

CITY OF LINDALE, TEXAS
BASIC FINANCIAL STATEMENTS and
REQUIRED SUPPLEMENTARY and OTHER
INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2015

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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, 2015, 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, 2015 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 are 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 February 16, 2016 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
February 16, 2016

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City Of Lindale
Management's Discussion and Analysis
For the Year Ended September 30, 2015

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, 2015.

Financial Highlights

- As of the end of the current fiscal year, the assets of the City exceed its liabilities by \$20,418,471 (net position). The net position is made up of \$14,465,395 in capital assets net of related debt, \$225,598 set aside for capital improvements, \$1,621,838 restricted to meet the City's ongoing debt obligations to creditors, \$214,532 restricted for parks, \$1,477,784 set aside for tourism, \$347,925 restricted for other purposes and \$2,065,399 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 \$10,078,976. Of the balance, \$2,196,302 is undesignated and available by the City's designation and policies.
- At the end of the current fiscal year, undesignated fund balance in the general fund was \$2,196,302 that represents 48.46% of the total 2015 general fund expenditures.
- The City's total non-current liabilities increased to \$21,430,218. That is a \$5,728,451 increase over the prior year 2014 balance of \$15,701,767. The increase from 2014 to 2015 is due to no new debt being issued in 2015 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 twelfth 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, 2015, the City's assets exceeded liabilities by \$20,418,471. This amount is greater than the 2014 balance of \$20,414,389. By far the largest portion of the City's net assets is the \$14,465,395 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 2015 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 2015 investment in capital assets amount of \$14,465,395 was greater than the 2014 total of \$13,951,264. 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	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$10,944,986	\$ 6,226,348	\$ 2,560,248	\$ 4,544,935	\$13,505,234	\$ 10,771,283
Capital assets	12,228,667	11,819,603	16,491,556	14,054,708	28,720,223	25,874,311
Total assets	23,173,653	18,045,951	19,051,804	18,599,643	42,225,457	36,645,594
Total Deferred Outflows	521,237	229,439	63,010	-	584,247	229,439
Current liabilities	522,785	427,731	361,828	331,146	884,613	758,877

Non-current liabilities	18,174,910	12,720,765	3,255,308	2,981,002	21,430,218	15,701,767
Total liabilities	18,697,695	13,148,496	3,617,136	3,312,148	22,314,831	16,460,644
Total Deferred Inflow	58,559	-	17,843	-	76,402	-
Net invested in capital	-	-	14,465,395	13,951,264	14,465,395	13,951,264
Restricted	3,690,635	3,504,899	197,042	80,953	3,887,677	3,585,852
Unrestricted	1,248,001	1,621,995	817,398	1,255,278	2,065,399	2,877,273
Total Net Position	\$4,938,636	\$ 5,126,894	\$15,479,835	\$15,287,495	\$20,418,471	\$ 20,414,389

Governmental activities. Consistent with the preceding governmental net position, this is the eleventh 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 \$882,293 to the governmental activities net position in fiscal year 2015. This is \$34,747 less than last year 2014 change in net position of governmental activities.

City of Lindale's Change in Net Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Revenues						
Charges for services	1,606,874	\$1,473,344	2,452,441	\$2,267,678	4,059,315	\$3,741,022
Operating Grants and contribution	-	-	-	-	-	-
Capital grants and contribution	46,886	54,064	205,667	79,344	252,553	54,064
General revenue						
Property taxes	2,237,243	2,125,260	-	-	2,237,243	2,125,260
Franchise taxes	301,206	294,310	-	-	301,206	294,310
Sales and use taxes	1,777,776	1,568,329	-	-	1,777,776	1,568,329
Hotel/Motel taxes	350,937	331,018	-	-	350,937	331,018
Sales of lots	22,500	36,200	-	-	22,500	36,200
Gain on sale of assets	-	4,745	-	-	-	4,745
Loss on sale of assets	(1,201)	-	-	-	(1,200)	-
Insurance Proceeds	-	16,036	42,243	-	42,243	16,036
Interest and rent	141,441	140,128	36,816	38,442	178,257	178,570
Miscellaneous	-	-	40,694	-	40,694	-
Transfers	(163,388)	65,120	163,388	(65,120)	-	-
Total revenue	6,320,274	6,108,554	2,941,249	2,320,344	9,261,523	8,428,898
Expenses						
General government	1,106,973	945,176	-	-	1,106,973	945,176
Public Safety	1,938,889	1,916,694	-	-	1,938,889	1,916,694
Public Works	1,523,255	1,377,440	-	-	1,523,255	1,377,440
Economic Development	11,195	351	-	-	11,195	351
Interest	392,298	549,302	114,934	106,379	507,232	655,681
Water/Sewer Operation	-	-	2,292,624	2,344,294	2,292,624	2,344,294
Bond Issue Cost	120,120	-	-	80,734	120,120	80,734
Other	345,251	402,551	-	-	345,251	402,551
Total expenses	5,437,981	5,191,514	2,407,558	2,531,407	7,845,539	7,722,921
Change in net position	882,293	917,040	533,691	(\$211,063)	1,415,984	705,977

Current Year Reporting Changes

For the year ended September 30, 2015, the City implemented the provisions of Governmental Accounting Standards Board (GASB) Statement 68, Accounting and Financial Reporting for Pensions, as amended by GASB 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. The fiduciary net position of the Texas Municipal Retirement System of Texas (TMRS) has been determined based on

the flow of economic resource measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the net pension liability: deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets and liabilities and additions to/deductions from TMRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable, in accordance with the benefit terms. Investments are reported at fair value. In connection with the implementation of GASB Statement 68, as amended by GASB Statement 71, a restatement to beginning net position has been made for the recording of the beginning net pension liability and for the recording of deferred outflows of resources for contributions made after the measurement date of the beginning net pension liability and the beginning of the reporting entity's fiscal year. Beginning net position as of October 1, 2014, has been restated as follows:

Beginning net position	\$ 20,414,389
Prior period adjustment implementation of GASB 68:	
Net pension liability (measurement date as of 12/31/13)	(1,685,004)
Deferred outflows – City contributions made during FY 2014	<u>223,372</u>
Beginning net position, as restated	<u>\$ 18,952,757</u>

More detailed information regarding GASB 68 and its implementation can be found within Note 8, Defined Benefit Pension Plan, in the note disclosures.

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 2015 year ending fund balance of \$10,078,976 had four major components. These include \$2,196,302 in the general fund, \$1,639,817 in debt service fund, \$4,174,060 in 2015 TIF Bond, \$1,482,859 in Hotel/Motel tax, and \$585,938 in other governmental funds. The unrestricted portion of the General Fund represented 48.46% percent of the 2015 expenses that is greater than the 46.18% expenses coverage in fiscal year 2014.

Proprietary funds.

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

The 2015 unrestricted net assets of the proprietary fund amounted to \$817,398 as compared to the 2014 \$1,255,278 which is all held by the water and sewer fund.

A \$163,388 net transfer from the Water Fund resulted in a 2015 change to the Proprietary Fund net assets of \$533,691.

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, 2015 of \$14,465,395 is comparable to the 2014 total of \$13,951,264. Net capital assets without the related debt reflect the capital asset value of \$28,720,223 changed from the 2014 value of \$25,874,311.

Capital Assets at Year-End Less Accumulated Depreciation

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	3,635,198	\$3,635,198	172,926	\$172,926	3,808,124	\$3,808,124
Construction in progress	512,937	3,515	2,554,576	374,266	3,067,513	377,781
Building and Improvements	4,550,635	4,534,005	324,444	-	4,875,079	4,534,005
Water and sewer system Infrastructure	-	-	21,574,187	20,893,635	21,574,187	20,893,635
Buildings	5,890,433	5,782,212	-	-	5,890,433	5,782,212
Machinery and Equipment	-	-	-	264,794	-	264,794
Equipment	1,856,142	1,736,977	948,034	817,844	2,804,176	2,554,821
Total	16,445,345	15,691,907	25,574,167	22,253,465	42,019,512	38,215,372
Less Accumulated Depreciation	(4,216,678)	(3,872,304)	(9,082,611)	(8,468,757)	(13,299,289)	(12,341,061)
Combined Total	12,228,667	\$11,819,603	16,491,556	\$14,054,708	28,720,223	\$25,874,311

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 2015, the City governmental activities had outstanding debt obligations of \$16,180,000 plus \$593,675 of unamortized bond premium that totals \$16,773,675.

During the current year, the City issued \$4,315,000 in Refunding Bonds as both a current and advanced refunding to defease \$2,945,000 of the principal balance of the Series 2005 Unlimited Tax Refunding Bonds and \$1,725,000 of the principal balance of the Series 2006 Combination Tax and Utility System Revenue Certificates of Obligation. The transaction resulted in a savings of \$592,904 in future debt service payments.

The City also issued \$5,000,000 in Series 2015 Certificates of Obligation. The proceeds are to be used for capital improvements for the downtown project and repayment will be funded by a new Tax Increment Financing (TIF) zone.

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

Outstanding Debt at Year-End

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Certificates of obligation	7,660,000	\$4,685,000	2,690,000	2,805,000	10,350,000	\$7,490,000
General obligations	8,520,000	7,760,000	-	-	8,520,000	7,760,000
Capital Lease	16,482	20,366	22,720	7,862	39,202	28,228
Unamortized bond premium	593,675	104,030	117,380	129,168	711,055	233,198
Compensated absences	148,845	151,369	48,623	38,972	197,468	190,341
Net Pension Liability	1,235,908		376,585		1,612,493	
Combined total	18,174,910	\$12,720,765	3,255,308	\$2,981,002	21,430,218	\$15,701,767

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 unchanged from \$.4821 to \$.4821 which is maintaining the same rate as last year. That is the sixth 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 2015-2016 Budget maintained current employee benefits and the city did a salary study raising employee pay to industry standards. We have added one new full time employee in the Police Department and one 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, 2015**

	PRIMARY GOVERNMENT			COMPONENT UNIT LINDALE ECONOMIC DEVELOPMENT CORPORATION
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL	
ASSETS				
Cash and cash equivalents	\$ 9,734,655	\$ 1,506,505	\$ 11,241,160	\$ 800,044
Investments	380,171	478,336	858,507	1,750,000
Receivables (net of allowance for doubtful accounts)	815,310	362,415	1,177,725	148,406
Prepaid expenses	-	-	-	232,063
Other assets	-	-	-	555
Internal balances	14,850	(14,850)	-	-
Restricted Assets:				
Temporarily restricted				
Cash and cash equivalents	-	227,842	227,842	-
Capital Assets (net of accumulated depreciation):				
Land	3,635,198	172,926	3,808,124	3,628,776
Buildings and improvements	3,391,910	231,628	3,623,538	-
Infrastructure	4,307,218	-	4,307,218	1,799,383
Machinery and equipment	381,404	237,131	618,535	1,129
Construction in progress	512,937	2,554,576	3,067,513	-
Water and sewer system	-	13,295,295	13,295,295	-
Total Capital Assets	<u>12,228,667</u>	<u>16,491,556</u>	<u>28,720,223</u>	<u>5,429,288</u>
Total Assets	<u>23,173,653</u>	<u>19,051,804</u>	<u>42,225,457</u>	<u>8,360,356</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding (net of amortization)	314,446	-	314,446	-
Deferred charge on TMRS pension	206,791	63,010	269,801	10,366
Total Deferred Outflows of Resources	<u>521,237</u>	<u>63,010</u>	<u>584,247</u>	<u>10,366</u>
LIABILITIES				
Accounts payable and accrued expenses	463,883	121,980	585,863	9,558
Deposits and other refundable balances	-	227,842	227,842	-
Accrued interest	58,902	12,006	70,908	-
Non-current liabilities:				
Due within one year	1,081,135	139,892	1,221,027	200,439
Due in more than one year	17,093,775	3,115,416	20,209,191	2,632,452
Total Liabilities	<u>18,697,695</u>	<u>3,617,136</u>	<u>22,314,831</u>	<u>2,842,449</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred charge on TMRS pension	58,559	17,843	76,402	2,936
Total Deferred Inflows of Resources	<u>58,559</u>	<u>17,843</u>	<u>76,402</u>	<u>2,936</u>
NET POSITION				
Investment in capital assets, net of related debt	-	14,465,395	14,465,395	2,596,397
Restricted for:				
Tourism	1,477,784	-	1,477,784	-
Debt retirement	1,621,838	-	1,621,838	-
Parks				
Expendable	4,871	-	4,871	-
Nonexpendable	209,661	-	209,661	-
Capital improvements	28,556	197,042	225,598	-
Other purposes	347,925	-	347,925	-
Unrestricted	<u>1,248,001</u>	<u>817,398</u>	<u>2,065,399</u>	<u>2,928,940</u>
Total Net Position	<u>\$ 4,938,636</u>	<u>\$ 15,479,835</u>	<u>\$ 20,418,471</u>	<u>\$ 5,525,337</u>

