CITY OF EL LAGO

AGENDA
COUNCIL MEETING
411 TALLOWOOD DRIVE, EL LAGO,
TEXAS 77586
MARCH 4, 2020
7:00 P.M.

NOTICE is hereby given of a meeting of the City Council of the City of El Lago, County of Harris, State of Texas, to be held on the above stated date and time at: City Hall Events Room, 411 Tallowood Drive, El Lago, Texas, for the purpose of considering the following numbered items.

1. Call to Order
2. Invocation and/or Pledge of Allegiance
3. Declaration of a Quorum

3.1. Announce Absent Members of Council

4. Citizen Comments

Citizens are invited & encouraged to speak for up to three (3) minutes on matters relating to the city and/or its Government.

5. City Official, Board, Commission, Committee, & City Service Report

5.1. SVFD Monthly activity report (Chief Andy Gutacker)
5.2. LPD Commissioner Michael O'Brien to report on LPD Commission activity

6. Consent Agenda

6.1. Check Detail for checks printed from February 20, 2020 through March 4, 2020.
6.2. Minutes from the Council Meeting of February 19, 2020

7. New Business

7.1. Stephanie Harris to present the FY2018 final end of the year audit.
7.2. Consider/Approve the end of the year FY2018 audit by Belt Harris Pechacek.
7.3. Consider/Approve an agreement to contract for service with Belt Harris Pechacek for the 2019 end of year audit.
7.4. Consider/Approve a variance request for the use of the City of El Lago Event Room from Shelly Jones.
7.5. Consider/Approve Resolution 2020-04 amending the Building Permit Fee Schedule.
7.6. Consider/Approve the Certification of Unopposed Candidates dated February 24, 2020.
7.7. Consider/Approve Ordinance 467 canceling the May 2, 2020 General Election and declaring unopposed candidates for Council Member Positions 3, 4, & 5 elected to office.
7.8. Consider/Approve the addition of the licensing/registration module for the IworQ permitting software.
7.9. Discuss/Approve repairing treadmills for a cost of $3655.08 or a plan to replace existing equipment and/or repair and consider a budget adjustment accordingly.
7.10. Discuss the addition of speed bumps/humps within the City.

8. Future Agenda Items

Not Scheduled
Hazardous Waste Recycling Day
Amend the Personnel Manual
Amended METRO Agreement

Scheduled
Masonry fence behind Loch Lake

9. Adjournment

ALL AGENDA ITEMS ARE SUBJECT TO ACTION

In compliance with the Americans with Disabilities Act, the City of El Lago will provide for reasonable accommodations for persons attending City Council Meetings. Requests should be received 48 hours prior to the meetings. Please contact the City office at 281-326-1951. The City Council of the City of El Lago, Texas, reserves the right to adjourn into executive session at any time during the course of the meeting to discuss any of the matters listed above, as authorized by the Texas Government Code, §551.071 (Consultation with Attorney), §551.072 (Deliberations about Real Property), §551.073 (Deliberations about Gifts and Donations), §551.074 (Personnel Matters), §551.076 (Deliberations about Security Devices), §551.077 (Agency Financed by Federal Government),§551.084 (Exclusion of Witness from Hearing), §551.086 (Meeting Concerning Municipally Owned Utility), §551.087 (Deliberations Regarding Economic Development),§551.088 (Deliberations Regarding Licensing Testing Exam), & §418.183(f) (Texas Disaster Act: regarding Critical Infrastructure).

I certify that a copy of this notice of the City Council Meeting for the date listed above was posted at City Hall, 411 Tallowood Drive, El Lago, Texas, at least 72 hours in advance per the Texas Open Meetings Act.

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Rachel Lewis, City Secretary

SEABROOK

City of El Lago Monthly Statistics

Alarm Date Between {02/01/2020} And {02/27/2020} and District = "2 "

2 El Lago

Incident	Alarm Date & Time	Arrival Date & Time	Stn	Shift	Response Time
311 Medical assist, assist EMS crew					
20-0200053	02/02/2020 09:44:41	02/02/2020 09:47:19	1	1	00:02:38
		Average Response Time for District/Incident Type			**00:02:38**
412 Gas leak (natural gas or LPG)					
20-0200049	02/01/2020 13:39:55	02/01/2020 13:47:15	1	1	00:07:20
		Average Response Time for District/Incident Type			**00:07:20**

Overall Average Response Time for District 00:04:59

Total Incident Count: 2 **Overall Average Response Time: 00:04:59**

SEABROOK

City of El Lago Monthly Statistics

Alarm Date Between {02/01/2020} And {02/27/2020} and District = "2 "

Total Number of Incidents	2	**Total Number of Responding Personnel**	14
Average Turnout per Incident	7		

Strategic Traffic Enforcement Initiative
Summary

FEBRUARY 2020

STEI Performed	Hours	Traffic Stops		
136	86.5	120		
Citations	**W. Warnings**	**V. Warnings**	**Arrests**	**Total**
76	23	58	0	157

Total Citations Issued by Department

Moving	Non-Moving	W. Warnings
79	59	46

Hot Spots by Numerical Ranking

TLV Hot Spots	El Lago Hot Spots
Kirby Road (28)	NASA Pkwy (26)
Old Kirby (14)	Cedar (16)
Lakeshore Dr (5)	Lakeshore (3)

JANUARY 2020

STEI Performed	Hours	Traffic Stops		
138	83.66	109		
Citations	**W. Warnings**	**V. Warnings**	**Arrests**	**Total**
69	22	40	0	131

Total Citations Issued by Department

Moving	Non-Moving	W. Warnings
64	44	58

Hot Spots by Numerical Ranking

TLV Hot Spots	El Lago Hot Spots
Kirby Road (24)	NASA Pkwy (32)
Lakeshore Dr (6)	Les Talley (4)
Old Kirby Rd (5)	Lakeshore (3)

DECEMBER 2019

STEI Performed	Hours	Traffic Stops		
130	75.08	79		
Citations	**W. Warnings**	**V. Warnings**	**Arrests**	**Total**
50	16	26	0	92

Total Citations Issued by Department

Moving	Non-Moving	W. Warnings
56	44	55

Hot Spots by Numerical Ranking

TLV Hot Spots	El Lago Hot Spots
Kirby Road (15)	NASA Pkwy (30)
Old Kirby (14)	Stanley/Bayview (4)
Lakeshore Dr (7)	Lakeshore/Bayou View/Loch Lake (3)

NOVEMBER 2019

STEI Performed	Hours	Traffic Stops		
113	70.26	106		
Citations	**W. Warnings**	**V. Warnings**	**Arrests**	**Total**
64	26	42	0	132

Total Citations Issued by Department

Moving	Non-Moving	W. Warnings
61	38	64

Hot Spots by Numerical Ranking

TLV Hot Spots	El Lago Hot Spots
Old Kirby Rd (14)	NASA Pkwy (25)
Kirby Rd (13)	Whitecap Dr (5)
Lakeshore Dr (8)	Cedar, Lakeshore and Lake Bluff (2)

STEI Summary for East Side Patrol Unit

Monday - Friday

DATE	TIMES	LOCATION	STOPS	V. WARNINGS	W. WARNINGS	CITATIONS
02/28/20	1700-1800	700 Cedar	1	0	0	2
02/27/20	2044-2114	3900 NASA	1	1	0	0
02/26/20	1630-1745	800 Cedar	1	0	0	2
02/25/20	1435-1536	600 Whitecap	0	0	0	0
02/24/20	2000-2100	200 Lakeshore	1	1	0	0
02/21/20	1644-1714	600 Cedar	0	0	0	0
02/20/20	1715-1830	700 Cedar	1	1	0	0
02/19/20	1441-1530	600 Whitecap	1	1	0	0
02/18/20	1430-1530	600 Whitecap	4	4	0	0
02/17/20	1800-1830	100 Lakeshore	2	2	0	0
02/15/20	1720-1754	700 Cedar	0	0	0	0
02/14/20	1636-1735	800 Cedar	1	0	0	2
02/13/20	1615-1800	800 Cedar	3	1	0	5
02/12/20	1645-1740	1000 Cedar	0	0	0	0

02/11/20	1430-1530	600 Whitecap	1	1	0	0
02/10/20	1800-1830	900 Cedar	3	2	0	1
02/09/20	1751-1823	800 Cedar	0	0	0	0
02/07/20	1730-1819	800 Cedar	1	0	0	1
02/06/20	1715-1830	600 Cedar	2	1	0	2
02/05/20	1430-1615	Cedar/Pebble Brook	1	0	0	1
02/04/20	1800-1830	900 Cedar	5	4	1	1
02/03/20	1642-1715	600 Cedar	1	1	Six vehicles. Slowest 18 mph. Fastest 28. Average 21.7	
02/02/20	2001-2028	3800 NASA	0			
02/01/20	2029-2100	Cedar/Pebble Brook	0			
01/31/20	1600-1800	700 Cedar	3	0	0	4
				23 Vehicles. Average was 24.86 mph		
01/30/20	1621-1651	600 Cedar	0	6 Vehicles Observed. Average speed mid-20's		
01/29/20	1430-1530	600 Whitecap	0			
01/28/20	1434-1526	600 Whitecap	0			
01/27/20	2030-2100	100 Lakeshore	0			
01/24/20	1711-1741	600 Cedar	0			
01/23/20	1630-1730	600 Cedar	0			

01/22/20	Heavy Rain – Not performed					
01/21/20	1430-1530	600 Whitecap	2	0	0	2
01/20/20	1623-1653	700 Cedar	1	1		
01/17/20	1600-1700	400 Lakeshore	3	0	0	3
01/16/20	2033-2100	3900 NASA	1	1		
01/15/20	1430-1520	600 Whitecap	3	0	0	3
01/14/20	?	Cedar/Pebble Brook	0			

LAKEVIEW POLICE DEPARTMENT - ORDINANCE ENFORCEMENT REPORT

February-2020 East District

DATE	ADDRESS	VIOLATION	OFFICER ACTIVITY	COMMENTS	DATE ABATED
9/17/2019	306 Cedar	Building / Structure Violation	No Contact	Anomyous Complaint about structure being built in back yard and not permit obtained to build it. No Contact made this date. **11/6/2019 - R/T issued this date for no history of permit being issued for structure built in back of property.**	
10/1/2019	434 Terrace	Fence Violation	RT	Fence past Setback line. Provided a copy of the Zoning Ordinance pertaining to the violation. **10/30/2019** - Still no action taken on this violation	
11/20/2019	319 Tallowood	House Maintenance / Repair violations	RT	Blue Tarp has been wrapped around the Chimney "since Hurricane Harvey" (according to Leigh Ann Welch). I told her that over 2 years has been more than enough time to make repairs. I would give her 2-3 months to make repairs.	
1/10/2020	1607 Lake Arbor	No Permit	Job Shut Down	Construction company installing new roof with no Permit being pulled. **2/28/2020 - Roof still not complete. No permit was ever obtained.**	
1/21/2020	1024 Nasa Pkwy	Grass Violation	RT	Grass greater than 6" long. Talked to Masani, Nasiruddin Mehendi DOB - 03/19/1953, He stated that he was going to take care of the grass. He needed to find someone to do it.	2/3/2020

1/24/2020	106 Lakeshore	No Permit on File	RT	Chief RT'd residence for construction of new Driveway without a permit being pulled. Form boards going up. **2/28/2020 - city advised that the permit was going to be declined. Addition not in compliance with City Ordinance. Now, waiting for hole to be filled in.**	
1/27/2020	423 Whitecap	Grass Violation / Junk Vehicle	RT	Grass Runners touching street / Junk Vehicle in Driveway. TX LP #BKD2703, 2006 Mazda3 4Dr (Expired 12/17)	2/28/2020
2/3/2020	322 Willow Vista	No Permit on File / Not Registered with City	Job Shut Down	Company doing piers / foundation work. Company not registered with City.	2/10/2020
2/4/2020	603 Whitecap	No Permit on File / Not Registered with City	Job Shut Down	New Roof going up. Company sent to get permit with city	2/4/2020
2/4/2020	1119 Woodland Dr	Grass Violation	RT	Grass runners running over curb into street.	2/10/2020
2/6/2020	327 Whitecap	Beehive in Tree	Letter from City	City sent letter to resident requiring the removal of the beehive from the tree. City gave 30 day to comply.	
2/13/2020	1711 Fair Oaks	No Permit on File / Not Registered with City	Job Shut Down	New Roof being installed with no permit on file. Job Shut down until permit obtained.	2/13/2020
2/18/2020	116 Cedar Ln	Junk Vehicle / Other	RT	Junk vehicle in DW (98 JEEP - TX LP #CKL0850) Vehicle is under blue tarp. Exp Oct. 2016. Numerous misc items stored in driveway in front of Junk vehicle. **2/27/2020 - talked with homeowner. They were given until 3/18/2020 to remove vehicle.**	
2/18/2020	402 Pebblebrook	Junk Vehicle	RT	Junk vehicle in DW (85 Mercedes - TX LP #CDN7424). Exp Aug. 2019.	
2/26/2020	1502 Mirror Lake	Grass Violation	RT	Grass needing to be mowed / edged	

2/26/2020	201 Bayou View	Grass / Debris	Phone Call / RT	Talked to owner via phone, he advaised that he would take care of the property	
2/26/2020	718 Hunter Crest	Grass / Debris		Looking for owner of property. Location found possibly in Dickinson. **(I am currently working on this issue)**	
2/26/2020	803 Whitecap	Debris on Property	Garbage at curb in disarray	Moving from property. A lot of property moved from the house put out at the curb for the garbage.	
2/26/2020	3902 Nasa Pkwy	Property in Disarray		**(I am currently working on this issue)**	
2/26/2020	1607 Lake Arbor	Blackwater in pool	Called Construction Contractor	I asked Ida if they were responsible for the Pool. They said no. I advised that the pool needing to be cleaned. They advised that they would get with the property owner.	

