

CITY OF LAKE DALLAS, TEXAS

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

SEPTEMBER 30, 2024

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Lake Dallas, Texas

Opinion

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Lake Dallas as of and for the year ended September 30, 2024 and the related notes to the financial statements, which collectively comprise the City of Lake Dallas's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Lake Dallas as of September 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financials section of our report. We are required to be independent of the City of Lake Dallas and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Lake Dallas' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with general accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Lake Dallas' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Lake Dallas' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12 and the Texas Municipal Retirement System schedules on pages 48 through 50 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 the City of Lake Dallas' basic financial statements. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 combining and individual fund financial statements and schedules are 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 11, 2025 on our consideration of the City of Lake Dallas' internal control over financial reporting and on our test 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 the City of Lake Dallas' internal control over financial reporting and compliance.



Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC
Denton, Texas
February 11, 2025

MANAGEMENT'S DISCUSSION & ANALYSIS

CITY OF LAKE DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024

As management of the City of Lake Dallas, we offer readers of the City of Lake Dallas's financial statements this narrative overview and analysis of the financial activities of the City of Lake Dallas for the year ended September 30, 2024. We encourage readers to consider the information presented here in conjunction with the City's basic financial statements and with the independent auditors' report.

Financial Highlights

- The assets and deferred outflows of the City of Lake Dallas exceeded its liabilities and deferred inflows at September 30, 2024 by \$12,989,682.
- The City's total net position increased by \$1,157,295 during the fiscal year from the results of current year operations.
- As of September 30, 2024, the City of Lake Dallas's governmental funds reported a combined ending fund balance of \$11,785,736, an increase of \$205,838 in comparison with the beginning of the period.
- The general fund fund balance increased \$367,519, from a fund balance of \$3,344,157 at the beginning of the year to an ending fund balance of \$3,711,676.
- The general fund fund balance at September 30, 2024 of \$3,711,676 represents a reserve of 58.42% current year general fund expenditures.

Overview of the Financial Statements

The management discussion and analysis are intended to serve as an introduction to the City of Lake Dallas's basic financial statements. The City of Lake Dallas'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 contains other supplementary information in addition to the basic financial statements themselves.

Also included as a discretely presented component unit is the Lake Dallas Community Development Corporation, which was formed on January 1, 2003 as the result of a successful 4B sales tax election. Separately-issued financial statements for the component unit may be obtaining by contacting the City of Lake Dallas.

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

The statement of net position presents information on all of the City of Lake Dallas's assets, deferred outflows, deferred inflows and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Lake Dallas is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent period. All of the current period's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both the statement of net position and the statement of activities are prepared utilizing the accrual basis of accounting as opposed to the modified accrual basis used in prior reporting models.

CITY OF LAKE DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024

In the Statement of Net Position and the Statement of Activities, the City is divided between two kinds of activities:

- **Governmental activities.** All of the City's basic services are reported here, including the police, fire, library, community development, public works, park services, municipal court, and general administration. Property taxes, sales taxes, and franchise fees finance most of these activities.
- **Business-type activities.** The City may charge a fee to customers to help it cover all or most of the cost of certain services it provides. The City had no business-type activities during the current period.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by state law or bond covenants. However, the City Council may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. All of the funds of the City of Lake Dallas are considered governmental funds.

Governmental Funds. All of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at period-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is detailed in a reconciliation following the fund financial statements.

The City of Lake Dallas maintains three types of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special revenue funds and debt service fund. All but the special revenue funds are considered to be major funds.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Lake Dallas's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City of Lake Dallas does not currently have any fiduciary funds.

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 funds financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information highlighting budgetary information for the general fund.

CITY OF LAKE DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024

Government-wide Financial Analysis

The City's combined net position was \$12,989,682 as of September 30, 2024. The City first implemented GASB Statement No. 34, *Basic Financial Statement – and Management's Discussion and Analysis – for State and Local Governments*, for fiscal year 2004. The following analysis presents both current and prior year data and discusses significant changes in the accounts. This analysis focuses on the net position (Table 1) and general revenues (Table 2) and changes in net position (Table 3) of the City's governmental activities.

The largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these 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.

Table 1
Net Position

	Governmental Activities	
	2023	2024
Current and other assets	\$ 11,987,839	\$ 12,516,577
Capital assets	6,616,641	6,972,114
Total assets	<u>18,604,480</u>	<u>19,488,691</u>
Deferred outflows of resources	1,540,742	1,168,294
Long-term liabilities outstanding	7,390,623	6,279,783
Other liabilities	338,630	672,540
Total liabilities	<u>7,729,253</u>	<u>6,952,323</u>
Deferred inflows of resources	583,582	714,980
Net position:		
Net investment in capital assets	4,597,634	5,060,849
Restricted	4,206,657	3,777,319
Unrestricted	3,028,096	4,151,514
Total net position	<u>\$ 11,832,387</u>	<u>\$ 12,989,682</u>

Governmental Activities. The City's general revenues for governmental activities for the years ended September 30, 2023 and 2024 are detailed below (Table 2).

Table 2
General Revenues

	2023	2024
Property taxes, levied for general purposes	\$ 3,492,051	\$ 3,684,092
Property taxes, levied for debt service	336,664	465,489
Sales taxes	1,633,536	1,730,277
Franchise taxes	472,547	441,296
Hotel occupancy taxes	75,617	88,834
Mixed beverage taxes	34,771	32,163
Investment earnings	339,930	618,740
Miscellaneous	59,697	85,897
	<u>\$ 6,444,813</u>	<u>\$ 7,146,788</u>

CITY OF LAKE DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024

The following table provides a summary of the City's operations for the years ended September 30, 2023 and 2024.

Table 3
Changes in Net Position

	Governmental Activities	
	2023	2024
Revenues:		
Program revenues:		
Charges for services	\$ 1,132,526	\$ 1,064,434
Operating grants and contributions	143,641	43,074
Capital grants and contributions	-	391,263
General revenues:		
Property taxes	3,828,715	4,149,581
Sales taxes	1,633,536	1,730,277
Franchise taxes	472,547	441,296
Hotel occupancy taxes	75,617	88,834
Mixed beverage taxes	34,771	32,163
Investment earnings	339,930	618,740
Other	59,697	85,897
	<u>7,720,980</u>	<u>8,645,559</u>
Expenses:		
Administration	987,794	1,354,054
Tourism	83,654	97,721
City council	11,935	7,507
Public safety	3,607,236	3,573,486
Animal services	248,187	375,550
Community services	85,457	72,339
Public works - streets	1,065,267	1,514,473
Municipal court	136,163	119,437
Parks and facilities	200,527	284,238
Development services	242,382	275,787
Debt service - interest	173,753	197,515
	<u>6,842,355</u>	<u>7,872,107</u>
Gain on sale of assets	-	235,475
Transfers in	229,250	148,368
Change in net position	1,107,875	1,157,295
Net position – October 1 (beginning)	10,724,512	11,832,387
Net position – September 30 (ending)	<u>\$ 11,832,387</u>	<u>\$ 12,989,682</u>

Capital grants and contributions consists of funding from Denton County toward a street reconstruction project. Property tax revenues are up 8.38% due to increased valuations. Administration expenses are up due to a grant provided to the Community Development Corporation related to a land sale, and additional consultant and legal costs. Public works expenses are up due to additional engineering costs. Animal services expenses are up due to additional payroll costs.

CITY OF LAKE DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024

Financial Analysis of the Government's Funds

Governments 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 financing requirements. In particular, unassigned fund balance may serve as a useful measure of government's net resources available for spending at the end of the period.

As of the end of the current period, the City's governmental funds reported a combined ending fund balance of \$11,785,736, an increase of \$205,838 in comparison with the beginning of the period. Unassigned fund balance available for spending at the City's discretion was \$3,657,838. A portion of fund balance is considered nonspendable and not available for new spending because it is restricted for street maintenance (\$693,193), restricted for debt service (\$772,931), restricted for capital projects (\$3,544,194), restricted for tourism (\$312,880), has already been committed to liquidate prepaid items (\$57,699) or are special revenue funds that have been restricted or assigned for specific purposes (\$2,747,001).

The general fund is the chief operating fund of the City. At the end of the current period, unassigned fund balance of the general fund was \$3,657,838, while total fund balance was \$3,711,676. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the total fund expenditures. Unassigned fund balance represents 57.57% of the total general fund expenditures, while the total fund balance represents 58.42% of that same amount.

The fund balance of the City's general fund increased by \$367,519 during the current fiscal year compared to a \$331,855 increase in the previous year. Key factors related to this change are as follows:

- Total revenues were \$367,973 more than the prior year total, with ad valorem tax revenue increasing \$193,018, sales tax revenue up \$80,617 and interest earnings up \$48,965.
- Expenditures were \$974,598 more than the prior year total, with increases primarily in the areas of administration, public safety, and animal services. Capital outlay expenditures were significantly more but were offset by additional proceeds from property sales.
- The prior year showed significant transfers of funds to the debt service fund, which did not reoccur in the current fiscal year.

The debt service fund has a total fund balance of \$772,931, all of which is reserved for the payment of debt service. The net decrease in fund balance during the year was \$53,742, compared to a \$508,698 increase in the previous year. Tax revenues were \$128,367 higher than the previous year. This was the result of an increase in the interest and sinking tax rate that was necessary to service the debt payments on the certificates of obligations issued in the previous year. Total debt service payments were \$176,925 higher this year compared to the prior year. The substantial increase in the debt service fund balance in the prior year was the result of the transfer of funds from the general fund.

Other changes in fund balances should also be noted. The fund balance in the capital projects fund decreased \$74,122 due to \$666,968 spent on construction-related costs offset by \$201,583 interest earnings and \$391,263 funding from Denton County toward a construction project. Although these and other capital expenditures reduce available fund balances, they create new assets for the City as reported in the Statement of Net Position and discussed in Note 6 to the financial statements.

CITY OF LAKE DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental activities as of September 30, 2024, amounted to \$6,972,114 (net of accumulated depreciation). This amount represents a net increase of \$355,473, or 5.4 percent, above the beginning of the period. The investment in capital assets includes land, buildings, equipment, vehicles, roads and parks.

Capital asset additions during the current year include the following:

Description	Amount
Engineering fees on road projects	\$ 667,018
Willow Grove Park fishing pier	96,655
Community room remodel	53,496
City Hall generator	122,293
Total	\$ 939,462

Table 4
Capital Assets at Year-end
(Net of Depreciation)

	Governmental Activities
Land	\$ 440,797
Construction in Progress	1,467,427
Buildings and Improvements	1,617,681
Streets and Parks Infrastructure	3,120,395
Equipment and Vehicles	325,814
Totals	\$ 6,972,114

Additional information on the City's capital assets can be found in Note 6 of this report.

Long-term Debt. At the end of the current period, the City had certificates of obligation outstanding of \$3,810,000, accrued compensated absences of \$420,903, equipment loans of \$59,084, general obligation bonds outstanding of \$1,120,000 and certificates of obligation premiums of \$86,296. for total long-term debt of \$5,496,283. No new debt was incurred during the current fiscal year .

CITY OF LAKE DALLAS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024

The following is a summary of changes in the City's Long-term Debt for the year ended September 30, 2024:

Description	Interest Rate Payable	Amounts		Retired	Amounts Outstanding 9/30/04	Due Within One Year
		Outstanding 10/1/23	Additions			
Bonded Indebtedness:						
2008 General Obligation	4.21%	\$ 340,000	\$ -	\$ 60,000	\$ 280,000	\$ 65,000
2018 General Obligation	2.81%	620,000	-	165,000	455,000	170,000
2019 General Obligation	1.86%	455,000	-	70,000	385,000	75,000
Total Bonded Indebtedness		1,415,000	-	295,000	1,120,000	310,000
Certificates of Obligation:						
2019 Series		1,010,000	-	160,000	850,000	165,000
2023 Series	5.00%	3,020,000	-	60,000	2,960,000	70,000
Total Cert. of Obligation		4,030,000	-	220,000	3,810,000	235,000
Equipment Loans		115,431	-	56,347	59,084	39,270
Certificates of Obligation premium		90,838	-	4,542	86,296	-
Compensated Absences		399,224	21,679	-	420,903	-
Total Long-Term Debt		\$ 6,050,493	\$ 21,679	\$575,889	\$ 5,496,283	\$584,270

Economic Factors and New Year's Budgets and Rates

The operating budget reflects a General Fund fund balance of \$3,711,676 at September 30, 2024 . This represents a reserve of 58.42% of the current year general fund expenditures. The reserve reflects strong fiscal management as direct by the City Council. Increased property valuations and sales tax collections were highlighted as additional revenue producers. Investments income earnings increased by 29.19%. The city dissolved the Animal Control Department and privatized the department through a contract with an outside vendor, All-American Dogs.