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

CITY OF LINDALE, TEXAS
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2015

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	\$ 1,106,973	\$ 129,157	\$ -	\$ -	\$ (977,816)	\$ -	\$ (977,816)	\$ -
Public safety	1,938,889	559,618	-	-	(1,379,271)	-	(1,379,271)	-
Public works	1,523,235	905,955	-	46,886	(570,414)	-	(570,414)	-
Economic development	11,195	-	-	-	(11,195)	-	(11,195)	-
Interest	392,298	-	-	-	(392,298)	-	(392,298)	-
Bond issue cost	120,120	-	-	-	(120,120)	-	(120,120)	-
Other	345,251	12,144	-	-	(333,107)	-	(333,107)	-
Total governmental activities	<u>5,437,981</u>	<u>1,606,874</u>	<u>-</u>	<u>46,886</u>	<u>(3,784,221)</u>	<u>-</u>	<u>(3,784,221)</u>	<u>-</u>
Business-type activities								
Water and sewer	2,292,624	2,452,441	-	205,667	-	365,484	365,484	-
Interest	114,934	-	-	-	-	(114,934)	(114,934)	-
Total business-type activities	<u>2,407,558</u>	<u>2,452,441</u>	<u>-</u>	<u>205,667</u>	<u>-</u>	<u>250,550</u>	<u>250,550</u>	<u>-</u>
Total primary government	<u>\$ 7,845,539</u>	<u>\$ 4,059,315</u>	<u>\$ -</u>	<u>\$ 252,553</u>	<u>(3,784,221)</u>	<u>250,550</u>	<u>(3,533,671)</u>	<u>-</u>
COMPONENT UNIT:								
Lindale Economic Development Corporation	\$ 416,126	\$ -	\$ -	\$ -				(416,126)
Total business-type activities	<u>\$ 416,126</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				<u>(416,126)</u>
General revenues:								
Current and delinquent property taxes					2,237,243	-	2,237,243	-
Franchise taxes					301,206	-	301,206	-
Sales tax					1,777,776	-	1,777,776	878,427
Hotel/motel taxes					350,937	-	350,937	-
Interest and rent					141,441	36,816	178,257	44,133
Insurance proceeds					-	42,243	42,243	-
Loss on sale of assets					(1,201)	-	(1,201)	-
Miscellaneous					-	40,694	40,694	32
Sale of lots					22,500	-	22,500	-
Transfers					(163,388)	163,388	-	-
Total general revenues and transfers					<u>4,666,514</u>	<u>283,141</u>	<u>4,949,655</u>	<u>922,632</u>
Change in net position					882,293	533,691	1,415,984	506,506
Net position - beginning of year, as originally stated					5,126,894	15,287,495	20,414,389	5,074,990
Prior period adjustment for the effects of GASB 68					(1,070,551)	(341,351)	(1,411,902)	(56,159)
Net position - beginning of year, as restated					4,056,343	14,946,144	19,002,487	5,018,831
Net Position - end of year					<u>\$ 4,938,636</u>	<u>\$ 15,479,835</u>	<u>\$ 20,418,471</u>	<u>\$ 5,525,337</u>

CITY OF LINDALE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	MAJOR FUNDS				OTHER GOVERNMENTAL FUNDS	ELIMINATIONS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	DEBT SERVICE	2015 TIF BOND	HOTEL MOTEL TAX			
ASSETS							
Cash and cash equivalents	\$ 2,059,555	\$ 1,639,817	\$ 4,192,038	\$ 1,481,529	\$ 361,716	\$ -	\$ 9,734,655
Investments	129,250	-	-	-	250,921	-	380,171
Receivables (net of allowance for doubtful accounts)							
Taxes	12,361	15,738	-	1,330	-	-	29,429
Sanitation	103,046	-	-	-	-	-	103,046
Grants	-	-	-	-	7,886	-	7,886
Other	674,949	-	-	-	-	-	674,949
Due from other funds	37,256	-	-	-	-	(22,406)	14,850
Total Assets	\$ 3,016,417	\$ 1,655,555	\$ 4,192,038	\$ 1,482,859	\$ 620,523	\$ (22,406)	\$ 10,944,986
LIABILITIES							
Accounts payable	116,206	\$ -	\$ 17,978	\$ -	\$ 12,179	\$ -	\$ 146,363
Accrued expenses	85,454	-	-	-	-	-	85,454
Unearned revenue - LEDC rent	232,063	-	-	-	-	-	232,063
Due to other funds	-	-	-	-	22,406	(22,406)	-
Total Liabilities	433,723	-	17,978	-	34,585	(22,406)	463,880
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	12,360	15,738	-	-	-	-	28,098
Unavailable revenue - fines	374,032	-	-	-	-	-	374,032
Total Deferred Inflows of Resources	386,392	15,738	-	-	-	-	402,130
FUND BALANCES							
Nonspendable:							
Permanent fund principal	-	-	-	-	214,532	-	214,532
Restricted for:							
Capital improvements	-	-	-	-	28,556	-	28,556
Debt service	-	1,639,817	4,174,060	-	-	-	5,813,877
Tourism	-	-	-	1,482,859	(5,075)	-	1,477,784
Court technology	-	-	-	-	35,053	-	35,053
Building security	-	-	-	-	47,248	-	47,248
Child safety	-	-	-	-	17,147	-	17,147
Law enforcement purposes	-	-	-	-	14,653	-	14,653
PEG facilities	-	-	-	-	55,335	-	55,335
Boy Scout building upkeep	-	-	-	-	21,320	-	21,320
Assigned to:							
Cemetery	-	-	-	-	121,051	-	121,051
Parks and recreation	-	-	-	-	27,173	-	27,173
Kinzie house	-	-	-	-	8,945	-	8,945
Unassigned	2,196,302	-	-	-	-	-	2,196,302
Total Fund Balances	2,196,302	1,639,817	4,174,060	1,482,859	585,938	-	10,078,976
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,016,417	\$ 1,655,555	\$ 4,192,038	\$ 1,482,859	\$ 620,523	\$ (22,406)	\$ 10,944,986

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

CITY OF LINDALE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

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)	\$ 10,078,976
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	12,228,667
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	402,130
Deferred outflows represent the consumption of net position that are applicable to a future reporting period.	521,237
Deferred inflows is an acquisition of net assets that is applicable to a future reporting period.	(58,559)
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.	(58,902)
Long term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.	<u>(18,174,913)</u>
Net Position of governmental activities	<u>\$ 4,938,636</u>

CITY OF LINDALE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2015

	MAJOR FUNDS				OTHER GOVERNMENTAL FUNDS	ELIMINATIONS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	DEBT SERVICE	2015 TIF BOND	HOTEL MOTEL TAX			
REVENUES							
Current and delinquent property taxes	\$ 1,016,380	\$ 1,165,991	\$ -	\$ -	\$ 55,287	\$ -	\$ 2,237,658
Franchise taxes	301,206	-	-	-	-	-	301,206
Sales tax	1,777,776	-	-	-	-	-	1,777,776
Building permits	74,081	-	-	-	-	-	74,081
Fines and forfeitures	453,283	-	-	-	-	-	453,283
Solid waste collections	905,955	-	-	-	-	-	905,955
Interest	15,445	13,566	-	10,035	3,829	-	42,875
Rents	77,546	-	-	-	-	-	77,546
Sale of lots	-	-	-	-	22,500	-	22,500
Donations	-	-	-	-	12,144	-	12,144
Hotel / Motel tax	-	-	-	350,937	-	-	350,937
Grants	-	-	-	-	46,886	-	46,886
Economic Development	101,648	-	-	-	-	-	101,648
Miscellaneous income	26,012	-	-	-	29,064	-	55,076
Total Revenues	4,749,332	1,179,557	-	360,972	169,710	-	6,459,571
EXPENDITURES							
General Government	1,063,136	-	-	-	-	-	1,063,136
Public safety	1,844,821	-	-	-	-	-	1,844,821
Public works	1,282,045	-	5	-	-	-	1,282,050
Economic development	112,843	-	-	-	-	-	112,843
Other	-	4,750	-	97,114	243,387	-	345,251
Debt service:							
Principal	4,322	975,000	-	-	-	-	979,322
Interest and fees	-	376,370	-	-	-	-	376,370
Capital outlay	224,661	-	459,140	-	110,130	-	793,931
Total Expenditures	4,531,828	1,356,120	459,145	97,114	353,517	-	6,797,724
Revenues Over (Under) Expenditures	217,504	(176,563)	(459,145)	263,858	(183,807)	-	(338,153)
OTHER FINANCING SOURCES (USES)							
Transfers in	4,759	450,000	-	-	100,000	(100,000)	454,759
Transfers out	(55,302)	(211,050)	(351,795)	(100,000)	-	100,000	(618,147)
Insurance Proceeds	19,159	-	-	-	-	-	19,159
Bond Issue Cost	-	(105,120)	(15,000)	-	-	-	(120,120)
Bond Proceeds	-	4,976,792	5,000,000	-	-	-	9,976,792
Payment to escrow - bond refunding	-	(4,851,117)	-	-	-	-	(4,851,117)
Total Other Financing Sources (Uses)	(31,384)	259,505	4,633,205	(100,000)	100,000	-	4,861,326
Net Change in Fund Balances	186,120	82,942	4,174,060	163,858	(83,807)	-	4,523,173
Fund Balance, October 1, 2014	2,010,182	1,556,875	-	1,319,001	669,745	-	5,555,803
Fund Balance, September 30, 2015	\$ 2,196,302	\$ 1,639,817	\$ 4,174,060	\$ 1,482,859	\$ 585,938	\$ -	\$ 10,078,976

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

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, 2015

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

Net change in fund balances - total governmental funds	\$ 4,523,173
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	359,334
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	105,920
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.	(4,138,737)
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.	32,603
Change in net position of governmental activities	<u>\$ 882,293</u>

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

CITY OF LINDALE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Current and delinquent property taxes	\$ 1,023,925	\$ 1,023,925	\$ 1,016,380	\$ (7,545)
Franchise taxes	270,000	301,000	301,206	206
Sales tax	1,430,000	1,739,100	1,737,777	(1,323)
Building permits	45,000	65,000	74,081	9,081
Fines and forfeitures	425,000	425,000	453,283	28,283
Solid waste collections	779,000	779,000	905,955	126,955
Interest	12,000	12,000	15,445	3,445
Rents	71,000	71,000	78,148	7,148
LEDC reimbursement	101,035	101,035	101,648	613
Insurance proceeds	-	-	19,159	19,159
Miscellaneous income	15,000	15,000	25,409	10,409
Total Revenues	4,171,960	4,532,060	4,728,491	196,431
EXPENDITURES				
General Government	1,183,630	1,295,200	1,158,004	137,196
Public safety	2,056,980	2,069,780	1,928,433	141,347
Public works	1,319,350	1,516,050	1,336,279	179,771
Tourism	-	6,950	6,477	473
Total Expenditures	4,559,960	4,887,980	4,429,193	458,787
Revenues Over (Under) Expenditures	(388,000)	(355,920)	299,298	655,218
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	(388,000)	(355,920)	299,298	655,218
Budget Basis to GAAP Basis Adjustments (Note A)	-	-	(113,178)	(113,178)
Revenues and Other Sources Over (Under) Expenditures and Other Uses - GAAP Basis	(388,000)	(355,920)	186,120	542,040
Fund Balance, October 1, 2014	388,000	355,920	2,010,182	1,654,262
Fund Balance, September 30, 2015	\$ -	\$ -	\$ 2,196,302	\$ 2,196,302

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, 2015

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

\$ 40,000

Transfer of capital expense to general fund

4,759

Uses/Outflows of Resources:

Differences - Budget to GAAP

Transfer of capital expense to
water and sewer fund

(55,302)

Increase in accrued expenditures

(102,635)

Net Change in Budget Basis Presentation and GAAP Basis Presentation

\$ (113,178)

