32,120	175,590
Sale of lots					20,000	-	20,000
Transfers					209,000	(200,000)	-
Total general revenues and transfers					5,079,915	(167,880)	4,912,035
Change in net assets					1,398,702	177,581	1,576,283
Net assets - beginning of year					5,623,913	15,462,447	21,086,360
Net assets - end of year					\$ 7,022,615	\$ 15,640,028	\$ 22,662,643

CITY OF LINDALE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

	MAJOR FUNDS			OTHER GOVERNMENTAL FUNDS	ELIMINATIONS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	LINDALE ECONOMIC DEVELOPMENT	DEBT SERVICE			
ASSETS						
Cash and cash equivalents	\$ 1,647,864	735,438	\$ 1,343,489	\$ 1,532,762	\$ -	\$ 5,259,553
Investments	270,250	700,000	-	250,338	-	1,220,588
Receivables (net of allowance for doubtful accounts)						
Taxes	18,550	112,329	31,872	83,370	-	246,121
Sanitation	55,019	-	-	-	-	55,019
Other	224,691	-	-	-	-	224,691
Due from other funds	350	-	-	-	(350)	-
Prepaid expenses	-	267,868	-	-	(267,313)	555
Total Assets	\$ 2,216,724	\$ 1,815,635	\$ 1,375,361	\$ 1,866,470	\$ (267,663)	\$ 7,006,527
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 102,312	\$ -	\$ -	\$ 1,855	\$ -	\$ 104,167
Accrued expenses	36,436	4,219	-	-	-	40,655
Escrow liability	-	10,000	-	-	-	10,000
Due to other funds	-	-	-	350	350	-
Deferred revenue	285,863	-	31,872	-	267,313	50,422
Total Liabilities	424,611	14,219	31,872	2,205	267,663	205,244
Fund Balances						
Nonspendable						
Permanent fund principal	-	-	-	209,120	-	209,120
Restricted for						
Economic development	-	1,801,416	-	-	-	1,801,416
Capital improvements	-	-	-	197,836	-	197,836
Debt service	-	-	1,343,489	-	-	1,343,489
Tourism	-	-	-	1,113,470	-	1,113,470
Court technology	-	-	-	33,924	-	33,924
Building security	-	-	-	25,600	-	25,600
Child safety	-	-	-	3,422	-	3,422
Law enforcement purposes	-	-	-	11,476	-	11,476
PEG facilities	-	-	-	51,621	-	51,621
Boy Scout building upkeep	-	-	-	21,018	-	21,018
Assigned to						
Downtown improvements	-	-	-	-	-	-
Cemetery	-	-	-	150,016	-	150,016
Parks and recreation	-	-	-	41,591	-	41,591
Kinzie house	-	-	-	-	-	-
Police education	-	-	-	5,171	-	5,171
Unassigned	1,792,113	-	-	-	-	1,792,113
Total Fund Balances	1,792,113	1,801,416	1,343,489	1,864,265	-	6,801,283
Total Liabilities and Fund Balances	\$ 2,216,724	\$ 1,815,635	\$ 1,375,361	\$ 1,866,470	\$ 267,663	\$ 7,006,527

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

CITY OF LINDALE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

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

	Total Governmental Funds
Total fund balances governmental funds (Exhibit 3 page 1)	\$ 6,801,283
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet	17,178,175
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	50,422
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	(73,341)
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	(16,933,924)
Net Assets of governmental activities	<u>\$ 7,022,615</u>

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

CITY OF LINDALE, TEXAS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FISCAL YEAR ENDED SEPTEMBER 30, 2012

	MAJOR FUNDS			OTHER GOVERNMENTAL FUNDS	ELIMINATIONS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	LINDALE ECONOMIC DEVELOPMENT	DEBT SERVICE			
REVENUES						
Current and delinquent property taxes	\$ 765,388	\$ -	\$ 1,299,105	\$ -	\$ -	\$ 2,064,493
Franchise taxes	313,025	-	-	-	-	313,025
Sales tax	1,355,998	672,647	-	-	-	2,028,645
Building permits	42,362	-	-	-	-	42,362
Fines and forfeitures	478,125	-	-	-	-	478,125
Solid waste collectrions	832,029	-	-	-	-	832,029
Interest	24,499	11,991	20,291	14,931	-	71,712
Rents	50,310	6,240	-	-	-	56,550
Sale of lots	-	-	-	20,000	-	20,000
Donations	-	-	-	18,832	-	18,832
Hotel / Motel tax	-	-	-	302,995	-	302,995
LEDC Reimbursement	99,768	-	-	-	(99,768)	-
Grant revenue	-	109,271	-	-	-	109,271
Miscellaneous income	25,158	3,000	-	52,883	-	81,041
Total Revenues	3,986,662	803,149	1,319,396	409,641	(99,768)	6,419,080
EXPENDITURES						
General Government	709,815	-	-	-	-	709,815
Public safety	1,650,797	-	-	-	-	1,650,797
Public works	1,053,851	-	-	-	-	1,053,851
Economic development	99,703	228,815	-	-	99,768	228,750
Other	-	-	1,500	219,468	-	220,968
Debt service:						
Principal	-	151,299	755,000	-	-	906,299
Interest and fees	-	155,979	629,898	-	-	785,877
Capital outlay	145,753	219,088	-	166,143	-	530,984
Total Expenditures	3,659,919	755,181	1,386,398	385,611	99,768	6,087,341
Revenues Over (Under) Expenditures	326,743	47,968	(67,002)	24,030	-	331,739
OTHER FINANCING SOURCES (USES)						
Transfers in	10,026	-	200,000	146,024	(156,050)	200,000
Transfers out	(51,620)	-	-	(104,430)	156,050	-
Total Other Financing Sources (Uses)	(41,594)	-	200,000	41,594	-	200,000
Net Change in Fund Balances	285,149	47,968	132,998	65,624	-	531,739
Fund Balance, October 1, 2011	1,506,964	1,753,448	1,210,491	1,798,641	-	6,269,544
Fund Balance, September 30, 2012	\$ 1,792,113	\$ 1,801,416	\$ 1,343,489	\$ 1,864,265	\$ -	\$ 6,801,283

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, 2012

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

Net change in fund balances - total governmental funds	\$	531,739
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 exceeded capital outlay in the current period.		(60,974)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		7,287
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued; whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		<u>920,650</u>
Change in net assets of governmental activities	\$	<u><u>1,398,702</u></u>

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

CITY OF LINDALE, TEXAS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL
 (NON-GAAP BUDGET BASIS)
 GENERAL FUND
 FISCAL YEAR ENDED SEPTEMBER 30, 2012

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Current and delinquent property taxes	\$ 750,000	\$ 750,000	\$ 765,388	\$ 15,388
Franchise taxes	250,000	250,000	313,025	63,025
Sales tax	1,250,000	1,250,000	1,344,652	94,652
Building permits	30,000	30,000	42,362	12,362
Fines and forfeitures	400,000	400,000	478,125	78,125
Solid waste collections	767,000	767,000	827,036	60,036
Interest	5,000	5,000	24,499	19,499
Rents	47,250	47,250	50,310	3,060
LEDC Reimbursement	97,788	97,788	99,768	1,980
Miscellaneous income	10,000	10,000	25,158	15,158
Total Revenues	<u>3,607,038</u>	<u>3,607,038</u>	<u>3,970,323</u>	<u>363,285</u>
EXPENDITURES				
General Government	973,283	1,051,583	839,114	212,469
Public safety	1,792,130	1,832,755	1,688,968	143,787
Public works	1,066,250	1,129,750	1,093,089	36,661
Total Expenditures	<u>3,831,663</u>	<u>4,014,088</u>	<u>3,621,171</u>	<u>392,917</u>
Revenues Over (Under) Expenditures	(224,625)	(407,050)	349,152	756,202
OTHER FINANCING SOURCES (USES)				
Transfers in	138,625	138,625	10,026	(128,599)
Transfers out	-	-	(51,620)	(51,620)
Total Other Financing Sources (Uses)	<u>138,625</u>	<u>138,625</u>	<u>(41,594)</u>	<u>(180,219)</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses - Budget Basis	(86,000)	(268,425)	307,558	575,983
Budget Basis to GAAP Basis Adjustments (Note A)	-	-	(22,409)	(22,409)
Revenues and Other Sources Over (Under) Expenditures and Other Uses - GAAP Basis	(86,000)	(268,425)	285,149	553,574
Fund Balance, October 1, 2011	<u>86,000</u>	<u>268,425</u>	<u>1,506,964</u>	<u>1,238,539</u>
Fund Balance, September 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,792,113</u>	<u>\$ 1,792,113</u>

CITY OF LINDALE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2012

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

Basis Presentation:

Sources/Inflows of Resources:

Differences - Budget to GAAP

Decrease in accrued service revenues for services earned during the current year

but billed in the following year

\$ 4,993

Change in sales tax receivable

11,346

Uses/Outflows of Resources:

Differences - Budget to GAAP

Decrease in accrued expenses for services rendered or goods provided during the current

year but paid for in the following year

(16)

Increase in bad debt reserve

(829)

Increase in accounts payable

(37,903)

Net Change in Budget Basis Presentation and GAAP Basis Presentation

\$ (22,409)