We will start construction in FY 2024-2025 on major road reconstruction projects. Carlisle Drive, Dobbs Road, South Shady Shores and Hundley Drive will all begin. These improvements will be funded by monies from Denton County and from the City of Lake Dallas. As a result of the TRIP 2022 Bond Referendum held by Denton County, all these roads will be built, including our financial participation, for approximately \$9 million. This does not include the improvements that will be made on North Shady Shores Road from Swisher to Dobbs Road that will be funded from County and Federal monies.

Property value increases are slowing, causing greater pressures on other revenue sources such as sales tax. This source of income is only limited by the total amount of retail business conducted in Lake Dallas. While we are proud of the existing retail business contributing to the sales tax, emphasis must be placed on the expansion of this revenue. Steps in 2024-2025 have already been taken through the work of the Community Development Corporation. Ace Hardware will be coming online at the beginning of Fiscal Year 25-26 and a major intersection for the City of Lake Dallas.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all 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 Lake Dallas, 212 Main St., Lake Dallas, Texas 75065.

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BASIC FINANCIAL STATEMENT

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CITY OF LAKE DALLAS, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

	Primary Government	Component Unit
	Governmental Activities	Community Development Corporation
ASSETS		
Cash and Investments	\$ 11,487,061	\$ 470,385
Receivables (net of allowance for uncollectibles):		
Taxes – Ad Valorem	97,449	-
Taxes – Sales	302,357	100,786
Taxes - Mixed Beverage	5,591	-
Taxes - Franchise	18,300	-
Taxes- Occupancy	38,358	-
Other	509,762	1,889
Prepaid Expenses	57,699	-
Capital Assets:		
Land	440,797	-
Construction in Progress	1,467,427	-
Buildings and Improvements, net	1,617,681	-
Streets and Parks Infrastructure, net	3,120,395	-
Equipment and Vehicles, net	325,814	-
Total Assets	<u>19,488,691</u>	<u>573,060</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on bond refunding	11,184	-
Deferred outflow related to TMRS	1,154,438	-
Deferred outflow related to OPEB	2,672	-
Total Deferred Outflows of Resources	<u>1,168,294</u>	<u>-</u>
LIABILITIES		
Accounts Payable	547,288	573
Accrued Wages Payable	92,810	-
Accrued Interest Payable	32,442	3,780
Noncurrent Liabilities:		
Due within one year	584,270	60,000
Due in more than one year	4,912,013	480,000
Net pension liability	671,675	-
Net OPEB liability	111,825	-
Total Liabilities	<u>6,952,323</u>	<u>544,353</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to TMRS	689,749	-
Deferred inflow related to OPEB	25,231	-
Total Deferred Inflows of Resources	<u>714,980</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	5,060,849	-
Restricted for:		
Community Development	-	28,707
Debt Service	772,931	-
Other Purposes	3,004,388	-
Unrestricted Net Position	4,151,514	-
Total Net Position	<u>\$ 12,989,682</u>	<u>\$ 28,707</u>

The accompanying notes are an integral part of this statement.

CITY OF LAKE DALLAS, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
GOVERNMENTAL ACTIVITIES:				
Administration	\$ 1,354,054	\$ 44,000	\$ -	\$ -
Tourism	97,721	24,805	14,285	-
City Council	7,507	-	-	-
Public Safety	3,573,486	185,604	17,423	-
Animal Services	375,550	16,559	3,242	-
Community Services	72,339	2,429	8,124	-
Public Works - Streets	1,514,473	346,613	-	391,263
Municipal Court	119,437	119,437	-	-
Parks and Facilities	284,238	194,801	-	-
Development Services	275,787	130,186	-	-
Debt Service - Interest and Fees	197,515	-	-	-
Total Governmental Activities	<u>7,872,107</u>	<u>1,064,434</u>	<u>43,074</u>	<u>391,263</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 7,872,107</u>	<u>\$ 1,064,434</u>	<u>\$ 43,074</u>	<u>\$ 391,263</u>
COMPONENT UNIT:				
Community Development Corporation	<u>\$ 759,526</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 190,000</u>
TOTAL COMPONENT UNIT	<u>\$ 759,526</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 190,000</u>

GENERAL REVENUES:

Taxes:

- Property taxes, levied for general purposes
- Property taxes, levied for debt service
- Sales taxes
- Franchise taxes
- Hotel occupancy taxes
- Mixed beverage taxes

Investment Earnings

Miscellaneous

Special item - gain (loss) on sale of asset

Special item – transfers in (out)

Total General Revenues and Special Items

Change in Net Position

NET POSITION, October 1 (beginning)

NET POSITION, September 30 (ending)

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Change in Net Position	
Governmental Activities	Component Unit Community Development Corp
\$ (1,310,054)	\$ -
(58,631)	-
(7,507)	-
(3,370,459)	-
(355,749)	-
(61,786)	-
(776,597)	-
-	-
(89,437)	-
(145,601)	-
(197,515)	-
<u>(6,373,336)</u>	<u>-</u>
(6,373,336)	-
-	<u>(569,526)</u>
-	<u>(569,526)</u>
3,684,092	-
465,489	-
1,730,277	576,759
441,296	-
88,834	-
32,163	-
618,740	11,504
85,897	-
235,475	(627,430)
148,368	<u>(148,368)</u>
7,530,631	<u>(187,535)</u>
1,157,295	<u>(757,061)</u>
<u>11,832,387</u>	<u>785,768</u>
<u>\$ 12,989,682</u>	<u>\$ 28,707</u>

CITY OF LAKE DALLAS, TEXAS
BALANCE SHEET GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

ASSETS	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	OTHER FUNDS	TOTAL GOVERNMENTAL FUNDS
Cash and cash equivalents	\$3,693,917	\$ 772,291	\$ 3,283,753	\$3,737,100	\$ 11,487,061
Receivables (net of allowances for uncollectibles):					
Ad Valorem tax	84,610	12,839	-	-	97,449
Sales tax	251,964	-	-	50,393	302,357
Mixed beverage tax	5,591	-	-	-	5,591
Franchise tax	18,300	-	-	-	18,300
Occupancy tax	-	-	-	38,358	38,358
Other	27,313	-	391,263	91,186	509,762
Due from other funds	-	-	-	-	-
Prepaid costs	53,838	-	-	3,861	57,699
Total Assets	<u>\$4,135,533</u>	<u>\$ 785,130</u>	<u>\$ 3,675,016</u>	<u>\$3,920,898</u>	<u>\$ 12,516,577</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 252,503	\$ -	\$ 130,822	\$ 163,963	\$ 547,288
Accrued wages payable	92,810	-	-	-	92,810
Due to other funds	-	-	-	-	-
Total Liabilities	<u>345,313</u>	<u>-</u>	<u>130,822</u>	<u>163,963</u>	<u>640,098</u>
Deferred Inflows of Resources:					
Unavailable Revenue-Property Taxes	78,544	12,199	-	-	90,743
Total Deferred Inflows of Resources	<u>78,544</u>	<u>12,199</u>	<u>-</u>	<u>-</u>	<u>90,743</u>
Fund Balances:					
Nonspendable fund balance:					
Prepaid costs	53,838	-	-	3,861	57,699
Restricted fund balance:					
Restricted for debt service	-	772,931	-	-	772,931
Restricted for capital projects	-	-	3,544,194	-	3,544,194
Restricted for court security/technology	-	-	-	87,326	87,326
Restricted for street maintenance	-	-	-	693,193	693,193
Restricted for tourism	-	-	-	312,880	312,880
Restricted for other purposes	-	-	-	1,910,989	1,910,989
Assigned fund balance	-	-	-	748,686	748,686
Unassigned fund balance	3,657,838	-	-	-	3,657,838
Total Fund Balances	<u>3,711,676</u>	<u>772,931</u>	<u>3,544,194</u>	<u>3,756,935</u>	<u>11,785,736</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$4,135,533</u>	<u>\$ 785,130</u>	<u>\$ 3,675,016</u>	<u>\$3,920,898</u>	<u>\$ 12,516,577</u>

The accompanying notes are an integral part of this statement.

CITY OF LAKE DALLAS, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

Total Fund Balance – Governmental Funds	\$ 11,785,736
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund financial statements.	18,192,939
Accumulated depreciation is not reported in the fund financial statements.	(11,220,825)
Bonds payable, certificates of obligation payable, equipment loan payable and compensated absences payable are not reported in the fund financial statements.	(5,496,283)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	(32,442)
Property tax revenue reported as unavailable revenue in the fund financial statements was recognized as revenue in the government-wide financial statements.	90,743
Deferred charge on bond refundings is not recognized in the fund financial statements.	11,184
Included in the items related to debt is the recognition of the City’s net TMRS pension liability required by GASB 68 in the amount of \$671,675, a Deferred Resource Outflow related to TMRS in the amount of \$1,154,438 and a Deferred Resource Inflow related to TMRS in the amount of \$689,749. This amounted to a decrease in Net Position in the amount of \$206,986.	(206,986)
Included in the items related to debt is the recognition of the City’s net TMRS OPEB liability required by GASB 75 in the amount of \$111,825, a Deferred Resource Outflow related to OPEB in the amount of \$2,672, and a Deferred Resource Inflow related to OPEB in the amount of \$25,231. This amounted to a decrease in Net Position in the amount of \$134,384.	(134,384)
Net Position of Governmental Activities	<u>\$ 12,989,682</u>

The accompanying notes are an integral part of this statement.

CITY OF LAKE DALLAS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	OTHER FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:					
Taxes (ad valorem, sales and other)	\$ 5,593,531	\$ 464,842	\$ -	\$ 377,214	\$ 6,435,587
Licenses and permits	133,493	-	-	-	133,493
Charges for services	309,038	-	-	118,628	427,666
Fines and fees	147,192	-	-	368,412	515,604
Denton County funding	-	-	391,263	-	391,263
Donations and grants	-	-	-	30,745	30,745
Insurance proceeds	77,533	-	-	-	77,533
Interest	216,694	25,739	201,583	174,724	618,740
Miscellaneous	8,364	-	-	-	8,364
Total Revenues	6,485,845	490,581	592,846	1,069,723	8,638,995
Expenditures:					
Administration	1,302,044	-	-	-	1,302,044
Tourism	30,133	-	-	67,588	97,721
City council	7,507	-	-	-	7,507
Public safety	3,443,838	-	-	6,521	3,450,359
Animal services	345,737	-	-	10,560	356,297
Community services	64,153	-	-	2,976	67,129
Public works – streets	494,114	-	-	677,389	1,171,503
Municipal court	117,168	-	-	1,350	118,518
Parks and facilities	50,229	-	-	108,559	158,788
Development services	277,334	-	-	-	277,334
Capital outlay	161,167	-	666,968	228,597	1,056,732
Debt service:					
Principal retirement	56,347	515,000	-	-	571,347
Interest and fees	4,030	177,691	-	-	181,721
Total Expenditures	6,353,801	692,691	666,968	1,103,540	8,817,000
Excess of Revenues Over (Under) Expenditures	132,044	(202,110)	(74,122)	(33,817)	(178,005)
Other Financing Resources (Uses):					
Sale of assets	235,475	-	-	-	235,475
Transfers in	-	148,368	-	-	148,368
Total Other Financing Resources (Uses)	235,475	148,368	-	-	383,843
Net Change in Fund Balance	367,519	(53,742)	(74,122)	(33,817)	205,838
Fund Balance - October 1 (beginning)	3,344,157	826,673	3,618,316	3,790,752	11,579,898
Fund Balance - September 30 (ending)	\$ 3,711,676	\$ 772,931	\$ 3,544,194	\$ 3,756,935	\$ 11,785,736

The accompanying notes are an integral part of this statement.

