

CITY OF LINDALE, TEXAS

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

FISCAL YEAR ENDED SEPTEMBER 30, 2016

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CERTIFIED PUBLIC ACCOUNTANTS

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CITY OF LINDALE, TEXAS

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Lindale, Texas, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise City of Lindale, Texas' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Lindale, Texas, as of September 30, 2016 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

The additional supplemental information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2017 on our consideration of City of Lindale, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Lindale, Texas' internal control over financial reporting and compliance.



Certified Public Accountants

Tyler, Texas
January 5, 2017

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City Of Lindale
Management's Discussion and Analysis
For the Year Ended September 30, 2016

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, 2016.

Financial Highlights

- As of the end of the current fiscal year, the assets of the City exceed its liabilities by \$20,596,765 (net position). The net position is made up of \$15,806,107 in capital assets net of related debt, (\$1,496,362) set aside for capital improvements, \$1,035,567 restricted to meet the City's ongoing debt obligations to creditors, \$214,550 restricted for parks, \$1,277,477 set aside for tourism, \$325,274 restricted for other purposes and \$3,434,152 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 \$6,448,165. Of the balance, \$1,660,385 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 \$1,660,385 that represents 30.49% of the total 2016 general fund expenditures.
- The City's total non-current liabilities decreased to \$20,596,454. That is an \$833,764 decrease over the prior year 2015 balance of \$21,430,218. The decrease from 2015 to 2016 is due to no new debt being issued in 2016 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 thirteenth year that the City is reporting using the new reporting model.

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

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

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

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

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

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

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

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

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

The City maintains four major governmental funds – general, debt service, 2015 TIF, and Hotel/Motel. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for these funds, which are considered to be major funds. Data from the other governmental funds is presented as a single aggregated presentation as these funds are considered non-major governmental funds.

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

Government-wide Financial Analysis

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

As noted earlier, net position, over time, may serve as a useful indicator of the City's financial position. At the end of the fiscal year September 30, 2016, the City's assets exceeded liabilities by \$20,596,765. This amount is greater than the 2015 balance of \$20,418,471. By far the largest portion of the City's net assets is the \$15,806,107 investment in capital assets (e.g., land, buildings, equipment, and infrastructure less any related debt used to acquire these assets that is still outstanding). The 2016 investment in capital assets is greater than the prior years due to improvements and extensions to the water and sewer system together with other infrastructure projects. The 2016 investment in capital assets amount of \$15,806,107 was greater than the 2015 total of \$14,465,395. 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	
	2016	2015	2016	2015	2016	2015
Current and other assets	7,727,240	10,944,986	2,216,571	2,560,248	\$9,943,811	\$13,505,234
Capital assets	15,440,115	12,228,667	16,544,692	16,491,556	31,984,807	28,720,223
Total assets	23,167,355	23,173,653	18,761,263	19,051,804	41,928,618	42,225,457
Total Deferred Outflows	679,613	521,237	124,731	63,010	804,344	584,247
Current liabilities	1,024,034	522,785	427,178	361,828	1,451,210	884,613
Non-current liabilities	17,395,700	18,174,910	3,200,754	3,255,308	20,596,454	21,430,218
Total liabilities	18,419,734	18,697,695	3,627,932	3,617,136	22,047,666	22,314,831
Total Deferred Inflow	67,855	58,559	20,676	17,843	88,531	76,402
Net invested in capital	-	-	15,806,107	14,465,395	15,806,107	14,465,395
Restricted	2,806,209	3,690,635	(1,449,703)	197,042	1,356,506	3,887,677
Unrestricted	2,553,170	1,248,001	880,982	817,398	3,434,152	2,065,399
Total Net Position	5,359,379	\$4,938,636	15,237,386	\$15,479,835	20,596,765	\$20,418,471

Governmental activities. Consistent with the preceding governmental net position, this is the twelfth year to report governmental activities under the new reporting standard GASB No. 34. Increased sales and use taxes, and increased collection amount of current and delinquent property taxes, franchise taxes, hotel/motel taxes, and sales of lots, gain on sale of assets, insurance proceeds, interest and rent and a decrease in transfers have resulted in the governmental activities adding \$420,743 to the governmental activities net position in fiscal year 2016. This is \$461,550 less than last year 2015 change in net position of governmental activities.

City of Lindale's Change in Net Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Revenues						
Charges for services	1,392,023	1,606,874	2,566,242	2,452,441	3,958,265	4,059,315
Operating Grants and contribution	-	-	-	-	-	-
Capital grants and contribution	184,688	46,886	-	205,667	184,688	252,553
General revenue						
Property taxes	2,327,934	2,237,243	-	-	2,327,934	2,237,243
Franchise taxes	301,791	301,206	-	-	301,791	301,206
Sales and use taxes	1,872,771	1,777,776	-	-	1,872,771	1,777,776
Hotel/Motel taxes	447,671	350,937	-	-	447,671	350,937
Sales of lots	30,800	22,500	-	-	30,800	22,500
Gain on sale of assets	-	-	-	-	-	-
Loss on sale of assets	-	(1,201)	-	-	-	(1,200)
Insurance Proceeds	9,057	-	-	42,243	9,057	42,243
Interest and rent	244,499	141,441	22,637	36,816	267,136	178,257
Miscellaneous	101,383	-	-	40,694	101,383	40,694
Transfers	205,801	(163,388)	(205,801)	163,388	-	-
Total revenue	7,118,418	6,320,274	2,383,078	2,941,249	9,501,496	9,261,523
Expenses						
General government	1,652,077	1,106,973	-	-	1,652,077	1,106,973
Public Safety	2,097,032	1,938,889	-	-	2,097,032	1,938,889
Public Works	1,533,612	1,523,255	-	-	1,533,612	1,523,255
Economic Development	15,155	11,195	-	-	15,155	11,195
Tourism	19,811	-	-	-	19,811	-
Interest	586,645	392,298	115,024	114,934	701,669	507,232
Water/Sewer Operation	-	-	2,510,503	2,292,624	2,501,738	2,292,624
Bond Issue Cost	-	120,120	-	-	-	120,120
Other	793,343	345,251	-	-	793,343	345,251
Total expenses	6,697,675	5,437,981	2,625,527	2,407,558	9,323,202	7,845,539
Change in net position	420,743	882,293	(242,449)	533,691	178,294	1,415,984

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 2016 year ending fund balance of \$6,448,165 had four major components. These include \$1,660,385 in the general fund, \$1,507,509 in debt service fund, \$1,509,629 in 2015 TIF Bond, \$1,248,799 in Hotel/Motel tax, and \$521,843 in other governmental funds. The unrestricted portion of the General Fund represented 30.49% percent of the 2016 expenses that is less than the 48.46% expenses coverage in fiscal year 2015.

Proprietary funds.

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

The 2016 unrestricted net assets of the proprietary fund amounted to \$880,982 as compared to the 2015 \$817,389 which is all held by the water and sewer fund.

A (\$205,801) net transfer from the Water Fund resulted in a 2016 change to the Proprietary Fund net assets of (\$242,449).

General Fund and Water Fund Budgetary Highlights

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

Capital Assets and Debt Administration

Capital Assets. The City of Lindale's investment in capital assets net of accumulated depreciation and related debt for both the governmental and business-type activities as of September 30, 2016 of \$15,806,107 is comparable to the 2015 total of \$14,465,395. Net capital assets without the related debt reflect the capital asset value of \$31,984,807 changed from the 2015 value of \$28,720,223.

Capital Assets at Year-End Less Accumulated Depreciation

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land	3,682,699	3,635,198	172,926	172,926	3,855,625	3,808,124
Construction in progress	3,420,451	512,937	1,240,522	2,554,576	4,660,973	3,067,513
Building and Improvements	4,823,767	4,550,635	324,444	324,444	5,148,211	4,875,079
Water and sewer system	-	-	23,585,117	21,574,187	23,585,117	21,574,187
Infrastructure	6,098,495	5,890,433	-	-	6,098,495	5,890,433
Buildings	-	-	-	-	-	-
Machinery and Equipment	2,024,447	1,856,142	948,034	948,034	2,972,508	2,804,176
Total	20,049,859	16,445,345	26,271,043	25,574,167	46,320,902	42,019,512
Less Accumulated Depreciation	(4,609,744)	(4,216,678)	(9,726,351)	(9,082,611)	(14,336,095)	(13,299,289)
Combined Total	15,440,115	12,228,667	16,544,692	16,491,556	31,984,807	28,720,223

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 2016, the City governmental activities had outstanding debt obligations of \$15,210,983 plus \$513,094 of unamortized bond premium that totals \$15,724,077.

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

Outstanding Debt at Year-End

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Certificates of obligation	7,300,983	7,660,000	2,575,000	2,690,000	9,875,983	10,350,000
General obligations	7,910,000	8,520,000	17,269	-	7,927,269	8,520,000
Capital Lease	19,814	16,482	-	22,720	19,814	39,202
Unamortized bond premium	513,094	593,675	106,042	117,380	619,136	711,055
Compensated absences	206,346	148,845	62,006	48,623	268,352	197,468
Net Pension Liability	1,445,463	1,235,908	440,437	376,585	1,885,900	1,612,493
Combined total	17,395,700	18,174,910	3,200,754	3,255,308	20,596,454	21,430,218

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

The tax rate was lowered from \$.4821 to \$.472218 which is slightly lower than the rate last year. That is the seventh consecutive year the tax rate has been lowered or maintained. We feel the tax rate will continue to be in the same area.

Sales tax plays such a critical part in the revenues of our City and still shows a steady increase this year. It sometimes makes it difficult to forecast when we will see positive signs of those changes. 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 2016-2017 Budget maintained current employee benefits and allowed for a 2% pay increase. We added one new full time employee in the Public Works, The positions was needed and appreciated.

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.

BASIC FINANCIAL STATEMENTS

CITY OF LINDALE, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL	LINDALE ECONOMIC DEVELOPMENT CORPORATION
ASSETS				
Cash and cash equivalents	\$ 6,512,908	\$ 1,096,070	\$ 7,608,978	\$ 1,105,150
Investments	345,100	478,336	823,436	1,750,000
Receivables (net of allowance for doubtful accounts)	763,990	362,415	1,126,405	156,413
Prepaid expenses	146,250	-	146,250	196,813
Other assets	-	-	-	555
Internal balances	(41,008)	41,008	-	-
Restricted Assets:				
Temporarily restricted				
Cash and cash equivalents	-	238,742	238,742	-
Capital Assets (net of accumulated depreciation):				
Land	3,682,699	172,926	3,855,625	3,628,776
Buildings and improvements	3,558,018	223,593	3,781,611	-
Infrastructure	4,366,864	-	4,366,864	1,812,981
Machinery and equipment	412,083	172,856	584,939	591
Construction in progress	3,420,451	1,240,522	4,660,973	-
Water and sewer system	-	14,734,795	14,734,795	-
Total Capital Assets	<u>15,440,115</u>	<u>16,544,692</u>	<u>31,984,807</u>	<u>5,442,348</u>
Total Assets	<u>23,167,355</u>	<u>18,761,263</u>	<u>41,928,618</u>	<u>8,651,279</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding (net of amortization)	270,258	-	270,258	-
Deferred charge on TMRS pension	409,355	124,731	534,086	20,519
Total Deferred Outflows of Resources	<u>679,613</u>	<u>124,731</u>	<u>804,344</u>	<u>20,519</u>
LIABILITIES				
Accounts payable and accrued expenses	955,922	177,005	1,132,927	16,340
Deposits and other refundable balances	-	238,742	238,742	-
Accrued interest	68,112	11,431	79,543	15,252
Non-current liabilities:				
Due within one year	1,082,529	146,608	1,229,137	195,502
Due in more than one year	16,313,171	3,054,146	19,367,317	2,446,994
Total Liabilities	<u>18,419,734</u>	<u>3,627,932</u>	<u>22,047,666</u>	<u>2,674,088</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred charge on TMRS pension	67,855	20,676	88,531	3,402
Total Deferred Inflows of Resources	<u>67,855</u>	<u>20,676</u>	<u>88,531</u>	<u>3,402</u>
NET POSITION				
Investment in capital assets, net of related debt	-	15,806,107	15,806,107	2,872,311
Restricted for:				
Tourism	1,277,477	-	1,277,477	-
Debt retirement	1,035,567	-	1,035,567	-
Parks				
Expendable	4,887	-	4,887	-
Nonexpendable	209,663	-	209,663	-
Capital improvements	(46,659)	(1,449,703)	(1,496,362)	-
Other purposes	325,274	-	325,274	-
Unrestricted	<u>2,553,170</u>	<u>880,982</u>	<u>3,434,152</u>	<u>3,121,997</u>
Total Net Position	<u>\$ 5,359,379</u>	<u>\$ 15,237,386</u>	<u>\$ 20,596,765</u>	<u>\$ 5,994,308</u>

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

**CITY OF LINDALE, TEXAS
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2016**

EXHIBIT 2

PROGRAM ACTIVITIES	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN FINANCIAL POSITION			COMPONENT UNIT LINDALE ECONOMIC DEVELOPMENT CORPORATION
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT			
					GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL	
PRIMARY GOVERNMENT:								
Governmental activities:								
General government	\$ 1,652,077	\$ 108,164	\$ -	\$ -	\$ (1,543,913)	\$ -	\$ (1,543,913)	\$ -
Public safety	2,097,032	335,491	-	-	(1,761,541)	-	(1,761,541)	-
Public works	1,533,612	934,819	-	184,688	(414,105)	-	(414,105)	-
Economic development	15,155	-	-	-	(15,155)	-	(15,155)	-
Tourism	19,811	-	-	-	(19,811)	-	(19,811)	-
Interest	586,645	-	-	-	(586,645)	-	(586,645)	-
Other	793,343	13,549	-	-	(779,794)	-	(779,794)	-
Total governmental activities	<u>6,697,675</u>	<u>1,392,023</u>	<u>-</u>	<u>184,688</u>	<u>(5,120,964)</u>	<u>-</u>	<u>(5,120,964)</u>	<u>-</u>
Business-type activities:								
Water and sewer	2,510,503	2,566,242	-	-	-	55,739	55,739	-
Interest	115,024	-	-	-	-	(115,024)	(115,024)	-
Total business-type activities	<u>2,625,527</u>	<u>2,566,242</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(59,285)</u>	<u>(59,285)</u>	<u>-</u>
Total primary government	<u>\$ 9,323,202</u>	<u>\$ 3,958,265</u>	<u>\$ -</u>	<u>\$ 184,688</u>	<u>(5,120,964)</u>	<u>(59,285)</u>	<u>(5,180,249)</u>	<u>-</u>
COMPONENT UNIT:								
Lindale Economic Development Corporation	\$ 500,270	\$ -	\$ -	\$ -				(500,270)
Total business-type activities	<u>\$ 500,270</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				<u>(500,270)</u>
General revenues:								
Current and delinquent property taxes					2,327,934	-	2,327,934	-
Franchise taxes					301,791	-	301,791	-
Sales tax					1,872,771	-	1,872,771	924,511
Hotel/motel taxes					447,671	-	447,671	-
Interest and rent					244,499	22,637	267,136	44,585
Insurance proceeds					9,057	-	9,057	-
Miscellaneous					101,383	-	101,383	145
Sale of lots					30,800	-	30,800	-
Transfers					205,801	(205,801)	-	-
Total general revenues and transfers					<u>5,541,707</u>	<u>(183,164)</u>	<u>5,358,543</u>	<u>969,241</u>
Change in net position					420,743	(242,449)	178,294	468,971
Net position - beginning of year					4,938,636	15,479,835	20,418,471	5,525,337
Net Position - end of year					<u>\$ 5,359,379</u>	<u>\$ 15,237,386</u>	<u>\$ 20,596,765</u>	<u>\$ 5,994,308</u>

