

CITY OF LINDALE, TEXAS
BASIC FINANCIAL STATEMENTS and
REQUIRED SUPPLEMENTARY and OTHER
INFORMATION
FISCAL YEAR ENDED SEPTEMBER 30, 2018

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Lindale, Texas, as of and for the year ended September 30, 2018, 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, 2018 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2019, on our consideration of City of Lindale, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Lindale, Texas' internal control over financial reporting and compliance.



Certified Public Accountants

Tyler, Texas
February 14, 2019

**City Of Lindale
Management's Discussion and Analysis
For the Year Ended September 30, 2018**

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, 2018.

Financial Highlights

- As of the end of the current fiscal year, the assets of the City exceed its liabilities by \$22,469,471 (net position). The net position is made up of \$18,757,578 in capital assets net of related debt, (1,176,479) set aside for capital improvements, \$1,146,656 restricted to meet the City's ongoing debt obligations to creditors, \$328,343 restricted for parks, \$923,119 set aside for tourism, \$219,047 restricted for other purposes and \$2,271,207 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 \$5,734,174. Of the balance, \$2,532,218 is undesignated and available by the City's designation and policies
- At the end of the current fiscal year, undesignated fund balance in the general fund was \$2,532,218 that represents 39% of the total 2018 general fund expenditures.
- The City's total non-current liabilities increased to \$19,825,880. That is a \$174,841 increase over the prior year 2017 balance of \$19,651,039. The increase from 2017 to 2018 is due to new debt being issued in 2018 and principal payments being applied to existing bonds.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

Proprietary funds. The City of Lindale maintains several types of proprietary funds within the enterprise fund. Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. The City

used enterprise funds to account for its water and sewer operations, capital improvements and non-major enterprise activities.

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

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

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

Government-wide Financial Analysis

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

As noted earlier, net position, over time, may serve as a useful indicator of the City's financial position. At the end of the fiscal year September 30, 2018, the City's assets exceeded liabilities by \$22,469,471. This amount is greater than the 2017 balance of \$21,618,877. By far the largest portion of the City's net assets is the \$18,757,578 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 2018 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 2018 investment in capital assets amount of \$18,757,578 was greater than the 2017 total of \$18,371,451. 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	
	2018	2017	2018	2017	2018	2017
Current and other assets	6,444,604	6,277,664	2,524,501	2,098,753	8,969,105	8,376,417
Capital assets	16,762,385	17,005,352	17,070,321	15,985,863	33,832,706	32,991,215
Total assets	23,206,989	23,283,016	19,594,822	18,084,616	42,801,811	41,367,632
Total Deferred Outflows	717,816	659,564	162,259	131,705	880,075	791,269

Current liabilities	469,424	489,261	573,581	327,803	1,043,005	817,064
Non-current liabilities	15,430,586	16,544,203	4,395,294	3,106,836	19,825,880	19,651,039
Total liabilities	15,900,010	17,033,464	4,968,875	3,434,639	20,868,885	20,468,103
Total Deferred Inflow	262,905	55,124	80,625	16,797	343,530	71,921
Net invested in capital	3,325,634	2,536,920	15,431,944	15,834,531	18,757,578	18,371,451
Restricted	3,201,956	3,631,915	(1,761,270)	(1,906,096)	1,440,686	1,725,819
Unrestricted	1,234,300	685,153	1,036,907	836,450	2,271,207	1,521,603
Total Net Position	7,761,890	6,853,992	14,707,581	14,764,885	22,469,471	21,618,871

*note auditor adjusted 2017 numbers for allocation of Net Position.

Governmental activities. Consistent with the preceding governmental net position, this is the fifteenth 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 \$907,898 to the governmental activities net position in fiscal year 2018. This is \$629,133 decrease over last year 2017 change in net position of governmental activities.

City of Lindale's Change in Net Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues						
Charges for services	1,552,812	1,688,821	2,825,609	2,518,259	4,378,421	4,207,080
Operating Grants and contribution	-	-	-	64,473	-	64,473
Capital grants and contribution	74,447	146,610	33,143	-	107,590	146,610
General revenue						
Property taxes	2,515,264	2,431,797	-	-	2,515,264	2,431,797
Franchise taxes	300,817	293,872	-	-	300,817	293,872
Sales and use taxes	1,974,475	1,987,457	-	-	1,974,475	1,987,457
Hotel/Motel taxes	431,470	392,691	-	-	431,470	392,691
Sales of lots	32,800	19,200	-	-	32,800	19,200
Gain on sale of assets	-	-	-	-	-	-
Loss on sale of assets	(24,437)	-	-	-	(24,437)	-
Insurance Proceeds	14,462	4,445	35,937	18,360	50,399	22,805
Interest and rent	267,181	221,198	38,842	19,837	306,023	241,035
LEDC Donation	-	700,000	-	-	-	700,000
Miscellaneous	167,050	109,977	-	-	167,050	109,977
Transfers	34,978	338,550	(34,978)	(338,550)	-	-
Total revenue	7,341,319	8,334,618	2,898,553	2,282,379	10,239,872	10,616,997
Expenses						
General government	1,213,505	1,894,333	-	-	1,213,505	1,894,333
Public Safety	2,249,620	2,181,640	-	-	2,249,620	2,181,640
Public Works	1,805,324	1,544,257	-	-	1,805,324	1,544,257
Economic Development	14,155	13,050	-	-	14,155	13,050
Tourism	14,407	9,359	-	-	14,407	9,359
Interest	521,276	533,327	129,829	116,845	651,105	650,172
Water/Sewer Operation	-	-	2,775,881	2,625,110	2,775,881	2,625,110
Bond Issue Cost	-	-	50,147	-	50,147	-
Other	615,134	621,621	-	-	615,134	621,621
Total expenses	6,433,421	6,797,587	2,955,857	2,741,955	9,389,278	9,539,542
Change in net position	907,898	1,537,031	(57,304)	(459,576)	850,594	1,077,455

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 2018 year ending fund balance of \$5,734,174 had two major components. These include \$2,532,218 in the general fund, \$1,146,656 in debt service fund, and \$2,055,300 in other governmental funds. The unrestricted portion of the General Fund represented 39% percent of the 2018 expenses that is greater than the 36% expenses coverage in fiscal year 2017.

Proprietary funds.

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

The 2018 unrestricted net assets of the proprietary fund amounted to \$1,036,907 as compared to the 2017 \$836,450 which is held by the water and sewer fund.

A (\$34,978) net transfer from the Water Fund resulted in a 2018 change to the Proprietary Fund net assets of (57,304).

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, 2018 of \$18,757,578 is comparable to the 2017 total of \$18,371,451. Net capital assets without the related debt reflect the capital asset value of \$33,832,706 changed from the 2017 value of \$32,991,215.

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

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	3,748,797	3,682,699	172,926	172,926	3,921,723	3,855,625
Construction in progress	86,037		1,655,143	196,827	1,741,180	196,827
Building and Improvements	9,936,632	10,081,579	484,791	324,444	10,421,423	10,406,023
Water and sewer system	-	-	24,829,173	24,768,688	24,829,173	24,768,688
Infrastructure	6,349,306	6,229,403	-	-	6,349,306	6,229,403
Machinery and Equipment	2,059,921	2,037,764	1,027,161	948,034	3,087,082	2,985,798
Total	22,180,693	22,031,445	28,169,194	26,410,919	50,349,887	48,442,364
Less Accumulated Depreciation	(5,418,308)	(5,026,093)	(11,098,873)	(10,425,056)	(16,517,180)	(15,451,149)
Combined Total	16,762,385	17,005,352	17,070,321	15,985,863	33,832,706	32,991,215

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

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

At the end of the fiscal year 2018, the City governmental activities had outstanding debt obligations of \$13,258,750 plus \$347,951 of unamortized bond premium that totals \$13,606,701.

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	
	2018	2017	2018	2017	2018	2017
Certificates of obligation	6,788,750	6,962,523	3,690,000	2,455,000	10,478,750	9,417,523
General obligations	6,470,000	7,285,000	-	-	6,470,000	7,285,000
Capital Lease	16,160	13,729	24,034	11,668	40,194	25,397
Unamortized bond premium	347,951	434,501	134,580	95,220	482,531	529,721
Compensated absences	290,056	261,960	80,652	61,542	370,708	323,502
Net Pension Liability	1,517,668	1,586,490	462,264	483,406	1,979,932	2,069,896
Combined total	15,430,585	16,544,203	4,391,530	3,106,836	19,822,115	19,651,039

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

Economic Factors and Next Year's Budgets and Rates

The tax rate was decreased from \$.476 to \$.475 which is slightly lower than the rate last year. We feel the tax rate will continue to be in the same area and do not foresee any change.

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

The city has several infrastructure projects scheduled to begin in 2019; Phase I of Avenue 'B' and installing of infrastructure along the I-20 Frontage Road and widening Wood Springs Road, creating new commercial growth that will impact the Sales Tax and Ad Val Tax. The city also has a mandated project of moving utilities for the widening of Hwy 16 at an estimated cost of 2.9 million.

We have always maintained that one of the most valuable assets the City has is its employees. The 2018-2019 Budget maintained current employee benefits and allowed for a 3% Cost of Living pay increase.

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

All of these factors were considered in preparing the City's budget for the 2018-2019 fiscal year.

Request for information

This financial report is designed to provide a general overview of the City of Lindale's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: City of Lindale P.O. Box 130 Lindale, Texas or call 903-882-3422.

BASIC FINANCIAL STATEMENTS

CITY OF LINDALE, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

EXHIBIT I

	PRIMARY GOVERNMENT			COMPONENT UNIT LINDALE ECONOMIC DEVELOPMENT CORPORATION
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL	
ASSETS				
Cash and cash equivalents	\$ 4,962,708	\$ 558,944	\$ 5,521,652	\$ 676,652
Investments	23,500	478,336	501,836	2,300,000
Receivables (net of allowance for doubtful accounts)	783,828	332,992	1,116,820	170,425
Prepaid expenses	117,000	-	117,000	126,313
Note receivable	-	-	-	660,000
Other assets	-	-	-	161,535
Internal balances	(142,836)	142,836	-	-
Restricted Assets:				
Temporarily restricted				
Cash and cash equivalents	700,404	1,011,393	1,711,797	-
Bond insurance costs (net)	-	-	-	-
Capital Assets (net of accumulated depreciation):				
Land	3,748,797	172,926	3,921,723	3,381,280
Buildings and improvements	8,269,501	366,401	8,635,902	-
Infrastructure	4,309,205	-	4,309,205	1,711,594
Machinery and equipment	348,845	160,678	509,523	9,370
Construction in progress	86,037	1,655,143	1,741,180	-
Water and sewer system	-	14,715,173	14,715,173	-
Total Capital Assets	<u>16,762,385</u>	<u>17,070,321</u>	<u>33,832,706</u>	<u>5,102,244</u>
Total Assets	<u>23,206,989</u>	<u>19,594,822</u>	<u>42,801,811</u>	<u>9,197,169</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding (net of amortization)	186,111	-	186,111	-
Deferred charge on TMRS pension	531,705	162,259	693,964	-
Total Deferred Outflows of Resources	<u>717,816</u>	<u>162,259</u>	<u>880,075</u>	<u>-</u>
LIABILITIES				
Accounts payable and accrued expenses	291,594	296,897	588,491	4,373
Deposits and other refundable balances	-	265,553	265,553	-
Deferred revenue	126,313	-	126,313	-
Accrued interest	51,517	11,131	62,648	6,711
Non-current liabilities:				
Due within one year	1,143,937	217,168	1,361,105	211,757
Due in more than one year	14,286,649	4,178,126	18,464,775	1,959,303
Total Liabilities	<u>15,900,010</u>	<u>4,968,875</u>	<u>20,868,885</u>	<u>2,182,144</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred charge on TMRS pension	262,905	80,625	343,530	-
Total Deferred Inflows of Resources	<u>262,905</u>	<u>80,625</u>	<u>343,530</u>	<u>-</u>
NET POSITION				
Investment in capital assets, net of related debt	3,325,634	15,431,944	18,757,578	2,931,184
Restricted for:				
Economic development	-	-	-	-
Tourism	923,119	-	923,119	-
Debt retirement	1,146,656	-	1,146,656	-
Parks				
Expendable	110,404	-	110,404	-
Nonexpendable	217,939	-	217,939	-
Capital improvements	584,791	(1,761,270)	(1,176,479)	-
Other purposes	219,047	-	219,047	-
Unrestricted	<u>1,234,300</u>	<u>1,036,907</u>	<u>2,271,207</u>	<u>4,083,841</u>
Total Net Position	<u>\$ 7,761,890</u>	<u>\$ 14,707,581</u>	<u>\$ 22,469,471</u>	<u>\$ 7,015,025</u>

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

CITY OF LINDALE, TEXAS
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2018

PROGRAM ACTIVITIES	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND			COMPONENT UNIT LINDALE ECONOMIC DEVELOPMENT CORPORATION
	PRIMARY GOVERNMENT				PRIMARY GOVERNMENT			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
Governmental activities:								
General government	\$ 1,213,505	\$ 155,926	\$ -	\$ 59,462	\$ (998,117)	\$ -	\$ (998,117)	\$ -
Public safety	2,249,620	355,814	-	-	(1,893,806)	-	(1,893,806)	-
Public works	1,805,324	1,041,072	-	14,985	(749,267)	-	(749,267)	-
Economic development	14,155	-	-	-	(14,155)	-	(14,155)	-
Tourism	14,407	-	-	-	(14,407)	-	(14,407)	-
Interest	521,276	-	-	-	(521,276)	-	(521,276)	-
Bond issue cost	-	-	-	-	-	-	-	-
Other	615,134	-	-	-	(615,134)	-	(615,134)	-
Total governmental activities	6,433,421	1,552,812	-	74,447	(4,806,162)	-	(4,806,162)	-
Business-type activities:								
Water and sewer	2,775,881	2,825,609	-	33,143	-	82,871	82,871	-
Interest	129,829	-	-	-	-	(129,829)	(129,829)	-
Bond issue cost	50,147	-	-	-	-	(50,147)	(50,147)	-
Total business-type activities	2,955,857	2,825,609	-	33,143	-	(97,105)	(97,105)	-
Total primary government	9,389,278	4,378,421	-	107,590	(4,806,162)	(97,105)	(4,903,267)	-
COMPONENT UNIT:								
Lindale Economic Development Corporation	\$ 550,301	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (550,301)
Total component units	550,301	-	-	-	-	-	-	(550,301)
General revenues:								
Current and delinquent property taxes					2,515,264		2,515,264	
Franchise taxes					300,817		300,817	
Sales tax					1,974,475		1,974,475	972,157
Hotel/motel taxes					431,470		431,470	
Interest and rent					267,181	38,842	306,023	61,881
Insurance proceeds					14,462	35,937	50,399	
Miscellaneous					167,050		167,050	104,298
Loss on disposal of assets					(24,437)		(24,437)	-
Sale of lots					32,800		32,800	-
Transfers					34,978	(34,978)	-	
Total general revenues and transfers					5,714,060	39,801	5,753,861	1,550,841
Change in net position					907,898	(57,304)	850,594	1,000,540
Net position - beginning of year					6,853,992	14,764,885	21,618,877	6,014,485
Net Position - end of year					7,761,890	14,707,581	22,469,471	7,015,025

