



THE TOWN OF

Highland Park
TEXAS

An American Community Making a Difference

Annual Comprehensive Financial Report

Fiscal Year Ended September 30, 2023





Town of Highland Park, Texas
Annual Comprehensive Financial Report
Fiscal Year Ended September 30, 2023

Prepared by:
Finance Department



Town of Highland Park, Texas
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2023
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Introductory Section (Unaudited)





January 30, 2024

The Honorable Mayor, Town Council and the Citizens
of the Town of Highland Park:

The Town of Highland Park (“Town”) Financial Management Policies require that the Town’s Finance Department prepare a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Accordingly, the Annual Comprehensive Financial Report for the Town of Highland Park, Texas for the fiscal year ended September 30, 2023, is hereby issued.

This report consists of management’s representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making the representations, management of the Town has established a comprehensive internal control framework that is designed both to protect the Town’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town’s financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town’s financial statements have been audited by Weaver and Tidwell, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended September 30, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town’s financial statements for the fiscal year ended September 30, 2023, are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town’s MD&A can be found immediately following the report of the independent auditor.

Profile of the Town

The Town was incorporated in 1913 and chartered as a home-rule city under Texas law in 1975. The Town is a fully developed upper-class residential community located in the heart of Dallas, just a few miles north of the Dallas central business district. The Town occupies approximately 2.2 square miles and serves a population of about 8,719. The Town is empowered by state statute to levy a property tax on both real and business personal property located within its boundaries.

The Town operates under the council-manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the Mayor and five (5) Council members. The Town Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring both the Town Administrator (manager) and Town Attorney. The Town Administrator is responsible for carrying out the policies and ordinances of the Town Council, for overseeing the day-to-day operations of the Town, and for appointing heads of various departments. The Mayor and Town Council members serve two (2) year terms with a limit of three (3) terms in either capacity. All elected officials are elected at large.

The Town provides a full range of services, including public safety (police, fire and emergency medical), maintenance of streets and infrastructure, sanitation services, maintenance of the treated water distribution system and both sanitary and storm sewer collection and transmission systems, library services, parks and recreation as well as general administrative services.

The annual budget serves as the foundation of the Town's financial planning and control. The respective department heads prepare and submit line-item budget requests for the operations and maintenance portion of their respective departments as well as a listing of capital items for consideration. The personnel portion of the budget is developed by the Town's Finance and Human Resources Department, utilizing market data compiled from other cities and compensation professionals. The Town Administrator uses these requests as the starting point for developing a proposed budget. The Town's Charter requires that the proposed budget be submitted to the Town Secretary no later than August 31st with adoption taking place no later than September 15th. The entire budget process includes public involvement as the various elements composing the budget are reviewed in open and advertised public meetings. The appropriated budget is prepared by fund and department (*e.g.* Public Safety). Department heads may make transfers of appropriations within a department's budgeted operations and maintenance levels, however, reallocation of personnel and capital appropriations must be approved by the Town Administrator. Amendments to budget dollar amounts must be approved by the Town Council. Budget-to-actual comparisons are provided in this report for the General Fund on page 24 and other budgeted governmental funds on pages 61, 62, and 68-74.

Local Economy

Property tax revenues provide a significant portion of the Town's total governmental revenue within its General Fund. Historically, the Town has realized strong property value growth year-to-year, which was also experienced for fiscal year 2023. The property tax rate remained unchanged from fiscal year 2022, resulting in property tax revenues being higher than the prior year. Even with one of the lowest municipal property tax rates in the Dallas/Ft. Worth Metroplex, property tax revenues are still considered a viable revenue source.

Building activity, which is an indicator of the economy, was slightly higher compared to the prior fiscal year. The Town experienced the addition of new homes, the remodeling of existing homes, and a commercial remodel for a retail store at the Highland Park Shopping Village. Sales tax revenue, another indicator of the economy, was slightly lower compared to the prior fiscal year. This is due in part to decreased retail activity within the community as well as a sales tax repayment arrangement that begun in May 2023 with the State Comptroller. A vendor reported sales tax to Highland Park that is not within the Town's jurisdiction. Town Management has lowered expectations for sales tax revenue in the upcoming fiscal year.