**CITY OF LINDALE, TEXAS
COMBINED STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2015**

	<u>BUSINESS-TYPE ACTIVITIES</u>
	<u>ENTERPRISE FUNDS</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 1,506,505
Investments	478,336
Accounts receivable (Net)	<u>362,415</u>
Total Current Assets	<u>2,347,256</u>
Restricted current assets:	
Temporarily Restricted	
Customer deposits	<u>227,842</u>
Total restricted current assets	<u>227,842</u>
Capital Assets:	
Land	172,926
Water & Sewer system	21,574,187
Buildings	324,444
Machinery & equipment	948,034
Construction in progress	2,554,576
Less: Accumulated depreciation	<u>(9,082,611)</u>
Total Capital Assets Net Of Accumulated Depreciation	<u>16,491,556</u>
Total Noncurrent Assets	<u>16,491,556</u>
Total Assets	<u>19,066,654</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on TMRS pension	<u>63,010</u>
Total Deferred Outflows of Resources	<u>63,010</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	102,306
Accrued expenses	31,680
Compensated absences	8,104
Due to other funds	14,850
Capital lease - current portion	5,451
Long term debt - current portion	<u>126,337</u>
Total Current Liabilities	<u>288,728</u>
Current liabilities payable from restricted assets:	
Customer deposits	<u>227,842</u>
Total current liabilities payable from restricted assets	<u>227,842</u>
Noncurrent Liabilities:	
Long term debt	2,681,043
Capital lease	17,269
Compensated absences	40,519
Net pension liability	<u>376,585</u>
Total Noncurrent Liabilities	<u>3,115,416</u>
Total Liabilities	<u>3,631,986</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred charge on TMRS pension	<u>17,843</u>
Total Deferred Inflows of Resources	<u>17,843</u>
NET POSITION	
Invested in capital assets, net of related debt	14,465,395
Restricted for capital construction	197,042
Unrestricted	<u>817,398</u>
Total Net Position	<u>\$ 15,479,835</u>

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, 2015

		<u>BUSINESS-TYPE ACTIVITIES</u> <u>ENTERPRISE FUNDS</u>
OPERATING REVENUES		
Charges for services:		
Water sales	\$	1,481,756
Sewer charges		869,849
Tap and connect fees		57,405
Miscellaneous		43,431
		<hr/>
Total Operating Revenues		2,452,441
OPERATING EXPENSES		
Water and sewer operations		1,678,770
Depreciation		613,854
		<hr/>
Total Operating Expenses		2,292,624
		<hr/>
Operating Income (Loss)		159,817
NON-OPERATING REVENUES (EXPENSES)		
Grant Funds		205,667
Interest and fiscal charge expense		(114,934)
Insurance proceeds		42,243
Reimbursed funds		40,694
Interest income		36,816
		<hr/>
Total non-operating revenue (expenses)		210,486
		<hr/>
Income (Loss) before transfers		370,303
Transfers in		618,147
Transfers out		(454,759)
		<hr/>
Total Transfers		163,388
		<hr/>
Change in Net Position		533,691
Net Position, October 1, 2014, as originally stated		15,287,495
Prior period adjustment for the effects of GASB 68		(341,351)
		<hr/>
Net Position, October 1, 2014, as restated		14,946,144
		<hr/>
Net Position, September 30, 2015	\$	<u>15,479,835</u>

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, 2015

	<u>BUSINESS-TYPE ACTIVITIES</u>
	<u>ENTERPRISE FUNDS</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers and users	\$ 2,450,031
Cash paid to suppliers for goods and services	(961,162)
Cash paid to employees for services	(682,953)
	<hr/>
Net cash provided by operating activities	805,916
	<hr/>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers out	(454,759)
Transfers in	618,147
Transfer of completed projects	79,344
Advances from general fund	14,850
Insurance proceeds	42,243
Reimbursed funds	40,694
	<hr/>
Net cash provided by non-capital financing activities	340,519
	<hr/>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets and equipment	(3,130,046)
Capital lease proceeds	20,190
Capital lease payments	(5,331)
Grant proceeds	205,667
Bond payments	(126,789)
Interest paid	(115,151)
	<hr/>
Net cash used in capital and related financing activities	(3,151,460)
	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest earned	25,027
	<hr/>
Net cash provided by investing activities	25,027
	<hr/>
Net decrease in cash	(1,979,998)
	<hr/>
Cash, beginning of period	3,714,345
	<hr/>
Cash, end of period	\$ 1,734,347
	<hr/>
Reconciliation of cash to Exhibit 7:	
Cash - current asset	\$ 1,506,505
Cash - restricted current asset	227,842
Total cash, end of period	\$ 1,734,347
	<hr/>

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

CITY OF LINDALE, TEXAS
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2015

Increase (Decrease) in Cash and Cash Equivalents

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

Operating income	\$	159,817
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense		613,854
Increase in accounts receivable		(10,161)
Increase in deferred outflows		(10,843)
Increase in accounts payable		17,077
Increase in customer deposits		7,750
Increase in accrued expenses		17,862
Decrease in net pension liability		(16,934)
Increase in deferred inflows		17,843
Increase in compensated absences		9,651
		<hr/>
Total adjustments		646,099
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$	<u>805,916</u>

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

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1: — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

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

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

B. The Reporting Entity

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

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

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, 2014. The deferred outflow shows the difference in contributions to the TMRS retirement plan that occurred between December 31, 2014 and September 30, 2015.

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. **Pension Cost** – During the year, the City implemented GASB Statement No. 68 "*Accounting and Financial Reporting for Pensions*". The effect of this new statement was the recording of a net pension liability for the unfunded amount of the City's retirement plan. For further information, see Note 8 and Note 11.

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 \$12,228,667 difference are as follows:

Capital assets, October 1, 2014, net of accumulated depreciation	\$ 11,869,333
Capital assets additions, net of retirements	755,453
Depreciation of capital assets, current year	<u>(396,119)</u>
	<u>\$ 12,228,667</u>

Another element states that "Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet." The details of this \$(18,174,913) difference are as follows:

Long-term liabilities, October 1, 2014	\$ (14,012,253)
Amortization of premium	21,020
Premium defeased	70,892
Principal paid on debt for the year	5,645,000
Bond proceeds	(9,961,557)
Change in compensated absences	2,524
Increase in net pension liability	55,577
Payments on capital lease	<u>3,884</u>
	<u>\$ (18,174,913)</u>

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 \$359,334 difference are as follows:

Capital outlay, asset additions, net of retirements	\$ 755,453
Depreciation expense	<u>(396,119)</u>
	<u>\$ 359,334</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 \$(4,138,737) difference are as follows:

Principal paid on debt for the year	\$ 978,884
Principal and expenses paid to escrow on defeased debt	4,851,117
Bond Proceeds	(9,961,557)
Amortization of premium	21,020
Amortization of deferred defeasance	(25,217)
Change in accrued interest	(5,508)
Change in compensated absences	2,524
	<hr/>
	<u>\$ (4,138,737)</u>

NOTE 3 — STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

1. The budget for the General Fund, Debt Service Fund, Hotel Motel Tax Fund, Cemetery Fund, Court Technology Fund, Building Security Fund, Child Safety Fees Fund, Parrott Park Museum Fund, Kinzie House Fund, 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, 2015 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:	
Primary Government	
Cash and cash equivalents	\$ 11,241,160
Restricted cash and cash equivalents	227,842
Investments	858,507
Component Unit	
Cash and cash equivalents	800,044
Investments	<u>1,750,000</u>
Total Cash and Investments	<u>\$ 14,877,553</u>
Cash on hand	\$ 460
Savings and checking accounts	12,268,586
Investments	<u>2,608,507</u>
Total Cash and Investments	<u>\$ 14,877,553</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, 2015, the carrying value of the City's bank deposits was \$12,327,051 while the bank balance was \$12,602,990. 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, 2015, the carrying value of the LEDC's (a discretely presented component unit) bank deposits was \$2,550,044 while the bank balance was \$2,551,230. 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	\$ 24,991	\$ 31,820	\$ 1,330	\$ -	\$ 58,141	\$ -	\$ 58,141	\$ -
Sanitation	117,308	-	-	-	117,308	-	117,308	-
Sales Tax	300,917	-	-	-	300,917	-	300,917	148,406
Courts	942,874	-	-	-	942,874	-	942,874	-
Grant	-	-	-	7,886	7,886	-	7,886	-
Accounts	-	-	-	-	-	428,933	428,933	-
Gross Receivables	1,386,090	31,820	1,330	7,886	1,427,126	428,933	1,856,059	148,406
Less: Allowance for								
Uncollectibles	(595,734)	(16,082)	-	-	(611,816)	(66,518)	(678,334)	-
Net Receivables	\$ 790,356	\$ 15,738	\$ 1,330	\$ 7,886	\$ 815,310	\$ 362,415	\$ 1,177,725	\$ 148,406

C. Capital Assets

Capital asset activity for the year ended September 30, 2015 is as follows:

PRIMARY GOVERNMENT	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,635,198	\$ -	\$ -	\$ 3,635,198
Construction in Progress	3,515	509,422	-	512,937
Total Capital Assets, Not Being Depreciated	3,638,713	509,422	-	4,148,135
Capital Assets, Being Depreciated:				
Buildings and Improvements	4,534,005	16,630	-	4,550,635
Infrastructure	5,782,212	108,221	-	5,890,433
Machinery and Equipment	1,736,977	141,540	(22,375)	1,856,142
Total Capital Assets, Being Depreciated	12,053,194	266,391	(22,375)	12,297,210
Less Accumulated Depreciation For:				
Buildings and Improvements	(1,054,584)	(104,141)	-	(1,158,725)
Infrastructure	(1,438,601)	(144,614)	-	(1,583,215)
Machinery and Equipment	(1,329,389)	(147,364)	2,015	(1,474,738)
Total Accumulated Depreciation	(3,822,574)	(396,119)	2,015	(4,216,678)
Net Total Assets Being Depreciated	8,230,620	(129,728)	(20,360)	8,080,532
Governmental Activities Capital Assets, Net	\$ 11,869,333	\$ 379,694	\$ (20,360)	\$ 12,228,667

Business-Type Activities:

Capital Assets, Not Being Depreciated:

Land	\$ 172,926	\$ -	\$ -	\$ 172,926
Construction in Progress	374,266	2,487,141	(306,831)	2,554,576
Total Capital Assets, Not Being Depreciated	<u>547,192</u>	<u>2,487,141</u>	<u>(306,831)</u>	<u>2,727,502</u>

Capital Assets, Being Depreciated:

Water and Sewer System	20,893,635	680,552	-	21,574,187
Buildings	264,794	59,650	-	324,444
Machinery and Equipment	817,844	130,190	-	948,034
Total Capital Assets, Being Depreciated	<u>21,976,273</u>	<u>870,392</u>	<u>-</u>	<u>22,846,665</u>

Less Accumulated Depreciation For:

Water and Sewer System	(7,728,685)	(550,207)	-	(8,278,892)
Buildings	(85,960)	(6,856)	-	(92,816)
Machinery and Equipment	(654,112)	(56,791)	-	(710,903)
Total Accumulated Depreciation	<u>(8,468,757)</u>	<u>(613,854)</u>	<u>-</u>	<u>(9,082,611)</u>

Net Total Assets Being Depreciated	<u>13,507,516</u>	<u>256,538</u>	<u>-</u>	<u>13,764,054</u>
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Business -Type Activities Capital Assets, Net	<u>\$ 14,054,708</u>	<u>\$ 2,743,679</u>	<u>\$ (306,831)</u>	<u>\$ 16,491,556</u>
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

General Government	\$ 64,008
Public Safety	110,621
Public Works	<u>221,490</u>

Total depreciation expense, governmental activities	<u>\$ 396,119</u>
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Business-Type Activities:

Water and Sewer Operations	\$ 608,822
Emergency Medical Services	<u>5,032</u>

Total	<u>\$ 613,854</u>
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Capital asset activity for LEDC for the year ended September 30, 2015 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	-	-	1,964,489
Machinery and Equipment	20,931	-	-	20,931
Total Capital Assets, Being Depreciated	<u>1,985,420</u>	<u>-</u>	<u>-</u>	<u>1,985,420</u>

Less Accumulated Depreciation For:

Infrastructure	(115,993)	(49,113)	-	(165,106)
Machinery and Equipment	(17,136)	(2,666)	-	(19,802)
Total Accumulated Depreciation	<u>(133,129)</u>	<u>(51,779)</u>	<u>-</u>	<u>(184,908)</u>

Net Total Assets Being Depreciated	<u>1,852,291</u>	<u>(51,779)</u>	<u>-</u>	<u>1,800,512</u>
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Business -Type Activities Capital Assets, Net	<u>\$ 5,481,067</u>	<u>\$ (51,779)</u>	<u>\$ -</u>	<u>\$ 5,429,288</u>
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Construction Commitments

The City has the following construction projects as of September 30, 2015:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Estimated Remaining</u>
City Park Improvements	\$ 18,718	\$ 1,481,282
City Sidewalk Project	17,255	282,745
City Assisted Living Project	17,824	12,176
City Downtown Improvement Project	459,140	4,101,117
Elevated Storage Tank	1,703,296	196,704
Downtown Water System Improvements	351,795	87,949
Pump and Ground Station Project	137,397	1,562,603
Water Well #8 Project	362,088	1,037,912
	<u>\$ 3,067,513</u>	<u>\$ 8,762,488</u>

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of September 30, 2015 is as follows:

Interfund transfers:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
Water & Sewer Fund	Debt Service Fund	\$ 450,000
General Fund	Water & Sewer Fund	211,050
2013 Capital Projects Fund	General Fund	60,061
Hotel/Motel Tax Fund	Tourism Fund	100,000
TX CDBG Grant Fund	Water & Sewer Fund	306,831
2015 TIF Bond Fund	Water & Sewer Fund	351,795
		<u>\$ 1,479,737</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 \$2,944 for the year ended September 30, 2015. The future minimum lease payments for the remaining two operating leases are as follows:

YEAR ENDED	
<u>9-30</u>	
2016	\$ 4,120
2017	2,185
2018	2,185
2019	2,185
2020	<u>1,821</u>
	<u>\$ 12,496</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.