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

CITY OF LINDALE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	MAJOR FUNDS			OTHER GOVERNMENTAL FUNDS	ELIMINATIONS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	DEBT SERVICE				
ASSETS						
Cash and cash equivalents	\$ 2,336,128	\$ 1,146,656	\$ 1,479,924	\$ -	\$ 4,962,708	
Investments	23,500	-	-	-	23,500	
Receivables (net of allowance for doubtful accounts)						
Taxes	19,852	18,551	1,330	-	39,733	
Sanitation	132,018	-	-	-	132,018	
Other	612,077	-	-	-	612,077	
Due from other funds	15,213	-	293	(656)	14,850	
Cash - restricted	-	-	700,404	-	700,404	
Total Assets	\$ 3,138,788	\$ 1,165,207	\$ 2,181,951	\$ (656)	\$ 6,485,290	
LIABILITIES						
Accounts payable	\$ 122,220	\$ -	\$ 70,137	\$ -	\$ 192,357	
Accrued expenses	99,237	-	-	-	99,237	
Due to other funds	101,828	-	56,514	(656)	157,686	
Total Liabilities	323,285	-	126,651	(656)	449,280	
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	19,854	18,551	-	-	38,405	
Unavailable revenue - fines	263,431	-	-	-	263,431	
Total Deferred Inflows of Resources	283,285	18,551	-	-	301,836	
FUND BALANCES						
Nonspendable:						
Permanent fund principal	-	-	217,939	-	217,939	
Restricted for:						
Capital improvements	-	-	584,791	-	584,791	
Debt service	-	1,146,656	-	-	1,146,656	
Tourism	-	-	923,119	-	923,119	
Court technology	-	-	32,192	-	32,192	
Building security	-	-	57,420	-	57,420	
Child safety	-	-	28,442	-	28,442	
Law enforcement purposes	-	-	22,958	-	22,958	
PEG facilities	-	-	56,308	-	56,308	
Boy Scout building upkeep	-	-	21,727	-	21,727	
Assigned to:						
Cemetery	-	-	112,019	-	112,019	
Parks and recreation	-	-	(3,182)	-	(3,182)	
Kinzie house	-	-	1,567	-	1,567	
Unassigned	2,532,218	-	-	-	2,532,218	
Total Fund Balances	2,532,218	1,146,656	2,055,300	-	5,734,174	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,138,788	\$ 1,165,207	\$ 2,181,951	\$ (656)	\$ 6,485,290	

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

CITY OF LINDALE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

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)	\$ 5,734,174
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	16,762,385
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	292,523
Deferred outflows represent the consumption of net position that are applicable to a future reporting period.	717,816
Deferred inflows is an acquisition of net assets that is applicable to a future reporting period.	(262,905)
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.	(51,517)
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>(15,430,586)</u>
Net Position of governmental activities	<u>\$ 7,761,890</u>

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

CITY OF LINDALE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	MAJOR FUNDS		OTHER GOVERNMENTAL FUNDS	ELIMINATIONS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	DEBT SERVICE			
REVENUES					
Current and delinquent property taxes	\$ 1,218,382	\$ 1,181,666	\$ 104,239	\$ -	\$ 2,504,287
Franchise taxes	300,817	-	-	-	300,817
Sales tax	1,974,475	-	-	-	1,974,475
Building permits	155,926	-	-	-	155,926
Fines and forfeitures	377,926	-	-	-	377,926
Solid waste collections	1,041,072	-	-	-	1,041,072
Interest	33,913	26,347	26,601	-	86,861
Rents	220,083	-	-	-	220,083
Sale of lots	-	-	32,800	-	32,800
Donations	47,985	-	11,477	-	59,462
Hotel / Motel tax	-	-	378,608	-	378,608
Grants	14,985	-	-	-	14,985
Economic Development	52,862	-	-	-	52,862
Miscellaneous income	72,538	-	94,512	-	167,050
Total Revenues	5,510,964	1,208,013	648,237	-	7,367,214
EXPENDITURES					
General Government	1,089,442	-	-	-	1,089,442
Public safety	2,045,483	-	-	-	2,045,483
Public works	1,507,441	-	-	-	1,507,441
Economic development	14,155	-	-	-	14,155
Tourism	11,958	-	-	-	11,958
Other	-	1,650	730,484	-	732,134
Debt service:					
Principal	4,411	988,773	-	-	993,184
Interest and fees	425	482,163	-	-	482,588
Capital outlay	409,529	-	82,671	-	492,200
Total Expenditures	5,082,844	1,472,586	813,155	-	7,368,585
Revenues Over (Under) Expenditures	428,120	(264,573)	(164,918)	-	(1,371)
OTHER FINANCING SOURCES (USES)					
Transfers in	35,446	300,000	333,460	(334,863)	334,043
Transfers out	-	(299,065)	(334,863)	334,863	(299,065)
Insurance Proceeds	14,462	-	-	-	14,462
Sale of Asset	149,371	-	-	-	149,371
Capital Lease Proceeds	6,842	-	-	-	6,842
Total Other Financing Sources (Uses)	206,121	935	(1,403)	-	205,653
Net Change in Fund Balances	634,241	(263,638)	(166,321)	-	204,282
Fund Balance, October 1, 2017	1,897,977	1,410,294	2,221,621	-	5,529,892
Fund Balance, September 30, 2018	\$ 2,532,218	\$ 1,146,656	\$ 2,055,300	\$ -	\$ 5,734,174

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, 2018

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

Net change in fund balances - total governmental funds	\$	204,282
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation and disposals exceeded capital outlay in the current period.		(242,967)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(137,449)
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.		1,006,528
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.		77,504
		<hr/>
Change in net position of governmental activities	\$	<u>907,898</u>

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

CITY OF LINDALE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Current and delinquent property taxes	\$ 1,263,000	\$ 1,263,000	\$ 1,218,382	\$ (44,618)
Franchise taxes	280,000	280,000	333,960	53,960
Sales tax	1,830,000	1,830,000	1,965,655	135,655
Building permits	75,000	75,000	155,926	80,926
Fines and forfeitures	435,000	435,000	377,926	(57,074)
Solid waste collections	898,000	898,000	1,012,100	114,100
Interest	12,000	12,000	33,913	21,913
Rents	76,500	76,500	95,720	19,220
LEDC reimbursement	-	-	52,862	52,862
Insurance proceeds	-	-	14,462	14,462
Miscellaneous income	15,000	15,000	221,362	206,362
Other agency donaion	-	-	47,985	47,985
Grant revenue	-	-	14,985	14,985
Total Revenues	4,884,500	4,884,500	5,545,238	660,738
EXPENDITURES				
General Government	1,124,900	1,185,410	1,216,429	(31,019)
Public safety	2,350,660	2,357,485	2,153,219	204,266
Public works	2,201,540	2,374,590	1,653,038	721,552
Tourism	19,100	21,900	11,958	9,942
Total Expenditures	5,696,200	5,939,385	5,034,644	904,741
Revenues Over (Under) Expenditures	(811,700)	(1,054,885)	510,594	1,565,479
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	35,446	35,446
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	35,446	35,446
Revenues and Other Sources Over (Under) Expenditures and Other Uses - Budget Basis	(811,700)	(1,054,885)	546,040	1,600,925
Budget Basis to GAAP Basis Adjustments (Note A)	-	-	88,201	88,201
Revenues and Other Sources Over (Under) Expenditures and Other Uses - GAAP Basis	(811,700)	(1,054,885)	634,241	1,689,126
Fund Balance, October 1, 2017	811,700	1,054,885	1,897,977	843,092
Fund Balance, September 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,532,218</u>	<u>\$ 2,532,218</u>

CITY OF LINDALE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2018

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

Basis Presentation:

Sources/Inflows of Resources:

Differences - Budget to GAAP

Change in garbage collection and tax receivable	\$	28,971
Change in sales tax receivable		8,821
Change in franchise tax		(33,143)
Change in miscellaneous income		(1,403)
Proceeds of capital lease		6,842
Deferred rental income		126,313

Uses/Outflows of Resources:

Differences - Budget to GAAP

Transfer of capital expense to water and sewer fund		(6,842)
Equipment purchased - Capital lease		(41,358)
Increase in accrued expenditures		(41,358)

Net Change in Budget Basis Presentation and GAAP Basis Presentation	\$	<u>88,201</u>
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CITY OF LINDALE, TEXAS
 COMBINED STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2018

	<u>BUSINESS-TYPE ACTIVITIES</u>
	<u>ENTERPRISE FUNDS</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 558,944
Investments	478,336
Accounts receivable (Net)	332,992
Other current assets	157,686
Total Current Assets	1,527,958
Restricted current assets:	
Temporarily Restricted	
Cash for construction	745,840
Customer deposits	265,553
Total restricted current assets	1,011,393
Capital Assets:	
Land	172,926
Water & Sewer system	24,829,173
Buildings	484,790
Machinery & equipment	1,027,161
Construction in progress	1,655,143
Less: Accumulated depreciation	(11,098,872)
Total Capital Assets Net Of Accumulated Depreciation	17,070,321
Total Noncurrent Assets	17,070,321
Total Assets	19,609,672
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on TMRS pension	162,259
Total Deferred Outflows of Resources	162,259
LIABILITIES	
Current Liabilities:	
Accounts payable	265,436
Accrued expenses	42,592
Compensated absences	13,442
Due to other funds	14,850
Capital lease - current portion	9,450
Long term debt - current portion	194,276
Total Current Liabilities	540,046
Current liabilities payable from restricted assets:	
Customer deposits	265,553
Total current liabilities payable from restricted assets	265,553
Noncurrent Liabilities:	
Long term debt	3,634,069
Capital lease	14,584
Compensated absences	67,209
Net pension liability	462,264
Total Noncurrent Liabilities	4,178,126
Total Liabilities	4,983,725
DEFERRED INFLOWS OF RESOURCES	
Deferred charge on TMRS pension	80,625
Total Deferred Inflows of Resources	80,625
NET POSITION	
Invested in capital assets, net of related debt	15,431,944
Restricted for capital construction	(1,761,270)
Unrestricted	1,036,907
Total Net Position	\$ 14,707,581

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, 2018

	<u>BUSINESS-TYPE ACTIVITIES</u>
	<u>ENTERPRISE FUNDS</u>
OPERATING REVENUES	
Charges for services:	
Water sales	\$ 1,710,390
Sewer charges	992,157
Tap and connect fees	88,813
Miscellaneous	34,249
	2,825,609
Total Operating Revenues	2,825,609
OPERATING EXPENSES	
Water and sewer operations	2,099,738
Depreciation	676,143
	2,775,881
Total Operating Expenses	2,775,881
Operating Income (Loss)	49,728
NON-OPERATING REVENUES (EXPENSES)	
Grant Funds	33,143
Interest and fiscal charge expense	(129,829)
Insurance proceeds	35,937
Bond Issue Cost	(50,147)
Interest income	38,842
	(72,054)
Total non-operating revenue (expenses)	(72,054)
Income (Loss) before transfers	(22,326)
Transfers in	299,065
Transfers out	(334,043)
	(34,978)
Total Transfers	(34,978)
Change in Net Position	(57,304)
Net Position, October 1, 2017	14,764,885
Net Position, September 30, 2018	\$ 14,707,581

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, 2018

	<u>BUSINESS-TYPE ACTIVITIES</u>
	<u>ENTERPRISE FUNDS</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers and users	\$ 2,867,327
Cash paid to suppliers for goods and services	(1,241,325)
Cash paid to employees for services	(860,816)
	<hr/>
Net cash provided by operating activities	765,186
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Transfers out	(334,043)
Transfers in	299,065
Insurance proceeds	35,937
Grant proceeds	33,143
	<hr/>
Net cash provided by non-capital financing activities	34,102
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets and equipment	(1,480,200)
Capital lease payments	(6,334)
Bond proceeds	1,463,443
Bond issue cost	(50,147)
Bond payments	(185,318)
Interest paid	(124,403)
	<hr/>
Net cash used in capital and related financing activities	(382,959)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest earned	38,842
	<hr/>
Net cash provided by investing activities	38,842
	<hr/>
Net increase in cash	455,171
	<hr/>
Cash, beginning of period	1,115,166
	<hr/>
Cash, end of period	\$ 1,570,337
	<hr/>
Reconciliation of cash to Exhibit 7:	
Cash - current asset	\$ 558,944
Cash - restricted current asset	1,011,393
Total cash, end of period	<u>\$ 1,570,337</u>

Non Cash Investing and Financing Activities

During 2018, the City entered into a capital lease in the amount of \$18,700.

CITY OF LINDALE, TEXAS
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

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

Operating income	\$	49,728
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense		676,143
Increase in accounts receivable		29,423
Increase in other assets		(30)
Increase in deferred outflows		(30,554)
Decrease in accounts payable		(35,011)
Increase in customer deposits		12,325
Decrease in accrued expenses		1,367
Increase in net pension liability		(21,142)
Increase in deferred inflows		63,828
Decrease in compensated absences		19,109
Total adjustments		<u>715,458</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$</u>	<u>765,186</u>

**CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 1: — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

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

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

B. The Reporting Entity

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

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

Component Units

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

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

Lindale Economic Development Corporation (LEDC)

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

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

C. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

The government reports the following major governmental funds:

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

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

The government reports the following major proprietary fund:

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

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

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

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

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

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

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

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

1. Cash and cash equivalents – The City considers all cash in demand deposit accounts and petty cash accounts to be cash and cash equivalents, as well as certificates of deposit with original maturity of three months or less when purchased.
2. Investments – Investments for the City, as well as its component unit, are reported at fair value. State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements. The City is authorized by its governing board to invest in the obligations of the United States government, its agents and instrumentalities, certificates of deposit at financial institutions, local government investment pools, no load registered money market funds and repurchase agreements.

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

**CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018**

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

3. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds:" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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

All receivables are shown net of an allowance for uncollectible.

