

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

**FISCAL YEAR ENDED SEPTEMBER 30, 2017**

**Gollob Morgan Peddy PC**  
CERTIFIED PUBLIC ACCOUNTANTS

1001 ESE Loop 323, Suite 300, Tyler, TX 75701  
Tel 903-534-0088 Fax 903-581-3915 [www.gmpcpa.com](http://www.gmpcpa.com)  
Members American Institute of Certified Public Accountants and Private Companies Practice Section



CITY OF LINDALE, TEXAS

TABLE OF CONTENTS

SEPTEMBER 30, 2017

	<u>EXHIBIT OR SCHEDULE</u>	<u>PAGE</u>
<b>FINANCIAL SECTION</b>		
Independent Auditors' Report		1-2
Management's Discussion and Analysis		3-9
<b>Basic Financial Statements:</b>		
<b>Government-wide Financial Statements:</b>		
Statement of Net Position	1	10
Statement of Activities	2	11
<b>Fund Financial Statements:</b>		
Balance Sheet – Governmental Funds	3	12-13
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	4	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances of Governmental Funds to the Statement of Activities	5	15
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	6	16-17
Statement of Net Position – Proprietary Funds	7	18
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	8	19
Statement of Cash Flows – Proprietary Funds	9	20-21
Notes to the Financial Statements		22-43
<b>Required Supplemental Information:</b>		
Schedule of Changes in Net Pension Liability and Related Ratios	1	44-45
<b>Additional Supplemental Information:</b>		
<b>Combining Statements:</b>		
Combining Financial Statements – Nonmajor Governmental Funds Combining Balance Sheet	2	46-47
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	3	48-49
<b>Combining Financial Statements – Proprietary Funds</b>		
Combining Statement of Net Position	4	50
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	5	51
Combining Statement of Cash Flows	6	52-53
Detailed Schedule of Revenues and Expenditures –		

**CITY OF LINDALE, TEXAS**

**TABLE OF CONTENTS**

**SEPTEMBER 30, 2017**

	<u>EXHIBIT OR SCHEDULE</u>	<u>PAGE</u>
Budget and Actual (Non-GAAP Budget Basis) – Cemetery Fund	7	54
Detailed Schedule of Revenues and Expenditures -		
Budget and Actual (Non-GAAP Budget Basis) – Court Technology Fund	8	55
Detailed Schedule of Revenues and Expenditures -		
Budget and Actual (Non-GAAP Budget Basis) – Building Security Fund	9	56
Detailed Schedule of Revenues and Expenditures -		
Budget and Actual (Non-GAAP Budget Basis) – Child Safety Fees Fund	10	57
Detailed Schedule of Revenues and Expenditures -		
Budget and Actual (Non-GAAP Budget Basis) – Hotel-Motel Occupancy Tax Fund	11	58
Detailed Schedule of Revenues and Expenditures -		
Budget and Actual (Non-GAAP Budget Basis) – Parrot Park Museum Fund	12	59
Detailed Schedule of Revenues and Expenditures -		
Budget and Actual (Non-GAAP Budget Basis) Kinzie House Fund	13	60
Detailed Schedule of Revenues and Expenditures -		
Budget and Actual (Non-GAAP Budget Basis) Tourism Fund	14	61-62
Detailed Schedule of Revenues and Expenditures -		
Budget and Actual (Non-GAAP Budget Basis) – Debt Service Fund	15	63
Detailed Schedule of Revenues – Budget and Actual		
(Non-GAAP Budget Basis) –General Fund	16	64
Detailed Schedule of Expenditures – Budget and Actual -		
(Non-GAAP Budget Basis) –General Fund	17	65-70
Detailed Schedule of Revenues – Budget and Actual -		
(Non-GAAP Budget Basis) – Water and Sewer Fund	18	71
Detailed Schedule of Expenses – Budget and Actual -		
(Non-GAAP Budget Basis) – Water and Sewer Fund	19	72-73
Schedule of Changes in Governmental Capital Assets – by Source	20	74
Schedule of Changes in Governmental Long-Term Debt	21	75
Statement of Net Position (Nongovernmental Presentation)		
Lindale Economic Development Corporation	22	76
Statement of Activities (Nongovernmental Presentation)		
Lindale Economic Development Corporation	23	77
Statement of Cash Flows (Nongovernmental Presentation)		
Lindale Economic Development Corporation	24	78
 Other Reports:		
 Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		79-80

## 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, 2017, 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, 2017 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's

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

#### *Other Information*

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

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

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

#### *Emphasis of Matter*

As discussed in Note 12 to the financial statements, there were two prior period adjustments to beginning fund balance. The first was to record water rights purchased by the Lindale Economic Development Corporation in a prior year. The second was to remove and redistribute amounts attributed to the Lindale Economic Development Corporation's prior participation in the Texas Municipal Retirement System, to the Governmental Activities and Business-Type Activities of the City. Our opinions are not modified with respect to these matters.

#### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2017 on our consideration of City of Lindale, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Lindale, Texas' internal control over financial reporting and compliance.



Certified Public Accountants

Tyler, Texas  
December 6, 2017

Gollob Morgan Peddy PC  
1001 ESE Loop 323, Suite 300, Tyler, TX 75701  
Tel 903-534-0088 Fax 903-581-3915 www.gmpcpa.com

Members American Institute of Certified Public Accountants and Private Companies Practice Section

**City Of Lindale**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2017**

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, 2017.

**Financial Highlights**

- As of the end of the current fiscal year, the assets of the City exceed its liabilities by \$21,618,877 (net position). The net position is made up of \$15,834,531 in capital assets net of related debt, (1,443,465) set aside for capital improvements, \$1,361,379 restricted to meet the City's ongoing debt obligations to creditors, \$335,820 restricted for parks, \$1,042,646 set aside for tourism, \$203,777 restricted for other purposes and \$4,284,189 unrestricted, available resources.
- At the close of the current fiscal year, the City of Lindale's governmental funds reported a combined ending fund balance of \$5,529,892. Of the balance, \$1,897,977 is undesignated and available by the City's designation and policies
- At the end of the current fiscal year, undesignated fund balance in the general fund was \$1,897,977 that represents 36% of the total 2017 general fund expenditures.
- The City's total non-current liabilities decreased to \$19,651,039. That is an \$945,415 decrease over the prior year 2016 balance of \$20,596,454. The decrease from 2016 to 2017 is due to no new debt being issued in 2017 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 fourteenth 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, 2017, the City's assets exceeded liabilities by \$21,618,877. This amount is greater than the 2016 balance of \$20,634,293. By far the largest portion of the City's net assets is the \$15,834,531 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 2017 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 2017 investment in capital assets amount of \$15,834,531 was greater than the 2016 total of \$15,806,107. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

### **City of Lindale Total Net Position**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current and other assets	6,277,664	7,727,240	2,098,753	2,216,571	8,376,417	\$9,943,811
Capital assets	17,005,352	15,440,115	15,985,863	16,544,692	32,991,215	31,984,807
<b>Total assets</b>	<b>23,283,016</b>	<b>23,167,355</b>	<b>18,084,616</b>	<b>18,761,263</b>	<b>41,367,632</b>	<b>41,928,618</b>
<b>Total Deferred Outflows</b>	<b>659,564</b>	<b>660,470</b>	<b>131,705</b>	<b>118,899</b>	<b>791,269</b>	<b>779,369</b>

Current liabilities	489,261	1,024,032	327,803	427,178	817,064	1,451,210
Non-current liabilities	16,544,203	17,395,700	3,106,836	3,200,754	19,651,039	20,596,454
<b>Total liabilities</b>	<b>17,033,464</b>	<b>18,419,732</b>	<b>3,434,639</b>	<b>3,627,932</b>	<b>20,468,103</b>	<b>22,047,664</b>
<b>Total Deferred Inflow</b>	<b>55,124</b>	<b>19,951</b>	<b>16,797</b>	<b>6,079</b>	<b>71,921</b>	<b>26,030</b>
Net invested in capital	-	-	15,834,531	15,806,107	15,834,531	15,806,107
Restricted	3,406,253	2,806,209	(1,906,096)	(1,449,703)	(1,500,157)	1,356,506
Unrestricted	3,447,739	2,581,933	836,450	889,747	4,284,189	3,471,680
<b>Total Net Position</b>	<b>6,853,992</b>	<b>5,388,142</b>	<b>14,764,885</b>	<b>15,246,151</b>	<b>21,618,877</b>	<b>20,634,293</b>

**Governmental activities.** Consistent with the preceding governmental net position, this is the fourteenth 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 \$1,537,831 to the governmental activities net position in fiscal year 2017. This is \$1,087,525 increase over last year 2016 change in net position of governmental activities.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
<b>Revenues</b>						
Charges for services	1,688,821	1,392,023	2,518,259	2,566,242	4,207,080	3,958,265
Operating Grants and contribution	-	-	64,473	-	64,473	-
Capital grants and contribution	146,610	184,688	-	-	146,610	184,688
<b>General revenue</b>						
Property taxes	2,431,797	2,327,934	-	-	2,431,797	2,327,934
Franchise taxes	293,872	301,791	-	-	293,872	301,791
Sales and use taxes	1,987,457	1,872,771	-	-	1,987,457	1,872,771
Hotel/Motel taxes	392,691	447,671	-	-	392,691	447,671
Sales of lots	19,200	30,800	-	-	19,200	30,800
Gain on sale of assets	-	-	-	-	-	-
Loss on sale of assets	-	-	-	-	-	-
Insurance Proceeds	4,445	9,057	18,360	-	22,805	9,057
Interest and rent	221,198	244,499	19,837	22,637	241,035	267,136
LEDC Donation	700,000	-	-	-	700,000	-
Miscellaneous	109,977	101,383	-	-	109,977	101,383
Transfers	338,550	205,801	(338,550)	(205,801)	-	-
<b>Total revenue</b>	<b>8,334,618</b>	<b>7,118,418</b>	<b>2,282,379</b>	<b>2,383,078</b>	<b>10,616,997</b>	<b>9,501,496</b>
<b>Expenses</b>						
General government	1,894,333	1,623,314	-	-	1,894,333	1,623,314
Public Safety	2,181,640	2,097,032	-	-	2,181,640	2,097,032
Public Works	1,544,257	1,533,612	-	-	1,544,257	1,533,612
Economic Development	13,050	15,155	-	-	13,050	15,155
Tourism	9,359	19,811	-	-	9,359	19,811
Interest	533,327	586,645	116,845	115,024	650,172	701,669
Water/Sewer Operation	-	-	2,625,110	2,501,738	2,625,110	2,501,738
Bond Issue Cost	-	-	-	-	-	-
Other	621,621	793,343	-	-	621,621	793,343
<b>Total expenses</b>	<b>6,797,587</b>	<b>6,668,912</b>	<b>2,741,955</b>	<b>2,616,762</b>	<b>9,539,542</b>	<b>9,285,674</b>
<b>Change in net position</b>	<b>1,537,031</b>	<b>449,506</b>	<b>(459,576)</b>	<b>(233,684)</b>	<b>1,077,455</b>	<b>215,822</b>

### Financial Analysis of the Government's Funds

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

### *Governmental funds.*

The focus of the City's Governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's ability to finance upcoming requirements. In particular, 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 2017 year ending fund balance of \$5,529,892 had four major components. These include \$1,897,977 in the general fund, \$1,410,294 in debt service fund, \$176,747 in 2015 TIF Bond, \$897,128 in Hotel/Motel tax, and \$1,147,746 in other governmental funds. The unrestricted portion of the General Fund represented 36% percent of the 2017 expenses that is greater than the 30.49% expenses coverage in fiscal year 2016.

### *Proprietary funds.*

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

The 2017 unrestricted net assets of the proprietary fund amounted to \$836,450 as compared to the 2016 \$889,747 which is all held by the water and sewer fund.

A (\$338,550) net transfer from the Water Fund resulted in a 2017 change to the Proprietary Fund net assets of (\$459,576).

## **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, 2017 of \$15,834,531 is comparable to the 2016 total of \$15,806,107. Net capital assets without the related debt reflect the capital asset value of \$32,991,215 changed from the 2016 value of \$31,984,807.

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

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	3,682,699	3,682,699	172,926	172,926	3,855,625	3,855,625
Construction in progress		3,420,451	196,827	1,240,522	196,827	4,660,973
Building and Improvements	10,081,579	4,823,767	324,444	324,444	10,406,023	5,148,211
Water and sewer system	-	-	24,768,688	23,585,117	24,768,688	23,585,117
Infrastructure	6,229,403	6,098,495	-	-	6,229,403	6,098,495
Machinery and Equipment	2,037,764	2,024,447	948,034	948,034	2,985,798	2,972,508
<b>Total</b>	<b>22,031,445</b>	<b>20,049,859</b>	<b>26,410,919</b>	<b>26,271,043</b>	<b>48,442,364</b>	<b>46,320,902</b>
Less Accumulated Depreciation	(5,026,093)	(4,609,744)	(10,425,056)	(9,726,351)	(15,451,149)	(14,336,095)
<b>Combined Total</b>	<b>17,005,352</b>	<b>15,440,115</b>	<b>15,985,863</b>	<b>16,544,692</b>	<b>32,991,215</b>	<b>31,984,807</b>

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

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

At the end of the fiscal year 2017, the City governmental activities had outstanding debt obligations of \$14,247,523 plus \$434,501 of unamortized bond premium that totals \$14,682,024.

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

### Outstanding Debt at Year-End

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Certificates of obligation	6,962,523	7,300,983	2,455,000	2,575,000	9,417,523	9,875,983
General obligations	7,285,000	7,910,000		17,269	7,285,000	7,927,269
Capital Lease	13,729	19,814	11,668	-	25,397	19,814
Unamortized bond premium	434,501	513,094	95,220	106,042	529,721	619,136
Compensated absences	261,960	206,346	61,542	62,006	323,502	268,352
Net Pension Liability	1,586,490	1,445,463	483,406	440,437	2,069,896	1,885,900
<b>Combined total</b>	<b>16,544,203</b>	<b>17,395,700</b>	<b>3,106,836</b>	<b>3,200,754</b>	<b>19,651,039</b>	<b>20,596,454</b>

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

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

The tax rate was raised from \$.472218 to \$.476 which is slightly higher than the rate last year. We feel the tax rate will continue to be in the same area and do not foresee any change.