Relevant Financial Policies

The Town's financial operations are guided by the Statement of Financial Management Policies as adopted by the Town Council. The purpose of these policies is to provide guidelines, in accordance with the applicable Texas Statutes and the Town of Highland Park Charter, Ordinances and Resolutions, for the planning and direction of the financial affairs of the Town. The intended goal of the Statement of Financial Management Policies is to enable the Town to adhere to the principles of sound municipal finance and to continue its long-term stable and positive financial condition.

Long-term Financial Planning

At September 30, 2023, General Fund unassigned fund balance exceeded the reserve amount required by its fund balance policy of 17% of operating expenditures. Moreover, the unrestricted net position requirement of 25% of operating expenses within the Enterprise Fund was also met. The General Fund ended the year with an unassigned fund balance equivalent to 25.6% of current year expenditures. The Town's Enterprise Fund encompasses water and sewer operations as well as solid waste services. Working capital, adjusted for less liquid current assets such as prepaid expenses, inventory and unbilled receivables represents 120.9% of operating expenses, including transfers out. In addition, the Enterprise Fund had \$3,556,310 in encumbrances at year end. The working capital position equates to 94.4% of current year operating expenses, including transfers out, once this item is taken into account.

Town management, in conjunction with the Council, developed and adopted a formal Capital Improvement Plan (CIP) for the Town during the year. The development of a formal CIP resulted in a separate multi-year capital budget, which is in addition to the Town's annual operating budget. Projects selected for inclusion in the CIP are evaluated based on several areas: safety, impact on Town services, quality of life, necessity, outside financial sources, and budgetary impact.

The Town is committed to continue funding its capital program on a pay-as-you-go basis. The development of a formal CIP and the use of fund balances within the General and Enterprise Fund in excess of the established minimums will each play a significant role in the Town's short-term and long-term financial strategies.

Awards

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Highland Park for its annual comprehensive financial report for the fiscal year ended September 30, 2022. This was the forty-first time that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The Town also received the GFOA's Distinguished Budget Presentation Award for its annual budget dated October 1, 2022. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

Acknowledgments

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Town. We would like to express our appreciation to all staff members who assisted and contributed to its preparation. We would also like to thank the Mayor and Town Council members for their interest and support in planning and conducting the financial operations of the Town in a responsible and progressive manner.

Respectively submitted,



Tobin E. Maples, AICP
Town Administrator



Steven J. Alexander
Assistant Town Administrator



Karen Kurtin
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Highland Park
Texas**