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

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

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

5. Capital Assets

Capital assets, which include property, plant, and equipment, water and sewer systems, and infrastructure (e.g. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

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

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

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

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

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

8. Compensated Absences

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

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

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

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

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

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

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

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

9. Long-term Obligations

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

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

10. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. The first is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second is a deferred charge on the TMRS pension. The TMRS pension expense and net pension liability are reported as of the date of the last actuarial study, which was December 31, 2017. The deferred outflow shows the difference in contributions to the TMRS retirement plan that occurred between December 31, 2017 and September 30, 2018.

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

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

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

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

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

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

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

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

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

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

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

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

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

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

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

13. **Capitalized interest** – The City has capitalized interest on construction projects when material.
14. **Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

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

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

16. Future Implementation of New Standards

In March 2016, the GASB issued Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73*, which will improve financial reporting by enhancing consistency in the application of financial reporting requirements to certain pension issues. This statement is effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer’s pension liability is measured as of a date other than the employer’s most recent fiscal year-end. In this circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The City is evaluating the impact of this statement on the City’s financial statements.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, which will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain AROs, including obligations that may not have been previously reported. It will also enhance the decision-usefulness of the information provided to financial statements users by requiring disclosures related to those AROs. This statement is effective for reporting periods beginning after June 15, 2018. The City is evaluating the impact of this statement on the City’s financial statements.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*, which will increase consistency in accounting and financial reporting for debt extinguishments by establishing uniform guidance for derecognizing debt that is defeased in substance, regardless of how cash and other monetary assets placed in an irrevocable trust for the purpose of extinguishing that debt were acquired. The requirements of this statement also will enhance consistency in financial reporting of prepaid insurance related to debt that has been extinguished. In addition, this statement will enhance the decision-usefulness of information in notes to financial statements regarding debt that has been defeased in substance. This statement is effective for reporting periods beginning after June 15, 2017.

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

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

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

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 \$16,762,385 difference are as follows:

Capital assets, October 1, 2017, net of accumulated depreciation	\$ 17,005,352
Capital assets additions, net of retirements	318,392
Depreciation of capital assets, current year	<u>(561,359)</u>
	<u>\$ 16,762,385</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 \$(15,430,586) difference are as follows:

Long-term liabilities, October 1, 2017	\$ (16,544,203)
Amortization of premium	86,550
Capital lease proceeds	(6,842)
Principal paid on debt for the year	988,773
Change in compensated absences	(28,097)
Decrease in net pension liability	68,822
Payments on capital lease	<u>4,411</u>
	<u>\$ (15,430,586)</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 \$(242,967) difference are as follows:

Capital outlay, asset additions, net of retirements	\$ 318,392
Depreciation expense	<u>(561,359)</u>
	<u>\$ (242,967)</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 \$1,006,528 difference are as follows:

**CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018**

B. Explanation of certain differences between the governmental fund statement of revenue, expenditures, and changes in fund balance and the government-wide statement of activities - Continued

Principal paid on debt for the year	\$	988,773
Payments on capital lease		4,411
Amortization of premium		86,550
Amortization of deferred defeasance		(41,210)
Capital lease proceeds		(6,842)
Change in accrued interest		2,943
Change in compensated absences		(28,097)
		(28,097)
	\$	1,006,528

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, 2018 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:	
Primary Government	
Cash and cash equivalents	\$ 5,521,652
Restricted cash and cash equivalents	1,711,797
Investments	501,836
Component Unit	
Cash and cash equivalents	676,652
Investments	2,300,000
Total Cash and Investments	\$ 10,711,937
Cash on hand	\$ 510
Savings and checking accounts	7,909,591
Investments	2,801,836
Total Cash and Investments	\$ 10,711,937

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

A. Deposits and Investments - Continued

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, 2018, the carrying value of the City's bank deposits was \$7,734,775 while the bank balance was \$7,992,034. 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, 2018, the carrying value of the LEDC's (a discretely presented component unit) bank deposits was \$2,976,652 while the bank balance was \$2,999,428. 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 City's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service	Other Governmental Funds	Total Governmental	Water and Sewer Fund	Total Primary Government	Lindale Economic Development
Receivables:							
Taxes	\$ 32,401	\$ 30,276	\$ 1,330	\$ 64,007	\$ -	\$ 64,007	\$ -
Sanitation	155,683	-	-	155,683	-	155,683	-
Sales Tax	348,646	-	-	348,646	-	348,646	170,425
Courts	823,222	-	-	823,222	-	823,222	-
Grant	-	-	-	-	-	-	-
Accounts	-	-	-	-	428,933	428,933	-
Gross Receivables	<u>1,359,952</u>	<u>30,276</u>	<u>1,330</u>	<u>1,391,558</u>	<u>428,933</u>	<u>1,820,491</u>	<u>170,425</u>
Less: Allowance for Uncollectibles	<u>(596,005)</u>	<u>(11,725)</u>	<u>-</u>	<u>(607,730)</u>	<u>(95,941)</u>	<u>(703,671)</u>	<u>-</u>
Net Total Receivables	<u>\$ 763,947</u>	<u>\$ 18,551</u>	<u>\$ 1,330</u>	<u>\$ 783,828</u>	<u>\$ 332,992</u>	<u>\$1,116,820</u>	<u>\$ 170,425</u>

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

C. Capital Assets

Capital asset activity for the year ended September 30, 2018 is as follows:

<u>PRIMARY GOVERNMENT</u>	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,917,955	\$ -	\$ (169,158)	\$ 3,748,797
Construction in Progress	-	86,037	-	86,037
Total Capital Assets, Not Being Depreciated	<u>3,917,955</u>	<u>86,037</u>	<u>(169,158)</u>	<u>3,834,834</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	9,846,322	103,810	(13,500)	9,936,632
Infrastructure	6,229,403	119,903	-	6,349,306
Machinery and Equipment	2,037,765	182,450	(160,294)	2,059,921
Total Capital Assets, Being Depreciated	<u>18,113,490</u>	<u>406,163</u>	<u>(173,794)</u>	<u>18,345,859</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	(1,387,256)	(291,266)	11,391	(1,667,131)
Infrastructure	(1,884,093)	(156,008)	-	(2,040,101)
Machinery and Equipment	(1,754,744)	(114,085)	157,753	(1,711,076)
Total Accumulated Depreciation	<u>(5,026,093)</u>	<u>(561,359)</u>	<u>169,144</u>	<u>(5,418,308)</u>
Net Total Assets Being Depreciated	<u>13,087,397</u>	<u>(155,196)</u>	<u>(4,650)</u>	<u>12,927,551</u>
Governmental Activities Capital Assets, Net	<u>\$ 17,005,352</u>	<u>\$ (69,159)</u>	<u>\$ (173,808)</u>	<u>\$ 16,762,385</u>
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 172,926	\$ -	\$ -	\$ 172,926
Construction in Progress	196,827	1,569,162	(110,846)	1,655,143
Total Capital Assets, Not Being Depreciated	<u>369,753</u>	<u>1,569,162</u>	<u>(110,846)</u>	<u>1,828,069</u>
Capital Assets, Being Depreciated:				
Water and Sewer System	24,768,688	60,485	-	24,829,173
Buildings	324,444	160,346	-	484,790
Machinery and Equipment	948,034	81,454	(2,327)	1,027,161
Total Capital Assets, Being Depreciated	<u>26,041,166</u>	<u>302,285</u>	<u>(2,327)</u>	<u>26,341,124</u>
Less Accumulated Depreciation For:				
Water and Sewer System	(9,482,523)	(631,477)	-	(10,114,000)
Buildings	(108,886)	(9,503)	-	(118,389)
Machinery and Equipment	(833,647)	(35,163)	2,327	(866,483)
Total Accumulated Depreciation	<u>(10,425,056)</u>	<u>(676,143)</u>	<u>2,327</u>	<u>(11,098,872)</u>
Net Total Assets Being Depreciated	<u>15,616,110</u>	<u>(373,858)</u>	<u>-</u>	<u>15,242,252</u>
Business -Type Activities Capital Assets, Net	<u>\$ 15,985,863</u>	<u>\$ 1,195,304</u>	<u>\$ (110,846)</u>	<u>\$ 17,070,321</u>

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

C. Capital Assets - Continued

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

Governmental Activities:	
General Government	\$ 95,448
Public Safety	178,417
Public Works	<u>287,494</u>
Total depreciation expense, governmental activities	\$ <u>561,359</u>
Business-Type Activities:	
Water and Sewer Operations	<u>\$ 676,143</u>
Total	\$ <u>676,143</u>

Capital asset activity for LEDC for the year ended September 30, 2018 is as follows:

Capital Assets, Not Being Depreciated:				
Land	\$ 3,628,776	\$ -	\$ (247,496)	\$ 3,381,280
Total Capital Assets, Not Being Depreciated	<u>3,628,776</u>	<u>-</u>	<u>(247,496)</u>	<u>3,381,280</u>
Capital Assets, Being Depreciated:				
Infrastructure	2,027,696	-	-	2,027,696
Machinery and Equipment	31,137	2,932	-	34,069
Total Capital Assets, Being Depreciated	<u>2,058,833</u>	<u>2,932</u>	<u>-</u>	<u>2,061,765</u>
Less Accumulated Depreciation For:				
Infrastructure	(265,408)	(50,694)	-	(316,102)
Machinery and Equipment	(22,250)	(2,449)	-	(24,699)
Total Accumulated Depreciation	<u>(287,658)</u>	<u>(53,143)</u>	<u>-</u>	<u>(340,801)</u>
Net Total Assets Being Depreciated	<u>1,771,175</u>	<u>(50,211)</u>	<u>-</u>	<u>1,720,964</u>
Capital Assets, Net	<u>\$ 5,399,951</u>	<u>\$ (50,211)</u>	<u>\$ (247,496)</u>	<u>\$ 5,102,244</u>

Construction Commitments

The City has the following construction projects as of September 30, 2018:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Estimated Remaining</u>
Pump and Ground Station Project	\$ 1,298,319	\$ 27,659
Lift Station	336,824	193,759
Painting of Well #4	20,000	27,000
Parrott Park Gift Shop	7,289	2,295
Harvest Darden Park	<u>78,748</u>	<u>221,252</u>
	<u>\$ 1,741,180</u>	<u>\$ 471,965</u>

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of September 30, 2018 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Tourism/Downtown Fund	\$ 306
General Fund	Kinzie Trust Fund	350
Community Park TPWD Fund	General Fund	293
Water & Sewer Fund	General Fund	116,678
Water & Sewer Fund	Sidewalk Grant Fund	25,373
Water & Sewer Fund	Community Park TPWD Fund	30,485
		<u>\$ 173,485</u>

The composition of interfund transfers as of September 30, 2018 is as follows:

	<u>Transfers In</u>				<u>Total</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Gov Funds</u>	<u>Water and Sewer Fund</u>	
<u>Transfers Out:</u>					
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service Fund	-	-	-	300,000	300,000
Other Gov Funds	1,403	-	-	-	1,403
Water and Sewer Fund	34,043	299,065	-	-	333,108
Total transfers out/in	<u>\$ 35,446</u>	<u>\$ 299,065</u>	<u>\$ -</u>	<u>\$ 300,000</u>	<u>\$ 634,511</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, 2018. The future minimum lease payments for the remaining two operating leases are as follows:

<u>YEAR ENDED</u>	
<u>9-30</u>	
2019	\$ 4,411
2020	4,047
2021	<u>557</u>
	<u>\$ 9,015</u>

Capital Leases

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

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

E. Leases - Continued

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

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

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

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

The future minimum lease obligations as of September 30, 2018 were as follows:

YEAR ENDED	GOVERNMENTAL ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
9-30			
2019	5,649	315	5,964
2020	4,375	154	4,529
2021	3,507	101	3,608
2022	1,416	59	1,475
2023	1,213	17	1,230
	\$ 16,160	\$ 646	\$ 16,806

YEAR ENDED	BUSINESS-TYPE ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
9-30			
2019	9,450	583	10,033
2020	3,644	388	4,032
2021	3,755	277	4,032
2022	3,869	163	4,032
2023	3,316	45	3,361
	\$ 24,034	\$ 1,456	\$ 25,490

**CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018**

E. Leases - Continued

Leases to Others

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

The City leases the EMS Building to Champion EMS for \$1,300 a month. The lease expires June 2023. The assets leased have a cost of \$226,847 and accumulated depreciation of \$88,052, and are included in the Proprietary Fund financial statements. The City received \$15,600 in rental income in 2018 on this lease.

The City leases the Kinzie House to the Lindale Chamber of Commerce on a year to year basis for \$6,000 annually. The assets leased has a cost of \$98,901, and accumulated depreciation of \$24,346 and are included in the governmental activities on the statement of net position. The City received \$6,000 in rental income in 2018 on this lease.

The city leases land to Lamar Advertising for placement of a billboard for \$2,000 annually. The lease expires March 2023. The City received \$2,000 in rental income in 2018 on this lease.

Future minimum lease payments to be received are as follows:

YEAR ENDED	
<u>9-30</u>	
2019	\$ 17,600
2020	17,600
2021	17,600
2022	17,600
2023	<u>11,700</u>
	<u>\$ 82,100</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, 2018 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%.	\$ 1,845,000
\$2,405,000 Series 2012 General Obligation Refunding Bonds Maturing 8-15-25 with an interest rate of 2.36%	1,915,000
\$2,400,000 Series 2014 General Obligation Refunding Bonds Maturing 4-15-20 with an interest rate of 1.59%.	780,000
\$5,000,000 Series 2015 Certificates of Obligation maturing on 8-27-2035 with an interest rate of 3.700%.	4,943,750

**CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018**

F. Long-term Debt - continued

\$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>3,775,000</u>
Total Outstanding Governmental Bonded Debt	13,258,750
Plus: Unamortized Bond Premium	<u>347,951</u>
Net Outstanding Governmental Bonded Debt	<u>\$ 13,606,701</u>

The funding requirements to amortize all bonds outstanding as of September 30, 2018, including interest, are as follows:

YEAR ENDED	GOVERNMENTAL ACTIVITIES			
	<u>9-30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2019		1,014,098	458,735	1,472,833
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		1,160,521	333,428	1,493,949
2024 - 2028		4,220,045	1,068,225	5,288,270
2029 - 2033		2,469,900	487,700	2,957,600
2034 - 2035		<u>1,119,822</u>	<u>62,579</u>	<u>1,182,401</u>
		<u>\$ 13,258,750</u>	<u>\$ 3,620,800</u>	<u>\$ 16,879,550</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>\$2,335,000</u>
\$1,410,000 Series 2017 Combination Tax and Utility Certificates of Obligation, Maturing 8-15-37. Interest rate 3.00%	<u>\$1,355,000</u>
Total Outstanding Business-Type Bonded Debt	3,690,000
Plus: Unamortized Bond Premium	<u>134,580</u>
Net Outstanding Business-Type Bonded Debt	<u>\$3,824,580</u>

The funding requirements to amortize all bonds outstanding as of September 30, 2018, including interest, are as follows:

**CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018**

F. Long-term Debt - Continued

YEAR ENDED	BUSINESS-TYPE ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
9-30			
2019	180,000	126,700	306,700
2020	180,000	121,925	301,925
2021	185,000	117,150	302,150
2022	195,000	111,600	306,600
2023	200,000	105,750	305,750
2024-2028	1,095,000	425,875	1,520,875
2029-2033	1,305,000	207,663	1,512,663
2034-2035	350,000	26,550	376,550
	<u>\$ 3,690,000</u>	<u>\$ 1,243,213</u>	<u>\$ 4,933,213</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, 2018 be disclosed.