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

CITY OF LINDALE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	MAJOR FUNDS				OTHER GOVERNMENTAL FUNDS	ELIMINATIONS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	DEBT SERVICE	2015 TIF BOND	HOTEL MOTEL TAX			
ASSETS							
Cash and cash equivalents	\$ 1,528,195	\$ 1,507,509	\$ 1,981,571	\$ 1,101,219	\$ 394,414	\$ -	\$ 6,512,908
Investments	94,000	-	-	-	251,100	-	345,100
Receivables (net of allowance for doubtful accounts)							
Taxes	11,687	13,953	-	1,330	-	-	26,970
Sanitation	103,046	-	-	-	-	-	103,046
Grants	-	-	-	-	19,386	-	19,386
Other	614,588	-	-	-	-	-	614,588
Due from other funds	37,256	-	-	-	-	(37,256)	-
Prepaid expenses	-	-	-	146,250	-	-	146,250
Total Assets	\$ 2,388,772	\$ 1,521,462	\$ 1,981,571	\$ 1,248,799	\$ 664,900	\$ (37,256)	\$ 7,768,248
LIABILITIES							
Accounts payable	\$ 136,280	\$ -	\$ 471,942	\$ -	\$ 64,793	\$ -	\$ 673,015
Accrued expenses	86,093	-	-	-	-	-	86,093
Unearned revenue - LEDC rent	196,812	-	-	-	-	-	196,812
Due to other funds	-	-	-	-	78,264	(37,256)	41,008
Total Liabilities	419,185	-	471,942	-	143,057	(37,256)	996,928
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	11,687	13,953	-	-	-	-	25,640
Unavailable revenue - fines	297,515	-	-	-	-	-	297,515
Total Deferred Inflows of Resources	309,202	13,953	-	-	-	-	323,155
FUND BALANCES							
Nonspendable:							
Permanent fund principal	-	-	-	-	214,550	-	214,550
Restricted for:							
Capital improvements	-	-	-	-	(46,659)	-	(46,659)
Debt service	-	1,507,509	1,509,629	-	-	-	3,017,138
Tourism	-	-	-	1,248,799	28,678	-	1,277,477
Court technology	-	-	-	-	39,893	-	39,893
Building security	-	-	-	-	40,824	-	40,824
Child safety	-	-	-	-	22,926	-	22,926
Law enforcement purposes	-	-	-	-	17,841	-	17,841
PEG facilities	-	-	-	-	55,571	-	55,571
Boy Scout building upkeep	-	-	-	-	21,419	-	21,419
Assigned to:							
Cemetery	-	-	-	-	120,523	-	120,523
Parks and recreation	-	-	-	-	(735)	-	(735)
Kinzie house	-	-	-	-	7,012	-	7,012
Unassigned	1,660,385	-	-	-	-	-	1,660,385
Total Fund Balances	1,660,385	1,507,509	1,509,629	1,248,799	521,843	-	6,448,165
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,388,772	\$ 1,521,462	\$ 1,981,571	\$ 1,248,799	\$ 664,900	\$ (37,256)	\$ 7,768,248

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

CITY OF LINDALE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

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

	Total Governmental Funds
Total fund balances governmental funds (Exhibit 3 page 1)	\$ 6,448,165
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	15,440,115
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	323,155
Deferred outflows represent the consumption of net position that are applicable to a future reporting period.	679,611
Deferred inflows is an acquisition of net assets that is applicable to a future reporting period.	(67,855)
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.	(68,112)
Long term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.	<u>(17,395,700)</u>
Net Position of governmental activities	<u>\$ 5,359,379</u>

CITY OF LINDALE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	MAJOR FUNDS				OTHER GOVERNMENTAL FUNDS	ELIMINATIONS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	DEBT SERVICE	2015 TIF BOND	HOTEL MOTEL TAX			
REVENUES							
Current and delinquent property taxes	\$ 1,098,719	\$ 1,164,534	\$ -	\$ -	\$ 67,139	\$ -	\$ 2,330,392
Franchise taxes	301,791	-	-	-	-	-	301,791
Sales tax	1,872,771	-	-	-	-	-	1,872,771
Building permits	108,164	-	-	-	-	-	108,164
Fines and forfeitures	412,008	-	-	-	-	-	412,008
Solid waste collections	934,819	-	-	-	-	-	934,819
Interest	17,499	16,573	22,545	9,438	2,470	-	68,525
Rents	95,393	-	-	-	-	-	95,393
Sale of lots	-	-	-	-	30,800	-	30,800
Donations	-	-	-	-	13,549	-	13,549
Hotel / Motel tax	-	-	-	447,671	-	-	447,671
Grants	-	-	-	-	184,688	-	184,688
Economic Development	31,043	-	-	-	-	-	31,043
Miscellaneous income	25,453	-	-	-	44,887	-	70,340
Total Revenues	4,897,660	1,181,107	22,545	457,109	343,533	-	6,901,954
EXPENDITURES							
General Government	1,524,256	-	-	-	-	-	1,524,256
Public safety	1,981,317	-	-	-	-	-	1,981,317
Public works	1,309,715	-	5	-	-	-	1,309,720
Economic development	15,155	-	-	-	-	-	15,155
Tourism	19,811	-	-	-	-	-	19,811
Other	-	2,400	-	370,929	405,816	-	779,145
Debt service:							
Principal	5,680	969,017	-	-	-	-	974,697
Interest and fees	-	533,248	-	-	-	-	533,248
Capital outlay	589,081	-	2,645,090	-	384,541	-	3,618,712
Total Expenditures	5,445,015	1,504,665	2,645,095	370,929	790,357	-	10,756,061
Revenues Over (Under) Expenditures	(547,355)	(323,558)	(2,622,550)	86,180	(446,824)	-	(3,854,107)
OTHER FINANCING SOURCES (USES)							
Transfers in	3,000	400,000	-	-	373,672	(320,240)	456,432
Transfers out	-	(208,750)	(41,881)	(320,240)	-	320,240	(250,631)
Insurance Proceeds	-	-	-	-	9,057	-	9,057
Capital Lease Proceeds	8,438	-	-	-	-	-	8,438
Total Other Financing Sources (Uses)	11,438	191,250	(41,881)	(320,240)	382,729	-	223,296
Net Change in Fund Balances	(535,917)	(132,308)	(2,664,431)	(234,060)	(64,095)	-	(3,630,811)
Fund Balance, October 1, 2015	2,196,302	1,639,817	4,174,060	1,482,859	585,938	-	10,078,976
Fund Balance, September 30, 2016	\$ 1,660,385	\$ 1,507,509	\$ 1,509,629	\$ 1,248,799	\$ 521,843	\$ -	\$ 6,448,165

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

EXHIBIT 5

**CITY OF LINDALE, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2016**

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

Net change in fund balances - total governmental funds	\$ (3,630,811)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	3,211,448
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(78,975)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued; whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	935,369
Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.	(16,288)
Change in net position of governmental activities	\$ 420,743

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

CITY OF LINDALE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Current and delinquent property taxes	\$ 1,098,000	\$ 1,098,000	\$ 1,098,719	\$ 719
Franchise taxes	271,000	271,000	301,791	30,791
Sales tax	1,580,000	1,580,000	1,859,615	279,615
Building permits	45,000	45,000	108,164	63,164
Fines and forfeitures	430,000	430,000	412,008	(17,992)
Solid waste collections	865,000	865,000	934,819	69,819
Interest	12,000	12,000	17,499	5,499
Rents	66,000	66,000	97,493	31,493
LEDC reimbursement	101,235	101,235	31,043	(70,192)
Miscellaneous income	15,000	15,000	23,353	8,353
Total Revenues	4,483,235	4,483,235	4,884,504	401,269
EXPENDITURES				
General Government	1,292,786	1,324,560	1,885,906	(561,346)
Public safety	2,142,130	2,168,874	2,039,999	128,875
Public works	1,375,250	1,467,400	1,473,493	(6,093)
Tourism	23,800	38,515	19,811	18,704
Total Expenditures	4,833,966	4,999,349	5,419,209	(419,860)
Revenues Over (Under) Expenditures	(350,731)	(516,114)	(534,705)	(18,591)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Revenues and Other Sources Over (Under) Expenditures and Other Uses - Budget Basis	(350,731)	(516,114)	(534,705)	(18,591)
Budget Basis to GAAP Basis Adjustments (Note A)	-	-	(1,212)	(1,212)
Revenues and Other Sources Over (Under) Expenditures and Other Uses - GAAP Basis	(350,731)	(516,114)	(535,917)	(19,803)
Fund Balance, October 1, 2015	350,731	516,114	2,196,302	1,680,188
Fund Balance, September 30, 2016	\$ -	\$ -	\$ 1,660,385	\$ 1,660,385

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

CITY OF LINDALE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2016

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

Basis Presentation:

Sources/Inflows of Resources:

Differences - Budget to GAAP

Change in sales tax receivable

\$ 16,156

Proceeds of capital lease

8,438

Uses/Outflows of Resources:

Differences - Budget to GAAP

Equipment purchased - Capital lease

(8,438)

Increase in accrued expenditures

(17,368)

Net Change in Budget Basis Presentation and GAAP Basis Presentation

\$ (1,212)

**CITY OF LINDALE, TEXAS
COMBINED STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2016**

	<u>BUSINESS-TYPE ACTIVITIES</u>
	<u>ENTERPRISE FUNDS</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 1,096,070
Investments	478,336
Accounts receivable (Net)	362,415
Other current assets	55,858
Total Current Assets	1,992,679
Restricted current assets:	
Temporarily Restricted	
Customer deposits	238,742
Total restricted current assets	238,742
Capital Assets:	
Land	172,926
Water & Sewer system	23,585,117
Buildings	324,444
Machinery & equipment	948,034
Construction in progress	1,240,522
Less: Accumulated depreciation	(9,726,351)
Total Capital Assets Net Of Accumulated Depreciation	16,544,692
Total Noncurrent Assets	16,544,692
Total Assets	18,776,113
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on TMRS pension	124,731
Total Deferred Outflows of Resources	124,731
LIABILITIES	
Current Liabilities:	
Accounts payable	150,676
Accrued expenses	37,760
Compensated absences	10,334
Due to other funds	14,850
Capital lease - current portion	5,451
Long term debt - current portion	130,823
Total Current Liabilities	349,894
Current liabilities payable from restricted assets:	
Customer deposits	238,742
Total current liabilities payable from restricted assets	238,742
Noncurrent Liabilities:	
Long term debt	2,550,220
Capital lease	11,818
Compensated absences	51,672
Net pension liability	440,436
Total Noncurrent Liabilities	3,054,146
Total Liabilities	3,642,782
DEFERRED INFLOWS OF RESOURCES	
Deferred charge on TMRS pension	20,676
Total Deferred Inflows of Resources	20,676
NET POSITION	
Invested in capital assets, net of related debt	15,806,107
Restricted for capital construction	(1,449,703)
Unrestricted	880,982
Total Net Position	\$ 15,237,386

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

CITY OF LINDALE, TEXAS
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	<u>BUSINESS-TYPE ACTIVITIES</u>
	<u>ENTERPRISE FUNDS</u>
OPERATING REVENUES	
Charges for services:	
Water sales	\$ 1,595,231
Sewer charges	916,672
Tap and connect fees	40,550
Miscellaneous	13,789
	2,566,242
Total Operating Revenues	2,566,242
OPERATING EXPENSES	
Water and sewer operations	1,866,763
Depreciation	643,740
	2,510,503
Total Operating Expenses	2,510,503
Operating Income (Loss)	55,739
NON-OPERATING REVENUES (EXPENSES)	
Interest and fiscal charge expense	(115,024)
Interest income	22,637
	(92,387)
Total non-operating revenue (expenses)	(92,387)
Income (Loss) before transfers	(36,648)
Transfers in	250,631
Transfers out	(456,432)
	(205,801)
Total Transfers	(205,801)
Change in Net Position	(242,449)
Net Position, October 1, 2015	15,479,835
Net Position, September 30, 2016	\$ 15,237,386

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

CITY OF LINDALE, TEXAS
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	<u>BUSINESS-TYPE ACTIVITIES</u>
	<u>ENTERPRISE FUNDS</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers and users	\$ 2,521,284
Cash paid to suppliers for goods and services	(981,613)
Cash paid to employees for services	<u>(812,353)</u>
Net cash provided by operating activities	<u>727,318</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers out	(400,000)
Transfers in	250,631
Transfer of completed projects	<u>(56,432)</u>
Net cash used in non-capital financing activities	<u>(205,801)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets and equipment	(696,876)
Capital lease payments	(5,451)
Bond payments	(126,338)
Interest paid	<u>(115,024)</u>
Net cash used in capital and related financing activities	<u>(943,689)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest earned	<u>22,637</u>
Net cash provided by investing activities	<u>22,637</u>
Net decrease in cash	(399,535)
Cash, beginning of period	<u>1,734,347</u>
Cash, end of period	<u>\$ 1,334,812</u>
Reconciliation of cash to Exhibit 7:	
Cash - current asset	\$ 1,096,070
Cash - restricted current asset	238,742
Total cash, end of period	<u>\$ 1,334,812</u>

CITY OF LINDALE, TEXAS
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2016

Increase (Decrease) in Cash and Cash Equivalents

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

Operating loss	\$	55,739
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense		643,740
Increase in other assets		(55,858)
Increase in deferred outflows		(61,721)
Increase in accounts payable		48,370
Increase in customer deposits		10,900
Increase in accrued expenses		6,080
Increase in net pension liability		63,852
Decrease in deferred inflows		2,833
Increase in compensated absences		13,383
		<hr/>
Total adjustments		671,579
		<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$	727,318
		<hr/>

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 1: — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

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

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

B. The Reporting Entity

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

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

Component Units

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

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

Lindale Economic Development Corporation (LEDC)

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

C. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

The government reports the following major governmental funds:

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

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

The 2015 TIF Bond Fund accounts for the proceeds of the 2015 Series Certificates of Obligation and the ad valorem tax revenue received by the tax increment financing district for the purpose of downtown development.

The Hotel/Motel Tax Fund is used to account for the receipt and disbursement of funds generated by the Hotel-Motel Occupancy Tax.

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. It also is used to account for the bond proceeds and capital construction of improvements to the City's water and sewer system.

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, Deferred Outflows/Inflows of Resources and Net Position or Equity

1. Cash and cash equivalents – the City considers all cash in demand deposit accounts and petty cash accounts to be cash and cash equivalents, as well as certificates of deposit with original maturity of three months or less when purchased.
2. Investments – Investments for the City, as well as its component unit, are reported at fair value. State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements. The City is authorized by its governing board to invest in the obligations of the United States government, 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, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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

All receivables are shown net of an allowance for uncollectible.