During the current year, 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.

The assets acquired through the capital lease are as follows:

	<u>Governmental Activities</u>
Asset:	
(2) Copy Machines	\$ 20,366
Less: Accumulated Depreciation	<u>(4,074)</u>
Total	<u>\$ 16,292</u>
	<u>Business-Type Activities</u>
Asset:	
(2) Copy Machine	\$ 14,192
(1) Plotter	13,860
Less: Accumulated Depreciation	<u>(6,177)</u>
Total	<u>\$ 21,875</u>

The future minimum lease obligations as of September 30, 2015 were as follows:

YEAR ENDED	GOVERNMENTAL ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
9-30			
2016	\$ 3,976	\$ 346	\$ 4,322
2017	4,071	252	4,323
2018	4,168	154	4,322
2019	4,267	55	4,322
	<u>\$ 16,482</u>	<u>\$ 807</u>	<u>\$ 17,289</u>

YEAR ENDED	BUSINESS-TYPE ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
9-30			
2016	\$ 5,451	\$ 549	\$ 6,000
2017	5,600	399	5,999
2018	5,755	246	6,001
2019	5,914	88	6,002
	<u>\$ 22,720</u>	<u>\$ 1,282</u>	<u>\$ 24,002</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, 2015 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%.	335,000
\$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%.	2,325,000
\$2,405,000 Series 2012 General Obligation Refunding Bonds Maturing 8-15-25 with an interest rate of 2.36%	2,300,000
\$2,400,000 Series 2014 General Obligation Refunding Bonds Maturing 4-15-20 with an interest rate of 1.59%.	1,905,000

\$5,000,000 Series 2015 Certificates of Obligation maturing on 8-27-2035 with an interest rate of 3.700%.	5,000,000
\$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>4,315,000</u>
Total Outstanding Governmental Bonded Debt	16,180,000
Plus: Unamortized Bond Premium	<u>593,675</u>
Net Outstanding Governmental Bonded Debt	<u>\$16,773,675</u>

During the current year, the City issued \$4,315,000 in Refunding Bonds as both a current and advanced refunding to defease \$2,945,000 of the principal balance of the Series 2005 Unlimited Tax Refunding Bonds and \$1,725,000 of the principal balance of the Series 2006 Combination Tax and Utility System Revenue Certificates of Obligation. The proceeds of the bond issue were placed in an irrevocable trust for the future debt service of the advance refunded bonds. The amount of the advance refunded bond is considered defeased and the liability has been removed from the City's financial statements. The difference between the refunding issue and the defeased amount has been recorded as a deferred outflow of resources and is being amortized as a component of interest expense over the life of the defeased debt. The transaction resulted in a savings of \$592,904 in future debt service payments.

The City also issued \$5,000,000 in Series 2015 Certificates of Obligation. The proceeds are to be used for capital improvements for the downtown project and repayment will be funded by a new Tax Increment Financing (TIF) zone.

The funding requirements to amortize all bonds outstanding as of September 30, 2015, including interest, are as follows:

YEAR ENDED	GOVERNMENTAL ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
9-30			
2016	\$ 969,017	\$ 617,440	\$ 1,586,457
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
2021-2025	5,862,674	1,650,723	7,513,397
2026-2030	2,690,195	776,930	3,467,125
2031-2035	<u>2,652,348</u>	<u>301,652</u>	<u>2,954,000</u>
	16,180,000	5,312,287	21,492,287
Unamortized Bond Premium	<u>593,675</u>	-	<u>593,675</u>
	<u>\$ 16,773,675</u>	<u>\$ 5,312,287</u>	<u>\$ 22,085,962</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>\$2,690,000</u>
Total Outstanding Business-Type Bonded Debt	2,690,000
Plus: Unamortized Bond Premium	<u>117,380</u>
Net Outstanding Business-Type Bonded Debt	<u>\$2,807,380</u>

The funding requirements to amortize all bonds outstanding as of September 30, 2015, including interest, are as follows:

YEAR ENDED	BUSINESS-TYPE ACTIVITIES			
	9-30	PRINCIPAL	INTEREST	TOTAL
2016	\$	115,000	\$ 93,750	\$ 208,750
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
2021-2025		690,000	357,950	1,047,950
2026-2030		820,000	225,175	1,045,175
2031-2033		575,000	49,513	624,513
		<u>2,690,000</u>	<u>1,075,863</u>	<u>3,765,863</u>
Unamortized Bond Premium		<u>117,380</u>	<u>-</u>	<u>117,380</u>
	\$	<u>2,807,380</u>	\$ <u>1,075,863</u>	\$ <u>3,883,243</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, 2015 be disclosed.

Insurer	Policy	Limit of Liability		Expiration Date
		Each Occurrence	Annual Aggregate	
Texas Municipal League	General Liability	\$2,000,000	\$4,000,000	10/1/2015
	Law Enforcement	1,000,000	2,000,000	10/1/2015
	Errors & Omissions	1,000,000	2,000,000	10/1/2015
	Auto Liability	500,000	n/a	10/1/2015
	Auto Physical Damage	10,000	n/a	10/1/2015
Texas Municipal League	Real & Personal Property	1,000,000	13,927,400	10/1/2015
	Mobile Equipment	n/a	411,362	10/1/2015
	Boiler & Machinery	100,000	n/a	10/1/2015
Texas Municipal League	Workers Comp	n/a	1,965,902	10/1/2015

As of September 30, 2015, the City was in compliance with all requirements of its bond ordinances.

The LEDC has the following notes payable at September 30, 2015:

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.

	\$2,758,058
Less: Current portion	<u>(187,561)</u>
LONG-TERM PORTION	<u>\$2,570,497</u>

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

YEAR ENDED	COMPONENT UNIT		
	PRINCIPAL	INTEREST	TOTAL
<u>9-30</u>			
2016	\$ 187,561	\$ 107,186	\$ 294,747
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
2021-2025	1,244,110	229,625	1,473,735
2026-2027	<u>495,486</u>	<u>18,268</u>	<u>513,754</u>
	<u>\$ 2,758,058</u>	<u>\$ 703,166</u>	<u>\$ 3,461,224</u>

Changes in long-term liabilities

Long term liability activity for the year ended September 30, 2015 was as follows:

	Beginning Balance 10/1/2014	Additions	Reductions	Ending Balance 9/30/2015	Due Within One Year
Governmental Activities:					
Certificates of Obligation	\$ 4,685,000	\$ 5,000,000	\$ (2,025,000)	\$ 7,660,000	\$ 359,017
General Obligation	7,760,000	4,380,000	(3,620,000)	8,520,000	610,000
Capital Lease	20,366	-	(3,884)	16,482	3,976
Unamortized Bond Premium	104,030	581,557	(91,912)	593,675	83,335
Compensated Absences	151,369	-	(2,524)	148,845	24,807
Net Pension Liability	<u>1,291,485</u>	<u>-</u>	<u>(55,577)</u>	<u>1,235,908</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 14,012,250</u>	<u>\$ 9,961,557</u>	<u>\$ (5,798,897)</u>	<u>\$ 18,174,910</u>	<u>\$ 1,081,135</u>
Business-Type Activities:					
Certificates of Obligation	\$ 2,805,000	\$ -	\$ (115,000)	\$ 2,690,000	\$ 115,000
Unamortized Bond Premium	129,169	-	(11,789)	117,380	11,337
Capital Lease	7,861	20,190	(5,331)	22,720	5,451
Compensated Absences	38,972	9,651	-	48,623	8,104
Net Pension Liability	<u>393,519</u>	<u>-</u>	<u>(16,934)</u>	<u>376,585</u>	<u>-</u>
Business-Type Activity Long-Term Liabilities	<u>\$ 3,374,521</u>	<u>\$ 29,841</u>	<u>\$ (149,054)</u>	<u>\$ 3,255,308</u>	<u>\$ 139,892</u>

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

Long-term liability activity for LEDC for the year ended September 30, 2015 was as follows:

	Beginning Balance 10/1/2014	Additions	Reductions	Ending Balance 9/30/2015	Due Within One Year
Component unit:					
Notes Payable	\$ 2,938,533	\$ -	\$ (180,475)	\$ 2,758,058	\$ 187,561
Net Pension Liability	64,741	-	(2,786)	61,955	-
Compensated Absences	<u>11,860</u>	<u>1,018</u>	<u>-</u>	<u>12,878</u>	<u>12,878</u>
Total Component Unit Long-Term Liabilities	<u>\$ 3,015,134</u>	<u>\$ 1,018</u>	<u>\$ (183,261)</u>	<u>\$ 2,832,891</u>	<u>\$ 200,439</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, 2015, the City had \$461,472 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.

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, 2015, the City did not have any liability for unpaid claims or adjustments under policies carried with TML. During the year ended September 30, 2015, 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 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

Benefits Provided

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

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 2013</u>	<u>Plan Year 2014</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, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

	<u>12/31/2013</u>	<u>12/31/2014</u>
Inactive employees or beneficiaries currently receiving benefits	4	9
Inactive employees entitled to but not yet receiving benefits	12	18
Active employees	<u>47</u>	<u>49</u>
	<u>63</u>	<u>76</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, 2014, 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, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	7.0%, 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 Disabled Retiree Mortality Table is used, with slight adjustments.

Actual assumptions used in the December 31, 2014 valuation were based in the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. 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.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by The TMRS Board of Trustees. 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. The target allocation and best estimates of arithmetic 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%	4.80%
International Equity	17.50%	6.05%
Core Fixed Income	30.00%	1.50%
Non-Core Fixed Income	10.00%	3.50%
Real Return	5.00%	1.75%
Real Estate	10.00%	5.25%
Absolute Return	5.00%	4.25%
Private Equity	5.00%	8.50%
Total	100.00%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.0%. 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 12/31/2013	\$ 5,137,452	\$ 3,387,706	\$ 1,749,746
Changes for the year:			
Service cost	266,834	-	266,834
Interest	364,279	-	364,279
Change of benefit terms	-	-	-
Difference between expected and actual experience	(93,773)	-	(93,773)
Changes of assumptions	-	-	-
Contributions - employer	-	302,345	(302,345)
Contributions - employee	-	118,567	(118,567)
Net investment income	-	193,915	(193,915)
Benefit payments, including refunds of employee contributions	(133,769)	(133,769)	-
Administrative expense	-	(2,023)	2,023
Other changes	-	(166)	166
Net changes	403,571	478,869	(75,298)
Balance at 12/31/2014	<u>\$ 5,541,023</u>	<u>\$ 3,866,575</u>	<u>\$ 1,674,448</u>

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 7.0%, 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 (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's net pension liability	\$ 2,517,159	\$ 1,674,448	\$ 983,755

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, 2015, the City recognized pension expense of \$271,806.