Insurer	Policy	Limit of Liability		Expiration Date
		Each Occurrence	Annual Aggregate	
Texas Municipal League	General Liability	\$2,000,000	\$4,000,000	10/1/2018
	Law Enforcement	1,000,000	2,000,000	10/1/2018
	Errors & Omissions	1,000,000	2,000,000	10/1/2018
	Auto Liability	500,000	n/a	10/1/2018
	Auto Physical Damage	10,000	n/a	10/1/2018
	Supplemental Sewage Backup	50,000	n/a	10/1/2018
	Information Security & Privacy	n/a	1,000,000	10/1/2018
	Privacy Breach Response	n/a	50,000	10/1/2018
Texas Municipal League	Real & Personal Property	1,000,000	18,675,843	10/1/2018
	Mobile Equipment	n/a	535,109	10/1/2018
	Boiler & Machinery	100,000	n/a	10/1/2018
Texas Municipal League	Workers Comp	n/a	n/a	10/1/2018

As of September 30, 2018, the City was in compliance with all requirements of its bond ordinances.

The LEDC has the following notes payable at September 30, 2018:

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.

	\$2,171,060
Less: Current portion	<u>(211,757)</u>
LONG-TERM PORTION	<u>\$1,959,303</u>

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

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

F. Long-term Debt - Continued

YEAR ENDED	COMPONENT UNIT			
	9-30	PRINCIPAL	INTEREST	TOTAL
2019		211,757	91,280	303,037
2020		220,175	82,990	303,165
2021		229,354	74,572	303,926
2022		238,701	65,393	304,094
2023		248,426	46,321	294,747
2024-2027		1,022,647	80,134	1,102,781
		<u>\$ 2,171,060</u>	<u>\$ 440,690</u>	<u>\$ 2,611,750</u>

Changes in long-term liabilities

Long term liability activity for the year ended September 30, 2018 was as follows:

	Beginning Balance 10/1/2017	Additions	Reductions	Ending Balance 9/30/2018	Due Within One Year
Governmental Activities:					
Certificates of Obligation	\$ 6,962,523	\$ -	\$ (173,773)	\$ 6,788,750	\$ 184,098
General Obligation	7,285,000	-	(815,000)	6,470,000	830,000
Capital Lease	13,729	6,842	(4,411)	16,160	5,649
Unamortized Bond Premium	434,501	-	(86,550)	347,951	75,847
Compensated Absences	261,960	28,097	-	290,057	48,343
Net Pension Liability	1,586,490	-	(68,822)	1,517,668	-
Governmental Activity Long-Term Liabilities	<u>\$ 16,544,203</u>	<u>\$ 34,939</u>	<u>\$ (1,148,556)</u>	<u>\$ 15,430,586</u>	<u>\$ 1,143,937</u>
Business-Type Activities:					
Certificates of Obligation	\$ 2,455,000	\$ 1,410,000	\$ (175,000)	\$ 3,690,000	\$ 180,000
Unamortized Bond Premium	95,220	57,208	(14,084)	138,344	14,276
Capital Lease	11,668	18,700	(6,334)	24,034	9,450
Compensated Absences	61,542	19,110	-	80,652	13,442
Net Pension Liability	483,406	-	(21,142)	462,264	-
Business-Type Activity Long-Term Liabilities	<u>\$ 3,106,836</u>	<u>\$ 1,505,018</u>	<u>\$ (216,560)</u>	<u>\$ 4,395,294</u>	<u>\$ 217,168</u>

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

Long-term liability activity for LEDC for the year ended September 30, 2018 was as follows:

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

F. Long-term Debt - Continued

	Ending Balance 9/30/2017	Additions	Reductions	Ending Balance 9/30/2018	Due Within One Year
Component unit:					
Notes Payable	\$ 2,374,527	\$ -	\$ (203,467)	\$ 2,171,060	\$ 211,757
Net Pension Liability	-	-	-	-	-
Compensated Absences	-	-	-	-	-
Total Component Unit Long-Term Liabilities	\$ 2,374,527	\$ -	\$ (203,467)	\$ 2,171,060	\$ 211,757

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, 2018, the City had \$447,010 in net receivables from its residents for the usage of these services.

NOTE 6 — COMMITMENTS

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

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

NOTE 7 — RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance and insurance with the Texas Municipal League (TML). As of September 30, 2018, the City did not have any liability for unpaid claims or adjustments under policies carried with TML. During the year ended September 30, 2018, 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.

**CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018**

NOTE 8 – DEFINED BENEFIT PENSION PLAN

Plan Description

The City of Lindale participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

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

Benefits Provided

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

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

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

	<u>Plan Year 2016</u>	<u>Plan Year 2017</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, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

	<u>12/31/2017</u>	<u>12/31/2016</u>
Inactive employees or beneficiaries currently receiving benefits	13	12
Inactive employees entitled to but not yet receiving benefits	25	22
Active employees	<u>53</u>	<u>50</u>
	<u>91</u>	<u>84</u>

**CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018**

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, 2018, were \$351,805, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2017, 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, 2017 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 projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing 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

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2018 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%	3.90%
Real Return	10.00%	3.80%
Real Estate	10.00%	4.50%
Absolute Return	10.00%	3.75%
Private Equity	5.00%	7.50%
Total	<u>100.00%</u>	

Discount Rate

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

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/2016	\$ 6,833,787	\$ 4,763,891	\$ 2,069,896
Changes for the year:			
Service cost	344,135	-	344,135
Interest	467,021	-	467,021
Change of benefit terms	-	-	-
Difference between expected and actual experience	245,128	-	245,128
Changes of assumptions	-	-	-
Contributions - employer	-	344,377	(344,377)
Contributions - employee	-	144,392	(144,392)
Net investment income	-	661,074	(661,074)
Benefit payments, including refunds of employee contributions	(174,049)	(174,049)	-
Administrative expense	-	(3,422)	3,422
Other changes	-	(173)	173
Net changes	882,235	972,199	(89,964)
Balance at 12/31/2017	<u>\$ 7,716,022</u>	<u>\$ 5,736,090</u>	<u>\$ 1,979,932</u>

**CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018**

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	\$ 3,167,909	\$ 1,979,932	\$ 1,012,456

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2018, the City recognized pension expense of \$403,433.

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 217,154	\$ -
Changes in actuarial assumptions	32,321	-
Difference between projected and actual investment earnings	-	(157,358)
Contributions subsequent to the measurement Date	258,319	-
Total	\$ 507,794	\$ (157,358)

\$258,319 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, 2018. 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
2018	\$ 54,636
2019	45,990
2020	(3,643)
2021	(12,004)
2022	7,138
Thereafter	-
	\$ 92,117

CITY OF LINDALE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 9 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended September 30, 2018, expenditures exceeded appropriations in the Administration department of the General Fund by \$32,770, and the LEDC department of the General Fund by \$14,155. These over expenditures were funded by excess revenues and fund balance. The Court Technology Fund expenditures exceeded appropriations by \$1,582, and was funded by excess fund balance and revenues. The Kinzie House fund expenditures exceeded appropriations by \$2,186, and was funded by excess revenues and fund balance. The Debt Service Fund exceeded appropriations by \$88,432, and was funded by revenues and fund balance.

NOTE 10 – NEGATIVE FUND BALANCE

The following funds had a negative fund balance as of September 30, 2018. Parrott Park Museum Fund (3,182) 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, 2018, \$972,156 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 – PROPERTY TAX ABATEMENT AND NOTE RECEIVABLE

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

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

NOTE 13 – SALES TAX ABATEMENT

In July of 2016, the city entered into an agreement with the Lindale CBC, LLC (developer), for the development of the downtown area in the reinvestment zone. Under this agreement, the city agreed to rebate to the developer all of the ½ cent sales tax collected by the city for businesses in the reinvestment zone for a period of five years. After the first five years, the rebate will decline by 20% each year thereafter for the next five years. The amount that was rebated for the fiscal year ended September 30, 2018 was \$20,692.

As of September 30, 2018, this is the only sales tax abatement agreement in effect.

NOTE 14 – SUBSEQUENT EVENT

Subsequent events have been evaluated through February 14, 2019, 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, 2018

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

**CITY OF LINDALE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FISCAL YEAR ENDED SEPTEMBER 30, 2018**

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

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

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

ADDITIONAL SUPPLEMENTAL INFORMATION

CITY OF LINDALE, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2018

	CEMETERY FUND	HOTEL MOTEL TAX FUND	PARROTT PARK MUSEUM FUND	TOURISM/ DOWNTOWN	COMMUNITY PARK TP&W	SIDEWALK GRANT	KINZIE HOUSE FUND	COURT TECHNOLOGY FUND	BUILDING SECURITY FUND	CHILD SAFETY FEES FUND	POLICE EDUCATION FUND	POLICE I-FOSE FUND
ASSETS												
Cash and cash equivalents	\$ 112,020	\$ 881,639	\$ 485	\$ 46,877	\$ -	\$ -	\$ 1,567	\$ 32,192	\$ 57,420	\$ 28,442	\$ 12,573	\$ 7,080
Restricted cash	-	-	-	-	-	-	-	-	-	-	-	-
Taxes receivable	-	1,330	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	293	-	-	-	-	-	-	-
Total Assets	\$ 112,020	\$ 882,969	\$ 485	\$ 46,877	\$ 293	\$ -	\$ 1,567	\$ 32,192	\$ 57,420	\$ 28,442	\$ 12,573	\$ 7,080
LIABILITIES AND FUND BALANCES												
Liabilities:												
Accounts payable	\$ 1	\$ -	\$ 3,667	\$ 6,421	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	306	30,485	25,373	-	-	-	-	-	-
Total Liabilities	1	-	3,667	6,727	30,485	25,373	-	-	-	-	-	-
Fund Balances:												
Nonspendable:												
Permanent fund principal	-	-	-	-	-	-	-	-	-	-	-	-
Restricted for:												
Capital improvements	-	-	-	-	(30,192)	(25,373)	-	-	-	-	-	-
Tourism	-	882,969	-	40,150	-	-	-	-	-	-	-	-
Court Technology	-	-	-	-	-	-	-	32,192	-	-	-	-
Building Security	-	-	-	-	-	-	-	-	57,420	-	-	-
Child Safety	-	-	-	-	-	-	-	-	-	28,442	-	-
Law enforcement purposes	-	-	-	-	-	-	-	-	-	-	-	-
PEG facilities	-	-	-	-	-	-	-	-	-	-	-	-
Boy Scout building upkeep	-	-	-	-	-	-	-	-	-	-	-	-
Assigned to:												
Cemetery	112,019	-	(3,182)	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-	-	-	-	-
Kinzie House	-	-	-	-	-	-	1,567	-	-	-	-	-
Total Fund Balances	\$ 112,019	\$ 882,969	\$ (3,182)	\$ 40,150	\$ (30,192)	\$ (25,373)	\$ 1,567	\$ 32,192	\$ 57,420	\$ 28,442	\$ 12,573	\$ 7,080
Total Liabilities and Fund Balances	\$ 112,020	\$ 882,969	\$ 485	\$ 46,877	\$ 293	\$ -	\$ 1,567	\$ 32,192	\$ 57,420	\$ 28,442	\$ 12,573	\$ 7,080

CITY OF LINDALE, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2018

	POLICE FORFEITURE FUND	PEG FRANCHISE FUND	BB RICE FUND	PERMANENT FUND - KINZIE TRUST	REINVESTMENT ZONE #2	REINVESTMENT ZONE #3	INFRASTRUCTURE	2015 TIF BOND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS									
Cash and cash equivalents	\$ 3,305	\$ 56,308	\$ 21,727	\$ 218,289	\$ -	\$ -	\$ -	\$ -	\$ 1,479,924
Restricted cash	-	-	-	-	11,242	46,768	489,076	153,318	700,404
Taxes receivable	-	-	-	-	-	-	-	-	1,330
Due from other funds	-	-	-	-	-	-	-	-	293
Total Assets	\$ 3,305	\$ 56,308	\$ 21,727	\$ 218,289	\$ 11,242	\$ 46,768	\$ 489,076	\$ 153,318	\$ 2,181,951
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,137
Due to other funds	-	-	-	350	-	-	-	-	56,514
Total Liabilities	\$ -	\$ -	\$ -	\$ 350	\$ -	\$ -	\$ -	\$ 60,048	\$ 126,651
Fund Balances:									
Nonspendable	-	-	-	217,939	-	-	-	-	217,939
Permanent fund principal	-	-	-	-	-	-	-	-	584,791
Restricted for:	-	-	-	-	11,242	46,768	489,076	93,270	923,119
Capital improvements	-	-	-	-	-	-	-	-	32,192
Tourism	-	-	-	-	-	-	-	-	57,420
Court Technology	-	-	-	-	-	-	-	-	28,442
Building Security	-	-	-	-	-	-	-	-	22,958
Child Safety	-	-	-	-	-	-	-	-	56,308
Law enforcement purposes	3,305	-	-	-	-	-	-	-	21,727
PEG facilities	-	56,308	-	-	-	-	-	-	112,019
Boy Scout building upkeep	-	-	21,727	-	-	-	-	-	(3,182)
Assigned to:	-	-	-	-	-	-	-	-	1,567
Cemetery	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-	-
Kinzie House	-	-	-	-	-	-	-	-	-
Total Fund Balances	\$ 3,305	\$ 56,308	\$ 21,727	\$ 217,939	\$ 11,242	\$ 46,768	\$ 489,076	\$ 93,270	\$ 2,055,300
Total Liabilities and Fund Balances	\$ 3,305	\$ 56,308	\$ 21,727	\$ 218,289	\$ 11,242	\$ 46,768	\$ 489,076	\$ 153,318	\$ 2,181,951