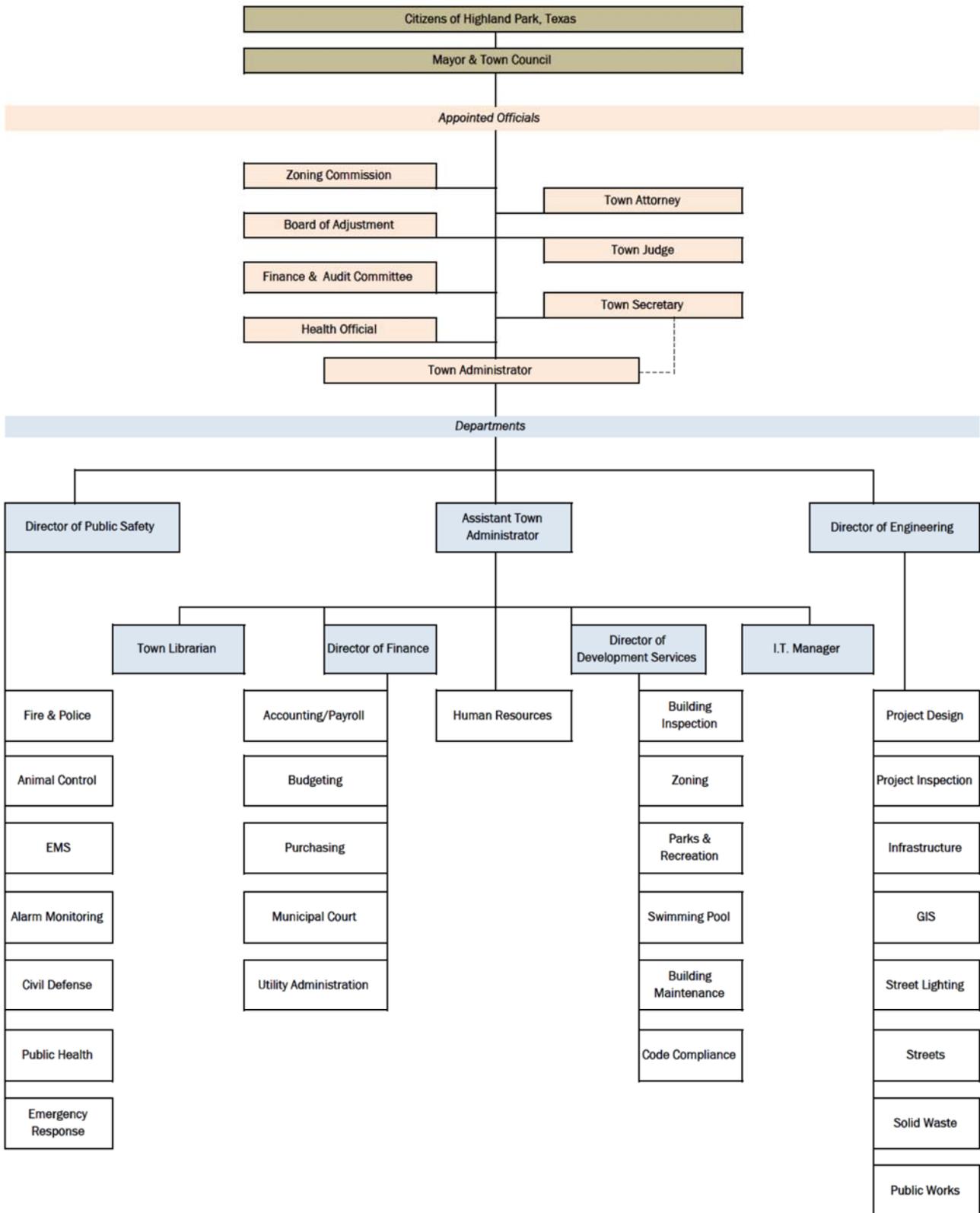
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morill

Executive Director/CEO

Town of Highland Park, Texas
Organizational Structure



**Town of Highland Park
Principal Officials**

Town Council

Will C. Beecherl, **Mayor**
Craig Penfold, **Mayor Pro Tem**
Marc Myers, **Council Member**
Lydia Novakov, **Council Member**
Don Snell, **Council Member**
Leland White, **Council Member**

Town Administrator

Tobin E. Maples, AICP

Town Attorney

Matthew C. G. Boyle

Town Judge

Albert D. Hammack

Local Health Authority

Michael L. McCullough, M.D.

Town Secretary

Joanna Mekeal

Assistant Town Administrator

Steven J. Alexander

Director of Engineering

Lori Chapin, P.E.

Director of Finance

Karen Kurtin

Director of Public Safety

Chuck McGinnis

Town Librarian

Kortney Nelson

Director of Development Services

Hugh Pender, CBO



Financial Section





Independent Auditor's Report

The Honorable Mayor
and Members of the Town Council
Town of Highland Park, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Highland Park, Texas (the Town) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, during the year ended September 30, 2023, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Weaver and Tidwell, L.L.P.

The Honorable Mayor
and Members of the Town Council
Town of Highland Park, Texas

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and other postemployment benefits information as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB 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 GAAS, 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.

The Honorable Mayor
and Members of the Town Council
Town of Highland Park, Texas

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town’s basic financial statements. The combining and individual fund financial statements and schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report (ACFR)

Management is responsible for the other information included in the ACFR. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2024, on our consideration of the Town’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town’s internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

The Woodlands, Texas
January 30, 2024



Management's Discussion and Analysis (Unaudited)

As management of the Town of Highland Park, Texas (Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$151,106,788 (net position). Of this amount, \$54,433,052 is classified as unrestricted net position and may be used to meet the Town's ongoing obligations to citizens and creditors, including funding of the Town's 'pay as you go' capital improvement plan and equipment replacement program.