CITY OF LINDALE, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2012

	<u>BUSINESS-TYPE ACTIVITIES</u>
	<u>ENTERPRISE FUNDS</u>
	<u>WATER & SEWER FUND</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 1,449,769
Investments	478,336
Accounts receivable (Net)	<u>144,427</u>
Total Current Assets	<u>2,072,532</u>
Restricted current assets	
Temporarily Restricted	
Customer deposits	<u>193,817</u>
Total restricted current assets	<u>193,817</u>
Capital Assets	
Land	172,926
Water & Sewer system	19,815,853
Buildings	261,194
Machinery & equipment	710,909
Less Accumulated depreciation	<u>(7,312,902)</u>
Total Capital Assets Net Of Accumulated Depreciation	<u>13,647,980</u>
Total Noncurrent Assets	<u>13,647,980</u>
Total Assets	<u>\$ 15,914,329</u>
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 36,220
Accrued expenses	8,543
Compensated absences	4,042
Notes payable - current portion	<u>11,468</u>
Total Current Liabilities	<u>60,273</u>
Current liabilities payable from restricted assets	
Customer deposits	<u>193,817</u>
Total current liabilities payable from restricted assets	<u>193,817</u>
Noncurrent Liabilities	
Compensated absences	<u>20,211</u>
Total Noncurrent Liabilities	<u>20,211</u>
Total Liabilities	<u>274,301</u>
NET ASSETS	
Invested in capital assets, net of related debt	13,636,512
Unrestricted	<u>2,003,516</u>
Total Net Assets	<u>\$ 15,640,028</u>

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

CITY OF LINDALE, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

	<u>BUSINESS-TYPE ACTIVITIES</u>
	<u>ENTERPRISE FUNDS</u>
	<u>WATER & SEWER FUND</u>
OPERATING REVENUES	
Charges for services:	
Water sales	\$ 1,397,676
Sewer charges	863,824
EMS	42
Tap and connect fees	50,594
Miscellaneous	15,094
Rents	12,728
	<hr/>
Total Operating Revenues	2,339,958
	<hr/>
OPERATING EXPENSES	
Water and sewer operations	1,444,985
Depreciation	536,784
	<hr/>
Total Operating Expenses	1,981,769
	<hr/>
Operating Income (Loss)	358,189
	<hr/>
NON-OPERATING REVENUES (EXPENSES)	
Interest and fiscal charge expense	(753)
Interest income	20,145
	<hr/>
Total non-operating revenue (expenses)	19,392
	<hr/>
Income before transfers	377,581
	<hr/>
Transfers out	(200,000)
	<hr/>
Total Transfers	(200,000)
	<hr/>
Change in Net Assets	177,581
	<hr/>
Net Assets, October 1, 2011	15,462,447
	<hr/>
Net Assets, September 30, 2012	<u>\$ 15,640,028</u>

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

CITY OF LINDALE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

Increase (Decrease) in Cash and Cash Equivalents

	<u>BUSINESS-TYPE ACTIVITIES</u>
	<u>ENTERPRISE FUNDS</u>
	WATER & SEWER FUND
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers and users	\$ 2,394,749
Cash paid to suppliers for goods and services	(844,175)
Cash paid to employees for services	(605,217)
	<hr/>
Net cash provided by operating activities	945,357
	<hr/>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers out	(200,000)
Net cash used in non-capital financing activities	(200,000)
	<hr/>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets and equipment	(260,748)
Payment on note payable	(12,299)
Payment on capital lease	(9,742)
Interest paid	(753)
	<hr/>
Net cash used in capital and related financing activities	(283,542)
	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of investments	(478,336)
Interest earned	20,145
	<hr/>
Net cash used in investing activities	(458,191)
	<hr/>
Net increase in cash	3,624
	<hr/>
Cash, beginning of period	1,639,962
	<hr/>
Cash, end of period	\$ 1,643,586
	<hr/> <hr/>
Reconciliation of cash to Exhibit 7:	
Cash - current asset	\$ 1,449,769
Cash - restricted current asset	193,817
Total cash, end of period	\$ 1,643,586
	<hr/> <hr/>

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

CITY OF LINDALE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

Increase (Decrease) in Cash and Cash Equivalents

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

Operating income (loss)	\$	358,189
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense		536,784
Decrease in accounts receivable		44,916
Increase (Decrease) in accounts payable		7,345
Increase in customer deposits		9,875
Decrease in compensated absences		(11,752)
		<hr/>
Total adjustments		587,168
		<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$	<u>945,357</u>

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

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 1: — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

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

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

B. The Reporting Entity

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

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

Individual Component Unit Disclosure – Blended Component Units

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

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

C. Government-wide and Fund Financial Statements

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The government reports the following major governmental funds:

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

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

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

The government reports the following major proprietary funds:

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

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

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided and (2) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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, and Net Assets or Equity

1. Cash and cash equivalents - the City considers all cash in demand deposit accounts and petty cash accounts to be cash and cash equivalents, as well as certificates of deposit 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, its agents and instrumentalities, certificates of deposit at financial institutions, local government investment pools, no load registered money market funds and repurchase agreements.

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, balance 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 collectibility of each specific account, as determined by experience.

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

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 - includes property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$3,000 (amount not rounded) and an estimated life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

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 - Bond issue costs are amortized over the life of the bonds under straight line or the effective interest method.

8 Fund Balance classification - During the prior year, 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.

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.

9 Net Assets - represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of the City's capital assets, net of accumulated depreciation, reduced by any outstanding debt used for the acquisition or construction of those assets. Net assets reported as restricted are those amounts which have limitations imposed on their use either through legislation adopted by the City or through external restrictions imposed by creditors, grantors or other laws and regulations.

10 Capitalized interest - The City has capitalized interest on construction projects when material.

11. Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

- A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets - One element of that reconciliation states that “Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.” The details of this \$17,178,175 difference are as follows:

Capital assets, October 1, 2011, net of accumulated depreciation	\$17,239,149
Capital asset additions, net of retirements	366,830
Depreciation of capital assets, current year	<u>(427,804)</u>
	<u>\$17,178,175</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 \$(16,933,924) difference are as follows:

Long-term liabilities, October 1, 2011	\$(18,213,070)
Amortization of premium	15,208
Principal paid on debt for the year	927,001
Bond issue and insurance costs, net of amortization	323,457
Accretion of deferred defeasance	(11,193)
Change in compensated absences	<u>24,673</u>
	<u>\$(16,933,924)</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 \$(60,974) difference are as follows:

Capital outlay, asset additions, net of retirements	\$ 366,830
Depreciation expense	<u>(427,804)</u>
	<u>\$ (60,974)</u>

Another element states “The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued; whereas, the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.” The details of this \$920,650 difference are as follows:

Principal paid on debt for the year	\$ 927,001
Amortization of premium	15,208
Amortization of bond issue and insurance costs	(38,766)
Accretion of deferred defeasance	(11,193)

Change in compensated absences	24,673
Change in accrued interest	<u>3,727</u>
	<u>\$ 920,650</u>

NOTE 3 — STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

1. The budget for the General Fund, Debt Service Fund, Hotel Motel Tax Fund, Cemetery Fund, Court Technology Fund, Building Security Fund, Child Safety Fees Fund, Parrott Park Museum Fund, Kinzie House Fund, 2009 Bond Fund and the Water and Sewer Fund are adopted essentially on the cash basis. The budgetary comparisons for these funds are on this non-GAAP budgetary basis.
2. Appropriations lapse at year end.
3. Encumbrance accounting is not used.

NOTE 4 — DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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.

As of September 30, 2012, the City's deposits and investments were adequately secured as outlined in the schedule below:

	<u>BOOK BALANCE</u>	<u>BANK BALANCE</u>
Depository Accounts		
Insured	\$ 528,047	\$ 528,507
Collateral held by pledging bank's Trust Department in City's name	<u>6,374,632</u>	<u>7,409,671</u>
Total Depository Accounts	6,902,679	7,938,178
Petty Cash on hand	460	-
Total Cash and Cash Equivalents	<u>\$6,903,139</u>	<u>\$7,938,178</u>
Investments – Certificates of Deposit		
Collateral held by pledging bank's Trust Department in City's name	<u>\$1,698,924</u>	<u>\$1,698,924</u>
Total Investments – Certificates of Deposit	<u>\$1,698,924</u>	<u>\$1,698,924</u>

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.

B. Receivables

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

	General Fund	Lindale Economic Development	Debt Service	Water and Sewer Fund	Other Governmental Funds	Total
Receivables:						
Taxes	\$ 29,947	\$ -	\$ 51,453	\$ -	\$ 83,370	\$ 164,770
Sanitation	68,640	-	-	-	-	68,640
Sales Tax	224,691	112,329	-	-	-	337,020
Grant	-	-	-	-	-	-
Accounts	-	-	-	208,011	-	208,011
Gross Receivables	323,278	112,329	51,453	208,011	83,370	778,441
Less: Allowance for Uncollectibles	(25,018)	-	(19,581)	(63,584)	-	(108,183)
Net Receivables	\$ 298,260	\$ 112,329	\$ 31,872	\$ 144,427	\$ 83,370	\$ 670,258

C. Capital Assets

Capital asset activity for the year ended September 30, 2012 is as follows:

PRIMARY GOVERNMENT	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 7,633,883	\$ -	\$ (143,800)	\$ 7,490,083
Construction in Progress	1,473,483	224,642	(1,698,125)	-
Total Capital Assets, Not Being Depreciated	9,107,366	224,642	(1,841,925)	7,490,083
Capital Assets, Being Depreciated:				
Buildings and Improvements	4,032,888	38,841	-	4,071,729
Infrastructure	5,501,230	1,805,382	-	7,306,612
Machinery and Equipment	1,279,833	139,890	-	1,419,723
Total Capital Assets, Being Depreciated	10,813,951	1,984,113	-	12,798,064
Less Accumulated Depreciation For:				
Buildings and Improvements	(761,116)	(107,644)	-	(868,760)
Infrastructure	(1,015,200)	(167,878)	-	(1,183,078)
Machinery and Equipment	(905,852)	(152,282)	-	(1,058,134)
Total Accumulated Depreciation	(2,682,168)	(427,804)	-	(3,109,972)
Net Total Assets Being Depreciated	8,131,783	1,556,309	-	9,688,092
Governmental Activities Capital Assets, Net	\$ 17,239,149	\$ 1,780,951	\$ (1,841,925)	\$ 17,178,175

Business-Type Activities

Capital Assets, Not Being Depreciated:				
Land	\$ 172,926	\$ -	\$ -	\$ 172,926
Construction in Progress	-	-	-	-
Total Capital Assets, Not Being Depreciated	<u>172,926</u>	<u>-</u>	<u>-</u>	<u>172,926</u>
Capital Assets, Being Depreciated:				
Water and Sewer System	19,691,897	123,956	-	19,815,853
Buildings	261,194	-	-	261,194
Machinery and Equipment	618,177	136,792	(44,060)	710,909
Total Capital Assets, Being Depreciated	<u>20,571,268</u>	<u>260,748</u>	<u>(44,060)</u>	<u>20,787,956</u>
Less Accumulated Depreciation For:				
Water and Sewer System	(6,194,752)	(502,457)	-	(6,697,209)
Buildings	(65,777)	(7,093)	-	(72,870)
Machinery and Equipment	(559,650)	(27,233)	44,060	(542,823)
Total Accumulated Depreciation	<u>(6,820,179)</u>	<u>(536,783)</u>	<u>44,060</u>	<u>(7,312,902)</u>
Net Total Assets Being Depreciated	<u>13,751,089</u>	<u>(276,035)</u>	<u>-</u>	<u>13,475,054</u>
Business-Type Activities Capital Assets, Net	<u>\$ 13,924,015</u>	<u>\$ (276,035)</u>	<u>\$ -</u>	<u>\$ 13,647,980</u>

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

Governmental Activities:	
General Government	\$ 55,600
Public Safety	123,730
Public Works	<u>248,474</u>
Total depreciation expense, governmental activities	<u>\$427,804</u>
Business-Type Activities:	
Water and Sewer Operations	\$531,752
Emergency Medical Services	<u>5,032</u>
Total	<u>\$536,784</u>

Construction Commitments

The City has no active construction projects as of September 30, 2012.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of September 30, 2012 is as follows:

Interfund transfers:

Transfers Out	Transfers In	Amount
Kinzie Trust	General Fund	\$ 1,791
Water & Sewer Fund	Debt Service Fund	200,000
General Fund	PEG Franchise Fund	43,385

Hotel/Motel Tax Fund
 Hotel/Motel Tax Fund

Kinzie House Fund
 Parrott Park Museum Fund

5,639
97,000
\$ 347,815

E. Leases

Operating Leases

The City leases five copy machines, one located in the City Hall workroom, one at the Water Department building, one in Municipal Court, one in Code Enforcement and one in the Police Department, under five separate lease agreements. Total costs for such leases were \$11,221 for the year ended September 30, 2012. The future minimum lease payments for these leases are as follows:

<u>Year Ended</u> <u>September 30</u>	<u>Amount</u>
2013	\$ 11,221
2014	11,221
2015	7,443
2016	1,935
TOTAL	\$ 31,820

Capital Leases

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

The asset acquired through the capital lease is as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
Asset:		
INCODE software	\$105,008	\$ 49,415
Less: Accumulated depreciation	(105,008)	(49,415)
TOTAL	\$ -	\$ -

There are no minimum lease obligations remaining as of September 30, 2012.

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, 2012 are comprised of the following issues:

Governmental Activities:

\$4,730,000 Series 2004 Combination Tax and Utility

System Revenue Refunding Bonds maturing serially in various amounts through 8-15-20. Interest rates varying from 2.5 % to 4.5 %.	\$2,835,000
\$3,140,000 Series 2004 Combination Tax and Utility System Certificates of Obligation maturing serially in various amounts through 8-15-25. Interest rates varying from 2.5 % to 4.8 %.	2,435,000
\$3,910,000 Series 2005 Unlimited Tax Refunding Bonds maturing serially in various amounts through 8-15-25. Interest rates varying from 3.25% to 5.00 %.	3,305,000
\$3,000,000 Series 2006 Combination Tax and Utility System Revenue Certificates of Obligation maturing serially in various amounts through 8-15-25. Interest rates varying from 4.25% to 5.00%.	2,500,000
\$3,080,000 Series 2009 Combination Tax and Utility System Revenue Certificates of Obligation maturing serially in various amounts through 8-15-27. Interest rates varying from 4.00% to 4.75%.	<u>2,745,000</u>
Total Outstanding Governmental Bonded Debt	13,820,000
Plus: Unamortized Bond Premium	132,232
Less: Deferred Loss on Refunding, net of accretion	<u>(97,305)</u>
Net Outstanding Governmental Bonded Debt	<u>\$13,854,927</u>

The funding requirements to amortize all bonds outstanding as of September 30, 2012, including interest, are as follows:

YEAR ENDED	GOVERNMENTAL ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
9-30			
2013	\$ 785,000	\$ 598,260	\$ 1,383,260
2014	815,000	565,360	1,380,360
2015	850,000	531,208	1,381,208
2016	895,000	495,560	1,390,560
2017	930,000	458,903	1,388,903
2018-2022	5,310,000	1,661,428	6,971,428
2023-2027	<u>4,235,000</u>	<u>441,591</u>	<u>4,676,591</u>
	13,820,000	4,752,310	18,572,310
Unamortized Bond Premium	132,232	-	132,232
Deferred defeasance, net of accretion	<u>(97,305)</u>	<u>-</u>	<u>(97,305)</u>
	<u>\$13,854,927</u>	<u>\$ 4,752,310</u>	<u>\$18,607,237</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, 2012 be disclosed.

Insurer	Policy	Limit of Liability		Expiration Date
		Each Occurrence	Annual Aggregate	
Texas Municipal League	General Liability	\$2,000,000	\$4,000,000	10/1/2012
	Law Enforcement	1,000,000	2,000,000	10/1/2012
	Errors & Omissions	1,000,000	2,000,000	10/1/2012
	Auto Liability	500,000	n/a	10/1/2012
	Auto Physical Damage	10,000	n/a	10/1/2012
Texas Municipal League	Real & Personal Property	1,000,000	12,263,300	10/1/2012
	Mobile Equipment	n/a	276,362	10/1/2012
	Boiler & Machinery	100,000	n/a	10/1/2012
Texas Municipal League	Workers Comp	n/a	1,844,325	10/1/2012

As of September 30, 2012, the City was in compliance with all requirements of its bond ordinances.

The City also has the following notes payable at September 30, 2012:

GOVERNMENTAL ACTIVITIES

LEDC note payable to Southside Bank; original loan amount of \$4,000,000; interest varies from 4.75% to 5.229%; payable in 60 monthly installments of \$25,814 beginning July 1, 2007, followed by 180 monthly installments of \$26,643 beginning September 1, 2012, secured by real estate.	\$3,278,611
Less: Current portion	<u>(151,733)</u>
LONG-TERM PORTION	<u>\$3,126,878</u>

BUSINESS-TYPE ACTIVITIES

Note payable to Lindale State Bank at 3.0% payable in monthly installments of \$1,061 plus interest, secured by EMS building	\$ 11,468
Less: Current portion	<u>(11,468)</u>
LONG-TERM PORTION	<u>\$ -</u>

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

<u>YEAR ENDED</u> <u>SEPTEMBER 30,</u>	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>
2013	\$ 151,733	\$ 11,468
2014	159,860	-
2015	168,423	-
2016	177,042	-
2017	186,926	-
2018-2022	1,095,660	-
2023-2027	<u>1,338,967</u>	<u>-</u>
Total	<u>\$ 3,278,611</u>	<u>\$ 11,468</u>

Changes in long-term liabilities

Long term liability activity for the year ended September 30, 2012 was as follows:

	Beginning Balance 10/1/2011	Additions	Reductions	Ending Balance 9/30/2012	Due Within One Year
Governmental Activities:					
Certificates of Obligation	\$ 11,160,000	\$ -	\$ (645,000)	\$ 10,515,000	\$ 670,000
General Obligation	3,415,000	-	(110,000)	3,305,000	115,000
Unamortized Bond Premium	147,440	-	(15,208)	132,232	-
Deferred defeasance	(108,498)	-	11,193	(97,305)	-
Capital Lease	20,702	-	(20,702)	-	-
Notes Payable	3,429,910	-	(151,299)	3,278,611	151,733
Compensated Absences	148,516	-	(24,673)	123,843	20,640
	<u>\$ 18,213,070</u>	<u>\$ -</u>	<u>\$ (955,689)</u>	<u>\$ 17,257,381</u>	<u>\$ 957,373</u>
Governmental Activity Long-Term Liabilities					
Business-Type Activities:					
Notes Payable	\$ 23,767	\$ -	\$ (12,299)	\$ 11,468	\$ 11,468
Capital Lease	9,742	-	(9,742)	-	-
Compensated Absences	36,005	-	(11,752)	24,253	4,042
	<u>\$ 69,514</u>	<u>\$ -</u>	<u>\$ (33,793)</u>	<u>\$ 35,721</u>	<u>\$ 15,510</u>
Business-Type Activity Long-Term Liabilities					

The total interest incurred and charged to expense for the year ended September 30, 2012 was \$933,447.