CITY OF LINDALE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	CEMETERY FUND	HOTEL MOTEL TAX FUND	PARROTT PARK MUSEUM FUND	TOURISM/ DOWNTOWN	COMMUNITY PARK TPWD	SIDEWALK GRANT	KINZIE HOUSE FUND	COURT TECHNOLOGY FUND	BUILDING SECURITY FUND	CHILD SAFETY FEES FUND	POLICE EDUCATION FUND	POLICE LEASE FUND	POLICE FOREFEITURE FUND
REVENUES													
Sale of lots	\$ 32,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Donations	6,311	-	5,166	-	-	-	-	-	-	-	-	-	-
Property taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Hotel / Motel tax	-	378,608	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	3,210	14,682	-	-	-	7,798	5,759	5,860	15,286	1,618	4,299
Interest	433	11,820	-	-	-	-	16	316	852	398	41	38	13
Total Revenues	39,544	390,428	8,376	14,682	-	-	16	8,114	6,611	6,258	15,327	1,656	4,312
EXPENDITURES													
Personnel Services	-	-	58,530	158,930	-	-	-	-	-	-	-	-	-
Maintenance	36,117	-	6,748	8,174	-	-	-	13,582	-	-	-	-	-
Supplies	-	-	2,485	2,978	-	-	7,186	-	-	-	-	-	-
Contractual	-	-	13,861	197,127	-	-	-	-	-	-	-	-	-
Miscellaneous	2,003	71,127	2,642	6,681	-	-	-	-	-	-	6,778	5,251	1,950
Capital outlay	-	-	7,289	-	-	-	-	-	-	-	-	-	-
Total Expenditures	38,120	71,127	91,555	373,890	-	-	7,186	13,582	-	-	6,778	5,251	1,950
Excess (deficiency) of revenues over (under) expenditures	1,424	319,301	(83,179)	(359,208)	-	-	(7,170)	(5,468)	6,611	6,258	8,549	(3,595)	2,362
OTHER FINANCING SOURCES (USES)													
Transfers in	-	-	71,120	253,840	-	-	8,500	-	-	-	-	-	-
Transfers out	-	(333,460)	-	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	(333,460)	71,120	253,840	-	-	8,500	-	-	-	-	-	-
Net Change in Fund Balances	1,424	(14,159)	(12,059)	(105,368)	-	-	1,330	(5,468)	6,611	6,258	8,549	(3,595)	2,362
Fund Balance, October 1, 2017	110,595	897,128	8,877	145,518	(30,192)	(25,373)	237	37,660	50,809	22,184	4,024	10,675	943
Fund Balance, September 30, 2018	\$ 112,019	\$ 882,969	\$ (3,182)	\$ 40,150	\$ (30,192)	\$ (25,373)	\$ 1,567	\$ 32,192	\$ 57,420	\$ 28,442	\$ 12,573	\$ 7,080	\$ 3,305

CITY OF LINDALE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	PEG FRANCHISE FUND	IB RICE FUND	PERMANENT FUND - KINZIE TRUST	REINVESTMENT ZONE #2	REINVESTMENT ZONE #3	INFRASTRUCTURE	2015 TIF BOND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES								
Sale of lots	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,800
Donations	-	-	-	-	-	-	-	11,477
Property taxes	-	-	-	66,650	37,589	-	-	104,239
Hotel / Motel tax	-	-	-	-	-	-	-	378,608
Miscellaneous	-	-	-	36,000	-	-	-	94,512
Interest	392	160	3,233	-	-	6,705	2,184	26,601
Total Revenues	392	160	3,233	102,650	37,589	6,705	2,184	648,237
EXPENDITURES								
Personal Services	-	-	-	-	-	-	-	217,460
Maintenance	-	-	-	-	-	1,894	-	83,981
Supplies	-	-	-	-	-	-	10,280	5,463
Contractual	-	-	-	12,160	-	-	-	223,148
Miscellaneous	-	-	-	104,000	-	-	-	200,432
Capital outlay	-	-	-	-	-	-	75,382	82,671
Total Expenditures	-	-	-	116,160	-	1,894	85,662	813,155
Excess (deficiency) of revenues over (under) expenditures	392	160	3,233	(13,510)	37,589	4,811	(83,478)	(164,918)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	(1,403)	-	-	-	-	333,460
Transfers out	-	-	(1,403)	-	-	-	-	(334,863)
Total Other Financing Sources (Uses)	-	-	(1,403)	-	-	-	-	(1,403)
Net Change in Fund Balances	392	160	1,830	(13,510)	37,589	4,811	(83,478)	(166,321)
Fund Balance, October 1, 2017	55,916	21,567	216,109	24,752	9,179	484,265	176,748	2,221,621
Fund Balance, September 30, 2018	\$ 56,308	\$ 21,727	\$ 217,939	\$ 11,242	\$ 46,768	\$ 489,076	\$ 93,270	\$ 2,055,300

CITY OF LINDALE, TEXAS
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2018

	BUSINESS-TYPE ACTIVITIES				TOTAL COMBINED ENTERPRISE FUNDS
	ENTERPRISE FUNDS				
	WATER & SEWER FUND	2017 CAPITAL PROJECTS BOND FUND	2013 CAPITAL PROJECTS BOND FUND	TX CDBG GRANT SEWER PROJECT FUND	
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 558,944	\$ -	\$ -	\$ -	\$ 558,944
Investments	478,336	-	-	-	478,336
Accounts receivable (Net)	332,992	-	-	-	332,992
Due from other funds	157,686	-	-	-	157,686
Total Current Assets	1,527,958	-	-	-	1,527,958
Restricted current assets					
Temporarily Restricted					
Cash for construction	-	745,840	-	-	745,840
Customer deposits	265,553	-	-	-	265,553
Total restricted current assets	265,553	745,840	-	-	1,011,393
Capital Assets:					
Land	172,926	-	-	-	172,926
Water & Sewer system	24,829,173	-	-	-	24,829,173
Buildings	484,790	-	-	-	484,790
Machinery & equipment	1,027,161	-	-	-	1,027,161
Construction in progress	40,800	943,080	671,263	-	1,655,143
Less: Accumulated depreciation	(11,098,872)	-	-	-	(11,098,872)
Total Capital Assets Net Of Accumulated Depreciation	15,455,978	943,080	671,263	-	17,070,321
Total Noncurrent Assets	15,455,978	943,080	671,263	-	17,070,321
Total Assets	17,249,489	1,688,920	671,263	-	19,609,672
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on TMRS pension	162,259	-	-	-	162,259
Total Deferred Outflows of Resources	162,259	-	-	-	162,259
LIABILITIES					
Current Liabilities:					
Accounts payable	3,735	261,701	-	-	265,436
Accrued expenses	26,035	5,801	10,756	-	42,592
Compensated absences	13,442	-	-	-	13,442
Due to other funds	-	-	-	14,850	14,850
Capital lease - current portion	9,450	-	-	-	9,450
Long term debt - current portion	-	59,462	134,814	-	194,276
Total Current Liabilities	52,662	326,964	145,570	14,850	540,046
Current liabilities payable from restricted assets:					
Customer deposits	265,553	-	-	-	265,553
Total current liabilities payable from restricted assets	265,553	-	-	-	265,553
Noncurrent Liabilities:					
Long term debt	-	1,348,981	2,285,088	-	3,634,069
Capital lease	14,584	-	-	-	14,584
Compensated absences	67,209	-	-	-	67,209
Net pension liability	462,264	-	-	-	462,264
Total Noncurrent Liabilities	544,057	1,348,981	2,285,088	-	4,178,126
Total Liabilities	862,272	1,675,945	2,430,658	14,850	4,983,725
DEFERRED INFLOWS OF RESOURCES					
Deferred charge on TMRS pension	80,625	-	-	-	80,625
Total Deferred Inflows of Resources	80,625	-	-	-	80,625
NET POSITION					
Invested in capital assets, net of related debt	15,431,944	-	-	-	15,431,944
Restricted for capital construction	-	12,975	(1,759,395)	(14,850)	(1,761,270)
Unrestricted	1,036,907	-	-	-	1,036,907
Total Net Position	\$ 16,468,851	\$ 12,975	\$ (1,759,395)	\$ (14,850)	\$ 14,707,581

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FISCAL YEAR ENDED SEPTEMBER 30, 2018

	BUSINESS-TYPE ACTIVITIES					TOTAL COMBINED ENTERPRISE FUNDS
	WATER & SEWER FUND	2017 CAPITAL PROJECTS BOND FUND	2013 CAPITAL PROJECTS BOND FUND	TX CDBG GRANT SEWER PROJECT FUND	ELIMINATIONS	
OPERATING REVENUES						
Charges for services:						
Water sales	\$ 1,710,390	\$ -	\$ -	\$ -	\$ -	\$ 1,710,390
Sewer charges	992,157	-	-	-	-	992,157
Tap and connect fees	88,813	-	-	-	-	88,813
Miscellaneous	34,249	-	-	-	-	34,249
Total Operating Revenues	2,825,609	-	-	-	-	2,825,609
OPERATING EXPENSES						
Water and sewer operations	2,099,738	-	-	-	-	2,099,738
Depreciation	676,143	-	-	-	-	676,143
Total Operating Expenses	2,775,881	-	-	-	-	2,775,881
Operating Income (Loss)	49,728	-	-	-	-	49,728
NON-OPERATING REVENUES (EXPENSES)						
Grant Funds	33,143	-	-	-	-	33,143
Interest and fiscal charge expense	(338)	(40,816)	(88,675)	-	-	(129,829)
Bond Issue Cost	-	(50,147)	-	-	-	(50,147)
Insurance proceeds	35,937	-	-	-	-	35,937
Interest income	13,443	13,923	11,476	-	-	38,842
Total non-operating revenue (expenses)	82,185	(77,040)	(77,199)	-	-	(72,054)
Income (Loss) before transfers	131,913	(77,040)	(77,199)	-	-	(22,326)
Transfers in	-	90,015	209,050	-	-	299,065
Transfers out	(334,043)	-	-	-	-	(334,043)
Total Transfers	(334,043)	90,015	209,050	-	-	(34,978)
Change in Net Position	(202,130)	12,975	131,851	-	-	(57,304)
Net Position, October 1, 2017	16,670,981	-	(1,891,246)	(14,850)	-	14,764,885
Net Position, September 30, 2017	\$ 16,468,851	\$ 12,975	(1,759,395)	\$ (14,850)	\$ -	\$ 14,707,581

CITY OF LINDALE, TEXAS
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	BUSINESS-TYPE ACTIVITIES					TOTAL COMBINED ENTERPRISE FUNDS
	ENTERPRISE FUNDS					
	WATER & SEWER FUND	2017 CAPITAL PROJECTS BOND FUND	2013 CAPITAL PROJECTS BOND FUND	TX CDBG GRANT SEWER PROJECT FUND	ELIMINATIONS	
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers and users	2,867,327	\$ -	\$ -	\$ -	\$ -	\$ 2,867,327
Cash paid to suppliers for goods and services	(1,241,325)	-	-	-	-	(1,241,325)
Cash paid to employees for services	(860,816)	-	-	-	-	(860,816)
Net cash provided by operating activities	765,186	-	-	-	-	765,186
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Transfers out	(334,043)	-	-	-	-	(334,043)
Transfer in	-	90,015	209,050	-	-	299,065
Insurance proceeds	35,937	-	-	-	-	35,937
Grant proceeds	33,143	-	-	-	-	33,143
Net cash provided by (used in) non-capital financing activities	(264,963)	90,015	209,050	-	-	34,102
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets and equipment	(267,222)	(681,379)	(531,599)	-	-	(1,480,200)
Capital lease payments	(6,334)	-	-	-	-	(6,334)
Bond proceeds	-	1,463,443	-	-	-	1,463,443
Bond issue cost	-	(50,147)	-	-	-	(50,147)
Bond payments	-	(55,000)	(130,318)	-	-	(185,318)
Interest paid	(338)	(35,015)	(89,050)	-	-	(124,403)
Net cash provided by (used in) capital and related financing activities	(273,894)	641,902	(750,967)	-	-	(382,959)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest earned	13,443	13,923	11,476	-	-	38,842
Net cash provided by investing activities	13,443	13,923	11,476	-	-	38,842
Net increase (decrease) in cash	239,772	745,840	(530,441)	-	-	455,171
Cash, beginning of period	584,725	-	530,441	-	-	1,115,166
Cash, end of period	\$ 824,497	\$ 745,840	\$ -	\$ -	\$ -	\$ 1,570,337
Reconciliation of cash to Exhibit 7:						
Cash - current asset	\$ 558,944	\$ -	\$ -	\$ -	\$ -	\$ 558,944
Cash - restricted current asset	265,553	745,840	-	-	-	1,011,393
Total cash, end of period	\$ 824,497	\$ 745,840	\$ -	\$ -	\$ -	\$ 1,570,337

Note - The City obtained a capital lease during 2018 in the amount of \$18,700.