- The Town's total net position increased a total of \$3,585,401. The increase is a result of operations \$7,563,103 and changes in capital assets \$6,084,054, net of the impact of pension and OPEB (\$10,061,756).
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$36,295,521, an increase of \$1,155,152 in comparison with the prior year. Approximately 17.6% of the reported combined ending fund balances, or \$6,388,614, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,388,614 or, 25.6% of total General Fund expenditures and the unrestricted net position for the Enterprise Fund was \$14,775,774, or 117.1% of total Enterprise Fund operating expenses and transfers out. The Enterprise Fund had \$3,556,310 in encumbrances at year-end. It is important to note that this fund encompasses the water and sewer utility as well as solid waste. Moreover, working capital adjusted for less liquid current assets such as prepaids, inventory and unbilled receivables is used as a measure of funds available for spending.
- Total governmental capital outlay of \$8,442,506 was primarily funded through resources within the Capital Projects Fund set aside for that purpose or funding received from external entities to improve infrastructure within the Town.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The statement of net position presents information on all of the Town's assets, liabilities and deferred inflows and outflows of resources with the difference being 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 Town is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish between governmental activities (i.e., functions of the Town that are principally supported by taxes and intergovernmental revenues) and business-type activities (i.e., functions that are intended to recover all or a significant portion of their cost through user fees and charges). The governmental activities of the Town include general government, public safety, streets, library services and parks and recreation. The business-type activities of the Town include the distribution and sale of treated water, and the collection and disposal of sewer and solid waste.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

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 fiscal year. Such information may be useful in evaluating a government'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 balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains ten individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the Capital Projects Fund, and the Stormwater Drainage Fund, which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for the General Fund. A budgetary comparison statement is provided for the General Fund to demonstrate compliance with the budget. The Town also adopts annual appropriated budgets for each of the other nine governmental funds. Budgetary comparison schedules are provided for each of these funds within the combining and individual fund financial statements and schedules section of this report.

Proprietary Funds: The Town maintains two different types of proprietary funds. The Enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses the enterprise fund to account for its distribution and sale of treated water, the collection and disposal of sanitary sewer and the collection and disposal of solid waste. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses internal service funds to account for its fleet of vehicles, building maintenance and management information systems. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 25-28 of this report.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-51 of this report.

Supplementary Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information pertaining to the Town’s funding of its obligation to provide pension benefits to Town employees through the Texas Municipal Retirement System and the Town’s funding of its other postemployment benefit liability. Also included are the combining and individual fund financial statements and schedules. This supplementary information may be found on pages 54-79 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. The Town’s assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$151,106,788 at the close of the most recent fiscal year.

The largest portion of the Town’s net position (63.4%) is its net investment in capital assets (e.g., land, buildings, machinery and equipment). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Additionally, \$800,446 is restricted for Public Safety, Library, and PEG. The remaining balance of \$54,433,052, is classified as unrestricted net position and may be used to meet the Town’s ongoing obligations to citizens and creditors, including funding of the Town’s ‘pay as you go’ capital improvement plan.

Town of Highland Park, Texas Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
	Current and other assets	\$ 52,889,723	\$ 59,684,855	\$ 16,691,897	\$ 12,869,587	\$ 69,581,620
Capital assets	67,104,787	60,757,397	30,017,498	29,765,675	97,122,285	90,523,072
Total assets	119,994,510	120,442,252	46,709,395	42,635,262	166,703,905	163,077,514
Deferred outflows of resources	7,252,384	1,640,083	898,471	208,185	8,150,855	1,848,268
Current liabilities	3,886,487	4,632,200	1,430,236	1,758,209	5,316,723	6,390,409
Long-term liabilities	13,881,751	1,837,305	1,430,224	199,187	15,311,975	2,036,492
Total liabilities	17,768,238	6,469,505	2,860,460	1,957,396	20,628,698	8,426,901
Deferred inflows of resources	3,055,875	8,376,104	63,399	601,390	3,119,274	8,977,494
Net position						
Investment in capital assets	65,965,057	60,465,360	29,908,233	29,323,876	95,873,290	89,789,236
Restricted	800,446	1,020,206	-	-	800,446	1,020,206
Unrestricted	39,657,278	45,751,160	14,775,774	10,960,785	54,433,052	56,711,945
Total net position	\$ 106,422,781	\$ 107,236,726	\$ 44,684,007	\$ 40,284,661	\$ 151,106,788	\$ 147,521,387