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

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

4. Due from Other Funds

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

5. Capital Assets – 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

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

- The collection is held for reasons other than financial gain.
- The collection is protected, kept unencumbered, cared for, and preserved
- The collection is subject to City policy requiring that the proceeds from sales of collection items be used to acquire other items for collections.

6 Construction in progress – Expenditures on incomplete capital projects have been capitalized as construction in progress. The assets resulting from these projects will be transferred from the construction in progress accounts to the appropriate asset account as the projects are completed.

7 Bond issue costs – The City has implemented GASB Statement No. 65. Under GASB Statement No. 65, bond issue costs are expensed when incurred.

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

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

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

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

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

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

- 9 Long-term Obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.
- 10 Deferred Outflows / Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. The first is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second is a deferred charge on the TMRS pension. The TMRS pension expense and net pension liability are reported as of the date of the last actuarial study, which was December 31, 2015. The deferred outflow shows the difference in contributions to the TMRS retirement plan that occurred between December 31, 2015 and September 30, 2016.

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

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

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

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

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

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

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

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

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

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

Net investment in capital assets - This component consists of the City’s capital assets, net of accumulated depreciation, reduced by any outstanding debt used for the acquisition or construction of those assets and adjusted for any deferred outflows or inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt.

Restricted – This component consist of those amounts which have limitations imposed on their use either through legislation adopted by the City or through external restrictions imposed by creditors, grantors or other laws and regulations, reduced by liabilities and deferred inflows of resources related to those assets.

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

- 13 Capitalized interest – The City has capitalized interest on construction projects when material.
14. Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
15. Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to / deductions from TMRS’s Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position - One element of that reconciliation states that “Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.” The details of this \$15,440,115 difference are as follows:

Capital assets, October 1, 2015, net of accumulated depreciation	\$ 12,228,667
Capital assets additions, net of retirements	3,604,514
Depreciation of capital assets, current year	<u>(393,066)</u>
	<u>\$ 15,440,115</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 \$(17,395,700) difference are as follows:

Long-term liabilities, October 1, 2015	\$ (18,174,910)
Amortization of premium	80,581
Principal paid on debt for the year	969,017
Capital lease proceeds	(8,438)
Change in compensated absences	(57,501)
Increase in net pension liability	(209,555)
Payments on capital lease	<u>5,106</u>
	<u>\$ (17,395,700)</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 \$3,211,448 difference are as follows:

Capital outlay, asset additions, net of retirements	\$ 3,604,514
Depreciation expense	<u>(393,066)</u>
	<u>\$ 3,211,448</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 position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued; whereas, the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.” The details of this \$935,369 difference are as follows:

Principal paid on debt for the year	\$ 974,123
Capital lease proceeds	(8,438)
Amortization of premium	80,581
Amortization of deferred defeasance	(44,187)
Change in accrued interest	(9,209)
Change in compensated absences	(57,501)
	<hr/>
	\$ 935,369
	<hr/>

NOTE 3 — STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

NOTE 4 — DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Cash and investments as of September 30, 2016 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:

Primary Government	
Cash and cash equivalents	\$ 7,608,978
Restricted cash and cash equivalents	238,742
Investments	823,436
Component Unit	
Cash and cash equivalents	1,105,150
Investments	<u>1,750,000</u>
Total Cash and Investments	<u>\$ 11,526,306</u>
Cash on hand	\$ 800
Savings and checking accounts	8,952,070
Investments	<u>2,573,436</u>
Total Cash and Investments	<u>\$ 11,526,306</u>

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

At September 30, 2016, the carrying value of the City's bank deposits was \$8,670,356 while the bank balance was \$8,715,788. All bank balances not covered by federal depository insurance, were covered by collateral held in the pledging financial institutions' trust department in the City's name.

At September 30, 2016, the carrying value of the LEDC's (a discretely presented component unit) bank deposits was \$2,855,150 while the bank balance was \$2,912,578. All bank balances not covered by federal depository insurance, were covered by collateral held in the pledging financial institutions' trust department in the LEDC's name.

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

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

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

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	Debt Service	Hotel Motel	Other Governmental Funds	Total Governmental	Water and Sewer Fund	Total Primary Government	Lindale Economic Development
Receivables:								
Taxes	\$ 24,994	\$ 29,840	\$ 1,330	\$ -	\$ 56,164	\$ -	\$ 56,164	\$ -
Sanitation	117,308	-	-	-	117,308	-	117,308	-
Sales Tax	317,073	-	-	-	317,073	-	317,073	156,413
Courts	911,139	-	-	-	911,139	-	911,139	-
Grant	-	-	-	19,386	19,386	-	19,386	-
Accounts	-	-	-	-	-	428,933	428,933	-
Gross Receivables	1,370,514	29,840	1,330	19,386	1,421,070	428,933	1,850,003	156,413
Less: Allowance for Uncollectibles	(641,193)	(15,887)	-	-	(657,080)	(66,518)	(723,598)	-
Net Receivables	\$ 729,321	\$ 13,953	\$ 1,330	\$ 19,386	\$ 763,990	\$ 362,415	\$ 1,126,405	\$ 156,413

C. Capital Assets

Capital asset activity for the year ended September 30, 2016 is as follows:

<u>PRIMARY GOVERNMENT</u>	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,635,198	\$ 47,501	\$ -	\$ 3,682,699
Construction in Progress	512,937	3,165,741	(258,227)	3,420,451
Total Capital Assets, Not Being Depreciated	4,148,135	3,213,242	(258,227)	7,103,150
Capital Assets, Being Depreciated:				
Buildings and Improvements	4,550,635	273,132	-	4,823,767
Infrastructure	5,890,433	208,062	-	6,098,495
Machinery and Equipment	1,856,142	168,305	-	2,024,447
Total Capital Assets, Being Depreciated	12,297,210	649,499	-	12,946,709
Less Accumulated Depreciation For:				
Buildings and Improvements	(1,158,725)	(107,024)	-	(1,265,749)
Infrastructure	(1,583,215)	(148,416)	-	(1,731,631)
Machinery and Equipment	(1,474,738)	(137,626)	-	(1,612,364)
Total Accumulated Depreciation	(4,216,678)	(393,066)	-	(4,609,744)
Net Total Assets Being Depreciated	8,080,532	256,433	-	8,336,965
Governmental Activities Capital Assets, Net	\$ 12,228,667	\$ 3,469,675	\$ (258,227)	\$ 15,440,115

Business-Type Activities:

Capital Assets, Not Being Depreciated:				
Land	\$ 172,926	\$ -	\$ -	\$ 172,926
Construction in Progress	2,554,576	610,736	(1,924,790)	1,240,522
Total Capital Assets, Not Being Depreciated	<u>2,727,502</u>	<u>610,736</u>	<u>(1,924,790)</u>	<u>1,413,448</u>
Capital Assets, Being Depreciated:				
Water and Sewer System	21,574,187	2,010,930	-	23,585,117
Buildings	324,444	-	-	324,444
Machinery and Equipment	948,034	-	-	948,034
Total Capital Assets, Being Depreciated	<u>22,846,665</u>	<u>2,010,930</u>	<u>-</u>	<u>24,857,595</u>
Less Accumulated Depreciation For:				
Water and Sewer System	(8,278,892)	(571,430)	-	(8,850,322)
Buildings	(92,816)	(8,035)	-	(100,851)
Machinery and Equipment	(710,903)	(64,275)	-	(775,178)
Total Accumulated Depreciation	<u>(9,082,611)</u>	<u>(643,740)</u>	<u>-</u>	<u>(9,726,351)</u>
Net Total Assets Being Depreciated	<u>13,764,054</u>	<u>1,367,190</u>	<u>-</u>	<u>15,131,244</u>
Business -Type Activities Capital Assets, Net	<u>\$ 16,491,556</u>	<u>\$ 1,977,926</u>	<u>\$ (1,924,790)</u>	<u>\$ 16,544,692</u>

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

Governmental Activities:

General Government	\$ 77,443
Public Safety	100,665
Public Works	<u>214,958</u>

Total depreciation expense, governmental activities \$ 393,066

Business-Type Activities:

Water and Sewer Operations	<u>\$ 643,740</u>
Total	<u>\$ 643,740</u>

Capital asset activity for LEDC for the year ended September 30, 2016 is as follows:

Capital Assets, Not Being Depreciated:				
Land	\$ 3,628,776	\$ -	\$ -	\$ 3,628,776
Total Capital Assets, Not Being Depreciated	<u>3,628,776</u>	<u>-</u>	<u>-</u>	<u>3,628,776</u>
Capital Assets, Being Depreciated:				
Infrastructure	1,964,489	63,207	-	2,027,696
Machinery and Equipment	20,931	-	-	20,931
Total Capital Assets, Being Depreciated	<u>1,985,420</u>	<u>63,207</u>	<u>-</u>	<u>2,048,627</u>
Less Accumulated Depreciation For:				
Infrastructure	(165,106)	(49,609)	-	(214,715)
Machinery and Equipment	(19,802)	(538)	-	(20,340)
Total Accumulated Depreciation	<u>(184,908)</u>	<u>(50,147)</u>	<u>-</u>	<u>(235,055)</u>
Net Total Assets Being Depreciated	<u>1,800,512</u>	<u>13,060</u>	<u>-</u>	<u>1,813,572</u>
Capital Assets, Net	<u>\$ 5,429,288</u>	<u>\$ 13,060</u>	<u>\$ -</u>	<u>\$ 5,442,348</u>

Construction Commitments

The City has the following construction projects as of September 30, 2016:

<u>Project</u>	<u>Spent-to- Date</u>	<u>Estimated Remaining</u>
City Park Improvements	\$ 89,560	\$ 110,440
City Downtown Improvement Project	3,169,092	1,391,164
Downtown Water System Improvements	393,676	46,068
Pump and Ground Station Project	154,464	1,145,536
Water Well #8 Project	587,652	62,348
Downtown Park	125,404	374,596
Dog Kennel	36,395	1,604
Water Well #5 Project	104,730	5,270
	<u>\$ 4,660,973</u>	<u>\$ 3,137,026</u>

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of September 30, 2016 is as follows:

Interfund transfers:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
Interest & Sinking	2013 Capital Bond Fund	\$ 208,750
Water & Sewer Fund	Interest & Sinking	400,000
2015 TIF Bond Fund	Water & Sewer Fund	41,881
2013 Capital Bond Fund	Community Park Fund	56,432
		<u>\$ 707,063</u>

E. Leases

Operating Leases

The City leased two copy machines, one in Code Enforcement and one in Downtown Development, under two separate lease agreements. Total costs for such leases were \$4,070 for the year ended September 30, 2016. The future minimum lease payments for the remaining two operating leases are as follows:

YEAR ENDED	
<u>9-30</u>	
2017	\$ 4,411
2018	\$ 4,411
2019	\$ 4,411
2020	4,047
2021	557
	<u>\$ 17,837</u>

Capital Leases

In prior years the City has entered into a lease agreement to rent three copiers for a total monthly amount of \$627. The lease was effective September 30, 2014. This lease agreement qualifies as a capital lease for accounting purposes.

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

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

The assets acquired through the capital lease are as follows:

	<u>Governmental Activities</u>
Asset:	
(2) Copy Machines	\$ 20,366
(1) Plotter	8,438
Less: Accumulated Depreciation	<u>(9,378)</u>
Total	<u>\$ 19,426</u>
	<u>Business-Type Activities</u>
Asset:	
(2) Copy Machine	\$ 14,192
(1) Plotter	13,860
Less: Accumulated Depreciation	<u>(11,220)</u>
Total	<u>\$ 16,832</u>

The future minimum lease obligations as of September 30, 2016 were as follows:

YEAR ENDED	GOVERNMENTAL ACTIVITIES			
	9-30	PRINCIPAL	INTEREST	TOTAL
2017	\$	6,085	\$ 566	\$ 6,651
2018		6,283	367	6,650
2019		6,489	162	6,651
2020		957	12	969
	\$	<u>19,814</u>	\$ <u>1,107</u>	\$ <u>20,921</u>

YEAR ENDED	BUSINESS-TYPE ACTIVITIES			
	9-30	PRINCIPAL	INTEREST	TOTAL
2017	\$	5,600	\$ 399	\$ 5,999
2018		5,755	246	6,001
2019		5,914	88	6,002
	\$	<u>17,269</u>	\$ <u>733</u>	\$ <u>18,002</u>

F. Long-term debt

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

Outstanding bonds at September 30, 2016 are comprised of the following issues:

Governmental Activities:

\$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%.	\$ 170,000
\$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%.	2,170,000
\$2,405,000 Series 2012 General Obligation Refunding Bonds Maturing 8-15-25 with an interest rate of 2.36%	2,175,000
\$2,400,000 Series 2014 General Obligation Refunding Bonds Maturing 4-15-20 with an interest rate of 1.59%.	1,535,000

\$5,000,000 Series 2015 Certificates of Obligation maturing on 8-27-2035 with an interest rate of 3.700%.	4,960,983
\$4,380,000 Series 2015 General Obligation Refunding Bonds, Maturing serially in various amounts through 8-15-2025 with an interest rate from 2.00% to 4.00%,	<u>4,200,000</u>
Total Outstanding Governmental Bonded Debt	15,210,983
Plus: Unamortized Bond Premium	<u>513,094</u>
Net Outstanding Governmental Bonded Debt	<u><u>\$15,724,077</u></u>

The funding requirements to amortize all bonds outstanding as of September 30, 2016, including interest, are as follows:

YEAR ENDED	GOVERNMENTAL ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
<u>9-30</u>			
2017	\$ 963,460	\$ 591,652	\$ 1,555,112
2018	988,773	482,395	1,471,168
2019	1,014,098	458,736	1,472,834
2020	1,039,435	432,759	1,472,194
2021	1,099,784	406,594	1,506,378
2022 - 2026	5,404,623	1,446,722	6,851,345
2027 - 2031	2,540,535	672,465	3,213,000
2032 - 2035	<u>2,160,276</u>	<u>203,524</u>	<u>2,363,800</u>
	15,210,983	4,694,847	19,905,830
Unamortized Bond Premium	<u>513,094</u>	-	<u>513,094</u>
	<u>\$ 15,724,077</u>	<u>\$ 4,694,847</u>	<u>\$ 20,418,924</u>

Business-Type Activities:

\$2,945,000 Series 2013 Combination Tax and Utility Certificates of Obligation, Maturing 8-15-33. Interest rates varying from 2.00% to 4.250%	<u>\$2,575,000</u>
Total Outstanding Business-Type Bonded Debt	2,575,000
Plus: Unamortized Bond Premium	<u>106,042</u>
Net Outstanding Business-Type Bonded Debt	<u><u>\$2,681,042</u></u>

The funding requirements to amortize all bonds outstanding as of September 30, 2016, including interest, are as follows:

YEAR ENDED	BUSINESS-TYPE A ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
9-30			
2017	\$ 120,000	\$ 91,450	\$ 211,450
2018	120,000	89,050	209,050
2019	125,000	86,050	211,050
2020	125,000	82,925	207,925
2021	130,000	79,800	209,800
2022-2026	710,000	335,825	1,045,825
2027-2031	855,000	191,938	1,046,938
2032-2033	390,000	25,075	415,075
	2,575,000	982,113	3,557,113
Unamortized Bond Premium	106,042	-	106,042
	<u>\$ 2,681,042</u>	<u>\$ 982,113</u>	<u>\$ 3,663,155</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, 2016 be disclosed.