At September 30, 2015, 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	\$ -	\$ (79,338)
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	34,579	-
Contributions subsequent to the measurement Date	245,588	-
Total	\$ 280,167	\$ (79,338)

\$245,588 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, 2015. 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	
2015	\$ (5,790)
2016	(5,790)
2017	(5,790)
2018	(5,791)
2019	(14,435)
Thereafter	(7,163)
	<u>\$ (44,759)</u>

NOTE 9 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended September 30, 2015, expenditures exceeded appropriation in the LEDC department of the General Fund by \$413, and the Fire department of the General Fund by \$235. These over expenditures were funded by excess revenues. The Water & Sewer fund expenses exceeded appropriations by \$205,399. The over expenditures were funded by excess revenue and net position.

NOTE 10 – NEGATIVE FUND BALANCE

The following funds had a negative fund balance as of September 30, 2015. Tourism / Downtown Development Fund (\$5,075), Assisted Living Grant Fund (\$17,824), and the Community Park Fund (\$10,331). 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, 2015, \$878,427 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 – PRIOR PERIOD ADJUSTMENT

As noted in Note 1, the City adopted GASB Statement No. 68 during the year. As a result of recording the liability for net pension expense, GASB 68 required a prior period adjustment in order to record the beginning net pension liability and the related beginning deferred outflow of resources. The following chart shows the effect of the prior period adjustment:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Component Unit</u>	<u>TOTAL</u>
Decrease Beginning Net Position	1,120,281	341,351	56,159	1,517,791
Increase Beginning Deferred Outflow	171,204	52,168	8,582	231,954
Increase Beginning Net Pension Liability	1,291,485	393,519	64,741	1,749,745

There was also a prior period adjustment to reflect the correction of an error in reporting accumulated depreciation in the prior year on assets in the governmental activities. The effect of this adjustment was to increase beginning net position by \$49,730 and to increase net fixed assets by \$49,730.

NOTE 13 – SUBSEQUENT EVENT

Subsequent events have been evaluated through February 16, 2016, 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, 2015

	2014
Total pension liability	
Service Cost	\$ 266,834
Interest (on the Total Pension Liability)	364,279
Changes in benefit terms	-
Difference between expected and actual results	(93,773)
Change of assumptions	-
Benefit payments, including refunds of employee contributions	(133,769)
Net Change in Total Pension Liability	403,571
Total Pension Liability - Beginning	5,137,452
Total Pension Liability - Ending (a)	\$ 5,541,023
Plan Fiduciary Net Position	
Contributions - Employer	\$ 302,345
Contributions - Employee	118,567
Net Investment Income	193,915
Benefit payments, including refunds of employee contributions	(133,769)
Administrative Expense	(2,023)
Other	(166)
Net Change in Plan Fiduciary Net Position	478,869
Plan Fiduciary Net Position - Beginning	3,387,706
Plan Fiduciary Net Position - Ending (b)	\$ 3,866,575
Net Pension Liability - Ending (a)-(b)	1,674,448
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	69.78%
Covered Employee Payroll	\$ 1,976,109
Net Pension Liability as a Percentage of Covered Employee Payroll	84.73%

**CITY OF LINDALE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	2014	2015
Actuarially Determined Contribution	\$ 298,281	\$ 315,977
Contributions in relation to the actuarilly determined contributions	298,281	315,977
Contribution deficiency	\$ -	\$ -
Covered employee payroll	\$ 1,954,197	\$ 2,088,629
Contributions as a percentage of covered employee payroll	15.26%	15.13%

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 Payroo, Closed
Remaining Amortization Period	21 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	3.0%
Salary Increases	3.50% to 12.00% including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005-2009
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, 2015**

	<u>CEMETERY FUND</u>	<u>PARROTT PARK MUSEUM FUND</u>	<u>TOURISM / DOWNTOWN</u>	<u>ASSISTED LIVING GRANT</u>	<u>COMMUNITY PARK TPWD</u>	<u>SIDEWALK GRANT</u>	<u>KINZIE HOUSE FUND</u>	<u>2009 CAPITAL PROJECTS FUND</u>	<u>COURT TECHNOLOGY FUND</u>	<u>BUILDING SECURITY FUND</u>	<u>CHILD SAFETY FEES FUND</u>
ASSETS											
Cash and cash equivalents	\$ 121,070	\$ 28,159	\$ -	\$ -	\$ -	\$ 21,485	\$ 8,945	\$ -	\$ 14,188	\$ 47,248	\$ 17,147
Investments	-	-	-	-	-	-	-	-	20,865	-	-
Receivables	-	-	-	-	-	7,886	-	-	-	-	-
Total Assets	<u>\$ 121,070</u>	<u>\$ 28,159</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,371</u>	<u>\$ 8,945</u>	<u>\$ -</u>	<u>\$ 35,053</u>	<u>\$ 47,248</u>	<u>\$ 17,147</u>
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable	\$ 19	\$ 986	\$ 4,769	\$ 3,074	\$ 3,331	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	306	14,750	7,000	-	-	-	-	-	-
Total Liabilities	<u>19</u>	<u>986</u>	<u>5,075</u>	<u>17,824</u>	<u>10,331</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:											
Nonspendable:											
Permanent fund principal	-	-	-	-	-	-	-	-	-	-	-
Restricted for:											
Capital improvements	-	-	-	(17,824)	(10,331)	31,371	-	-	-	-	-
Tourism	-	-	(5,075)	-	-	-	-	-	-	-	-
Court Technology	-	-	-	-	-	-	-	35,053	-	-	-
Building Security	-	-	-	-	-	-	-	-	-	47,248	-
Child Safety	-	-	-	-	-	-	-	-	-	-	17,147
Law enforcement purposes	-	-	-	-	-	-	-	-	-	-	-
PEG facilities	-	-	-	-	-	-	-	-	-	-	-
Boy Scout building upkeep	-	-	-	-	-	-	-	-	-	-	-
Assigned to:											
Cemetery	121,051	-	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	27,173	-	-	-	-	-	-	-	-	-
Kinzie House	-	-	-	-	-	-	8,945	-	-	-	-
Total Fund Balances	<u>121,051</u>	<u>27,173</u>	<u>(5,075)</u>	<u>(17,824)</u>	<u>(10,331)</u>	<u>31,371</u>	<u>8,945</u>	<u>-</u>	<u>35,053</u>	<u>47,248</u>	<u>17,147</u>
Total Liabilities and Fund Balances	<u>\$ 121,070</u>	<u>\$ 28,159</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,371</u>	<u>\$ 8,945</u>	<u>\$ -</u>	<u>\$ 35,053</u>	<u>\$ 47,248</u>	<u>\$ 17,147</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	BUSINESS-TYPE ACTIVITIES				TOTAL COMBINED ENTERPRISE FUNDS
	ENTERPRISE FUNDS				
	WATER & SEWER FUND	2013 CAPITAL PROJECTS BOND FUND	TX CDBG GRANT SEWER PROJECT FUND	ELIMINATIONS	
OPERATING REVENUES					
Charges for services:					
Water sales	\$ 1,481,756	\$ -	\$ -	\$ -	\$ 1,481,756
Sewer charges	869,849	-	-	-	869,849
Tap and connect fees	57,405	-	-	-	57,405
Miscellaneous	43,431	-	-	-	43,431
Total Operating Revenues	2,452,441	-	-	-	2,452,441
OPERATING EXPENSES					
Water and sewer operations	1,678,770	-	-	-	1,678,770
Depreciation	613,854	-	-	-	613,854
Total Operating Expenses	2,292,624	-	-	-	2,292,624
Operating Income (Loss)	159,817	-	-	-	159,817
NON-OPERATING REVENUES (EXPENSES)					
Grant Funds	-	-	205,667	-	205,667
Interest and fiscal charge expense	(19,171)	(95,763)	-	-	(114,934)
Insurance proceeds	42,243	-	-	-	42,243
Reimbursed funds	40,694	-	-	-	40,694
Interest income	9,435	27,381	-	-	36,816
Total non-operating revenue (expenses)	73,201	(68,382)	205,667	-	210,486
Income (Loss) before transfers	233,018	(68,382)	205,667	-	370,303
Transfers in	713,928	211,050	-	(306,831)	618,147
Transfers out	(450,000)	(4,759)	(306,831)	306,831	(454,759)
Total Transfers	263,928	206,291	(306,831)	-	163,388
Change in Net Position	496,946	137,909	(101,164)	-	533,691
Net Position, October 1, 2014, as originally stated	15,127,198	73,983	86,314	-	15,287,495
Prior period adjustment for the effects of GASB 68	(341,351)	-	-	-	(341,351)
Net Position, October 1, 2014, as restated	14,785,847	73,983	86,314	-	14,946,144
Net Position, September 30, 2015	\$ 15,282,793	\$ 211,892	\$ (14,850)	\$ -	\$ 15,479,835

CITY OF LINDALE, TEXAS
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2015

	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	\$ 2,411,537	\$ -	\$ 38,494	\$ -	\$ 2,450,031
Cash paid to suppliers for goods and services	(967,007)	40,539	(34,694)	-	(961,162)
Cash paid to employees for services	(682,953)	-	-	-	(682,953)
Net cash provided by operating activities	761,577	40,539	3,800	-	805,916
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers out	(450,000)	(4,759)	(306,831)	306,831	(454,759)
Transfers in	713,928	211,050	-	(306,831)	618,147
Transfer of completed projects	-	-	79,344	-	79,344
Advances from general fund	-	-	14,850	-	14,850
Insurance proceeds	42,243	-	-	-	42,243
Reimbursed funds	40,694	-	-	-	40,694
Net cash provided by (used in) non-capital financing activities	346,865	206,291	(212,637)	-	340,519
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets and equipment	(1,222,187)	(1,907,859)	-	-	(3,130,046)
Capital lease proceeds	20,190	-	-	-	20,190
Capital lease payments	(5,331)	-	-	-	(5,331)
Grant proceeds	-	-	205,667	-	205,667
Bond payments	-	(126,789)	-	-	(126,789)
Interest paid	(19,171)	(95,980)	-	-	(115,151)
Net cash provided by (used in) capital and related financing activities	(1,226,499)	(2,130,628)	205,667	-	(3,151,460)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest earned	9,435	15,592	-	-	25,027
Net cash provided by investing activities	9,435	15,592	-	-	25,027
Net decrease in cash	(108,622)	(1,868,206)	(3,170)	-	(1,979,998)
Cash, beginning of period	762,999	2,948,176	3,170	-	3,714,345
Cash, end of period	\$ 654,377	\$ 1,079,970	\$ -	\$ -	\$ 1,734,347
Reconciliation of cash to Exhibit 7:					
Cash - current asset	\$ 426,535	\$ 1,079,970	\$ -	\$ -	\$ 1,506,505
Cash - restricted current asset	227,842	-	-	-	227,842
Total cash, end of period	\$ 654,377	\$ 1,079,970	\$ -	\$ -	\$ 1,734,347

CITY OF LINDALE, TEXAS
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2015

Increase (Decrease) in Cash and Cash Equivalents

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

Operating income	\$ 159,817	\$ -	\$ -	\$ -	\$ 159,817
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	613,854	-	-	-	613,854
(Increase) decrease in accounts receivable	(48,655)	-	38,494	-	(10,161)
(Increase) in deferred outflows	(10,843)	-	-	-	(10,843)
Increase (decrease) in accounts payable	22,950	28,821	(34,694)	-	17,077
Increase in customer deposits	7,750	-	-	-	7,750
Increase in accrued expenses	6,144	11,718	-	-	17,862
Decrease in net pension liability	(16,934)	-	-	-	(16,934)
Increase in deferred inflows	17,843	-	-	-	17,843
Increase in compensated absences	9,651	-	-	-	9,651
Total adjustments	601,760	40,539	3,800	-	646,099
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 761,577	\$ 40,539	\$ 3,800	\$ -	\$ 805,916

**CITY OF LINDALE, TEXAS
CEMETERY FUND
DETAILED SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Miscellaneous Income	\$ 2,000	\$ 2,000	\$ 25	\$ (1,975)
Interest income	700	700	735	35
Sale of Cemetery Plots	29,000	29,000	22,500	(6,500)
Public Contribution	9,000	9,000	9,870	870
TOTAL FINANCING SOURCES - BUDGET BASIS	\$ 40,700	\$ 40,700	33,130	\$ (7,570)
Financial Statement Adjustments:			-	
TOTAL FINANCING SOURCES - GAAP BASIS			\$ 33,130	
EXPENDITURES				
Cemetery Administration:				
Postage	\$ 600	\$ 600	\$ 466	\$ 134
Miscellaneous Supplies	500	500	94	406
Miscellaneous	100	100	-	100
Utilities	300	300	230	70
Software contract	520	530	528	2
Legal & Professional	400	400	-	400
Cemetery & Grounds	7,000	7,000	35,818	(28,818)
Misc. Maintenance	-	12,000	15,322	(3,322)
Cemetery Maintenance	30,000	30,000	-	30,000
TOTAL EXPENDITURES - BUDGET BASIS	\$ 39,420	\$ 51,430	52,458	\$ (1,028)
Financial Statement Adjustments:			-	
TOTAL EXPENDITURES - GAAP BASIS			\$ 52,458	