City of El Lago
Check Detail
February 19 through March 4, 2020

Type	Num	Date	Name	Memo	Account	Paid Amount
Paych...	**ACH...**	**02/20/2020**	**Brummerh...**		**10102 · General...**	
					70100 · Administ...	(1,186.58)
					70100 · Administ...	(131.84)
					25400 · Pension ...	100.00
					25200 · FWT pa...	121.00
					70220 · Social S...	(81.74)
					25300 · FICA Pa...	81.74
					25300 · FICA Pa...	81.74
					70220 · Social S...	(19.12)
					25300 · FICA Pa...	19.12
					25300 · FICA Pa...	19.12
TOTAL						(996.56)
Paych...	**ACH...**	**02/20/2020**	**De Leon, A...**		**10102 · General...**	
					70120 · Mainten...	(1,524.42)
					25500 · Med. & ...	17.31
					25200 · FWT pa...	138.00
					70220 · Social S...	(94.52)
					25300 · FICA Pa...	94.52
					25300 · FICA Pa...	94.52
					70220 · Social S...	(22.11)
					25300 · FICA Pa...	22.11
					25300 · FICA Pa...	22.11
TOTAL						(1,252.48)
Paych...	**ACH...**	**02/20/2020**	**Klingle, Br...**		**10102 · General...**	
					74010 · Court Cl...	(1,876.96)
					25400 · Pension ...	112.62
					70210 · Pension	(112.62)
					25400 · Pension ...	112.62
					25200 · FWT pa...	167.00
					70220 · Social S...	(116.38)
					25300 · FICA Pa...	116.38
					25300 · FICA Pa...	116.38
					70220 · Social S...	(27.21)
					25300 · FICA Pa...	27.21
					25300 · FICA Pa...	27.21
TOTAL						(1,453.75)

City of El Lago
Check Detail
February 19 through March 4, 2020

Type	Num	Date	Name	Memo	Account	Paid Amount
Paych...	**ACH...**	**02/20/2020**	**Lewis, Rac...**		**10102 · General...**	
					70100 · Administ...	(1,807.69)
					25400 · Pension ...	126.54
					25200 · FWT pa...	202.00
					70220 · Social S...	(112.08)
					25300 · FICA Pa...	112.08
					25300 · FICA Pa...	112.08
					70220 · Social S...	(26.22)
					25300 · FICA Pa...	26.22
					25300 · FICA Pa...	26.22
TOTAL						(1,340.85)
Paych...	**ACH...**	**02/20/2020**	**Means, Der...**		**10102 · General...**	
					70120 · Mainten...	(340.69)
					70120 · Mainten...	(1,277.60)
					70120 · Mainten...	(85.17)
					25200 · FWT pa...	159.00
					70220 · Social S...	(105.62)
					25300 · FICA Pa...	105.62
					25300 · FICA Pa...	105.62
					70220 · Social S...	(24.70)
					25300 · FICA Pa...	24.70
					25300 · FICA Pa...	24.70
TOTAL						(1,414.14)
Paych...	**ACH...**	**02/20/2020**	**Vernon, Ma...**		**10102 · General...**	
					70100 · Administ...	(140.53)
					70220 · Social S...	(8.72)
					25300 · FICA Pa...	8.72
					25300 · FICA Pa...	8.72
					70220 · Social S...	(2.04)
					25300 · FICA Pa...	2.04
					25300 · FICA Pa...	2.04
TOTAL						(129.77)

City of El Lago
Check Detail
February 19 through March 4, 2020

Type	Num	Date	Name	Memo	Account	Paid Amount
Liabilit...	**ACH...**	**02/20/2020**	**ICMA Retir...**	**2020-02-20 Payroll**	**10102 · General...**	
				2020-02-20 Payroll	25400 · Pension ...	(112.62)
				L. Brummerhop	25400 · Pension ...	(100.00)
				B Klingle	25400 · Pension ...	(112.62)
				R. Lewis	25400 · Pension ...	(126.54)
TOTAL						(451.78)
Liabilit...	**ACH...**	**02/20/2020**	**EFTPS**	**74-1612666 Payroll 202...**	**10102 · General...**	
				Payroll 2020-02-20	25200 · FWT pa...	(787.00)
				Payroll 2020-02-20	25300 · FICA Pa...	(121.40)
				Payroll 2020-02-20	25300 · FICA Pa...	(121.40)
				Payroll 2020-02-20	25300 · FICA Pa...	(519.06)
				Payroll 2020-02-20	25300 · FICA Pa...	(519.06)
TOTAL						(2,067.92)
Bill P...	**ACH...**	**02/20/2020**	**Comcast**	**8777 70 112 0111874 fo...**	**10102 · General...**	
Bill	2020...	02/20/2020		11 fitness TV, 1 in event ...	71903 · Comput...	(174.50)
				Internet 50down/10up Cit...	71903 · Comput...	(174.51)
TOTAL						(349.01)
Bill P...	**ACH...**	**02/20/2020**	**Comcast**	**8777-70-112-0104051-9...**	**10102 · General...**	
Bill	2020...	02/20/2020		computer @ 98 Lakeshore	71903 · Comput...	(79.90)
				Telephone @ 98 Lakesh...	71300 · Telephone	(96.71)
TOTAL						(176.61)
Bill P...	**ACH...**	**02/20/2020**	**Frontier Co...**	**Fire & fax line**	**10102 · General...**	
Bill	2020...	02/18/2020		Fire line	70360 · Fire Prot...	(86.88)
				Fax line	71300 · Telephone	(86.89)
TOTAL						(173.77)

City of El Lago
Check Detail
February 19 through March 4, 2020

Type	Num	Date	Name	Memo	Account	Paid Amount
Bill P...	**ACH...**	**03/02/2020**	**Lakeview P...**	**FY2020 LPD Budget Pa...**	**10102 · General...**	
Bill	2020...	03/02/2020		FY2020 LPD Budget Pay...	75100 · Police D...	(71,145.81)
TOTAL						(71,145.81)
Bill P...	**ACH...**	**02/28/2020**	**Findley, Sh...**	**Council Position 1 Hon...**	**10102 · General...**	
Bill		02/28/2020		Council Position 1 Honor...	70600 · Honoraria	(50.00)
TOTAL						(50.00)
Bill P...	**ACH...**	**02/28/2020**	**O'Brien, Mi...**	**LPD Commissioners H...**	**10102 · General...**	
Bill		02/28/2020		LPD Commissioners Ho...	70600 · Honoraria	(25.00)
TOTAL						(25.00)
Bill P...	**ACH...**	**02/28/2020**	**O'Donel, R...**	**LPD Commissioners H...**	**10102 · General...**	
Bill		02/28/2020		LPD Commissioners Ho...	70600 · Honoraria	(25.00)
TOTAL						(25.00)
Bill P...	**ACH...**	**02/28/2020**	**Skelton, Jo...**	**Mayor Honoraria for 20...**	**10102 · General...**	
Bill		02/28/2020		Mayor Honoraria for 201...	70600 · Honoraria	(150.00)
TOTAL						(150.00)
Bill P...	**ACH...**	**02/28/2020**	**Vernon, Ann**	**Honoraria - Council Po...**	**10102 · General...**	
Bill		02/28/2020		Honoraria - Council Posit...	70600 · Honoraria	(50.00)
TOTAL						(50.00)
Bill P...	**ACH...**	**02/28/2020**	**Corbin, Jef...**	**LPD Commissioners H...**	**10102 · General...**	
Bill		02/28/2020		LPD Commissioners Ho...	70600 · Honoraria	(25.00)
TOTAL						(25.00)

City of El Lago
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February 19 through March 4, 2020

Type	Num	Date	Name	Memo	Account	Paid Amount
Bill P...	**11028**	**02/19/2020**	**Belt Harris ...**	**Balance due for FY201...**	**10102 · General...**	
Bill	2020...	01/31/2020		Balance due for FY2011...	70900 · Audit & ...	(11,714.00)
TOTAL						(11,714.00)
Bill P...	**11029**	**02/19/2020**	**Election Sy...**	**Annual firmware usage...**	**10102 · General...**	
Bill	1117...	02/07/2020		Annual firmware usage f...	71800 · Elections	(60.00)
TOTAL						(60.00)
Bill P...	**11030**	**02/19/2020**	**GreatAmeri...**	**Copy machine monthly ...**	**10102 · General...**	
Bill	2639...	01/30/2020		Copy machine monthly d...	71600 · Office S...	(150.39)
TOTAL						(150.39)
Bill P...	**11031**	**02/19/2020**	**Hendricks, ...**	**FEBRUARY 11th, 2020 ...**	**10102 · General...**	
Bill	2020...	02/11/2020		FEBRUARY 11th, 2020 ...	74410 · Bailiff S...	(75.00)
TOTAL						(75.00)
Bill P...	**11032**	**02/19/2020**	**Marathon F...**	**Quarterly Preventative ...**	**10102 · General...**	
Bill	IN00...	02/18/2020		Quarterly Preventative M...	77500 · Fitness ...	(250.00)
TOTAL						(250.00)
Bill P...	**11033**	**02/19/2020**	**Meloni, An...**	**2020 Volunteer Dinner ...**	**10102 · General...**	
Bill	1	02/18/2020		2020 Volunteer Dinner e...	71200 · Special ...	(500.00)
TOTAL						(500.00)
Bill P...	**11034**	**02/19/2020**	**Meloni, An...**		**10102 · General...**	
Bill	2020...	02/17/2020		Reimbursement for volun...	71200 · Special ...	(64.89)
Bill	2020...	02/17/2020		Reimbursement for Toys...	71200 · Special ...	(134.50)
TOTAL						(199.39)

City of El Lago
Check Detail
February 19 through March 4, 2020

Type	Num	Date	Name	Memo	Account	Paid Amount
Bill P...	**11035**	**02/19/2020**	**Poolsure**	**45 gallons pool acid**	**10102 · General...**	
Bill	1412...	02/04/2020		45 gallons pool acid	77201 · Pool Ch...	(157.50)
TOTAL						(157.50)
Bill P...	**11036**	**02/19/2020**	**Proclean**	**service call to inspect i...**	**10102 · General...**	
Bill	13698	01/20/2020		service call to inspect ice...	77400 · Event R...	(233.00)
TOTAL						(233.00)
Bill P...	**11037**	**02/19/2020**	**Valero Flee...**	**maintenance vehicle fuel**	**10102 · General...**	
Bill	2020...	02/06/2020		maintenance vehicle fuel	70311 · Fuel for ...	(180.32)
TOTAL						(180.32)
Bill P...	**11038**	**02/28/2020**	**Hampton, ...**	**Yoga Class Instruction ...**	**10102 · General...**	
Bill	2020...	02/28/2020		Yoga Class Instruction P...	77600 · Fitness ...	(240.00)
TOTAL						(240.00)
Bill P...	**11039**	**02/28/2020**	**Cooper, De...**	**Fitness Class Instructo...**	**10102 · General...**	
Bill	2020...	02/28/2020		Fitness Class Instructor ...	77600 · Fitness ...	(480.00)
TOTAL						(480.00)
Bill P...	**11040**	**03/01/2020**	**Nassau Ba...**	**2020-03**	**10102 · General...**	
Bill	2020...	03/01/2020		2020-03	73300 · Emerge...	(2,500.00)
TOTAL						(2,500.00)
Bill P...	**11041**	**03/01/2020**	**Seabrook ...**	**2020-03**	**10102 · General...**	
Bill	2020...	03/01/2020		2020-03	75300 · Fire Dep...	(13,052.07)
TOTAL						(13,052.07)