Insurer	Policy	Limit of Liability		Expiration Date
		Each Occurrence	Annual Aggregate	
Texas Municipal League	General Liability	\$2,000,000	\$4,000,000	10/1/2016
	Law Enforcement	1,000,000	2,000,000	10/1/2016
	Errors & Omissions	1,000,000	2,000,000	10/1/2016
	Auto Liability	500,000	n/a	10/1/2016
	Auto Physical Damage	10,000	n/a	10/1/2016
Texas Municipal League	Real & Personal Property	1,000,000	14,318,168	10/1/2016
	Mobile Equipment	n/a	411,362	10/1/2016
	Boiler & Machinery	100,000	n/a	10/1/2016
Texas Municipal League	Workers Comp	n/a	1,965,902	10/1/2016

As of September 30, 2016, the City was in compliance with all requirements of its bond ordinances.

The LEDC has the following notes payable at September 30, 2016:

LEDC note payable to Southside Bank; original loan amount of \$4,000,000; interest of 4.00%; payable in 60 monthly installments of \$25,814 beginning July 1, 2007, followed by 180 monthly installments of \$26,643 beginning September 1, 2012, secured by real estate.

	\$2,570,037
Less: Current portion	<u>(195,502)</u>
LONG-TERM PORTION	<u>\$2,374,535</u>

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

YEAR ENDED	COMPONENT UNIT			
	9-30	PRINCIPAL	INTEREST	TOTAL
2017	\$	195,502	\$ 99,245	\$ 294,747
2018		203,467	91,280	294,747
2019		211,757	82,990	294,747
2020		220,175	74,572	294,747
2021		229,354	65,383	294,737
2022-2026		1,294,799	178,936	1,473,735
2027-2027		214,983	3,565	218,548
	\$	<u>2,570,037</u>	\$ <u>595,971</u>	\$ <u>3,166,008</u>

Changes in long-term liabilities

Long term liability activity for the year ended September 30, 2016 was as follows:

	Beginning Balance 10/1/2015	Additions	Reductions	Ending Balance 9/30/2016	Due Within One Year
Governmental Activities:					
Certificates of Obligation	\$ 7,660,000	\$ -	\$ (359,017)	\$ 7,300,983	\$ 338,460
General Obligation	8,520,000	-	(610,000)	7,910,000	625,000
Capital Lease	16,482	8,438	(5,106)	19,814	6,085
Unamortized Bond Premium	593,675	-	(80,581)	513,094	78,593
Compensated Absences	148,845	57,501	-	206,346	34,391
Net Pension Liability	1,235,908	209,555	-	1,445,463	-
Governmental Activity Long-Term Liabilities	\$ 18,174,910	\$ 275,494	\$ (1,054,704)	\$ 17,395,700	\$ 1,082,529
Business-Type Activities:					
Certificates of Obligation	\$ 2,690,000	\$ -	\$ (115,000)	\$ 2,575,000	\$ 120,000
Unamortized Bond Premium	117,380	-	(11,338)	106,042	10,823
Capital Lease	22,720	-	(5,451)	17,269	5,601
Compensated Absences	48,623	13,383	-	62,006	10,334
Net Pension Liability	376,585	63,852	-	440,437	-
Business-Type Activity Long-Term Liabilities	\$ 3,255,308	\$ 77,235	\$ (131,789)	\$ 3,200,754	\$ 146,758

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

Long-term liability activity for LEDC for the year ended September 30, 2016 was as follows:

	Beginning Balance 10/1/2015	Additions	Reductions	Ending Balance 9/30/2016	Due Within One Year
Component unit:					
Notes Payable	\$ 2,758,058	\$ -	\$ (188,021)	\$ 2,570,037	\$ 195,502
Net Pension Liability	61,955	10,504	-	72,459	-
Compensated Absences	12,878	-	(12,878)	-	-
Total Component Unit					
Long-Term Liabilities	<u>\$ 2,832,891</u>	<u>\$ 10,504</u>	<u>\$ (200,899)</u>	<u>\$ 2,642,496</u>	<u>\$ 195,502</u>

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, 2016, the City had \$465,461 in net receivables from its residents for the usage of these services.

NOTE 6 – COMMITMENTS

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

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

NOTE 7 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance and insurance with the Texas Municipal League (TML). As of September 30, 2016, the City did not have any liability for unpaid claims or adjustments under policies carried with TML. During the year ended September 30, 2016, there was no reduction in insurance coverage from the prior year. There were no settlements in the prior three fiscal years which exceeded insurance coverage carried by the City.

NOTE 8 – DEFINED BENEFIT PENSION PLAN

Plan Description

The City of Lindale participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees.

Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

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

Benefits Provided

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

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

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

	<u>Plan Year 2014</u>	<u>Plan Year 2015</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

Employees covered by benefit terms.

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

	<u>12/31/2014</u>	<u>12/31/2015</u>
Inactive employees or beneficiaries currently receiving benefits	9	11
Inactive employees entitled to but not yet receiving benefits	18	18
Active employees	<u>49</u>	<u>51</u>
	<u>76</u>	<u>80</u>

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under

the state law governing TMRS, The contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Lindale were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City of Lindale were 15.30% and 15.08% in calendar years 2014 and 2015, respectively. The City's contributions to TMRS for the year ended September 30, 2015, were \$315,977, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2015, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

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

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

Actual assumptions used in the December 31, 2015 valuation were based in the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on the pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimated ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.10%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.65%
Real Return	10.00%	4.03%
Real Estate	10.00%	5.00%
Absolute Return	10.00%	4.00%
Private Equity	5.00%	8.00%
Total	100.00%	

Discount Rate

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

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at 12/31/2014	\$ 5,541,023	\$ 3,866,575	\$ 1,674,448
Changes for the year:			
Service cost	308,716	-	308,716
Interest	392,281	-	392,281
Change of benefit terms	-	-	-
Difference between expected and actual experience	(33,104)	-	(33,104)
Changes of assumptions	71,897	-	71,897
Contributions - employer	-	324,648	(324,648)
Contributions - employee	-	129,170	(129,170)
Net investment income	-	5,708	(5,708)
Benefit payments, including refunds of employee contributions	(182,734)	(182,734)	-
Administrative expense	-	(3,475)	3,475
Other changes	-	(172)	172
Net changes	557,056	273,145	283,911
Balance at 12/31/2015	\$ 6,098,079	\$ 4,139,720	\$ 1,958,359

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 2,881,818	\$ 1,958,359	\$ 1,202,990

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2016, the City recognized pension expense of \$359,133.

At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ (91,933)
Changes in actuarial assumptions	58,705	-
Difference between projected and actual investment earnings	237,896	-
Contributions subsequent to the measurement Date	258,004	-
Total	\$ 554,605	\$ (91,933)

\$258,004 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Year Ended December 31
2016	\$ 54,319
2017	54,319
2018	54,318
2019	45,672
2020	(3,960)
Thereafter	-
	\$ 204,668

NOTE 9 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended September 30, 2016, expenditures exceeded appropriation in the Administration department of the General Fund by \$760,299, the Fire department of the General Fund by \$636, and the Public Works department

of the General Fund by \$6,093. These over expenditures were funded by excess revenues and fund balance. The Building Security fund expenditures exceeded appropriations by \$5,165, and was funded by excess fund balance. The Child Safety Fee fund expenditures exceeded appropriations by \$765, and was funded by excess revenues. The Hotel-Motel Occupancy Tax fund expenditures exceeded appropriations by \$10,629, and was funded by excess revenues. The Parrot Park Museum fund expenditures exceeded appropriations by \$52,810 and was funded by excess revenues and fund balance. The Kinzie House fund expenditures exceeded appropriations by \$2,001, and was funded by excess fund balance. The Debt Service fund expenditures exceeded appropriations by \$223,095, and was funded by excess revenues and fund balance.

NOTE 10 – NEGATIVE FUND BALANCE

The following funds had a negative fund balance as of September 30, 2016. Parrot Park Museum fund (\$735), Community Park TPWD Fund (\$37,485), and the Sidewalk Grant fund (\$29,373).. The negative balances will be covered by the General Fund.

NOTE 11 – SIGNIFICANT TRANSACTIONS WITH COMPONENT UNIT

The City has an agreement with the Lindale Economic Development Corporation, whereby one-third of the sales tax revenue of the City is paid to the LEDC. During the year ended September 30, 2016, \$924,511 of sales tax revenue received by the City was allocated to LEDC. On August 28, 2009, the City and LEDC signed a ten year lease agreement whereby the City is leasing office space to LEDC for \$35,250 per year. LEDC paid the full amount of the lease upfront and the amount is being amortized over the life of the lease. On November 5, 2013, the City Council approved a two year extension of the lease term with LEDC in exchange for the transfer of 2.066 acres of land.

NOTE 12 – SUBSEQUENT EVENT

Subsequent events have been evaluated through January 5, 2017, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF LINDALE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	<u>2014</u>	<u>2015</u>
Total pension liability		
Service Cost	\$ 266,834	\$ 308,716
Interest (on the Total Pension Liability)	364,279	392,281
Changes in benefit terms	-	-
Difference between expected and actual results	(93,773)	(33,104)
Change of assumptions	-	71,897
Benefit payments, including refunds of employee contributions	<u>(133,769)</u>	<u>(182,734)</u>
Net Change in Total Pension Liability	403,571	557,056
Total Pension Liability - Beginning	<u>5,137,452</u>	<u>5,541,023</u>
Total Pension Liability - Ending (a)	<u>\$ 5,541,023</u>	<u>\$ 6,098,079</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 302,345	\$ 324,648
Contributions - Employee	118,567	129,170
Net Investment Income	193,915	5,708
Benefit payments, including refunds of employee contributions	(133,769)	(182,734)
Administrative Expense	(2,023)	(3,475)
Other	<u>(166)</u>	<u>(172)</u>
Net Change in Plan Fiduciary Net Position	478,869	273,145
Plan Fiduciary Net Position - Beginning	<u>3,387,706</u>	<u>3,866,575</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 3,866,575</u>	<u>\$ 4,139,720</u>
Net Pension Liability - Ending (a)-(b)	1,674,448	1,958,359
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	69.78%	67.89%
Covered Employee Payroll	\$ 1,976,109	\$ 2,152,831
Net Pension Liability as a Percentage of Covered Employee Payroll	84.73%	90.97%

**CITY OF LINDALE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially Determined Contribution	\$ 298,281	\$ 315,977	\$ 337,064
Contributions in relation to the actuarially determined contributions	<u>298,281</u>	<u>315,977</u>	<u>337,064</u>
Contribution deficiency	\$ -	\$ -	\$ -
Covered employee payroll	\$ 1,954,197	\$ 2,088,629	\$ 2,323,465
Contributions as a percentage of covered employee payroll	15.26%	15.13%	14.51%

NOTES TO SCHEDULE OF CONTRIBUTIONS

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	30 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

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

ADDITIONAL SUPPLEMENTAL INFORMATION

**CITY OF LINDALE, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016**

	CEMETERY FUND	PARROTT PARK MUSEUM FUND	TOURISM / DOWNTOWN	ASSISTED LIVING GRANT	COMMUNITY PARK TPWD	SIDEWALK GRANT	KINZIE HOUSE FUND	COURT TECHNOLOGY FUND	BUILDING SECURITY FUND	CHILD SAFETY FEES FUND
ASSETS										
Cash and cash equivalents	\$ 120,542	\$ 217	\$ 33,420	\$ 14,750	\$ -	\$ -	\$ 7,012	\$ 18,938	\$ 40,824	\$ 22,926
Investments	-	-	-	-	-	-	-	20,955	-	-
Receivables	-	-	-	-	-	19,386	-	-	-	-
Total Assets	\$ 120,542	\$ 217	\$ 33,420	\$ 14,750	\$ -	\$ 19,386	\$ 7,012	\$ 39,893	\$ 40,824	\$ 22,926
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 19	\$ 952	\$ 4,436	\$ -	\$ -	\$ 23,386	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	306	14,750	37,485	25,373	-	-	-	-
Total Liabilities	19	952	4,742	14,750	37,485	48,759	-	-	-	-
Fund Balances:										
Nonspendable:										
Permanent fund principal	-	-	-	-	-	-	-	-	-	-
Restricted for:										
Capital improvements	-	-	-	-	(37,485)	(29,373)	-	-	-	-
Tourism	-	-	28,678	-	-	-	-	-	-	-
Court Technology	-	-	-	-	-	-	-	39,893	-	-
Building Security	-	-	-	-	-	-	-	-	40,824	-
Child Safety	-	-	-	-	-	-	-	-	-	22,926
Law enforcement purposes	-	-	-	-	-	-	-	-	-	-
PEG facilities	-	-	-	-	-	-	-	-	-	-
Boy Scout building upkeep	-	-	-	-	-	-	-	-	-	-
Assigned to:										
Cemetery	120,523	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	(735)	-	-	-	-	-	-	-	-
Kinzie House	-	-	-	-	-	-	7,012	-	-	-
Total Fund Balances	120,523	(735)	28,678	-	(37,485)	(29,373)	7,012	39,893	40,824	22,926
Total Liabilities and Fund Balances	\$ 120,542	\$ 217	\$ 33,420	\$ 14,750	\$ -	\$ 19,386	\$ 7,012	\$ 39,893	\$ 40,824	\$ 22,926

**CITY OF LINDALE, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016**

	POLICE EDUCATION FUND	POLICE LEOSE FUND	POLICE FORFEITURE FUND	PEG FRANCHISE FUND	IB RICE FUND	PERMANENT FUND - KINZIE TRUST	REINVESTMENT ZONE #2	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS								
Cash and cash equivalents	\$ 2,684	\$ 13,221	\$ 1,936	\$ 55,571	\$ 744	\$ 5,430	\$ 56,199	\$ 394,414
Investments	-	-	-	-	20,675	209,470	-	251,100
Receivables	-	-	-	-	-	-	-	19,386
Total Assets	\$ 2,684	\$ 13,221	\$ 1,936	\$ 55,571	\$ 21,419	\$ 214,900	\$ 56,199	\$ 664,900
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,000	\$ 64,793
Due to other funds	-	-	-	-	-	350	-	78,264
Total Liabilities	-	-	-	-	-	350	36,000	143,057
Fund Balances:								
Nonspendable:								
Permanent fund principal	-	-	-	-	-	214,550	-	214,550
Restricted for:								
Capital improvements	-	-	-	-	-	-	20,199	(46,659)
Tourism	-	-	-	-	-	-	-	28,678
Court Technology	-	-	-	-	-	-	-	39,893
Building Security	-	-	-	-	-	-	-	40,824
Child Safety	-	-	-	-	-	-	-	22,926
Law enforcement purposes	2,684	13,221	1,936	-	-	-	-	17,841
PEG facilities	-	-	-	55,571	-	-	-	55,571
Boy Scout building upkeep	-	-	-	-	21,419	-	-	21,419
Assigned to:								
Cemetery	-	-	-	-	-	-	-	120,523
Parks and Recreation	-	-	-	-	-	-	-	(735)
Kinzie House	-	-	-	-	-	-	-	7,012
Total Fund Balances	2,684	13,221	1,936	55,571	21,419	214,550	20,199	521,843
Total Liabilities and Fund Balances	\$ 2,684	\$ 13,221	\$ 1,936	\$ 55,571	\$ 21,419	\$ 214,900	\$ 56,199	\$ 664,900