Sales tax plays such a critical part in the revenues of our City and still shows a steady increase this year. 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 2017-2018 Budget maintained current employee benefits and allowed for a 3% pay increase through evaluations. We added one new full time Patrol Officer in the Police Department, 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, 2017**

	PRIMARY GOVERNMENT			COMPONENT UNIT LINDALE ECONOMIC DEVELOPMENT CORPORATION
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,221,576	\$ 861,938	\$ 6,083,514	\$ 767,918
Investments	310,123	478,336	788,459	1,750,000
Receivables (net of allowance for doubtful accounts)	757,176	362,415	1,119,591	166,137
Prepaid expenses	131,625	-	131,625	161,563
Other assets	-	-	-	161,535
Internal balances	(142,836)	142,836	-	-
Restricted Assets:				
Temporarily restricted				
Cash and cash equivalents	-	253,228	253,228	-
Capital Assets (net of accumulated depreciation):				
Land	3,682,699	172,926	3,855,625	3,628,776
Buildings and improvements	8,694,323	215,558	8,909,881	-
Infrastructure	4,345,310	-	4,345,310	1,762,288
Machinery and equipment	283,020	114,387	397,407	8,887
Construction in progress	-	196,827	196,827	-
Water and sewer system	-	15,286,165	15,286,165	-
Total Capital Assets	<u>17,005,352</u>	<u>15,985,863</u>	<u>32,991,215</u>	<u>5,399,951</u>
Total Assets	<u>23,283,016</u>	<u>18,084,616</u>	<u>41,367,632</u>	<u>8,407,104</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding (net of amortization)	227,321	-	227,321	-
Deferred charge on TMRS pension	432,243	131,705	563,948	-
Total Deferred Outflows of Resources	<u>659,564</u>	<u>131,705</u>	<u>791,269</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	434,797	63,444	498,241	2,269
Deposits and other refundable balances	-	253,228	253,228	-
Accrued interest	54,464	11,131	65,595	15,823
Non-current liabilities:				
Due within one year	1,115,039	146,330	1,261,369	203,467
Due in more than one year	15,429,164	2,960,506	18,389,670	2,171,060
Total Liabilities	<u>17,033,464</u>	<u>3,434,639</u>	<u>20,468,103</u>	<u>2,392,619</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred charge on TMRS pension	55,124	16,797	71,921	-
Total Deferred Inflows of Resources	<u>55,124</u>	<u>16,797</u>	<u>71,921</u>	<u>-</u>
<b>NET POSITION</b>				
Investment in capital assets, net of related debt	-	15,834,531	15,834,531	3,025,424
Restricted for:				
Tourism	1,042,646	-	1,042,646	-
Debt retirement	1,361,379	-	1,361,379	-
Parks				
Expendable	119,711	-	119,711	-
Nonexpendable	216,109	-	216,109	-
Capital improvements	462,631	(1,906,096)	(1,443,465)	-
Other purposes	203,777	-	203,777	-
Unrestricted	<u>3,447,739</u>	<u>836,450</u>	<u>4,284,189</u>	<u>2,989,061</u>
Total Net Position	<u>\$ 6,853,992</u>	<u>\$ 14,764,885</u>	<u>\$ 21,618,877</u>	<u>\$ 6,014,485</u>

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

CITY OF LINDALE, TEXAS  
STATEMENT OF ACTIVITIES  
SEPTEMBER 30, 2017

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		TOTAL	
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES		
<b>PRIMARY GOVERNMENT:</b>								
Governmental activities:								
General government	\$ 1,894,333	\$ 155,840	\$ -	\$ -	\$ (1,738,493)	\$ -	\$ (1,738,493)	\$ -
Public safety	2,181,640	558,055	-	-	(1,623,585)	-	(1,623,585)	-
Public works	1,544,257	974,926	-	146,610	(422,721)	-	(422,721)	-
Economic development	13,050	-	-	-	(13,050)	-	(13,050)	-
Tourism	9,359	-	-	-	(9,359)	-	(9,359)	-
Interest	533,327	-	-	-	(533,327)	-	(533,327)	-
Other	621,621	-	-	-	(621,621)	-	(621,621)	-
Total governmental activities	6,797,587	1,688,821	-	146,610	(4,962,156)	-	(4,962,156)	-
Business-type activities:								
Water and sewer	2,625,110	2,518,259	64,473	-	-	(42,378)	(42,378)	-
Interest	116,845	-	-	-	-	(116,845)	(116,845)	-
Total business-type activities	2,741,955	2,518,259	64,473	-	-	(159,223)	(159,223)	-
Total primary government	\$ 9,539,542	\$ 4,207,080	\$ 64,473	\$ 146,610	\$ (4,962,156)	\$ (159,223)	\$ (5,121,379)	\$ -
<b>COMPONENT UNIT:</b>								
Lindale Economic Development Corporation	\$ 1,248,505	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,248,505)
Total business-type activities	\$ 1,248,505	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,248,505)
General revenues:								
Current and delinquent property taxes					2,431,797	-	2,431,797	-
Franchise taxes					293,872	-	293,872	-
Sales tax					1,987,457	-	1,987,457	979,963
Hotel/motel taxes					392,691	-	392,691	-
Interest and rent					221,198	19,837	241,035	21,396
Insurance proceeds					4,445	18,360	22,805	-
LEDC Donation					700,000	-	700,000	-
Miscellaneous					109,977	-	109,977	51,000
Sale of lots					19,200	-	19,200	-
Transfers					338,550	(338,550)	-	-
Total general revenues and transfers					6,499,187	(300,353)	6,198,834	1,052,359
Change in net position					1,537,031	(459,576)	1,077,455	(196,146)
Net position - beginning of year					5,359,379	15,237,386	20,596,765	5,994,308
Prior period adjustment - (See Note 12)					(42,418)	(12,925)	(55,343)	216,323
Net position - beginning of year, as restated					5,316,961	15,224,461	20,541,422	6,210,631
Net Position - end of year					\$ 6,853,992	\$ 14,764,885	\$ 21,618,877	\$ 6,014,485

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

CITY OF LINDALE, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2017

	MAJOR FUNDS				OTHER GOVERNMENTAL FUNDS	ELIMINATIONS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	DEBT SERVICE	2015 TIF BOND	HOTEL MOTEL TAX			
<b>ASSETS</b>							
Cash and cash equivalents	\$ 1,819,077	\$ 1,410,294	\$ 225,662	\$ 895,798	\$ 870,745	\$ -	\$ 5,221,576
Investments	58,750	-	-	-	251,373	-	310,123
Receivables (net of allowance for doubtful accounts)							
Taxes	14,017	13,414	-	1,330	-	-	28,761
Sanitation	103,046	-	-	-	-	-	103,046
Other	625,369	-	-	-	-	-	625,369
Due from other funds	22,506	-	-	-	-	(7,656)	14,850
Prepaid expenditures	-	-	-	-	131,625	-	131,625
<b>Total Assets</b>	<b>\$ 2,642,765</b>	<b>\$ 1,423,708</b>	<b>\$ 225,662</b>	<b>\$ 897,128</b>	<b>\$ 1,253,743</b>	<b>\$ (7,656)</b>	<b>\$ 6,435,350</b>
<b>LIABILITIES</b>							
Accounts payable	\$ 92,846	\$ -	\$ 48,915	\$ -	\$ 42,483	\$ -	\$ 184,244
Accrued expenses	88,990	-	-	-	-	-	88,990
Unearned revenue - LEDC rent	161,563	-	-	-	-	-	161,563
Due to other funds	101,828	-	-	-	63,514	(7,656)	157,686
<b>Total Liabilities</b>	<b>445,227</b>	<b>-</b>	<b>48,915</b>	<b>-</b>	<b>105,997</b>	<b>(7,656)</b>	<b>592,483</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue - property taxes	14,017	13,414	-	-	-	-	27,431
Unavailable revenue - fines	285,544	-	-	-	-	-	285,544
<b>Total Deferred Inflows of Resources</b>	<b>299,561</b>	<b>13,414</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>312,975</b>
<b>FUND BALANCES</b>							
<b>Nonspendable:</b>							
Permanent fund principal	-	-	-	-	216,109	-	216,109
<b>Restricted for:</b>							
Capital improvements	-	-	-	-	462,631	-	462,631
Debt service	-	1,410,294	176,747	-	-	-	1,587,041
Tourism	-	-	-	897,128	145,518	-	1,042,646
Court technology	-	-	-	-	37,660	-	37,660
Building security	-	-	-	-	50,809	-	50,809
Child safety	-	-	-	-	22,184	-	22,184
Law enforcement purposes	-	-	-	-	15,642	-	15,642
PEG facilities	-	-	-	-	55,916	-	55,916
Boy Scout building upkeep	-	-	-	-	21,566	-	21,566
<b>Assigned to:</b>							
Cemetery	-	-	-	-	110,596	-	110,596
Parks and recreation	-	-	-	-	8,878	-	8,878
Kinzie house	-	-	-	-	237	-	237
Unassigned	1,897,977	-	-	-	-	-	1,897,977
<b>Total Fund Balances</b>	<b>1,897,977</b>	<b>1,410,294</b>	<b>176,747</b>	<b>897,128</b>	<b>1,147,746</b>	<b>-</b>	<b>5,529,892</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 2,642,765</b>	<b>\$ 1,423,708</b>	<b>\$ 225,662</b>	<b>\$ 897,128</b>	<b>\$ 1,253,743</b>	<b>\$ (7,656)</b>	<b>\$ 6,435,350</b>

CITY OF LINDALE, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2017

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

	Total Governmental Funds
Total fund balances governmental funds (Exhibit 3 page 1)	\$ 5,529,892
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	17,005,352
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	312,975
Deferred outflows represent the consumption of net position that are applicable to a future reporting period.	659,564
Deferred inflows is an acquisition of net assets that is applicable to a future reporting period.	(55,124)
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.	(54,464)
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>(16,544,203)</u>
Net Position of governmental activities	<u>\$ 6,853,992</u>

**CITY OF LINDALE, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	MAJOR FUNDS				OTHER GOVERNMENTAL FUNDS	ELIMINATIONS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	DEBT SERVICE	2015 TIF BOND	HOTEL MOTEL TAX			
<b>REVENUES</b>							
Current and delinquent property taxes	\$ 1,184,250	\$ 1,167,725	\$ -	\$ -	\$ 78,032	\$ -	\$ 2,430,007
Franchise taxes	293,872	-	-	-	-	-	293,872
Sales tax	1,987,457	-	-	-	-	-	1,987,457
Building permits	142,865	-	-	-	-	-	142,865
Fines and forfeitures	570,026	-	-	-	-	-	570,026
Solid waste collections	974,926	-	-	-	-	-	974,926
Interest	14,886	15,657	5,984	6,613	6,837	-	49,977
Rents	92,628	-	-	-	-	-	92,628
Sale of lots	-	-	-	-	19,200	-	19,200
Donations	-	-	-	-	712,975	-	712,975
Hotel / Motel tax	-	-	-	392,691	-	-	392,691
Grants	-	-	-	-	146,610	-	146,610
Miscellaneous income	67,171	-	-	-	42,806	-	109,977
<b>Total Revenues</b>	<b>5,328,081</b>	<b>1,183,382</b>	<b>5,984</b>	<b>399,304</b>	<b>1,006,460</b>	<b>-</b>	<b>7,923,211</b>
<b>EXPENDITURES</b>							
General Government	1,704,959	-	-	-	-	-	1,704,959
Public safety	2,043,303	-	-	-	-	-	2,043,303
Public works	1,319,497	-	-	-	-	-	1,319,497
Economic development	13,050	-	-	-	-	-	13,050
Tourism	9,359	-	-	-	-	-	9,359
Other	-	1,650	-	157,742	462,229	-	621,621
Debt service:							
Principal	6,085	963,460	-	-	-	-	969,545
Interest and fees	566	504,037	-	-	-	-	504,603
Capital outlay	142,593	-	1,338,866	140,043	377,040	-	1,998,542
<b>Total Expenditures</b>	<b>5,239,412</b>	<b>1,469,147</b>	<b>1,338,866</b>	<b>297,785</b>	<b>839,269</b>	<b>-</b>	<b>9,184,479</b>
Revenues Over (Under) Expenditures	88,669	(285,765)	(1,332,882)	101,519	167,191	-	(1,261,268)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	150,000	400,000	-	-	458,712	(458,712)	550,000
Transfers out	(5,522)	(211,450)	-	(453,190)	-	458,712	(211,450)
Insurance Proceeds	4,445	-	-	-	-	-	4,445
<b>Total Other Financing Sources (Uses)</b>	<b>148,923</b>	<b>188,550</b>	<b>-</b>	<b>(453,190)</b>	<b>458,712</b>	<b>-</b>	<b>342,995</b>
Net Change in Fund Balances	237,592	(97,215)	(1,332,882)	(351,671)	625,903	-	(918,273)
Fund Balance, October 1, 2016	1,660,385	1,507,509	1,509,629	1,248,799	521,843	-	6,448,165
Fund Balance, September 30, 2017	\$ 1,897,977	\$ 1,410,294	\$ 176,747	\$ 897,128	\$ 1,147,746	\$ -	\$ 5,529,892

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

EXHIBIT 5

**CITY OF LINDALE, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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

Net change in fund balances - total governmental funds	\$	(918,273)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		1,565,237
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(10,181)
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.		963,234
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.		(62,986)
		963,234
Change in net position of governmental activities	\$	1,537,031

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, 2017**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
<b>REVENUES</b>				
Current and delinquent property taxes	\$ 1,193,000	\$ 1,193,000	\$ 1,184,250	\$ (8,750)
Franchise taxes	271,000	271,000	293,872	22,872
Sales tax	1,725,000	1,725,000	1,964,705	239,705
Building permits	55,000	55,000	142,865	87,865
Fines and forfeitures	430,000	430,000	570,026	140,026
Solid waste collections	895,000	895,000	974,926	79,926
Interest	12,000	12,000	14,886	2,886
Rents	66,000	66,000	92,628	26,628
Insurance proceeds	-	-	4,445	4,445
Miscellaneous income	15,000	15,000	67,171	52,171
<b>Total Revenues</b>	<b>4,662,000</b>	<b>4,662,000</b>	<b>5,309,774</b>	<b>647,774</b>
<b>EXPENDITURES</b>				
General Government	1,132,400	1,195,975	1,868,819	(672,844)
Public safety	2,207,280	2,221,740	2,042,546	179,194
Public works	1,588,220	1,591,620	1,352,891	238,729
Tourism	17,100	17,100	9,359	7,741
<b>Total Expenditures</b>	<b>4,945,000</b>	<b>5,026,435</b>	<b>5,273,615</b>	<b>(247,180)</b>
Revenues Over (Under) Expenditures	(283,000)	(364,435)	36,159	400,594
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	150,000	150,000
Transfers out	-	-	(5,522)	(5,522)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>144,478</b>	<b>144,478</b>
Revenues and Other Sources Over (Under) Expenditures and Other Uses - Budget Basis	(283,000)	(364,435)	180,637	545,072
Budget Basis to GAAP Basis Adjustments (Note A)	-	-	56,955	56,955
Revenues and Other Sources Over (Under) Expenditures and Other Uses - GAAP Basis	(283,000)	(364,435)	237,592	602,027
Fund Balance, October 1, 2016	283,000	364,435	1,660,385	1,295,950
Fund Balance, September 30, 2017	\$ -	\$ -	\$ 1,897,977	\$ 1,897,977

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, 2017

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

\$ 22,752

Uses/Outflows of Resources:

Differences - Budget to GAAP

Decrease in accrued expenditures

34,203

Net Change in Budget Basis Presentation and GAAP Basis Presentation

\$ 56,955

**CITY OF LINDALE, TEXAS  
COMBINED STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2017**

	<u>BUSINESS-TYPE ACTIVITIES</u>
	<u>ENTERPRISE FUNDS</u>
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 861,938
Investments	478,336
Accounts receivable (Net)	362,415
Other current assets	<u>157,686</u>
<b>Total Current Assets</b>	<u>1,860,375</u>
Restricted current assets:	
Temporarily Restricted	
Customer deposits	<u>253,228</u>
<b>Total restricted current assets</b>	<u>253,228</u>
Capital Assets:	
Land	172,926
Water & Sewer system	24,768,688
Buildings	324,444
Machinery & equipment	948,034
Construction in progress	196,827
Less: Accumulated depreciation	<u>(10,425,056)</u>
<b>Total Capital Assets Net Of Accumulated Depreciation</b>	<u>15,985,863</u>
<b>Total Noncurrent Assets</b>	<u>15,985,863</u>
<b>Total Assets</b>	<u>18,099,466</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on TMRS pension	<u>131,705</u>
<b>Total Deferred Outflows of Resources</b>	<u>131,705</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	38,776
Accrued expenses	35,799
Compensated absences	10,257
Due to other funds	14,850
Capital lease - current portion	5,755
Long term debt - current portion	<u>130,318</u>
<b>Total Current Liabilities</b>	<u>235,755</u>
Current liabilities payable from restricted assets:	
Customer deposits	<u>253,228</u>
<b>Total current liabilities payable from restricted assets</b>	<u>253,228</u>
Noncurrent Liabilities:	
Long term debt	2,419,902
Capital lease	5,913
Compensated absences	51,285
Net pension liability	<u>483,406</u>
<b>Total Noncurrent Liabilities</b>	<u>2,960,506</u>
<b>Total Liabilities</b>	<u>3,449,489</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred charge on TMRS pension	<u>16,797</u>
<b>Total Deferred Inflows of Resources</b>	<u>16,797</u>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	15,834,531
Restricted for capital construction	<u>(1,906,096)</u>
Unrestricted	<u>836,450</u>
<b>Total Net Position</b>	<u>\$ 14,764,885</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, 2017**

	<u>BUSINESS-TYPE ACTIVITIES</u>
	<u>ENTERPRISE FUNDS</u>
<b>OPERATING REVENUES</b>	
Charges for services:	
Water sales	\$ 1,518,496
Sewer charges	933,719
Tap and connect fees	52,179
Miscellaneous	13,865
	13,865
Total Operating Revenues	2,518,259
<b>OPERATING EXPENSES</b>	
Water and sewer operations	1,926,405
Depreciation	698,705
	698,705
Total Operating Expenses	2,625,110
Operating Income (Loss)	(106,851)
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest and fiscal charge expense	(116,845)
Insurance proceeds	18,360
Grant proceeds	64,473
Interest income	19,837
	19,837
Total non-operating revenue (expenses)	(14,175)
Income (Loss) before transfers	(121,026)
Transfers in	211,450
Transfers out	(550,000)
	(550,000)
Total Transfers	(338,550)
Change in Net Position	(459,576)
Net Position, October 1, 2016	15,237,386
Prior period adjustment - (See Note 12)	(12,925)
	(12,925)
Net Position, October 1, 2016, as restated	15,224,461
Net Position, September 30, 2017	\$ 14,764,885