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, 2012, the City had \$244,361 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.

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). The City pays its coverage in three installments. As of September 30, 2012, the City did not have any liability for unpaid claims or adjustments under policies carried with TML. During the year ended September 30, 2012, 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 - EMPLOYEES' PENSION PLAN OBLIGATIONS

Plan Description

The City provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained from TMRS' website at www.TMRS.com.

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:

	<u>Plan Year 2011</u>	<u>Plan Year 2012</u>
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

Contributions

Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that City. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation/(asset) are as follows:

Annual Required Contribution (ARC)	\$ 264,603
Interest on Net Pension Obligation	-
Adjustment to the ARC	<u>-</u>
Annual Pension Cost (APC)	264,603
Contributions Made	<u>264,603</u>
Increase (decrease) in net pension obligation	-
Net Pension Obligation/(Asset), beginning of year	<u>-</u>
Net Pension Obligation/(Asset), end of year	<u>\$ -</u>

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution Made</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation/ (Asset)</u>
9/30/2010	251,114	251,114	100%	-
9/30/2011	279,978	279,978	100%	-
9/30/2012	264,603	264,603	100%	-

General System-wide Actuarial Assumptions

The required contribution rates for fiscal year 2012 were determined as part of the December 31, 2009 and 2010 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2011, also follows:

Valuation Date	<u>12/31/2009</u>	<u>12/31/2010</u>	<u>12/31/2011</u>
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Amortization Period	28 years; closed period	27.1 years; closed period	26.1 years; closed period
Amortization period for new Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return*	7.5%	7.0%	7.0%
Projected Salary Increases*	Varies by age and service	Varies by age and service	Varies by age and service
* Includes Inflation at	3%	3%	3%
Cost-of-Living Adjustments	2.1%	2.1%	2.1%

Funding Status and Funding Progress

The funded status as of December 31, 2011, the most recent actuarial valuation date, is presented as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2011	\$ 2,145,640	\$ 3,852,752	55.7%	\$ 1,707,112	\$ 1,721,116	99.2%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

Schedule of Funding Progress (unaudited):

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2009	1,238,626	2,818,568	43.9%	1,579,942	1,663,974	94.9%
12/31/2010	1,699,413	3,496,665	48.6%	1,797,252	1,756,388	102.3%
12/31/2011	2,145,640	3,852,752	55.7%	1,707,112	1,721,116	99.2%

NOTE 9 – CONTINGENT LIABILITIES

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

NOTE 10 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended September 30, 2012, expenditures exceeded appropriation in the LEDC department of the General Fund by \$1,981. These overexpenditures were funded by reimbursement funds received from LEDC.

NOTE 11 – SUBSEQUENT EVENT

Subsequent to September 30, 2012, the City issued \$2,405,000 in General Obligation Refunding Bonds. The purpose of the bonds is to refund the City’s Series 2004 Combination Tax and Utility System Revenue Certificates of Obligation.

ADDITIONAL SUPPLEMENTAL INFORMATION

CITY OF LINDALE, TEXAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2012

	CEMETERY FUND	HOTELMAGUIH JAZZ FUND	PARROTT PARK MUSEUM FUND	KINZIE HOUSE FUND	2009 CAPITAL PROJECTS FUND	COURT TECHNOLOGY FUND	BUILDING SECURITY FUND	CHILD SAFETY FEES FUND	POLICE EDUCATION FUND	POLICE LEASE FUND	PORLE LORETTA FUND	PIFA FRANCHISE FUND	BORELI FUND	PERMANENT FUND	UNAVAILABLE MAINTENANCE FUND
ASSETS															
Cash and cash equivalents	\$ 150,016	\$ 1,070,109	\$ 43,446	\$ -	\$ 197,836	\$ 13,353	\$ 25,600	\$ 3,422	\$ 5,171	\$ 10,567	\$ 989	\$ 51,623	\$ 3,231	\$ 209,270	\$ 1,522,762
Investments						20,571									280,138
Receivables															
Taxes		83,370													83,370
Total Assets	\$ 150,016	\$ 1,153,479	\$ 43,446	\$ -	\$ 197,836	\$ 33,924	\$ 25,600	\$ 3,422	\$ 5,171	\$ 10,567	\$ 989	\$ 51,623	\$ 3,231	\$ 209,270	\$ 1,802,900
LIABILITIES AND FUND BALANCES															
Liabilities															
Accounts payable	\$ -	\$ -	\$ 1,853	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds															
Total Liabilities	\$ -	\$ -	\$ 1,853	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances															
Unassigned	\$ 150,016	\$ 1,153,479	\$ 41,593	\$ -	\$ 197,836	\$ 33,924	\$ 25,600	\$ 3,422	\$ 5,171	\$ 10,567	\$ 989	\$ 51,623	\$ 3,231	\$ 209,270	\$ 1,522,762
Assigned to:															
Capital Projects															
Court Technology															
Building Security															
Police Education															
Police Lease															
Pifa Franchise															
Child Safety Fees															
Unassigned															
Total Fund Balances	\$ 150,016	\$ 1,153,479	\$ 41,593	\$ -	\$ 197,836	\$ 33,924	\$ 25,600	\$ 3,422	\$ 5,171	\$ 10,567	\$ 989	\$ 51,623	\$ 3,231	\$ 209,270	\$ 1,522,762
Total Liabilities and Fund Balances	\$ 150,016	\$ 1,153,479	\$ 43,446	\$ -	\$ 197,836	\$ 33,924	\$ 25,600	\$ 3,422	\$ 5,171	\$ 10,567	\$ 989	\$ 51,623	\$ 3,231	\$ 209,270	\$ 1,802,900

CITY OF LINDALE, TEXAS
CEMETERY FUND
DETAILED SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FISCAL YEAR ENDED SEPTEMBER 30, 2012

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Miscellaneous Income	\$ -	\$ -	\$ 5,500	\$ 5,500
Interest income	2,000	2,000	1,636	(364)
Sale of Cemetery Plots	18,000	18,000	20,000	2,000
Transfer from Reserves	30,000	30,000	-	(30,000)
Public Contribution	8,500	8,500	14,331	5,831
TOTAL FINANCING SOURCES - BUDGET BASIS	<u>\$ 58,500</u>	<u>\$ 58,500</u>	41,467	<u>\$ (17,033)</u>
Financial Statement Adjustments:			-	
TOTAL FINANCING SOURCES - GAAP BASIS			<u>\$ 41,467</u>	
EXPENDITURES				
Cemetery Administration:				
Postage	\$ 500	\$ 500	\$ 372	\$ 128
Miscellaneous Supplies	500	500	-	500
Miscellaneous	-	2,000	1,069	931
Utilities	-	500	257	243
Software contract	500	500	456	44
Legal & Professional	1,000	1,000	-	1,000
Cemetery & Grounds	26,000	29,500	29,243	257
Capital Outlay	30,000	30,000	8,484	21,516
TOTAL EXPENDITURES - BUDGET BASIS	<u>\$ 58,500</u>	<u>\$ 64,500</u>	39,881	<u>\$ 24,619</u>
Financial Statement Adjustments:			-	
TOTAL EXPENDITURES - GAAP BASIS			<u>\$ 39,881</u>	

CITY OF LINDALE, TEXAS
 COURT TECHNOLOGY FUND
 DETAILED SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
 FISCAL YEAR ENDED SEPTEMBER 30, 2012

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Fines and Fees	\$ 9,500	\$ 9,500	\$ 12,101	\$ 2,601
Interest Income	-	-	163	163
TOTAL FINANCING SOURCES - BUDGET BASIS	<u>\$ 9,500</u>	<u>\$ 9,500</u>	12,264	<u>\$ 2,764</u>
Financial Statement Adjustments:			-	
TOTAL FINANCING SOURCES - GAAP BASIS			<u>\$ 12,264</u>	
EXPENDITURES				
Capital Expenditures:				
Court Technology Equipment	\$ 9,500	\$ 9,500	\$ 5,474	\$ 4,026
TOTAL EXPENDITURES - BUDGET BASIS	<u>\$ 9,500</u>	<u>\$ 9,500</u>	5,474	<u>\$ 4,026</u>
Financial Statement Adjustments:			-	
TOTAL EXPENDITURES - GAAP BASIS			<u>\$ 5,474</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, 2012

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Fines and Fees	\$ 3,000	\$ 3,000	\$ 8,944	\$ 5,944
Interest Income	-	-	70	70
TOTAL FINANCING SOURCES - BUDGET BASIS	<u>\$ 3,000</u>	<u>\$ 3,000</u>	9,014	<u>\$ 6,014</u>
Financial Statement Adjustments			-	
TOTAL FINANCING SOURCES - GAAP BASIS			<u>\$ 9,014</u>	
EXPENDITURES				
Building & grounds	\$ 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
 CHILD SAFETY FEES FUND
 DETAILED SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
 FISCAL YEAR ENDED SEPTEMBER 30, 2012

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Fines and Fees	\$ 3,000	\$ 3,000	\$ 3,207	\$ 207
Interest Income	-	-	28	28
TOTAL FINANCING SOURCES - BUDGET BASIS	<u>\$ 3,000</u>	<u>\$ 3,000</u>	3,235	<u>\$ 235</u>
Financial Statement Adjustments:			-	
TOTAL FINANCING SOURCES - GAAP BASIS			<u>\$ 3,235</u>	
EXPENDITURES				
Office Supplies	\$ 500	\$ 500	\$ 371	\$ 129
Capital Outlay	1,000	8,000	7,810	190
TOTAL EXPENDITURES - BUDGET BASIS	<u>\$ 1,500</u>	<u>\$ 8,500</u>	8,181	<u>\$ 319</u>
Financial Statement Adjustments:			-	
TOTAL EXPENDITURES - GAAP BASIS			<u>\$ 8,181</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, 2012