CITY OF LINDALE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	CEMETERY FUND	PARROTT PARK MUSEUM FUND	TOURISM / DOWNTOWN	ASSISTED LIVING GRANT	COMMUNITY PARK TPWD	SIDEWALK GRANT	KINZIE HOUSE FUND	COURT TECHNOLOGY FUND	BUILDING SECURITY FUND	CHILD SAFETY FEES FUND
REVENUES										
Sale of lots	\$ 30,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Donations	10,160	3,389	-	-	-	-	-	-	-	-
Property taxes	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	3,627	10,206	-	-	-	-	9,468	6,176	6,769
Grant revenue	-	-	-	43,324	-	141,364	-	-	-	-
Interest	581	225	-	-	-	-	68	324	565	275
Total Revenues	41,541	7,241	10,206	43,324	-	141,364	68	9,792	6,741	7,044
EXPENDITURES										
Personnel Services	-	43,322	150,320	-	-	-	-	-	-	-
Maintenance	38,930	1,950	12,459	-	-	-	7,001	-	-	-
Supplies	-	-	2,323	-	-	-	-	-	-	1,265
Contractual	-	-	18,270	-	-	-	-	-	-	-
Miscellaneous	3,139	13,774	35,251	-	-	-	-	-	-	-
Capital outlay	-	58,230	-	25,500	83,586	199,108	-	4,952	13,165	-
Total Expenditures	42,069	117,276	218,623	25,500	83,586	199,108	7,001	4,952	13,165	1,265
Excess (deficiency) of revenues over (under) expenditures	(528)	(110,035)	(208,417)	17,824	(83,586)	(57,744)	(6,933)	4,840	(6,424)	5,779
OTHER FINANCING SOURCES (USES)										
Insurance proceeds	-	9,057	-	-	-	-	-	-	-	-
Transfers in	-	73,070	242,170	-	56,432	(3,000)	5,000	-	-	-
Total Other Financing Sources (Uses)	-	82,127	242,170	-	56,432	(3,000)	5,000	-	-	-
Net Change in Fund Balances	(528)	(27,908)	33,753	17,824	(27,154)	(60,744)	(1,933)	4,840	(6,424)	5,779
Fund Balance, October 1, 2015	121,051	27,173	(5,075)	(17,824)	(10,331)	31,371	8,945	35,053	47,248	17,147
Fund Balance, September 30, 2016	\$ 120,523	\$ (735)	\$ 28,678	\$ -	\$ (37,485)	\$ (29,373)	\$ 7,012	\$ 39,893	\$ 40,824	\$ 22,926

CITY OF LINDALE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	POLICE EDUCATION FUND	POLICE LEOSE FUND	POLICE FORFEITURE FUND	PEG FRANCHISE FUND	IB RICE FUND	PERMANENT FUND - KINZIE TRUST	REINVESTMENT ZONE #2	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES								
Sale of lots	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,800
Donations	-	-	-	-	-	-	-	13,549
Property taxes	-	-	-	-	-	-	67,139	67,139
Miscellaneous	5,209	1,522	1,910	-	-	-	-	44,887
Grant revenue	-	-	-	-	-	-	-	184,688
Interest	12	58	9	236	99	18	-	2,470
Total Revenues	5,221	1,580	1,919	236	99	18	67,139	343,533
EXPENDITURES								
Personnel Services	-	-	-	-	-	-	-	193,642
Maintenance	-	-	-	-	-	-	-	60,340
Supplies	-	-	-	-	-	-	-	3,588
Contractual	-	-	-	-	-	-	72,280	90,550
Miscellaneous	4,075	750	707	-	-	-	-	57,696
Capital outlay	-	-	-	-	-	-	-	384,541
Total Expenditures	4,075	750	707	-	-	-	72,280	790,357
Excess (deficiency) of revenues over (under) expenditures	1,146	830	1,212	236	99	18	(5,141)	(446,824)
OTHER FINANCING SOURCES (USES)								
Insurance proceeds	-	-	-	-	-	-	-	9,057
Transfers in	-	-	-	-	-	-	-	373,672
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	382,729
Net Change in Fund Balances	1,146	830	1,212	236	99	18	(5,141)	(64,095)
Fund Balance, October 1, 2015	1,538	12,391	724	55,335	21,320	214,532	25,340	585,938
Fund Balance, September 30, 2016	\$ 2,684	\$ 13,221	\$ 1,936	\$ 55,571	\$ 21,419	\$ 214,550	\$ 20,199	\$ 521,843

CITY OF LINDALE, TEXAS
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2016

	BUSINESS-TYPE ACTIVITIES			
	ENTERPRISE FUNDS			
	WATER & SEWER FUND	2013 CAPITAL PROJECTS BOND FUND	TX CDBG GRANT SEWER PROJECT FUND	TOTAL COMBINED ENTERPRISE FUNDS
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 559,765	\$ 536,305	\$ -	\$ 1,096,070
Investments	478,336	-	-	478,336
Accounts receivable (Net)	362,415	-	-	362,415
Other current asset	55,858	-	-	55,858
Total Current Assets	1,456,374	536,305	-	1,992,679
Restricted current assets:				
Temporarily Restricted				
Customer deposits	238,742	-	-	238,742
Total restricted current assets	238,742	-	-	238,742
Capital Assets:				
Land	172,926	-	-	172,926
Water & Sewer system	23,585,117	-	-	23,585,117
Buildings	324,444	-	-	324,444
Machinery & equipment	948,034	-	-	948,034
Construction in progress	519,206	721,316	-	1,240,522
Less: Accumulated depreciation	(9,726,351)	-	-	(9,726,351)
Total Capital Assets Net Of Accumulated Depreciation	15,823,376	721,316	-	16,544,692
Total Noncurrent Assets:	15,823,376	721,316	-	16,544,692
Total Assets	17,518,492	1,257,621	-	18,776,113
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on TMRS pension	124,731	-	-	124,731
Total Deferred Outflows of Resources	124,731	-	-	124,731
LIABILITIES				
Current Liabilities:				
Accounts payable	150,676	-	-	150,676
Accrued expenses	26,329	11,431	-	37,760
Compensated absences	10,334	-	-	10,334
Due to other funds	-	-	14,850	14,850
Capital lease - current portion	5,451	-	-	5,451
Long term debt - current portion	-	130,823	-	130,823
Total Current Liabilities	192,790	142,254	14,850	349,894
Current liabilities payable from restricted assets:				
Customer deposits	238,742	-	-	238,742
Total current liabilities payable from restricted assets	238,742	-	-	238,742
Noncurrent Liabilities:				
Long term debt	-	2,550,220	-	2,550,220
Capital lease	11,818	-	-	11,818
Compensated absences	51,672	-	-	51,672
Net pension liability	440,436	-	-	440,436
Total Noncurrent Liabilities	503,926	2,550,220	-	3,054,146
Total Liabilities	935,458	2,692,474	14,850	3,642,782
DEFERRED INFLOWS OF RESOURCES				
Deferred charge on TMRS pension	20,676	-	-	20,676
Total Deferred Inflows of Resources	20,676	-	-	20,676
NET POSITION				
Invested in capital assets, net of related debt	15,806,107	-	-	15,806,107
Restricted for capital construction	-	(1,434,853)	(14,850)	(1,449,703)
Unrestricted	880,982	-	-	880,982
Total Net Position	\$ 16,687,089	\$ (1,434,853)	\$ (14,850)	\$ 15,237,386

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FISCAL YEAR ENDED SEPTEMBER 30, 2016

	BUSINESS-TYPE ACTIVITIES				
	ENTERPRISE FUNDS				
	WATER & SEWER FUND	2013 CAPITAL PROJECTS BOND FUND	TX CDBG GRANT SEWER PROJECT FUND	ELIMINATIONS	TOTAL COMBINED ENTERPRISE FUNDS
OPERATING REVENUES					
Charges for services:					
Water sales	\$ 1,595,231	\$ -	\$ -	\$ -	\$ 1,595,231
Sewer charges	916,672	-	-	-	916,672
Tap and connect fees	40,550	-	-	-	40,550
Miscellaneous	13,789	-	-	-	13,789
Total Operating Revenues	2,566,242	-	-	-	2,566,242
OPERATING EXPENSES					
Water and sewer operations	1,847,921	18,842	-	-	1,866,763
Depreciation	643,740	-	-	-	643,740
Total Operating Expenses	2,491,661	18,842	-	-	2,510,503
Operating Income (Loss)	74,581	(18,842)	-	-	55,739
NON-OPERATING REVENUES (EXPENSES)					
Interest and fiscal charge expense	(21,561)	(93,463)	-	-	(115,024)
Interest income	8,085	14,552	-	-	22,637
Total non-operating revenue (expenses)	(13,476)	(78,911)	-	-	(92,387)
Income (Loss) before transfers	61,105	(97,753)	-	-	(36,648)
Transfers in	1,743,191	208,750	-	(1,701,310)	250,631
Transfers out	(400,000)	(1,757,742)	-	1,701,310	(456,432)
Total Transfers	1,343,191	(1,548,992)	-	-	(205,801)
Change in Net Position	1,404,296	(1,646,745)	-	-	(242,449)
Net Position, October 1, 2015	15,282,793	211,892	(14,850)	-	15,479,835
Net Position, September 30, 2016	\$ 16,687,089	\$ (1,434,853)	\$ (14,850)	\$ -	\$ 15,237,386

CITY OF LINDALE, TEXAS
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	BUSINESS-TYPE ACTIVITIES				TOTAL COMBINED ENTERPRISE FUNDS
	ENTERPRISE FUNDS				
	WATER & SEWER FUND	2013 CAPITAL PROJECTS BOND FUND	TX CDBG GRANT SEWER PROJECT FUND	ELIMINATIONS	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers and users	\$ 2,521,284	\$ -	\$ -	\$ -	\$ 2,521,284
Cash paid to suppliers for goods and services	(910,064)	(71,549)	-	-	(981,613)
Cash paid to employees for services	(812,353)	-	-	-	(812,353)
Net cash provided by (used in) operating activities	798,867	(71,549)	-	-	727,318
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers out	(400,000)	-	-	-	(400,000)
Transfers in	41,881	208,750	-	-	250,631
Transfer of completed projects	1,701,310	(1,757,742)	-	-	(56,432)
Net cash provided by (used in) non-capital financing activities	1,343,191	(1,548,992)	-	-	(205,801)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets and equipment	(1,979,001)	1,282,125	-	-	(696,876)
Capital lease payments	(5,451)	-	-	-	(5,451)
Bond payments	-	(126,338)	-	-	(126,338)
Interest paid	(21,561)	(93,463)	-	-	(115,024)
Net cash provided by (used in) capital and related financing activities	(2,006,013)	1,062,324	-	-	(943,689)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest earned	8,085	14,552	-	-	22,637
Net cash provided by investing activities	8,085	14,552	-	-	22,637
Net increase (decrease) in cash	144,130	(543,665)	-	-	(399,535)
Cash, beginning of period	654,377	1,079,970	-	-	1,734,347
Cash, end of period	\$ 798,507	\$ 536,305	\$ -	\$ -	\$ 1,334,812
Reconciliation of cash to Exhibit 7:					
Cash - current asset	\$ 559,765	\$ 536,305	\$ -	\$ -	\$ 1,096,070
Cash - restricted current asset	238,742	-	-	-	238,742
Total cash, end of period	\$ 798,507	\$ 536,305	\$ -	\$ -	\$ 1,334,812

CITY OF LINDALE, TEXAS
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2016

Increase (Decrease) in Cash and Cash Equivalents

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

Operating income (loss)	\$ 74,581	\$ (18,842)	\$ -	\$ -	\$ 55,739
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	643,740	-	-	-	643,740
Increase in other assets	(55,858)	-	-	-	(55,858)
Increase in deferred outflows	(61,721)	-	-	-	(61,721)
Increase (decrease) in accounts payable	100,791	(52,421)	-	-	48,370
Increase in customer deposits	10,900	-	-	-	10,900
Increase (decrease) in accrued expenses	6,366	(286)	-	-	6,080
Increase in net pension liability	63,852	-	-	-	63,852
Increase in deferred inflows	2,833	-	-	-	2,833
Increase in compensated absences	13,383	-	-	-	13,383
Total adjustments	724,286	(52,707)	-	-	671,579
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 798,867	\$ (71,549)	\$ -	\$ -	\$ 727,318

**CITY OF LINDALE, TEXAS
CEMETERY FUND
DETAILED SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Miscellaneous Income	\$ 200	\$ 200	\$ -	\$ (200)
Interest income	12,000	12,000	581	(11,419)
Sale of Cemetery Plots	8,000	8,000	30,800	22,800
Public Contribution	16,750	16,750	10,160	(6,590)
TOTAL FINANCING SOURCES - BUDGET BASIS	\$ 36,950	\$ 36,950	41,541	\$ 4,591
Financial Statement Adjustments:			-	
TOTAL FINANCING SOURCES - GAAP BASIS			\$ 41,541	
EXPENDITURES				
Cemetery Administration:				
Postage	\$ 600	\$ 600	\$ 469	\$ 131
Miscellaneous Supplies	200	200	-	200
Miscellaneous	100	100	-	100
Utilities	300	300	240	60
Software contract	550	550	555	(5)
Legal & Professional	200	200	-	200
Misc. Maintenance	5,000	5,000	1,875	3,125
Cemetery Maintenance	30,000	39,000	38,930	70
TOTAL EXPENDITURES - BUDGET BASIS	\$ 36,950	\$ 45,950	42,069	\$ 3,881
Financial Statement Adjustments:			-	
TOTAL EXPENDITURES - GAAP BASIS			\$ 42,069	

**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, 2016**

	<u>BUDGET ORIGINAL</u>	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)</u>
REVENUES				
Fines and Fees	\$ 9,500	\$ 9,500	\$ 9,468	\$ (32)
Interest Income	-	-	324	324
TOTAL FINANCING SOURCES - BUDGET BASIS	<u>\$ 9,500</u>	<u>\$ 9,500</u>	9,792	<u>\$ 292</u>
Financial Statement Adjustments:			-	
TOTAL FINANCING SOURCES - GAAP BASIS			<u>\$ 9,792</u>	
EXPENDITURES				
Capital Expenditures:				
Court Technology Equipment	<u>\$ 9,500</u>	<u>\$ 9,500</u>	<u>\$ 4,952</u>	<u>\$ 4,548</u>
TOTAL EXPENDITURES - BUDGET BASIS	<u>\$ 9,500</u>	<u>\$ 9,500</u>	4,952	<u>\$ 4,548</u>
Financial Statement Adjustments:			-	
TOTAL EXPENDITURES - GAAP BASIS			<u>\$ 4,952</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, 2016**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Fines and Fees	\$ 8,000	\$ 8,000	\$ 6,176	\$ (1,824)
Interest Income	-	-	565	565
TOTAL FINANCING SOURCES - BUDGET BASIS	\$ 8,000	\$ 8,000	6,741	\$ (1,259)
Financial Statement Adjustments:			-	
TOTAL FINANCING SOURCES - GAAP BASIS			\$ 6,741	
EXPENDITURES				
Building Securities Equipment	\$ 8,000	\$ 8,000	\$ 13,165	\$ (5,165)
TOTAL EXPENDITURES - BUDGET BASIS	\$ 8,000	\$ 8,000	13,165	\$ (5,165)
Financial Statement Adjustments:			-	
TOTAL EXPENDITURES - GAAP BASIS			\$ 13,165	