CITY OF LAKE DALLAS, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Total Net Change in Fund Balances – Governmental Funds	\$ 205,838
Current year amortization of the premium on certificates of obligation is not recorded in the fund financial statements but is shown as an decrease in long-term debt in the government-wide financial statements.	4,542
Current year principal payments on bonds, certificates of obligation and equipment loans are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements.	571,347
Current year capital asset additions are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of reclassifying the current year capital asset additions is to increase net position.	980,858
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year’s depreciation is to decrease net position in the government-wide financial statements.	(625,385)
Interest is accrued on outstanding debt in the government-side financial statements, whereas in the fund financial statements interest expenditures are reported when due.	(17,574)
Revenues from property taxes are recorded as unavailable in the fund financial statements until they are considered available to finance current expenditures, but such revenues are recognized when assessed, net of an allowance for uncollectable amounts, in the government-wide financial statements.	6,564
Current year amortization of deferred charge on bond refunding is not recorded in the fund financial statements, but is shown as a reduction of the deferred loss in the government-wide financial statements.	(2,762)
Current year compensated absences earned but not used is not recorded in the fund financial statements, but is shown as a, increase in long-term debt in the government-wide financial statements.	(21,679)
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. The contributions made after the measurement date of 12/31/23 caused the change in ending net position to increase in the amount of \$224,238. Contributions made before the measurement date but during the 2024 FY were also de-expended and recorded as a reduction in the net position liability for the City. This also caused an increase in the change in net position in the amount of \$93,137. These contributions were replaced with the City’s pension expense for the year of \$260,800, which caused a decrease in the change in net position. The impact of all of these is to increase net position by \$56,575.	56,575
The implementation of GASB 75 required that certain expenditures be de-expended and recorded as deferred resource outflows. The contributions made after the measurement date of 12/31/23 caused net position to increase in the amount of \$2,672. Contributions made before the measurement date but during the 2024 FY were also de-expended and recorded as a reduction in the net position liability for the City. This also caused an increase in net position in the amount of \$890. These contributions were replaced with the City’s OPEB expense for the year of \$4,591, which caused a decrease in the change in net position. The impact of all of these is to decrease net position by \$1,029.	(1,029)
Change in Net Position of Governmental Activities	<u>\$ 1,157,295</u>

CITY OF LAKE DALLAS, TEXAS
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget
	Original	Final		
Revenues:				
Taxes (ad valorem, sales and other)	\$ 5,506,480	\$ 5,506,480	\$ 5,593,531	\$ 87,051
Licenses and permits	117,200	117,200	133,493	16,293
Charges for services	349,460	349,460	309,038	(40,422)
Court fines	162,500	162,500	147,192	(15,308)
Insurance proceeds	-	-	77,533	77,533
Interest	73,000	73,000	216,694	143,694
Miscellaneous revenue	3,000	3,000	8,364	5,364
Total Revenues	<u>6,211,640</u>	<u>6,211,640</u>	<u>6,485,845</u>	<u>274,205</u>
Expenditures:				
Current:				
Administration	993,948	993,948	1,302,044	(308,096)
Tourism	30,000	30,000	30,133	(133)
City council	8,795	8,795	7,507	1,288
Public safety	3,682,716	3,682,716	3,443,838	238,878
Animal services	264,206	264,206	345,737	(81,531)
Community services	163,912	163,912	64,153	99,759
Public works-streets	534,490	534,490	494,114	40,376
Municipal court	132,412	132,412	117,168	15,244
Parks and recreation	90,979	90,979	50,229	40,750
Development services	288,811	288,811	277,334	11,477
Debt Service	60,346	60,346	60,377	(31)
Capital Outlay	165,185	165,185	161,167	4,018
Total Expenditures	<u>6,415,800</u>	<u>6,415,800</u>	<u>6,353,801</u>	<u>61,999</u>
Excess of Revenues over (under) Expenditures	<u>(204,160)</u>	<u>(204,160)</u>	<u>132,044</u>	<u>336,204</u>
Other Financing Sources (Uses):				
Sale of Assets	10,000	10,000	235,475	225,475
Transfers in	283,000	283,000	-	(283,000)
Total Other Financing Sources (Uses)	<u>293,000</u>	<u>293,000</u>	<u>235,475</u>	<u>(57,525)</u>
Net Change in Fund Balance	88,840	88,840	367,519	278,679
Fund Balance – October 1 (beginning)	<u>3,344,157</u>	<u>3,344,157</u>	<u>3,344,157</u>	<u>-</u>
Fund Balance – September 30 (ending)	<u>\$ 3,432,997</u>	<u>\$ 3,432,997</u>	<u>\$ 3,711,676</u>	<u>\$ 278,679</u>

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Lake Dallas (the "City") are presented in accordance with generally accepted accounting principles applicable to state and local governmental units as set forth by the Governmental Accounting Standards Board ("GASB").

In fiscal year 2004, the City implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for the State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* which provides additional guidance for the implementation of GASB Statement 34, GASB Statement No. 38, *Certain Financial Statement Disclosures*, which changes note disclosures requirements for governmental entities, and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, which clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where difference have arisen, or potentially could arise, in interpretation and practice of GASB Statement No. 34.

GASB Statements No. 34 established a new financial reporting model for state and local governments that included the addition of management's discussion and analysis, government-wide financial statements, required supplementary information and the elimination of the use of account groups to the already required fund financial statements and notes. GASB Statement No. 37 provided additional guidance in reporting infrastructure, program revenues and major criteria.

The GASB determined that fund accounting has and will continue to be essential in helping governments to achieve fiscal accountability and should, therefore, be retained. The GASB also determined that the government-wide financial statements are needed to allow users of financial reports to assess a government's operational accountability. The new GASB model integrates fund-based financial reporting and government-wide financial reporting as complementary components of a single comprehensive financial reporting model.

The following is a summary of the more significant accounting policies.

A. Reporting Entity

The City of Lake Dallas (City) is a municipal corporation governed by an elected mayor and five-member council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

The City of Lake Dallas, as of September 30, 2024 has one discretely presented component unit as defined by GASB criteria- the Lake Dallas Community Development Corporation. Separately-issued financial statements for the component unit may be obtained by contacting the City of Lake Dallas.

B. 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 City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The City had no business-type activities during the period.

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 or segment. 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for government funds, proprietary funds, and fiduciary funds, even though the latter are excluded for the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The City had no proprietary funds or fiduciary funds during the period.

C. 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 proprietary fund and fiduciary 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 City 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.

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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 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.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about 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 are treated as being equal to the employer's yearly contributions for retirees. There are no investments as this is a pay-as-you-go plan.

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

General Fund – The General fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – These funds are established to account for funds restricted for specified purposes. For many funds in this type, project accounting is employed to maintain integrity for the various sources of funds.

Debt Service Fund – The Debt Service Fund accounts for the use of debt service taxes collected for the purpose of retiring bond and certificates of obligation principal and paying interest due.

Capital Projects Fund – The Capital Projects Funds accounts for proceeds from the sale of Certificates of Obligation and General Obligation Bonds to be used for authorized acquisition, construction, or renovation projects. Upon completion of a project, any unused debt proceeds, if any, are used to retire related debt principal.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) 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.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first when appropriate, then unrestricted resources as they are needed.

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

D. Cash and Investments

The City's cash and investments are considered to be cash on hand, demand deposits and short-term investments in State investment pools.

E. Receivable and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the period are referred to as "due to/from other funds" or "advances to/from other funds."

Property tax receivables are shown net of an allowance for uncollectibles.

F. Property Taxes

Ad valorem taxes are levied from valuations assessed as of January 1 and recognized as revenue on the date of levy, on October 1. Property tax receivables are recognized when the City has an enforceable claim against the property owner. In the governmental funds, property tax revenue is recognized in the fiscal period for which the taxes are levied, provided that they become available. Available means collected within the current period, or expected to be collected soon enough thereafter, to be used to pay current liabilities. The City's availability period is sixty days. Taxes collected prior to the levy date to which they apply are recorded as unavailable revenues and recognized as revenue of the period to which they apply.

Current taxes are due on October 1 and become delinquent if unpaid on February 1. Taxes unpaid as of February 1 are subject to penalty and interest as the City Council provides by ordinance. On January 1 of each year, a tax lien attaches to property to secure all taxes, penalties and interest ultimately imposed.

G. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid in the government-wide and fund financial statements. These items consist primarily of prepaid insurance.

H. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., streets, roads, sidewalks and similar items), are reported in the governmental activities column in the government-wide financial statements. The City defines capital assets as assets with an initial individual cost of more than \$1000 and an estimated useful 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 time received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest incurred during the construction phase of capital assets of governmental activities is not included as part of the capitalized value of the assets constructed.

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Depreciation expense is calculated on the straight-line method. Depreciation methods are designed to amortize the cost of the assets over their estimated useful lives. Estimated useful lives of major categories of property are as follows:

<u>Category</u>	<u>Estimated Life</u>
Buildings	25-40 years
Street infrastructure	15 years
Machinery and equipment	7-10 years
Vehicles	5-7 years

I. Compensated Absences

It is the City's policy to permit employees to accumulate certain earned but unused vacation and sick pay benefits. When an employee separates from service with the City, the employee is entitled to receive pay for earned but unused vacation and sick pay. All such vacation and sick pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

J. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

K. Net Position

Net position represents the difference between assets, deferred outflows of resources, deferred inflows of resources and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

L. Budgets and Budgetary Accounting

Prior to September 1, the City Manager submits to the City Council a proposed budget for the ensuing fiscal year. At the meeting of the City Council at which the budget is submitted, the City Council fixes the time and place of the public hearing on the budget and causes to be published a notice of the budget hearing. After the budget hearing the budget may be adopted by a favorable vote of the majority vote of the Council. Upon adoption the budget is filed with the City Secretary and the County Clerk of Denton County.

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

The City Manager is authorized to transfer budgeted amounts between departments with any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Expenditures should not exceed appropriations at the department level, the classification level as reported in the combined financial statements. Unused appropriations lapse at the end of each fiscal year.

Budgets for the general fund and debt service fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). The budget was amended once during the year by the City Council. Any amendments are reflected in the official minutes of the Council.

2. DEPOSITS AND INVESTMENTS

The City's funds are required to be deposited and invested under the terms of a depository agreement. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the agreement. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

1. Cash Deposits:

At September 30, 2024, the carrying amount of the City's deposits in checking accounts and interest-bearing savings accounts was \$678,137 and the bank balance was \$694,987. The City's cash deposits at September 30, 2024 were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

2. Investments:

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptance, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

In compliance with the Public Funds Investment Act, the City has adopted a deposit and investment policy. That policy addresses the following risks:

- a. Custodial Credit Risk – Deposits: 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. As of September 30, 2024, the City's cash balances totaled \$694,987. This entire amount was either collateralized with securities held by the City's financial institution's agent in the City's name or covered by FDIC insurance. Thus, the City's deposits are not exposed to custodial credit risk.

CITY OF LAKE DALLAS, TEXAS
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- b. **Custodial Credit Risk – Investments:** For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At September 30, 2024, the City held all of its investments in four public funds investment pools – TexPool, TexStar, Texas Class and LOGIC. Investments in external investment pools are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.
- c. **Credit Risk:** This is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligation. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. The City has no policy relating to the credit risk of investments. The credit quality rating for LOGIC at year-end was AAA (Standard & Poor’s) and for TexPool, Texas Class and TexStar was AAAM (Standard & Poor’s).
- d. **Interest Rate Risk:** This is the risk that changes in interest rates will adversely affect the fair value of an investment. The City has no formal policy relating to interest rate risk but manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for the TexPool, TexStar, Texas Class and LOGIC investment pools is less than 60 days.
- e. **Foreign Currency Risk:** This is the risk that exchange rates will adversely affect the fair value of an investment. At September 30, 2024, the City was not exposed to foreign currency risk.
- f. **Concentration of Credit Risk:** This is the risk of loss attributed to the magnitude of the City's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. Investment pools are excluded from the 5 percent disclosure requirement.

The City's investments at September 30, 2024 are shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Market Value</u>
TexPool Investment Pool	\$ 4,684,227	\$ 4,684,227
LOGIC Investment Pool	3,834,368	3,834,368
TexStar Investment Pool	221,178	221,178
Texas Class Investment Pool	<u>2,068,521</u>	<u>2,068,521</u>
Total	<u>\$ 10,808,294</u>	<u>\$ 10,808,294</u>

Fair Value Measurements

The City categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. 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. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based in the lowest level input that is significantly to the valuation. The City’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

CITY OF LAKE DALLAS, TEXAS
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The City's investments in the TexPool, Texas Class, TexStar and LOGIC investment pools (statewide 2a7-like external investment pools) are not required to be measured at fair value but are measured at amortized cost.

3. FUND BALANCE

The City has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

Fund Balance Classification: The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has classified prepaid items as being nonspendable as these items are not expected to be converted to cash.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Court security and technology fees are being restricted because their use is restricted pursuant to the regulations that allow the collection of those fees. Child safety fees, juvenile case management fees, state LEOSE training fees and drug seizure funds are being restricted because their use is restricted by law in a similar manner to these specific purposes. Debt service funds are being restricted because their use is restricted for the purpose of retiring long-term debt.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. The Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This can also be done through adoption and amendment of the budget. These amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Council has no committed fund balance as of September 30, 2024.
- Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Council or through the Council delegating this responsibility to other individuals in the City. Under the City's policy, only the Council may assign amounts for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The City assigned fund balance resources of various funds accounted for through the special revenue fund.

CITY OF LAKE DALLAS, TEXAS
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- **Unassigned:** This classification includes all amounts not included in other spendable classifications, including the residual fund balance for the General Fund.