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Motel Tax	\$ 260,000	\$ 260,000	\$ 315,366	\$ 55,366
Miscellaneous Income	-	-	9,488	\$ 9,488
Interest income	5,000	5,000	10,559	5,559
TOTAL FINANCING SOURCES - BUDGET BASIS	\$ 265,000	\$ 265,000	335,413	\$ 70,413
Financial Statement Adjustments				
Decrease in taxes receivable			(12,371)	
TOTAL FINANCING SOURCES - GAAP BASIS			\$ 323,042	
EXPENDITURES				
Hotel-Motel Administration:				
Signs & Displays	\$ 20,000	\$ 21,300	\$ 21,248	\$ 52
Sponsorships	30,000	30,000	30,000	-
Miscellaneous Maintenance	1,000	1,000	-	1,000
Professional	15,000	15,000	-	15,000
Transfer to Reserves	896	896	-	896
Transfer to Kinzie House fund	5,000	5,000	5,639	(639)
Transfer to Parrott Museum fund	97,000	97,000	97,000	-
Chamber of Commerce	60,641	60,641	60,642	(1)
Building & Grounds	-	200	200	-
TOTAL EXPENDITURES - BUDGET BASIS	\$ 229,537	\$ 231,037	214,729	\$ 16,308
Financial Statement Adjustments				
			-	
TOTAL EXPENDITURES - GAAP BASIS			\$ 214,729	

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, 2012

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Chapel Rental	\$ 1,200	\$ 1,200	\$ 300	\$ (900)
Donations	1,500	1,500	4,501	3,001
Gift Shop income	300	300	1,627	1,327
Transfer from Hotel Motel fund	97,000	97,000	97,000	-
Miscellaneous Income	-	-	2,647	2,647
Interest income	-	-	225	225
TOTAL FINANCING SOURCES - BUDGET BASIS	<u>\$ 100,000</u>	<u>\$ 100,000</u>	106,300	<u>\$ 6,300</u>
Financial Statement Adjustments:			-	
TOTAL FINANCING SOURCES - GAAP BASIS			<u>\$ 106,300</u>	
EXPENDITURES				
Parrot Park Museum Administration:				
Salaries	\$ 40,000	\$ 40,000	\$ 32,878	\$ 7,122
Social Security/Medicare	3,500	3,500	2,515	985
Office Supplies	1,500	3,200	3,140	60
Miscellaneous	1,000	1,000	938	62
Utilities	15,000	15,000	12,448	2,552
Professional	300	300	195	105
Gift Shop Resale Items	500	650	647	3
State Comp (Sales Tax)	-	125	114	11
Communications	1,200	3,200	3,062	138
Building & Grounds Maintenance	20,000	20,000	7,596	12,404
Building & Grounds	17,000	17,000	17,458	(458)
TOTAL EXPENDITURES - BUDGET BASIS	<u>\$ 100,000</u>	<u>\$ 103,975</u>	80,991	<u>\$ 22,984</u>
Financial Statement Adjustments:				
Increase in accounts payable			936	
TOTAL EXPENDITURES - GAAP BASIS			<u>\$ 81,927</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, 2012

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Transfer from Hotel Motel fund	\$ 5,000	\$ 5,000	\$ 5,639	\$ 639
TOTAL FINANCING SOURCES - BUDGET BASIS	<u>\$ 5,000</u>	<u>\$ 5,000</u>	5,639	<u>\$ 639</u>
Financial Statement Adjustments			-	
TOTAL FINANCING SOURCES - GAAP BASIS			<u>\$ 5,639</u>	
EXPENDITURES				
Kinzie House Administration:				
Utilities	\$ -	\$ 180	\$ 177	\$ 3
Building & Grounds Maintenance	5,000	5,000	-	5,000
Building & Grounds	-	9,000	8,985	15
TOTAL EXPENDITURES - BUDGET BASIS	<u>\$ 5,000</u>	<u>\$ 14,180</u>	9,162	<u>\$ 5,018</u>
Financial Statement Adjustments:			-	
TOTAL EXPENDITURES - GAAP BASIS			<u>\$ 9,162</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, 2012

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Current and delinquent property taxes	\$ 1,184,897	\$ 1,184,897	\$ 1,299,105	\$ 114,208
Interest income	3,000	3,000	20,291	17,291
Transfer from other funds	200,000	200,000	200,000	-
TOTAL FINANCING SOURCES - BUDGET BASIS	<u>\$ 1,387,897</u>	<u>\$ 1,387,897</u>	1,519,396	<u>\$ 131,499</u>
Financial Statement Adjustments:			-	
TOTAL REVENUES - GAAP BASIS			<u>\$ 1,519,396</u>	
EXPENDITURES				
Debt Service:				
Bond principal	\$ 755,000	\$ 755,000	\$ 755,000	\$ -
Interest and fees	629,897	629,897	629,898	(1)
Agent fees	3,000	3,000	1,500	1,500
TOTAL EXPENDITURES - BUDGET BASIS	<u>\$ 1,387,897</u>	<u>\$ 1,387,897</u>	1,386,398	<u>\$ 1,499</u>
Financial Statement Adjustments:			-	
TOTAL EXPENDITURES - GAAP BASIS			<u>\$ 1,386,398</u>	

CITY OF LINDALE, TEXAS
 2009 BOND FUND
 DETAILED SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
 FISCAL YEAR ENDED SEPTEMBER 30, 2012

	<u>BUDGET ORIGINAL</u>	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)</u>
EXPENDITURES				
Sundry:				
Professional	\$ -	\$ 3,050	\$ 3,050	\$ -
Inspection Fees	-	-	-	-
Legal	-	-	-	-
Total Sundry	<u>-</u>	<u>3,050</u>	<u>3,050</u>	<u>-</u>
Capital Expenditures:				
Streets & Alleys	-	125,000	123,867	1,133
Total Capital Expenditures	<u>-</u>	<u>125,000</u>	<u>123,867</u>	<u>1,133</u>
TOTAL EXPENDITURES - BUDGET BASIS	<u>\$ -</u>	<u>\$ 128,050</u>	126,917	<u>\$ 1,133</u>
Financial Statement Adjustments:			-	
TOTAL EXPENDITURES - GAAP BASIS			<u>\$ 126,917</u>	

CITY OF LINDALE, TEXAS
 DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 (NON-GAAP BUDGET BASIS)
 GENERAL FUND
 FISCAL YEAR ENDED SEPTEMBER 30, 2012

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Current and delinquent property taxes	\$ 750,000	\$ 750,000	\$ 765,388	\$ 15,388
Franchise taxes	250,000	250,000	313,025	63,025
Sales tax	1,250,000	1,250,000	1,344,652	94,652
Building permits	30,000	30,000	42,362	12,362
Fines and forfeitures	400,000	400,000	478,125	78,125
Garbage Collection	708,000	708,000	766,067	58,067
Garbage Tax	59,000	59,000	60,969	1,969
Transfer from other funds	138,625	138,625	10,026	(128,599)
Miscellaneous Income	10,000	10,000	25,158	15,158
Interest Earned	5,000	5,000	24,499	19,499
Rental of Community Center	12,000	12,000	15,060	3,060
Rental income - LEDC	35,250	35,250	35,250	-
LEDC Reimbursement	97,788	97,788	99,768	1,980
	<u>3,745,663</u>	<u>3,745,663</u>	3,980,349	<u>234,686</u>
FINANCING SOURCES - BUDGET BASIS	<u>\$ 3,745,663</u>	<u>\$ 3,745,663</u>	3,980,349	<u>\$ 234,686</u>
Financial Statement Adjustments:				
Sales tax receivable at 9-30-12			224,691	
Sales tax receivable at 9-30-11			(213,345)	
Increase in solid waste collection receivable			<u>4,993</u>	
TOTAL FINANCING SOURCES - GAAP BASIS			<u>\$ 3,996,688</u>	