**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, 2016**

	<u>BUDGET ORIGINAL</u>	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)</u>
REVENUES				
Fines and Fees	\$ 3,000	\$ 3,000	\$ 6,769	\$ 3,769
Interest Income	-	-	275	275
TOTAL FINANCING SOURCES - BUDGET BASIS	<u>\$ 3,000</u>	<u>\$ 3,000</u>	7,044	<u>\$ 4,044</u>
Financial Statement Adjustments:			-	
TOTAL FINANCING SOURCES - GAAP BASIS			<u>\$ 7,044</u>	
EXPENDITURES				
Office Supplies	\$ 500	\$ 500	\$ 1,265	\$ (765)
TOTAL EXPENDITURES - BUDGET BASIS	<u>\$ 500</u>	<u>\$ 500</u>	1,265	<u>\$ (765)</u>
Financial Statement Adjustments:			-	
TOTAL EXPENDITURES - GAAP BASIS			<u>\$ 1,265</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, 2016**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Motel Tax	\$ 372,000	\$ 372,000	\$ 447,671	\$ 75,671
Interest income	4,000	4,000	9,438	5,438
TOTAL FINANCING SOURCES - BUDGET BASIS	<u>\$ 376,000</u>	<u>\$ 376,000</u>	457,109	<u>\$ 81,109</u>
Financial Statement Adjustments:			-	
TOTAL FINANCING SOURCES - GAAP BASIS			<u>\$ 457,109</u>	
EXPENDITURES				
Hotel-Motel Administration:				
Signs & Displays	\$ 20,000	\$ 20,500	\$ 21,035	\$ (535)
Sponsorships	10,000	50,500	50,400	100
Furniture and Equipment	-	2,700	2,525	175
Professional	-	150,000	150,000	-
Transfer to Kinzie House fund	5,000	5,000	5,000	-
Transfer to Parrott Museum fund	62,570	62,570	73,070	(10,500)
Transfer to Tourism Fund	242,170	242,170	242,170	-
Chamber of Commerce	37,200	40,800	40,677	123
Building & Grounds	-	106,300	106,292	8
TOTAL EXPENDITURES - BUDGET BASIS	<u>\$ 376,940</u>	<u>\$ 680,540</u>	691,169	<u>\$ (10,629)</u>
Financial Statement Adjustments:			-	
TOTAL EXPENDITURES - GAAP BASIS			<u>\$ 691,169</u>	

**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, 2016**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Chapel Rental	\$ 300	\$ 300	\$ 150	\$ (150)
Donations	1,000	1,000	3,389	2,389
Gift Shop income	400	400	543	143
Gift Shop Sales Tax	50	50	40	(10)
Transfer from Hotel Motel fund	62,570	62,570	73,070	10,500
Miscellaneous Income	100	100	2,894	2,794
Insurance Proceeds	-	-	9,057	9,057
Interest income	80	80	225	145
TOTAL FINANCING SOURCES - BUDGET BASIS	<u>\$ 64,500</u>	<u>\$ 64,500</u>	89,368	<u>\$ 24,868</u>
Financial Statement Adjustments:			-	
TOTAL FINANCING SOURCES - GAAP BASIS			<u>\$ 89,368</u>	
EXPENDITURES				
Parrot Park Museum Administration:				
Salaries	\$ 42,000	\$ 42,000	\$ 40,243	\$ 1,757
Social Security/Medicare	4,400	4,400	3,079	1,321
Office Supplies	500	500	140	360
Wearing Apparel	300	300	-	300
Miscellaneous	500	500	348	152
Utilities	12,000	12,000	11,020	980
Professional	100	100	-	100
Gift Shop Resale Items	200	200	125	75
State Comp (Sales Tax)	25	25	32	(7)
Communications	2,200	2,200	1,744	456
Publications and Advertising	500	500	399	101
Building & Grounds	1,775	1,775	60,180	(58,405)
TOTAL EXPENDITURES - BUDGET BASIS	<u>\$ 64,500</u>	<u>\$ 64,500</u>	117,310	<u>\$ (52,810)</u>
Financial Statement Adjustments:				
Decrease in accounts payable			(34)	
TOTAL EXPENDITURES - GAAP BASIS			<u>\$ 117,276</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, 2016**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Transfer from Hotel/Motel	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Interest Income	-	-	68	68
TOTAL FINANCING SOURCES - BUDGET BASIS	<u>\$ 5,000</u>	<u>\$ 5,000</u>	5,068	<u>\$ 68</u>
Financial Statement Adjustments:			-	
TOTAL FINANCING SOURCES - GAAP BASIS			<u>\$ 5,068</u>	
EXPENDITURES				
Building and Grounds	\$ 5,000	\$ 5,000	\$ 7,001	\$ (2,001)
TOTAL EXPENDITURES - BUDGET BASIS	<u>\$ 5,000</u>	<u>\$ 5,000</u>	7,001	<u>\$ (2,001)</u>
Financial Statement Adjustments:			-	
TOTAL EXPENDITURES - GAAP BASIS			<u>\$ 7,001</u>	

**CITY OF LINDALE, TEXAS
TOURISM / DOWNTOWN DEVELOPMENT FUND
DETAILED SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Transfer from Hotel/Motel	\$ 320,270	\$ 320,270	\$ 242,170	\$ (78,100)
PWW Festival Income	-	-	4,002	4,002
Event Fees	-	-	905	905
Sponsorship Funds	-	-	4,139	4,139
Miscellaneous Revenue	-	-	1,160	1,160
TOTAL FINANCING SOURCES - BUDGET BASIS	\$ 320,270	\$ 320,270	252,376	\$ (67,894)
Financial Statement Adjustments:			-	
TOTAL FINANCING SOURCES - GAAP BASIS			\$ 252,376	
EXPENDITURES				
PERSONNEL SERVICES:				
Supervision	\$ 65,000	\$ 65,000	\$ 58,486	\$ 6,514
Salaries - Full time	40,000	40,000	34,759	5,241
Overtime	15,000	15,000	5,692	9,308
Vacation	-	-	3,345	(3,345)
Sick Leave	-	-	976	(976)
Holiday	-	-	4,892	(4,892)
Comptime	-	-	3,796	(3,796)
Retirement	17,200	17,200	16,257	943
Social Security / Medicare	8,560	8,560	8,564	(4)
Health Insurance	13,320	13,320	12,258	1,062
Dental	950	950	828	122
Life Insurance	250	250	310	(60)
Vision	250	250	216	34
Long Term Disability	240	240	292	(52)
Workers Comp	200	200	-	200
Total Personnel Services	160,970	160,970	150,671	10,299
SUPPLIES:				
Office supplies	1,200	1,200	994	206
Promotional materials	10,000	10,000	1,253	8,747
Misc. Supplies	200	200	80	120
Postage	1,000	1,000	76	924
Total Supplies	\$ 12,400	\$ 12,400	\$ 2,403	\$ 9,997

**CITY OF LINDALE, TEXAS
TOURISM / DOWNTOWN DEVELOPMENT FUND
DETAILED SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FISCAL YEAR ENDED SEPTEMBER 30, 2016**

CONTRACTUAL:				
Miscellaneous	\$ -	\$ 200	\$ 127	\$ 73
Communications - Telephone	4,000	4,000	4,420	(420)
Insurance and bonds	-	200	105	95
Utilities	-	3,000	1,396	1,604
Publications and advertising	25,000	25,000	4,252	20,748
Associations dues	2,500	2,500	2,132	368
Event food	2,000	2,000	-	2,000
Event supplies	2,000	2,000	-	2,000
Event rental	2,000	2,000	-	2,000
Event Entertainment	2,000	2,000	-	2,000
Travel	5,000	6,520	6,731	(211)
School	5,000	5,000	520	4,480
Business Network	1,000	1,000	102	898
Events	2,500	2,500	1,090	1,410
Festivals	-	27,700	24,631	3,069
	<u>53,000</u>	<u>85,620</u>	<u>45,506</u>	<u>40,114</u>
Total Contractual				
MAINTENANCE:				
Janitorial	120	270	250	20
Machinery & Equipment	2,000	3,500	3,381	119
	<u>2,120</u>	<u>3,770</u>	<u>3,631</u>	<u>139</u>
Total Maintenance				
SUNDRY				
Legal	-	2,500	2,040	460
Professional	15,000	15,000	5,877	9,123
	<u>15,000</u>	<u>17,500</u>	<u>7,917</u>	<u>9,583</u>
Total Sundry				
CAPITAL EXPENDITURES:				
Furniture & Equipment	-	9,000	8,828	172
	<u>-</u>	<u>9,000</u>	<u>8,828</u>	<u>172</u>
Total Capital Expenditures				
TOTAL EXPENDITURES - BUDGET BASIS	<u>\$ 243,490</u>	<u>\$ 289,260</u>	218,956	<u>\$ 70,304</u>
Financial Statement Adjustments:				
Decrease in accrued expenditures			(333)	
TOTAL EXPENDITURES - GAAP BASIS			<u>\$ 218,623</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, 2016**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Current and delinquent property taxes	\$ 1,040,320	\$ 1,040,320	\$ 1,164,534	\$ 124,214
Interest income	-	-	16,573	16,573
Transfer from Other Funds	450,000	450,000	400,000	(50,000)
TOTAL FINANCING SOURCES - BUDGET BASIS	\$ 1,490,320	\$ 1,490,320	1,581,107	\$ 90,787
Financial Statement Adjustments:			-	
TOTAL REVENUES - GAAP BASIS			\$ 1,581,107	
EXPENDITURES				
Debt Service:				
Bond Interest	\$ 442,320	\$ 442,320	533,248	\$ (90,928)
Payment on Principal	1,045,000	1,045,000	969,017	75,983
Transfer to other funds	-	-	208,750	(208,750)
Agent fees	3,000	3,000	2,400	600
TOTAL EXPENDITURES - BUDGET BASIS	\$ 1,490,320	\$ 1,490,320	1,713,415	\$ (223,095)
Financial Statement Adjustments:			-	
TOTAL EXPENDITURES - GAAP BASIS			\$ 1,713,415	

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES				
Current and delinquent property taxes	\$ 1,098,000	\$ 1,098,000	\$ 1,098,719	\$ 719
Franchise taxes	271,000	271,000	301,791	30,791
Sales tax	1,580,000	1,580,000	1,859,615	279,615
Building permits	45,000	45,000	108,164	63,164
Fines and forfeitures	430,000	430,000	412,008	(17,992)
Garbage Collection	800,000	800,000	866,861	66,861
Garbage Tax	65,000	65,000	67,958	2,958
Miscellaneous Income	15,000	15,000	23,353	8,353
Interest Earned	12,000	12,000	17,499	5,499
Downtown Reveune	-	-	1,003	1,003
Event/Festival Fees	-	-	2,100	2,100
Rental of Community Center	15,000	15,000	13,890	(1,110)
Other rental	1,000	1,000	4,650	3,650
Rental income - LEDC	50,000	50,000	75,850	25,850
LEDC Reimbursement	101,235	101,235	31,043	(70,192)
FINANCING SOURCES - BUDGET BASIS	\$ <u>4,483,235</u>	\$ <u>4,483,235</u>	4,884,504	\$ <u>401,269</u>
Financial Statement Adjustments:				
Sales tax receivable at 9-30-15			(300,917)	
Sales tax receivable at 9-30-16			317,073	
Proceeds from capital lease			<u>8,438</u>	
TOTAL FINANCING SOURCES - GAAP BASIS			\$ <u>4,909,098</u>	

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
GENERAL GOVERNMENT/ADMINISTRATION				
PERSONNEL SERVICES:				
Supervision	\$ 191,901	\$ 191,901	\$ 209,481	\$ (17,580)
Salaries-Full-time	35,000	35,000	28,468	6,532
Overtime	1,000	1,000	-	1,000
Vacation	-	-	16,634	(16,634)
Sick Leave	-	-	4,893	(4,893)
Holiday	-	-	9,618	(9,618)
Auto allowance	7,200	7,200	5,400	1,800
Comp Time	-	-	5,631	(5,631)
Retirement	32,700	32,700	41,236	(8,536)
Social Security/Medicare	17,400	17,400	20,388	(2,988)
Health Insurance	19,960	19,960	15,330	4,630
Dental	1,200	1,200	823	377
Life Insurance	720	720	1,179	(459)
Vision	350	350	192	158
Long term disability	400	400	562	(162)
Workers comp	700	700	1,137	(437)
Total Personnel Services	308,531	308,531	360,972	(52,441)
SUPPLIES:				
Office Supplies	6,000	6,000	5,769	231
Postage	2,000	2,000	1,632	368
Miscellaneous Supplies	8,000	8,000	6,966	1,034
Building & Cleaning Supplies	450	450	263	187
Total Supplies	16,450	16,450	14,630	1,820
CONTRACTUAL:				
Communications-Telephone	12,000	12,000	9,411	2,589
Miscellaneous	4,000	4,000	815	3,185
Insurance & Bonds	27,000	27,000	21,936	5,064
Publications & Advertising	6,000	6,000	3,891	2,109
Utilities	28,000	28,000	18,699	9,301
Librarian	46,000	46,000	40,000	6,000
Association Dues	3,400	3,600	3,633	(33)
Travel	12,000	12,000	10,729	1,271
Schools	4,000	4,000	970	3,030
ETS Fees/Bank Service Charges	200	200	-	200
Software Contract	12,000	12,000	11,893	107
Total Contractual	154,600	154,800	121,977	32,823
MAINTENANCE:				
Building & grounds	8,000	9,200	9,081	119
Janitorial	20,000	20,000	14,938	5,062
Furniture & fixtures	500	500	-	500
Machinery & equipment	4,000	4,000	2,765	1,235
Total Maintenance	32,500	33,700	26,784	6,916
SUNDRY:				
Elections	6,000	7,500	7,468	32
Legal	35,000	35,000	29,955	5,045
Professional	110,000	134,874	134,673	201
State Garbage Tax	65,000	69,000	68,930	70
Total Sundry	216,000	246,374	241,026	5,348
CAPITAL EXPENDITURES:				
Technical Equipment	-	-	63,584	(63,584)
Building and Grounds	-	-	691,181	(691,181)
Total Capital Expenditures	-	-	754,765	(754,765)
TOTAL GENERAL GOVERNMENT/ADMINISTRATION	\$ 728,081	\$ 759,855	\$ 1,520,154	\$ (760,299)