CITY OF LINDALE, TEXAS
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2018

Increase (Decrease) in Cash and Cash Equivalents

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

Operating income	\$ 49,728	\$ -	\$ -	\$ -	\$ -	\$ 49,728
Adjustments to reconcile net loss to net cash provided by (used in) operating activities						
Depreciation expense	676,143	-	-	-	-	676,143
Decrease in accounts receivable	29,423	-	-	-	-	29,423
Increase in other assets	(30)	-	-	-	-	(30)
Increase in deferred outflows	(30,554)	-	-	-	-	(30,554)
Decrease in accounts payable	(35,011)	-	-	-	-	(35,011)
Increase in customer deposits	12,325	-	-	-	-	12,325
Increase in accrued expenses	1,367	-	-	-	-	1,367
Decrease in net pension liability	(21,142)	-	-	-	-	(21,142)
Increase in deferred inflows	63,828	-	-	-	-	63,828
Increase in compensated absences	19,109	-	-	-	-	19,109
Total adjustments	715,458	-	-	-	-	715,458
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 765,186	\$ -	\$ -	\$ -	\$ -	\$ 765,186

CITY OF LINDALE, TEXAS
CEMETERY FUND
DETAILED SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Interest income	\$ 200	\$ 200	\$ 433	\$ 233
Sale of Cemetery Plots	22,000	22,000	32,800	10,800
Public Contribution	8,000	8,000	6,311	(1,689)
TOTAL FINANCING SOURCES - BUDGET BASIS	<u>\$ 30,200</u>	<u>\$ 30,200</u>	39,544	<u>\$ 9,344</u>
Financial Statement Adjustments:			-	
TOTAL FINANCING SOURCES - GAAP BASIS			<u>\$ 39,544</u>	
EXPENDITURES				
Cemetery Administration:				
Postage	\$ 500	\$ 500	\$ 507	\$ (7)
Miscellaneous Supplies	100	100	-	100
Miscellaneous	50	50	-	50
Utilities	300	300	209	91
Software contract	600	600	612	(12)
Legal & Professional	100	100	-	100
Misc. Maintenance	5,000	5,000	675	4,325
Cemetery Maintenance	40,000	40,000	36,117	3,883
TOTAL EXPENDITURES - BUDGET BASIS	<u>\$ 46,650</u>	<u>\$ 46,650</u>	38,120	<u>\$ 8,530</u>
Financial Statement Adjustments:			-	
TOTAL EXPENDITURES - GAAP BASIS			<u>\$ 38,120</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, 2018

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Fines and Fees	\$ 12,000	\$ 12,000	\$ 7,798	\$ (4,202)
Interest Income	-	-	316	316
TOTAL FINANCING SOURCES - BUDGET BASIS	\$ 12,000	\$ 12,000	8,114	\$ (3,886)
Financial Statement Adjustments:			-	
TOTAL FINANCING SOURCES - GAAP BASIS			\$ 8,114	
EXPENDITURES				
Capital Expenditures:				
Court Technology Equipment	\$ 12,000	\$ 12,000	\$ 13,582	\$ (1,582)
TOTAL EXPENDITURES - BUDGET BASIS	\$ 12,000	\$ 12,000	13,582	\$ (1,582)
Financial Statement Adjustments:			-	
TOTAL EXPENDITURES - GAAP BASIS			\$ 13,582	

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, 2018

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Fines and Fees	\$ 7,500	\$ 7,500	\$ 5,759	\$ (1,741)
Interest Income	-	-	852	852
TOTAL FINANCING SOURCES - BUDGET BASIS	<u>\$ 7,500</u>	<u>\$ 7,500</u>	6,611	<u>\$ (889)</u>
Financial Statement Adjustments:			-	
TOTAL FINANCING SOURCES - GAAP BASIS			<u>\$ 6,611</u>	
EXPENDITURES				
Building and Grounds	\$ 7,500	\$ 7,500	-	\$ 7,500
TOTAL EXPENDITURES - BUDGET BASIS	<u>\$ 7,500</u>	<u>\$ 7,500</u>	-	<u>\$ 7,500</u>
Financial Statement Adjustments:			-	
TOTAL EXPENDITURES - GAAP BASIS			<u>\$ -</u>	

CITY OF LINDALE, TEXAS
 CHILD SAFETY FEES FUND
 DETAILED SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
 FISCAL YEAR ENDED SEPTEMBER 30, 2018

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Fines and Fees	\$ 3,000	\$ 3,000	\$ 5,860	\$ 2,860
Interest Income	-	-	398	398
TOTAL FINANCING SOURCES - BUDGET BASIS	<u>\$ 3,000</u>	<u>\$ 3,000</u>	6,258	<u>\$ 3,258</u>
Financial Statement Adjustments:			-	
TOTAL FINANCING SOURCES - GAAP BASIS			<u>\$ 6,258</u>	
EXPENDITURES				
Office Supplies	\$ 500	\$ 500	\$ -	\$ 500
TOTAL EXPENDITURES - BUDGET BASIS	<u>\$ 500</u>	<u>\$ 500</u>	-	<u>\$ 500</u>
Financial Statement Adjustments:			-	
TOTAL EXPENDITURES - GAAP BASIS			<u>\$ -</u>	

CITY OF LINDALE, TEXAS
HOTEL-MOTEL OCCUPANCY TAX FUND
DETAILED SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Motel Tax	\$ 395,000	\$ 395,000	\$ 378,608	\$ (16,392)
Interest income	3,600	3,600	11,820	8,220
TOTAL FINANCING SOURCES - BUDGET BASIS	\$ 398,600	\$ 398,600	390,428	\$ (8,172)
Financial Statement Adjustments:			-	
TOTAL FINANCING SOURCES - GAAP BASIS			\$ 390,428	
EXPENDITURES				
Hotel-Motel Administration:				
Signs & Displays	\$ 22,100	\$ 22,100	\$ 13,927	\$ 8,173
Sponsorships	15,000	15,000	15,000	-
Professional	-	1,500	1,500	-
Transfer to Kinzie House fund	5,000	8,500	8,500	-
Transfer to Parrott Museum fund	61,120	71,120	71,120	-
Transfer to Tourism Fund	253,840	253,840	253,840	-
Chamber of Commerce	40,700	40,700	40,700	-
TOTAL EXPENDITURES - BUDGET BASIS	\$ 397,760	\$ 412,760	404,587	\$ 8,173
Financial Statement Adjustments:			-	
TOTAL EXPENDITURES - GAAP BASIS			\$ 404,587	

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, 2018

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Chapel Rental	\$ 300	\$ 300	\$ 300	\$ -
Donations	1,500	1,500	5,166	3,666
Gift Shop income	500	500	2,086	1,586
Gift Shop Sales Tax	50	50	146	96
Transfer from Hotel Motel fund	61,120	61,120	71,120	10,000
Miscellaneous Income	100	100	469	369
Interest income	80	80	209	129
TOTAL FINANCING SOURCES - BUDGET BASIS	\$ 63,650	\$ 63,650	79,496	\$ 15,846
Financial Statement Adjustments:			-	
TOTAL FINANCING SOURCES - GAAP BASIS			\$ 79,496	
EXPENDITURES				
Parrot Park Museum Administration:				
Salaries	\$ 40,000	\$ 40,000	\$ 51,001	\$ (11,001)
Social Security/Medicare	4,000	4,000	3,902	98
Office Supplies	500	500	99	401
Wearing Apparel	300	300	-	300
Exhibits	500	500	-	500
Miscellaneous	-	1,500	2,386	(886)
Utilities	12,000	12,000	11,730	270
Professional	100	800	675	125
Gift Shop Resale Items	1,000	2,000	1,821	179
State Comp (Sales Tax)	50	250	146	104
Communications	2,200	2,200	1,440	760
Publications and Advertising	1,000	1,400	1,348	52
Bank ETS Fees	-	300	236	64
Building & Grounds	2,000	10,000	14,037	(4,037)
TOTAL EXPENDITURES - BUDGET BASIS	\$ 63,650	\$ 75,750	88,821	\$ (13,071)
Financial Statement Adjustments				
Increase in accrued expenditures			2,734	
TOTAL EXPENDITURES - GAAP BASIS			\$ 91,555	

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, 2018

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Transfer from Hotel/Motel	\$ 5,000	\$ 5,000	\$ 8,500	\$ 3,500
Interest Income	-	-	16	16
TOTAL FINANCING SOURCES - BUDGET BASIS	<u>\$ 5,000</u>	<u>\$ 5,000</u>	8,516	<u>\$ 3,516</u>
Financial Statement Adjustments:			-	
TOTAL FINANCING SOURCES - GAAP BASIS			<u>\$ 8,516</u>	
EXPENDITURES				
Building and Grounds	\$ 5,000	\$ 5,000	7,186	\$ (2,186)
TOTAL EXPENDITURES - BUDGET BASIS	<u>\$ 5,000</u>	<u>\$ 5,000</u>	7,186	<u>\$ (2,186)</u>
Financial Statement Adjustments:			-	
TOTAL EXPENDITURES - GAAP BASIS			<u>\$ 7,186</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, 2018**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Transfer from Hotel/Motel	\$ 253,840	\$ 253,840	\$ 253,840	\$ -
PWW Festival Income	3,200	3,200	12,622	9,422
Event Fees	1,000	1,000	50	(950)
Sponsorship Funds	4,000	4,000	2,000	(2,000)
Miscellaneous Revenue	-	-	10	10
TOTAL FINANCING SOURCES - BUDGET BASIS	\$ 262,040	\$ 262,040	268,522	\$ 6,482
Financial Statement Adjustments:			-	
TOTAL FINANCING SOURCES - GAAP BASIS			\$ 268,522	
EXPENDITURES				
PERSONNEL SERVICES:				
Supervision	\$ 65,000	\$ 65,000	\$ 55,022	\$ 9,978
Salaries - Full time	40,000	40,000	34,944	5,056
Overtime	10,000	10,000	1,591	8,409
Vacation	-	-	5,102	(5,102)
Sick Leave	-	-	1,947	(1,947)
Holiday	-	-	5,067	(5,067)
Comptime	-	-	8,075	(8,075)
Auto Allowance	5,400	5,400	5,400	-
Retirement	17,200	17,200	16,687	513
Social Security / Medicare	8,560	8,560	8,962	(402)
Health Insurance	13,900	13,900	13,427	473
Dental	950	950	952	(2)
Life Insurance	280	280	347	(67)
Vision	250	250	207	43
Long Term Disability	300	300	300	-
Workers Comp	200	200	-	200
Total Personnel Services	162,040	162,040	158,030	4,010
SUPPLIES:				
Office supplies	\$ 1,000	\$ 1,000	\$ 1,050	(50)
Promotional materials	1,600	1,600	-	1,600
Technical supplies	1,000	1,000	19	981
Misc. Supplies	200	1,800	1,756	44
Postage	200	200	153	47
Total Supplies	\$ 4,000	\$ 5,600	\$ 2,978	\$ 2,622

**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, 2018**

CONTRACTUAL:				
Miscellaneous	\$ 1,500	\$ 1,500	\$ 1,672	\$ (172)
Communications - Telephone	4,000	4,200	4,123	77
Insurance and bonds	300	300	105	195
Utilities	2,000	2,000	1,876	124
Publications and advertising	11,000	11,000	10,018	982
Associations dues	2,500	2,500	2,467	33
Tourism rent	5,000	5,000	3,415	1,585
ETS fees / Bank service charges	-	200	317	(117)
Event reimbursement	10,000	10,000	10,000	-
Travel	3,000	3,000	2,644	356
School	1,500	1,500	1,941	(441)
Business Network	200	200	227	(27)
Festivals	42,000	42,000	26,709	15,291
	<u>83,000</u>	<u>83,400</u>	<u>65,514</u>	<u>17,886</u>
Total Contractual				
MAINTENANCE:				
Janitorial	1,500	1,500	150	1,350
Machinery & Equipment	3,500	3,500	2,559	941
	<u>5,000</u>	<u>5,000</u>	<u>2,709</u>	<u>2,291</u>
Total Maintenance				
SUNDRY				
Legal	500	500	-	500
Professional	7,500	7,500	6,681	819
	<u>8,000</u>	<u>8,000</u>	<u>6,681</u>	<u>1,319</u>
Total Sundry				
CAPITAL EXPENDITURES:				
Buildings & Grounds	-	-	5,465	(5,465)
	<u>-</u>	<u>-</u>	<u>5,465</u>	<u>(5,465)</u>
Total Capital Expenditures				
TOTAL EXPENDITURES - BUDGET BASIS	<u>\$ 262,040</u>	<u>\$ 264,040</u>	241,377	<u>\$ 22,663</u>
Financial Statement Adjustments:				
Amortize prepaid rent			\$ 131,625	
Increase in accrued expenditures			888	
			<u>132,513</u>	
TOTAL EXPENDITURES - GAAP BASIS			<u>\$ 373,890</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, 2018

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Current and delinquent property taxes	\$ 1,058,219	\$ 1,058,219	\$ 1,181,666	\$ 123,447
Interest income	-	-	26,347	26,347
Transfer from Other Funds	625,000	625,000	300,000	(325,000)
TOTAL FINANCING SOURCES - BUDGET BASIS	\$ 1,683,219	\$ 1,683,219	1,508,013	\$ (175,206)
Financial Statement Adjustments:				
			-	
TOTAL REVENUES - GAAP BASIS			\$ 1,508,013	
EXPENDITURES				
Debt Service:				
Bond Interest	\$ 571,445	\$ 571,445	482,163	\$ 89,282
Payment on Principal	1,108,774	1,108,774	988,773	120,001
Transfer to other funds	-	-	299,065	(299,065)
Agent fees	3,000	3,000	1,650	1,350
TOTAL EXPENDITURES - BUDGET BASIS	\$ 1,683,219	\$ 1,683,219	1,771,651	\$ (88,432)
Financial Statement Adjustments:				
			-	
TOTAL EXPENDITURES - GAAP BASIS			\$ 1,771,651	

CITY OF LINDALE, TEXAS
 DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 (NON-GAAP BUDGET BASIS)
 GENERAL FUND
 FISCAL YEAR ENDED SEPTEMBER 30, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Current and delinquent property taxes	\$ 1,263,000	\$ 1,263,000	\$ 1,218,382	\$ (44,618)
Franchise taxes	280,000	280,000	333,960	53,960
Sales tax	1,830,000	1,830,000	1,965,655	135,655
Building permits	75,000	75,000	155,926	80,926
Fines and forfeitures	435,000	435,000	377,926	(57,074)
Garbage Collection	830,000	830,000	937,046	107,046
Garbage Tax	68,000	68,000	75,054	7,054
Miscellaneous Income	15,000	15,000	221,362	206,362
Interest Earned	12,000	12,000	33,913	21,913
Downtown Revenue	-	-	605	605
Event/Festival Fees	-	-	1,950	1,950
Rental of Community Center	12,000	12,000	15,425	3,425
Other rental	4,500	4,500	18,890	14,390
Insurance proceeds	-	-	14,462	14,462
Rental income	60,000	60,000	58,850	(1,150)
LEDC Reimbursement	-	-	52,862	52,862
Other agency donation	-	-	47,985	47,985
Grant revenue	-	-	14,985	14,985
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FINANCING SOURCES - BUDGET BASIS	<u>\$ 4,884,500</u>	<u>\$ 4,884,500</u>	5,545,238	<u>\$ 660,738</u>
Financial Statement Adjustments:				
Sales tax receivable at 9-30-17			(339,825)	
Sales tax receivable at 9-30-18			348,646	
Garbage collection and tax			28,971	
Franchise tax			(33,143)	
Rental income			126,313	
Miscellaneous income			(150,774)	
Sale of assets			149,371	
Capital lease proceeds			6,842	
Transfers			35,446	
			<u> </u>	
TOTAL FINANCING SOURCES - GAAP BASIS			<u>\$ 5,717,085</u>	