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2012

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>GENERAL GOVERNMENT/ADMINISTRATION</u>				
<u>PERSONNEL SERVICES</u>				
Supervision	\$ 134,500	\$ 134,500	\$ 114,336	\$ 20,164
Salaries-Full-time	34,200	34,200	30,072	4,128
Vacation	-	-	8,251	(8,251)
Sick Leave	-	-	4,617	(4,617)
Holiday	-	-	7,774	(7,774)
Auto allowance	6,000	6,000	6,000	-
Comp Time	-	-	3,376	(3,376)
Retirement	27,000	27,000	26,550	450
Social Security/Medicare	13,350	13,350	13,344	7
Health Insurance	16,420	16,420	14,113	2,307
Dental	1,030	1,030	966	64
Life Insurance	715	715	636	79
Vision	350	350	306	44
Long term disability	485	485	460	25
Workers comp	500	500	250	250
Total Personnel Services	<u>234,550</u>	<u>234,550</u>	<u>231,050</u>	<u>3,500</u>
<u>SUPPLIES</u>				
Office Supplies	6,000	6,000	5,873	127
Postage	3,000	3,000	1,854	1,146
Miscellaneous Supplies	4,000	4,000	1,397	2,603
Building & Cleaning Supplies	450	450	298	152
Total Supplies	<u>13,450</u>	<u>13,450</u>	<u>9,422</u>	<u>4,028</u>
<u>CONTRACTUAL</u>				
Communications-Telephone	12,000	12,000	5,922	6,078
Miscellaneous	1,000	1,000	555	445
Insurance & Bonds	25,000	25,000	15,148	9,852
Publications & Advertising	6,000	6,500	5,807	693
Utilities	30,000	30,000	25,089	4,911
Librarian	40,000	40,000	40,000	-
Association Dues	3,000	3,000	2,887	113
Downtown	-	24,000	23,997	3
Travel	10,000	11,000	10,871	129
Schools	6,000	6,000	2,475	3,525
ETS Fees/Bank Service Charges	100	100	32	68
Software Contract	10,500	10,500	10,321	179
Total Contractual	<u>143,600</u>	<u>169,100</u>	<u>143,104</u>	<u>25,996</u>
<u>MAINTENANCE</u>				
Building & grounds	3,000	3,500	3,470	30
Janitorial	19,000	19,000	15,850	3,150
Furniture & fixtures	500	500	-	500
Machinery & equipment	4,000	6,600	6,529	71
Total Maintenance	<u>26,500</u>	<u>29,600</u>	<u>25,849</u>	<u>3,751</u>
<u>SUNDRY</u>				
Elections	5,000	7,500	7,480	20
Legal	40,000	40,000	14,351	25,649
Professional	55,000	55,000	54,089	911
State Garbage Tax	59,000	61,000	60,809	191
Total Sundry	<u>159,000</u>	<u>163,500</u>	<u>136,729</u>	<u>26,771</u>
<u>CAPITAL EXPENDITURES</u>				
Technical Equipment	-	45,000	43,610	1,390
Signs and displays	26,000	26,000	-	26,000
Total Capital Expenditures	<u>26,000</u>	<u>71,000</u>	<u>43,610</u>	<u>27,390</u>
TOTAL GENERAL GOVERNMENT/ADMINISTRATION	<u>603,100</u>	<u>681,200</u>	<u>589,764</u>	<u>91,436</u>

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2012

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>GENERAL GOVERNMENT CODE ENFORCEMENT</u>				
<u>PERSONNEL SERVICES</u>				
Supervision	\$ 56,900	\$ 56,900	\$ 44,772	\$ 12,128
Salaries-Full-time	69,000	69,000	27,507	41,493
Overtime	-	-	28	(28)
Vacation	-	-	4,812	(4,812)
Sick Leave	-	-	2,052	(2,052)
Holiday	-	-	3,964	(3,964)
Comp Time	-	-	4,402	(4,402)
Retirement	20,000	20,000	13,323	6,677
Social Security/Medicare	9,890	9,890	6,697	3,193
Health Insurance	16,420	16,420	10,911	5,509
Dental	1,030	1,030	680	350
Life Insurance	575	575	335	240
Vision	350	350	215	135
Long Term Disability	430	430	255	175
Workers Comp	2,800	2,800	1,613	1,187
Total Personnel Services	177,395	177,395	121,566	55,829
<u>SUPPLIES</u>				
Office Supplies	3,000	3,000	561	2,439
Postage	600	600	330	270
Wearing Apparel	600	600	212	388
Fuel/Gas & Diesel	4,000	4,000	2,020	1,980
Technical Supplies	2,500	2,500	270	2,230
Computer Supplies	3,000	3,000	1,558	1,442
Total Supplies	13,700	13,700	4,951	8,749
<u>CONTRACTUAL</u>				
Communications-Telephone	3,000	3,000	2,338	662
Communications	1,200	1,200	802	398
Insurance & Bonds	500	700	562	138
Publications & Advertising	1,200	1,200	39	1,161
Association Dues	2,000	2,000	555	1,445
Travel	2,000	2,000	821	1,179
Schools	5,000	5,000	115	4,885
ETS Fees/Bank Service Charges	1,100	1,100	410	690
Software Contract	10,800	10,800	6,979	3,821
Humane Society	3,000	3,000	1,986	1,014
Total Contractual	29,800	30,000	14,607	15,393
<u>MAINTENANCE</u>				
Machinery & Equipment	5,000	5,000	4,178	822
Motor Vehicle & Maintenance	1,500	1,500	1,137	363
Total Maintenance	6,500	6,500	5,315	1,185
<u>SUNDRY</u>				
Professional	20,000	20,000	2,702	17,298
Legal	5,000	5,000	440	4,560
Total Sundry	25,000	25,000	3,142	21,858
<u>CAPITAL EXPENDITURES</u>				
Motor Vehicle	20,000	20,000	-	20,000
Total Capital Expenditures	20,000	20,000	-	20,000
TOTAL GENERAL GOVERNMENT CODE ENFORCEMENT	272,395	272,395	149,581	123,014

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2012

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>GENERAL GOVERNMENT/LEDU</u>				
<u>PERSONNEL SERVICES</u>				
Supervision	\$ 65,000	\$ 65,000	\$ 61,522	\$ 3,478
Vacation	-	-	1,265	(1,265)
Sick Leave	-	-	1,144	(1,144)
Holiday	-	-	3,023	(3,023)
Auto Allowance	9,200	9,200	9,000	200
Retirement	11,600	11,600	11,560	40
Social Security/Medicare	5,525	5,525	5,810	(285)
Health Insurance	5,500	5,500	5,470	30
Dental	345	345	341	4
Life Insurance	300	300	254	46
Vision	108	108	108	-
Long Term Disability	105	105	189	(84)
Workers Comp	105	105	83	22
Total Personnel Services	97,788	97,788	99,769	(1,981)
TOTAL GENERAL GOVERNMENT/LEDU	97,788	97,788	99,769	(1,981)
<u>COURT</u>				
<u>PERSONNEL SERVICES</u>				
Supervision	9,000	9,000	9,000	-
Salaries-Full-time	63,000	63,000	51,773	11,227
Overtime	-	-	-	-
Vacation	-	-	3,167	(3,167)
Sick Leave	-	-	2,741	(2,741)
Holiday	-	-	2,833	(2,833)
Comp Time	-	-	673	(673)
Retirement	10,000	10,000	9,313	687
Social Security/Medicare	4,950	4,950	4,681	269
Health Insurance	11,000	11,000	5,814	5,186
Dental	685	685	398	287
Life Insurance	440	440	244	196
Vision	220	220	126	94
Long Term Disability	360	360	176	184
Workers Comp	200	200	167	33
Total Personnel Services	99,855	99,855	91,106	8,749
<u>SUPPLIES</u>				
Office Supplies	1,000	1,450	1,424	26
Postage	600	1,000	981	19
Total Supplies	1,600	2,450	2,405	45
<u>CONTRACTUAL</u>				
Communications	1,500	1,500	1,430	70
Software	1,300	2,600	2,582	18
Insurance & Bonds	100	100	100	-
Publications & Advertising	100	100	-	100
ETS Fees/Bank Service Charges	5,000	6,000	5,491	509
Association Dues	300	525	516	9
Travel	2,500	2,500	1,121	1,379
Schools	1,000	1,000	-	1,000
Total Contractual	11,800	14,325	11,240	3,085
<u>SUNDRY</u>				
Court Expense	400	400	198	202
Legal	20,000	20,000	7,400	12,600
Professional	6,000	9,000	7,596	1,404
Transfer to State-Fines	200,000	227,000	226,192	808
Total Sundry	226,400	256,400	241,386	15,014
TOTAL COURT	339,655	373,630	346,137	26,893

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2012

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
POLICE				
PERSONNEL SERVICES				
Supervision	\$ 61,800	\$ 61,800	\$ 50,986	\$ 10,814
Salaries-Full-time	731,000	731,000	612,249	118,751
Salaries-Part-time	8,000	8,000	9,475	(1,475)
Overtime	25,000	25,000	32,273	(7,273)
Vacation	-	-	39,580	(39,580)
Sick Leave	-	-	12,494	(12,494)
Holiday	-	-	33,848	(33,848)
Comp Time	-	-	9,045	(9,045)
Retirement	128,000	128,000	120,235	7,765
Social Security/Medicare	65,500	65,500	61,196	4,304
Health Insurance	115,800	115,800	103,244	12,556
Dental	7,200	7,200	6,354	846
Life Insurance	5,175	5,175	2,809	2,366
Vision	2,500	2,500	2,030	470
Long Term Disability	4,300	4,300	2,142	2,158
Workers Comp	24,000	24,000	14,350	9,650
Total Personnel Services	1,178,275	1,178,275	1,112,310	65,965
SUPPLIES				
Office Supplies	5,000	5,050	5,040	10
Postage	1,000	1,000	812	188
Wearing Apparel	5,500	5,500	5,136	364
Fuel/Gas & Diesel	50,000	50,000	48,895	1,105
Technical Supplies	4,000	4,000	2,522	1,478
Miscellaneous Supplies	3,000	3,000	1,663	1,337
Total Supplies	68,500	68,550	64,068	4,482
CONTRACTUAL				
Communications-Telephone	3,500	3,500	17,391	(13,891)
Communications	16,000	17,500	3,064	14,436
Insurance & Bonds	15,000	15,000	13,780	1,220
Publications & Advertising	1,500	1,500	1,130	370
Association Dues	1,000	1,000	640	360
Travel	4,000	4,000	1,768	2,232
Schools	4,000	4,000	2,156	1,844
Contracts - Miscellaneous	49,000	49,000	35,683	13,317
Total Contractual	94,000	95,500	75,612	19,888
MAINTENANCE				
Machinery & Equipment	11,000	11,000	8,258	2,742
Motor Vehicle & Maintenance	25,000	25,000	16,851	8,149
Miscellaneous Maintenance	4,000	4,000	2,816	1,184
Building & Grounds	2,000	2,000	1,930	70
Total Maintenance	42,000	42,000	29,855	12,145
SUNDRY				
Legal	5,000	5,000	3,840	1,160
Professional	4,000	4,000	2,518	1,482
Total Sundry	9,000	9,000	6,358	2,642
CAPITAL EXPENDITURES				
Motor Vehicle	40,000	44,000	43,936	64
Other Equipment	11,700	11,700	-	11,700
Total Capital Expenditures	51,700	55,700	43,936	11,764
TOTAL POLICE	1,443,475	1,449,025	1,332,139	116,886