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>GENERAL GOVERNMENT/CODE ENFORCEMENT</u>				
PERSONNEL SERVICES:				
Supervision	\$ 130,000	\$ 130,000	\$ 59,749	\$ 70,251
Salaries-Full-time	71,000	71,000	62,446	8,554
Overtime	3,000	3,000	5,911	(2,911)
Vacation	-	-	5,584	(5,584)
Sick Leave	-	-	5,078	(5,078)
Holiday	-	-	6,576	(6,576)
Comp Time	-	-	4,319	(4,319)
Retirement	29,700	29,700	21,711	7,989
Social Security/Medicare	15,900	15,900	11,449	4,451
Health Insurance	26,620	26,620	18,386	8,234
Dental	1,600	1,600	1,415	185
Life Insurance	500	500	419	81
Vision	350	350	324	26
Long Term Disability	500	500	392	108
Workers Comp	2,000	2,000	1,337	663
Total Personnel Services	281,170	281,170	205,096	76,074
SUPPLIES:				
Office Supplies	3,000	3,000	2,144	856
Postage	1,200	1,200	192	1,008
Wearing Apparel	600	600	460	140
Fuel/Gas & Diesel	5,000	5,000	1,532	3,468
Technical Supplies	2,500	2,500	726	1,774
Miscellaneous Supplies	300	300	289	11
Computer Supplies	3,000	3,000	-	3,000
Total Supplies	15,600	15,600	5,343	10,257
CONTRACTUAL:				
Communications	6,000	6,000	4,584	1,416
Insurance & Bonds	600	600	716	(116)
Publications & Advertising	1,200	1,200	794	406
Association Dues	1,200	1,200	283	917
Travel	4,000	4,000	781	3,219
Schools	5,000	5,000	696	4,304
ETS Fees/Bank Service Charges	1,500	1,500	1,171	329
Software Contract	5,000	5,000	4,492	508
Humane Society	8,000	8,000	1,612	6,388
Total Contractual	32,500	32,500	15,129	17,371
MAINTENANCE:				
Machinery & Equipment	6,700	6,700	5,894	806
Motor Vehicle & Maintenance	1,500	1,500	579	921
Total Maintenance	8,200	8,200	6,473	1,727
SUNDRY:				
Professional	20,000	20,000	20,163	(163)
Legal	18,000	18,000	8,500	9,500
Total Sundry	38,000	38,000	28,663	9,337
CAPITAL EXPENDITURES:				
Building and Grounds	88,000	88,000	76,289	11,711
Total Capital Expenditures	88,000	88,000	76,289	11,711
TOTAL GENERAL GOVERNMENT/ CODE ENFORCEMENT	\$ 463,470	\$ 463,470	\$ 336,993	\$ 126,477

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
GENERAL GOVERNMENT/LEDC				
PERSONNEL SERVICES:				
Supervision	\$ 67,000	\$ 67,000	\$ 8,492	\$ 58,508
Vacation	-	-	12,878	(12,878)
Holiday	-	-	731	(731)
Auto Allowance	9,200	9,200	1,800	7,400
Retirement	12,000	12,000	2,599	9,401
Social Security/Medicare	6,000	6,000	1,828	4,172
Health Insurance	6,000	6,000	335	5,665
Dental	345	345	22	323
Life Insurance	300	300	23	277
Vision	110	110	6	104
Long Term Disability	175	175	19	156
Workers Comp	105	105	26	79
Total Personnel Services	101,235	101,235	28,759	72,476
TOTAL GENERAL GOVERNMENT/LEDC	101,235	101,235	28,759	72,476
COURT				
PERSONNEL SERVICES:				
Supervision	12,000	12,000	12,000	-
Salaries-Full-time	61,000	61,000	53,836	7,164
Salaries-Part-time	12,000	12,000	-	12,000
Overtime	200	200	612	(412)
Vacation	-	-	2,274	(2,274)
Sick Leave	-	-	752	(752)
Holiday	-	-	2,783	(2,783)
Comp Time	-	-	376	(376)
Retirement	8,800	8,800	8,798	2
Social Security/Medicare	6,000	6,000	4,638	1,362
Health Insurance	13,400	13,400	12,258	1,142
Dental	700	700	828	(128)
Life Insurance	400	400	162	238
Vision	220	220	216	4
Long Term Disability	360	360	148	212
Workers Comp	200	200	250	(50)
Total Personnel Services	115,280	115,280	99,931	15,349
SUPPLIES:				
Office Supplies	2,000	2,000	788	1,212
Postage	2,000	2,000	825	1,175
Total Supplies	4,000	4,000	1,613	2,387
CONTRACTUAL:				
Communications	1,800	1,800	1,594	206
Software	5,000	5,000	4,065	935
Insurance & Bonds	150	720	50	670
Publications & Advertising	600	600	36	564
BTS Fees/Bank Service Charges	6,500	6,500	5,119	1,381
Association Dues	400	400	180	220
Travel	2,000	2,000	285	1,715
Schools	800	800	50	750
Total Contractual	17,250	17,820	11,379	6,441
MAINTENANCE:				
Furniture and Fixtures	1,000	1,000	300	700
Total Maintenance	1,000	1,000	300	700
SUNDRY:				
Court Expense	400	700	492	208
Legal	15,000	15,000	7,340	7,660
Professional	12,000	20,164	4,424	15,740
Transfer to State-Fines	200,000	200,000	190,204	9,796
Total Sundry	227,400	235,864	202,460	33,404
TOTAL COURT	\$ 364,930	\$ 373,964	\$ 315,683	\$ 58,281

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
POLICE				
PERSONNEL SERVICES:				
Supervision	\$ 141,200	\$ 141,200	\$ 122,947	\$ 18,253
Salaries-Full-time	840,000	840,000	728,046	111,954
Salaries-Part-time	8,000	8,000	3,935	4,065
Overtime	35,000	35,000	36,622	(1,622)
Vacation	-	-	41,985	(41,985)
Sick Leave	-	-	33,717	(33,717)
Holiday	-	-	44,426	(44,426)
Comp Time	-	-	16,527	(16,527)
Retirement	145,800	145,800	148,551	(2,751)
Social Security/Medicare	87,700	87,700	78,402	9,298
Health Insurance	153,100	153,100	140,652	12,448
Dental	7,200	7,200	9,182	(1,982)
Life Insurance	5,000	5,000	2,842	2,158
Vision	2,500	2,500	2,399	101
Long Term Disability	4,000	4,000	2,615	1,385
Workers Comp	23,000	23,000	21,274	1,726
Health Reimbursement Account	-	-	1,000	(1,000)
Total Personnel Services	1,452,500	1,452,500	1,435,122	17,378
SUPPLIES:				
Office Supplies	6,000	9,000	8,361	639
Postage	1,000	1,000	898	102
Wearing Apparel	6,000	10,000	7,340	2,660
Fuel/Gas & Diesel	50,000	50,000	28,318	21,682
Technical Supplies	6,000	8,500	8,144	356
Miscellaneous Supplies	6,500	6,500	4,998	1,502
Total Supplies	75,500	85,000	58,059	26,941
CONTRACTUAL:				
Communications-Telephone	3,500	3,500	24,009	(20,509)
Communications	20,000	24,010	1,693	22,317
Insurance & Bonds	15,300	16,000	15,992	8
Publications & Advertising	1,500	1,500	432	1,068
Association Dues	800	800	517	283
Travel	4,000	4,000	3,680	320
Schools	4,000	4,000	2,201	1,799
BTS/Bank Svc Chgs	100	100	-	100
Contracts - Miscellaneous	40,000	40,000	29,393	10,607
Total Contractual	89,200	93,910	77,917	15,993
MAINTENANCE:				
Machinery & Equipment	40,000	40,000	32,867	7,133
Motor Vehicle & Maintenance	25,000	25,000	24,847	153
Miscellaneous Maintenance	4,000	6,500	6,420	80
Building & Grounds	2,000	2,000	1,877	123
Total Maintenance	71,000	73,500	66,011	7,489
SUNDRY:				
Legal	8,000	8,000	2,500	5,500
Professional	4,000	5,000	4,023	977
Total Sundry	12,000	13,000	6,523	6,477
CAPITAL EXPENDITURES:				
Motor Vehicle	47,000	47,000	49,658	(2,658)
Technical Equipment	18,000	18,000	18,390	(390)
Total Capital Expenditures	65,000	65,000	68,048	(3,048)
TOTAL POLICE	\$ 1,765,200	\$ 1,782,910	\$ 1,711,680	\$ 71,230

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>FIRE</u>				
PERSONNEL SERVICES:				
Retirement	\$ 12,000	\$ 12,000	\$ 12,636	\$ (636)
Total Personnel Services	<u>12,000</u>	<u>12,000</u>	<u>12,636</u>	<u>(636)</u>
TOTAL FIRE	<u>12,000</u>	<u>12,000</u>	<u>12,636</u>	<u>(636)</u>
<u>PUBLIC WORKS</u>				
PERSONNEL SERVICES:				
Salaries-Full-time	165,000	165,000	99,968	65,032
Salaries-Part-time	15,000	15,000	28,233	(13,233)
Overtime	6,000	6,000	10,325	(4,325)
Vacation	-	-	7,418	(7,418)
Sick Leave	-	-	2,236	(2,236)
Holiday	-	-	5,163	(5,163)
Retirement	24,500	24,500	18,161	6,339
Social Security/Medicare	14,300	14,300	11,731	2,569
Health Insurance	33,300	33,300	18,642	14,658
Dental	2,000	2,000	1,260	740
Life Insurance	1,000	1,000	386	614
Vision	550	550	329	221
Long Term Disability	920	920	312	608
Workers Comp	2,200	2,200	1,693	507
Total Personnel Services	<u>264,770</u>	<u>264,770</u>	<u>205,857</u>	<u>58,913</u>
SUPPLIES:				
Office Supplies	600	600	361	239
Postage	30	30	-	30
Wearing Apparel	1,000	1,700	1,588	112
Fuel/Gas & Diesel	22,000	22,000	12,782	9,218
Technical Supplies	2,000	2,600	2,492	108
Cleaning Supplies	400	400	9	391
Building Supplies	600	1,200	1,111	89
Tractor Supplies	4,000	4,100	4,085	15
Miscellaneous Supplies	500	600	551	49
Total Supplies	<u>31,130</u>	<u>33,230</u>	<u>22,979</u>	<u>10,251</u>
CONTRACTUAL:				
Communications	2,500	2,900	2,834	66
Insurance & Bonds	1,800	1,800	1,331	469
Utilities	130,000	130,000	129,908	92
Association Dues	200	200	-	200
Equipment Rental	1,500	1,500	1,409	91
Schools	1,000	1,000	-	1,000
Solid Waste Contract	600,000	600,000	707,512	(107,512)
Janitorial Service	7,150	7,150	5,850	1,300
Total Contractual	<u>744,150</u>	<u>744,550</u>	<u>848,844</u>	<u>(104,294)</u>
MAINTENANCE:				
Building and Grounds	36,000	44,900	44,845	55
Machinery & Equipment	25,000	29,850	29,828	22
Motor Vehicle & Maintenance	10,000	10,000	8,393	1,607
Miscellaneous Maintenance	5,000	5,000	3,796	1,204
Streets & Alleys	30,000	89,500	89,487	13
Culverts	2,000	4,000	3,354	646
Athletic Fields-Grounds	-	6,000	4,735	1,265
Signals & Markers	14,000	14,000	12,502	1,498
Total Maintenance	<u>\$ 122,000</u>	<u>\$ 203,250</u>	<u>\$ 196,940</u>	<u>\$ 6,310</u>

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
SUNDRY:				
Legal	\$ 200	\$ 600	\$ 560	\$ 40
Professional	15,000	23,000	22,995	5
Total Sundry	<u>15,200</u>	<u>23,600</u>	<u>23,555</u>	<u>45</u>
CAPITAL EXPENDITURES:				
Streets	100,000	100,000	173,006	(73,006)
Machinery and Equipment	50,000	50,000	-	50,000
Motor Vehicle	48,000	48,000	2,312	45,688
Total Capital Expenditures	<u>198,000</u>	<u>198,000</u>	<u>175,318</u>	<u>22,682</u>
TOTAL PUBLIC WORKS	<u>1,375,250</u>	<u>1,467,400</u>	<u>1,473,493</u>	<u>(6,093)</u>
TOURISM				
SUPPLIES:				
Miscellaneous Supplies	-	1,400	1,336	64
Total Supplies	<u>-</u>	<u>1,400</u>	<u>1,336</u>	<u>64</u>
CONTRACTUAL:				
Miscellaneous	-	100	94	6
Publication & Advertising	2,000	2,550	2,524	26
Downtown Expenditures	3,800	3,800	576	3,224
Event - Christmas	-	7,900	7,886	14
Travel	-	500	468	32
Event - Food	3,000	3,000	-	3,000
Event - Supplies	5,000	5,000	-	5,000
Event Entertainment	5,000	5,000	-	5,000
Event - Rentals	2,000	2,000	-	2,000
Business Netwk Lunch/Dinn	-	100	69	31
Events	-	4,000	3,698	302
Total Contractual	<u>20,800</u>	<u>33,950</u>	<u>15,315</u>	<u>18,635</u>
SUNDRY:				
Professional	3,000	3,165	3,160	5
Total Sundry	<u>3,000</u>	<u>3,165</u>	<u>3,160</u>	<u>5</u>
TOTAL TOURISM	<u>23,800</u>	<u>38,515</u>	<u>19,811</u>	<u>18,704</u>
TOTAL EXPENDITURES - BUDGET BASIS	<u>\$ 4,833,966</u>	<u>\$ 4,999,349</u>	5,419,209	<u>\$ (419,860)</u>
Financial Statement Adjustments:				
Increase in accrued expenditures			17,368	
Equipment purchased - Capital lease			8,438	
TOTAL EXPENDITURES - GAAP BASIS			<u>\$ 5,445,015</u>	

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
WATER & SEWER FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES				
Charges for services:				
Water sales	\$ 1,421,000	\$ 1,421,000	\$ 1,595,231	\$ 174,231
Sewer charges	800,000	800,000	916,672	116,672
Tap and connect fees	50,000	50,000	40,550	(9,450)
Miscellaneous	10,000	10,000	13,782	3,782
Interest	<u>9,000</u>	<u>9,000</u>	<u>8,085</u>	<u>(915)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES - BUDGET BASIS	\$ <u>2,290,000</u>	\$ <u>2,290,000</u>	2,574,327	\$ <u>284,327</u>
Financial Statement Adjustments:				
Transfer in			<u>1,743,191</u>	
TOTAL REVENUES AND OTHER FINANCING SOURCES - GAAP BASIS			\$ <u>4,317,518</u>	