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 Council has provided otherwise in its commitment or assignment actions.

The Council has expressed an intent to maintain a level of assigned and unassigned fund balance in the general fund equal to 25 percent of the fund's operating expenditures.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 18) and are described below:

General Fund

The General Fund has unassigned fund balance of \$3,657,838 at September 30, 2024. Prepaid costs of \$53,838 are considered nonspendable fund balance.

Special Revenue Funds

The fund balances of the Court Technology Fund and Court Security Fund (totaling \$87,326) are shown as restricted for those purposes. The fund balances of the Street Maintenance Tax Fund (\$643,193) and the Hotel Occupancy Tax Fund (\$312,880) are shown as restricted for those purposes. The fund balances of the LEOSE Training Fund, Juvenile Case Management Fund, Drug Seizure Fund, Child Safety Fund, Forensic Testing Fund, Park Improvement Fund, CLFRF Grant, Opioid Abatement Fund, Tree Preservation Fund and Willow Grove Camping Fees Fund (totaling \$1,910,989) are shown as restricted for those purposes also. The fund balances of the Kids N Cops Fund, Library Donations Fund, Stormwater Drainage Fund, Halloween Event, Christmas Event and Animal Rescue Fund (totaling \$748,686) have been assigned for use in the activities that generated those funds.

Debt Service Fund

The Debt Service Fund has restricted fund balance of \$772,931 at September 30, 2024 that is restricted by law for use in retiring long-term debt.

3. RECEIVABLES

Government-wide receivables as of September 30, 2024, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service Fund	Special Revenue Fund	Total
Receivables:				
Property taxes	\$ 111,351	\$ 16,872	\$ -	\$ 128,223
Sales taxes	251,964	-	50,393	302,357
Mixed beverage tax	5,591	-	-	5,591
Occupancy tax	-	-	38,358	38,358
Franchise tax	18,300	-	-	18,300
Other	27,313	-	91,186	118,499
Gross Receivables	<u>414,519</u>	<u>16,872</u>	<u>179,937</u>	<u>611,328</u>
Less: Uncollectible allowance	26,741	4,033	-	30,774
Net Total Receivables	<u>\$ 387,778</u>	<u>\$ 12,839</u>	<u>\$ 179,937</u>	<u>\$ 580,554</u>

CITY OF LAKE DALLAS, TEXAS
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Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal period, the unavailable revenue reported in the governmental funds relates to delinquent property taxes.

5. INTERFUND BALANCES AND TRANSFERS

There were no interfund balances at September 30, 2024.

Interfund transfers for the year ended September 30, 2024 consisted of the following individual amounts:

<u>Fund</u>	<u>Transfers to Other Funds</u>	<u>Transfers from Other Funds</u>
<u>Community Development Corporation:</u>		
Debt Service Fund	\$ 148,368	\$ -
<u>Debt Service Fund</u>		
Community Development Corporation	-	148,368
Total	<u>\$ 148,368</u>	<u>\$ 148,368</u>

Interfund transfers during the year consisted of a \$148,368 transfer from the Community Development Corporation to the debt service fund toward payment of debt service expenditures.

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6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 440,797	\$ -	\$ -	\$ 440,797
Construction in Progress	826,509	763,674	(122,756)	1,467,427
Total capital assets, not being depreciated	<u>1,267,306</u>	<u>763,674</u>	<u>(122,756)</u>	<u>1,908,224</u>
Capital assets, being depreciated:				
Buildings and Improvements	3,191,066	75,556	(164,431)	3,102,191
Street and Parks	10,811,104	122,756	-	10,933,860
Equipment and Vehicles	2,107,036	141,628	-	2,248,664
Total capital assets, being depreciated	<u>16,109,206</u>	<u>339,940</u>	<u>(164,431)</u>	<u>16,284,715</u>
Less accumulated depreciation for:				
Buildings and Improvements	(1,563,510)	(85,431)	164,431	(1,484,510)
Street and Parks	(7,398,577)	(414,888)	-	(7,813,465)
Equipment and Vehicles	(1,797,784)	(125,066)	-	(1,922,850)
Total accumulated depreciation	<u>(10,759,871)</u>	<u>(625,385)</u>	<u>164,431</u>	<u>(11,220,825)</u>
Total capital assets, being depreciated, net	<u>5,349,335</u>	<u>(285,445)</u>	<u>-</u>	<u>5,063,890</u>
Governmental activities capital assets, net	<u>\$ 6,616,641</u>	<u>\$ 478,229</u>	<u>\$ (122,756)</u>	<u>\$ 6,972,114</u>

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

Governmental Activities:	
General Government	\$ 54,720
Public Safety	95,359
Animal Services	23,595
Public Works-Streets	339,965
Municipal Court	1,982
Parks and Recreation	102,593
Development Services	1,020
Community Services	<u>6,151</u>
Total depreciation expense – Governmental activities	<u>\$ 625,385</u>

7. LONG TERM DEBT

Long term debt of the City consists of three general obligation bond series, two certificate of obligation series, equipment loans and compensated absences. All long-term debt represents transactions in the City's governmental activities.

CITY OF LAKE DALLAS, TEXAS
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The City has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas (SID), which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the City.

The following is a summary of the changes in the City's Long-term Debt for the year ended September 30, 2024:

Description	Interest Rate Payable	Amounts Outstanding 10/1/23	Additions	Retired	Amounts Outstanding 9/30/04	Due Within One Year
Bonded Indebtedness:						
2008 General Obligation	4.21%	\$ 340,000	\$ -	\$ 60,000	\$ 280,000	\$ 65,000
2018 General Obligation	2.81%	620,000	-	165,000	455,000	170,000
2019 General Obligation	1.86%	455,000	-	70,000	385,000	75,000
Total Bonded Indebtedness		<u>1,415,000</u>	<u>-</u>	<u>295,000</u>	<u>1,120,000</u>	<u>310,000</u>
Certificates of Obligation:						
2019 Series		1,010,000	-	160,000	850,000	165,000
2023 Series	5.00%	3,020,000	-	60,000	2,960,000	70,000
Total Cert. of Obligation		<u>4,030,000</u>	<u>-</u>	<u>220,000</u>	<u>3,810,000</u>	<u>235,000</u>
Equipment Loans		115,431	-	56,347	59,084	39,270
Certificates of Obligation premium		90,838	-	4,542	86,296	-
Compensated Absences		399,224	21,679	-	420,903	-
Total Long-Term Debt		<u>\$ 6,050,493</u>	<u>\$ 21,679</u>	<u>\$575,889</u>	<u>\$ 5,496,283</u>	<u>\$584,270</u>

General Obligation Bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the City. General Obligation Bonds require the City to compute, at the time taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) a fund to pay interest and principal at maturity. The City is in compliance with this requirement.

The retirement of accrued compensated absences is provided by financial resources of the General Fund.

8. DEBT SERVICE REQUIREMENTS TO MATURITY

Presented below is a summary of general obligation bond requirements to maturity:

Year Ended	Principal	Interest	Total Requirements
September 30,			
2025	\$ 310,000	\$ 31,735	\$ 341,735
2026	320,000	22,826	342,826
2027	200,000	13,567	213,567
2028	210,000	7,680	217,680
2029	80,000	1,488	81,488
Total	<u>\$ 1,120,000</u>	<u>\$ 77,296</u>	<u>\$ 1,197,296</u>

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Presented below is a summary of certificates of obligation requirements to maturity:

Year Ended September 30,	Principal	Interest	Total Requirements
2025	\$ 235,000	\$ 152,625	\$ 387,625
2026	250,000	145,990	395,990
2027	280,000	138,605	418,605
2028	290,000	129,875	419,875
2029	295,000	120,800	415,800
2030-2034	710,000	489,625	1,199,625
2035-2039	890,000	299,575	1,189,575
2040-2043	860,000	93,500	953,500
Total	<u>\$ 3,810,000</u>	<u>\$ 1,570,595</u>	<u>\$ 5,380,595</u>

9. DEFEASED BONDS OUTSTANDING

In prior years, the City issued refunding bonds to defease other outstanding bonds for the purpose of consolidation and to achieve debt service savings. The City placed the proceeds from the refunding issues in irrevocable escrow accounts with a trust agent to ensure payment of debt service on the refunded bonds.

Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. Although defeased, the refunded debt from those earlier issues will not be actually retired until the call dates have come due or until maturity if they are not callable issues. On September 30, 2024, \$475,000 of bonds outstanding are considered defeased.

CITY OF LAKE DALLAS, TEXAS
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10. EQUIPMENT LOANS

The City has obtained financing through Government Capital Corporation for the purchase of police vehicles and other equipment. A summary of the activity on the loans during the current fiscal year is as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Amounts Outstanding 10/1/2023</u>	<u>Additions</u>	<u>Retired</u>	<u>Amounts Outstanding 9/30/2024</u>
Equipment loan - Government Capital Corp	4.25%	\$ 18,350	\$ -	\$ 18,350	\$ -
Equipment loan - Government Capital Corp	3.497%	39,458	-	19,389	20,069
Equipment loan - Government Capital Corp	3.19%	57,623	-	18,608	39,015
Total		<u>\$ 115,431</u>	<u>\$ -</u>	<u>\$ 56,347</u>	<u>\$ 59,084</u>

Presented below is a summary of debt service requirements to maturity:

Year Ended September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2025	\$ 39,270	\$ 1,946	\$ 41,216
2026	19,814	632	20,446
Total	<u>\$ 59,084</u>	<u>\$ 2,578</u>	<u>\$ 61,662</u>

11. DEFINED BENEFIT PENSION PLANS

Plan Description

The City of Lake Dallas participates as one of 936 plans in the defined benefit cash-balance 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 Governor-appointed Board of Trustees. However, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

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

Benefits Provided

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

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At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of 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:

	Plan Year 2023	Plan Year 2024
Employee deposit rate	7.0%	7.0%
Employer deposit rate	13.54%	14.15%
Matching ratio (City to employee)	2 to 1	2 to 1
Years 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 Reporting	70% of CPI Reporting

Employees covered by benefit terms.

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	51
Inactive employees entitled to buy not yet receiving benefits	78
Active employees	<u>31</u>
	160

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 1 to 1, 1.5 to 1 or 2 to 1, 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 City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City of Lake Dallas were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Lake Dallas were 13.54% and 14.15% in calendar years 2023 and 2024, respectively. The City's contributions to TMRS for the year ended September 30, 2024 were \$317,375, which consists of \$295,565 required contributions and \$21,810 additional voluntary contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

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Actuarial assumptions:

The Total Pension Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year, adjusted down from population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 100% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale MP-2021 to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. They were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. 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 by the best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target allocation and best estimates of arithmetic real rates of return for each major asset class in fiscal year 2024 are summarized in the following table:

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Asset Class	Target Allocation	Long-Term Expected Portfolio Real Rate of Return*
Global Public Equity	35.0%	7.7%
Core Fixed Income	6.0%	4.9%
Non-Core Fixed Income	20.0%	8.7%
Other Public and Private Market	12.0%	8.1%
Real Estate	15.0%	5.8%
Hedge Funds	5.0%	6.9%
Private Equity	10.0%	11.8%
Total	100.0%	

Discount Rate

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

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) – (b)
Balance at 12/31/2022	\$ 11,438,066	\$ 10,196,643	\$ 1,241,423
Changes for the year:			
Service Cost	387,415	-	387,415
Interest	766,696	-	766,696
Change in benefit terms	-	-	-
Difference between expected and actual experience	(14,882)	-	(14,882)
Changes of assumptions	(83,698)	-	(83,698)
Contributions – employer	-	306,537	(306,537)
Contributions – employee	-	146,669	(146,669)
Net investment income	-	1,179,634	(1,179,634)
Benefit payments, including refunds of employee contributions	(546,638)	(546,638)	-
Administrative expense	-	(7,508)	7,508
Other changes	-	(53)	53
Net changes	508,893	1,078,641	(569,748)
Balance at 12/31/2023	\$ 11,946,959	\$ 11,275,284	\$ 671,675

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:

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	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability (asset)	\$2,346,185	\$671,675	\$(689,479)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at www.tnrs.com.

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

For the year ended September 30, 2024, the City recognized pension expense of \$250,959.

At September 30, 2024, 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	\$ -	\$ 5,280
Changes in actuarial assumptions	-	29,699
Difference between projected and actual investment earnings	930,200	654,770
Contributions subsequent to the measurement date	224,238	-
Total	\$ 1,154,438	\$ 689,749

\$224,238 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, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2025	\$ 38,335
2026	88,594
2027	211,791
2028	(98,269)
2029	-
Thereafter	-

CITY OF LAKE DALLAS, TEXAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2024

12. OTHER POST EMPLOYMENT BENEFITS

Plan Description

The City also participates in a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage (Supplemental Death Benefits) for their active members, including or not including retirees.

Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit (OPEB) and is a fixed amount of \$7,500. As the SDBF covers both active and retiree employees, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan. Texas Local Government Code Section 177.001 assigns the authority to establish and amend benefit provisions to the City Council. At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	18
Inactive employees entitled to but not yet receiving benefits	13
Active employees	<u>31</u>
Total	62

Contributions

The City contributes to the SDBF program at a contractually required rate. An annual actuarial valuation is performed, and the contractual rate is equal to the cost of providing one-year term life insurance. The premium rate is expressed as a percentage of the covered payroll of members employed by the participating employer. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect.

The SDBF program is voluntary and employers can cease participation by adopting an ordinance before November 1 of any year to be effective the following January 1. Therefore, the funding policy of the program is to ensure that adequate resources are available to meet all insurance benefit payments for the upcoming year. It is not the intent of the funding policy to pre-fund retiree term life insurance during employees’ entire careers. The City’s contribution, which equaled the required contribution, was as follows for the year ended September 30:

	<u>2024</u>
Employer rate	0.17%
Employer contributions	\$ 3,562

Actuarial Assumptions

The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Inflation	2.5%
Salary increases	3.60% to 11.85%, including inflation
Discount rate	3.77%

Mortality rates for service retirees were based on the 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis with Scale UMP by the most recent scale MP-2021 (with immediate convergence).

Mortality rates for disabled retirees were based on the 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale MP-2021 to account for future mortality improvements subject to the floor.

Actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period ending December 31, 2023.

The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. A discount rate of 3.77% was based on the Fidelity Index's 20-Year Municipal GO AA Index as of December 31, 2023.

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At September 30, 2024, the City reported a total OPEB liability of \$111,825 measured at December 31, 2023. For the year ended September 30, 2024, the City recognized OPEB expense of \$4,600.

There were no changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period, except for a change in the discount rate from 4.05% to 3.77%.

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

Changes in the total OPEB liability for the measurement year ended December 31, 2023 are as follows:

Changes in Total OPEB Liability	<u>Total OPEB Liability</u>
Balance at December 31, 2022	\$ 98,707
Changes for the year:	
Service cost	4,191
Interest on total OPEB liability	4,006
Changes of benefit terms	-
Differences between expected and actual experience	2,725
Effect of assumption changes or inputs	5,967
Benefit payments*	(3,771)
Balance as of December 31, 2023	<u>\$ 111,825</u>

*Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Discount Rate Sensitivity Analysis

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.77%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.77%) or 1 percentage point higher (4.77%) than the current rate.

	1% Decrease in Discount Rate (2.77%)	Discount Rate (3.77%)	1% Increase in Discount Rate (4.77%)
Total OPEB liability	\$135,787	\$111,825	\$93,550

At December 31, 2023, the City reported its deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 2,926
Changes in actuarial assumptions	-	22,305
Difference between projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	2,672	-
Total	\$ 2,672	\$ 25,231

Deferred outflows of resources related to OPEB resulting from contribution subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ended September 30, 2025 in the amount of \$2,672. The other net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB, excluding contributions made subsequent to the measurement date, will be recognized in OPEB expense as follows:

Year ended September 30:	
2025	\$ (9,143)
2026	(11,884)
2027	(4,204)
2028	-
2029	-
Thereafter	-

13. LITIGATION AND CONTINGENCIES

The City participates in some state and Federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectibility of any related receivable at September 30, 2024 may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

CITY OF LAKE DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

14. RISK MANAGEMENT

Liability and property insurance coverage is provided by TML Intergovernmental Risk Pool. The City retains, as a risk only, the deductible amounts for each declaration of coverage. There were no reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in each of the past three fiscal years.

The City is a member of the Texas Municipal League Intergovernmental Risk Pool. Insurance coverage of the City is divided into the following types: property, crime, general liability, public official's liability, auto liability, auto physical damage, auto catastrophic, inland marine (mobile equipment), law enforcement liability, and boiler and machinery.

15. SUBSEQUENT EVENTS

Management has reviewed events subsequent to September 30, 2024 through February 11, 2025, which is the date the financial statements were available to be issued. No events were identified that are required to be disclosed in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAKE DALLAS, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY & RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total Pension Liability				
Service Cost	\$ 387,415	\$ 373,458	\$ 383,800	\$ 366,138
Interest (on the Total Pension Liability)	766,696	718,071	683,951	649,272
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(14,882)	130,669	(70,570)	(28,563)
Change of assumptions	(83,698)	-	-	-
Benefit payments, including refunds of employee contributions	<u>(546,638)</u>	<u>(470,980)</u>	<u>(502,090)</u>	<u>(461,719)</u>
Net Change in Total Pension Liability	508,893	751,218	495,091	525,128
Total Pension Liability - Beginning	<u>11,438,066</u>	<u>10,686,848</u>	<u>10,191,757</u>	<u>9,666,629</u>
Total Pension Liability - Ending (a)	<u><u>\$ 11,946,959</u></u>	<u><u>\$ 11,438,066</u></u>	<u><u>\$ 10,686,848</u></u>	<u><u>\$ 10,191,757</u></u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 306,537	\$ 293,375	\$ 310,492	\$ 303,421
Contributions - Employee	146,669	141,080	150,089	144,230
Net Investment Income (loss)	1,179,634	(805,328)	1,277,961	692,823
Benefit payments, including refunds of employee contributions	(546,638)	(470,980)	(502,090)	(461,719)
Administrative Expense	(7,508)	(6,972)	(5,915)	(4,486)
Other	<u>(53)</u>	<u>8,319</u>	<u>40</u>	<u>(175)</u>
Net Change in Plan Fiduciary Net Position	1,078,641	(840,506)	1,230,577	674,094
Plan Fiduciary Net Position - Beginning	<u>10,196,643</u>	<u>11,037,149</u>	<u>9,806,572</u>	<u>9,132,478</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 11,275,284</u></u>	<u><u>\$ 10,196,643</u></u>	<u><u>\$ 11,037,149</u></u>	<u><u>\$ 9,806,572</u></u>
Net Pension Liability (Asset) - Ending (a) - (b)	<u><u>\$ 671,675</u></u>	<u><u>\$ 1,241,423</u></u>	<u><u>\$ (350,301)</u></u>	<u><u>\$ 385,185</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	94.38%	89.15%	103.28%	96.22%
Covered Employee Payroll	\$ 2,095,265	\$ 2,015,423	\$ 2,144,135	\$ 2,060,427
Net Pension Liability as a Percentage of Covered Employee Payroll	32.06%	61.60%	16.34%	18.69%

Note: The information from this schedule corresponds with the period covered as of the Plan's measurement dates of December 31.

2019	2018	2017	2016	2015	2014
\$ 316,733	\$ 312,484	\$ 310,358	\$ 304,544	\$ 280,697	\$ 254,024
618,310	589,594	573,047	548,546	542,064	493,307
-	-	-	-	-	-
(25,474)	7,609	(198,331)	(108,277)	(239,049)	235,740
34,035	-	-	-	98,743	-
<u>(557,516)</u>	<u>(415,258)</u>	<u>(466,739)</u>	<u>(302,728)</u>	<u>(320,372)</u>	<u>(279,382)</u>
386,088	494,429	218,335	442,085	362,083	703,689
<u>9,280,541</u>	<u>8,786,112</u>	<u>8,567,777</u>	<u>8,125,692</u>	<u>7,763,609</u>	<u>7,059,920</u>
<u>\$ 9,666,629</u>	<u>\$ 9,280,541</u>	<u>\$ 8,786,112</u>	<u>\$ 8,567,777</u>	<u>\$ 8,125,692</u>	<u>\$ 7,763,609</u>
\$ 240,024	\$ 247,704	\$ 241,581	\$ 222,894	\$ 214,231	\$ 236,507
127,202	128,821	124,713	124,265	123,422	124,103
1,248,850	(250,791)	1,032,735	469,202	10,212	370,300
(557,516)	(415,258)	(466,739)	(302,728)	(320,372)	(279,382)
(7,059)	(4,849)	(5,350)	(5,298)	(6,220)	(3,866)
<u>(212)</u>	<u>(253)</u>	<u>(271)</u>	<u>(285)</u>	<u>(307)</u>	<u>(318)</u>
1,051,289	(294,626)	926,669	508,050	20,966	447,344
<u>8,081,189</u>	<u>8,375,815</u>	<u>7,449,146</u>	<u>6,941,096</u>	<u>6,920,130</u>	<u>6,472,786</u>
<u>\$ 9,132,478</u>	<u>\$ 8,081,189</u>	<u>\$ 8,375,815</u>	<u>\$ 7,449,146</u>	<u>\$ 6,941,096</u>	<u>\$ 6,920,130</u>
<u>\$ 534,151</u>	<u>\$ 1,199,352</u>	<u>\$ 410,297</u>	<u>\$ 1,118,631</u>	<u>\$ 1,184,596</u>	<u>\$ 843,479</u>
94.47%	87.08%	95.33%	86.94%	85.42%	89.14%
\$ 1,817,174	\$ 1,840,305	\$ 1,781,620	\$ 1,775,768	\$ 1,768,037	\$ 1,763,314
29.39%	65.17%	23.03%	62.99%	67.00%	47.83%

CITY OF LAKE DALLAS, TEXAS
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 TEXAS MUNICIPAL RETIREMENT SYSTEM
 FOR FISCAL YEAR 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually Required Contribution	\$ 295,565	\$ 272,469	\$ 266,131	\$ 304,234
Contribution in Relation to the Contractually Required Contribution	<u>(295,565)</u>	<u>(272,469)</u>	<u>(266,131)</u>	<u>(304,234)</u>
Contribution Deficiency (Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
City's Covered-Employee Payroll	\$2,115,553	\$ 2,026,326	\$ 1,996,326	\$ 2,241,514
Contributions as a Percentage of Covered-Employee Payroll	13.97%	13.45%	13.33%	13.57%

Note: The information from this schedule corresponds with the City's fiscal years ended September 30.

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 258,446	\$ 231,778	\$ 233,663	\$ 249,853	\$ 224,395	\$ 224,355
<u>(258,446)</u>	<u>(231,778)</u>	<u>(233,663)</u>	<u>(249,853)</u>	<u>(224,395)</u>	<u>(224,355)</u>
<u>\$ -0-</u>					
\$ 1,973,775	\$ 1,840,307	\$ 1,701,413	\$ 1,838,908	\$ 1,765,570	\$ 1,768,037
13.09%	12.59%	13.73%	13.59%	12.71%	12.69%

CITY OF LAKE DALLAS, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR FISCAL YEAR 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total OPEB Liability				
Service cost	\$ 4,191	\$ 8,868	\$ 10,077	\$ 7,418
Interest on total OPEB liability	4,006	2,846	2,943	3,084
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	2,725	(5,407)	(7,026)	3,770
Change of assumptions	5,967	(56,308)	5,230	21,528
Benefit payments/refunds of contributions	<u>(3,771)</u>	<u>(3,023)</u>	<u>(3,216)</u>	<u>(1,030)</u>
Net change in total OPEB liability	13,118	(53,024)	8,008	34,770
Total OPEB liability, beginning	<u>98,707</u>	<u>151,731</u>	<u>143,723</u>	<u>108,953</u>
Total OPEB liability, ending	<u>\$ 111,825</u>	<u>\$ 98,707</u>	<u>\$ 151,731</u>	<u>\$ 143,723</u>
Covered employee payroll	\$ 2,095,265	\$ 2,015,423	\$ 2,144,135	\$ 2,060,427
Net OPEB liability as a percentage of covered payroll	5.34%	4.90%	7.08%	6.98%

Note: The information from this schedule corresponds with the period covered as of the Plan's measurement dates of December 31.

No assets are accumulated in a trust as defined by GASB 75. Benefits are on a pay as you go basis.

<u>2020</u>	<u>2019</u>
\$ 5,270	\$ 4,601
3,236	2,842
-	-
(2,486)	1,209
18,797	(6,796)
<u>(909)</u>	<u>(736)</u>
<u>23,908</u>	<u>1,120</u>
<u>85,045</u>	<u>83,925</u>
<u>\$ 108,953</u>	<u>\$ 85,045</u>
\$ 1,817,174	\$ 1,840,305
6.00%	4.62%

CITY OF LAKE DALLAS, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Note A – Net Pension Liability – Texas Municipal Retirement System

Valuation Date:

Notes 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	22 years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.60% to 11.85%, 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 2023 valuation pursuant to an experience study of the period ending 2022
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and the female rates are multiplied by 105%. The rates are projected on a fully generational basis with Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Changes of Benefit Terms

There were no changes in benefit terms during the measurement period.