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, 2017

	<u>BUSINESS-TYPE ACTIVITIES</u>
	<u>ENTERPRISE FUNDS</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from customers and users	\$ 2,430,917
Cash paid to suppliers for goods and services	(1,219,483)
Cash paid to employees for services	(802,055)
	<hr/>
Net cash provided by operating activities	409,379
	<hr/>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>	
Transfers out	(550,000)
Transfers in	211,450
Insurance proceeds	18,360
Grant proceeds	64,473
	<hr/>
Net cash used in non-capital financing activities	(255,717)
	<hr/>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Acquisition and construction of capital assets and equipment	(139,876)
Capital lease payments	(5,601)
Bond payments	(130,823)
Interest paid	(116,845)
	<hr/>
Net cash used in capital and related financing activities	(393,145)
	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest earned	19,837
	<hr/>
Net cash provided by investing activities	19,837
	<hr/>
Net decrease in cash	(219,646)
	<hr/>
Cash, beginning of period	1,334,812
	<hr/>
Cash, end of period	\$ 1,115,166
	<hr/>
<b>Reconciliation of cash to Exhibit 7:</b>	
Cash - current asset	\$ 861,938
Cash - restricted current asset	253,228
Total cash, end of period	\$ 1,115,166
	<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, 2017

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

Operating loss	\$	(106,851)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense		698,705
Increase in other assets		(101,828)
Increase in deferred outflows		(2,182)
Decrease in accounts payable		(111,900)
Increase in customer deposits		14,486
Decrease in accrued expenses		(1,961)
Increase in net pension liability		26,048
Increase in deferred inflows		(4,674)
Decrease in compensated absences		(464)
Total adjustments		<u>516,230</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$	<u>409,379</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, 2017**

**NOTE 1: — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. General Statement**

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

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

**B. The Reporting Entity**

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

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

**Component Units**

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

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

**Lindale Economic Development Corporation (LEDC)**

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

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

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

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

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

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

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

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

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

The government reports the following major governmental funds:

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

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

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

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

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

1. Cash and cash equivalents – the City considers all cash in demand deposit accounts and petty cash accounts to be cash and cash equivalents, as well as certificates of deposit with original maturity of three months or less when purchased.
2. Investments – Investments for the City, as well as its component unit, are reported at fair value. State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements. The City is authorized by its governing board to invest in the obligations of the United States government, 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 \$5,000 (amount not rounded) and an estimated life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

<u>1. Assets</u>	<u>Years</u>
2. Buildings and improvements	25-40
3. Machinery and equipment	5-10
4. 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 non-vested accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of cumulative sick leave benefits that it is estimated to be taken as "terminal leave" prior to retirement.

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

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, 2016. The deferred outflow shows the difference in contributions to the TMRS retirement plan that occurred between December 31, 2016 and September 30, 2017.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

- A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position - One element of that reconciliation states that "Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet." The details of this \$17,005,352 difference are as follows:

Capital assets, October 1, 2016, net of accumulated depreciation	\$ 15,440,115
Capital assets additions, net of retirements	1,981,586
Depreciation of capital assets, current year	<u>(416,349)</u>
	<u>\$ 17,005,352</u>

Another element states that "Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet." The details of this \$(16,544,203) difference are as follows:

Long-term liabilities, October 1, 2016	\$ (17,395,700)
Amortization of premium	78,593
Principal paid on debt for the year	963,460
Change in compensated absences	(55,614)
Increase in net pension liability	(141,027)
Payments on capital lease	<u>6,085</u>
	<u>\$ (16,544,203)</u>

- B. Explanation of certain differences between the governmental fund statement of revenue, expenditures, and changes in fund balance and the government-wide statement of activities - One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated to their estimated useful lives and reported as depreciation expense. The details of this \$1,565,237 difference are as follows:

Capital outlay, asset additions, net of retirements	\$ 1,981,586
Depreciation expense	<u>(416,349)</u>
	<u>\$ 1,565,237</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 \$963,234 difference are as follows:

Principal paid on debt for the year	\$ 969,545
Amortization of premium	78,593
Amortization of deferred defeasance	(42,937)
Change in accrued interest	13,647
Change in compensated absences	<u>(55,614)</u>
	<u>\$ 963,234</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, 2017 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:

Primary Government

Cash and cash equivalents	\$ 6,083,514
Restricted cash and cash equivalents	253,228
Investments	788,459

Component Unit

Cash and cash equivalents	767,918
Investments	<u>1,750,000</u>

Total Cash and Investments \$ 9,643,119

Cash on hand	\$ 460
Savings and checking accounts	7,104,200
Investments	<u>2,538,459</u>

Total Cash and Investments \$ 9,643,119

**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, 2017, the carrying value of the City's bank deposits was \$7,124,741 while the bank balance was \$7,125,752. 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, 2017, the carrying value of the LEDC's (a discretely presented component unit) bank deposits was \$2,517,918 while the bank balance was \$2,560,525. 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 non-major 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
<b>Receivables:</b>								
Taxes	\$ 29,883	\$ 28,597	\$ 1,330	\$ -	\$ 59,810	\$ -	\$ 59,810	\$ -
Sanitation	117,308	-	-	-	117,308	-	117,308	-
Sales Tax	339,825	-	-	-	339,825	-	339,825	166,137
Courts	822,517	-	-	-	822,517	-	822,517	-
Grant	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	428,933	428,933	-
<b>Gross Receivables</b>	<b>1,309,533</b>	<b>28,597</b>	<b>1,330</b>	<b>-</b>	<b>1,339,460</b>	<b>428,933</b>	<b>1,768,393</b>	<b>166,137</b>
Less: Allowance for								
Uncollectibles	(567,101)	(15,183)	-	-	(582,284)	(66,518)	(648,802)	-
<b>Net Receivables</b>	<b>\$ 742,432</b>	<b>\$ 13,414</b>	<b>\$ 1,330</b>	<b>\$ -</b>	<b>\$ 757,176</b>	<b>\$ 362,415</b>	<b>\$ 1,119,591</b>	<b>\$ 166,137</b>

## C. Capital Assets

Capital asset activity for the year ended September 30, 2017 is as follows:

<u>PRIMARY GOVERNMENT</u>	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>
<b>Governmental Activities:</b>				
<b>Capital Assets, Not Being Depreciated:</b>				
Land	\$ 3,682,699	\$ -	\$ -	\$ 3,682,699
Construction in Progress	3,420,451	1,519,815	(4,940,266)	-
Total Capital Assets, Not Being Depreciated	<u>7,103,150</u>	<u>1,519,815</u>	<u>(4,940,266)</u>	<u>3,682,699</u>
<b>Capital Assets, Being Depreciated:</b>				
Buildings and Improvements	4,823,767	5,257,812	-	10,081,579
Infrastructure	6,098,495	130,908	-	6,229,403
Machinery and Equipment	2,024,447	13,317	-	2,037,764
Total Capital Assets, Being Depreciated	<u>12,946,709</u>	<u>5,402,037</u>	<u>-</u>	<u>18,348,746</u>
<b>Less Accumulated Depreciation For:</b>				
Buildings and Improvements	(1,265,749)	(121,507)	-	(1,387,256)
Infrastructure	(1,731,631)	(152,462)	-	(1,884,093)
Machinery and Equipment	(1,612,364)	(142,380)	-	(1,754,744)
Total Accumulated Depreciation	<u>(4,609,744)</u>	<u>(416,349)</u>	<u>-</u>	<u>(5,026,093)</u>
Net Total Assets Being Depreciated	<u>8,336,965</u>	<u>4,985,688</u>	<u>-</u>	<u>13,322,653</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,440,115</u>	<u>\$ 6,505,503</u>	<u>\$ (4,940,266)</u>	<u>\$ 17,005,352</u>
<b>Business-Type Activities:</b>				
<b>Capital Assets, Not Being Depreciated:</b>				
Land	\$ 172,926	\$ -	\$ -	\$ 172,926
Construction in Progress	1,240,522	109,136	(1,152,831)	196,827
Total Capital Assets, Not Being Depreciated	<u>1,413,448</u>	<u>109,136</u>	<u>(1,152,831)</u>	<u>369,753</u>
<b>Capital Assets, Being Depreciated:</b>				
Water and Sewer System	23,585,117	1,183,571	-	24,768,688
Buildings	324,444	-	-	324,444
Machinery and Equipment	948,034	-	-	948,034
Total Capital Assets, Being Depreciated	<u>24,857,595</u>	<u>1,183,571</u>	<u>-</u>	<u>26,041,166</u>
<b>Less Accumulated Depreciation For:</b>				
Water and Sewer System	(8,850,322)	(632,201)	-	(9,482,523)
Buildings	(100,851)	(8,035)	-	(108,886)
Machinery and Equipment	(775,178)	(58,469)	-	(833,647)
Total Accumulated Depreciation	<u>(9,726,351)</u>	<u>(698,705)</u>	<u>-</u>	<u>(10,425,056)</u>
Net Total Assets Being Depreciated	<u>15,131,244</u>	<u>484,866</u>	<u>-</u>	<u>15,616,110</u>
Business -Type Activities Capital Assets, Net	<u>\$ 16,544,692</u>	<u>\$ 594,002</u>	<u>\$ (1,152,831)</u>	<u>\$ 15,985,863</u>

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

<b>Governmental Activities:</b>	
General Government	\$ 89,107
Public Safety	106,200
Public Works	<u>221,042</u>
Total depreciation expense, governmental activities	<u>\$ 416,349</u>

Business-Type Activities:	
Water and Sewer Operations	<u>\$ 698,705</u>
Total	<u>\$ 698,705</u>

Capital asset activity for LEDC for the year ended September 30, 2017 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	2,027,696	-	-	2,027,696
Machinery and Equipment	<u>20,931</u>	<u>10,206</u>	<u>-</u>	<u>31,137</u>
Total Capital Assets, Being Depreciated	<u>2,048,627</u>	<u>10,206</u>	<u>-</u>	<u>2,058,833</u>
Less Accumulated Depreciation For:				
Infrastructure	(214,715)	(50,693)	-	(265,408)
Machinery and Equipment	<u>(20,340)</u>	<u>(1,910)</u>	<u>-</u>	<u>(22,250)</u>
Total Accumulated Depreciation	<u>(235,055)</u>	<u>(52,603)</u>	<u>-</u>	<u>(287,658)</u>
Net Total Assets Being Depreciated	<u>1,813,572</u>	<u>(42,397)</u>	<u>-</u>	<u>1,771,175</u>
Capital Assets, Net	<u>\$ 5,442,348</u>	<u>\$ (42,397)</u>	<u>\$ -</u>	<u>\$ 5,399,951</u>

**Construction Commitments**

The City has the following construction projects as of September 30, 2017:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Estimated Remaining</u>
Pump and Ground Station Project	\$ 160,465	\$ 1,139,535
New Shop #4	<u>36,362</u>	<u>263,638</u>
	<u>\$ 196,827</u>	<u>\$ 1,403,173</u>

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

The composition of interfund balances as of September 30, 2017 is as follows:

Interfund transfers:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
Interest & Sinking	2013 Capital Bond Fund	\$ (211,450)
Water & Sewer Fund	Interest & Sinking	400,000
Water & Sewer Fund	General Fund	150,000
		<u>\$ 338,550</u>

**E. Leases**

Operating Leases

The City leased two copy machines, one in Code Enforcement and one in Downtown Development, under two separate lease agreements. Total costs for such leases were \$4,411 for the year ended September 30, 2017. The future minimum lease payments for the remaining two operating leases are as follows:

YEAR ENDED	
<u>9-30</u>	
2018	\$ 4,411
2019	4,411
2020	4,047
2021	<u>557</u>
	<u>\$ 13,426</u>

Capital Leases

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

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

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

The assets acquired through the capital lease are as follows:

	<u>Governmental Activities</u>
Asset:	
(2) Copy Machines	\$ 20,366
(1) Plotter	8,438
Less: Accumulated Depreciation	<u>(15,560)</u>
Total	<u>\$ 13,244</u>
	<u>Business-Type Activities</u>
Asset:	
(2) Copy Machine	\$ 14,192
(1) Plotter	13,860
Less: Accumulated Depreciation	<u>(16,831)</u>
Total	<u>\$ 11,221</u>

The future minimum lease obligations as of September 30, 2017 were as follows:

YEAR ENDED	GOVERNMENTAL ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
9-30			
2018	6,283	367	6,650
2019	6,489	162	6,651
2020	957	12	969
	<u>\$ 13,729</u>	<u>\$ 541</u>	<u>\$ 14,270</u>

YEAR ENDED	BUSINESS-TYPE ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
9-30			
2018	5,755	246	6,001
2019	5,913	88	6,001
	<u>\$ 11,668</u>	<u>\$ 334</u>	<u>\$ 12,002</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, 2017 are comprised of the following issues:

##### Governmental Activities:

\$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%.	\$ 2,010,000
\$2,405,000 Series 2012 General Obligation Refunding Bonds Maturing 8-15-25 with an interest rate of 2.36%	2,045,000
\$2,400,000 Series 2014 General Obligation Refunding Bonds Maturing 4-15-20 with an interest rate of 1.59%.	1,160,000
\$5,000,000 Series 2015 Certificates of Obligation maturing on 8-27-2035 with an interest rate of 3.700%.	4,952,523
\$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>4,080,000</u>
Total Outstanding Governmental Bonded Debt	14,247,523
Plus: Unamortized Bond Premium	<u>434,501</u>
Net Outstanding Governmental Bonded Debt	<u>\$ 14,682,024</u>

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

YEAR ENDED	GOVERNMENTAL ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
9-30			
2018	988,773	482,395	1,471,168
2019	1,014,098	458,736	1,472,834
2020	1,039,435	432,759	1,472,194
2021	1,099,784	406,594	1,506,378
2022	1,135,145	370,780	1,505,925
2023 - 2027	4,935,442	1,252,377	6,187,819
2028 - 2032	2,385,447	575,953	2,961,400
2033 - 2035	1,649,399	123,601	1,773,000
	<u>\$ 14,247,523</u>	<u>\$ 4,103,195</u>	<u>\$ 18,350,718</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>\$2,455,000</u>
Total Outstanding Business-Type Bonded Debt	2,455,000
Plus: Unamortized Bond Premium	<u>95,220</u>
Net Outstanding Business-Type Bonded Debt	<u>\$2,550,220</u>

The funding requirements to amortize all bonds outstanding as of September 30, 2017, including interest, are as follows:

YEAR ENDED	BUSINESS-TYPE ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
9-30			
2018	120,000	89,050	209,050
2019	125,000	86,050	211,050
2020	125,000	82,925	207,925
2021	130,000	79,800	209,800
2022	135,000	75,900	210,900
2023-2027	735,000	311,600	1,046,600
2028-2032	885,000	156,838	1,041,838
2033	200,000	8,500	208,500
	<u>\$ 2,455,000</u>	<u>\$ 890,663</u>	<u>\$ 3,345,663</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, 2017 be disclosed.

Insurer	Policy	Limit of Liability		Expiration Date
		Each Occurrence	Annual Aggregate	
Texas Municipal League	General Liability	\$2,000,000	\$4,000,000	10/1/2017
	Law Enforcement	1,000,000	2,000,000	10/1/2017
	Errors & Omissions	1,000,000	2,000,000	10/1/2017
	Auto Liability	500,000	n/a	10/1/2017
	Auto Physical Damage	10,000	n/a	10/1/2017
Texas Municipal League	Real & Personal Property	1,000,000	16,310,500	10/1/2017
	Mobile Equipment	n/a	526,139	10/1/2017
	Boiler & Machinery	100,000	n/a	10/1/2017
Texas Municipal League	Workers Comp	n/a	1,965,902	10/1/2017

As of September 30, 2017, the City was in compliance with all requirements of its bond ordinances.

The LEDC has the following notes payable at September 30, 2017:

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.