At the end of the current fiscal year, the Town is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Town of Highland Park, Texas Change in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenue						
Program revenues						
Charges for services	\$ 3,708,207	\$ 3,623,420	\$ 13,694,318	\$ 12,804,325	\$ 17,402,525	\$ 16,427,745
Operating grants and contributions	2,382,752	262,223	-	-	2,382,752	262,223
Capital grants and contributions	1,113,815	1,929,053	164,000	639,000	1,277,815	2,568,053
General revenues						
Property tax	17,049,124	15,484,800	-	-	17,049,124	15,484,800
Other taxes and fees	8,244,831	8,503,842	-	-	8,244,831	8,503,842
Other	2,943,555	1,195,676	560,309	81,056	3,503,864	1,276,732
Total revenues	<u>35,442,284</u>	<u>30,999,014</u>	<u>14,418,627</u>	<u>13,524,381</u>	<u>49,860,911</u>	<u>44,523,395</u>
Expenses						
General government	5,017,991	2,557,394	10,665,899	9,076,184	15,683,890	11,633,578
Public safety	19,810,647	13,248,640	-	-	19,810,647	13,248,640
Development services	303,271	361,578	-	-	303,271	361,578
Streets	3,488,637	3,235,368	-	-	3,488,637	3,235,368
Library	1,044,791	965,287	-	-	1,044,791	965,287
Parks	2,414,190	1,827,180	-	-	2,414,190	1,827,180
Swimming pool	271,860	260,564	-	-	271,860	260,564
Municipal court	552,479	514,243	-	-	552,479	514,243
Finance	1,425,991	891,370	-	-	1,425,991	891,370
Building inspection	1,279,754	767,365	-	-	1,279,754	767,365
Total expenses	<u>35,609,611</u>	<u>24,628,989</u>	<u>10,665,899</u>	<u>9,076,184</u>	<u>46,275,510</u>	<u>33,705,173</u>
Excess (deficiency) of revenues over (under) expenditures	(167,327)	6,370,025	3,752,728	4,448,197	3,585,401	10,818,222
Transfers	(646,618)	1,537,083	646,618	(1,537,083)	-	-
Changes in net position	(813,945)	7,907,108	4,399,346	2,911,114	3,585,401	10,818,222
Net position, beginning of year	<u>107,236,726</u>	<u>99,329,618</u>	<u>40,284,661</u>	<u>37,373,547</u>	<u>147,521,387</u>	<u>136,703,165</u>
Net position - ending	<u>\$ 106,422,781</u>	<u>\$ 107,236,726</u>	<u>\$ 44,684,007</u>	<u>\$ 40,284,661</u>	<u>\$ 151,106,788</u>	<u>\$ 147,521,387</u>