Changes in the Size or Composition of the Population Covered by the Benefit Terms

There were no changes in the size or composition of the population covered by the benefit terms during the measurement period.

Changes of Assumptions

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

CITY OF LAKE DALLAS, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Note B – Total OPEB Liability – Texas Municipal Retirement System

Valuation Date:

Notes 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
Inflation	2.5%
Salary Increases	3.60% to 11.85%, including inflation
Discount Rate	3.77%
Retirement Age	Experience-based table of rates that are specific to the Town’s plan of benefits. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	2019 Municipal Retirees of Texas Mortality Tables with 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

**COMBINING & INDIVIDUAL FUND
STATEMENTS & SCHEDULES**

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2023 AND 2024

	2023	2024
ASSETS		
Cash and cash equivalents	\$ 3,325,327	\$ 3,693,917
Receivables:		
Ad valorem tax	78,694	84,610
Sales tax	235,997	251,964
Franchise tax	19,201	18,300
Mixed beverage tax	5,757	5,591
Other	-	27,313
Due from other funds	-	-
Prepaid costs	35,592	53,838
TOTAL ASSETS	\$ 3,700,568	\$ 4,135,533
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 225,786	\$ 252,503
Accrued wages payable	57,998	92,810
Escrowed funds	-	-
Total Liabilities	283,784	345,313
Deferred Inflows of Resources:		
Unavailable revenue-property taxes	72,627	78,544
Total Deferred Inflows of Resources	72,627	78,544
Fund Balance:		
Nonspendable	35,592	53,838
Unassigned	3,308,565	3,657,838
Total Fund Balance	3,344,157	3,711,676
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 3,700,568	\$ 4,135,533

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2024

	<u>2023</u>	<u>2024</u>
REVENUES:		
Taxes:		
Property	\$ 3,485,157	\$ 3,678,175
Sales	1,361,280	1,441,897
Mixed beverage	34,771	32,163
Franchise	472,547	441,296
License and permits	157,266	133,493
Charges for services	263,393	309,038
Court fines	158,421	147,192
Insurance proceeds	13,648	77,533
Interest	167,729	216,694
Miscellaneous	3,660	8,364
Total Revenues	<u>6,117,872</u>	<u>6,485,845</u>
EXPENDITURES:		
Current:		
Administration	919,484	1,302,044
Tourism	29,423	30,133
City council	11,935	7,507
Public safety	3,202,029	3,443,838
Animal services	209,114	345,737
Community services	74,506	64,153
Public works – streets	409,752	494,114
Municipal court	128,638	117,168
Parks and facilities	26,657	50,229
Development services	235,108	277,334
Capital outlay	72,212	161,167
Debt service:		
Principal	54,369	56,347
Interest	5,976	4,030
Total Expenditures	<u>5,379,203</u>	<u>6,353,801</u>
Excess of Revenues over (under) Expenditures	<u>738,669</u>	<u>132,044</u>
OTHER FINANCING SOURCES (USES):		
Loan proceeds	-	-
Sale of assets	42,389	235,475
Transfers out	(449,203)	-
Total Other Financing Sources (Uses)	<u>(406,814)</u>	<u>235,475</u>
Net Change in Fund Balance	331,855	367,519
Fund Balance - October 1 (beginning)	3,012,302	3,344,157
Fund Balance - September 30 (Ending)	<u>\$ 3,344,157</u>	<u>\$ 3,711,676</u>

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budget	Actual	Variance Favorable (Unfavorable)
Ad valorem tax	\$ 3,686,480	\$ 3,678,175	\$ (8,305)
Sales tax	1,365,000	1,441,897	76,897
Mixed beverage tax	34,000	32,163	(1,837)
Franchise tax	421,000	441,296	20,296
Court fines and fees	162,500	147,192	(15,308)
Library donations, fines, memberships	1,000	2,429	1,429
Building permits	50,000	63,911	13,911
Park administration fees	40,000	40,000	-
Other permits and fees	67,200	69,582	2,382
School resource officer reimbursements	150,000	96,385	(53,615)
Rent - fire station	48,760	48,760	-
Other rentals	200	100	(100)
Parks maintenance	36,000	36,000	-
Staff/office services - CDC	44,000	44,000	-
Interest earned	73,000	216,694	143,694
Animal services	8,000	16,559	8,559
Special events	21,500	24,805	3,305
Insurance proceeds	-	77,533	77,533
Other revenue	3,000	8,364	5,364
TOTAL REVENUE	\$ 6,211,640	\$ 6,485,845	\$ 274,205

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budget	Actual	Variance Favorable (Unfavorable)
ADMINISTRATION:			
Personnel:			
Salaries	\$ 426,055	\$ 345,944	\$ 80,111
Retirement	62,891	49,185	13,706
Longevity pay	894	894	-
Insurance	66,640	38,177	28,463
Payroll taxes	6,125	17,566	(11,441)
Total Personnel	<u>562,605</u>	<u>451,766</u>	<u>110,839</u>
Supplies, Repairs and Services:			
Downtown BIG grants	-	190,000	(190,000)
Insurance	65,000	70,156	(5,156)
Office expense	7,200	3,148	4,052
Operating supplies	9,000	20,376	(11,376)
Travel and training	7,900	5,653	2,247
Ads and public notices	2,000	4,510	(2,510)
Publications	4,679	4,480	199
Printing	16,825	14,424	2,401
Dues and memberships	2,155	3,723	(1,568)
Postage	1,600	2,425	(825)
Telephone and utilities	47,950	61,757	(13,807)
Consultants and professionals	8,110	174,406	(166,296)
Legal services	90,000	104,271	(14,271)
Audit	20,000	22,850	(2,850)
Election costs	10,000	4,092	5,908
Code codification	4,995	634	4,361
Tax appraisal fees	31,000	29,969	1,031
SPAN	10,901	6,032	4,869
Software maintenance	42,962	51,117	(8,155)
Maintenance and repair - building	47,866	61,318	(13,452)
Miscellaneous	1,200	14,937	(13,737)
Total Supplies, Repairs and Services	<u>431,343</u>	<u>850,278</u>	<u>(418,935)</u>
TOTAL ADMINISTRATION	<u>993,948</u>	<u>1,302,044</u>	<u>(308,096)</u>

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
CITY COUNCIL:			
Supplies, Repairs and Services:			
Uniforms	\$ 600	\$ -	\$ 600
Office supplies	300	205	95
Travel and training	1,920	1,452	468
Dues and memberships	5,675	5,204	471
Flowers/gifts/plaques	300	646	(346)
Total Supplies, Repairs and Services	<u>8,795</u>	<u>7,507</u>	<u>1,288</u>
 TOTAL CITY COUNCIL	 <u>8,795</u>	 <u>7,507</u>	 <u>1,288</u>
 TOURISM:			
Supplies, Repairs and Services:			
Community events	2,000	5,133	(3,133)
Fireworks	28,000	25,000	3,000
Total Supplies, Repairs and Services	<u>30,000</u>	<u>30,133</u>	<u>(133)</u>
 TOTAL TOURISM	 <u>30,000</u>	 <u>30,133</u>	 <u>(133)</u>
 PUBLIC SAFETY:			
Police Department:			
Personnel:			
Salaries	1,357,094	1,207,463	149,631
Retirement	205,512	185,600	19,912
Longevity pay	5,778	5,466	312
Insurance	316,753	225,388	91,365
Payroll taxes	20,046	20,338	(292)
Total Personnel	<u>1,905,183</u>	<u>1,644,255</u>	<u>260,928</u>

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budget	Actual	Variance Favorable (Unfavorable)
Supplies, Repairs and Services:			
Office expense	\$ 3,000	\$ 2,013	\$ 987
Supplies	15,800	20,371	(4,571)
Printing	4,081	4,359	(278)
Travel and training	41,550	25,320	16,230
Physicals and evaluations	7,700	1,340	6,360
Publications	10,835	16,439	(5,604)
Dues and memberships	2,465	4,325	(1,860)
Uniforms	22,000	19,673	2,327
Utilities	5,394	7,560	(2,166)
Legal	1,500	-	1,500
Software maintenance	35,184	39,591	(4,407)
Jail fees	500	-	500
Telephone	9,150	11,723	(2,573)
Communications	58,956	59,220	(264)
Consultants and professionals	8,500	5,000	3,500
Maintenance and repair - building	2,330	1,642	688
Maintenance and repair - equipment	8,640	3,646	4,994
Maintenance and repair - vehicles	24,200	35,641	(11,441)
Vehicle fuel	30,000	40,904	(10,904)
Vehicle lease	122,725	140,092	(17,367)
Other	2,299	-	2,299
Total Supplies, Repairs and Services	416,809	438,859	(22,050)
Total Police Department	2,321,992	2,083,114	238,878
Fire Department:			
Contribution for services	1,360,724	1,360,724	-
Total Fire Department	1,360,724	1,360,724	-
TOTAL PUBLIC SAFETY	3,682,716	3,443,838	238,878

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budget	Actual	Variance Favorable (Unfavorable)
ANIMAL SERVICES:			
Personnel:			
Salaries	\$ 129,447	\$ 237,379	\$ (107,932)
Longevity pay	-	84	(84)
Retirement	19,417	30,159	(10,742)
Insurance	30,543	25,707	4,836
Payroll taxes	1,913	3,922	(2,009)
Total Personnel	<u>181,320</u>	<u>297,251</u>	<u>(115,931)</u>
Supplies, Repairs and Services:			
Office expense	1,645	821	824
Supplies	19,000	9,835	9,165
Advertising	200	-	200
Travel and training	5,600	-	5,600
Physicals and evaluations	-	117	(117)
Land lease	1,454	1,511	(57)
Software maintenance	3,395	2,212	1,183
Dues and memberships	375	65	310
Uniforms	1,260	840	420
Telephone	1,185	862	323
Consultants and professionals	20,000	6,539	13,461
Utilities	12,000	11,521	479
Maintenance and repair - building	12,200	12,215	(15)
Maintenance and repair - vehicles	2,772	521	2,251
Vehicle fuel	1,800	1,427	373
Total Supplies, Repairs and Services	<u>82,886</u>	<u>48,486</u>	<u>34,400</u>
TOTAL ANIMAL SERVICES	<u>264,206</u>	<u>345,737</u>	<u>(81,531)</u>
COMMUNITY SERVICES:			
Personnel:			
Salaries	98,554	25,413	73,141
Retirement	14,687	5,315	9,372
Insurance	15,406	163	15,243
Payroll taxes	1,439	374	1,065
Total Personnel	<u>130,086</u>	<u>31,265</u>	<u>98,821</u>

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budget	Actual	Variance Favorable (Unfavorable)
Supplies, Repairs and Services:			
Supplies	\$ 1,020	\$ 3,189	\$ (2,169)
Information technology	15,611	11,207	4,404
Printing	2,850	1,696	1,154
Telephone	820	472	348
Utilities	12,000	14,507	(2,507)
Maintenance and repair - building	1,525	1,817	(292)
Total Supplies, Repairs and Services	33,826	32,888	938
TOTAL COMMUNITY SERVICES	163,912	64,153	99,759
 PUBLIC WORKS:			
Streets and Drainage:			
Personnel:			
Salaries	254,955	196,042	58,913
Retirement	38,276	28,760	9,516
Longevity pay	618	618	-
Insurance	89,814	41,490	48,324
Payroll taxes	3,745	3,421	324
Total Personnel	387,408	270,331	117,077
 Supplies, Repairs and Services:			
Operating supplies	5,035	12,258	(7,223)
Travel and training	2,061	78	1,983
Uniforms	1,020	1,656	(636)
Telephone	700	1,200	(500)
Equipment rentals	8,000	4,086	3,914
Street lighting	60,000	62,706	(2,706)
Utilities	8,000	5,774	2,226
Engineering	8,000	7,915	85
Information technology	5,800	2,525	3,275
Consultants and professionals	600	57,632	(57,032)