	\$2,374,527
Less: Current portion	<u>(203,467)</u>
<b>LONG-TERM PORTION</b>	<b><u>\$2,171,060</u></b>

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

YEAR ENDED	COMPONENT UNIT		
	PRINCIPAL	INTEREST	TOTAL
9-30			
2018	203,467	91,280	294,747
2019	211,757	82,990	294,747
2020	220,175	74,572	294,747
2021	229,354	65,393	294,747
2022	238,701	56,046	294,747
2023-2027	<u>1,271,073</u>	<u>126,454</u>	<u>1,397,527</u>
	<u>\$ 2,374,527</u>	<u>\$ 496,735</u>	<u>\$ 2,871,262</u>

#### Changes in long-term liabilities

Long term liability activity for the year ended September 30, 2017 was as follows:

	Beginning Balance <u>10/1/2016</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance <u>9/30/2017</u>	Due Within <u>One Year</u>
<b>Governmental Activities:</b>					
Certificates of Obligation	\$ 7,300,983	\$ -	\$ (338,460)	\$ 6,962,523	\$ 173,773
General Obligation	7,910,000	-	(625,000)	7,285,000	815,000
Capital Lease	19,814	-	(6,085)	13,729	6,283
Unamortized Bond Premium	513,094	-	(78,593)	434,501	76,323
Compensated Absences	206,346	55,614	-	261,960	43,660
Net Pension Liability	<u>1,445,463</u>	<u>141,027</u>	<u>-</u>	<u>1,586,490</u>	<u>-</u>
<b>Governmental Activity Long-Term Liabilities</b>	<b><u>\$ 17,395,700</u></b>	<b><u>\$ 196,641</u></b>	<b><u>\$ (1,048,138)</u></b>	<b><u>\$ 16,544,203</u></b>	<b><u>\$ 1,115,039</u></b>
<b>Business-Type Activities:</b>					
Certificates of Obligation	\$ 2,575,000	\$ -	\$ (120,000)	\$ 2,455,000	\$ 120,000
Unamortized Bond Premium	106,042	-	(10,822)	95,220	10,318
Capital Lease	17,269	-	(5,601)	11,668	5,755
Compensated Absences	62,006	-	(464)	61,542	10,257
Net Pension Liability	<u>440,437</u>	<u>42,969</u>	<u>-</u>	<u>483,406</u>	<u>-</u>
<b>Business-Type Activity Long-Term Liabilities</b>	<b><u>\$ 3,200,754</u></b>	<b><u>\$ 42,969</u></b>	<b><u>\$ (136,887)</u></b>	<b><u>\$ 3,106,836</u></b>	<b><u>\$ 146,330</u></b>

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, 2017 was as follows:

	Beginning Balance <u>10/1/2016</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance <u>9/30/2017</u>	Due Within <u>One Year</u>
<b>Component unit:</b>					
Notes Payable	\$ 2,570,037	\$ -	\$ (195,510)	\$ 2,374,527	\$ 203,467
Net Pension Liability	72,459	-	(72,459)	-	-
Compensated Absences	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Component Unit Long-Term Liabilities</b>	<b><u>\$ 2,642,496</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (267,969)</u></b>	<b><u>\$ 2,374,527</u></b>	<b><u>\$ 203,467</u></b>

#### 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, 2017, the City had \$465,461 in net receivables from its residents for the usage of these services.

## **NOTE 6 – COMMITMENTS**

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

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

## **NOTE 7 – RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance and insurance with the Texas Municipal League (TML). As of September 30, 2017, the City did not have any liability for unpaid claims or adjustments under policies carried with TML. During the year ended September 30, 2017, 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 872 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](http://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 2015</u>	<u>Plan Year 2016</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, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

	<u>12/31/2015</u>	<u>12/31/2016</u>
Inactive employees or beneficiaries currently receiving benefits	11	12
Inactive employees entitled to but not yet receiving benefits	18	22
Active employees	<u>51</u>	<u>50</u>
	<u>80</u>	<u>84</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 14.34% and 14.31% in calendar years 2016 and 2017, respectively. The City's contributions to TMRS for the year ended September 30, 2017, were \$340,554, and were equal to the required contributions.

**Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2016, 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, 2016 actuarial valuation was determined using the following actuarial assumptions:

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

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

Actual assumptions used in the December 31, 2016 valuation were based in the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.35%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	4.15%
Real Return	10.00%	4.15%
Real Estate	10.00%	4.75%
Absolute Return	10.00%	4.00%
Private Equity	5.00%	7.75%
Total	100.00%	

#### Discount Rate

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

**Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at 12/31/2015	\$ 6,098,079	\$ 4,139,720	\$ 1,958,359
Changes for the year:			
Service cost	350,819	-	350,819
Interest	418,544	-	418,544
Change of benefit terms	-	-	-
Difference between expected and actual experience	112,031	-	112,031
Changes of assumptions	-	-	-
Contributions - employer	-	347,668	(347,668)
Contributions - employee	-	145,467	(145,467)
Net investment income	-	280,052	(280,052)
Benefit payments, including refunds of employee contributions	(145,686)	(145,686)	-
Administrative expense	-	(3,160)	3,160
Other changes	-	(170)	170
Net changes	735,708	624,171	111,537
Balance at 12/31/2016	<u>\$ 6,833,787</u>	<u>\$ 4,763,891</u>	<u>\$ 2,069,896</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 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 3,111,162	\$ 2,069,896	\$ 1,221,300

**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](http://www.tmr.com).

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

For the year ended September 30, 2017, the City recognized pension expense of \$422,736.

At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 91,285	\$ (71,424)
Changes in actuarial assumptions	45,513	-
Difference between projected and actual investment earnings	176,260	(497)
Contributions subsequent to the measurement Date	250,890	-
Total	<u>\$ 563,948</u>	<u>\$ (71,921)</u>

\$250,890 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, 2017. 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	
2017	\$ 74,941
2018	74,940
2019	66,294
2020	16,661
2021	8,301
Thereafter	-
	<u>\$ 241,137</u>

**NOTE 9 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended September 30, 2017, expenditures exceeded appropriations in the Administration department of the General Fund by \$690,094, and the LEDC department of the General Fund by \$13,736. These over expenditures were funded by excess revenues and fund balance. The Court Technology Fund expenditures exceeded appropriations by \$5,507, and was funded by excess fund balance and revenues. The Child Safety Fee fund expenditures exceeded appropriations by \$6,759, and was funded by excess fund balance and revenues. The Hotel-Motel Occupancy Tax fund expenditures exceeded appropriations by \$349,375, and was funded by excess fund balance and revenues. The Kinzie House fund expenditures exceeded appropriations by \$14,937, and was funded by excess revenues and fund balance. The Tourism / Downtown Development fund expenditures exceeded appropriations by \$15,454 and was funded by excess revenues.

**NOTE 10 – NEGATIVE FUND BALANCE**

The following funds had a negative fund balance as of September 30, 2017. Community Park TPWD Fund (\$30,192), and the Sidewalk Grant fund (\$25,373). The negative balances will be covered by the General Fund.

**NOTE 11 – SIGNIFICANT TRANSACTIONS WITH COMPONENT UNIT**

The City has an agreement with the Lindale Economic Development Corporation, whereby one-third of the sales tax revenue of the City is paid to the LEDC. During the year ended September 30, 2017, \$979,963 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

Two adjustments for prior period transactions were made on the Lindale Economic Development Corporation (discretely presented component unit). The first adjustment is to record water rights purchased from the Lindale Rural Water Supply Corporation in 2010. At the time, the purchase of the water rights was expensed. The adjustment increases other assets and fund balance by purchase price of \$160,980.

The second adjustment is due to the fact that no current employees of the Lindale Economic Development Corporation participate in the City of Lindale's TMRS plan. The prior director of the LEDC participated in the City of Lindale's TMRS plan. When he left the position in 2015, he subsequently transferred his TMRS account to a different city, therefore the balance of the net pension liability, deferred inflows and outflows, and prior pension cost were removed. The effect was to remove net pension liability of \$72,460, deferred inflows of \$3,402, deferred outflows of \$20,519 and to increase fund balance by \$55,343.

The adjustment to the Lindale Economic Development for the TMRS amounts required that the balances removed be recorded in the Governmental Activities and Business-Type Activities. This resulted in the Governmental Activities fund balance decrease of \$42,418, deferred outflows increase of \$15,727, net pension liability increase of \$55,538, and deferred inflows increase of 2,607. The change in the Business-Type Activities was a decrease to fund balance of \$12,925, an increase in deferred outflows of \$4,792, an increase in net pension liability of \$16,922 and an increase in deferred inflows of \$795.

#### NOTE 13 – SALES TAX ABATEMENT

In July of 2016, the city entered into an agreement with the Lindale CBC, LLC (developer), for the development of the downtown area in the reinvestment zone. Under this agreement, the city agreed to rebate to the developer all of the ½ cent sales tax collected by the city for businesses in the reinvestment zone for a period of five years. After the first five years, the rebate will decline by 20% each year thereafter for the next five years. The amount that was rebated for the fiscal year ended September 30, 2017 was \$21,472.

As of September 30, 2017, this is the only tax abatement agreement in effect.

#### NOTE 14 – SUBSEQUENT EVENT

In October of 2017, the city issued combination tax and utility system revenue certificates of obligation series 2017 in the amount of \$1,410,000. The proceeds will be used in improving water and sewer systems, infrastructure and parks and recreational facilities.

Subsequent events have been evaluated through December 6, 2017, the date on which the financial statements were available to be issued.

**REQUIRED SUPPLEMENTAL INFORMATION**

**CITY OF LINDALE, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Total pension liability</b>			
Service Cost	\$ 266,834	\$ 308,716	\$ 350,819
Interest (on the Total Pension Liability)	364,279	392,281	418,544
Changes in benefit terms	-	-	-
Difference between expected and actual results	(93,773)	(33,104)	112,031
Change of assumptions	-	71,897	-
Benefit payments, including refunds of employee contributions	<u>(133,769)</u>	<u>(182,734)</u>	<u>(145,686)</u>
Net Change in Total Pension Liability	403,571	557,056	735,708
Total Pension Liability - Beginning	<u>5,137,452</u>	<u>5,541,023</u>	<u>6,098,079</u>
Total Pension Liability - Ending (a)	<u>\$ 5,541,023</u>	<u>\$ 6,098,079</u>	<u>\$ 6,833,787</u>
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ 302,345	\$ 324,648	\$ 347,668
Contributions - Employee	118,567	129,170	145,467
Net Investment Income	193,915	5,708	280,052
Benefit payments, including refunds of employee contributions	(133,769)	(182,734)	(145,686)
Administrative Expense	(2,023)	(3,475)	(3,160)
Other	<u>(166)</u>	<u>(172)</u>	<u>(170)</u>
Net Change in Plan Fiduciary Net Position	478,869	273,145	624,171
Plan Fiduciary Net Position - Beginning	<u>3,387,706</u>	<u>3,866,575</u>	<u>4,139,720</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 3,866,575</u>	<u>\$ 4,139,720</u>	<u>\$ 4,763,891</u>
Net Pension Liability - Ending (a)-(b)	1,674,448	1,958,359	2,069,896
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	69.78%	67.89%	69.71%
Covered Employee Payroll	\$ 1,976,109	\$ 2,152,831	\$ 2,424,457
Net Pension Liability as a Percentage of Covered Employee Payroll	84.73%	90.97%	85.38%

**CITY OF LINDALE, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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

**NOTES TO SCHEDULE OF CONTRIBUTIONS**

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

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	29 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB
<b>Other Information:</b>	There were no benefit changes during the year.

**ADDITIONAL SUPPLEMENTAL INFORMATION**

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

	CEMETERY FUND	PARROTT PARK MUSEUM FUND	TOURISM / DOWNTOWN	COMMUNITY PARK TPWD	SIDEWALK GRANT	KINZIE HOUSE FUND	COURT TECHNOLOGY FUND	BUILDING SECURITY FUND	CHILD SAFETY FEES FUND	POLICE EDUCATION FUND	POLICE LEASE FUND
<b>ASSETS</b>											
Cash and cash equivalents	\$ 110,614	\$ 9,810	\$ 19,732	\$ 7,293	\$ -	\$ 237	\$ 16,568	\$ 50,809	\$ 22,184	\$ 4,024	\$ 10,675
Investments	-	-	-	-	-	-	21,092	-	-	-	-
Prepaid expenditures	-	-	131,625	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 110,614</b>	<b>\$ 9,810</b>	<b>\$ 151,357</b>	<b>\$ 7,293</b>	<b>\$ -</b>	<b>\$ 237</b>	<b>\$ 37,660</b>	<b>\$ 50,809</b>	<b>\$ 22,184</b>	<b>\$ 4,024</b>	<b>\$ 10,675</b>
<b>LIABILITIES AND FUND BALANCES</b>											
Liabilities:											
Accounts payable	\$ 18	\$ 932	\$ 5,533	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	306	37,485	25,373	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>18</b>	<b>932</b>	<b>5,839</b>	<b>37,485</b>	<b>25,373</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund Balances:											
Nonspendable:											
Permanent fund principal	-	-	-	-	-	-	-	-	-	-	-
Restricted for:											
Capital improvements	-	-	-	(30,192)	(25,373)	-	-	-	-	-	-
Tourism	-	-	145,518	-	-	-	-	-	-	-	-
Court Technology	-	-	-	-	-	-	37,660	-	-	-	-
Building Security	-	-	-	-	-	-	-	50,809	-	-	-
Child Safety	-	-	-	-	-	-	-	-	22,184	-	-
Law enforcement purposes	-	-	-	-	-	-	-	-	-	4,024	10,675
PEG facilities	-	-	-	-	-	-	-	-	-	-	-
Boy Scout building upkeep	-	-	-	-	-	-	-	-	-	-	-
Cemetery	110,596	-	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	8,878	-	-	-	-	-	-	-	-	-
Kinzie House	-	-	-	-	-	237	-	-	-	-	-
<b>Total Fund Balances</b>	<b>110,596</b>	<b>8,878</b>	<b>145,518</b>	<b>(30,192)</b>	<b>(25,373)</b>	<b>237</b>	<b>37,660</b>	<b>50,809</b>	<b>22,184</b>	<b>4,024</b>	<b>10,675</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 110,614</b>	<b>\$ 9,810</b>	<b>\$ 151,357</b>	<b>\$ 7,293</b>	<b>\$ -</b>	<b>\$ 237</b>	<b>\$ 37,660</b>	<b>\$ 50,809</b>	<b>\$ 22,184</b>	<b>\$ 4,024</b>	<b>\$ 10,675</b>

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

	POLICE FORFEITURE FUND	PEG FRANCHISE FUND	IB RICE FUND	PERMANENT FUND - KINZIE TRUST	REINVESTMENT ZONE #2	REINVESTMENT ZONE #3	INFRASTRUCTURE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>ASSETS</b>								
Cash and cash equivalents	\$ 943	\$ 55,916	\$ 755	\$ 6,989	\$ 60,752	\$ 9,179	\$ 484,265	\$ 870,745
Investments	-	-	20,811	209,470	-	-	-	251,373
Prepaid expenditures	-	-	-	-	-	-	-	131,625
<b>Total Assets</b>	<b>\$ 943</b>	<b>\$ 55,916</b>	<b>\$ 21,566</b>	<b>\$ 216,459</b>	<b>\$ 60,752</b>	<b>\$ 9,179</b>	<b>\$ 484,265</b>	<b>\$ 1,253,743</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 36,000	\$ -	\$ -	\$ 42,483
Due to other funds	-	-	-	350	-	-	-	63,514
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>350</b>	<b>36,000</b>	<b>-</b>	<b>-</b>	<b>105,997</b>
Fund Balances:								
Nonspendable:								
Permanent fund principal	-	-	-	216,109	-	-	-	216,109
Restricted for:								
Capital improvements	-	-	-	-	24,752	9,179	484,265	462,631
Tourism	-	-	-	-	-	-	-	145,518
Court Technology	-	-	-	-	-	-	-	37,660
Building Security	-	-	-	-	-	-	-	50,809
Child Safety	-	-	-	-	-	-	-	22,184
Law enforcement purposes	943	-	-	-	-	-	-	15,642
PEG facilities	-	55,916	-	-	-	-	-	55,916
Boy Scout building upkeep	-	-	21,566	-	-	-	-	21,566
Assigned to:								
Cemetery	-	-	-	-	-	-	-	110,596
Parks and Recreation	-	-	-	-	-	-	-	8,878
Kinzie House	-	-	-	-	-	-	-	237
<b>Total Fund Balances</b>	<b>943</b>	<b>55,916</b>	<b>21,566</b>	<b>216,109</b>	<b>24,752</b>	<b>9,179</b>	<b>484,265</b>	<b>1,147,746</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 943</b>	<b>\$ 55,916</b>	<b>\$ 21,566</b>	<b>\$ 216,459</b>	<b>\$ 60,752</b>	<b>\$ 9,179</b>	<b>\$ 484,265</b>	<b>\$ 1,253,743</b>