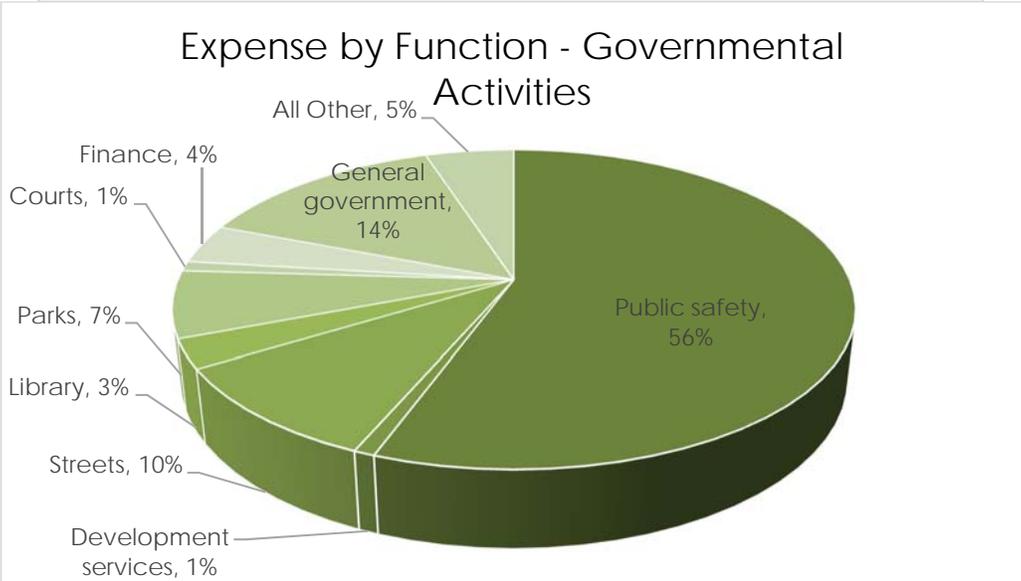
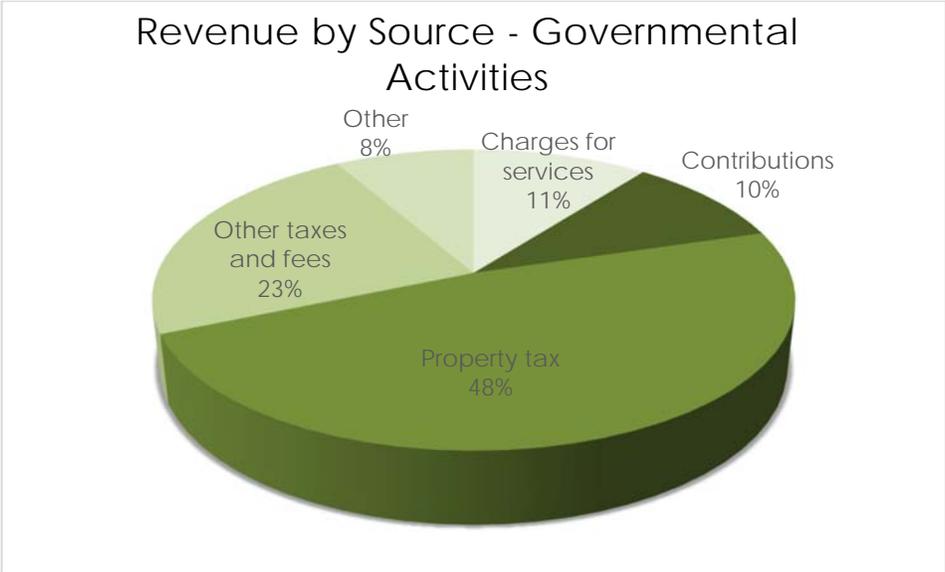
The Town's total net position increased \$3,585,401. This is the result of operations \$7,563,103 and changes in capital assets \$6,084,054, net of the impact of pension and OPEB (\$10,061,756). During the year, the Town experienced an increase in property tax revenue, which was directly related to an increase in taxable assessed value. There was no change in the property tax rate of \$0.23 per \$100 of taxable assessed value. However, the Town experienced a decrease in sales tax revenue. This was due to repayments of sales tax to the State Comptroller as a result of an incorrect allocation to Highland Park coupled with decreased retail activity. The repayment term began May 2023 and will end April 2029.

Governmental Activities: Governmental activities decreased the Town's net position by \$813,945.

Total revenues for fiscal year 2023 increased by \$4,443,270 (14.3%) from fiscal year 2022. Property tax revenue grew \$1,564,324 due to an increase in taxable assessed values. There was no change in the tax rate. Interest on investments (included in 'Other') grew by \$1,863,900 due to significant increases in the effective federal funds rate over the fiscal year. Additionally, operating grants and contributions included \$2,297,724 received through the American Rescue Plan Act. These increases were offset by reductions in sales tax and other taxes and fees.