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
GENERAL GOVERNMENT/ADMINISTRATION				
PERSONNEL SERVICES				
Supervision	\$ 165,000	\$ 165,000	\$ 171,454	\$ (6,454)
Salaries-Full-time	37,000	37,000	28,790	8,210
Overtime	1,000	1,000	-	1,000
Vacation	-	-	5,373	(5,373)
Sick Leave	-	-	2,625	(2,625)
Holiday	-	-	6,170	(6,170)
Auto allowance	7,200	7,200	7,200	-
Comp Time	-	-	3,429	(3,429)
Retirement	30,000	30,000	32,050	(2,050)
Social Security/Medicare	15,500	15,500	17,216	(1,716)
Health Insurance	15,000	15,000	15,080	(80)
Dental	1,400	1,400	1,376	24
Life Insurance	650	650	757	(107)
Vision	350	350	333	17
Long term disability	450	450	644	(194)
Workers comp	700	700	669	31
Health Reimbursement	-	1,500	1,375	125
Total Personnel Services	274,250	275,750	294,541	(18,791)
SUPPLIES:				
Office Supplies	7,000	7,000	6,978	22
Postage	1,500	1,500	1,500	-
Miscellaneous Supplies	8,000	8,000	7,624	376
Technical Supplies	-	10,000	9,659	341
Building & Cleaning Supplies	450	450	234	216
Total Supplies	16,950	26,950	25,995	955
CONTRACTUAL:				
Communications-Telephone	12,000	24,000	19,203	4,797
Miscellaneous	2,000	2,000	2,155	(155)
Insurance & Bonds	27,000	27,600	27,532	68
Publications & Advertising	6,000	6,000	5,571	429
Utilities	20,000	21,000	21,272	(272)
Librarian	40,000	40,000	40,000	-
Association Dues	3,400	3,400	1,069	2,331
Travel	11,000	11,000	2,167	8,833
Schools	4,000	4,610	5,357	(747)
ETS Fees/Bank Service Charges	200	-	-	-
Software Contract	15,000	15,400	14,912	488
Total Contractual	140,600	155,010	139,238	15,772
MAINTENANCE				
Building & grounds	8,000	8,700	8,622	78
Janitorial	20,000	20,000	14,025	5,975
Furniture & fixtures	800	4,300	3,280	1,020
Machinery & equipment	6,000	6,000	3,483	2,517
Total Maintenance	34,800	39,000	29,410	9,590
SUNDRY:				
Elections	8,000	8,000	-	8,000
Legal	35,000	35,000	21,160	13,840
Professional	120,000	120,000	110,315	9,685
Tax Rebate	30,000	30,000	22,834	7,166
State Garbage Tax	68,000	81,000	80,725	275
Total Sundry	261,000	274,000	235,034	38,966
CAPITAL EXPENDITURES				
Technical Equipment	15,000	15,000	-	15,000
Building and Grounds	-	-	94,262	(94,262)
Total Capital Expenditures	15,000	15,000	94,262	(79,262)
TOTAL GENERAL GOVERNMENT/ADMINISTRATION	742,600	785,710	818,480	(32,770)

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
GENERAL GOVERNMENT/CODE ENFORCEMENT				
PERSONNEL SERVICES:				
Supervision	\$ 70,000	\$ 70,000	\$ 60,293	\$ 9,707
Salaries-Full-time	124,000	124,000	104,292	19,708
Overtime	15,000	15,000	9,908	5,092
Vacation	-	-	13,304	(13,304)
Sick Leave	-	-	4,701	(4,701)
Holiday	-	-	12,225	(12,225)
Comp Time	-	-	7,035	(7,035)
Retirement	30,000	30,000	30,161	(161)
Social Security/Medicare	16,000	16,000	16,199	(199)
Health Insurance	28,000	28,000	28,972	(972)
Dental	1,810	1,810	1,914	(104)
Life Insurance	500	500	593	(93)
Vision	440	440	451	(11)
Long Term Disability	550	550	586	(36)
Workers Comp	3,000	3,000	2,031	969
Health reimbursement	-	1,650	1,650	-
Total Personnel Services	289,300	290,950	294,315	(3,365)
SUPPLIES:				
Office Supplies	4,000	4,000	3,362	638
Postage	600	650	511	139
Wearing Apparel	1,000	1,000	732	268
Fuel/Gas & Diesel	3,000	3,600	3,163	437
Technical Supplies	2,500	2,500	713	1,787
Miscellaneous Supplies	300	300	34	266
Computer Supplies	3,000	3,000	-	3,000
Total Supplies	14,400	15,050	8,515	6,535
CONTRACTUAL:				
Communications	6,000	6,000	5,551	449
Insurance & Bonds	600	800	785	15
Publications & Advertising	1,000	1,000	236	764
Animal Shelter	-	600	572	28
Association Dues	1,000	1,000	966	34
Travel	4,000	4,000	2,449	1,551
Schools	5,000	5,000	1,629	3,371
ETS Fees/Bank Service Charges	1,500	2,500	1,993	507
Software Contract	7,000	7,000	4,877	2,123
Humane Society	8,000	21,000	20,498	502
Total Contractual	34,100	48,900	39,556	9,344
MAINTENANCE:				
Machinery & Equipment	10,000	10,000	5,672	4,328
Motor Vehicle & Maintenance	1,500	1,500	1,481	19
Miscellaneous maintenance	-	300	300	-
Total Maintenance	11,500	11,800	7,453	4,347
SUNDRY:				
Professional	18,000	18,000	3,542	14,458
Legal	15,000	15,000	8,930	6,070
Total Sundry	33,000	33,000	12,472	20,528
CAPITAL EXPENDITURES				
Motor Vehicle	-	-	21,483	(21,483)
Total Capital Expenditures	-	-	21,483	(21,483)
TOTAL GENERAL GOVERNMENT/ CODE ENFORCEMENT	382,300	399,700	383,794	15,906

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
COURT				
PERSONNEL SERVICES				
Supervision	\$ 12,000	\$ 12,000	\$ 12,000	\$ -
Salaries-Full-time	60,000	60,000	31,053	28,947
Salaries-Part-time	12,000	12,000	15,430	(3,430)
Overtime	200	500	1,134	(634)
Vacation	-	-	2,811	(2,811)
Sick Leave	-	-	372	(372)
Holiday	-	-	1,906	(1,906)
Comp Time	-	-	2,151	(2,151)
Retirement	8,700	8,700	7,547	1,153
Social Security/Medicare	5,500	5,500	4,197	1,303
Health Insurance	13,800	13,800	10,428	3,372
Dental	900	900	666	234
Life Insurance	200	200	117	83
Vision	220	220	158	62
Long Term Disability	300	300	128	172
Workers Comp	300	300	446	(146)
Total Personnel Services	114,120	114,420	90,544	23,876
SUPPLIES				
Office Supplies	2,000	2,000	1,701	299
Postage	1,500	1,500	1,449	51
Total Supplies	3,500	3,500	3,150	350
CONTRACTUAL				
Communications	2,000	3,700	3,189	511
Software	2,000	2,000	1,933	67
Insurance & Bonds	100	100	100	-
Publications & Advertising	600	2,700	2,690	10
ETS Fees/Bank Service Charges	7,000	7,000	5,328	1,672
Association Dues	200	300	265	35
Travel	1,800	1,800	232	1,568
Schools	800	800	40	760
Total Contractual	14,500	18,400	13,777	4,623
MAINTENANCE				
Furniture and Fixtures	500	500	-	500
Total Maintenance	500	500	-	500
SUNDRY				
Court Expense	700	700	216	484
Legal	12,000	12,000	7,420	4,580
Professional	12,000	12,000	4,884	7,116
Transfer to State-Fines	200,000	200,000	160,946	39,054
Total Sundry	224,700	224,700	173,466	51,234
TOTAL COURT	357,320	361,520	280,937	80,583
GENERAL GOVERNMENT/LEDC				
PERSONNEL SERVICES				
Health Insurance	-	-	12,391	(12,391)
Dental	-	-	790	(790)
Life Insurance	-	-	406	(406)
Vision	-	-	189	(189)
Long Term Disability	-	-	379	(379)
Total Personnel Services	-	-	14,155	(14,155)
TOTAL GENERAL GOVERNMENT/LEDC	-	-	14,155	(14,155)

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
POLICE				
PERSONNEL SERVICES				
Supervision	\$ 155,400	\$ 155,400	\$ 92,721	\$ 62,679
Salaries-Full-time	952,240	952,240	807,304	144,936
Salaries-Part-time	8,000	8,000	3,098	4,902
Overtime	45,000	45,000	36,980	8,020
Vacation	-	-	59,435	(59,435)
Sick Leave	-	-	18,078	(18,078)
Holiday	-	-	48,889	(48,889)
Comp Time	-	-	27,317	(27,317)
Retirement	164,700	164,700	155,531	9,169
Social Security/Medicare	89,500	89,500	83,766	5,734
Health Insurance	174,000	174,000	158,575	15,425
Dental	10,800	10,800	10,287	513
Life Insurance	2,700	2,700	2,838	(138)
Vision	2,600	2,600	2,411	189
Long Term Disability	3,500	3,500	2,865	635
Workers Comp	20,000	20,000	35,902	(15,902)
Health Reimbursement Account	-	100	92	8
Total Personnel Services	1,628,440	1,628,540	1,546,089	82,451
SUPPLIES				
Office Supplies	9,000	9,000	5,528	3,472
Postage	1,000	1,000	1,019	(19)
Wearing Apparel	12,000	12,000	7,464	4,536
Fuel/Gas & Diesel	40,000	40,000	39,940	60
Technical Supplies	7,500	7,500	5,188	2,312
Cleaning Supplies	-	-	4,989	(4,989)
Miscellaneous Supplies	7,500	-	-	-
Total Supplies	77,000	69,500	64,128	5,372
CONTRACTUAL				
Communications-Telephone	22,000	22,000	19,691	2,309
Communications	3,000	3,000	960	2,040
Insurance & Bonds	18,000	18,000	17,297	703
Publications & Advertising	1,500	1,500	287	1,213
Association Dues	800	800	432	368
Travel	5,000	5,000	4,553	447
Schools	7,000	7,000	4,798	2,202
ETS/Bank Svc Chgs	100	-	-	-
Contracts - Miscellaneous	35,000	35,000	28,688	6,312
Total Contractual	92,400	92,300	76,706	15,594
MAINTENANCE				
Machinery & Equipment	40,000	40,000	15,476	24,524
Motor Vehicle & Maintenance	27,000	33,500	34,016	(516)
Miscellaneous Maintenance	5,500	5,500	4,646	854
Building & Grounds	2,000	2,000	417	1,583
Total Maintenance	74,500	81,000	54,555	26,445
SUNDRY				
Legal	8,000	8,000	1,280	6,720
Professional	4,000	5,000	4,880	120
Total Sundry	12,000	13,000	6,160	6,840
CAPITAL EXPENDITURES				
Motor Vehicle	86,000	86,000	84,825	1,175
Technical Equipment	10,000	10,000	24,213	(14,213)
Total Capital Expenditures	96,000	96,000	109,038	(13,038)
TOTAL POLICE	1,980,340	1,980,340	1,856,676	123,664

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
FIRE				
PERSONNEL SERVICES:				
Retirement	\$ 13,000	\$ 15,625	\$ 15,606	\$ 19
Total Personnel Services	13,000	15,625	15,606	19
TOTAL FIRE	13,000	15,625	15,606	19
PUBLIC WORKS				
PERSONNEL SERVICES:				
Salaries-Full-time	175,000	175,000	159,099	15,901
Salaries-Part-time	25,000	25,000	24,758	242
Overtime	10,000	10,000	11,345	(1,345)
Vacation	-	-	8,312	(8,312)
Sick Leave	-	-	3,624	(3,624)
Holiday	-	-	8,273	(8,273)
Comp Time	-	-	37	(37)
Retirement	28,000	28,000	27,163	837
Social Security/Medicare	16,600	16,600	16,482	118
Health Insurance	37,000	37,000	34,369	2,631
Dental	2,420	2,420	2,217	203
Life Insurance	1,200	1,200	525	675
Vision	600	600	527	73
Long Term Disability	920	920	514	406
Workers Comp	2,300	2,300	2,745	(445)
Health reimbursement	-	750	750	-
Total Personnel Services	299,040	299,790	300,740	(950)
SUPPLIES				
Office Supplies	500	500	288	212
Wearing Apparel	1,600	1,600	20	1,580
Fuel/Gas & Diesel	20,000	20,000	19,984	16
Technical Supplies	2,600	2,600	2,435	165
Cleaning Supplies	400	400	9	391
Building Supplies	1,000	1,000	309	691
Tractor Supplies	4,300	5,300	5,182	118
Miscellaneous Supplies	500	500	61	439
Total Supplies	30,900	31,900	28,288	3,612
CONTRACTUAL:				
Communications	3,400	3,400	3,391	9
Insurance & Bonds	1,800	1,800	1,470	330
Utilities	135,000	149,700	148,084	1,616
Association Dues	200	200	-	200
Equipment Rental	2,000	2,000	-	2,000
Schools	1,000	1,000	461	539
Solid Waste Contract	630,000	780,000	755,955	24,045
Janitorial Service	7,000	7,000	6,075	925
Total Contractual	780,400	945,100	915,436	29,664
MAINTENANCE:				
Building and Grounds	220,400	220,400	125,489	94,911
Machinery & Equipment	28,000	33,100	40,636	(7,536)
Motor Vehicle & Maintenance	12,000	13,500	13,671	(171)
Miscellaneous Maintenance	5,000	5,000	2,977	2,023
Streets & Alleys	65,000	65,000	65,892	(892)
Culverts	4,000	4,000	701	3,299
Athletic Fields-Grounds	15,000	15,000	6,629	8,371
Signals & Markers	16,000	16,000	9,346	6,654
Total Maintenance	365,400	372,000	265,341	106,659

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
SUNDRY				
Legal	\$ 800	\$ 800	\$ -	\$ 800
Professional	24,000	24,000	1,823	22,177
Total Sundry	24,800	24,800	1,823	22,977
CAPITAL EXPENDITURES				
Streets	200,000	200,000	137,010	62,990
Parks	400,000	400,000	-	400,000
Machinery and Equipment	66,000	66,000	4,400	61,600
Motor Vehicle	35,000	35,000	-	35,000
Total Capital Expenditures	701,000	701,000	141,410	559,590
TOTAL PUBLIC WORKS	2,201,540	2,374,590	1,653,038	721,552
TOURISM SUPPLIES				
Miscellaneous Supplies	2,000	2,000	1,580	420
Total Supplies	2,000	2,000	1,580	420
CONTRACTUAL				
Miscellaneous	100	600	225	375
Event - Christmas	8,000	8,000	-	8,000
Events	5,000	5,000	5,305	(305)
Total Contractual	13,100	13,600	5,530	8,070
MAINTENANCE				
Building and Grounds	-	2,300	2,140	160
Total Maintenance	-	2,300	2,140	160
SUNDRY:				
Professional	4,000	4,000	2,708	1,292
Total Sundry	4,000	4,000	2,708	1,292
TOTAL TOURISM	19,100	21,900	11,958	9,942
TOTAL EXPENDITURES - BUDGET BASIS	\$ 5,696,200	\$ 5,939,385	5,034,644	\$ 904,741
Financial Statement Adjustments				
Decrease in accrued expenditures			48,200	
TOTAL EXPENDITURES - GAAP BASIS			\$ 5,082,844	