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

	CEMETERY FUND	PARROTT PARK MUSEUM FUND	TOURISM / DOWNTOWN	COMMUNITY PARK TPWD	SIDEWALK GRANT	KINZIE HOUSE FUND	COURT TECHNOLOGY FUND	BUILDING SECURITY FUND	CHILD SAFETY FEES FUND	POLICE EDUCATION FUND	POLICE LEASE FUND
<b>REVENUES</b>											
Sale of lots	\$ 19,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Donations	10,085	2,890	-	-	-	-	-	-	-	-	-
Property taxes	-	-	-	-	-	-	-	-	-	-	-
LEDG Donation	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	954	9,966	-	-	150	12,413	9,281	6,208	2,206	1,628
Grant revenue	-	-	-	145,860	750	-	-	-	-	-	-
Interest	405	308	-	-	-	12	361	704	309	15	60
<b>Total Revenues</b>	<b>29,690</b>	<b>4,152</b>	<b>9,966</b>	<b>145,860</b>	<b>750</b>	<b>162</b>	<b>12,774</b>	<b>9,985</b>	<b>6,517</b>	<b>2,221</b>	<b>1,688</b>
<b>EXPENDITURES</b>											
Personnel Services	-	42,301	163,663	-	-	-	-	-	-	-	-
Maintenance	31,318	2,087	19,861	-	-	2,494	-	-	642	-	-
Supplies	-	-	4,988	-	-	-	-	-	-	-	-
Contractual	-	-	69,079	-	-	-	-	-	-	-	-
Miscellaneous	6,299	12,721	6,455	-	-	-	-	-	-	-	4,234
Capital outlay	-	-	6,700	138,889	1,950	17,443	15,007	-	6,617	-	-
<b>Total Expenditures</b>	<b>39,617</b>	<b>57,109</b>	<b>270,746</b>	<b>138,889</b>	<b>1,950</b>	<b>19,937</b>	<b>15,007</b>	<b>-</b>	<b>7,259</b>	<b>881</b>	<b>4,234</b>
Excess (deficiency) of revenues over (under) expenditures	(9,927)	(52,957)	(260,780)	6,971	(1,200)	(19,775)	(2,233)	9,985	(742)	1,340	(2,546)
<b>OTHER FINANCING SOURCES (USES)</b>											
Transfers in	-	62,570	377,620	322	5,200	13,000	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>62,570</b>	<b>377,620</b>	<b>322</b>	<b>5,200</b>	<b>13,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(9,927)</b>	<b>9,613</b>	<b>116,840</b>	<b>7,293</b>	<b>4,000</b>	<b>(6,775)</b>	<b>(2,233)</b>	<b>9,985</b>	<b>(742)</b>	<b>1,340</b>	<b>(2,546)</b>
<b>Fund Balance, October 1, 2016</b>	<b>120,523</b>	<b>(755)</b>	<b>28,678</b>	<b>(37,485)</b>	<b>(29,373)</b>	<b>7,012</b>	<b>39,893</b>	<b>40,824</b>	<b>22,926</b>	<b>2,684</b>	<b>13,221</b>
<b>Fund Balance, September 30, 2017</b>	<b>\$ 110,596</b>	<b>\$ 8,878</b>	<b>\$ 145,518</b>	<b>\$ (30,192)</b>	<b>\$ (25,373)</b>	<b>\$ 237</b>	<b>\$ 37,660</b>	<b>\$ 50,809</b>	<b>\$ 22,184</b>	<b>\$ 4,024</b>	<b>\$ 10,675</b>

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

	POLICE FORFEITURE FUND	PEG FRANCHISE FUND	IB RICE FUND	PERMANENT FUND - KINZIE TRUST	REINVESTMENT ZONE #2	REINVESTMENT ZONE #3	INFRASTRUCTURE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>REVENUES</b>								
Sale of lots	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,200
Donations	-	-	-	-	-	-	-	12,975
Property taxes	-	-	-	-	68,853	9,179	-	78,032
LEDC Donation	-	-	-	-	-	-	700,000	700,000
Miscellaneous	-	-	-	-	-	-	-	42,806
Grant revenue	-	-	-	-	-	-	-	146,610
Interest	7	345	147	1,559	-	-	2,605	6,837
<b>Total Revenues</b>	<b>7</b>	<b>345</b>	<b>147</b>	<b>1,559</b>	<b>68,853</b>	<b>9,179</b>	<b>702,605</b>	<b>1,006,460</b>
<b>EXPENDITURES</b>								
Personnel Services	-	-	-	-	-	-	-	205,964
Maintenance	-	-	-	-	-	-	-	58,402
Supplies	-	-	-	-	-	-	-	4,988
Contractual	-	-	-	-	49,300	-	-	118,379
Miscellaneous	1,000	-	-	-	15,000	-	27,906	74,496
Capital outlay	-	-	-	-	-	-	190,434	377,040
<b>Total Expenditures</b>	<b>1,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>64,300</b>	<b>-</b>	<b>218,340</b>	<b>839,269</b>
Excess (deficiency) of revenues over (under) expenditures	(993)	345	147	1,559	4,553	9,179	484,265	167,191
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	-	458,712
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>458,712</b>
<b>Net Change in Fund Balances</b>	<b>(993)</b>	<b>345</b>	<b>147</b>	<b>1,559</b>	<b>4,553</b>	<b>9,179</b>	<b>484,265</b>	<b>625,903</b>
Fund Balance, October 1, 2016	1,936	55,571	21,419	214,550	20,199	-	-	521,843
Fund Balance, September 30, 2017	\$ 943	\$ 55,916	\$ 21,566	\$ 216,109	\$ 24,752	\$ 9,179	\$ 484,265	\$ 1,147,746

**CITY OF LINDALE, TEXAS**  
**COMBINING STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2017**

	BUSINESS-TYPE ACTIVITIES			
	ENTERPRISE FUNDS			
	WATER & SEWER FUND	2013 CAPITAL PROJECTS BOND FUND	TX CDBG GRANT SEWER PROJECT FUND	TOTAL COMBINED ENTERPRISE FUNDS
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 331,497	\$ 530,441	\$ -	\$ 861,938
Investments	478,336	-	-	478,336
Accounts receivable (Net)	362,415	-	-	362,415
Other current asset	157,686	-	-	157,686
<b>Total Current Assets</b>	<b>1,329,934</b>	<b>530,441</b>	<b>-</b>	<b>1,860,375</b>
Restricted current assets:				
Temporarily Restricted				
Customer deposits	253,228	-	-	253,228
<b>Total restricted current assets</b>	<b>253,228</b>	<b>-</b>	<b>-</b>	<b>253,228</b>
Capital Assets:				
Land	172,926	-	-	172,926
Water & Sewer system	24,768,688	-	-	24,768,688
Buildings	324,444	-	-	324,444
Machinery & equipment	948,034	-	-	948,034
Construction in progress	57,163	139,664	-	196,827
Less: Accumulated depreciation	(10,425,056)	-	-	(10,425,056)
<b>Total Capital Assets Net Of Accumulated Depreciation</b>	<b>15,846,199</b>	<b>139,664</b>	<b>-</b>	<b>15,985,863</b>
<b>Total Noncurrent Assets:</b>	<b>16,099,427</b>	<b>139,664</b>	<b>-</b>	<b>15,985,863</b>
<b>Total Assets</b>	<b>17,429,361</b>	<b>670,105</b>	<b>-</b>	<b>18,099,466</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on TMRS pension	131,705	-	-	131,705
<b>Total Deferred Outflows of Resources</b>	<b>131,705</b>	<b>-</b>	<b>-</b>	<b>131,705</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	38,776	-	-	38,776
Accrued expenses	24,668	11,131	-	35,799
Compensated absences	10,257	-	-	10,257
Due to other funds	-	-	14,850	14,850
Capital lease - current portion	5,755	-	-	5,755
Long term debt - current portion	-	130,318	-	130,318
<b>Total Current Liabilities</b>	<b>79,456</b>	<b>141,449</b>	<b>14,850</b>	<b>235,755</b>
Current liabilities payable from restricted assets:				
Customer deposits	253,228	-	-	253,228
<b>Total current liabilities payable from restricted assets</b>	<b>253,228</b>	<b>-</b>	<b>-</b>	<b>253,228</b>
Noncurrent Liabilities:				
Long term debt	-	2,419,902	-	2,419,902
Capital lease	5,913	-	-	5,913
Compensated absences	51,285	-	-	51,285
Net pension liability	483,406	-	-	483,406
<b>Total Noncurrent Liabilities</b>	<b>540,604</b>	<b>2,419,902</b>	<b>-</b>	<b>2,960,506</b>
<b>Total Liabilities</b>	<b>873,288</b>	<b>2,561,351</b>	<b>14,850</b>	<b>3,449,489</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred charge on TMRS pension	16,797	-	-	16,797
<b>Total Deferred Inflows of Resources</b>	<b>16,797</b>	<b>-</b>	<b>-</b>	<b>16,797</b>
<b>NET POSITION</b>				
Invested in capital assets, net of related debt	15,834,531	-	-	15,834,531
Restricted for capital construction	-	(1,891,246)	(14,850)	(1,906,096)
Unrestricted	836,450	-	-	836,450
<b>Total Net Position</b>	<b>\$ 16,670,981</b>	<b>\$ (1,891,246)</b>	<b>\$ (14,850)</b>	<b>\$ 14,764,885</b>

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	BUSINESS-TYPE ACTIVITIES				TOTAL COMBINED ENTERPRISE FUNDS
	ENTERPRISE FUNDS				
	WATER & SEWER FUND	2013 CAPITAL PROJECTS BOND FUND	TX CDBG GRANT SEWER PROJECT FUND	ELIMINATIONS	
<b>OPERATING REVENUES</b>					
Charges for services:					
Water sales	\$ 1,518,496	\$ -	\$ -	\$ -	\$ 1,518,496
Sewer charges	933,719	-	-	-	933,719
Tap and connect fees	52,179	-	-	-	52,179
Miscellaneous	13,865	-	-	-	13,865
<b>Total Operating Revenues</b>	<b>2,518,259</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,518,259</b>
<b>OPERATING EXPENSES</b>					
Water and sewer operations	1,926,405	-	-	-	1,926,405
Depreciation	698,705	-	-	-	698,705
<b>Total Operating Expenses</b>	<b>2,625,110</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,625,110</b>
<b>Operating Income (Loss)</b>	<b>(106,851)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(106,851)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest and fiscal charge expense	(25,695)	(91,150)	-	-	(116,845)
FEMA Grant	64,473	-	-	-	64,473
Insurance proceeds	18,360	-	-	-	18,360
Interest income	7,505	12,332	-	-	19,837
<b>Total non-operating revenue (expenses)</b>	<b>64,643</b>	<b>(78,818)</b>	<b>-</b>	<b>-</b>	<b>(14,175)</b>
<b>Income (Loss) before transfers</b>	<b>(42,208)</b>	<b>(78,818)</b>	<b>-</b>	<b>-</b>	<b>(121,026)</b>
Transfers in	589,025	211,450	-	(589,025)	211,450
Transfers out	(550,000)	(589,025)	-	589,025	(550,000)
<b>Total Transfers</b>	<b>39,025</b>	<b>(377,575)</b>	<b>-</b>	<b>-</b>	<b>(338,550)</b>
<b>Change in Net Position</b>	<b>(3,183)</b>	<b>(456,393)</b>	<b>-</b>	<b>-</b>	<b>(459,576)</b>
Net Position, October 1, 2016	16,687,089	(1,434,853)	(14,850)	-	15,237,386
Prior Period Adjustment - (See note 12)	(12,925)	-	-	-	(12,925)
Net Position, October 1, 2016 as restated	16,674,164	(1,434,853)	(14,850)	-	15,224,461
<b>Net Position, September 30, 2017</b>	<b>\$ 16,670,981</b>	<b>\$ (1,891,246)</b>	<b>\$ (14,850)</b>	<b>\$ -</b>	<b>\$ 14,764,885</b>

CITY OF LINDALE, TEXAS  
COMBINING STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	BUSINESS-TYPE ACTIVITIES				TOTAL COMBINED ENTERPRISE FUNDS
	WATER & SEWER FUND	2013 CAPITAL PROJECTS BOND FUND	TX CDBG GRANT SEWER PROJECT FUND	ELIMINATIONS	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash received from customers and users	\$ 2,430,917	\$ -	\$ -	\$ -	\$ 2,430,917
Cash paid to suppliers for goods and services	(1,219,183)	(300)	-	-	(1,219,483)
Cash paid to employees for services	(802,055)	-	-	-	(802,055)
Net cash provided by (used in) operating activities	409,679	(300)	-	-	409,379
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>					
Transfers out	(550,000)	-	-	-	(550,000)
Transfers in	-	211,450	-	-	211,450
Transfer of completed projects	589,025	(589,025)	-	-	-
Insurance proceeds	18,360	-	-	-	18,360
Grant proceeds	64,473	-	-	-	64,473
Net cash provided by (used in) non-capital financing activities	121,858	(377,575)	-	-	(255,717)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Acquisition and construction of capital assets and equipment	(721,528)	581,652	-	-	(139,876)
Capital lease payments	(5,601)	-	-	-	(5,601)
Bond payments	-	(130,823)	-	-	(130,823)
Interest paid	(25,695)	(91,150)	-	-	(116,845)
Net cash provided by (used in) capital and related financing activities	(752,824)	359,679	-	-	(393,145)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest earned	7,505	12,332	-	-	19,837
Net cash provided by investing activities	7,505	12,332	-	-	19,837
Net decrease in cash	(213,782)	(5,864)	-	-	(219,646)
Cash, beginning of period	798,507	536,305	-	-	1,334,812
Cash, end of period	\$ 584,725	\$ 530,441	\$ -	\$ -	\$ 1,115,166
<b>Reconciliation of cash to Exhibit 7:</b>					
Cash - current asset	\$ 331,497	\$ 530,441	\$ -	\$ -	\$ 861,938
Cash - restricted current asset	253,228	-	-	-	253,228
Total cash, end of period	\$ 584,725	\$ 530,441	\$ -	\$ -	\$ 1,115,166

CITY OF LINDALE, TEXAS  
COMBINING STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2017

Increase (Decrease) in Cash and Cash Equivalents

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

Operating loss	\$ (106,851)	\$ -	\$ -	\$ -	\$ (106,851)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:					
Depreciation expense	698,705	-	-	-	698,705
Increase in other assets	(101,828)	-	-	-	(101,828)
Increase in deferred outflows	(2,182)	-	-	-	(2,182)
Decrease in accounts payable	(111,900)	-	-	-	(111,900)
Increase in customer deposits	14,486	-	-	-	14,486
Decrease in accrued expenses	(1,661)	(300)	-	-	(1,961)
Increase in net pension liability	26,048	-	-	-	26,048
Decrease in deferred inflows	(4,674)	-	-	-	(4,674)
Decrease in compensated absences	(464)	-	-	-	(464)
Total adjustments	516,530	(300)	-	-	516,230
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 409,679	\$ (300)	\$ -	\$ -	\$ 409,379

CITY OF LINDALE, TEXAS  
CEMETERY FUND  
DETAILED SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)  
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
<b>REVENUES</b>				
Interest income	\$ 200	\$ 200	\$ 405	\$ 205
Sale of Cemetery Plots	22,000	22,000	19,200	(2,800)
Public Contribution	8,000	8,000	10,085	2,085
<b>TOTAL FINANCING SOURCES - BUDGET BASIS</b>	<u>\$ 30,200</u>	<u>\$ 30,200</u>	29,690	<u>\$ (510)</u>
Financial Statement Adjustments:			-	
<b>TOTAL FINANCING SOURCES - GAAP BASIS</b>			<u>\$ 29,690</u>	
<b>EXPENDITURES</b>				
Cemetery Administration:				
Postage	\$ 600	\$ 600	\$ 502	\$ 98
Miscellaneous Supplies	200	200	-	200
Miscellaneous	100	100	-	100
Utilities	300	300	224	76
Software contract	550	550	583	(33)
Legal & Professional	200	200	-	200
Misc. Maintenance	5,000	5,000	4,990	10
Cemetery Maintenance	40,000	40,000	33,318	6,682
<b>TOTAL EXPENDITURES - BUDGET BASIS</b>	<u>\$ 46,950</u>	<u>\$ 46,950</u>	39,617	<u>\$ 7,333</u>
Financial Statement Adjustments:			-	
<b>TOTAL EXPENDITURES - GAAP BASIS</b>			<u>\$ 39,617</u>	