**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, 2015**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Fines and Fees	\$ 9,500	\$ 9,500	\$ 10,262	\$ 762
Interest Income	-	-	186	186
TOTAL FINANCING SOURCES - BUDGET BASIS	<u>\$ 9,500</u>	<u>\$ 9,500</u>	10,448	<u>\$ 948</u>
Financial Statement Adjustments:			-	
TOTAL FINANCING SOURCES - GAAP BASIS			<u>\$ 10,448</u>	
EXPENDITURES				
Capital Expenditures:				
Court Technology Equipment	\$ 9,500	\$ 9,500	\$ 10,431	\$ (931)
TOTAL EXPENDITURES - BUDGET BASIS	<u>\$ 9,500</u>	<u>\$ 9,500</u>	10,431	<u>\$ (931)</u>
Financial Statement Adjustments:			-	
TOTAL EXPENDITURES - GAAP BASIS			<u>\$ 10,431</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, 2015**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Fines and Fees	\$ 3,000	\$ 3,000	\$ 7,654	\$ 4,654
Interest Income	-	-	313	313
TOTAL FINANCING SOURCES - BUDGET BASIS	<u>\$ 3,000</u>	<u>\$ 3,000</u>	7,967	<u>\$ 4,967</u>
Financial Statement Adjustments:			-	
TOTAL FINANCING SOURCES - GAAP BASIS			<u>\$ 7,967</u>	
EXPENDITURES				
Building Securities Equipment	\$ 500	\$ 500	\$ 3,693	\$ (3,193)
TOTAL EXPENDITURES - BUDGET BASIS	<u>\$ 500</u>	<u>\$ 500</u>	3,693	<u>\$ (3,193)</u>
Financial Statement Adjustments:			-	
TOTAL EXPENDITURES - GAAP BASIS			<u>\$ 3,693</u>	

**CITY OF LINDALE, TEXAS
CHILD SAFETY FEES FUND
DETAILED SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	<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	\$ 5,449	\$ 2,449
Interest Income	-	-	131	131
TOTAL FINANCING SOURCES - BUDGET BASIS	<u>\$ 3,000</u>	<u>\$ 3,000</u>	5,580	<u>\$ 2,580</u>
Financial Statement Adjustments:			-	
TOTAL FINANCING SOURCES - GAAP BASIS			<u>\$ 5,580</u>	
EXPENDITURES				
Office Supplies	\$ 500	\$ 500	\$ 323	\$ 177
Capital Outlay	-	-	3,995	(3,995.00)
TOTAL EXPENDITURES - BUDGET BASIS	<u>\$ 500</u>	<u>\$ 500</u>	4,318	<u>\$ (3,818)</u>
Financial Statement Adjustments:			-	
TOTAL EXPENDITURES - GAAP BASIS			<u>\$ 4,318</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, 2015

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Motel Tax	\$ 300,000	\$ 300,000	\$ 379,021	\$ 79,021
Interest income	1,000	1,000	10,035	9,035
TOTAL FINANCING SOURCES - BUDGET BASIS	<u>\$ 301,000</u>	<u>\$ 301,000</u>	389,056	<u>\$ 88,056</u>
Financial Statement Adjustments:				
Decrease in taxes receivable			(28,084)	
TOTAL FINANCING SOURCES - GAAP BASIS			<u>\$ 360,972</u>	
EXPENDITURES				
Hotel-Motel Administration:				
Signs & Displays	\$ 20,000	\$ 20,000	\$ 11,485	\$ 8,515
Sponsorships	50,000	50,000	51,500	(1,500)
Publications and advertising	-	-	765	(765)
Professional	15,000	15,000	-	15,000
Transfer to Kinzie House fund	5,000	5,000	-	5,000
Transfer to Parrott Museum fund	93,800	93,800	-	93,800
Transfer to Tourism Fund	65,730	65,730	100,000	(34,270)
Chamber of Commerce	27,600	27,600	33,364	(5,764)
TOTAL EXPENDITURES - BUDGET BASIS	<u>\$ 277,130</u>	<u>\$ 277,130</u>	197,114	<u>\$ 80,016</u>
Financial Statement Adjustments:			-	
TOTAL EXPENDITURES - GAAP BASIS			<u>\$ 197,114</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, 2015**

	<u>BUDGET ORIGINAL</u>	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)</u>
REVENUES				
Chapel Rental	\$ 300	\$ 300	\$ 900	\$ 600
Donations	1,000	1,000	2,274	1,274
Gift Shop income	500	500	601	101
Gift Shop Sales Tax	50	50	49	(1)
Transfer from Hotel Motel fund	93,800	93,800	-	(93,800)
Miscellaneous Income	100	100	396	296
Interest income	80	80	345	265
TOTAL FINANCING SOURCES - BUDGET BASIS	<u>\$ 95,830</u>	<u>\$ 95,830</u>	4,565	<u>\$ (91,265)</u>
Financial Statement Adjustments:			-	
TOTAL FINANCING SOURCES - GAAP BASIS			<u>\$ 4,565</u>	
 EXPENDITURES				
Parrot Park Museum Administration:				
Salaries	\$ 45,000	\$ 45,000	\$ 34,519	\$ 10,481
Social Security/Medicare	4,400	4,400	2,641	1,759
Office Supplies	1,500	1,500	64	1,436
Wearing Apparel	500	500	49	451
Exhibits	1,500	1,500	283	1,217
Miscellaneous	1,500	1,500	16	1,484
Utilities	17,000	17,000	11,639	5,361
Professional	300	300	-	300
Gift Shop Resale Items	1,000	1,000	47	953
State Comp (Sales Tax)	100	100	49	51
Communications	2,000	2,000	1,993	7
Publications and Advertising	1,000	1,000	150	850
Building & Grounds Maintenance	15,000	15,000	7,170	7,830
Building & Grounds	5,000	5,000	16	4,984
TOTAL EXPENDITURES - BUDGET BASIS	<u>\$ 95,800</u>	<u>\$ 95,800</u>	58,636	<u>\$ 37,164</u>
Financial Statement Adjustments:				
Increase in accounts payable			85	
TOTAL EXPENDITURES - GAAP BASIS			<u>\$ 58,721</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, 2015**

	<u>BUDGET ORIGINAL</u>	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)</u>
REVENUES				
Transfer from Hotel/Motel	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
Interest Income	-	-	63	63
TOTAL FINANCING SOURCES - BUDGET BASIS	<u>\$ 5,000</u>	<u>\$ 5,000</u>	63	<u>\$ (4,937)</u>
Financial Statement Adjustments:			-	
TOTAL FINANCING SOURCES - GAAP BASIS			<u>\$ 63</u>	
EXPENDITURES				
Miscellaneous maintenance	\$ 5,000	\$ 5,000	248	\$ 4,752
TOTAL EXPENDITURES - BUDGET BASIS	<u>\$ 5,000</u>	<u>\$ 5,000</u>	248	<u>\$ 4,752</u>
Financial Statement Adjustments:			-	
TOTAL EXPENDITURES - GAAP BASIS			<u>\$ 248</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, 2015

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Transfer from Hotel/Motel	\$ 65,730	\$ 113,930	100,000	\$ (13,930)
Transfer from General Fund	-	22,300	-	(22,300)
Miscellaneous Revenue	-	-	251	251
TOTAL FINANCING SOURCES - BUDGET BASIS	\$ 65,730	\$ 136,230	100,251	\$ (36,230)
Financial Statement Adjustments:			-	
TOTAL FINANCING SOURCES - GAAP BASIS			\$ 100,251	
EXPENDITURES				
PERSONNEL SERVICES:				
Supervision	\$ 45,000	\$ 45,000	\$ 25,877	\$ 19,123
Salaries - Full time	-	20,000	18,113	1,887
Overtime	-	5,000	3,713	1,287
Vacation	-	-	242	(242)
Holiday	-	-	1,126	(1,126)
Retirement	6,900	6,900	7,400	(500)
Social Security / Medicare	3,500	3,500	3,754	(254)
Health Insurance	5,820	5,820	4,571	1,249
Dental	420	420	258	162
Life Insurance	150	150	66	84
Vision	120	120	72	48
Long Term Disability	120	120	74	46
Total Personnel Services	62,030	87,030	65,266	21,764
SUPPLIES:				
Office supplies	200	5,700	3,831	1,869
Promotional materials	-	10,000	9,493	507
Technical supplies	-	5,000	1,396	3,604
Event food	-	4,000	-	4,000
Event supplies	-	4,000	66	3,934
Event rental	-	4,000	-	4,000
Event Entertainment	-	4,000	-	4,000
Machinery and equipment	-	1,500	578	922
Janitorial	-	200	110	90
Furniture	-	2,000	1,346	654
Postage	200	500	196	304
Total Supplies	400	40,900	17,016	23,884
CONTRACTUAL:				
Communications - Telephone	500	4,000	2,905	1,095
Insurance and bonds	600	600	-	600
Publications and advertising	2,000	12,000	2,762	9,238
Professional	-	3,500	4,543	(1,043)
Associations dues	200	700	620	80
Total Contractual	3,300	20,800	10,830	9,970
SUNDRY				
Conference / events	-	4,000	515	3,485
Business networking lunch / dinner	-	4,000	214	3,786
Schools	-	7,000	1,995	5,005
Travel	-	7,000	4,820	2,180
Total Sundry	-	22,000	7,544	14,456
TOTAL EXPENDITURES - BUDGET BASIS	\$ 65,730	\$ 170,730	100,656	\$ 70,074
Financial Statement Adjustments:			4,670	
TOTAL EXPENDITURES - GAAP BASIS			\$ 105,326	

**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, 2015**

	<u>BUDGET ORIGINAL</u>	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)</u>
REVENUES				
Current and delinquent property taxes	\$ 1,051,194	\$ 1,051,194	\$ 1,165,991	\$ 114,797
Interest income	-	-	13,566	13,566
Transfer from other funds	<u>500,000</u>	<u>500,000</u>	<u>450,000</u>	<u>(50,000)</u>
TOTAL FINANCING SOURCES - BUDGET BASIS	<u>\$ 1,551,194</u>	<u>\$ 1,551,194</u>	1,629,557	<u>\$ 78,363</u>
Financial Statement Adjustments:				
Bond proceeds			<u>4,976,792</u>	
TOTAL REVENUES - GAAP BASIS			<u>\$ 6,606,349</u>	
EXPENDITURES				
Debt Service:				
Bond principal	\$ 1,025,000	\$ 1,025,000	\$ 975,000	\$ 50,000
Interest and fees	523,194	523,194	481,490	41,704
Transfer to other funds	-	-	211,050	(211,050)
Agent fees	<u>3,000</u>	<u>3,000</u>	<u>4,750</u>	<u>(1,750)</u>
TOTAL EXPENDITURES - BUDGET BASIS	<u>\$ 1,551,194</u>	<u>\$ 1,551,194</u>	1,672,290	<u>\$ (121,096)</u>
Financial Statement Adjustments:				
Payment to refunding escrow agent			<u>4,851,117</u>	
TOTAL EXPENDITURES - GAAP BASIS			<u>\$ 6,523,407</u>	

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES				
Current and delinquent property taxes	\$ 1,023,925	\$ 1,023,925	\$ 1,016,380	\$ (7,545)
Franchise taxes	270,000	301,000	301,206	206
Sales tax	1,430,000	1,739,100	1,737,777	(1,323)
Building permits	45,000	65,000	74,081	9,081
Fines and forfeitures	425,000	425,000	453,283	28,283
Garbage Collection	714,000	714,000	838,933	124,933
Garbage Tax	65,000	65,000	67,022	2,022
Miscellaneous Income	15,000	15,000	25,409	10,409
Insurance Proceeds	-	-	19,159	19,159
Interest Earned	12,000	12,000	15,445	3,445
Rental of Community Center	12,000	12,000	13,925	1,925
Other rental	-	-	4,502	4,502
Rental income - LEDC	59,000	59,000	59,721	721
LEDC Reimbursement	<u>101,035</u>	<u>101,035</u>	<u>101,648</u>	<u>613</u>
FINANCING SOURCES - BUDGET BASIS	<u>\$ 4,171,960</u>	<u>\$ 4,532,060</u>	4,728,491	<u>\$ 196,431</u>
Financial Statement Adjustments:				
Sales tax receivable at 9-30-14			(260,917)	
Sales tax receivable at 9-30-15			300,917	
Transfers in			<u>4,759</u>	
TOTAL FINANCING SOURCES - GAAP BASIS			<u>\$ 4,773,250</u>	