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budget	Actual	Variance Favorable (Unfavorable)
Supplies, Repairs and Services:			
Maintenance and repair - building	\$ 2,600	\$ 7,846	\$ (5,246)
Maintenance and repair - equipment	9,615	22,252	(12,637)
Maintenance and repair- vehicle	4,580	13,989	(9,409)
Maintenance - signs	6,000	3,529	2,471
Maintenance - trees	2,500	11,500	(9,000)
Vehicle lease	13,771	-	13,771
Vehicle fuel	8,800	8,837	(37)
Total Supplies, Repairs and Services	<u>147,082</u>	<u>223,783</u>	<u>(76,701)</u>
TOTAL PUBLIC WORKS	<u>534,490</u>	<u>494,114</u>	<u>40,376</u>
MUNICIPAL COURT:			
Personnel:			
Salaries	52,450	52,253	197
Retirement	7,801	6,003	1,798
Insurance	11,399	9,379	2,020
Payroll taxes	763	911	(148)
Total Personnel	<u>72,413</u>	<u>68,546</u>	<u>3,867</u>
Supplies, Repairs and Services:			
Supplies	1,950	500	1,450
Travel and training	1,350	-	1,350
Printing	1,165	543	622
Dues and memberships	55	-	55
Software maintenance	3,579	11,000	(7,421)
Legal services	22,000	12,829	9,171
MVBA fees	15,000	9,150	5,850
Municipal judge	14,400	14,400	-
Jury fees	500	200	300
Total Supplies, Repairs and Services	<u>59,999</u>	<u>48,622</u>	<u>11,377</u>
TOTAL MUNICIPAL COURT	<u>132,412</u>	<u>117,168</u>	<u>15,244</u>

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budget	Actual	Variance Favorable (Unfavorable)
PARKS AND FACILITIES:			
Personnel:			
Salaries	35,057	-	35,057
Retirement	5,245	-	5,245
Insurance	13,967	-	13,967
Payroll Taxes	516	-	516
Total Personnel	<u>54,785</u>	<u>-</u>	<u>54,785</u>
Supplies, Repairs and Services:			
Operating supplies	1,425	2,786	(1,361)
Telephone	336	-	336
Travel and training	275	-	275
Uniforms	608	-	608
Mowing contract	16,000	15,030	970
Park maintenance	12,000	18,103	(6,103)
Maintenance and repair - building	1,000	1,490	(490)
Maintenance and repair - equipment	950	4,023	(3,073)
Maintenance and repair - vehicle	1,100	4,781	(3,681)
Vehicle fuel	2,500	4,016	(1,516)
Total Supplies, Repairs and Services	<u>36,194</u>	<u>50,229</u>	<u>(14,035)</u>
TOTAL PARKS AND FACILITIES	<u>90,979</u>	<u>50,229</u>	<u>40,750</u>
DEVELOPMENT SERVICES:			
Personnel:			
Salaries	85,161	82,996	2,165
Retirement	13,256	14,495	(1,239)
Longevity pay	630	630	-
Insurance	32,430	29,855	2,575
Payroll taxes	1,301	1,391	(90)
Total Personnel	<u>132,778</u>	<u>129,367</u>	<u>3,411</u>

CITY OF LAKE DALLAS, TEXAS
GENERAL FUND
STATEMENT OF EXPENDITURES BY DEPARTMENT (CONTINUED)
BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budget	Actual	Variance Favorable (Unfavorable)
Supplies, Repairs and Services:			
Supplies	\$ 2,300	\$ 783	\$ 1,517
Travel and training	2,000	670	1,330
Printing	100	34	66
Advertising	1,750	-	1,750
Dues and memberships	325	324	1
Telephone	1,000	802	198
Consultants and professionals	40,165	61,726	(21,561)
Software maintenance	4,000	4,000	-
Keep Lake Dallas Beautiful	1,650	868	782
Engineering	15,000	13,435	1,565
Comprehensive zoning ordinance	40,000	-	40,000
Inspection services	30,000	43,059	(13,059)
Health inspections	5,500	8,575	(3,075)
Property abatement	2,000	3,882	(1,882)
Maintenance and repair - vehicles	1,800	1,590	210
Vehicle lease	6,443	7,020	(577)
Vehicle fuel	2,000	1,199	801
Total Supplies, Repairs and Services	<u>156,033</u>	<u>147,967</u>	<u>8,066</u>
TOTAL DEVELOPMENT SERVICES	<u>288,811</u>	<u>277,334</u>	<u>11,477</u>
CAPITAL OUTLAY:			
Capital outlay - information technology	79,700	31,840	47,860
Capital outlay - equipment	19,000	39,747	(20,747)
Capital outlay - vehicles	8,000	-	8,000
Capital outlay - building	43,000	89,580	(46,580)
Capital outlay - parks	15,485	-	15,485
TOTAL CAPITAL OUTLAY	<u>165,185</u>	<u>161,167</u>	<u>4,018</u>
DEBT SERVICE:			
Principal	55,600	56,347	(747)
Interest and fees	4,746	4,030	716
TOTAL DEBT SERVICE	<u>60,346</u>	<u>60,377</u>	<u>(31)</u>
TOTAL EXPENDITURES	<u>\$ 6,415,800</u>	<u>\$ 6,353,801</u>	<u>\$ 61,999</u>

CITY OF LAKE DALLAS, TEXAS
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Court Technology Fund	Court Security Fund	Street Maintenance Sales Tax	Hotel Occupancy Tax	Library Donations
ASSETS					
Cash and cash equivalents	\$ 13,718	\$ 73,916	\$ 773,991	\$ 274,522	\$ 23,859
Receivables:					
Sales tax	-	-	50,393	-	-
Occupancy tax	-	-	-	38,358	-
Other	-	-	25,000	-	-
Prepaid costs	-	-	-	-	-
TOTAL ASSETS	<u>\$ 13,718</u>	<u>\$ 73,916</u>	<u>\$ 849,384</u>	<u>\$ 312,880</u>	<u>\$ 23,859</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 8	\$ -	\$ 156,191	\$ -	\$ -
Due to other funds	-	-	-	-	-
Total Liabilities	<u>8</u>	<u>-</u>	<u>156,191</u>	<u>-</u>	<u>-</u>
Fund Balance:					
Nonspendable	-	-	-	-	-
Restricted	13,710	73,916	693,193	312,880	-
Assigned	-	-	-	-	23,859
Total Fund Balance	<u>13,710</u>	<u>73,916</u>	<u>693,193</u>	<u>312,880</u>	<u>23,859</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 13,718</u>	<u>\$ 73,916</u>	<u>\$ 849,384</u>	<u>\$ 312,880</u>	<u>\$ 23,859</u>

Juvenile Case Management Fund	Drug Seizure Fund	Kids N Cops Fund	Forensic Testing	Willow Grove Park Fund	Animal Rescue Fund	Park Improvement Fund
\$ 191,858	\$ 2,635	\$ 5,644	\$ 8	\$ 129,311	\$ 7,289	\$ 2,639
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	2,887	-	-
<u>\$ 191,858</u>	<u>\$ 2,635</u>	<u>\$ 5,644</u>	<u>\$ 8</u>	<u>\$ 132,198</u>	<u>\$ 7,289</u>	<u>\$ 2,639</u>
\$ -	\$ -	\$ (73)	\$ -	\$ 7,820	\$ -	\$ -
-	-	-	-	-	-	-
-	-	(73)	-	7,820	-	-
-	-	-	-	2,887	-	-
191,858	2,635	-	8	121,491	-	2,639
-	-	5,717	-	-	7,289	-
<u>191,858</u>	<u>2,635</u>	<u>5,717</u>	<u>8</u>	<u>124,378</u>	<u>7,289</u>	<u>2,639</u>
<u>\$ 191,858</u>	<u>\$ 2,635</u>	<u>\$ 5,644</u>	<u>\$ 8</u>	<u>\$ 132,198</u>	<u>\$ 7,289</u>	<u>\$ 2,639</u>

CITY OF LAKE DALLAS, TEXAS
 COMBINING BALANCE SHEET (CONTINUED)
 SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

	CLFRF Grant	LEOSE Training Fund	Child Safety Fund	Stormwater Drainage Fund	Halloween Event
ASSETS					
Cash and cash equivalents	\$ 1,527,362	\$ 5,478	\$ 40,903	\$ 638,200	\$ 3,257
Receivables:					
Sales tax	-	-	-	-	-
Occupancy tax	-	-	-	-	-
Other	-	-	-	66,186	-
Prepaid costs	-	-	-	974	-
TOTAL ASSETS	<u>\$ 1,527,362</u>	<u>\$ 5,478</u>	<u>\$ 40,903</u>	<u>\$ 705,360</u>	<u>\$ 3,257</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:					
Nonspendable	-	-	-	974	-
Restricted	1,527,362	5,478	40,903	-	-
Assigned	-	-	-	704,386	3,257
Total Fund Balance	<u>1,527,362</u>	<u>5,478</u>	<u>40,903</u>	<u>705,360</u>	<u>3,257</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,527,362</u>	<u>\$ 5,478</u>	<u>\$ 40,903</u>	<u>\$ 705,360</u>	<u>\$ 3,257</u>

<u>Christmas Event</u>	<u>Opioid Abatement Fund</u>	<u>Tree Preservation Fund</u>	<u>Total</u>
\$ 4,195	\$ 9,760	\$ 8,555	\$ 3,737,100
-	-	-	50,393
-	-	-	38,358
-	-	-	91,186
-	-	-	3,861
<u>\$ 4,195</u>	<u>\$ 9,760</u>	<u>\$ 8,555</u>	<u>\$ 3,920,898</u>
\$ 17	\$ -	\$ -	\$ 163,963
-	-	-	-
<u>17</u>	<u>-</u>	<u>-</u>	<u>163,963</u>
-	-	-	3,861
-	9,760	8,555	3,004,388
4,178	-	-	748,686
<u>4,178</u>	<u>9,760</u>	<u>8,555</u>	<u>3,756,935</u>
<u>\$ 4,195</u>	<u>\$ 9,760</u>	<u>\$ 8,555</u>	<u>\$ 3,920,898</u>

CITY OF LAKE DALLAS, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Court Technology Fund	Court Security Fund	Street Maintenance Sales Tax	Hotel Occupancy Tax	Library Donations
Revenues:					
Taxes	\$ -	\$ -	\$ 288,380	\$ 88,834	\$ -
Charges for services	-	-	-	-	-
Fines and fees	3,346	4,076	-	-	-
Donations and grants	-	-	-	-	8,124
Interest earned	592	2,741	24,337	8,752	513
Total Revenues	<u>3,938</u>	<u>6,817</u>	<u>312,717</u>	<u>97,586</u>	<u>8,637</u>
Expenditures:					
Tourism	-	-	-	58,894	-
Public safety	-	-	-	-	-
Animal services	-	-	-	-	-
Municipal court	-	1,350	-	-	-
Parks and recreation	-	-	-	-	-
Library	-	-	-	-	2,976
Public works - streets	-	-	328,354	-	-
Capital outlay	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>1,350</u>	<u>328,354</u>	<u>58,894</u>	<u>2,976</u>
Excess of Revenues over (under) Expenditures	3,938	5,467	(15,637)	38,692	5,661
Other Financing Sources (Uses):					
Transfers in (out)	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	3,938	5,467	(15,637)	38,692	5,661
Fund Balance – October 1 (beginning)	<u>9,772</u>	<u>68,449</u>	<u>708,830</u>	<u>274,188</u>	<u>18,198</u>
Fund Balance – September 30 (ending)	<u>\$ 13,710</u>	<u>\$ 73,916</u>	<u>\$ 693,193</u>	<u>\$ 312,880</u>	<u>\$ 23,859</u>

Juvenile Case Management Fund	Drug Seizure Fund	Kids N Cops Fund	Forensic Testing	Willow Grove Park Fund	Animal Rescue Fund	Park Improvement Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	118,628	-	-
1,975	-	-	-	-	-	73
-	-	852	-	-	3,242	-
9,851	132	271	-	6,778	356	117
<u>11,826</u>	<u>132</u>	<u>1,123</u>	<u>-</u>	<u>125,406</u>	<u>3,598</u>	<u>190</u>
-	-	-	-	-	-	-
-	-	6,521	-	-	-	-
-	-	-	-	-	10,560	-
-	-	-	-	-	-	-
-	-	-	-	108,559	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	106,304	-	-
<u>-</u>	<u>-</u>	<u>6,521</u>	<u>-</u>	<u>214,863</u>	<u>10,560</u>	<u>-</u>
11,826	132	(5,398)	-	(89,457)	(6,962)	190
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
11,826	132	(5,398)	-	(89,457)	(6,962)	190
<u>180,032</u>	<u>2,503</u>	<u>11,115</u>	<u>8</u>	<u>213,835</u>	<u>14,251</u>	<u>2,449</u>
<u>\$ 191,858</u>	<u>\$ 2,635</u>	<u>\$ 5,717</u>	<u>\$ 8</u>	<u>\$ 124,378</u>	<u>\$ 7,289</u>	<u>\$ 2,639</u>

CITY OF LAKE DALLAS, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES (CONTINUED)
 SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