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
WATER & SEWER FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
WATER & SEWER OPERATIONS				
PERSONNEL SERVICES:				
Supervision	\$ 84,500	\$ 84,500	\$ 55,437	\$ 29,063
Salaries Full-time	415,000	415,000	392,364	22,636
Salaries Part-time	-	-	293	(293)
Overtime	25,000	25,000	32,961	(7,961)
Vacation	-	-	22,332	(22,332)
Sick Leave	-	-	11,479	(11,479)
Holiday	-	-	24,890	(24,890)
Comp Time	-	-	10,542	(10,542)
Retirement	75,200	75,200	79,752	(4,552)
Social Security/Medicare	40,000	40,000	42,098	(2,098)
Health Insurance	86,500	86,500	89,458	(2,958)
Dental	4,500	4,500	6,006	(1,506)
Life Insurance	4,000	4,000	1,491	2,509
Vision	1,800	1,800	1,562	238
Long Term Disability	1,500	1,500	1,462	38
Workers Comp	15,000	15,000	15,584	(584)
Health Reimbursement Account	-	-	2,816	(2,816)
Total Personnel Services	753,000	753,000	790,527	(37,527)
SUPPLIES:				
Office supplies	3,500	3,500	2,610	890
Postage	28,000	28,000	26,965	1,035
Wearing apparel	1,800	1,800	1,541	259
Fuel, gas & diesel	25,000	25,000	18,731	6,269
Technical supplies	14,000	14,000	13,592	408
Cleaning supplies	100	100	27	73
Building supplies	500	500	305	195
Food supplies	300	300	197	103
Chemicals & lab test	50,000	56,100	56,043	57
Tractor supplies	2,800	3,000	2,999	1
Miscellaneous supplies	600	600	380	220
Total Supplies and Materials	126,600	132,900	123,390	9,510
CONTRACTUAL:				
Communications	57,000	85,300	85,263	37
Insurance & Bonds - Casualty	7,000	9,300	9,245	55
Publications & advertising	600	1,300	1,021	279
Utilities	325,000	325,000	291,765	33,235
Association dues	900	900	83	817
Equipment rental	8,000	8,000	4,663	3,337
Travel	800	800	-	800
Schools	5,500	5,500	4,087	1,413
Software contract	18,000	19,500	19,504	(4)
ETS/Bank charges	17,500	22,500	21,012	1,488
Total Contractual	440,300	478,100	436,643	41,457
MAINTENANCE:				
Buildings & grounds	5,000	5,000	4,127	873
Janitorial	4,000	4,580	4,575	5
Furniture & Fixtures	400	2,000	1,925	75
Machinery & equipment	24,000	30,500	30,484	16
Motor vehicles & maintenance	5,000	5,000	3,511	1,489
Miscellaneous	500	3,000	6,202	(3,202)
Total Maintenance	\$ 38,900	\$ 50,080	\$ 50,824	\$ (744)

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
WATER & SEWER FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
MAINTENANCE - BUILDING & STRUCTURE:				
Sanitary sewers	\$ 32,000	\$ 42,100	\$ 42,082	\$ 18
Water mains	32,000	56,500	56,240	260
Plants, towers & wells	160,000	206,600	206,532	68
Total Maintenance - building & structure	<u>224,000</u>	<u>305,200</u>	<u>304,854</u>	<u>346</u>
SUNDRY:				
Legal	5,000	5,000	200	4,800
Professional	35,000	35,600	35,570	30
Miscellaneous	100	100	-	100
Inspection fees	18,000	18,000	17,914	86
Total Sundry	<u>58,100</u>	<u>58,700</u>	<u>53,684</u>	<u>5,016</u>
CAPITAL - BUILDING & STRUCTURE:				
Building & Grounds	2,000	2,000	1,920	80
Service lines (sewer)	3,500	3,500	1,066	2,434
Plants, towers & wells	15,000	15,000	13,625	1,375
Mains	40,000	40,000	32,608	7,392
Wells & pumps	10,000	10,000	-	10,000
Meters & meter boxes	65,000	79,800	79,365	435
Service lines (water)	35,000	35,650	35,627	23
Service man holes	6,000	9,000	8,960	40
Hydrants & valves	18,000	18,000	15,068	2,932
Total Capital - building & structure	<u>194,500</u>	<u>212,950</u>	<u>188,239</u>	<u>24,711</u>
CAPITAL EQUIPMENT:				
Motor Vehicle	47,000	47,000	-	47,000
Plants-Towers-Wells	210,000	210,000	36,570	173,430
Total Capital Equipment	<u>257,000</u>	<u>257,000</u>	<u>36,570</u>	<u>220,430</u>
BOND EXPENSE:				
Transfer to I&S	450,000	450,000	400,000	50,000
Total Bond Expense	<u>450,000</u>	<u>450,000</u>	<u>400,000</u>	<u>50,000</u>
TOTAL EXPENSES - BUDGET BASIS	<u>\$ 2,542,400</u>	<u>\$ 2,697,930</u>	<u>\$ 2,384,731</u>	<u>\$ 313,199</u>
Financial Statement Adjustments:				
Depreciation			643,740	
Increase in compensated absences			13,383	
Capital outlay items not expensed			(235,810)	
GASB 68 pension adjustment			4,964	
Capitalize lease payments			(5,451)	
Increase in accounts payable and accrued expenses			107,665	
TOTAL EXPENSES AND TRANSFERS - GAAP BASIS			<u>\$ 2,913,222</u>	

CITY OF LINDALE, TEXAS
 SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS - BY SOURCE
 FISCAL YEAR ENDED SEPTEMBER 30, 2016

	<u>TOTAL</u>	<u>LAND</u>	<u>BUILDINGS</u>	<u>INFRASTRUCTURE</u>	<u>MACHINERY & EQUIPMENT</u>	<u>CONSTRUCTION IN PROGRESS</u>
Governmental assets - October 1, 2015	\$ 16,445,345	\$ 3,635,198	\$ 4,550,635	\$ 5,890,433	\$ 1,856,142	\$ 512,937
ADDITIONS FROM GOVERNMENTAL FUNDS:						
<u>GENERAL FUND</u>						
Land	47,501	47,501	-	-	-	-
Buildings & improvements	3,438,873	-	273,132	-	-	3,165,741
Machinery & equipment	168,305	-	-	-	168,305	-
Infrastructure	208,062	-	-	208,062	-	-
RETIREMENTS FROM GOVERNMENTAL FUNDS:						
<u>GENERAL FUND</u>						
Construction in Progress	<u>(258,227)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(258,227)</u>
 GOVERNMENTAL ASSETS - SEPTEMBER 30, 2016	 <u>\$ 20,049,859</u>	 <u>\$ 3,682,699</u>	 <u>\$ 4,823,767</u>	 <u>\$ 6,098,495</u>	 <u>\$ 2,024,447</u>	 <u>\$ 3,420,451</u>

CITY OF LINDALE, TEXAS
SCHEDULE OF CHANGES IN GOVERNMENTAL LONG-TERM DEBT
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	<u>TOTAL</u>	<u>2006 SERIES</u>	<u>2009 SERIES</u>	<u>2012 SERIES</u>	<u>2014 REF SERIES</u>	<u>2015 SERIES</u>	<u>2015 REF SERIES</u>	<u>CAPITAL LEASE</u>	<u>COMPENSATED ABSENCES</u>	<u>NET PENSION LIABILITY</u>
Governmental fund debt, October 1, 2015	\$ 18,174,910	\$ 335,000	\$ 2,355,633	\$ 2,300,000	\$ 1,905,000	\$ 5,000,000	\$ 4,878,042	\$ 16,482	\$ 148,845	\$ 1,235,908
ADDITIONS										
Capital Lease	8,438	-	-	-	-	-	-	8,438	-	-
Change in net pension liability	209,555	-	-	-	-	-	-	-	-	209,555
Compensated absences	57,501	-	-	-	-	-	-	-	57,501	-
Total Additions	275,494	-	-	-	-	-	-	8,438	57,501	209,555
RETIREMENTS										
Bond principal:										
2006 Certificates of Obligation	165,000	165,000	-	-	-	-	-	-	-	-
2009 Certificates of Obligation	155,000	-	155,000	-	-	-	-	-	-	-
2012 Refunding General Obligation	125,000	-	-	125,000	-	-	-	-	-	-
2014 Refunding General Obligation	370,000	-	-	-	370,000	-	-	-	-	-
2015 Certificates of Obligation	39,017	-	-	-	-	39,017	-	-	-	-
2015 Refunding General Obligation	115,000	-	-	-	-	-	115,000	-	-	-
Total Bond Retirements	969,017	165,000	155,000	125,000	370,000	39,017	115,000	-	-	-
Other Retirements:										
Capital lease payments	5,106	-	-	-	-	-	-	5,106	-	-
Amortization of bond premium	80,581	-	2,365	-	-	-	78,216	-	-	-
Total Other Retirements	85,687	-	2,365	-	-	-	78,216	5,106	-	-
GOVERNMENTAL FUND DEBT, SEPTEMBER 30, 2016	\$ 17,395,700	\$ 170,000	\$ 2,198,268	\$ 2,175,000	\$ 1,535,000	\$ 4,960,983	\$ 4,684,826	\$ 19,814	\$ 206,346	\$ 1,445,463

SCHEDULE "22"

LINDALE ECONOMIC DEVELOPMENT CORPORATION
 STATEMENT OF NET POSITION
 (NONGOVERNMENTAL PRESENTATION)
 SEPTEMBER 30, 2016

Assets

Current Assets

Cash and cash equivalents	\$	1,105,150
Investments		1,750,000
Sales tax receivable		156,413
Total Current Assets		<u>3,011,563</u>

Property and equipment (net of accumulated depreciation)		1,813,572
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Other Assets

Organizational cost		555
Prepaid rent		196,813
Land held for resale		3,628,776
Total Other Assets		<u>3,826,144</u>

Total Assets		<u>8,651,279</u>
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Deferred Outflows of Resources

Deferred charge on TMRS pension		20,519
Total Deferred Outflows of Resources		<u>20,519</u>

Liabilities

Current Liabilities

Accounts payable		16,340
Accrued interest payable		15,252
Current portion of long-term debt		195,502
Total Current Liabilities		<u>227,094</u>

Long-Term Liabilities

Net pension liability		72,459
Notes payable- net of current portion		2,374,535
Total Long-Term Liabilities		<u>2,446,994</u>

Total Liabilities		<u>2,674,088</u>
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Deferred Inflows of Resources

Deferred charge on TMRS pension		3,402
Total Deferred Inflows of Resources		<u>3,402</u>

Net Position

Unrestricted		<u>5,994,308</u>
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Total Net Position	\$	<u>5,994,308</u>
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SCHEDULE "23"

LINDALE ECONOMIC DEVELOPMENT CORPORATION
 STATEMENT OF ACTIVITIES
 (NONGOVERNMENTAL PRESENTATION)
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Unrestricted</u>
Revenues, Gains, and Other Support	
Sales tax	\$ 924,511
Interest income	20,585
Rent income	24,000
Other income	145
Total Revenues, Gains, and Other Support	<u>969,241</u>
Expenses and Losses	
Salaries, benefits and payroll taxes	128,255
Professional services	95,053
Contract labor	9,737
Office rent	35,250
Office supplies	3,761
Postage/Express Mail	181
Communications	4,051
Seminars/education	869
Conferences and meetings	9,437
Dues and subscriptions	658
Travel	5,770
Memberships	4,145
Interest and bank charges	109,443
Maintenance of properties	1,946
Marketing materials	367
Surety Bond	3,025
ICSC	2,011
ETX I-20 Corridor	6,959
Board Expenditures	593
Website	3,732
Advertising materials	21,068
Sponsorships	997
Insurance	1,482
Rent expense	411
Miscellaneous	922
Depreciation	50,147
Total Expenses and Losses	<u>500,270</u>
Change in Net Position	468,971
Net Position at Beginning of Year	<u>5,525,337</u>
Net Position at End of Year	<u>\$ 5,994,308</u>

**LINDALE ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
(NONGOVERNMENTAL PRESENTATION)
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net position	\$ 468,971
Adjustments to change in net assets	
to cash provided by (used in) operating activities:	
Depreciation expense	50,147
(Increase) decrease in assets:	
Sales tax receivable	(8,007)
Prepaid rent	35,250
Deferred outflows	(10,153)
Increase (decrease) in liabilities:	
Accounts payable	16,340
Deferred inflows	466
Net pension liability	10,504
Accrued expenses	(7,184)
	<hr/>
Total Adjustments	87,363
	<hr/>
Net Cash Provided by Operating Activities	556,334
	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of fixed assets	(63,207)
	<hr/>
Net Cash Used in Investing Activities	(63,207)
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CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments on notes payable	(188,021)
	<hr/>
Net Cash Used in Financing Activities	(188,021)
	<hr/>
Net Increase in Cash & Cash Equivalents	305,106
Cash and cash equivalents, beginning of year	800,044
	<hr/>
Cash and cash equivalents, end of year	\$ 1,105,150
	<hr/> <hr/>
SUPPLEMENTAL INFORMATION:	
Cash paid for interest	\$ 103,749
	<hr/> <hr/>

OTHER REPORTS

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

Independent Auditors' Report

The Governing Body
City of Lindale, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Lindale, Texas as of and for the year ended September 30, 2016 and the related notes to the financial statements, which collectively comprise City of Lindale, Texas' basic financial statements, and have issued our report thereon dated January 5, 2017.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below we identified certain deficiencies in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described below to be material weaknesses.

Fixed Assets

It was noted during the audit that a significant amount of capital purchases qualifying under the City's policy to be capitalized as fixed assets, were not identified by city personnel. We recommend that the City review the internal controls over the identification of fixed asset purchases and the tracking of fixed asset purchases to assure that future acquisitions are properly classified and accounted for.

Pooled Cash

It was noted during the audit that monthly bank reconciliations were being performed on the pooled cash fund, however the pooled cash fund was not being reconciled to the general ledger. This resulted in differences between

the general ledger cash balance and the pooled cash fund balance. We recommend that the City monthly reconcile the bank balance to the pooled cash balance, and balance the pooled cash fund balance to the individual funds pooled cash balance.

Compliance and Other Matters

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

City of Lindale, Texas' Response to Findings

The City of Lindale, Texas' response to the findings identified in our audit is described in the accompanying letter of response. City of Lindale, Texas' response was not subjected to the auditing procedures applied in the audit of financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Certified Public Accountants

Tyler, Texas
January 5, 2017



December 16, 2016

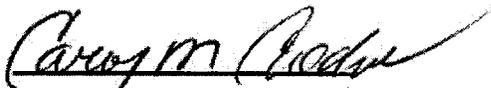
We are providing this letter in connection with the audit of the financial statements of the City of Lindale, Texas, as of September 30, 2016 and for the year then ended for the purpose of addressing the identified deficiencies in internal control over financial deficiencies outlined in the letter to the City Council.

Fixed Assets

The following procedures have been developed and implemented to insure the accounting of fixed assets at the department levels. Expenditures exceeding the set amount for fixed assets will receive a fixed asset number at the department level instead of at accounts payable level, any item that is questionable, instead of being sent back to the department will be sent to the Financial Director to determine if it is a fixed asset. A Department meeting will be held to explain what a fixed asset is and how to properly identify and code.

Pooled Cash

During a change of staff several balancing procedures were not shown to the new employee. The following procedures have been developed and implemented to insure the full balancing of funds. A procedure book was created to show how to reconcile bank balance to the pooled cash balance, and pooled cash balance to individual funds balances.


Carolyn Caldwell, City Manager