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2015

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
GENERAL GOVERNMENT/ADMINISTRATION				
PERSONNEL SERVICES:				
Supervision	\$ 171,000	\$ 171,000	\$ 153,857	\$ 17,143
Salaries-Full-time	38,200	38,200	29,369	8,831
Overtime	5,000	5,000	1,499	3,501
Vacation	-	-	8,421	(8,421)
Sick Leave	-	-	1,846	(1,846)
Holiday	-	-	9,564	(9,564)
Auto allowance	7,200	7,200	7,200	-
Comp Time	-	-	2,550	(2,550)
Retirement	33,000	33,000	32,450	550
Social Security/Medicare	16,500	16,500	16,394	106
Health Insurance	17,500	17,500	19,822	(2,322)
Dental	1,200	1,200	976	224
Life Insurance	715	715	722	(7)
Vision	350	350	274	76
Long term disability	490	490	605	(115)
Workers comp	490	490	728	(238)
Total Personnel Services	291,645	291,645	286,277	5,368
SUPPLIES:				
Office Supplies	6,000	7,900	7,824	76
Postage	2,000	2,000	1,540	460
Technical Supplies	-	600	600	-
Miscellaneous Supplies	3,800	13,800	10,691	3,109
Building & Cleaning Supplies	450	450	97	353
Total Supplies	12,250	24,750	20,752	3,998
CONTRACTUAL:				
Communications-Telephone	12,000	12,000	10,675	1,325
Miscellaneous	4,000	4,900	4,698	202
Insurance & Bonds	25,000	27,500	27,265	235
Publications & Advertising	6,000	8,000	8,042	(42)
Utilities	28,000	28,000	21,474	6,526
Librarian	46,000	46,000	45,100	900
Association Dues	3,200	4,200	4,262	(62)
Downtown	6,000	6,000	-	6,000
Travel	10,000	13,000	12,364	636
Schools	5,000	6,300	6,588	(288)
ETS Fees/Bank Service Charges	200	200	-	200
Software Contract	8,700	17,200	16,115	1,085
Total Contractual	154,100	173,300	156,583	16,717
MAINTENANCE:				
Building & grounds	8,000	8,500	17,496	(8,996)
Janitorial	20,000	20,000	18,750	1,250
Furniture & fixtures	500	500	-	500
Machinery & equipment	4,000	4,500	4,253	247
Total Maintenance	32,500	33,500	40,499	(6,999)
SUNDRY:				
Elections	5,700	5,700	3,535	2,165
Legal	35,000	35,000	30,031	4,969
Professional	80,000	140,000	152,324	(12,324)
State Garbage Tax	65,000	67,000	66,965	35
Total Sundry	185,700	247,700	252,855	(5,155)
CAPITAL EXPENDITURES:				
Signs and displays	53,000	53,000	-	53,000
Total Capital Expenditures	53,000	53,000	-	53,000
TOTAL GENERAL GOVERNMENT/ADMINISTRATION	\$ 729,195	\$ 823,895	\$ 756,966	\$ 66,929

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>BUDGET ORIGINAL</u>	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
GENERAL GOVERNMENT/ CODE ENFORCEMENT				
PERSONNEL SERVICES:				
Supervision	\$ 48,400	\$ 52,900	\$ 44,735	\$ 8,165
Salaries-Full-time	110,210	114,710	98,099	16,611
Overtime	200	200	3,528	(3,328)
Vacation	-	-	7,210	(7,210)
Sick Leave	-	-	3,964	(3,964)
Holiday	-	-	7,467	(7,467)
Comp Time	-	-	4,219	(4,219)
Retirement	24,300	25,700	25,618	82
Social Security/Medicare	12,150	12,850	12,945	(95)
Health Insurance	24,000	24,000	22,757	1,243
Dental	1,580	1,580	1,491	89
Life Insurance	570	570	542	28
Vision	350	350	419	(69)
Long Term Disability	440	440	442	(2)
Workers Comp	2,000	2,000	1,348	652
Total Personnel Services	<u>224,200</u>	<u>235,300</u>	<u>234,784</u>	<u>516</u>
SUPPLIES:				
Office Supplies	3,000	3,000	2,679	321
Postage	1,500	1,500	516	984
Wearing Apparel	600	950	1,135	(185)
Fuel/Gas & Diesel	5,000	5,000	1,992	3,008
Technical Supplies	2,500	2,500	783	1,717
Miscellaneous Supplies	-	100	90	10
Computer Supplies	3,000	3,000	1,528	1,472
Total Supplies	<u>15,600</u>	<u>16,050</u>	<u>8,723</u>	<u>7,327</u>
CONTRACTUAL:				
Communications	6,000	6,000	5,322	678
Insurance & Bonds	600	620	613	7
Publications & Advertising	1,200	1,200	10	1,190
Association Dues	1,200	1,200	543	657
Travel	4,000	4,000	3,171	829
Schools	4,000	4,600	4,505	95
ETS Fees/Bank Service Charges	1,200	1,800	1,274	526
Software Contract	5,000	5,100	5,085	15
Humane Society	4,000	4,000	3,753	247
Total Contractual	<u>27,200</u>	<u>28,520</u>	<u>24,276</u>	<u>4,244</u>
MAINTENANCE:				
Machinery & Equipment	6,700	6,700	5,520	1,180
Motor Vehicle & Maintenance	1,500	1,500	60	1,440
Total Maintenance	<u>8,200</u>	<u>8,200</u>	<u>5,580</u>	<u>2,620</u>
SUNDRY				
Professional	18,000	18,000	14,277	3,723
Legal	10,000	14,000	11,750	2,250
Total Sundry	<u>28,000</u>	<u>32,000</u>	<u>26,027</u>	<u>5,973</u>
CAPITAL EXPENDITURES:				
Building and Grounds	50,000	50,000	-	50,000
Total Capital Expenditures	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
TOTAL GENERAL GOVERNMENT/ CODE ENFORCEMENT	<u>\$ 353,200</u>	<u>\$ 370,070</u>	<u>\$ 299,390</u>	<u>\$ 70,680</u>

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2015

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
GENERAL GOVERNMENT/LEDC				
PERSONNEL SERVICES:				
Supervision	\$ 67,000	\$ 67,000	\$ 63,776	\$ 3,224
Vacation	-	-	1,455	(1,455)
Sick Leave	-	-	397	(397)
Holiday	-	-	3,176	(3,176)
Auto Allowance	9,200	9,200	8,400	800
Retirement	12,000	12,000	11,691	309
Social Security/Medicare	6,000	6,000	5,906	94
Health Insurance	6,000	6,000	5,823	177
Dental	345	345	387	(42)
Life Insurance	300	300	237	63
Vision	110	110	109	1
Long Term Disability	175	175	198	(23)
Workers Comp	105	105	93	12
Total Personnel Services	101,235	101,235	101,648	(413)
TOTAL GENERAL GOVERNMENT/LEDC	101,235	101,235	101,648	(413)
COURT				
PERSONNEL SERVICES:				
Supervision	10,000	10,000	9,960	40
Salaries-Full-time	69,000	69,000	51,795	17,205
Salaries-Part-time	20,000	20,000	115	19,885
Overtime	200	200	-	200
Vacation	-	-	232	(232)
Sick Leave	-	-	1,701	(1,701)
Holiday	-	-	2,769	(2,769)
Comp Time	-	-	538	(538)
Retirement	12,500	12,500	8,651	3,849
Social Security/Medicare	8,200	8,200	4,372	3,828
Health Insurance	11,600	11,600	8,011	3,589
Dental	770	770	531	239
Life Insurance	440	440	176	264
Vision	220	220	149	71
Long Term Disability	360	360	132	228
Workers Comp	200	200	186	14
Total Personnel Services	133,490	133,490	89,318	44,172
SUPPLIES:				
Office Supplies	2,000	2,000	1,824	176
Postage	2,000	2,000	980	1,020
Total Supplies	4,000	4,000	2,804	1,196
CONTRACTUAL:				
Communications	1,800	1,800	1,426	374
Software	5,100	5,100	2,924	2,176
Insurance & Bonds	150	150	50	100
Publications & Advertising	800	800	36	764
ETS Fees/Bank Service Charges	6,300	6,300	6,226	74
Association Dues	300	300	280	20
Travel	2,000	2,000	63	1,937
Schools	1,000	1,000	733	267
Total Contractual	17,450	17,450	11,738	5,712
MAINTENANCE:				
Furniture and Fixtures	500	1,800	1,701	99
Total Maintenance	500	1,800	1,701	99
SUNDRY:				
Court Expense	400	400	306	94
Legal	18,000	18,000	9,060	8,940
Professional	10,000	13,000	12,050	950
Transfer to State-Fines	200,000	201,000	200,211	789
Total Sundry	228,400	232,400	221,627	10,773
TOTAL COURT	\$ 383,840	\$ 389,140	\$ 327,188	\$ 61,952

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2015

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
POLICE				
PERSONNEL SERVICES				
Supervision	\$ 67,000	\$ 67,000	\$ 53,380	\$ 13,620
Salaries-Full-time	842,540	842,540	698,378	144,162
Salaries-Part-time	8,000	8,000	5,327	2,673
Overtime	35,000	35,000	31,588	3,412
Vacation	-	-	52,895	(52,895)
Sick Leave	-	-	17,521	(17,521)
Holiday	-	-	38,943	(38,943)
Comp Time	-	-	14,277	(14,277)
Retirement	144,500	144,500	137,123	7,377
Social Security/Medicare	72,900	72,900	69,791	3,109
Health Insurance	125,000	125,000	118,926	6,074
Dental	7,200	7,200	7,987	(787)
Life Insurance	5,000	5,000	2,835	2,165
Vision	2,500	2,500	2,241	259
Long Term Disability	4,000	4,000	2,338	1,662
Workers Comp	23,000	23,000	15,991	7,009
Total Personnel Services	1,336,640	1,336,640	1,269,541	67,099
SUPPLIES:				
Office Supplies	6,000	6,000	5,965	35
Postage	1,000	1,200	1,111	89
Wearing Apparel	6,000	6,200	6,618	(418)
Fuel/Gas & Diesel	50,000	50,000	38,772	11,228
Technical Supplies	6,000	6,000	4,482	1,518
Miscellaneous Supplies	6,500	6,500	3,844	2,656
Total Supplies	75,500	75,900	60,792	15,108
CONTRACTUAL:				
Communications-Telephone	3,500	3,500	15,722	(12,222)
Communications	18,000	18,000	2,594	15,406
Insurance & Bonds	15,000	15,500	15,148	352
Publications & Advertising	1,500	1,500	469	1,031
Association Dues	1,000	1,000	336	664
Travel	4,000	4,500	4,466	34
Schools	4,000	4,000	3,111	889
ETS/Bank Svc Chgs	-	100	27	73
Contracts - Miscellaneous	37,000	37,000	25,123	11,877
Total Contractual	84,000	85,100	66,996	18,104
MAINTENANCE:				
Machinery & Equipment	40,000	40,000	11,974	28,026
Motor Vehicle & Maintenance	25,000	31,000	50,409	(19,409)
Miscellaneous Maintenance	4,000	4,000	3,107	893
Building & Grounds	2,000	2,000	1,165	835
Total Maintenance	71,000	77,000	66,655	10,345
SUNDRY:				
Legal	8,000	8,000	1,580	6,420
Professional	4,000	4,000	3,126	874
Total Sundry	12,000	12,000	4,706	7,294
CAPITAL EXPENDITURES				
Motor Vehicle	77,000	77,000	86,365	(9,365)
Technical Equipment	-	-	28,955	(28,955)
Total Capital Expenditures	77,000	77,000	115,320	(38,320)
TOTAL POLICE	\$ 1,656,140	\$ 1,663,640	\$ 1,584,010	\$ 79,630