City of El Lago
Check Detail
February 19 through March 4, 2020

Type	Num	Date	Name	Memo	Account	Paid Amount
Bill P...	**11042**	**02/28/2020**	**J Fryday C...**	**Monthly building inpect...**	**10102 · General...**	
Bill	2020...	02/28/2020		Monthly building inpectio...	72000 · Building ...	(1,200.00)
TOTAL						(1,200.00)
Bill P...	**11043**	**02/19/2020**	**Foley & Lar...**	**January legal services/ ...**	**10102 · General...**	
Bill	4033...	02/19/2020		January legal services/ ...	71100 · Legal	(5,610.00)
TOTAL						(5,610.00)
Bill P...	**11044**	**02/19/2020**	**Hendricks, ...**	**Bailiff service on 2/18/2...**	**10102 · General...**	
Bill	2020...	02/18/2020		Bailiff service on 2/18/2020	74410 · Bailiff S...	(75.00)
TOTAL						(75.00)
Bill P...	**11045**	**02/19/2020**	**Moore IT S...**	**Reset Office Assist lapt...**	**10102 · General...**	
Bill	2376	02/19/2020		Reset Office Assist lapto...	71902 · Comput...	(187.50)
TOTAL						(187.50)
Bill P...	**11046**	**02/19/2020**	**TXU Energy**	**Electricity from 01/06/2...**	**10102 · General...**	
Bill	0540...	02/19/2020		ESI ID 10089010100065...	72100 · Utilities	(7.94)
				ESI ID 10089010767831...	72100 · Utilities	(634.38)
				ESI ID 10089010100065...	72100 · Utilities	(106.12)
				ESI ID 10089010100065...	72100 · Utilities	(2,033.11)
				ESI ID 10089010100065...	72100 · Utilities	(17.59)
				ESI ID 10089010100065...	72100 · Utilities	(36.26)
				ESI ID 10089010100350...	72100 · Utilities	(20.14)
				ESI ID 10089010249012...	72100 · Utilities	(6.10)
				ESI ID 10089010238105...	72100 · Utilities	(10.55)
				ESI ID 10089010238129...	72100 · Utilities	(6.31)
				ESI ID 10089010238046...	72100 · Utilities	(20.79)
				ESI ID 10089010238135...	72100 · Utilities	(12.01)
				ESI ID 10089010238017...	72100 · Utilities	(8.25)
				ESI ID 10089010076206...	72100 · Utilities	(309.02)
				ESI ID 10089010076206...	72100 · Utilities	(12.73)
				ESI ID 10089010119015...	72100 · Utilities	(24.57)
				ESI ID 10089010238048...	72100 · Utilities	(12.18)
				ESI ID 10089010076206...	72100 · Utilities	(6.16)

City of El Lago
Check Detail
February 19 through March 4, 2020

Type	Num	Date	Name	Memo	Account	Paid Amount
				ESI ID 10089010069005...	72100 · Utilities	(590.76)
				ESI ID 10089010229004...	77210 · Utilities-...	(251.67)
TOTAL						(4,126.64)
Liabilit...	**11047**	**03/01/2020**	**Texas Mun...**	**23401oz**	**10102 · General...**	
				L. Brummerhop	70200 · Employe...	(550.82)
				B. Klingle	70200 · Employe...	(550.82)
				D. Means	70200 · Employe...	(550.82)
				A. Deleon	70200 · Employe...	(108.38)
				Credit	70200 · Employe...	141.10
				23401oz	25500 · Med. & ...	(37.50)
TOTAL						(1,657.24)
Check	**11048**	**02/26/2020**	**Smith, Sus...**	**Refund of Security Dep...**	**10102 · General...**	
Credit ...	2020...	02/26/2020		Refund of security deposit	27000 · Security ...	(250.00)
TOTAL						(250.00)
Bill P...	**11049**	**03/04/2020**	**Accu-Tech ...**	**Monthly copy machine ...**	**10102 · General...**	
Bill	26450	02/21/2020		Monthly copy machine s...	71600 · Office S...	(50.00)
TOTAL						(50.00)
Bill P...	**11050**	**03/04/2020**	**AmeriWast...**	**School recycle container**	**10102 · General...**	
Bill	1410...	03/01/2020		School recycle container	73210 · Recycling	(105.88)
TOTAL						(105.88)
Bill P...	**11051**	**03/04/2020**	**Harris Cou...**	**2nd Quarter Property A...**	**10102 · General...**	
Bill	PSI2...	02/24/2020		2nd Quarter Property As...	70800 · Appraisal	(2,596.00)
TOTAL						(2,596.00)

City of El Lago
Check Detail
February 19 through March 4, 2020

Type	Num	Date	Name	Memo	Account	Paid Amount
Bill P...	**11052**	**03/04/2020**	**Hendricks, ...**	**Bailiff service on 2/25/2...**	**10102 · General...**	
Bill	2020...	02/25/2020		Bailiff service on 2/25/2020	74410 · Bailiff S...	(75.00)
TOTAL						(75.00)
Bill P...	**11053**	**03/04/2020**	**Lawns and...**	**Monthly Service**	**10102 · General...**	
Bill	30948	03/01/2020		Monthly Service - 11/1/2...	70350 · Grounds...	(2,625.00)
				402 Cedar x2	70350 · Grounds...	(60.00)
TOTAL						(2,685.00)
Bill P...	**11054**	**03/04/2020**	**Wells Farg...**	**January 22, 2020 State...**	**10102 · General...**	
Bill		02/26/2020		Charges for January 20 -...	24507 · Wells F...	(803.67)
TOTAL						(803.67)
Bill P...	**11055**	**03/04/2020**	**Leslie's Po...**		**10102 · General...**	
Bill	0043...	02/07/2020		Pen Air Relief PF, gasket...	77202 · Equipm...	(132.27)
Bill	0011...	02/10/2020		50# alkalinity up	77201 · Pool Ch...	(74.24)
Bill	0043...	02/17/2020		25# Fresh N Clear	77201 · Pool Ch...	(123.74)
TOTAL						(330.25)
Bill P...	**11056**	**03/04/2020**	**Petty Cash**	**Petty Cash Reimburse...**	**10102 · General...**	
Bill	2020...	03/04/2020		Table service for volunte...	71200 · Special ...	(32.67)
				Table service for volunte...	71200 · Special ...	(32.65)
				Table service for volunte...	71200 · Special ...	(32.65)
				Dollar Tree - decorations...	71200 · Special ...	(17.67)
				Nassau Bay USPS	71600 · Office S...	(13.62)
TOTAL						(129.26)

City of El Lago
Check Detail
February 19 through March 4, 2020

Type	Num	Date	Name	Memo	Account	Paid Amount
Bill P...	**11057**	**03/04/2020**	**Harris Cou...**	**Water/Serwer service**	**10102 · General...**	
Bill	2020...	03/20/2020		01-00012690-00-1 411 ...	72100 · Utilities	(115.68)
				01-00009940-00-7 Mc ...	72100 · Utilities	(10.15)
				01-00004110-00-7 443 ...	72100 · Utilities	(93.31)
				01-00004210-01-7 419 ...	77210 · Utilities-...	(35.28)
				01-00006031-00-5 732 ...	72100 · Utilities	(10.15)
				01-00007140-00-3 Bay...	72100 · Utilities	(10.15)
				01-00008910-00-9 98 L...	72100 · Utilities	(35.28)
				01-00007128-00-5 Bay...	72100 · Utilities	(10.15)
				1-00000021-00-8 Fireline	72100 · Utilities	(10.15)
TOTAL						(330.30)
Bill P...	**11058**	**03/04/2020**	**AmeriWast...**	**Solid Waste removal & ...**	**10102 · General...**	
Bill	1422...	02/29/2020		Residential Solid Waste	73200 · Solid W...	(13,148.76)
				Recycling	73210 · Recycling	(1,675.08)
				Commercial Containers	73200 · Solid W...	(818.50)
TOTAL						(15,642.34)
Bill P...	**11059**	**03/04/2020**	**Barfield, R...**	**Judge Apperances for ...**	**10102 · General...**	
Bill	2020...	02/18/2020		Judge Apperances for 02...	74200 · Municip...	(300.00)
TOTAL						(300.00)
Bill P...	**11060**	**03/04/2020**	**Clark, Diane**	**Judge Apperances for ...**	**10102 · General...**	
Bill	2020...	02/25/2020		Judge Apperances for 02...	74200 · Municip...	(150.00)
TOTAL						(150.00)
Bill P...	**11061**	**03/04/2020**	**Comcast**	**Webmaster FEB 2020 Bill**	**10102 · General...**	
Bill	2020...	03/04/2020		Webmaster FEB 2020 Bill	71903 · Comput...	(79.95)
TOTAL						(79.95)

City of El Lago
Check Detail
February 19 through March 4, 2020

Type	Num	Date	Name	Memo	Account	Paid Amount
Bill P...	**11062**	**03/04/2020**	**Texas Dep...**	**MOTOR VEHICLE INQU...**	**10102 · General...**	
Bill	2020...	03/04/2020		MOTOR VEHICLE INQ...	74500 · Court Mi...	(23.00)
TOTAL						(23.00)

CITY OF EL LAGO

MINUTES OF THE FEBRUARY 19, 2020
REGULAR CITY COUNCIL MEETING
411 TALLOWOOD DRIVE, EL LAGO,
TEXAS 77586

1. **Call to Order** Mayor Skelton called the meeting to order at 7:00 PM.
2. **Invocation and/or Pledge of Allegiance**
3. **Declaration of a Quorum**

   Present: Mayor John Skelton
   Councilperson Shawn Findley
   Mayor Pro Tem Ann Vernon
   Councilperson Darin Clark
   Councilperson Jeff Michalak

   Absent: Councilperson Kris Kuehnel

   Mayor Skelton stated that the deadline for applications for a place on the ballot for City Council positions has passed and all incumbents are unopposed so there will not be a general election held this year.
4. **Citizen Comments**

Jeff Tave of 302 Pine View Circle stated he was surprised to see Resolution 2020-03 on the agenda for this meeting making the City of El Lago a 2nd Amendment sanctuary city. There are two schools in the city and he does not understand the importance of this issue and does not understand how this could get on an agenda.

Randy Hyde of 511 Seaway stated he was concerned about Resolution 2020-03 as well. He said that federal law trumps city law so there is no point to this resolution. He also stated he does not understand how this resolution would make it on an agenda. Mayor Skelton said that when and Council member requests an item on an agenda then he honors those requests.

Coryell Crandell of 219 Bayou View Drive said she feels that the City Council does a good job. He expressed that he is concerned about Resolution 2020-03 and stated that the City has more important issues to focus on rather than a divisive issue such as this one.

Ken Paschall of 534 Whitecap stated that he agrees with he 2nd Amendment but it is disappointing and unnecessary to consider an issue like this, and this issue should be left to the state or federal level of government. He further stated that he believes this resolution is unconstitutional. He urged Council to reject this resolution and he would like to know which Councilperson proposed it.

Art Richard of 622 Bayview Drive said he has a niece who was evacuated from school due to gun violence and it still affects her today. He further stated it is important for children to be trained so that they know more about how to handle these situations if they arise.

Kathy Prepoli of 534 Whitecap questioned the reasoning for Resolution 2020-03 and also wanted to know who proposed it. She stated that she felt that traffic laws needed to be enforced and there are other issues in the City that the Council should devote time to.

Robert Gedies of 1314 Creek Hollow Drive asked how METRO funds are spent in El Lago. He stated he would also like to know about drainage and plans to combat flooding. Lastly he stated he was also not in favor of Resolution 2020-03 on the current agenda. Mayor Skelton informed him that METRO funds are spend on road improvements. Mayor Pro Tem Vernon explained that these funds are also used to for sidewalks and street signs.

August Oliver of 220 Bayou View Drive stated that he felt that Resolution 2020-03 was not a good look for the City of El Lago. He stated he is a fireman and there are security issues. He further stated that he would like to know about the possibility of having speed bumps placed in El Lago and was told before that it was a hindrance for emergency vehicles. He stated as a fireman he has never had a problem with speed bumps.

John Ennis of 1307 Woodland asked if there is a current threat to citizens' 2nd Amendment rights in El Lago and why Resolution 2020-03 was proposed. Mayor Skelton informed him that this item would be discussed later in the meeting.

5. City Official, Board, Commission, Committee, & City Service Report

5.1. Report on LPD activity in the City with Call For Service reports for January, 2020 and the Racial Profiling Report for 2019. – Chief Tom Savage went over the Call for Service Report. He explained that it is difficult to enforce speeding on BayouView due to a curve in the road and it is not a good place to monitor speeding. Councilperson Clark informed Chief Savage that there have been reports of theft of packages from the porches of some residents and he was told that a report was made to Lakeview Police but there was not a response. Chief Savage stated he would look into this. Chief Savage went over the Racial Profiling Report for 2019 and there were no complaints of racial profiling during the year.

5.2. Emergency Management report – Tom Merchant reported on activities and training opportunities for the Emergency Management Team. A written report is attached.

6. Consent Agenda

6.1. Check Detail for checks printed from February 6, 2020 through February 19, 2020.

6.2. Minutes from the Council Meeting of February 5, 2020.

Mayor Pro Tem Vernon made a motion to approve the consent agenda and there was a second from Councilperson Findley. The vote was unanimous to approve.

7. New Business

7.1. Consider/Approve General Order #500-10 of the Lakeview Police Department setting forth departmental policy and procedures regarding the process of serving warrants revised on January 13, 2020. Chief Savage explained that the Police Commission requested that the Lakeview Police Department define the service area and improve the paperwork associated with arrests. He stated that this General Order accomplishes both. A motion was made to approve by Mayor Pro Tem Vernon and a second was provided by Councilperson Clark. The vote was unanimous.

7.2. Consider/Approve the 1st quarter financial report for the City for FY2020 – Mayor Pro Tem Vernon reviewed the financial report and pointed out 23% of ad valorem has been collected and the overall income is 28.59%. Some of the expense items are at 100% due to the necessity of those expenses being due at the first of the fiscal year. Child Safety funds were utilized to pay for a street striping machine to repaint the crosswalks and parking lots. Tax fees are paid primarily at the first of the fiscal year so those appear to be high. Court incomes are at 25% but Court expenses are at 16%. The Lakeview Police expenses appear to be higher than the 25% because these are paid out at 11 monthly payments for the year rather than 12. Parks entrances are above 25% because sprinklers had to be repaired. Councilperson Michalak made a motion to approve the financial report and there was a second by Councilperson Findley. The vote was unanimous to approve.