	CLFRF Grant	LEOSE Training Fund	Child Safety Fund	Stormwater Drainage Fund	Halloween Event
Revenues:					
Taxes	\$ -	\$ -	\$ -	-	\$ -
Charges for services	-	-	-	-	-
Fines and fees	-	-	11,759	346,613	570
Donations and grants	-	3,266	-	-	4,450
Interest earned	111,039	85	775	7,813	-
Total Revenues	<u>111,039</u>	<u>3,351</u>	<u>12,534</u>	<u>354,426</u>	<u>5,020</u>
Expenditures:					
Tourism	-	-	-	-	3,515
Public safety	-	-	-	-	-
Animal services	-	-	-	-	-
Municipal court	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Library	-	-	-	-	-
Public works - streets	336,522	-	-	12,513	-
Capital outlay	122,293	-	-	-	-
Total Expenditures	<u>458,815</u>	<u>-</u>	<u>-</u>	<u>12,513</u>	<u>3,515</u>
Excess of Revenues over (under) Expenditures	(347,776)	3,351	12,534	341,913	1,505
Other Financing Sources (Uses):					
Transfers in (out)	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(347,776)	3,351	12,534	341,913	1,505
Fund Balance – October 1 (beginning)	<u>1,875,138</u>	<u>2,127</u>	<u>28,369</u>	<u>363,447</u>	<u>1,752</u>
Fund Balance – September 30 (ending)	<u>\$ 1,527,362</u>	<u>\$ 5,478</u>	<u>\$ 40,903</u>	<u>\$ 705,360</u>	<u>\$ 3,257</u>

<u>Christmas Event</u>	<u>Opioid Abatement Fund</u>	<u>Tree Preservation Fund</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 377,214
-	-	-	118,628
-	-	-	368,412
9,265	1,546	-	30,745
-	267	305	174,724
<u>9,265</u>	<u>1,813</u>	<u>305</u>	<u>1,069,723</u>
5,179	-	-	67,588
-	-	-	6,521
-	-	-	10,560
-	-	-	1,350
-	-	-	108,559
-	-	-	2,976
-	-	-	677,389
-	-	-	228,597
<u>5,179</u>	<u>-</u>	<u>-</u>	<u>1,103,540</u>
4,086	1,813	305	(33,817)
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4,086	1,813	305	(33,817)
-	-	-	-
92	7,947	8,250	3,790,752
<u>\$ 4,178</u>	<u>\$ 9,760</u>	<u>\$ 8,555</u>	<u>\$ 3,756,935</u>

CITY OF LAKE DALLAS, TEXAS
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2023 AND 2024

	<u>2023</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents	\$ 826,033	\$ 772,291
Receivables:		
Ad valorem tax	<u>12,192</u>	<u>12,839</u>
TOTAL ASSETS	<u><u>\$ 838,225</u></u>	<u><u>\$ 785,130</u></u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE		
Liabilities:		
Due to other funds	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	<u>11,552</u>	<u>12,199</u>
Total Deferred Inflows of Resources	<u>11,552</u>	<u>12,199</u>
Fund balance:		
Restricted for debt service	<u>826,673</u>	<u>772,931</u>
Total Fund Balance	<u>826,673</u>	<u>772,931</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u><u>\$ 838,225</u></u>	<u><u>\$ 785,130</u></u>

CITY OF LAKE DALLAS, TEXAS
DEBT SERVICE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2024

	<u>2023</u>	<u>2024</u>
REVENUES:		
Taxes:		
Property	\$ 336,475	\$ 464,842
Interest	<u>24,700</u>	<u>25,739</u>
TOTAL REVENUES	<u>361,175</u>	<u>490,581</u>
EXPENDITURES:		
Debt service:		
Principal retirement	500,000	515,000
Interest and fees	<u>98,276</u>	<u>177,691</u>
TOTAL EXPENDITURES	<u>598,276</u>	<u>692,691</u>
Excess of Revenues over (under) Expenditures	<u>(237,101)</u>	<u>(202,110)</u>
Other Financing Resources (Uses):		
Transfers in	<u>745,799</u>	<u>148,368</u>
Total Other Financing Resources (Uses)	<u>745,799</u>	<u>148,368</u>
Net change in fund balance	508,698	(53,742)
Fund balance, beginning of year	<u>317,975</u>	<u>826,673</u>
Fund balance, end of year	<u>\$ 826,673</u>	<u>\$ 772,931</u>

CITY OF LAKE DALLAS, TEXAS
 BUDGETARY COMPARISON SCHEDULE – DEBT SERVICE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Budgeted Amounts</u>		Actual Amounts (GAAP BASIS)	Variance With Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes (ad valorem)	\$ 513,000	\$ 513,000	\$ 464,842	\$ (48,158)
Interest	200	200	25,739	25,539
Total Revenues	<u>513,200</u>	<u>513,200</u>	<u>490,581</u>	<u>(22,619)</u>
Expenditures:				
Principal	475,000	475,000	515,000	(40,000)
Interest and fees	294,123	294,123	177,691	116,432
Total Expenditures	<u>769,123</u>	<u>769,123</u>	<u>692,691</u>	<u>76,432</u>
Excess of Revenues Over (Under) Expenditures	<u>(255,923)</u>	<u>(255,923)</u>	<u>(202,110)</u>	<u>53,813</u>
Other Financing Resources (Uses):				
Transfers in	148,397	148,397	148,368	(29)
Total Other Financing Resources (Uses)	<u>148,397</u>	<u>148,397</u>	<u>148,368</u>	<u>(29)</u>
Net Change in Fund Balance	(107,526)	(107,526)	(53,742)	53,784
Fund Balance – October 1 (beginning)	<u>826,673</u>	<u>826,673</u>	<u>826,673</u>	<u>-</u>
Fund Balance – September 30 (ending)	<u>\$ 719,147</u>	<u>\$ 719,147</u>	<u>\$ 772,931</u>	<u>\$ 53,784</u>

Members:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

**HANKINS, EASTUP, DEATON,
TONN & SEAY**
A PROFESSIONAL CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' 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*

Honorable Mayor and City Council
City of Lake Dallas, Texas

We have audited, in accordance with the 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 discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Lake Dallas, Texas, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise The City of Lake Dallas, Texas's basic financial statements, and have issued our report dated February 11, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's 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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's 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 City'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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.

Report on Compliance and Other Matters

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

Purpose of this Report

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



Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC
Denton, Texas

February 11, 2025

CITY OF LAKE DALLAS, TEXAS
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

I. Summary of Auditor's Results

1. Type of auditor's report issued on the financial statement: Unmodified.
2. Internal control over financial reporting:
Material weakness(es) identified: None reported
Significant deficiency(ise) identified that are not considered to be material weaknesses: None reported
3. Noncompliance which is material to the financial statement: None

II. Findings Related to the Financial Statements

None

CITY OF LAKE DALLAS, TEXAS
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

None

STATISTICAL SECTION

CITY OF LAKE DALLAS, TEXAS
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Administration	Public Safety	Animal Services	Public Works - Streets	Municipal Court	Park and Recreation
2015	\$ 616,812	\$ 2,506,825	\$ 135,342	\$ 271,980	\$ 151,488	\$ 78,959
2016	643,477	2,546,566	134,568	473,678	156,230	146,940
2017	692,398	2,517,874	135,724	313,000	196,666	103,663
2018	733,677	2,499,673	200,530	599,152	190,713	182,566
2019	724,973	2,501,996	185,787	383,435	146,345	152,998
2020	769,056	2,616,986	228,539	727,070	137,256	148,415
2021	1,167,877	2,657,488	202,457	546,667	127,296	179,200
2022	851,571	2,870,725	243,853	506,798	105,853	180,705
2023	1,015,073	3,328,546	220,193	695,215	131,638	113,004
2024	1,407,272	3,450,359	356,297	1,171,503	118,518	158,788

<u>Development Services</u>	<u>Community Services</u>	<u>Community Relations</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
\$ 159,082	\$ 37,778	\$ 114,479	\$ 380,969	\$ 500,482	\$4,954,196
169,953	152,428	112,514	239,049	446,428	5,221,831
278,219	154,505	99,410	698,926	657,921	5,848,306
298,061	188,743	-	123,962	753,489	5,770,566
259,072	178,679	-	412,541	641,273	5,587,099
277,080	215,413	-	1,021,070	761,458	6,902,343
392,127	259,195	-	428,203	745,611	6,706,121
464,682	247,860	-	94,757	739,727	6,306,531
235,108	82,026	-	93,788	671,549	6,586,140
277,334	67,129	-	1,056,732	753,068	8,817,000

CITY OF LAKE DALLAS, TEXAS
GENERAL GOVERNMENTAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Taxes	License and Permits	Charges for Services	Fines and Fees	Interest	Donations/ Grants
2015	\$3,778,284	\$ 102,466	\$ 291,848	\$ 628,668	\$ 1,349	\$ 12,738
2016	3,895,843	129,163	287,364	560,921	8,024	110,509
2017	4,369,274	205,472	335,601	415,603	18,375	48,340
2018	4,472,594	145,356	391,448	321,732	39,727	61,556
2019	4,770,626	158,009	350,887	488,975	64,617	133,812
2020	5,076,512	151,538	359,777	450,250	39,821	507,219
2021	5,209,079	165,250	393,391	285,125	2,338	1,158,086
2022	5,699,396	522,194	426,661	181,925	43,370	1,125,434
2023	6,038,103	157,266	425,915	561,073	339,930	131,913
2024	6,435,587	133,493	427,666	515,604	618,740	422,008

<u>Miscellaneous</u>	<u>Total</u>
\$ 14,462	\$4,829,815
52,212	5,044,036
72,502	5,465,167
50,490	5,482,903
187,304	6,154,230
35,461	6,620,578
10,266	7,223,535
34,103	8,033,083
17,308	7,671,508
85,897	8,638,995

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CITY OF LAKE DALLAS, TEXAS
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	(1) Property	Sales	Franchise	Hotel Occupancy	Mixed Beverage	Total
2015	\$2,510,163	\$ 774,987	\$401,826	\$ 72,014	\$ 19,294	\$3,778,284
2016	2,528,297	880,781	393,831	73,259	19,675	3,895,843
2017	2,703,316	1,170,140	402,736	71,902	21,180	4,369,274
2018	2,926,281	1,016,232	424,586	84,978	20,517	4,472,594
2019	3,149,729	1,135,016	429,563	32,321	23,997	4,770,626
2020	3,337,939	1,261,783	449,816	3,611	23,363	5,076,512
2021	3,456,922	1,283,352	422,987	17,110	28,708	5,209,079
2022	3,539,846	1,468,356	429,126	228,466	33,602	5,699,396
2023	3,821,632	1,633,536	472,547	75,617	34,771	6,038,103
2024	4,143,017	1,730,277	441,296	88,834	32,163	6,435,587

(1) Includes penalties and interest.

CITY OF LAKE DALLAS, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>Total Levy</u>	<u>Current Tax Collections</u>	<u>Percentage Of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio Of Total Collections To Levy</u>
2015	\$2,494,907	\$2,469,998	99.00%	\$ 14,017	\$2,484,015	99.56%
2016	2,531,786	2,503,074	98.87	12,260	2,515,334	99.35
2017	2,692,296	2,662,593	98.90	5,597	2,668,190	99.10
2018	2,897,846	2,868,579	98.99	34,860	2,903,439	100.19
2019	3,130,174	3,103,355	99.14	28,107	3,131,462	100.04
2020	3,339,760	3,316,915	99.32	12,398	3,329,313	99.69
2021	3,438,390	3,408,789	99.14	8,057	3,416,846	99.37
2022	3,540,310	3,505,507	99.02	24,052	3,529,559	99.70
2023	3,785,949	3,749,010	99.02	45,175	3,794,185	101.20
2024	4,141,508	4,102,513	99.06	16,416	4,118,929	99.45

<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Levy</u>
\$ 79,858	3.20%
95,117	3.76
97,628	3.63
89,274	3.08
83,205	2.66
89,143	2.67
99,369	2.89
111,111	3.14
119,586	3.16
128,223	3.10

CITY OF LAKE DALLAS, TEXAS
RATIO TO ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL LONG-TERM DEBT
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES (1)
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Principal	Interest and Fees	Total Debt Service	Total (1) Governmental Expenditures	Ratio of Debt Service to Total General Governmental Expenditures
2015	\$ 325,000	\$ 175,482	\$ 500,482	\$ 4,954,196	10.10%
2016	280,000	166,428	446,428	5,221,831	8.55
2017	500,000	157,921	657,921	5,848,306	11.25
2018	561,372	119,738	681,110	5,770,566	11.80
2019	454,011	114,144	568,155	5,542,099	10.25
2020	606,330	155,128	761,458	6,121,275	12.44
2021	641,303	104,308	745,611	6,511,614	11.45
2022	646,867	92,860	739,727	6,288,817	11.76
2023	449,369	172,180	671,549	6,490,702	10.35
2024	571,347	181,721	753,068	7,760,268	9.70

(1) Excludes Capital Projects Fund.