**CITY OF LINDALE, TEXAS  
COURT TECHNOLOGY FUND  
DETAILED SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)  
FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
<b>REVENUES</b>				
Fines and Fees	\$ 9,500	\$ 9,500	\$ 12,413	\$ 2,913
Interest Income	-	-	361	361
<b>TOTAL FINANCING SOURCES - BUDGET BASIS</b>	<u>\$ 9,500</u>	<u>\$ 9,500</u>	12,774	<u>\$ 3,274</u>
Financial Statement Adjustments:			-	
<b>TOTAL FINANCING SOURCES - GAAP BASIS</b>			<u>\$ 12,774</u>	
<b>EXPENDITURES</b>				
Capital Expenditures:				
Court Technology Equipment	\$ 9,500	\$ 9,500	\$ 15,007	\$ (5,507)
<b>TOTAL EXPENDITURES - BUDGET BASIS</b>	<u>\$ 9,500</u>	<u>\$ 9,500</u>	15,007	<u>\$ (5,507)</u>
Financial Statement Adjustments:			-	
<b>TOTAL EXPENDITURES - GAAP BASIS</b>			<u>\$ 15,007</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, 2017**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
<b>REVENUES</b>				
Fines and Fees	\$ 8,000	\$ 8,000	\$ 9,281	\$ 1,281
Interest Income	-	-	704	704
<b>TOTAL FINANCING SOURCES - BUDGET BASIS</b>	<u>\$ 8,000</u>	<u>\$ 8,000</u>	9,985	<u>\$ 1,985</u>
Financial Statement Adjustments:			-	
<b>TOTAL FINANCING SOURCES - GAAP BASIS</b>			<u>\$ 9,985</u>	
<b>EXPENDITURES</b>				
Building Securities Equipment	\$ 8,000	\$ 8,000	\$ -	\$ 8,000
<b>TOTAL EXPENDITURES - BUDGET BASIS</b>	<u>\$ 8,000</u>	<u>\$ 8,000</u>	-	<u>\$ 8,000</u>
Financial Statement Adjustments:			-	
<b>TOTAL EXPENDITURES - GAAP BASIS</b>			<u>\$ -</u>	

**CITY OF LINDALE, TEXAS  
CHILD SAFETY FEES FUND  
DETAILED SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)  
FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
<b>REVENUES</b>				
Fines and Fees	\$ 3,000	\$ 3,000	\$ 6,208	\$ 3,208
Interest Income	-	-	309	309
<b>TOTAL FINANCING SOURCES - BUDGET BASIS</b>	<u>\$ 3,000</u>	<u>\$ 3,000</u>	6,517	<u>\$ 3,517</u>
Financial Statement Adjustments:			-	
<b>TOTAL FINANCING SOURCES - GAAP BASIS</b>			<u>\$ 6,517</u>	
<b>EXPENDITURES</b>				
Office Supplies	\$ 500	\$ 500	-	\$ 500
Capital Outlay	-	-	7,259	(7,259)
<b>TOTAL EXPENDITURES - BUDGET BASIS</b>	<u>\$ 500</u>	<u>\$ 500</u>	7,259	<u>\$ (6,759)</u>
Financial Statement Adjustments:			-	
<b>TOTAL EXPENDITURES - GAAP BASIS</b>			<u>\$ 7,259</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, 2017**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
<b>REVENUES</b>				
Motel Tax	\$ 390,000	\$ 390,000	\$ 392,691	\$ 2,691
Interest income	3,600	3,600	6,613	3,013
<b>TOTAL FINANCING SOURCES - BUDGET BASIS</b>	<u>\$ 393,600</u>	<u>\$ 393,600</u>	399,304	<u>\$ 5,704</u>
Financial Statement Adjustments:			-	
<b>TOTAL FINANCING SOURCES - GAAP BASIS</b>			<u>\$ 399,304</u>	
<b>EXPENDITURES</b>				
Hotel-Motel Administration:				
Signs & Displays	\$ 22,100	\$ 22,100	\$ 64,202	\$ (42,102)
Sponsorships	31,400	31,400	31,400	-
Professional	-	-	9,315	(9,315)
Transfer to Kinzie House fund	5,000	13,000	13,000	-
Transfer to Parrott Museum fund	62,570	62,570	62,570	-
Transfer to Tourism Fund	235,330	235,330	377,620	(142,290)
Chamber of Commerce	37,200	37,200	37,200	-
Building & Grounds	-	-	155,668	(155,668)
<b>TOTAL EXPENDITURES - BUDGET BASIS</b>	<u>\$ 393,600</u>	<u>\$ 401,600</u>	750,975	<u>\$ (349,375)</u>
Financial Statement Adjustments:			-	
<b>TOTAL EXPENDITURES - GAAP BASIS</b>			<u>\$ 750,975</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, 2017**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
<b>REVENUES</b>				
Chapel Rental	\$ 300	\$ 300	\$ 150	\$ (150)
Donations	1,000	1,000	2,890	1,890
Gift Shop income	400	400	238	(162)
Gift Shop Sales Tax	50	50	14	(36)
Transfer from Hotel Motel fund	62,570	62,570	62,570	-
Miscellaneous Income	100	100	552	452
Interest income	80	80	308	228
<b>TOTAL FINANCING SOURCES - BUDGET BASIS</b>	<b><u>\$ 64,500</u></b>	<b><u>\$ 64,500</u></b>	<b>66,722</b>	<b><u>\$ 2,222</u></b>
Financial Statement Adjustments:			-	
<b>TOTAL FINANCING SOURCES - GAAP BASIS</b>			<b><u>\$ 66,722</u></b>	
<b>EXPENDITURES</b>				
Parrot Park Museum Administration:				
Salaries	\$ 42,000	\$ 42,000	\$ 39,295	\$ 2,705
Social Security/Medicare	4,400	4,400	3,006	1,394
Office Supplies	500	500	-	500
Wearing Apparel	300	300	-	300
Miscellaneous	500	500	153	347
Utilities	12,000	12,000	11,076	924
Professional	100	100	-	100
Gift Shop Resale Items	200	200	-	200
State Comp (Sales Tax)	25	25	17	8
Communications	2,200	2,200	945	1,255
Publications and Advertising	500	500	549	(49)
Building & Grounds	1,775	1,775	2,087	(312)
<b>TOTAL EXPENDITURES - BUDGET BASIS</b>	<b><u>\$ 64,500</u></b>	<b><u>\$ 64,500</u></b>	<b>57,128</b>	<b><u>\$ 7,372</u></b>
Financial Statement Adjustments:				
Decrease in accrued expenditures			(19)	
<b>TOTAL EXPENDITURES - GAAP BASIS</b>			<b><u>\$ 57,109</u></b>	

**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, 2017**

	<u>BUDGET ORIGINAL</u>	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)</u>
<b>REVENUES</b>				
Transfer from Hotel/Motel	\$ 5,000	\$ 5,000	\$ 13,000	\$ 8,000
Rental of Kinzie House	-	-	150	150
Interest Income	-	-	12	12
<b>TOTAL FINANCING SOURCES - BUDGET BASIS</b>	<u>\$ 5,000</u>	<u>\$ 5,000</u>	13,162	<u>\$ 8,162</u>
Financial Statement Adjustments:			-	
<b>TOTAL FINANCING SOURCES - GAAP BASIS</b>			<u>\$ 13,162</u>	
<b>EXPENDITURES</b>				
Building and Grounds	\$ 5,000	\$ 5,000	\$ 19,937	\$ (14,937)
<b>TOTAL EXPENDITURES - BUDGET BASIS</b>	<u>\$ 5,000</u>	<u>\$ 5,000</u>	19,937	<u>\$ (14,937)</u>
Financial Statement Adjustments:			-	
<b>TOTAL EXPENDITURES - GAAP BASIS</b>			<u>\$ 19,937</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, 2017**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
<b>REVENUES</b>				
Transfer from Hotel/Motel	\$ 235,330	\$ 235,330	\$ 377,620	\$ 142,290
PWW Festival Income	-	-	8,576	8,576
Event Fees	4,200	4,200	26	(4,174)
Sponsorship Funds	4,000	4,000	-	(4,000)
Miscellaneous Revenue	-	-	1,364	1,364
<b>TOTAL FINANCING SOURCES - BUDGET BASIS</b>	<b>\$ 243,530</b>	<b>\$ 243,530</b>	<b>387,586</b>	<b>\$ 144,056</b>
Financial Statement Adjustments:			-	
<b>TOTAL FINANCING SOURCES - GAAP BASIS</b>			<b>\$ 387,586</b>	
<b>EXPENDITURES</b>				
<b>PERSONNEL SERVICES:</b>				
Supervision	\$ 65,000	\$ 65,000	\$ 56,301	\$ 8,699
Salaries - Full time	40,000	40,000	35,638	4,362
Overtime	10,000	10,000	6,422	3,578
Vacation	-	-	2,463	(2,463)
Sick Leave	-	-	5,313	(5,313)
Holiday	-	-	5,008	(5,008)
Comptime	-	-	6,044	(6,044)
Auto Allowance	5,400	5,400	5,400	-
Retirement	17,200	17,200	16,977	223
Social Security / Medicare	8,560	8,560	9,275	(715)
Health Insurance	13,320	13,320	12,080	1,240
Dental	950	950	904	46
Life Insurance	250	250	272	(22)
Vision	250	250	218	32
Long Term Disability	240	240	293	(53)
Workers Comp	200	200	-	200
<b>Total Personnel Services</b>	<b>161,370</b>	<b>161,370</b>	<b>162,608</b>	<b>(1,238)</b>
<b>SUPPLIES:</b>				
Office supplies	1,200	1,200	3,220	(2,020)
Promotional materials	1,600	1,600	1,460	140
Technical supplies	1,000	1,000	-	1,000
Misc. Supplies	200	200	308	(108)
Postage	500	500	-	500
<b>Total Supplies</b>	<b>\$ 4,500</b>	<b>\$ 4,500</b>	<b>\$ 4,988</b>	<b>\$ (488)</b>

**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, 2017**

<b>CONTRACTUAL:</b>				
Miscellaneous	\$ 200	\$ 200	\$ 3,033	\$ (2,833)
Communications - Telephone	4,500	4,500	4,165	335
Insurance and bonds	300	300	105	195
Utilities	-	-	1,411	(1,411)
Publications and advertising	5,000	5,000	6,321	(1,321)
Associations dues	2,000	2,000	1,491	509
Downtown Exp	2,500	2,500	-	2,500
Event food	5,000	5,000	-	5,000
ETS fees / Bank service charges	-	-	253	(253)
Travel	5,000	5,000	3,248	1,752
School	2,000	2,000	2,155	(155)
Business Network	200	200	199	1
Events	-	-	(850)	850
Festivals	35,000	35,000	47,506	(12,506)
	<u>61,700</u>	<u>61,700</u>	<u>69,037</u>	<u>(7,337)</u>
<b>Total Contractual</b>				
<b>MAINTENANCE:</b>				
Janitorial	1,500	1,500	300	1,200
Machinery & Equipment	2,000	2,000	11,636	(9,636)
	<u>3,500</u>	<u>3,500</u>	<u>11,936</u>	<u>(8,436)</u>
<b>Total Maintenance</b>				
<b>SUNDRY</b>				
Legal	500	500	-	500
Professional	8,000	8,000	6,455	1,545
	<u>8,500</u>	<u>8,500</u>	<u>6,455</u>	<u>2,045</u>
<b>Total Sundry</b>				
<b>TOTAL EXPENDITURES - BUDGET BASIS</b>	<u>\$ 239,570</u>	<u>\$ 239,570</u>	255,024	<u>\$ (15,454)</u>
<b>Financial Statement Adjustments:</b>				
Amortize prepaid rent			14,625	
Increase in accrued expenditures			<u>1,097</u>	
<b>TOTAL EXPENDITURES - GAAP BASIS</b>			<u>\$ 270,746</u>	

**CITY OF LINDALE, TEXAS  
DEBT SERVICE FUND  
DETAILED SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)  
FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
<b>REVENUES</b>				
Current and delinquent property taxes	\$ 1,045,674	\$ 1,045,674	1,167,725	\$ 122,051
Interest income	-	-	15,657	15,657
Transfer from Other Funds	640,000	640,000	400,000	(240,000)
<b>TOTAL FINANCING SOURCES - BUDGET BASIS</b>	<b>\$ 1,685,674</b>	<b>\$ 1,685,674</b>	<b>1,583,382</b>	<b>\$ (102,292)</b>
<b>Financial Statement Adjustments:</b>			-	
<b>TOTAL REVENUES - GAAP BASIS</b>			<b>\$ 1,583,382</b>	
<b>EXPENDITURES</b>				
<b>Debt Service:</b>				
Bond Interest	\$ 599,214	\$ 599,214	504,037	\$ 95,177
Payment on Principal	1,083,460	1,083,460	963,460	120,000
Transfer to other funds	-	-	211,450	(211,450)
Agent fees	3,000	3,000	1,650	1,350
<b>TOTAL EXPENDITURES - BUDGET BASIS</b>	<b>\$ 1,685,674</b>	<b>\$ 1,685,674</b>	<b>1,680,597</b>	<b>\$ 5,077</b>
<b>Financial Statement Adjustments:</b>			-	
<b>TOTAL EXPENDITURES - GAAP BASIS</b>			<b>\$ 1,680,597</b>	

**CITY OF LINDALE, TEXAS**  
**DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL**  
**(NON-GAAP BUDGET BASIS)**  
**GENERAL FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>REVENUES</b>				
Current and delinquent property taxes	\$ 1,193,000	\$ 1,193,000	\$ 1,184,250	\$ (8,750)
Franchise taxes	271,000	271,000	293,872	22,872
Sales tax	1,725,000	1,725,000	1,964,705	239,705
Building permits	55,000	55,000	142,865	87,865
Fines and forfeitures	430,000	430,000	570,026	140,026
Garbage Collection	830,000	830,000	904,234	74,234
Garbage Tax	65,000	65,000	70,692	5,692
Miscellaneous Income	15,000	15,000	67,171	52,171
Interest Earned	12,000	12,000	14,886	2,886
Downtown Revenue	-	-	745	745
Event/Festival Fees	-	-	1,350	1,350
Rental of Community Center	15,000	15,000	14,385	(615)
Other rental	1,000	1,000	11,598	10,598
Insurance proceeds	-	-	4,445	4,445
Rental income - LEDC	<u>50,000</u>	<u>50,000</u>	<u>64,550</u>	<u>14,550</u>
<b>FINANCING SOURCES - BUDGET BASIS</b>	<u>\$ 4,662,000</u>	<u>\$ 4,662,000</u>	5,309,774	<u>\$ 647,774</u>
Financial Statement Adjustments:				
Sales tax receivable at 9-30-16			(317,073)	
Sales tax receivable at 9-30-17			339,825	
Transfers in			<u>150,000</u>	
<b>TOTAL FINANCING SOURCES - GAAP BASIS</b>			<u>\$ 5,482,526</u>	