7.3. Consider/Approve the Third Amended Congestion Mitigation Traffic Management Agreement between the Metropolitan Transit Authority of Harris County and the City of El Lago. Mayor Pro Tem Vernon stated that she is concerned the agreement goes to 2040 but the amount that the City will receive remains the same. She stated there are some areas that could be developed within the next few years in commercial zones which will bring in more sales taxes. She stated she would like to see this agreement limited to the year 2025. Mayor Pro Tem Vernon made a motion to postpone this agreement for revisions and Councilperson Michalak seconded. The vote was unanimous to postpone.

7.4. Consider/Approve Resolution 2020-02 adopting the schedule of fees for the review of applications and the granting of building permits. Mayor Skelton stated that Floodplain Administrator Bob Kosar recommended changes to the building permit fee schedule proposed. Councilperson Findley made a motion to approve and Councilperson Clark seconded. Mayor Pro Tem Ann Vernon made a motion to amend the original motion to include a $375 fee for swimming pool permits which covers up to 5 inspections and an additional inspections of $75 each thereafter, and that a fee of $150 be implemented for certificates of occupancy. Councilperson Findley provided a second. The vote was unanimous to approve. Mayor Pro Tem Vernon made a motion to include the recommended changes from the Floodplain Administrator and Councilperson Findley provided a second. The vote was unanimous.

Mayor Skelton called for a vote on the original motion and the vote was unanimous to approve the original motion. Mayor Skelton stated that this resolution and fee schedule will be posted for 14 days so the fee schedule will become in effect on March 3, 2020.

Mayor Skelton called a two minute recess at 8:15 PM.
Mayor Skelton moved the meeting back into session at 8:17 PM.

7.5. *Consider/Approve Resolution 2020-03 to declare the City of El Lago a Second Amendment Sanctuary City* Councilperson Clark thanked the citizens for attending. He stated that he had discussed the idea for this resolution with several citizens before proposing it and received only positive responses. He stated he did the research on it and the City didn't spend time doing any research. He clarified that this is not an ordinance or a law, it is a resolution to take a local stance on the issue and he feels that the citizens elect Councilpersons to take a stand on issues that are important. Councilperson Clark made a motion to postpone until the March 18, 2020 meeting and Councilperson Findley provided a second. The vote was three in favor to postpone including Councilpersons Clark, Findley and Michalak. Mayor Pro Tem Vernon was opposed. The item will be postponed until the Council meeting on March 18, 2020.

8. Adjourn into an Executive Session as allowed by Texas Local Government Code, *§551.074* to discuss Personnel Matters. Mayor Skelton adjourned into Executive Session at 8:26 PM.

9. Move meeting back into Regular Session – The Mayor moved the meeting back into regular session at 9:08 PM.

10. Future Agenda Items

Scheduled
Amend Personnel Manual
Masonry fence behind Loch Lake
2018 Audit Results

Councilperson Findley would like to add discussions about Hazardous Waste Recycle Day and speed bumps/humps to the list of unscheduled items at this time and the Mayor agreed. Mayor Skelton stated that the METRO agreement and Resolution 2020-03 be placed on the agenda as old business.

11. Adjournment – There being no further business the Mayor adjourned the meeting at 9:12 P.M.

_____
John Skelton
Mayor

ATTEST:

_____
Rachel Lewis
City Secreatary

DRAFT

ANNUAL FINANCIAL REPORT

of the

CITY OF EL LAGO, TEXAS

For the Year Ended
September 30, 2018

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CITY OF EL LAGO, TEXAS

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September 30, 2018

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
City Council Members of the
City of El Lago, Texas:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the City of El Lago, Texas (the "City") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the City as of September 30, 2018, 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.

Other Matters

Required Supplementary Information

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

DRAFT

Belt Harris Pechacek LLP
Certified Public Accountants
Houston, Texas
January 31, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

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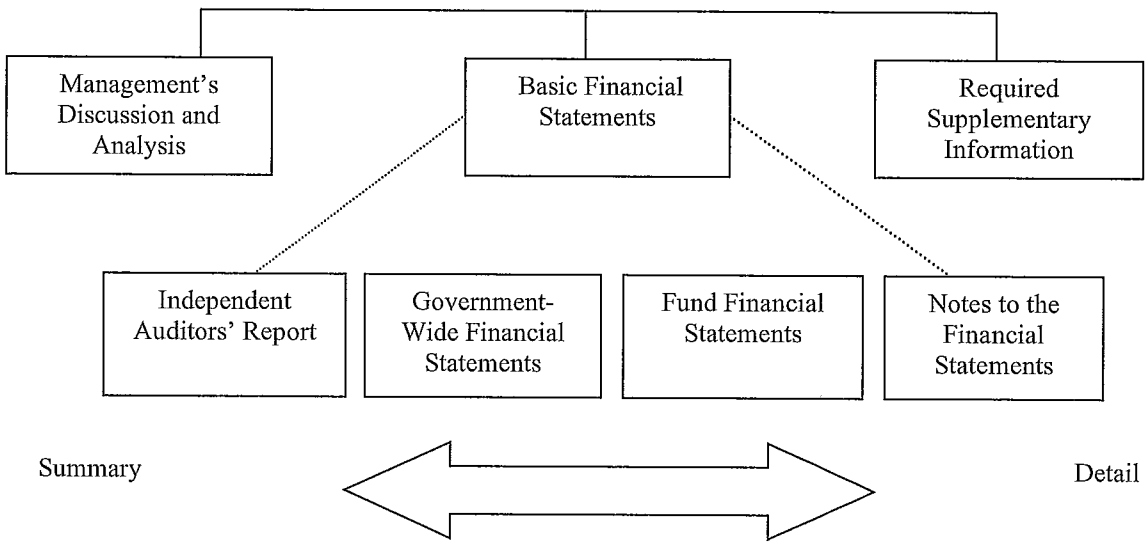
The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of El Lago (the "City") for the year ending September 30, 2018. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the City's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT

Components of the Financial Section



The City's basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

The government-wide statements report information for the City as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the City as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the City's financial statements, report information on the City's activities that enable the reader to understand the financial condition of the City. These statements are prepared using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred outflows/inflows of resources, 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 is improving or deteriorating. Other nonfinancial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

The Statement of Activities presents information showing how the City's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change

occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities present one class of activity for the City's financials:

1. *Governmental Activities* – The City's basic services are reported here including public safety (police, fire), public health (mosquito control, solid waste disposal, EMS), public works (streets and maintenance), parks and maintenance, municipal court, and general government. Sales tax, property tax, franchise fees, municipal court fines, and permit fees finance most of these activities.

The government-wide financial statements can be found after the MD&A.

FUND FINANCIAL STATEMENTS

Funds may be considered as operating companies of the parent corporation which is the City. They are usually segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal reporting requirements. The City uses only one category of funds, which is governmental.

Governmental Funds

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

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

The City maintains one individual governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, which is always considered to be a major fund for reporting purposes.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

Notes to Financial Statements

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

Other Information

In addition to basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes a budgetary comparison schedule for the general fund. RSI can be found after the notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. For the fiscal year ended September 30, 2018, the City's assets exceed liabilities by $4,823,703.

The largest portion of the City's net position, 80%, reflects its investments in capital assets (e.g., land, City Hall, streets, and equipment). 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 assets themselves cannot be used to liquidate these liabilities.

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	Governmental Activities	
	2018	**2017**
Current and other assets	$ 1,003,505	$ 998,470
Capital assets, net	4,978,918	5,146,235
Total Assets	5,982,423	6,144,705
Long-term liabilities	1,107,953	1,225,834
Other liabilities	50,767	58,035
Total Liabilities	1,158,720	1,283,869
Net Position:		
Net investment in capital assets	3,873,918	3,931,235
Restricted	56,296	46,721
Unrestricted	893,489	882,880
Total Net Position	$ 4,823,703	$ 4,860,836

A portion of the primary government's net position, $56,296, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, $893,489, may be used to meet the City's ongoing obligation to citizens and creditors.

Statement of Activities

The following table provides a summary of the City's changes in net position:

	Governmental Activities	
	2018	**2017**
Revenues		
Program revenues:		
Charges for services	$ 313,527	$ 339,662
Operating grants and contributions	150,608	132,000
General revenues:		
Property taxes	1,273,518	1,294,349
Franchise fees and local taxes	161,166	184,853
Sales taxes	181,014	163,083
Other taxes	21,801	23,302
Other revenue	13,036	37,971
Investment income	732	1,011
Total Revenues	2,115,402	2,176,231
Expenses		
General government	627,678	587,816
Public health	243,214	222,626
Municipal court	105,737	114,507
Public safety	920,312	876,007
Public works	113,653	86,273
Parks and maintenance	112,972	73,003
Interest on long-term debt	28,969	31,631
Total Expenses	2,152,535	1,991,863
Change in Net Position	(37,133)	184,368
Beginning net position	4,860,836	4,676,468
Ending Net Position	$ 4,823,703	$ 4,860,836

The City's net position decreased by $37,133. Total revenues decreased by $60,829, or 3 percent, primarily due to a decrease in property taxes, franchise fees, other taxes, and other revenue. Total expenses increased in the current year by $160,672. This increase in expenses is mainly due to increases in general government, parks and maintenance, public safety, public works, and public health.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds – The focus of the City's governmental fund 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, the unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

The City's general fund reflects a fund balance of $906,245. Total fund balance includes various restrictions and assignments including, $21,395 restricted for child safety, $9,919 restricted for building security expenditures,

$24,982 restricted for governmental programming, and $137,000 is assigned for future capital projects. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 34 percent of total general fund expenditures, while total fund balance represents 43 percent of the same amount.

The City's fund balance in the general fund increased by $4,475 during the current fiscal year as revenues and expenditures were closely aligned.

GENERAL FUND BUDGETARY HIGHLIGHTS

For the year, the general fund had total revenues of $2,108,008, which resulted in a negative variance of $12,089 from the final budget. This net negative variance is mainly due to charges for services and property tax revenue being less than anticipated. Total expenditures for the general fund were under the final budget by $51,908, contributing to the overall positive budget variance of $39,819 as of September 30, 2018.

CAPITAL ASSETS

At the end of the year, the City's governmental activities had invested $7,652,974 in a variety of capital assets and infrastructure.

More detailed information about the City's capital assets is presented in note III.B. to the financial statements.

LONG-TERM DEBT

At year end, the City had $1,105,000 in certificates of obligation outstanding versus $1,215,000 last year. The City paid $110,000 in principal payments during the year.

More detailed information about the City's long-term liabilities is presented in note III.C. to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The goal to maintain an unassigned fund balance in the general fund of 25 percent of annual expenditures, as adopted by City Council in Resolution 2013-02 *City of El Lago Fund Balance Policy,* was achieved in the 2018 fiscal year. The City has budgeted for a decrease of property tax revenue in the 2019 fiscal year with an approved tax rate of $0.51703 per $100 of assessed valuation.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances. Questions concerning this report or requests for additional financial information should be directed to Rachel Lewis, City Secretary, City Hall, 411 Tallowood Drive, El Lago, Texas, 77586; telephone (281) 326-1951.

BASIC FINANCIAL STATEMENTS

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CITY OF EL LAGO, TEXAS

STATEMENT OF NET POSITION

September 30, 2018

		Primary Government Governmental Activities
Assets		
Cash and cash equivalents		
Unrestricted		$ 797,593
Restricted		55,227
Receivables, net		150,685
		1,003,505
Capital assets:		
Nondepreciable capital assets		462,078
Net depreciable capital assets		4,516,840
		4,978,918
	Total Assets	5,982,423
Liabilities		
Current liabilities:		
Accounts payable		34,168
Accrued interest		4,360
Unearned revenue		12,239
	Total Current Liabilities	50,767
Noncurrent liabilities:		
Due within one year		117,658
Due in more than one year		990,295
	Total Noncurrent Liabilities	1,107,953
	Total Liabilities	1,158,720
Net Position		
Net investment in capital assets		3,873,918
Restricted for:		
Child safety		21,395
Building security		9,919
Governmental programming		24,982
Unrestricted		893,489
	Total Net Position	$ 4,823,703

See Notes to Financial Statements.

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CITY OF EL LAGO, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Primary Government Governmental Activities
Primary Government				
Governmental Activities				
General government	$ 627,678	$ -	$ 150,608	$ (477,070)
Public health	243,214	34,150	-	(209,064)
Municipal court	105,737	142,676	-	36,939
Public safety	920,312	-		(920,312)
Public works	113,653	-	-	(113,653)
Parks and maintenance	112,972	136,701	-	23,729
Interest on long-term debt	28,969	-	-	(28,969)
Total Governmental Activities	$ 2,152,535	$ 313,527	$ 150,608	(1,688,400)
	General Revenues:			
	Taxes and fees			
	Property			1,273,518
	Franchise			161,166
	Sales			181,014
	Investment income			732
	Other revenues			13,036
			Total General Revenues	1,651,267
			Change in Net Position	(37,133)
	Beginning net position			4,860,836
			Ending Net Position	$ 4,823,703

See Notes to Financial Statements.