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2015

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
FIRE				
PERSONNEL SERVICES:				
Retirement	\$ 12,000	\$ 12,000	\$ 13,068	\$ (1,068)
Total Personnel Services	12,000	12,000	13,068	(1,068)
CAPITAL EXPENDITURES:				
Other Equipment	5,000	5,000	4,167	833
Total Capital Expenditures	5,000	5,000	4,167	833
TOTAL FIRE	17,000	17,000	17,235	(235)
PUBLIC WORKS				
PERSONNEL SERVICES				
Salaries-Full-time	134,000	134,000	116,069	17,931
Salaries-Part-time	15,000	15,000	20,735	(5,735)
Overtime	6,000	6,000	13,460	(7,460)
Vacation	-	-	5,244	(5,244)
Sick Leave	-	-	2,429	(2,429)
Holiday	-	-	5,964	(5,964)
Comp Time	-	-	2,132	(2,132)
Retirement	23,000	23,000	21,990	1,010
Social Security/Medicare	12,000	12,000	12,702	(702)
Health Insurance	23,500	23,500	23,236	264
Dental	1,400	1,400	1,540	(140)
Life Insurance	1,000	1,000	443	557
Vision	450	450	432	18
Long Term Disability	920	920	366	554
Workers Comp	2,200	2,200	1,294	906
Total Personnel Services	219,470	219,470	228,036	(8,566)
SUPPLIES:				
Office Supplies	400	400	56	344
Postage	30	30	-	30
Wearing Apparel	1,000	1,000	496	504
Fuel/Gas & Diesel	18,000	18,000	16,293	1,707
Technical Supplies	1,500	1,500	2,285	(785)
Cleaning Supplies	400	400	37	363
Building Supplies	600	600	664	(64)
Tractor Supplies	4,000	5,000	5,223	(223)
Miscellaneous Supplies	500	500	382	118
Total Supplies	26,430	27,430	25,436	1,994
CONTRACTUAL:				
Communications	2,500	2,500	2,357	143
Insurance & Bonds	1,800	1,800	1,125	675
Utilities	130,000	130,000	128,008	1,992
Association Dues	200	200	-	200
Equipment Rental	1,000	1,000	890	110
Schools	600	1,000	914	86
Solid Waste Contract	600,000	690,000	685,804	4,196
Janitorial Service	7,150	7,150	5,640	1,510
Total Contractual	743,250	833,650	824,738	8,912
MAINTENANCE:				
Building and Grounds	36,000	46,000	43,822	2,178
Machinery & Equipment	25,000	31,000	33,186	(2,186)
Motor Vehicle & Maintenance	7,000	10,300	15,202	(4,902)
Miscellaneous Maintenance	5,000	5,000	-	5,000
Streets & Alleys	30,000	42,000	41,457	543
Culverts	2,000	54,000	1,532	52,468
Athletic Fields-Grounds	-	10,000	9,690	310
Signals & Markers	12,000	15,000	15,274	(274)
Total Maintenance	\$ 117,000	\$ 213,300	\$ 160,163	\$ 53,137

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2015

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
SUNDRY:				
Legal	\$ 200	\$ 200	\$ -	\$ 200
Professional	5,000	14,000	16,846	(2,846)
Total Sundry	5,200	14,200	16,846	(2,646)
CAPITAL EXPENDITURES:				
Streets	100,000	100,000	52,693	47,307
Buildings and Grounds	20,000	20,000	17,167	2,833
Machinery and Equipment	13,000	13,000	11,200	1,800
Motor Vehicle	75,000	75,000	-	75,000
Total Capital Expenditures	208,000	208,000	81,060	126,940
TOTAL PUBLIC WORKS	1,319,350	1,516,050	1,336,279	179,771
TOURISM				
SUPPLIES:				
Office Supplies	-	1,800	1,536	264
Postage	-	100	49	51
Event - Food	-	400	342	58
Event - Supplies	-	500	405	95
Event - Rentals	-	200	196	4
Total Supplies	-	3,000	2,528	472
SUNDRY:				
Miscellaneous	-	50	20	30
Publications & Advertising	-	500	441	59
Travel	-	1,500	1,326	174
Schools	-	100	80	20
Business Networking	-	100	94	6
Events	-	200	200	-
Professional	-	1,500	1,788	(288)
Total Sundry	-	3,950	3,949	1
TOTAL TOURISM	-	6,950	6,477	473
TRANSFERS:				
Transfer to Tourism	-	22,300	-	22,300
Total Transfers	-	22,300	-	22,300
TOTAL EXPENDITURES - BUDGET BASIS	\$ 4,559,960	\$ 4,910,280	4,429,193	\$ 481,087
Financial Statement Adjustments:				
Increase in accrued expenditures			102,635	
Transfers out not budgeted			55,302	
TOTAL EXPENDITURES - GAAP BASIS			\$ 4,587,130	

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
WATER & SEWER FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2015

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES				
Charges for services:				
Water sales	\$ 1,460,000	\$ 1,482,000	\$ 1,468,373	\$ (13,627)
Sewer charges	756,000	824,000	865,945	41,945
Tap and connect fees	45,000	45,000	57,405	12,405
Miscellaneous	8,000	8,000	12,064	4,064
Reimbursed funds	-	-	40,694	40,694
Interest	<u>6,000</u>	<u>6,000</u>	<u>9,435</u>	<u>3,435</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES - BUDGET BASIS	 <u>\$ 2,275,000</u>	 <u>\$ 2,365,000</u>	 2,453,916	 <u>\$ 88,916</u>
Financial Statement Adjustments:				
Water and sewer receivable for September 2014			(313,761)	
Water and sewer receivable for September 2015			362,415	
Insurance proceeds			42,243	
Transfer in			<u>713,928</u>	
TOTAL REVENUES AND OTHER FINANCING SOURCES - GAAP BASIS			 <u>\$ 3,258,741</u>	

CITY OF LINDALE, TEXAS
 DETAILED SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
 (NON-GAAP BUDGET BASIS)
 WATER & SEWER FUND
 FISCAL YEAR ENDED SEPTEMBER 30, 2015

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
WATER & SEWER OPERATIONS				
PERSONNEL SERVICES:				
Supervision	\$ 113,300	\$ 113,300	\$ 54,462	\$ 58,838
Salaries Full-time	360,500	360,500	323,834	36,666
Overtime	20,000	20,000	40,677	(20,677)
Vacation	-	-	15,769	(15,769)
Sick Leave	-	-	9,540	(9,540)
Holiday	-	-	20,021	(20,021)
Comp Time	-	-	5,094	(5,094)
Retirement	75,551	75,551	71,056	4,495
Social Security/Medicare	37,776	37,776	35,909	1,867
Health Insurance	74,000	74,000	70,640	3,360
Dental	4,500	4,500	4,636	(136)
Life Insurance	4,000	4,000	1,315	2,685
Vision	1,800	1,800	1,282	518
Long Term Disability	3,000	3,000	1,100	1,900
Workers Comp	18,000	18,000	11,926	6,074
Total Personnel Services	712,427	712,427	667,261	45,166
SUPPLIES:				
Office supplies	3,500	3,500	3,222	278
Postage	28,000	28,000	27,799	201
Wearing apparel	1,600	1,600	1,405	195
Fuel, gas & diesel	25,000	25,000	24,949	51
Technical supplies	13,000	14,500	14,281	219
Cleaning supplies	100	100	-	100
Building supplies	500	500	497	3
Food supplies	300	300	250	50
Chemicals & lab test	50,000	50,000	30,698	19,302
Tractor supplies	2,700	3,700	3,855	(155)
Miscellaneous supplies	500	500	492	8
Total Supplies and Materials	125,200	127,700	107,448	20,252
CONTRACTUAL:				
Communications	37,000	64,500	68,379	(3,879)
Insurance & Bonds - Casualty	7,000	8,000	7,995	5
Publications & advertising	500	700	589	111
Utilities	325,000	325,000	287,105	37,895
Association dues	900	900	196	704
Equipment rental	8,000	8,000	1,337	6,663
Travel	800	800	41	759
Schools	5,500	5,500	4,799	701
Software contract	13,000	16,000	15,377	623
BTS/Bank charges	17,500	19,500	18,502	998
Total Contractual	415,200	448,900	404,320	44,580
MAINTENANCE:				
Buildings & grounds	3,500	5,300	5,357	(57)
Janitorial	4,000	4,000	8	3,992
Furniture & Fixtures	400	400	-	400
Machinery & equipment	24,000	24,000	23,633	367
Motor vehicles & maintenance	5,000	5,500	6,252	(752)
Miscellaneous	500	500	65	435
Total Maintenance	\$ 37,400	\$ 39,700	\$ 35,315	\$ 4,385

SCHEDULE "23"

LINDALE ECONOMIC DEVELOPMENT CORPORATION
 STATEMENT OF ACTIVITIES
 (NONGOVERNMENTAL PRESENTATION)
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Unrestricted</u>
Revenues, Gains, and Other Support	
Sales tax	\$ 878,427
Interest income	16,337
Rent income	27,816
Other income	52
Total Revenues, Gains, and Other Support	<u>922,632</u>
Expenses and Losses	
Salaries, benefits and payroll taxes	101,032
Professional services	13,582
Contract labor	6,246
Office rent	35,250
Office supplies	2,787
Postage/Express Mail	127
Communications	2,810
Seminars/education	688
Conferences and meetings	3,206
Dues and subscriptions	475
Travel	2,141
Memberships	3,040
Interest and bank charges	114,272
Maintenance of properties	1,467
Marketing materials	2,873
Surety Bond	3,000
ICSC	1,683
ETX I-20 Corridor	1,910
Board Expenditures	316
Website	18,608
Advertising materials	9,834
Project expense	39,000
Depreciation	51,779
Total Expenses and Losses	<u>416,126</u>
Change in Net Position	506,506
Net Position at Beginning of Year, as previously reported	5,074,990
Prior Period Adjustment for the effects of GASB Statement 68	<u>(56,159)</u>
Net Position at Beginning of Year, as restated	<u>5,018,831</u>
Net Position at End of Year	<u>\$ 5,525,337</u>

**LINDALE ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
(NONGOVERNMENTAL PRESENTATION)
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net position	\$ 506,506
Adjustments to change in net assets to cash provided by (used in) operating activities:	
Depreciation expense	51,779
(Increase) decrease in assets:	
Sales tax receivable	(15,543)
Prepaid rent	35,250
Deferred outflows	(1,784)
Increase (decrease) in liabilities:	
Deferred inflows	2,936
Net pension liability	(2,786)
Accrued expenses	<u>1,018</u>
Total Adjustments	<u>70,870</u>
Net Cash Provided by Operating Activities	<u>577,376</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	<u>(300,000)</u>
Net Cash Used in Investing Activities	<u>(300,000)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments on notes payable	<u>(180,475)</u>
Net Cash Used in Financing Activities	<u>(180,475)</u>
Net Increase in Cash & Cash Equivalents	96,901
Cash and cash equivalents, beginning of year	<u>703,143</u>
Cash and cash equivalents, end of year	<u>\$ 800,044</u>
 SUPPLEMENTAL INFORMATION:	
Cash paid for interest	<u>\$ 114,272</u>

OTHER REPORTS

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

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, 2015 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 February 16, 2016.

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 preceding paragraph 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.

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.

Use of Signature Stamp

It was noted during the audit that the municipal judge frequently uses a signature stamp on documents to dismiss cases when no fines are collected. In discussion with client personnel, it was noted that multiple signature stamps with the judge's signature exist and are in use by court personnel. This creates a material weakness in internal control that would allow fraud to occur that would not be detected by other means. All signature stamps should be in the possession on the municipal judge and used only under his authority.

Compliance and Other Matters

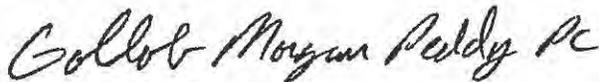
As part of obtaining reasonable assurance about whether City of Lindale, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and 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
February 16, 2016



February 23, 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, 2015 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.

Use of Signature Stamp

The court has mitigated control by having two separate distinguished stamps in the court. Judge's signature stamp with his title is kept in his possession and the one with his signature only is in the possession of court clerks. This will distinguish who stamped the document.

With the combined effort and teamwork, our goal is to provide internal control to prohibit these identified deficiencies in the future and provide accurate and up to date financial reporting free of material misstatement of the City's financial activity.

Craig Lindholm, City Manager

Carolyn Caldwell, City Sec/Fin Dir

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