CITY OF LINDALE, TEXAS  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)  
GENERAL FUND  
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>GENERAL GOVERNMENT/ADMINISTRATION</b>				
<b>PERSONNEL SERVICES</b>				
Supervision	\$ 193,000	\$ 193,000	\$ 148,525	\$ 44,475
Salaries-Full-time	35,700	35,700	29,543	6,157
Overtime	1,000	1,000	-	1,000
Vacation	-	-	8,148	(8,148)
Sick Leave	-	-	1,812	(1,812)
Holiday	-	-	6,263	(6,263)
Auto allowance	7,200	7,200	7,200	-
Comp Time	-	-	2,986	(2,986)
Retirement	33,200	33,200	29,014	4,186
Social Security/Medicare	18,300	18,300	15,505	2,795
Health Insurance	20,000	20,000	9,982	10,018
Dental	1,200	1,200	1,160	40
Life Insurance	730	730	329	401
Vision	350	350	278	72
Long term disability	400	400	385	15
Workers comp	700	700	715	(15)
<b>Total Personnel Services</b>	<b>311,780</b>	<b>311,780</b>	<b>261,845</b>	<b>49,935</b>
<b>SUPPLIES:</b>				
Office Supplies	6,500	6,500	6,492	8
Postage	1,500	1,520	1,519	1
Miscellaneous Supplies	8,000	8,000	6,823	1,177
Building & Cleaning Supplies	450	450	209	241
<b>Total Supplies</b>	<b>16,450</b>	<b>16,470</b>	<b>15,043</b>	<b>1,427</b>
<b>CONTRACTUAL:</b>				
Communications-Telephone	12,000	12,000	9,830	2,170
Miscellaneous	2,000	2,000	667	1,333
Insurance & Bonds	27,000	27,000	23,827	3,173
Publications & Advertising	6,000	6,000	4,041	1,959
Utilities	20,000	20,000	17,104	2,896
Librarian	46,000	46,000	40,000	6,000
Association Dues	3,400	3,425	3,424	1
Travel	11,000	11,000	4,101	6,899
Schools	4,000	4,000	4,706	(706)
ETS Fees/Bank Service Charges	200	200	-	200
Grants	-	-	700,000	(700,000)
Software Contract	12,000	13,150	13,139	11
<b>Total Contractual</b>	<b>143,600</b>	<b>144,775</b>	<b>820,839</b>	<b>(676,064)</b>
<b>MAINTENANCE:</b>				
Building & grounds	8,000	8,000	19,837	(11,837)
Janitorial	20,000	20,000	12,709	7,291
Furniture & fixtures	800	800	-	800
Machinery & equipment	4,000	7,350	7,349	1
<b>Total Maintenance</b>	<b>32,800</b>	<b>36,150</b>	<b>39,895</b>	<b>(3,745)</b>
<b>SUNDRY:</b>				
Elections	8,000	8,000	5,610	2,390
Legal	35,000	35,000	24,395	10,605
Professional	110,000	165,000	164,725	275
Tax Rebate	-	-	17,510	(17,510)
State Garbage Tax	68,000	70,500	70,496	4
<b>Total Sundry</b>	<b>221,000</b>	<b>278,500</b>	<b>282,736</b>	<b>(4,236)</b>
<b>CAPITAL EXPENDITURES:</b>				
Technical Equipment	30,000	30,000	-	30,000
Building and Grounds	-	-	87,411	(87,411)
<b>Total Capital Expenditures</b>	<b>30,000</b>	<b>30,000</b>	<b>87,411</b>	<b>(57,411)</b>
<b>TOTAL GENERAL GOVERNMENT/ADMINISTRATION</b>	<b>\$ 755,630</b>	<b>\$ 817,675</b>	<b>\$ 1,507,769</b>	<b>\$ (690,094)</b>

CITY OF LINDALE, TEXAS  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)  
GENERAL FUND  
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>GENERAL GOVERNMENT/CODE ENFORCEMENT</b>				
<b>PERSONNEL SERVICES</b>				
Supervision	\$ 70,000	\$ 70,000	\$ 64,114	\$ 5,886
Salaries-Full-time	132,000	132,000	98,404	33,596
Overtime	5,000	5,000	10,940	(5,940)
Vacation	-	-	4,608	(4,608)
Sick Leave	-	-	4,539	(4,539)
Holiday	-	-	10,794	(10,794)
Comp Time	-	-	6,327	(6,327)
Retirement	30,200	30,200	28,597	1,603
Social Security/Medicare	16,000	16,000	15,279	721
Health Insurance	26,620	26,620	23,809	2,811
Dental	1,600	1,600	1,703	(103)
Life Insurance	500	500	439	61
Vision	350	350	413	(63)
Long Term Disability	500	500	520	(20)
Workers Comp	2,000	2,000	1,014	986
<b>Total Personnel Services</b>	<b>284,770</b>	<b>284,770</b>	<b>271,500</b>	<b>13,270</b>
<b>SUPPLIES:</b>				
Office Supplies	3,000	3,000	3,428	(428)
Postage	600	600	490	110
Wearing Apparel	1,000	1,000	663	337
Fuel/Gas & Diesel	3,000	3,600	3,569	31
Technical Supplies	2,500	2,500	2,765	(265)
Miscellaneous Supplies	300	300	261	39
Computer Supplies	3,000	3,000	803	2,197
<b>Total Supplies</b>	<b>13,400</b>	<b>14,000</b>	<b>11,979</b>	<b>2,021</b>
<b>CONTRACTUAL:</b>				
Communications	6,000	6,000	4,902	1,098
Insurance & Bonds	600	600	826	(226)
Publications & Advertising	1,000	1,000	100	900
Association Dues	1,000	1,410	1,404	6
Travel	4,000	4,000	2,163	1,837
Schools	5,000	5,000	1,933	3,067
ETS Fees/Bank Service Charges	1,500	1,500	923	577
Software Contract	7,000	7,000	4,187	2,813
Humane Society	8,000	8,470	8,468	2
<b>Total Contractual</b>	<b>34,100</b>	<b>34,980</b>	<b>24,906</b>	<b>10,074</b>
<b>MAINTENANCE:</b>				
Machinery & Equipment	10,000	10,000	8,973	1,027
Motor Vehicle & Maintenance	1,500	1,500	1,155	345
<b>Total Maintenance</b>	<b>11,500</b>	<b>11,500</b>	<b>10,128</b>	<b>1,372</b>
<b>SUNDRY:</b>				
Professional	18,000	18,000	891	17,109
Refunds	-	50	50	-
Legal	15,000	15,000	3,304	11,696
<b>Total Sundry</b>	<b>33,000</b>	<b>33,050</b>	<b>4,245</b>	<b>28,805</b>
<b>CAPITAL EXPENDITURES</b>				
Building and Grounds	-	-	24,556	(24,556)
<b>Total Capital Expenditures</b>	<b>-</b>	<b>-</b>	<b>24,556</b>	<b>(24,556)</b>
<b>TOTAL GENERAL GOVERNMENT/ CODE ENFORCEMENT</b>	<b>\$ 376,770</b>	<b>\$ 378,300</b>	<b>\$ 347,314</b>	<b>\$ 30,986</b>

CITY OF LINDALE, TEXAS  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)  
GENERAL FUND  
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>COURT</b>				
<b>PERSONNEL SERVICES</b>				
Supervision	\$ 12,000	\$ 12,000	\$ 12,000	\$ -
Salaries-Full-time	63,000	63,000	49,521	13,479
Salaries-Part-time	12,000	12,000	-	12,000
Overtime	200	200	1,150	(950)
Vacation	-	-	1,089	(1,089)
Sick Leave	-	-	-	(401)
Holiday	-	-	2,221	(2,221)
Comp Time	-	-	1,309	(1,309)
Retirement	9,000	9,000	7,975	1,025
Social Security/Medicare	6,200	6,200	4,260	1,940
Health Insurance	13,400	13,400	9,063	4,337
Dental	700	700	809	(109)
Life Insurance	400	400	117	283
Vision	220	220	187	33
Long Term Disability	360	360	140	220
Workers Comp	200	200	286	(86)
<b>Total Personnel Services</b>	<b>117,680</b>	<b>117,680</b>	<b>90,528</b>	<b>27,152</b>
<b>SUPPLIES:</b>				
Office Supplies	1,800	1,800	2,390	(590)
Postage	2,000	2,000	1,068	932
<b>Total Supplies</b>	<b>3,800</b>	<b>3,800</b>	<b>3,458</b>	<b>342</b>
<b>CONTRACTUAL:</b>				
Communications	1,800	1,800	2,148	(348)
Software	4,500	4,500	87	4,413
Insurance & Bonds	100	150	150	-
Publications & Advertising	600	600	36	564
ETS Fees/Bank Service Charges	7,000	7,000	7,465	(465)
Association Dues	400	400	170	230
Travel	2,000	2,000	380	1,620
Schools	800	800	700	100
<b>Total Contractual</b>	<b>17,200</b>	<b>17,250</b>	<b>11,136</b>	<b>6,114</b>
<b>MAINTENANCE:</b>				
Furniture and Fixtures	500	500	-	500
<b>Total Maintenance</b>	<b>500</b>	<b>500</b>	<b>-</b>	<b>500</b>
<b>SUNDRY:</b>				
Court Expense	700	700	-	700
Legal	12,000	12,000	7,440	4,560
Professional	12,000	12,000	3,443	8,557
Transfer to State-Fines	200,000	207,050	207,021	29
<b>Total Sundry</b>	<b>224,700</b>	<b>231,750</b>	<b>217,904</b>	<b>13,846</b>
<b>TOTAL COURT</b>	<b>363,880</b>	<b>370,980</b>	<b>323,026</b>	<b>47,954</b>
<b>GENERAL GOVERNMENT/LEDC</b>				
<b>PERSONNEL SERVICES</b>				
Retirement	-	-	452	(452)
Social Security/Medicare	-	-	241	(241)
Health Insurance	-	-	11,405	(11,405)
Dental	-	-	769	(769)
Life Insurance	-	-	318	(318)
Vision	-	-	184	(184)
Long Term Disability	-	-	367	(367)
<b>Total Personnel Services</b>	<b>-</b>	<b>-</b>	<b>13,736</b>	<b>(13,736)</b>
<b>TOTAL GENERAL GOVERNMENT/LEDC</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,736</b>	<b>\$ (13,736)</b>

CITY OF LINDALE, TEXAS  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)  
GENERAL FUND  
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>POLICE</b>				
<b>PERSONNEL SERVICES:</b>				
Supervision	\$ 155,000	\$ 155,000	\$ 131,737	\$ 23,263
Salaries-Full-time	895,000	895,000	786,394	108,606
Salaries-Part-time	8,000	8,000	1,488	6,512
Overtime	35,000	35,000	40,352	(5,352)
Vacation	-	-	37,069	(37,069)
Sick Leave	-	-	10,900	(10,900)
Holiday	-	-	45,788	(45,788)
Comp Time	-	-	21,288	(21,288)
Retirement	154,000	154,000	154,059	(59)
Social Security/Medicare	89,700	89,700	82,809	6,891
Health Insurance	153,100	153,100	129,106	23,994
Dental	7,200	7,200	10,081	(2,881)
Life Insurance	5,000	5,000	2,917	2,083
Vision	2,500	2,500	2,394	106
Long Term Disability	4,000	4,000	2,793	1,207
Workers Comp	18,000	18,000	22,985	(4,985)
Health Reimbursement Account	-	-	3,976	(3,976)
<b>Total Personnel Services</b>	<b>1,526,500</b>	<b>1,526,500</b>	<b>1,486,136</b>	<b>40,364</b>
<b>SUPPLIES:</b>				
Office Supplies	8,000	8,800	8,793	7
Postage	1,000	1,000	959	41
Wearing Apparel	11,000	11,350	11,345	5
Fuel/Gas & Diesel	50,000	50,000	32,347	17,653
Technical Supplies	7,500	7,500	6,504	996
Miscellaneous Supplies	6,500	6,500	6,787	(287)
<b>Total Supplies</b>	<b>84,000</b>	<b>85,150</b>	<b>66,735</b>	<b>18,415</b>
<b>CONTRACTUAL:</b>				
Communications-Telephone	3,000	3,000	18,375	(15,375)
Communications	22,000	22,000	1,096	20,904
Insurance & Bonds	18,000	18,000	16,698	1,302
Publications & Advertising	1,500	1,500	1,071	429
Association Dues	800	800	476	324
Travel	4,000	4,000	5,134	(1,134)
Schools	4,000	4,000	2,935	1,065
ETS/Bank Svc Chgs	100	100	-	100
Contracts - Miscellaneous	35,000	35,000	29,821	5,179
<b>Total Contractual</b>	<b>88,400</b>	<b>88,400</b>	<b>75,606</b>	<b>12,794</b>
<b>MAINTENANCE:</b>				
Machinery & Equipment	40,000	40,000	32,944	7,056
Motor Vehicle & Maintenance	25,000	31,060	31,057	3
Miscellaneous Maintenance	5,500	5,500	4,825	675
Building & Grounds	2,000	2,150	2,149	1
<b>Total Maintenance</b>	<b>72,500</b>	<b>78,710</b>	<b>70,975</b>	<b>7,735</b>
<b>SUNDRY:</b>				
Legal	8,000	8,000	3,440	4,560
Professional	4,000	4,000	3,884	116
<b>Total Sundry</b>	<b>12,000</b>	<b>12,000</b>	<b>7,324</b>	<b>4,676</b>
<b>CAPITAL EXPENDITURES:</b>				
Motor Vehicle	47,000	47,000	-	47,000
<b>Total Capital Expenditures</b>	<b>47,000</b>	<b>47,000</b>	<b>-</b>	<b>47,000</b>
<b>TOTAL POLICE</b>	<b>\$ 1,830,400</b>	<b>\$ 1,837,760</b>	<b>\$ 1,706,776</b>	<b>\$ 130,984</b>

CITY OF LINDALE, TEXAS  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)  
GENERAL FUND  
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>FIRE</b>				
<b>PERSONNEL SERVICES:</b>				
Retirement	\$ 13,000	\$ 13,000	\$ 12,744	\$ 256
Total Personnel Services	13,000	13,000	12,744	256
<b>TOTAL FIRE</b>	<b>13,000</b>	<b>13,000</b>	<b>12,744</b>	<b>256</b>
<b>PUBLIC WORKS</b>				
<b>PERSONNEL SERVICES:</b>				
Salaries-Full-time	199,000	199,000	135,707	63,293
Salaries-Part-time	20,000	20,000	24,792	(4,792)
Overtime	8,000	8,000	9,863	(1,863)
Vacation	-	-	7,309	(7,309)
Sick Leave	-	-	3,578	(3,578)
Holiday	-	-	6,925	(6,925)
Retirement	28,000	28,000	23,445	4,555
Social Security/Medicare	16,600	16,600	14,423	2,177
Health Insurance	37,000	37,000	23,725	13,275
Dental	2,420	2,420	1,779	641
Life Insurance	1,200	1,200	334	866
Vision	600	600	428	172
Long Term Disability	920	920	388	532
Workers Comp	2,300	2,300	1,757	543
Total Personnel Services	316,040	316,040	254,818	61,222
<b>SUPPLIES:</b>				
Office Supplies	500	500	45	455
Postage	30	30	-	30
Wearing Apparel	1,400	1,400	1,338	62
Fuel/Gas & Diesel	21,000	21,000	14,171	6,829
Technical Supplies	2,500	2,500	614	1,886
Cleaning Supplies	400	400	452	(52)
Building Supplies	800	800	1,048	(248)
Tractor Supplies	4,000	4,000	2,838	1,162
Miscellaneous Supplies	500	500	176	324
Total Supplies	31,130	31,130	20,682	10,448
<b>CONTRACTUAL:</b>				
Communications	3,100	3,100	3,877	(777)
Insurance & Bonds	1,800	1,800	1,411	389
Utilities	125,000	125,000	124,514	486
Association Dues	200	200	-	200
Equipment Rental	2,000	2,000	3,934	(1,934)
Schools	1,000	1,000	402	598
Solid Waste Contract	630,000	630,000	740,255	(110,255)
Janitorial Service	7,150	7,150	5,625	1,525
Total Contractual	770,250	770,250	880,018	(109,768)
<b>MAINTENANCE:</b>				
Building and Grounds	97,000	97,000	48,514	48,486
Machinery & Equipment	28,000	28,000	25,643	2,357
Motor Vehicle & Maintenance	12,000	12,000	9,069	2,931
Miscellaneous Maintenance	5,000	5,000	3,683	1,317
Streets & Alleys	65,000	68,400	68,391	9
Culverts	4,000	4,000	-	4,000
Athletic Fields-Grounds	15,000	15,000	13,260	1,740
Signals & Markers	14,000	14,000	8,887	5,113
Total Maintenance	\$ 240,000	\$ 243,400	\$ 177,447	\$ 65,953

CITY OF LINDALE, TEXAS  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)  
GENERAL FUND  
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>SUNDRY:</b>				
Legal	\$ 800	\$ 800	\$ -	\$ 800
Professional	24,000	24,000	4,976	19,024
<b>Total Sundry</b>	<u>24,800</u>	<u>24,800</u>	<u>4,976</u>	<u>19,824</u>
<b>CAPITAL EXPENDITURES</b>				
Streets	150,000	150,000	-	150,000
Machinery and Equipment	56,000	56,000	14,950	41,050
<b>Total Capital Expenditures</b>	<u>206,000</u>	<u>206,000</u>	<u>14,950</u>	<u>191,050</u>
<b>TOTAL PUBLIC WORKS</b>	<u>1,588,220</u>	<u>1,591,620</u>	<u>1,352,891</u>	<u>238,729</u>
<b>TOURISM</b>				
<b>SUPPLIES:</b>				
Office Supplies	-	-	2	(2)
Miscellaneous Supplies	2,000	2,000	2,190	(190)
<b>Total Supplies</b>	<u>2,000</u>	<u>2,000</u>	<u>2,192</u>	<u>(192)</u>
<b>CONTRACTUAL:</b>				
Miscellaneous	100	100	-	100
Publication & Advertising	-	-	9	(9)
Event - Christmas	8,000	8,000	353	7,647
Events	5,000	5,000	3,402	1,598
<b>Total Contractual</b>	<u>13,100</u>	<u>13,100</u>	<u>3,764</u>	<u>9,336</u>
<b>SUNDRY:</b>				
Professional	2,000	2,000	3,403	(1,403)
<b>Total Sundry</b>	<u>2,000</u>	<u>2,000</u>	<u>3,403</u>	<u>(1,403)</u>
<b>TOTAL TOURISM</b>	<u>17,100</u>	<u>17,100</u>	<u>9,359</u>	<u>7,741</u>
<b>TOTAL EXPENDITURES - BUDGET BASIS</b>	<u>\$ 4,945,000</u>	<u>\$ 5,026,435</u>	<u>5,273,615</u>	<u>\$ (247,180)</u>
<b>Financial Statement Adjustments:</b>				
Decrease in accrued expenditures			(34,203)	
Transfers out			5,522	
<b>TOTAL EXPENDITURES - GAAP BASIS</b>			<u>\$ 5,244,934</u>	