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CITY OF EL LAGO, TEXAS

BALANCE SHEET

GOVERNMENTAL FUND

September 30, 2018

		General
Assets		
Cash and cash equivalents:		
Unrestricted	$	797,593
Restricted		55,227
Receivables		
Property taxes, net		50,853
Other taxes		99,832
Total Assets	$	1,003,505
Liabilities		
Accounts payable and accrued liabilities	$	34,168
Unearned revenue		12,239
Total Liabilities		46,407
Deferred Inflows of Resources		
Unavailable revenue - property taxes		50,853
Total Deferred Inflows of Resources		50,853
Fund Balances		
Restricted for:		
Child safety		21,395
Building security		9,919
Governmental programming		24,982
Assigned		137,000
Unassigned		712,949
Total Fund Balance		906,245
Adjustments for the Statement of Net Position:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund.		
Nondepreciable capital assets		462,078
Net depreciable capital assets		4,516,840
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental fund.		50,853
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the governmental fund.		
Accrued interest payable		(4,360)
Noncurrent liabilities due in one year		(117,658)
Noncurrent liabilities due in more than one year		(990,295)
Net Position of Governmental Activities	$	4,823,703

See Notes to Financial Statements.

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CITY OF EL LAGO, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND

For the Year Ended September 30, 2018

		General
Revenues		
Taxes and fees:		
Property	$	1,266,124
Franchise		161,166
Sales		181,014
Other		21,801
Licenses and permits		34,150
Fines and forfeitures		142,676
Charges for services		136,701
Intergovernmental		150,608
Other		13,036
Total Revenues		2,108,008
Expenditures		
Current:		
General government		534,864
Public health		243,214
Municipal court		107,471
Public safety		920,312
Public works		45,138
Parks and maintenance		113,131
Debt service:		
Principal		110,000
Interest		29,403
Total Expenditures		2,103,533
Net Change in Fund Balance		4,475
Beginning fund balance		901,770
Ending Fund Balance	$	906,245

See Notes to Financial Statements.

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CITY OF EL LAGO, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2018

Net change in fund balance - governmental fund	$	4,475
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Depreciation expense		(167,317)
Revenues in the Statement of Activities that do not provide current financial resources are are not reported as revenues in the funds.		7,394
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Principal payment		110,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund.		
Compensated absences		7,881
Accrued interest		434
Change in Net Position of Governmental Activities	$	(37,133)

See Notes to Financial Statements.

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of El Lago, Texas (the "City") was organized as the Village of El Lago and incorporated in 1961 as a General Law Village, under Chapter 11, Title 28, Acts of the Texas Legislature, 1925 as amended. The incorporation papers were subsequently amended to permit operation as a Type A General Law City under the authority of Chapters 1 through 10 of the above act, and the name changed to its present name.

The City provides the following services: public safety to include police, fire, and emergency medical services (through financial support to other entities); parks; recreation; public improvements; public health; and general administration.

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with the prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which relay to a significant extent on fees and charges for support. The City does not report any business-type activities.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category, governmental, are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The City reports the following governmental fund:

The *general fund* is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales taxes and franchise fees, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, public health, parks and maintenance, municipal court, and debt service. The general fund is always considered a major fund for reporting purposes.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources.* The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting.* 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.

The 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Investments

Investments, except for certain investment pools, commercial paper, money market funds, and investment contracts, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. Money market funds, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations and commercial paper that have a remaining maturity of one year or less upon acquisition, are reported at amortized cost. Investments in nonparticipating interest earning contracts, such as certificates of deposit, are reported at cost.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. In summary, the City is authorized to invest in the following:

Direct obligations of the U.S. Government and State of Texas or their agencies or instrumentalities
Fully collateralized certificates of deposit
Mutual funds of specific type
Investment pools

3. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred (i.e., the purchase method). Certain payments to vendors reflect costs applicable to the future accounting period (prepaid expenditures) and are recognized as expenditures when utilized.

4. Restricted Assets

Certain proceeds received from municipal court fines and forfeitures and funds to support public, educational, and governmental (PEG) programming are restricted in how they may be spent, and are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and/or their use is limited by applicable debt covenants or state or federal statute.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activity column in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of four years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful years:

Asset Description	Estimated Useful Life
Furniture and equipment	5 to 10 years
Infrastructure	50 years
Buildings and improvements	5 to 50 years

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue,* is reported only in the governmental fund balance sheet. The governmental fund reports unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

7. Compensated Employee Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and personal time. Amounts of vacation time accumulated may be paid to employees upon termination of employment. The estimated amount of compensation for services provided that is expected to be liquidated with expendable, available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it when it matures or becomes due. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable, available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities on the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the debt using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources and payments of principal and interest are reported as expenditures. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

9. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

10. Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

11. Fund Balance Policies

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments

generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

12. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes are levied by September 15 of each year. Taxes become due on October 1 and become delinquent on February 1 of the following year. The City's tax lien exists from January 1 (the assessment date) each year until the taxes are paid.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

An annual budget is adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general fund. The original budget is adopted by the City Council prior to the beginning of the year. City Council may amend the budget throughout the year. Appropriations lapse at the end of the year.

B. Expenditures in Excess of Appropriations

Expenditures exceeded appropriations at the legal level of control in the general fund for public safety in the amount of $10,962.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2018, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
TexPool	$ 5,130	0.00
Total Fair Value	$ 5,130	
Portfolio weighted average maturity		0.00

Credit risk. State law and the City's investment policy limits investments to obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent. Further, commercial paper must be rated not less than "A-1" or "P-1" or an equivalent rating by at least two nationally recognized credit rating agencies. As of September 30, 2018, the City's investment in TexPool was rated "AAAm" by Standard & Poor's.

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. The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of September 30, 2018, market values of pledged securities and FDIC insurance combined exceeded bank balances.

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. All trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rates TexPool 'AAAm'. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

TexPool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, TexPool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity, and diversification requirements within TexPool. TexPool transacts at a net asset value of $1.00 per share, has weighted average maturities of 60 days or less, and weighted average lives of 120 days or less. Investments held are highly rated by nationally recognized statistical rating organizations, have no more than five percent of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions.

Texpool has a redemption notice period of one day and may redeem daily. TexPool may only impose restrictions on redemptions in the event of general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the TexPool's liquidity.

B. Capital Assets

A summary of changes in capital assets at year end is as follows:

	Primary Government			
	Beginning Balance	Increases	(Decreases)	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 462,078	$ -	$ -	$ 462,078
Total Capital Assets Not Being Depreciated	462,078	-	-	462,078
Other capital assets:				
Infrastructure	3,940,324	-	-	3,940,324
Buildings and improvements	3,020,399	-	-	3,020,399
Furniture and equipment	230,173	-	-	230,173
Total Other Capital Assets	7,190,896	-	-	7,190,896
Less accumulated depreciation for:				
Infrastructure	(1,473,735)	(68,515)	-	(1,542,250)
Buildings and improvements	(841,532)	(88,131)	-	(929,663)
Furniture and equipment	(191,472)	(10,671)	-	(202,143)
Total Accumulated Depreciation	(2,506,739)	(167,317)	-	(2,674,056)
Other capital assets, net	4,684,157	(167,317)	-	4,516,840
Governmental Activities Capital Assets, Net	$ 5,146,235	$ (167,317)	$ -	4,978,918
			Less debt associated with capital assets	(1,105,000)
			Net Investment in Capital Assets	$ 3,873,918

Depreciation was charged to governmental functions as follows:

General government	$ 98,173
Public works	68,515
Parks and maintenance	629
Total Governmental Activities Depreciation Expense	$ 167,317

C. Long-Term Debt

The City issued certificates of obligation for the acquisition of assets and construction of major capital facilities. The certificates of obligation are further supported by specific annual tax levies that are legally restricted to servicing this debt issue. The collection and remittance of such levies is controlled and reported in the general fund, beginning in fiscal year 2012. The following is a summary of the changes in the City's long-term obligations for the year:

	Beginning Balance	Additions	(Reductions)	Ending Balance	Amounts Due Within One Year
Certificates:					
Certificates of obligation	$ 1,215,000	$ -	$ (110,000)	$ 1,105,000 *	$ 115,000
Other liabilities:					
Compensated absences	10,834	-	(7,881)	2,953	2,658
Total Governmental Activities	$ 1,225,834	$ -	$ (117,881)	$ 1,107,953	$ 117,658

Long-term debt due in more than one year	$ 990,295
***Debt associated with capital assets**	$ 1,105,000

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental fund. The governmental activities compensated absences are liquidated by the general fund. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

Long-term debt at year end was comprised of the following debt issues:

Description	Interest Rate	Balance
Certificates of Obligation		
Series 2010	2.420%	$ 1,105,000
Total Governmental Activities Long-Term Debt		$ 1,105,000

On April 8, 2015, the City passed a Resolution Modifying Ordinance Authorizing the Issuance of Certificates of Obligation (the "Resolution"). This Resolution reflects the agreement between the City and the holder of the certificates to lower the interest rate from 4.45% to 2.42%, effective December 1, 2015 and to extend the call date to December 2021.

The annual requirements to amortize debt issues outstanding at year end were as follows:

Year Ending Sept 30	Governmental Activities Certificates of Obligation Principal	Interest
2019	$ 115,000	$ 26,741
2020	125,000	23,958
2021	130,000	20,933
2022	135,000	17,787
2023	140,000	14,520
2024-2026	460,000	22,627
Total	$ 1,105,000	$ 126,566

D. Fund Balance

Assigned fund balance as of September 30, 2018 consisted of the following.

Assigned Fund Balance	
Pump House Rebuild	$ 20,000
Entrances	80,000
Tennis Court refurbishment	12,000
New roof at 98 Lakeshore Dr	25,000
	$ 137,000

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City participates along with 2,617 other entities in the Texas Municipal League's Intergovernmental Risk Pools (the "Pool"). The Pool purchases commercial insurance at a group rate for participants in the Pool. The City has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

C. Deferred Compensation Plan

The City offers its employees a deferred compensation plan (the "Plan") created in accordance with the Internal Revenue Code Section 457. The Plan, available to all permanent City employees, permits them to defer until future years up to 25 percent of annual gross earnings not to exceed

$13,000. The City matches employee contributions to the Plan up to six percent of these annual earnings. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. The City contributed $3,968 to the Plan during the fiscal year.

D. Related Organizations and Joint Ventures

Lakeview Police Department

The City entered into an interlocal cooperation agreement with the City of Taylor Lake Village to create the Lakeview Police Department (the "Department"). The City and the City of Taylor Lake Village each provide 50 percent of the support necessary to furnish all police services and law enforcement activities to the participants. Each City Council of the participating cities appoints two representatives and one alternate to the Department's Board of Commissioners (the "Board") biannually. The Department's Board controls the operations of the Department, which includes adopting operating and capital budgets.

On September 20, 2012, the City entered into a facilities agreement with the Department. The City agreed to lease approximately 1,255 square feet of the building located at 98 Lakeshore Drive, El Lago, Texas to the Department. The building is used by the Department for the conduct of its governmental operations, including the provision of law enforcement and police protection. The Department shall compensate the City for the space occupied in an amount equal to the building space occupied by the Department within the facility multiplied by a lease and utilities cost amount of $19.91 per square foot per year. The fees shall be prorated on a monthly basis and deducted from the City's monthly funding payment. For the year ended September 30, 2018, the City received the equivalent of $30,481 in rent income.

Consolidated financial information of the Department extracted from the audited financial statements for the year ended September 30, 2019, on which the Department's auditors expressed an unmodified opinion, is as follows:

		2019
Total assets		$ 151,989
Total liabilities		120,627
	Total Participants' Equity	$ 31,362
Total revenues		$ 1,566,570
Total expenses		1,595,691
	Revenues Over Expenses	(29,121)
Beginning participants' equity		65,977
Refund of prior year excess charges		(5,494)
	Ending Participants' Equity	$ 31,362

Seabrook Volunteer Fire Department

The City has entered into an interlocal agreement (the "Contract") with the Seabrook Volunteer Fire Department (the "Fire Department") for firefighting services that started October 13, 2013. The terms of the Contract state that after one year, if no new Contract replacing the current Contract is entered between the parties, then the parties agree that after September 30, 2014, the Contract shall continue on a month-to-month basis, unless terminated earlier. The City has agreed to pay the sum of $144,676 per year, payable in equal monthly installments of $12,056.33. For each annual payment thereafter, there will be an increase in the payment amount of one and one-half percent per year to compensate for inflation. For 2018, the City paid $154,310.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF EL LAGO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL GENERAL FUND

For the Year Ended September 30, 2018
With Comparative Totals for the Year Ended September 30, 2017

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Taxes and fees:				
Property	$ 1,278,340	$ 1,266,499	$ 1,266,124	$ (375)
Franchise	165,500	174,000	161,166	(12,834)
Sales	165,576	177,576	181,014	3,438
Other	28,000	23,000	21,801	(1,199)
Licenses and permits	29,100	32,320	34,150	1,830
Fines and forfeitures	171,125	143,125	142,676	(449)
Charges for services	134,987	153,087	136,701	(16,386)
Intergovernmental	132,000	132,000	150,608	18,608
Investment income	1,200	600	732	132
Other	11,350	17,890	13,036	(4,854)
Total Revenues	2,117,178	2,120,097	2,108,008	(12,089)
Expenditures				
Current:				
General government	549,307	553,537	534,864	18,673
Public health	230,700	245,700	243,214	2,486
Municipal court	127,849	112,149	107,471	4,678
Public safety	900,010	909,350	920,312	(10,962) *
Public works	121,500	45,500	45,138	362
Parks and maintenance	136,102	149,802	113,131	36,671
Debt service:				
Principal	110,000	110,000	110,000	-
Interest	29,403	29,403	29,403	-
Total Expenditures	2,204,871	2,155,441	2,103,533	51,908
Net Change in Fund Balance	$ (87,693)	$ (35,344)	4,475	$ 39,819
Beginning fund balance			901,770	
Ending Fund Balance			$ 906,245	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. *Expenditures exceed appropriations at the legal level of control.