CITY OF LINDALE, TEXAS
 DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 (NON-GAAP BUDGET BASIS)
 WATER & SEWER FUND
 FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES				
Charges for services:				
Water sales	\$ 1,520,500	\$ 1,520,500	\$ 1,739,813	\$ 219,313
Sewer charges	865,000	865,000	992,157	127,157
Tap and connect fees	55,000	55,000	88,813	33,813
Miscellaneous	10,000	10,000	34,249	24,249
Insurance Proceeds	-	-	35,937	35,937
Interest	<u>9,000</u>	<u>9,000</u>	<u>13,443</u>	<u>4,443</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES - BUDGET BASIS	<u>\$ 2,459,500</u>	<u>\$ 2,459,500</u>	\$ 2,904,412	<u>\$ 444,912</u>
Financial Statement Adjustments:				
Bad debt reserve adjustment			(29,423)	
Grants			<u>33,143</u>	
TOTAL REVENUES AND OTHER FINANCING SOURCES - GAAP BASIS			<u>\$ 2,908,132</u>	

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
WATER & SEWER FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
WATER & SEWER OPERATIONS				
PERSONNEL SERVICES:				
Supervision	\$ 145,000	\$ 145,000	\$ 64,564	\$ 80,436
Salaries Full-time	420,000	420,000	408,230	11,770
Overtime	25,000	25,000	26,598	(1,598)
Vacation	-	-	30,178	(30,178)
Sick Leave	-	-	16,604	(16,604)
Holiday	-	-	25,612	(25,612)
Comp Time	-	-	8,555	(8,555)
Retirement	85,000	85,000	82,668	2,332
Social Security/Medicare	45,800	45,800	44,399	1,401
Health Insurance	97,100	97,100	92,077	5,023
Dental	4,800	4,800	6,112	(1,312)
Life Insurance	2,800	2,800	1,226	1,574
Vision	1,500	1,500	1,445	55
Long Term Disability	1,500	1,500	1,564	(64)
Workers Comp	20,000	20,000	25,147	(5,147)
Health Reimbursement Account	-	3,000	2,819	181
Total Personnel Services	848,500	851,500	837,798	13,702
SUPPLIES:				
Office supplies	3500	3500	2307	1,193
Postage	28,000	28,600	28,580	20
Wearing apparel	2,000	2,000	1,422	578
Fuel, gas & diesel	24,000	24,000	25,454	(1,454)
Technical supplies	14,000	14,000	12,018	1,982
Cleaning supplies	100	100	-	100
Building supplies	500	500	-	500
Food supplies	320	390	382	8
Chemicals & lab test	53,000	60,000	59,835	165
Tractor supplies	2,800	3,300	3,546	(246)
Miscellaneous supplies	500	-	149	(149)
Total Supplies and Materials	\$ 128,720	\$ 136,390	\$ 133,693	2,697
CONTRACTUAL:				
Communications	\$ 85,000	\$ 103,000	\$ 97,664	\$ 5,336
Insurance & Bonds - Casualty	10,000	13,000	12,922	78
Publications & advertising	1,200	1,200	724	476
Utilities	290,000	331,700	331,575	125
Association dues	800	800	294	506
Equipment rental	7,500	7,500	3,205	4,295
Travel	800	1,000	917	83
Schools	5,500	7,300	7,294	6
Software contract	19,500	21,700	21,696	4
ETS/Bank charges	18,500	26,500	25,724	776
Total Contractual	\$ 438,800	\$ 513,700	\$ 502,015	\$ 11,685
MAINTENANCE:				
Buildings & grounds	\$ 5,000	\$ 6,500	\$ 6,380	\$ 120
Janitorial	3,800	6,800	6,231	569
Machinery & equipment	23,000	26,000	26,018	(18)
Motor vehicles & maintenance	5,000	5,000	2,069	2,931
Miscellaneous	500	500	291	209
Total Maintenance	\$ 37,300	\$ 44,800	\$ 40,989	\$ 3,811

CITY OF LINDALE, TEXAS
DETAILED SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
WATER & SEWER FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2018

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
MAINTENANCE - BUILDING & STRUCTURE:				
Sanitary sewers	\$ 34,000	\$ 39,000	\$ 38,203	\$ 797
Water mains	34,000	36,900	36,871	29
Plants, towers & wells	178,000	183,000	182,175	825
Service lines	-	-	26	(26)
Total Maintenance - building & structure	<u>246,000</u>	<u>258,900</u>	<u>257,275</u>	<u>1,625</u>
SUNDRY:				
Legal	1,000	1,000	277	723
Professional	35,000	46,800	46,794	6
Miscellaneous	100	100	48	52
Inspection fees	18,500	18,500	17,225	1,275
Total Sundry	<u>54,600</u>	<u>66,400</u>	<u>64,344</u>	<u>2,056</u>
CAPITAL - BUILDING & STRUCTURE:				
Building & Grounds	2,600	2,600	-	2,600
Service lines (sewer)	3,500	4,100	4,669	(569)
Plants, towers & wells	15,000	15,000	-	15,000
Mains	40,000	40,000	38,436	1,564
Wells & pumps	25,000	25,000	2,577	22,423
Meters & meter boxes	100,000	100,000	92,946	7,054
Service lines (water)	35,000	35,000	31,764	3,236
Service man holes	10,000	22,000	6,695	15,305
Hydrants & valves	17,000	17,000	19,504	(2,504)
Total Capital - building & structure	<u>248,100</u>	<u>260,700</u>	<u>196,591</u>	<u>64,109</u>
CAPITAL EQUIPMENT:				
Machinery & equipment	100,000	100,000	112,360	(12,360)
Motor Vehicle	30,000	30,000	28,807	1,193
Sewer Lines	225,000	225,000	61,385	163,615
Buildings and grounds	-	-	69,734	(69,734)
Plants-Towers-Wells	260,000	260,000	69,500	190,500
Total Capital Equipment	<u>615,000</u>	<u>615,000</u>	<u>341,786</u>	<u>273,214</u>
BOND EXPENSE:				
Transfer to I&S	450,000	450,000	300,000	150,000
Total Bond Expense	<u>450,000</u>	<u>450,000</u>	<u>300,000</u>	<u>150,000</u>
TOTAL EXPENSES - BUDGET BASIS	<u>\$ 3,067,020</u>	<u>\$ 3,197,390</u>	<u>2,674,491</u>	<u>\$ 522,899</u>
Financial Statement Adjustments:				
Depreciation			676,143	
Increase in compensated absences			19,109	
Capital outlay items not expensed			(268,123)	
GASB 68 pension adjustment			12,132	
Capitalize lease payments			(6,334)	
Transfer capital expenditures to governmental funds			34,043	
Decrease in accounts payable and accrued expenses			(31,199)	
TOTAL EXPENSES AND TRANSFERS - GAAP BASIS			<u>\$ 3,110,262</u>	

CITY OF LINDALE, TEXAS
 SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS - BY SOURCE
 FISCAL YEAR ENDED SEPTEMBER 30, 2018

	TOTAL	LAND	BUILDINGS	INFRASTRUCTURE	MACHINERY & EQUIPMENT	CONSTRUCTION IN PROGRESS
Governmental assets - October 1, 2017	\$ 22,031,445	\$ 3,917,955	\$ 9,846,322	\$ 6,229,403	\$ 2,037,765	\$ -
ADDITIONS FROM GOVERNMENTAL FUNDS:						
<u>GENERAL FUND</u>						
Land	-	-	-	-	-	-
Buildings & improvements	189,847	-	103,810	-	-	86,037
Machinery & equipment	182,450	-	-	-	182,450	-
Infrastructure	119,903	-	-	119,903	-	-
RETIREMENTS FROM GOVERNMENTAL FUNDS:						
<u>GENERAL FUND</u>						
Land	(169,158)	(169,158)	-	-	-	-
Buildings & improvements	(13,500)	-	(13,500)	-	-	-
Machinery & equipment	(160,294)	-	-	-	(160,294)	-
GOVERNMENTAL ASSETS - SEPTEMBER 30, 2018	\$ 22,180,693	\$ 3,748,797	\$ 9,936,632	\$ 6,349,306	\$ 2,059,921	\$ 86,037

SCHEDULE "21"

CITY OF LINDALE, TEXAS
 SCHEDULE OF CHANGES IN GOVERNMENTAL LONG-TERM DEBT
 FISCAL YEAR ENDED SEPTEMBER 30, 2018

	2009 SERIES	2012 SERIES	2014 REF SERIES	2015 SERIES	2015 REF SERIES	CAPITAL LEASE	COMPENSATED ABSENCES	NET PENSION LIABILITY
Governmental fund debt, October 1, 2017	\$ 16,544,203	\$ 2,045,000	\$ 1,160,000	\$ 4,952,523	\$ 4,488,433	\$ 13,729	\$ 261,960	\$ 1,586,490
ADDITIONS								
Capital Lease	-	-	-	-	-	6,842	-	-
Compensated absences	-	-	-	-	-	-	28,096	-
Total Additions	34,938	-	-	-	-	6,842	28,096	-
RETIREMENTS								
Bond principal:								
2006 Certificates of Obligation	-	-	-	-	-	-	-	-
2009 Certificates of Obligation	165,000	-	-	-	-	-	-	-
2012 Refunding General Obligation	130,000	130,000	-	-	-	-	-	-
2014 Refunding General Obligation	380,000	-	380,000	-	-	-	-	-
2015 Certificates of Obligation	8,773	-	-	8,773	-	-	-	-
2015 Refunding General Obligation	305,000	-	-	-	305,000	-	-	-
Total Bond Retirements	988,773	130,000	380,000	8,773	305,000	-	-	-
Other Retirements:								
Capital lease payments	4,411	-	-	-	-	4,411	-	-
Amortization of bond premium	86,549	-	-	-	74,285	-	-	-
Change in net pension liability	68,822	-	-	-	-	-	-	68,822
Compensated absences	-	-	-	-	-	-	-	-
Total Other Retirements	159,782	12,264	-	-	74,285	4,411	-	68,822
GOVERNMENTAL FUND DEBT, SEPTEMBER 30, 2018	\$ 15,430,586	\$ 1,858,804	\$ 780,000	\$ 4,943,750	\$ 4,109,148	\$ 16,160	\$ 290,056	\$ 1,517,668

SCHEDULE "22"

LINDALE ECONOMIC DEVELOPMENT CORPORATION
 STATEMENT OF NET POSITION
 (NONGOVERNMENTAL PRESENTATION)
 SEPTEMBER 30, 2018

Assets	
Current Assets	
Cash and cash equivalents	676,652
Investments	2,300,000
Sales tax receivable	170,425
Total Current Assets	<u>3,147,077</u>
Property and equipment (net of accumulated depreciation)	1,720,964
Other Assets	
Organizational cost	555
Prepaid rent	126,313
Land held for resale	3,381,280
Note Receivable	660,000
Intangible asset	160,980
Total Other Assets	<u>4,329,128</u>
Total Assets	<u>9,197,169</u>
Liabilities	
Current Liabilities	
Accounts payable	4,373
Accrued interest payable	6,711
Current portion of long-term debt	211,757
Total Current Liabilities	<u>222,841</u>
Long-Term Liabilities	
Notes payable- net of current portion	1,959,303
Total Long-Term Liabilities	<u>1,959,303</u>
Total Liabilities	<u>2,182,144</u>
Net Position	
Unrestricted	<u>7,015,025</u>
Total Net Position	<u>\$ 7,015,025</u>

SCHEDULE "23"

LINDALE ECONOMIC DEVELOPMENT CORPORATION
 STATEMENT OF ACTIVITIES
 (NONGOVERNMENTAL PRESENTATION)
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Unrestricted</u>
Revenues, Gains, and Other Support	
Sales tax	\$ 972,157
Interest income	36,065
Rent income	25,816
Gain on Sale of Assets	412,505
TIF District	104,000
Other income	298
Total Revenues, Gains, and Other Support	<u>1,550,841</u>
Expenses and Losses	
Salaries, benefits and payroll taxes	180,764
Professional services	69,107
Office rent	35,250
Office supplies	3,409
Postage/Express Mail	233
Communications	3,354
Conferences and meetings	7,619
Dues and subscriptions	2,075
Travel	10,780
Memberships	10,542
Interest and bank charges	82,111
Maintenance of properties	2,779
Marketing materials	50
Advertising materials	4,400
Sponsorships	11,215
Insurance	1,909
Rent expense	715
Miscellaneous	683
Infrastructure improvements	70,164
Depreciation	53,142
Total Expenses and Losses	<u>550,301</u>
Change in Net Position	1,000,540
Net Position at Beginning of Year	<u>6,014,485</u>
Net Position at End of Year	<u>\$ 7,015,025</u>

**LINDALE ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
(NONGOVERNMENTAL PRESENTATION)
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net position	\$ 1,000,540
Adjustments to change in net assets to cash provided by (used in) operating activities:	
Depreciation expense	53,142
Gain on sale of land	(412,505)
(Increase) decrease in assets:	
Sales tax receivable	(4,288)
Prepaid rent	35,250
Increase (decrease) in liabilities:	
Accounts payable	2,108
Accrued expenses	(9,112)
	<u>(335,405)</u>
Total Adjustments	<u>(335,405)</u>
Net Cash Provided by Operating Activities	<u>665,135</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(550,000)
Purchase of fixed assets	(2,933)
	<u>(552,933)</u>
Net Cash Used in Investing Activities	<u>(552,933)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments on notes payable	(203,468)
	<u>(203,468)</u>
Net Cash Used in Financing Activities	<u>(203,468)</u>
Net Decrease in Cash & Cash Equivalents	(91,266)
Cash and cash equivalents, beginning of year	<u>767,918</u>
Cash and cash equivalents, end of year	<u>\$ 676,652</u>
SUPPLEMENTAL INFORMATION:	
Cash paid for interest	<u>\$ 90,797</u>

NON CASH INVESTING AND FINANCING ACTIVITIES

During the year, the EDC sold land with a cost \$247,495 in exchange for a forgivable note receivable in the amount of \$660,000, recognizing a gain of \$412,505

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, 2018 and the related notes to the financial statements, which collectively comprise City of Lindale, Texas' basic financial statements, and have issued our report thereon dated February 14, 2019.

Internal Control over Financial Reporting

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

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

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

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

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

City of Lindale, Texas' Response to Findings

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

Purpose of this Report

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



Certified Public Accountants

Tyler, Texas
February 14, 2019