**CITY OF LINDALE, TEXAS  
 DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
 (NON-GAAP BUDGET BASIS)  
 WATER & SEWER FUND  
 FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>REVENUES</b>				
<b>Charges for services:</b>				
Water sales	\$ 1,440,500	\$ 1,440,500	\$ 1,518,496	\$ 77,996
Sewer charges	845,000	845,000	933,719	88,719
Tap and connect fees	55,000	55,000	52,179	(2,821)
Miscellaneous	10,000	10,000	13,865	3,865
Grants	-	-	64,473	64,473
Insurance Proceeds	-	-	18,360	18,360
Interest	<u>9,000</u>	<u>9,000</u>	<u>7,505</u>	<u>(1,495)</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES - BUDGET BASIS</b>	<b>\$ <u>2,359,500</u></b>	<b>\$ <u>2,359,500</u></b>	<b>2,608,597</b>	<b>\$ <u>249,097</u></b>
<b>Financial Statement Adjustments:</b>				
Transfer in			<u>589,025</u>	
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES - GAAP BASIS</b>			<b>\$ <u>3,197,622</u></b>	

CITY OF LINDALE, TEXAS  
DETAILED SCHEDULE OF EXPENSES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)  
WATER & SEWER FUND  
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>WATER &amp; SEWER OPERATIONS</b>				
<b>PERSONNEL SERVICES:</b>				
Supervision	\$ 141,500	\$ 141,500	\$ 55,413	\$ 86,087
Salaries Full-time	420,000	420,000	385,229	34,771
Overtime	25,000	25,000	28,502	(3,502)
Vacation	-	-	36,706	(36,706)
Sick Leave	-	-	22,908	(22,908)
Holiday	-	-	24,214	(24,214)
Comp Time	-	-	11,769	(11,769)
Retirement	81,000	81,000	80,035	965
Social Security/Medicare	45,800	45,800	43,203	2,597
Health Insurance	85,400	85,400	81,077	4,323
Dental	4,800	4,800	5,870	(1,070)
Life Insurance	2,800	2,800	1,222	1,578
Vision	1,500	1,500	1,416	84
Long Term Disability	1,500	1,500	1,472	28
Workers Comp	15,000	15,000	17,007	(2,007)
Health Reimbursement Account	-	9,300	9,248	52
<b>Total Personnel Services</b>	<b>824,300</b>	<b>833,600</b>	<b>805,291</b>	<b>28,309</b>
<b>SUPPLIES:</b>				
Office supplies	3,500	3,500	2,819	681
Postage	28,000	28,000	27,876	124
Wearing apparel	2,000	2,000	1,519	481
Fuel, gas & diesel	24,000	24,000	22,456	1,544
Technical supplies	14,000	14,000	8,410	5,590
Cleaning supplies	100	100	-	100
Building supplies	500	500	55	445
Food supplies	300	300	307	(7)
Chemicals & lab test	48,000	59,810	59,802	8
Tractor supplies	2,800	2,975	2,975	-
Miscellaneous supplies	500	500	209	291
<b>Total Supplies and Materials</b>	<b>123,700</b>	<b>135,685</b>	<b>126,428</b>	<b>9,257</b>
<b>CONTRACTUAL:</b>				
Communications	57,000	93,125	93,121	4
Insurance & Bonds - Casualty	8,000	10,660	10,654	6
Publications & advertising	1,200	1,200	798	402
Utilities	290,000	290,000	261,698	28,302
Association dues	800	960	957	3
Equipment rental	7,500	7,500	7,022	478
Travel	800	800	-	800
Schools	5,500	6,600	6,556	44
Software contract	18,000	18,000	16,569	1,431
ETS/Bank charges	17,500	17,500	25,296	(7,796)
<b>Total Contractual</b>	<b>406,300</b>	<b>446,345</b>	<b>422,671</b>	<b>23,674</b>
<b>MAINTENANCE:</b>				
Buildings & grounds	4,800	6,885	6,882	3
Janitorial	3,800	6,210	6,208	2
Machinery & equipment	23,000	23,000	18,208	4,792
Motor vehicles & maintenance	5,000	5,000	3,172	1,828
Miscellaneous	500	500	198	302
<b>Total Maintenance</b>	<b>\$ 37,100</b>	<b>\$ 41,595</b>	<b>\$ 34,668</b>	<b>\$ 6,927</b>

**CITY OF LINDALE, TEXAS**  
**DETAILED SCHEDULE OF EXPENSES - BUDGET AND ACTUAL**  
**(NON-GAAP BUDGET BASIS)**  
**WATER & SEWER FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>MAINTENANCE - BUILDING &amp; STRUCTURE:</b>				
Sanitary sewers	\$ 34,000	\$ 34,000	\$ 40,628	\$ (6,628)
Water mains	34,000	34,000	40,600	(6,600)
Plants, towers & wells	<u>178,000</u>	<u>209,150</u>	<u>209,750</u>	<u>(600)</u>
<b>Total Maintenance - building &amp; structure</b>	<b><u>246,000</u></b>	<b><u>277,150</u></b>	<b><u>290,978</u></b>	<b><u>(13,828)</u></b>
<b>SUNDRY:</b>				
Legal	1,000	1,000	416	584
Professional	35,000	35,000	34,857	143
Miscellaneous	100	100	-	100
Inspection fees	<u>18,500</u>	<u>18,500</u>	<u>16,914</u>	<u>1,586</u>
<b>Total Sundry</b>	<b><u>54,600</u></b>	<b><u>54,600</u></b>	<b><u>52,187</u></b>	<b><u>2,413</u></b>
<b>CAPITAL - BUILDING &amp; STRUCTURE:</b>				
Building & Grounds	2,000	2,000	-	2,000
Service lines (sewer)	3,500	3,500	1,729	1,771
Plants, towers & wells	15,000	15,000	-	15,000
Mains	40,000	40,000	37,901	2,099
Wells & pumps	25,000	25,000	1,147	23,853
Meters & meter boxes	72,000	72,000	88,552	(16,552)
Service lines (water)	35,000	35,000	35,302	(302)
Service man holes	8,000	8,000	9,172	(1,172)
Hydrants & valves	<u>17,000</u>	<u>17,000</u>	<u>15,651</u>	<u>1,349</u>
<b>Total Capital - building &amp; structure</b>	<b><u>217,500</u></b>	<b><u>217,500</u></b>	<b><u>189,454</u></b>	<b><u>28,046</u></b>
<b>CAPITAL EQUIPMENT:</b>				
Machinery & equipment	100,000	100,000	73,494	26,506
Sewer Lines	28,000	28,000	-	28,000
Buildings and grounds	-	-	36,362	(36,362)
Plants-Towers-Wells	<u>230,000</u>	<u>230,000</u>	<u>154,900</u>	<u>75,100</u>
<b>Total Capital Equipment</b>	<b><u>358,000</u></b>	<b><u>358,000</u></b>	<b><u>264,756</u></b>	<b><u>93,244</u></b>
<b>TRANSFERS:</b>				
Transfer to General Capital	-	-	150,000	(150,000)
<b>Total Transfers</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>150,000</u></b>	<b><u>(150,000)</u></b>
<b>BOND EXPENSE:</b>				
Transfer to I&S	450,000	450,000	400,000	50,000
<b>Total Bond Expense</b>	<b><u>450,000</u></b>	<b><u>450,000</u></b>	<b><u>400,000</u></b>	<b><u>50,000</u></b>
<b>TOTAL EXPENSES - BUDGET BASIS</b>	<b><u>\$ 2,717,500</u></b>	<b><u>\$ 2,814,475</u></b>	<b><u>2,736,433</u></b>	<b><u>\$ 78,042</u></b>
<b>Financial Statement Adjustments:</b>				
Depreciation			698,733	
Decrease in compensated absences			(464)	
Capital outlay items not expensed			(132,502)	
GASB 68 pension adjustment			45,212	
Capitalize lease payments			(6,000)	
Miscellaneous adjustments			117	
Decrease in accounts payable and accrued expenses			<u>(114,704)</u>	
<b>TOTAL EXPENSES AND TRANSFERS - GAAP BASIS</b>			<b><u>\$ 3,226,825</u></b>	

SCHEDULE "20"

CITY OF LINDALE, TEXAS  
 SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS - BY SOURCE  
 FISCAL YEAR ENDED SEPTEMBER 30, 2017

	TOTAL	LAND	BUILDINGS	INFRASTRUCTURE	MACHINERY & EQUIPMENT	CONSTRUCTION IN PROGRESS
Governmental assets - October 1, 2016	\$ 20,049,859	\$ 3,682,699	\$ 4,823,767	\$ 6,098,495	\$ 2,024,447	\$ 3,420,451
ADDITIONS FROM GOVERNMENTAL FUNDS:						
<u>GENERAL FUND</u>						
Buildings & improvements	6,777,627	-	5,257,812	-	-	1,519,815
Machinery & equipment	13,317	-	-	-	13,317	-
Infrastructure	130,908	-	-	130,908	-	-
	(4,940,266)	-	-	-	-	(4,940,266)
RETIREMENTS FROM GOVERNMENTAL FUNDS:						
<u>GENERAL FUND</u>						
Construction in Progress						
<b>GOVERNMENTAL ASSETS -</b>						
<b>SEPTEMBER 30, 2017</b>	<b>\$ 22,031,445</b>	<b>\$ 3,682,699</b>	<b>\$ 10,081,579</b>	<b>\$ 6,229,403</b>	<b>\$ 2,037,764</b>	<b>\$ -</b>

CITY OF LINDALE, TEXAS  
 SCHEDULE OF CHANGES IN GOVERNMENTAL LONG-TERM DEBT  
 FISCAL YEAR ENDED SEPTEMBER 30, 2017

	2006 SERIES	2009 SERIES	2012 SERIES	2014 REF SERIES	2015 SERIES	2015 REF SERIES	CAPITAL LEASE	COMPENSATED ABSENCES	NET PENSION LIABILITY
Governmental fund debt, October 1, 2016	\$ 17,395,700	\$ 2,198,268	\$ 2,175,000	\$ 1,535,000	\$ 4,960,983	\$ 4,684,826	\$ 19,814	\$ 206,346	\$ 1,445,463
<b>ADDITIONS</b>									
Change in net pension liability	-	-	-	-	-	-	-	-	141,027
Compensated absences	-	-	-	-	-	-	-	55,614	-
Total Additions	-	-	-	-	-	-	-	55,614	141,027
<b>RETIREMENTS</b>									
Bond principal:									
2006 Certificates of Obligation	170,000	-	-	-	-	-	-	-	-
2009 Certificates of Obligation	-	160,000	-	-	-	-	-	-	-
2012 Refunding General Obligation	-	-	130,000	-	-	-	-	-	-
2014 Refunding General Obligation	-	-	-	375,000	-	-	-	-	-
2015 Certificates of Obligation	-	-	-	-	8,460	-	-	-	-
2015 Refunding General Obligation	-	-	-	-	-	120,000	-	-	-
Total Bond Retirements	170,000	160,000	130,000	375,000	8,460	120,000	-	-	-
Other Retirements:									
Capital lease payments	-	-	-	-	-	-	6,085	-	-
Amortization of bond premium	-	2,200	-	-	-	76,393	-	-	-
Total Other Retirements	-	2,200	-	-	-	76,393	6,085	-	-
<b>GOVERNMENTAL FUND DEBT, SEPTEMBER 30, 2017</b>	<b>\$ 16,544,203</b>	<b>\$ 2,036,068</b>	<b>\$ 2,045,000</b>	<b>\$ 1,160,000</b>	<b>\$ 4,952,523</b>	<b>\$ 4,488,433</b>	<b>\$ 13,729</b>	<b>\$ 261,960</b>	<b>\$ 1,586,490</b>

SCHEDULE "22"

LINDALE ECONOMIC DEVELOPMENT CORPORATION  
 STATEMENT OF NET POSITION  
 (NONGOVERNMENTAL PRESENTATION)  
 SEPTEMBER 30, 2017

<b>Assets</b>	
Current Assets	
Cash and cash equivalents	\$ 767,918
Investments	1,750,000
Sales tax receivable	166,137
Total Current Assets	<u>2,684,055</u>
Property and equipment (net of accumulated depreciation)	1,771,175
Other Assets	
Organizational cost	555
Prepaid rent	161,563
Land held for resale	3,628,776
Intangible asset	160,980
Total Other Assets	<u>3,951,874</u>
Total Assets	<u>8,407,104</u>
<b>Liabilities</b>	
Current Liabilities	
Accounts payable	2,269
Accrued interest payable	15,823
Current portion of long-term debt	203,467
Total Current Liabilities	<u>221,559</u>
Long-Term Liabilities	
Notes payable- net of current portion	2,171,060
Total Long-Term Liabilities	<u>2,171,060</u>
Total Liabilities	<u>2,392,619</u>
<b>Net Position</b>	
Unrestricted	<u>6,014,485</u>
Total Net Position	<u>\$ 6,014,485</u>

SCHEDULE "23"

LINDALE ECONOMIC DEVELOPMENT CORPORATION  
 STATEMENT OF ACTIVITIES  
 (NONGOVERNMENTAL PRESENTATION)  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Unrestricted</u>
<b>Revenues, Gains, and Other Support</b>	
Sales tax	\$ 979,963
Interest income	19,386
Rent income	2,010
Other income	51,000
<b>Total Revenues, Gains, and Other Support</b>	<u>1,052,359</u>
<b>Expenses and Losses</b>	
Salaries, benefits and payroll taxes	198,406
Professional services	107,781
Office rent	35,250
Office supplies	3,507
Postage/Express Mail	364
Communications	3,750
Conferences and meetings	14,083
Dues and subscriptions	623
Travel	9,594
Memberships	10,517
Interest and bank charges	91,531
Maintenance of properties	2,020
Marketing materials	67
Advertising materials	2,663
Sponsorships	4,091
Insurance	2,214
Rent expense	975
Miscellaneous	8,466
Infrastructure improvements	700,000
Depreciation	52,603
<b>Total Expenses and Losses</b>	<u>1,248,505</u>
Change in Net Position	(196,146)
Net Position at Beginning of Year	5,994,308
Prior Period Adjustment (See note 12)	<u>216,323</u>
Net Position at Beginning of Year, as restated	<u>6,210,631</u>
Net Position at End of Year	<u>\$ 6,014,485</u>

**LINDALE ECONOMIC DEVELOPMENT CORPORATION**  
**STATEMENT OF CASH FLOWS**  
**(NONGOVERNMENTAL PRESENTATION)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net position	\$ (196,146)
Adjustments to change in net assets to cash provided by (used in) operating activities:	
Depreciation expense	52,603
(Increase) decrease in assets:	
Sales tax receivable	(9,724)
Prepaid rent	35,250
Increase (decrease) in liabilities:	
Accounts payable	(14,070)
Compensated absences	8,277
Accrued expenses	<u>(7,706)</u>
Total Adjustments	<u>64,630</u>
Net Cash Used in Operating Activities	<u>(131,516)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of fixed assets	<u>(10,206)</u>
Net Cash Used in Investing Activities	<u>(10,206)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Principal payments on notes payable	<u>(195,510)</u>
Net Cash Used in Financing Activities	<u>(195,510)</u>
Net Decrease in Cash & Cash Equivalents	(337,232)
Cash and cash equivalents, beginning of year	<u>1,105,150</u>
Cash and cash equivalents, end of year	<u>\$ 767,918</u>
 <b>SUPPLEMENTAL INFORMATION:</b>	
Cash paid for interest	<u>\$ 90,960</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, 2017 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 December 6, 2017.

*Internal Control over Financial Reporting*

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

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

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

*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.

**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  
December 6, 2017