	2017 Actual
$	1,283,353
	184,853
	163,083
	23,302
	33,431
	169,478
	136,753
	132,000
	1,011
	43,641
	2,170,905
	485,232
	222,626
	114,404
	876,007
	17,758
	72,327
	110,000
	32,065
	1,930,419
$	240,486

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Management Letter

January 31, 2020

To the Honorable Mayor and
City Council Members of the
City of El Lago, Texas:

The American Institute of Certified Public Accountants Statement on Auditing Standards No. 115, *Communicating Internal Control Related Matters Identified in an Audit* (SAS 115), provides guidance to auditors on communicating internal control matters to management and the governing body, board of directors, or equivalent body.

It is important to note when reviewing findings reported within this letter that classification of the findings is based on the definitions required by SAS 115 as further discussed below. Please note that these classifications are based on the potential impact to the financial statements, not necessarily the likelihood of actual loss to the City of El Lago, Texas (the "City"). Accordingly, the City's assessment of the "significance" or ranking of severity will likely be substantially different based on a number of factors including, but not limited to, its assessment of risk and the cost benefit of making the change.

Our report is as follows:

In planning and performing our audit of the financial statements of the governmental activities and the major fund of the City as of and for the year ended September 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other matters.

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 findings and additional comments are as follows:

CURRENT YEAR MATTERS

Material Weakness

2018.001 MUNICIPAL COURT

Finding

As a part of our reviews of internal control, we selected 25 random citations processed by the municipal court during fiscal year 2018. Of the 25 citations reviewed, we noted 11 where it would appear that a warrant should have been issued based on the defendant not appearing for their assigned court date or payment had not been made on a parking citation. Of the 11 citations, five were parking citations and the other six were related to driving offenses, such as failure to maintain financial responsibility (no insurance). As of the conclusion of our onsite work, the municipal court was approximately 16 months behind in processing warrants.

Recommendation

The City should take steps to ensure the processing of warrants by the municipal court is current. The processing of warrants serves as an important internal control over the receipt of fines and forfeitures generated by the issuance of citations.

Other Matter

2018.002 TIMELY DEPOSITS

Finding

We noted several bank deposits for monies processed by the municipal court that were outstanding more than a couple of days, one up to 27 days, indicating a lag between receipt of money and the deposit of those funds into the bank. Undeposited funds increase the risk of loss from fire, theft, or similar event.

Recommendation

Receipts should be deposited intact daily. This practice will firmly strengthen the City's internal control process over cash receipts and greatly lessen the likelihood of loss.

PRIOR YEAR MATTERS

Other Matter

2017.002 EXPENDITURES IN EXCESS OF APPROPRIATIONS

Background

Texas Local Government Code, Chapter 102, Municipal Budget, outlines the requirements regarding the adoption of an annual municipal budget, including its format, contents, filing, and compliance upon adoption.

Finding

As disclosed in the notes to the financial statements, expenditures exceeded appropriations at the legal level of control within the City's general fund in comparison to the adopted budget.

Recommendation

The City should ensure that expenditures do not exceed appropriations approved by City Council in accordance with the local government code. If the original authorization is insufficient, an amendment should be proposed to City Council in sufficient time so as not to impede the City's normal procurement process.

This communication is intended solely for the information and use of management, City Council, and others within the City, and is not intended to be, and should not be, used by anyone other than these specified parties.

We would like to thank City Council and the City's management for their cooperation during the course of our audit. Please feel free to contact us at your convenience to discuss this report or any other concerns that you may have.

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas

Required Auditor Disclosure Letter

January 31, 2020

To the Honorable Mayor and
City Council Members of the
City of El Lago, Texas:

We have audited the financial statements of the governmental activities and the major fund of the City of El Lago, Texas (the "City") as of and for the year ended September 30, 2018, and have issued our report thereon dated January 31, 2020. Professional standards require that we provide the City Council (the "governing body") with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit.

I. Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated October 1, 2018, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with the governing body's oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve the governing body or management of its responsibilities.

II. Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to the governing body in our engagement letter dated October 1, 2018.

III. Significant Audit Findings

1. Qualitative Aspects of Accounting Practices

A. Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

B. Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

> Management's estimate of the useful lives of capital assets is based on industry standards relating to capital assets. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.

C. The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

> The disclosure of long-term debt in the financial statements is significant to financial statement users because it discloses the City's long-term financial obligations.

2. Difficulties Encountered in Performing the Audit

The completion of the 2018 audit was delayed as a result of City staff turnover and the inability of City staff to complete year end closing procedures in a timely manner.

3. Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes both material and immaterial misstatements detected as a result of our audit procedures.

4. Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

5. Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 31, 2020.

6. Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

7. Other Audit Findings or Issues

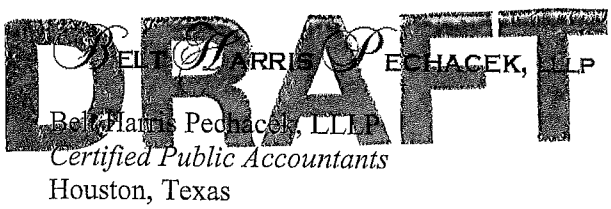
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

IV. Other Matters

We applied certain limited procedures to the Required Supplementary Information (RSI), as identified on the table of contents, which supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

V. Restrictions on Use

This information is intended solely for the use of the Mayor, City Council, and management and is not intended to be, and should not be, used by anyone other than these specified parties.



Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas

Client: *City of El Lago, Texas*
Engagement: *4.1 - El Lago 9/30/18*
Period Ending: *9/30/2018*
Trial Balance: *2.2.01 - TB*
Workpaper: *2.5.06 - Adjusting Journal Entries Report*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		**J.01**		
To adjust the fund balance to match PY				
30000	Fund Balance		621.00	
71600	Office Supplies			621.00
Total			**621.00**	**621.00**
Adjusting Journal Entries JE # 2		**J.02**		
To adjust restricted fund balance as of year end				
30000	Fund Balance		8,587.24	
30320	Fund Balance-Building Security		126.57	
30330	Fund Balance - Debt Service		988.53	
30310	Fund Balance-Child Safety Fund			3,621.34
30350	Fund Balance-PEG			6,081.00
Total			**9,702.34**	**9,702.34**
Adjusting Journal Entries JE # 3		**C.02**		
To adjust Sales Tax Receivable and Sales Tax for FY18				
12900	Sales Tax Receivable		28,429.56	
41220	Sales Taxes			28,429.56
Total			**28,429.56**	**28,429.56**
Adjusting Journal Entries JE # 4		**C.04**		
To adjust for Mixed Beverages Tax Accruals				
12850	Other Receivables		5,297.03	
41230	Mixed Drink Taxes			5,297.03
Total			**5,297.03**	**5,297.03**
Adjusting Journal Entries JE # 5		**C.03**		
To adjust for franchise fee accruals				
12850	Other Receivables		49,264.61	
41210	Franchise Taxes			46,906.64
41211	PEG Fees (1%)			2,357.97
Total			**49,264.61**	**49,264.61**
Adjusting Journal Entries JE # 6		**F.04**		
To accrue wages payable at year end				
70100	Administrative Salaries		2,961.57	
70120	Maintenance Salaries		3,623.08	
74010	Court Clerk Salary		1,822.28	
25100	Accrued Salaries Payable			8,406.93
Total			**8,406.93**	**8,406.93**
Adjusting Journal Entries JE # 7		**C.01**		
To adjust for property tax receivable & deferral				
12020	Taxes Receivable - Delinquent		7,393.37	
22300	Deferred Revenue - Taxes			7,393.37
Total			**7,393.37**	**7,393.37**

January 31, 2020

Belt Harris Pechacek, LLLP
3210 Bingle Road, Suite 300
Houston, TX 77055

This representation letter is provided in connection with your audit of the financial statements of the City of El Lago, Texas (the "City"), which comprise the respective financial position of the governmental activities and the major fund of the City as of September 30, 2018, and the respective changes in financial position for the period then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We understand that you prepared the trial balance for use during the audit and that your preparation of the trial balance was limited to formatting information into a working trial balance based on management's chart of accounts.

We understand that as part of your audit, you prepared the adjusting journal entries necessary to convert our cash basis records to the accrual basis of accounting and acknowledge that we have reviewed and approved those entries and accepted responsibility for them.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated October 1, 2018, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
3. We have participated in an exit conference conducted at the conclusion of the performance of the audit at either a designated meeting with management or at the presentation of the final audit report, whereby we have reviewed and approved all recommended audit adjustments by the auditor for the financial statements. Additionally, while at this exit conference, we have reviewed and approved the financial report as a whole.
4. We acknowledge our responsibility 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.

5. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
6. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
7. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
8. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the aforementioned financial statements.
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10. Guarantees, whether written or oral, under which the City is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

11. We have provided you with:
    a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
    b. Additional information that you have requested from us for the purpose of the audit.
    c. Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.
    d. Minutes of the meetings of City Council or summaries of actions of recent meetings for which minutes have not yet been prepared.
12. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
14. We have no knowledge of any fraud or suspected fraud that affects the City and involves:
    a. Management,
    b. Employees who have significant roles in internal control, or
    c. Others where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud or suspected fraud affecting the City's financial statements communicated by employees, former employees, regulators, or others.
16. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
17. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
18. We have disclosed to you the identity of the City's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

20. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
21. The City has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
22. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
23. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
24. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
25. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
26. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
27. As part of your audit, you assisted with preparation of the financial statements and related notes and attached journal entries. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and attached journal entries.
28. The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
29. The City has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
30. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
31. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34.
32. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
33. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
34. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
35. Provisions for uncollectible receivables have been properly identified and recorded.
36. Expenses have been appropriately classified in or allocated to functions and programs in the Statement of Activities, and allocations have been made on a reasonable basis.

37. Revenues are appropriately classified in the Statement of Activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

38. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

39. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

40. We have appropriately disclosed the City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position is properly recognized under the policy.

41. We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting.

42. We acknowledge our responsibility for the Required Supplementary Information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

43. With respect to federal award programs, we received and expended less than $750,000 in federal awards and, therefore, are not subject to provision of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

_____

Rachel Lewis, City Secretary

_____

John Skelton, Mayor

_____

Ann Vernon, Mayor Pro tem

Client: *City of El Lago, Texas*
Engagement: *4.1 - El Lago 9/30/18*
Period Ending: *9/30/2018*
Trial Balance: *2.2.01 - TB*
Workpaper: *2.5.06 - Adjusting Journal Entries Report*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		**J.01**		
To adjust the fund balance to match PY				
30000	Fund Balance		621.00	
71600	Office Supplies			621.00
Total			**621.00**	**621.00**
Adjusting Journal Entries JE # 2		**J.02**		
To adjust restricted fund balance as of year end				
30000	Fund Balance		8,587.24	
30320	Fund Balance-Building Security		126.57	
30330	Fund Balance - Debt Service		988.53	
30310	Fund Balance-Child Safety Fund			3,621.34
30350	Fund Balance-PEG			6,081.00
Total			**9,702.34**	**9,702.34**
Adjusting Journal Entries JE # 3		**C.02**		
To adjust Sales Tax Receivable and Sales Tax for FY18				
12900	Sales Tax Receivable		28,429.56	
41220	Sales Taxes			28,429.56
Total			**28,429.56**	**28,429.56**
Adjusting Journal Entries JE # 4		**C.04**		
To adjust for Mixed Beverages Tax Accruals				
12850	Other Receivables		5,297.03	
41230	Mixed Drink Taxes			5,297.03
Total			**5,297.03**	**5,297.03**
Adjusting Journal Entries JE # 5		**C.03**		
To adjust for franchise fee accruals				
12850	Other Receivables		49,264.61	
41210	Franchise Taxes			46,906.64
41211	PEG Fees (1%)			2,357.97
Total			**49,264.61**	**49,264.61**
Adjusting Journal Entries JE # 6		**F.04**		
To accrue wages payable at year end				
70100	Administrative Salaries		2,961.57	
70120	Maintenance Salaries		3,623.08	
74010	Court Clerk Salary		1,822.28	
25100	Accrued Salaries Payable			8,406.93
Total			**8,406.93**	**8,406.93**
Adjusting Journal Entries JE # 7		**C.01**		
To adjust for property tax receivable & deferral				
12020	Taxes Receivable - Delinquent		7,393.37	
22300	Deferred Revenue - Taxes			7,393.37
Total			**7,393.37**	**7,393.37**

CERTIFIED PUBLIC ACCOUNTANTS
BELT HARRIS PECHACEK
www.texasauditors.com

Received
FEB 06 2020
By: JMB

Engagement Letter

February 4, 2020

John Skelton, Mayor
City of El Lago
411 Tallowood
El Lago, Texas 77586

We are pleased to confirm our understanding of the services we are to provide for the City of El Lago, Texas (the "City") for the year ended September 30, 2019.