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2012

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
FIRE				
PERSONNEL SERVICES				
Retirement	\$ 9,000	\$ 10,700	\$ 10,692	\$ 8
Total Personnel Services	9,000	10,700	10,692	8
TOTAL FIRE	9,000	10,700	10,692	8
PUBLIC WORKS				
PERSONNEL SERVICES				
Salaries-Part-time	124,000	124,000	106,825	17,175
Salaries-Full-time	15,000	15,000	4,900	10,100
Overtime	3,500	3,500	6,655	(3,155)
Vacation	-	-	3,697	(3,697)
Sick Leave	-	-	2,311	(2,311)
Holiday	-	-	5,407	(5,407)
Comp Time	-	-	984	(984)
Retirement	20,000	20,000	19,167	833
Social Security/Medicare	10,900	10,900	10,005	895
Health Insurance	21,900	21,900	20,970	930
Dental	1,400	1,400	1,307	93
Life Insurance	1,000	1,000	471	529
Vision	450	450	414	36
Long Term Disability	920	920	356	564
Workers Comp	2,500	2,500	1,161	1,339
Total Personnel Services	201,570	201,570	184,630	16,940
SUPPLIES				
Office Supplies	400	400	15	385
Postage	30	30	-	30
Wearing Apparel	1,000	1,000	992	8
Fuel/Gas & Diesel	15,000	15,000	13,971	1,029
Technical Supplies	1,500	1,500	761	739
Cleaning Supplies	400	400	77	323
Building Supplies	600	800	756	44
Tractor Supplies	3,800	4,300	3,891	409
Miscellaneous Supplies	500	500	318	182
Total Supplies	23,230	23,930	20,781	3,149
CONTRACTUAL				
Communications-Telephone	2,500	2,500	2,308	192
Insurance & Bonds	1,800	1,800	1,107	693
Utilities	130,000	130,800	130,718	82
Association Dues	200	200	200	-
Equipment Rental	1,000	1,000	836	164
Schools	600	600	-	600
Solid Waste Contract	600,000	606,000	605,974	26
Janitorial Service	7,150	7,150	5,850	1,300
Total Contractual	743,250	750,050	746,993	3,057
MAINTENANCE				
Building and Grounds	20,000	20,000	19,980	20
Machinery & Equipment	25,000	25,000	21,738	3,262
Motor Vehicle & Maintenance	6,000	6,000	5,184	816
Miscellaneous Maintenance	8,000	8,000	7,149	851
Streets & Alleys	20,000	25,000	24,758	242
Culverts	2,000	2,000	-	2,000
Signals & Markers	12,000	12,000	11,808	192
Total Maintenance	93,000	98,000	90,617	7,383

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2012

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
SUNDRY				
Legal	\$ 200	\$ 200	\$ -	\$ 200
Professional	5,000	5,000	-	5,000
Total Sundry	5,200	5,200	-	5,200
CAPITAL EXPENDITURES				
Building & grounds	-	16,000	15,068	932
Motor Vehicle	-	35,000	35,000	-
Total Capital Expenditures		51,000	50,068	932
TOTAL PUBLIC WORKS	1,066,250	1,129,750	1,093,089	36,661
TOTAL EXPENDITURES - BUDGET BASIS	\$ 3,831,663	\$ 4,014,088	3,621,171	\$ 392,917
Financial Statement Adjustments				
Increase in accrued expenses			16	
Increase in bad debt reserve			829	
Increase in accounts payable			37,903	
Transfers out not budgeted			51,620	
TOTAL EXPENDITURES - GAAP BASIS			\$ 3,711,539	

CITY OF LINDALE, TEXAS
 DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 (NON-GAAP BUDGET BASIS)
 WATER & SEWER FUND
 FISCAL YEAR ENDED SEPTEMBER 30, 2012

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES				
Charges for services:				
Water sales	\$ 1,200,000	\$ 1,200,000	\$ 1,419,571	\$ 219,571
Sewer charges	800,000	800,000	882,791	82,791
EMS	-	-	42	42
Tap and connect fees	25,000	25,000	50,594	25,594
Miscellaneous	2,500	2,500	15,093	12,593
Rents	12,800	12,800	12,728	(72)
Interest	<u>1,000</u>	<u>1,000</u>	<u>20,145</u>	<u>19,145</u>
 TOTAL REVENUES AND OTHER FINANCING SOURCES - BUDGET BASIS	 <u>\$ 2,041,300</u>	 <u>\$ 2,041,300</u>	 2,400,964	 <u>\$ 359,664</u>
 Financial Statement Adjustments:				
Water and sewer receivable for September 2011			(155,311)	
Water and sewer receivable for September 2012			132,918	
Water and sewer usage for September 2011 billed in subsequent month			(89,572)	
Water and sewer usage for September 2012 billed in subsequent month			71,104	
Transfers in for asset additions			<u>-</u>	
 TOTAL REVENUES AND OTHER FINANCING SOURCES - GAAP BASIS			 <u>\$ 2,360,103</u>	

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
WATER & SEWER FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2012

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
WATER & SEWER OPERATIONS				
PERSONNEL SERVICES				
Supervision	\$ 104,050	\$ 104,050	\$ 47,675	\$ 56,375
Salaries Full-time	302,000	302,000	297,436	4,564
Salaries Part-time	18,000	18,000	-	18,000
Overtime	-	-	20,552	(20,552)
Vacation	-	-	22,448	(22,448)
Sick Leave	-	-	12,228	(12,228)
Holiday	-	-	18,717	(18,717)
Comp Time	-	-	4,395	(4,395)
Retirement	68,000	68,000	64,455	3,545
Social Security/Medicare	34,000	34,000	32,394	1,606
Health Insurance	66,000	66,000	66,054	(54)
Dental	4,500	4,500	4,064	436
Life Insurance	4,000	4,000	1,614	2,386
Vision	1,800	1,800	1,287	513
Long Term Disability	3,300	3,300	1,196	2,104
Workers Comp	20,000	20,000	10,702	9,298
Total Personnel Services	625,650	625,650	605,217	20,433
SUPPLIES:				
Office supplies	3,500	3,500	2,051	1,449
Postage	28,000	28,000	23,901	4,099
Wearing apparel	1,600	1,600	1,560	40
Fuel, gas & diesel	18,000	22,000	21,810	190
Technical supplies	13,000	13,000	11,394	1,606
Cleaning supplies	100	100	-	100
Building supplies	500	500	284	216
Food supplies	200	200	115	85
Chemicals & lab test	40,000	40,000	39,280	720
Tractor supplies	2,500	2,600	2,554	46
Miscellaneous supplies	500	500	485	15
Total Supplies and Materials	107,900	112,000	103,434	8,566
CONTRACTUAL:				
Communications - Telephone	26,000	37,500	37,396	104
Insurance & Bonds - Casualty	7,000	7,000	6,422	578
Publications & advertising	500	500	35	465
Utilities	355,000	355,000	333,382	21,618
Association dues	900	900	896	4
Equipment rental	1,500	1,500	355	1,145
Travel	600	825	816	9
Schools	5,200	5,200	1,782	3,418
Software contract	22,100	22,100	20,206	1,894
ETS/Bank charges	8,500	15,000	13,215	1,785
Total Contractual	427,300	445,525	414,505	31,020
MAINTENANCE:				
Buildings & grounds	3,500	3,500	2,718	782
Janitorial	2,400	2,400	2,400	-
Furniture & Fixtures	400	400	14	386
Machinery & equipment	16,000	22,000	20,027	1,973
Motor vehicles & maintenance	4,500	4,500	2,761	1,739
Miscellaneous miscellaneous	500	500	270	230
Total Maintenance	27,300	33,300	28,190	5,110

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
WATER & SEWER FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2012