Audit Services

We will audit the financial statements of the governmental activities and the major fund, including the related notes to the financial statements, which collectively comprise the basic financial statements of the City as of and for the year ended September 30, 2019.

Limited Procedures

Accounting standards generally accepted in the United States of America provide for certain Required Supplementary Information (RSI), such as Management's Discussion and Analysis (MD&A), to supplement the City's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the City's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding 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 will 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. The following RSI is required by U.S. generally accepted accounting principles (GAAP) and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. Budgetary Comparison Schedule(s)

Nonaudit Services

In connection with the engagement, we will perform services unrelated to our attest function. The additional services we will provide include:

1. **Preparation of Documents**
   We will assist in preparing the financial statements and related notes of the City in conformity with GAAP based on information provided by the City.
2. **Advisory Services**
   We will provide routine advisory services through phone calls, conferences, or otherwise, in connection

with incidental matters arising during the year. We encourage open lines of communication throughout the year as part of our services.

3. **Correspondence**
   We will handle all normal correspondence from grantor, regulatory, or oversight agencies related to the audit.
4. **Professional Proofing**
   To ensure documents issued in connection with the audit engagement are professional in appearance, we will submit both client-prepared information, as well as documents created entirely by the auditor, to an independent professional proofreader for a cover-to-cover inspection. This review will include consistent formatting, grammar, logic, and any other items that may detract from the document. This process is over and above technical reviews performed.
5. **Printing and Binding**
   All final hard copy documents will be printed on a 1200 dpi or better resolution copier and bright white report paper. Reports will be bound with GBC-brand plastic combs with 30 mil oversized covers. We will manually inspect each page from one document and spot check remaining reports for printing errors. Our reports will be centered, properly aligned, and free of smudges and other detracting elements.
6. **Electronic Adobe Searchable PDF**
   In addition to providing hard copy documents, we will also provide all final documents in electronic image files in Adobe PDF format, suitable for posting in electronic agenda packages, posting on websites, or transmitting by email to regulatory agencies.
7. **Client Portal - Auditbox**
   We will provide the City access to our proprietary AuditBox online site to provide a central repository where both the City's personnel and audit team members can see documents being exchanged during the process to eliminate duplicate requests from audit team members. Both the City's documents, as well as final audit documents, will be hosted on the site providing an archive of information that new personnel may access in subsequent years, if information is needed regarding what was provided for a prior year audit or a copy of audit documents issued.

Other Services

We will also assist in preparing the financial statements of the City in conformity with GAAP based on information provided by you. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for designing, implementing, and maintaining effective internal controls, relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with GAAP.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees,

regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

You agree to assume all management responsibilities for financial statement preparation services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with GAAP and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the City's financial statements. Our report will be addressed to management and members of the governing body of the City. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or may withdraw from this engagement.

Audit Procedures-General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures-Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that

are required to be communicated under AICPA professional standards.

Audit Procedures-Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

Fees for our services are based on the actual time spent at our standard hourly rates, plus travel and other out-of-pocket costs such as report production, word processing, postage, etc. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Items that likely will increase the fee estimate include:

1. Assistance with addressing matters that were designated as management responsibility, which include closing schedules and closing entries.

2. Submission of audit data within 60 days of a client requested completion date or filing deadline, requiring overtime hours to meet the deadline.

3. Changes to accounting pronouncements, professional standards, laws, and regulations not known to us as of the date of this letter that have a significant impact on time requirements.

4. Changes in the operations and significant matters that materially change the audit scope such as evaluation of the impact of joint ventures, debt issuance/refunding/advance extinguishment, forbearance agreements, notice of material events, enforcement actions, required corrective actions, self-insurance, environmental liabilities, going concern, and/or other postemployment benefits.

5. Significant increases in State or Federal funding requiring State and/or Federal Single Audits and/or increases to the number of grants classified as major programs by the Office of Management and Budget (OMB) or state requirements.

6. Follow up on allegations or discovery of a) noncompliance with laws, regulations, and policies; b) fraud, waste, and abuse; c) significant deficiencies in internal control; d) nepotism; and e) related party transactions.

As customary in the industry, the price quoted is an estimate. In accordance with rules of the State Board of Public Accountancy, we cannot be bound to provide the audit for the amount estimated. However, in practice, we honor our fee quotes unless adverse conditions such as those described above are encountered.

Fee Estimates

	2019
Financial Statement Audit	$ 17,195

Non-Single Audit Engagement

A federal single audit is required by the OMB's Uniform Guidance when federal funds over $750,000 are expended. Federal single audit fees vary based on the number of major programs as defined by OMB. The additional technical verbiage that is necessary when a federal single audit is required is not included within this engagement letter, nor does the proposed engagement fee include additional fees related to a federal single audit.

A state single audit is required when grant funds that originated from the State of Texas (this does not include

federal monies passed through the State) over $750,000 are expended. State single audit fees vary based on the number of major programs as defined by the *State of Texas Single Audit Circular*. The additional technical verbiage that is necessary when a state single audit is required is not included within this engagement letter, nor does the proposed engagement fee include additional fees related to a state single audit.

Should you exceed the federal and/or state single audit thresholds, a new engagement letter will be required.

Billing Protocol

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. Generally, 40 percent will be billed and payable upon completion of interim audit procedures (normally one to four months before year end) and 60 percent after a draft of the financial statements is issued. Accordingly, the fee will be split 40/60 between budget years. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit.

Foreign Terrorists Organizations

Pursuant to Chapter 2252, Texas Government Code, we represent and certify that, at the time of execution of this letter, neither we nor any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of the same (i) engages in business with Iran, Sudan, or any foreign terrorist organization as described in Chapters 806 or 807 of the Texas Government Code or Subchapter F of Chapter 2252 of the Texas Government Code or (ii) is a company listed by the Texas Comptroller of Public Accounts under Sections 806.051, 807.051, or 2252.153 of the Texas Government Code. The term 'foreign terrorist organization' in this paragraph has the meaning assigned to such term in Section 2252.151 of the Texas Government Code.

Vendor Representation Regarding Israel

Pursuant to Chapter 2270, Texas Government Code, we represent that we do not boycott Israel and will not boycott Israel during the term of the contract. The term 'boycott Israel' shall have the meaning ascribed to this term in Section 808.001 of the Texas Government Code.

Required Non-Appropriation Clause

Notwithstanding anything contained in this engagement to the contrary, in the event no funds or insufficient funds are appropriated and budgeted or are otherwise unavailable in any fiscal period for fees due under this engagement agreement, the City will immediately notify us in writing of such occurrence and this agreement shall terminate on the last day of the fiscal period for which appropriations have been received or made.

Authorization of CPA's Disclosure

Any client certified public accountant involved with assisting us shall not be prohibited from disclosure of information required to be made available by the standards of the public accounting profession in reporting on the examination of financial statements. Management understands and provides permission to staff certificate or registration holders as required under the Rules of Professional Conduct, Texas Administrative Code, Title 22, Part 22, Chapter 501, Subchapter C, Section 501.75.

We appreciate the opportunity to be of service to the City and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,

Belt Harris Pechacek, LLLP
Certified Public Accountants

Authorized by:

Stephanie E. Harris

Stephanie E. Harris, CPA, CGMA
Partner

RESPONSE:

This letter correctly sets forth the understanding of City of El Lago.

_____
John Skelton, Mayor

_____
Date

BUMGARDNERMORRISON

CPAs • Tax • Audit & Accounting

Empowering Peace of Mind

Report on the Firm's System of Quality Control

To the Partners of Belt Harris Pechacek, LLLP
And the Peer Review Committee of the Texas Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Belt Harris Pechacek, LLLP (the firm) in effect for the year ended June 30, 2018. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act;

As part of our review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Belt Harris Pechacek, LLLP in effect for the year ended June 30, 2018, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass, pass with deficiency(ies) or fail.* Belt Harris Pechacek, LLLP has received a peer review rating of *pass*.

Bumgardner, Morrison + Company, LLP

BUMGARDNER, MORRISON & COMPANY, LLP
December 14, 2018

Bumgardner, Morrison & Company, LLP
Certified Public Accountants

Members: American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants
AICPA Private Companies Practice Section
AICPA Employee Benefit Plan Audit Quality Center
AICPA Government Audit Quality Center

1501 E Mockingbird Lane, Suite 300
PO Box 3750
Victoria, Texas 77903-3750
Phone: 361.575.0271
Fax: 361.578.0880
Website: BMCcpa.com

City of El Lago

411 Tallowood Dr.
El Lago, TX 77586
(281) 326-1951 (281) 326-2134 Fax

EVENT ROOM VARIANCE REQUEST FORM

To obtain a variance, applicant must submit a completed variance request to the City Secretary. The variance will be placed on a City Council Meeting Agenda for consideration. Resolution 2013-08, approved and passed by the El Lago City Council on June 19, 2013, allows for the following variance:

> Upon the request from a Local Civic Organization, the City Council by an affirmative vote of four (4) Council members may grant a variance to reduce or dismiss the fees associated with the Local Civic Organizations use. The City Council shall consider the costs in labor and wear and shall in no case allow the Local Civic Organizations to become a burden on the citizens of El Lago and shall set conditions and guidelines for the variance accordingly.

Date Needed: 3/10/2020 (Tuesday)

Description of Variance Requested: Lakeshore Condominium Homeowners Association has an annual Homeowners meeting to discuss financials, Property maintenance, Board member elections and have an open forum for owners to address the Board.

Reasons Why the Variance Should be Granted: Lakeshore Condos has used the event room for past 3 or 4 years. Lakeshore Condos is located in the City of El Lago. Lakeshore is a Homeowner Association and is on a budget and is not for Profit.

Local Civic Organization Name: Lakeshore Condominium Association

Contact Name: Shelly Jones

Address: 4001 Nasa Parkway c/o 2833 NASA Pkwy, Seabrook Tx 77586

Phone: 281-326-5544 Date of Request 2/14/2020

Request to use Event Room on: Tuesday 3-10-2020

Shelly Jones
Signature

This Box For Office Use Only

Date to be brought before Council: _____ Date of Final Council Action: _____

Council/Board Action Approved _____ **Permit Term** Beginning _____

Denied _____ Expiration _____

Special Conditions Required by Council _____

Deposit: $_____ Fee $_____ PER: ___Meeting ___Month ___Year

City of El Lago
Event Room Rental Agreement

Event Information

Event Contact Shelly Jones

Event Date: 3 / 10 / 2020

Max # of Event Attendees 30-40

Event Time 6:15 pm to 9:00 pm

RENTER INFORMATION

Renter Name Shelly Jones

El Lago Resident ☑ YES ☐ NO

Organization Name Lakeshore Condominium Assoc.

Address 4001 Nasa PKWY
El Lago TX 77586

Phone 281-326-5544

AGREEMENT

The representative, group, and its individuals agree to the following:

1. To save and hold harmless the City of El Lago from any and all claims for injuries and/or damages, personal or otherwise, that may arise out of the use of the property without regard to whether the injuries and/or damage, personal or otherwise is brought about or caused by negligence, whether on the part of the representative, its group or its individuals, the City of El Lago, or all three.
2. Property of the City of El Lago will not be removed from the premises.
3. The representative, group or its individuals will be responsible for and agree to pay for damages done, exclusive of ordinary wear and tear.
4. All parties agree to abide by and have received a copy of the El Lago Event Room rules.