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
MAINTENANCE - BUILDING & STRUCTURE				
Sanitary sewers	\$ 30,000	\$ 30,000	\$ 10,620	\$ 19,380
Water mains	30,000	30,000	21,856	8,144
Plants, towers & wells	160,000	160,000	152,691	7,309
Total Maintenance - building & structure	220,000	220,000	185,167	34,833
SUNDRY				
Legal & professional	50,000	80,000	34,861	45,139
Miscellaneous	100	100	-	100
Inspection fees	15,000	15,000	13,986	1,014
Transfer to Reserves	63,325	63,325	-	63,325
Total Sundry	128,425	158,425	48,847	109,578
CAPITAL - BUILDING & STRUCTURE				
Building & Grounds	1,800	1,800	1,745	55
Service lines (sewer)	2,500	3,000	600	2,400
Plants, towers & wells	15,000	15,000	-	15,000
Mains	40,000	40,000	27,916	12,084
Wells & pumps	10,000	10,000	6,689	3,311
Meters & meter boxes	25,000	26,300	26,120	180
Service lines (water)	35,000	35,000	30,335	4,665
Service man holes	6,000	6,000	5,146	854
Hydrants & valves	18,000	18,000	12,947	5,053
EMS Building	12,800	12,800	12,728	72
Total Capital - building & structure	166,100	167,900	124,226	43,674
CAPITAL EQUIPMENT				
Machinery & equipment	85,000	94,000	91,022	2,978
Motor Vehicle	26,000	38,900	38,764	136
Plants-Towers-Wells	42,000	91,000	90,229	771
Total Capital Equipment	153,000	223,900	220,015	3,885
BOND EXPENSE				
Transfer to General Fund	138,625	138,625	-	138,625
Transfer to I&S	200,000	200,000	200,000	-
Total Bond Expense	338,625	338,625	200,000	138,625
TOTAL EXPENSES - BUDGET BASIS	\$ 2,194,300	\$ 2,325,325	\$ 1,929,601	\$ 395,724
Financial Statement Adjustments:				
Depreciation			536,784	
Bad debt reserve adjustment			4,055	
Decrease in compensated absences			(11,752)	
Capital outlay items not expensed			(260,747)	
Principal payments not expensed			(22,042)	
Increase in accounts payable and accrued expenses			6,620	
TOTAL EXPENSES AND TRANSFERS - GAAP BASIS			\$ 2,182,519	

CITY OF LINDALE, TEXAS
 SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS - BY SOURCE
 FISCAL YEAR ENDED SEPTEMBER 30, 2012

	TOTAL	LAND	BUILDINGS	INFRASTRUCTURE	MACHINERY & EQUIPMENT	CONSTRUCTION IN PROGRESS
Governmental assets - October 1, 2011	\$ 19,921,317	\$ 7,633,883	\$ 4,032,888	\$ 5,501,230	\$ 1,279,833	\$ 1,473,483
ADDITIONS FROM GOVERNMENTAL FUNDS:						
<u>GENERAL FUND</u>						
Land	-	-	-	-	-	-
Buildings & improvements	15,068	-	15,068	-	-	-
Machinery & equipment	122,546	-	-	-	122,546	-
<u>LINDALE ECONOMIC DEVELOPMENT FUND</u>						
Infrastructure	219,088	-	-	-	549	218,539
<u>PARROTT PARK MUSEUM FUND</u>						
Buildings & improvements	7,163	-	7,163	-	-	-
<u>CEMETERY FUND</u>						
Buildings & improvements	6,103	-	-	-	-	6,103
<u>CHILD SAFETY FEES FUND</u>						
Machinery & equipment	7,810	-	-	-	7,810	-
<u>2009 CAPITAL PROJECTS FUND</u>						
Machinery & equipment	123,867	-	-	123,867	-	-
<u>KINZIE HOUSE FUND</u>						
Machinery & equipment	8,985	-	-	-	8,985	-
RETIREMENTS FROM GOVERNMENTAL FUNDS:						
<u>LINDALE ECONOMIC DEVELOPMENT FUND</u>						
Land	(143,800)	(143,800)	-	-	-	(1,681,515)
Infrastructure - CIP	-	-	-	1,681,515	-	-
<u>CEMETERY FUND</u>						
Buildings & improvements - CIP	-	-	16,610	-	-	(16,610)
GOVERNMENTAL ASSETS -	\$ 20,288,147	\$ 7,490,083	\$ 4,071,729	\$ 7,306,612	\$ 1,419,723	\$ -
SEPTEMBER 30, 2012						

CITY OF LINDALE, TEXAS
 SCHEDULE OF CHANGES IN GOVERNMENTAL LONG-TERM DEBT
 FISCAL YEAR ENDED SEPTEMBER 30, 2012

	2004 SERIES	2004 REF SERIES	2005 REF SERIES	2006 SERIES	2009 SERIES	CAPITAL LEASE	LEDC NOTE PAYABLE	COMPENSATED ABSENCES
Governmental fund debt, October 1, 2011	\$ 18,213,070	\$ 2,520,000	\$ 3,130,000	\$ 3,336,287	\$ 2,711,164	\$ 2,916,491	\$ 3,429,910	\$ 148,516
ADDITIONS								
Compensated absences	-	-	-	-	-	-	-	-
Accretion of bond defeasance	11,193	-	11,193	-	-	-	-	-
Total Additions	11,193	-	11,193	-	-	-	-	-
RETIREMENTS								
Bond principal:								
2004 Certificates of Obligation	85,000	-	-	-	-	-	-	-
2004 Refunding General Obligation	295,000	295,000	-	-	-	-	-	-
2005 Refunding	110,000	-	110,000	-	-	-	-	-
2006 Certificates of Obligation	135,000	-	-	135,000	-	-	-	-
2009 Certificates of Obligation	130,000	-	-	-	130,000	-	-	-
Total Bond Retirements	755,000	295,000	110,000	135,000	130,000	-	-	-
Other Retirements:								
Capital lease payments	20,702	-	-	-	-	20,702	-	-
Note principal	151,299	-	-	-	-	-	151,299	-
Amortization of bond premium	15,208	-	3,073	9,212	2,923	-	-	-
Compensated absences	24,673	-	-	-	-	-	-	24,673
Total Other Retirements	211,882	-	3,073	9,212	2,923	20,702	151,299	24,673
GOVERNMENTAL FUND DEBT, SEPTEMBER 30, 2012	\$ 17,257,381	\$ 2,435,000	\$ 2,835,000	\$ 2,566,952	\$ 2,783,568	\$ -	\$ 3,278,611	\$ 123,843

LINDALE ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
(NONGOVERNMENTAL PRESENTATION)
SEPTEMBER 30, 2012

Assets	
Current Assets	
Cash and cash equivalents	\$ 735,438
Investments	700,000
Sales tax receivable	112,329
Total Current Assets	<u>1,547,767</u>
Property and equipment (net of accumulated depreciation)	1,663,434
Other Assets	
Organizational cost	555
Prepaid rent	267,313
Land held for resale	3,925,385
Total Other Assets	<u>4,193,253</u>
Total Assets	<u>\$ 7,404,454</u>
Liabilities and Net Assets	
Current Liabilities	
Accounts payable	\$ 4,219
Accrued interest payable	9,693
Escrow liability	10,000
Current portion of long-term debt	151,733
Total Current Liabilities	<u>175,645</u>
Long-Term Liabilities	
Notes payable- net of current portion	3,126,878
Total Liabilities	<u>3,302,523</u>
Net Assets	
Unrestricted	<u>4,101,931</u>
Total Liabilities and Net Assets	<u>\$ 7,404,454</u>

SCHEDULE "19"

LINDALE ECONOMIC DEVELOPMENT CORPORATION
 STATEMENT OF ACTIVITIES
 (NONGOVERNMENTAL PRESENTATION)
 SEPTEMBER 30, 2012

	<u>Unrestricted</u>
Revenues, Gains, and Other Support	
Sales tax	\$ 672,647
Interest income	11,991
Rent income	6,240
Grant income	109,271
Other income	3,000
Total Revenues, Gains, and Other Support	<u>803,149</u>
Expenses and Losses	
Salaries, benefits and payroll taxes	99,768
Professional services	31,883
Office rent	35,250
Office supplies	968
Postage/Express Mail	196
Communications	3,030
Seminars/education	918
Conferences and meetings	3,104
Dues and subscriptions	525
Travel	3,963
Memberships	3,040
Interest and bank charges	152,250
Maintenance of properties	11,897
Marketing materials	2,159
Surety bond	3,000
ICSC	3,065
ETX I-20 Corridor	1,250
Board Expenditures	329
Website	6,063
Advertising materials	18,022
Trade show	385
Loss - House	143,800
Depreciation	31,700
Total Expenses and Losses	<u>556,565</u>
Change in Net Assets	246,584
Net Assets at Beginning of Year	<u>3,855,347</u>
Net Assets at End of Year	<u>\$ 4,101,931</u>

LINDALE ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
(NONGOVERNMENTAL PRESENTATION)
FOR THE YEAR ENDED SEPTEMBER 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 246,584
Adjustments to change in net assets to cash provided by (used in) operating activities:	
Depreciation expense	31,700
Loss on disposal of house	143,800
(Increase) decrease in assets:	
Sales tax receivable	(5,673)
Grant receivable	268,762
Prepaid rent	35,250
Increase (decrease) in liabilities:	
Accounts payable	4,219
Escrow liability	10,000
Accrued interest payable	<u>(3,729)</u>
Total Adjustments	<u>484,329</u>
Net Cash Provided by Operating Activities	<u>730,913</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(250,000)
Construction of capital assets	<u>(723,985)</u>
Net Cash Used in Investing Activities	<u>(973,985)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments on notes payable	<u>(151,299)</u>
Net Cash Used in Financing Activities	<u>(151,299)</u>
Net Decrease in Cash & Cash Equivalents	(394,371)
Cash and cash equivalents, beginning of year	<u>1,129,809</u>
Cash and cash equivalents, end of year	<u>\$ 735,438</u>
SUPPLEMENTAL INFORMATION:	
Cash paid for interest	<u>\$ 152,250</u>

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

To the City Council
City of Lindale, Texas

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lindale, Texas, as of and for the year ended September 30, 2012, which collectively comprise the City of Lindale, Texas' basic financial statements and have issued our report thereon dated February 13, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described below to be a material weakness.

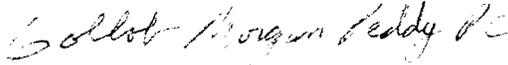
Preparing Financial Statements

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

Compliance and Other Matters

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

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



Certified Public Accountants

Tyler, Texas
February 13, 2013