FEES

	NON REFUNDABLE Facility Fee	Resident	Resident Deposit	Non-resident	Non-Resident Deposit
Hourly Rate (W/O Kitchen)	$50	$10/hr	$250	N/A	N/A
All Day Rate (W/O Kitchen)	$50	$50	$500	$600	$500
All Day Rate (W/ Kitchen)	$100	$100	$500	$750	$500

*****REQUIRED: PLEASE DRAW ROOM CONFIGURATION ON BACK OF FORM & INCLUDE ANY NEEDS*****

Shelly Jones
Signature of renter or authorized representative

2-14-2020
Date

Shelly Jones, Property Mgmt
Printed or typed name

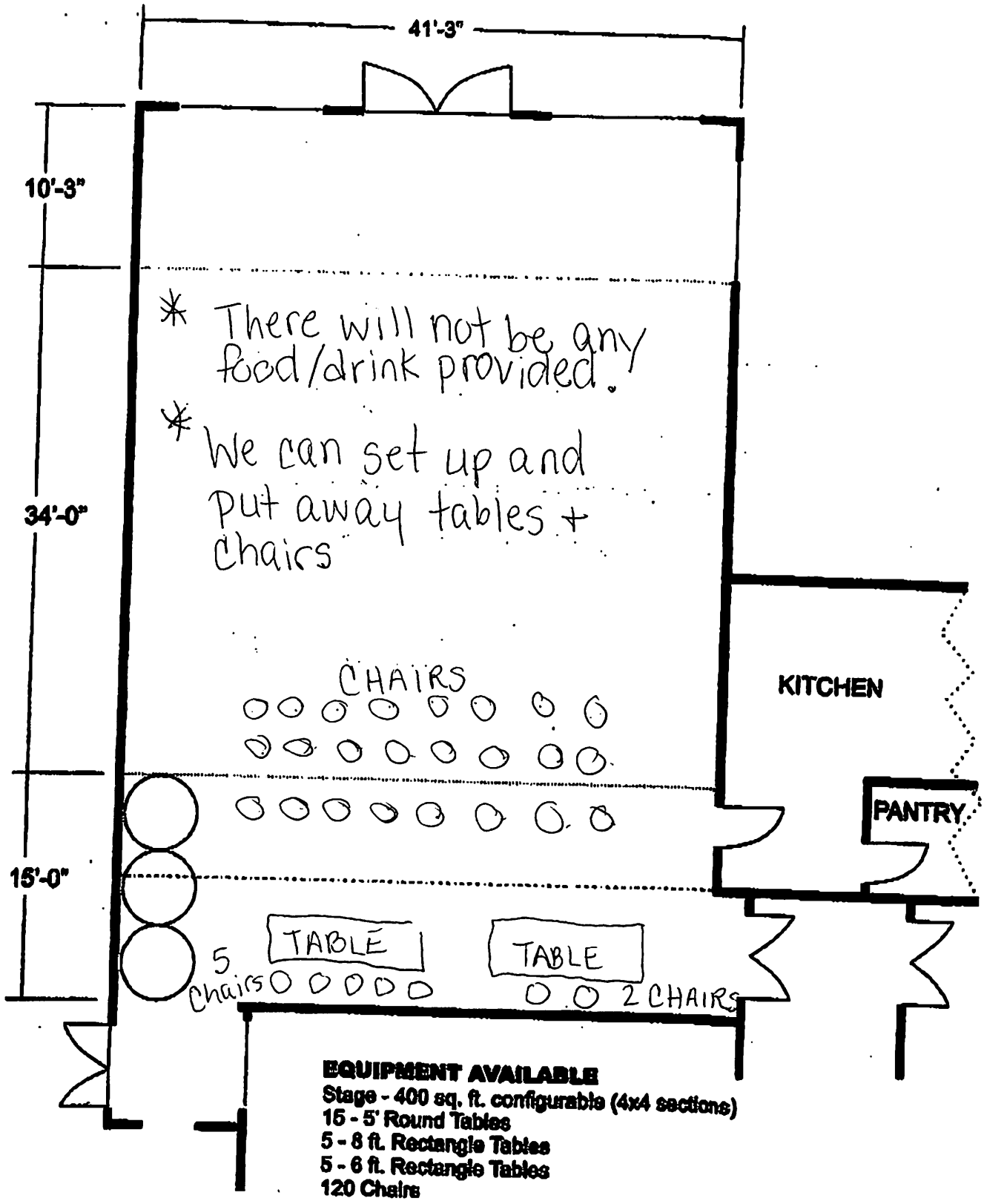
For City Use Only. Do Not Write Below This Line

Required $85 dep w/ Variance

Deposit Fee Receipt Amount ____ Payment Date ____ Payment Type ____ Check No. ____

Rental Fee Receipt Amount ____ Payment Date ____ Payment Type ____ Check No. ____

Deposit to Refund ☐ YES Date ____ ☐ NO Reason ____



EQUIPMENT AVAILABLE
Stage - 400 sq. ft. configurable (4x4 sections)
15 - 5' Round Tables
5 - 8 ft. Rectangle Tables
5 - 6 ft. Rectangle Tables
120 Chairs

RESOLUTION NO. 2020-04

A RESOLUTION OF THE CITY OF EL LAGO, TEXAS ADOPTING THE SCHEDULE OF FEES FOR THE REVIEW OF APPLICATIONS AND THE GRANTING OF BUILDING PERMITS

* * * * * * *

WHEREAS, Pursuant to Chapter 4, Section 4-24 of the Code of Ordinances of the City of El Lago, the City of El Lago City Council is required to adopt a schedule of fees for the review of applications and the granting of building permits and to ensure that the schedule is posted as required by law and maintained in the office of the City Secretary; and

WHEREAS, the City Council last reviewed and adopted a schedule of fees in February, 2020: and;

WHEREAS, it was realized since, that in order to ensure the floodplain ordinance and the zoning non-conforming ordinances are administered properly, which are based on percentages of work being performed, it is necessary to track permitting for General Contractors to understand the full scope of work being done on a structure in the City of El Lago; and

WHEREAS, the City Council has reviewed the schedule of fees as contained on the City of El Lago Building Permit Fee Schedule attached to this Resolution as Exhibit"A" and finds that such fees are reasonable and reasonably cover the actual costs of services provided by the City in its review of applications and granting of building permits;

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL LAGO, TEXAS:

Section 1. The schedule of fees contained on the attached Exhibit "A" City of El Lago Building Permit Fee Schedule is hereby adopted:

PASSED, APPROVED AND ADOPTED this the **4thth day of March, 2020.**

_____
JOHN SKELTON
Mayor
City of El Lago, Texas

ATTEST:

_____
Rachel Lewis
City Secretary
City of El Lago, Texas

Exhibit A

CITY OF EL LAGO
BUILDING PERMIT FEE SCHEDULE
Effective March 18, 2020

Residential and Commercial construction within the City of El Lago requires a building permit. All contractors must be registered with the City of El Lago, submit a permit application and receive a building permit before any work is started.

Failure to Permit

It is the responsibility of the party performing the work to obtain all required permits. Non permitted construction within El Lago will be halted and the offending party will pay a fine of **double the permit fee, or a minimum of $500.00 or whichever is greater**. No work will be allowed to proceed until a permit has been obtained. Work performed without a permit is subject to criminal fines.

Cosmetic Changes

Cosmetic repairs to structures (not to exceed $20,000) may be made without application for a permit. Cosmetic repairs do not include the cutting away of any wall or partition, removal or cutting away of any structural beam or support, removal or change of access, changes affecting exit-way, additions or alteration of plumbing or sewer piping, electrical wiring or mechanical alterations, repairs made to recover from a disaster, or additions. If in doubt what constitutes cosmetic changes, please contact the El Lago building department at (282) 326-1951 ext. 110 to confirm an on-site consultation.

CONTRACTOR'S REGISTRATION

ANNUAL REGISTRATION (Per state law, Plumbers do not pay the fee) $50.00

BUILDING PERMITS

GENERAL CONTRACTOR'S PERMIT $20.00

A General contractor's permit is required for ALL work (cosmetic included) being performed, with or without sub-contractors, with a total retail value of $20,000 or more.

CONTRACTOR'S PERMIT $75 per Inspection

A permit is required for repair, moving, demolishing, renovation or new construction including the following:

- HVAC
- Commercial Signage
- Decks, Patios, Sheds and Greenhouses
- Above Ground Pools and Spas
- Slab and Foundation Repair
- Bulkheads, Piers, and Boathouses
- Electrical Rewiring, Rerouting, and Replacement
- Lawn Irrigation/Sprinkler Systems
- Natural Gas Line Additions/Repairs
- Add/Move Plumbing Fixtures
- Driveway and sidewalks
- Plumbing replacement and repairs within the slab
- Fencing (other than exact replacement)
- Palapa

STRUCTURAL PERMITS See fee structure below

(New construction, additions and/or moving of walls and/or changes to the general structure of a building or home)

Single Family Dwelling	**Per inspection**	**Plan Review**
0 to 1799 square feet	$100.00	$100.00
1800-2999 square feet	$200.00	$200.00
3000-5000 square feet	$300.00	$300.00
Each 1000 square feet over 5000	$100.00	$100.00
Commercial Structures		
0-4000 square feet	$200.00	$200.00
Each 1000 square feet over 4000	$100.00	$100.00

WATER HEATERS (per inspection) $25.00

SWIMMING POOL/SPA PERMIT – *(In-ground Only)* $375

(5 inspections are included, any additional are $75 per inspection)

A building permit is required for the construction of an in-ground swimming pool or an in-ground spa or hot tub. The permit fee of 2% of the total construction cost of the project would include the pool/spa's building, plumbing and electrical work.

COMMERCIAL CERTIFICATE OF OCCUPANCY PERMITS $150/permit

A certificate of occupancy permit is required to change the occupancy of a building or structure or the installation of apparatus or appurtenances.

ON-SITE CONSULTATION (For Residents Only) $20.00

CITY OF EL LAGO BUILDING DEPARTMENT (281) 326-1951, EXT. 110

AW12-1
Prescribed by Secretary of State
Section 2.051 – 2.053, Texas Election Code
2/14

CERTIFICATION OF UNOPPOSED CANDIDATES FOR OTHER POLITICAL SUBDIVISIONS (NOT COUNTY)
CERTIFICACIÓN DE CANDIDATOS ÚNICOS PARA OTRAS SUBDIVISIONES POLITICAS (NO EL CONDADO)

To: Presiding Officer of Governing Body
Al: Presidente de la entidad gobernante

As the authority responsible for having the official ballot prepared, I hereby certify that the following candidates are unopposed for election to office for the election scheduled to be held on May 2, 2020

Como autoridad a cargo de la preparación de la boleta de votación oficial, por la presente certifico que los siguientes candidatos son candidatos únicos para elección para un cargo en la elección que se llevará a cabo el May 2, 2020

List offices and names of candidates:
Lista de cargos y nombres de los candidatos:

Office(s) ***Cargo(s)***	**Candidate(s)** ***Candidato(s)***
City Council Position 3	Darin "Boot" Clark
City Council Position 4	Kris L. Kuehnel
City Council Position 5	Margaret Ann Vernon

Signature ***(Firma)***

Rachel Lewis
Printed name ***(Nombre en letra de molde)***

City Secretary
Title ***(Puesto)***

February 24, 2020
Date of signing ***(Fecha de firma)***

(Seal) ***(sello)***

CITY OF EL LAGO TEXAS

See reverse side for instructions
(Instrucciones en el reverso)

ORDINANCE 467

AN ORDINANCE OF THE CITY OF EL LAGO, TEXAS DECLARING UNOPPOSED CANDIDATES FOR COUNCIL MEMBER POSITIONS 3, 4 AND 5 ELECTED TO OFFICE FOR THE MAY 2, 2020 GENERAL ELECTION; REQUIRING ISSUANCE OF A CERTIFICATE OF ELECTION TO EACH CANDIDATE.

WHEREAS, on February 5, 2020 an Order of Election was issued calling for an election on May 2, 2020 in the City of El Lago for the purpose of electing the positions Councilmembers, Positions 3, 4 and 5; and

WHEREAS, no proposition or measure was ordered to be placed on the ballot other than the election of Councilmembers, Positions 3, 4 and 5; no opposed race appeared on the ballot; and no candidates' name was placed on a list of write-in candidates for any office under applicable law; and

WHEREAS, the Texas Election Code, Chapter 2, Subchapter C provides for the cancellation of certain elections; and

WHEREAS, the City Secretary in accordance with Texas Election Code has given Certification of Unopposed Candidates stating that no candidate in the General Election is opposed on the ballot, §2.052 or by a declared write-in candidate, §146.052 and that there is no proposition to appear on the ballot.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF EL LAGO, TEXAS:

SECTION 1. That the City Council finds that the above stated premises are true and correct.

SECTION 2. That the unopposed candidates for City Council Positions 3, 4 and 5 are hereby declared elected to the office listed, to wit;

Darin "Boot" Clark – City Council Position 3
Kris L. Kuehnel – City Council Position 4
Margaret Ann Vernon – City Council Position 5

Terms for the above candidates are to begin upon taking their Oath of Office after the designated period for the May 2, 2020 election canvass.

PASSED, APPROVED AND ADOPTED by the City Council of the City of El Lago, Texas at a City Council meeting held on March 4, 2020.

_____
John Skelton, Mayor

ATTEST:

_____
Rachel Lewis
City Secretary

El Lago	Quote creation: 3/2/2020
411 Tallowood Dr, El Lago, TX 77586-6060, United States	Prepared by: Carson Frandsen and Dalton Mickelsen

1. QUOTE

El Lago- hereafter known as "Customer", enters into the following Service Agreement with iWorQ Systems, "iWorQ", headquartered in Logan, UT. Customer will pay an annual fee for the services and a one-time setup fee detailed below:
Population: 2,706

Community Development Applications and Services	Package Price	Billing
License Management (Contractor registration) - Available on any computer, tablet, or mobile device using Chrome browser - Licensing for business, alcohol, liquor, rentals, etc. - Free letters and / or permits utilizing iWorQ's template library, and up to 3 custom letters. - Reminder letter generation - Online renewal capabilities - One letter for the Portal with Contractor link	~~$2,500~~ **$1,500**	Annual
ANNUAL TOTAL	**$1,500**	

Setup, training, and system configuration	~~$1,500~~ Included	Once
Grand total due	~~$4,000~~ **$1,500**	

Notes

1- Invoices for amount will be sent out 2 weeks after signature. Terms of the invoicing is Net 30 days.

2- This quote is provided at the customer's request and is good for 30 days.

3- This quote cannot be disclosed or used to compete with other companies.

4- Pricing is based on population and number of applications. Removing any items from this quote may require application prices to be updated.