Total expenses increased \$10,980,622 (44.6%) from 2022. The majority of this change was due to two reconciling items between the fund level and government wide financial statements. The first and largest is related to the net change in pension and OPEB expense of \$7,136,318. Driving this increase was a cost-of-living increase for existing retirees and updated service credits for current employees effective January 1, 2023. This was the first such cost-of-living increase since 2008. This change in benefit increased the pension liability by approximately \$4.8 million. Pension expense was also negatively affected by the poor performance of the stock market in calendar year 2022. In calendar year 2021, the Town benefitted from a net investment gain of \$11.1 million, compared to a net investment loss of \$6.8 million in calendar year 2022. These amounts are a component of pension expense along with changes in deferred outflows,

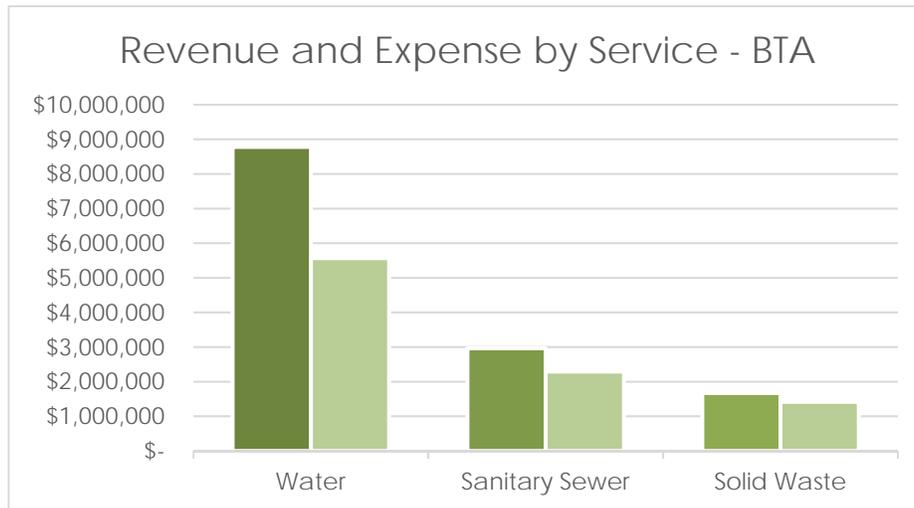
deferred inflows, and other items. Pension expense is allocated to the various departments based on the pension contributions with the significant majority (approximately \$3.8 million) to Public Safety followed by Administration (\$.348 million) and Parks, Finance and Building Inspection (\$.298 million each). The second significant contributing factor is the expense of \$1,232,533 related to the sales tax repayment liability. This repayment began in May 2023 and is included in General government expenses. The remaining increase is due to a variety of operational expenses.



Business-type Activities: The rate structures for business-type activities are developed with the intent of generating resources sufficient to fund the cost of the respective service provided and for infrastructure replacement and/or rehabilitation. Net position from operations for business-type activities, excluding transfers, increased \$3,752,728.

Total business-type revenues for 2023 increased by \$894,246 (6.6%) from 2022 revenues. Charges for services increased by \$889,993. These increases are attributed to a 7% rate adjustment to water and a 3% rate adjustment to sewer and higher water consumption during the fiscal year.

Transfers: Transactions of a significant nature that did not impact the Town’s total net position involved transfers made in conjunction with the Town’s capital improvement program. Annually, the Utility Fund transfers a portion of its current resources to the Town’s Capital Improvement Fund. Since fiscal year 2013 an inter-fund transfer is made to the General Fund for the purpose of funding a portion of the administrative costs of running the Town that is attributed to the Utility Fund. Transfers in the amount of \$1,334,700, were made from the Enterprise Fund to the General Fund for these purposes.



Financial Analysis of the Government’s Funds

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

Governmental Funds: The focus of the Town’s governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town’s governmental funds reported combined ending fund balances of \$36,295,521, an increase of \$1,155,152 in comparison with the prior year. This increase consists of the net result of activities described below for each of the individual governmental funds.

Approximately 17.6% of total fund balance, or \$6,388,614, constitutes unassigned fund balance, which is available for spending at the Town’s discretion. The remainder of fund balance includes amounts not available for new spending because it is 1) nonspendable and is for inventory and prepaid items (\$31,661); 2) is restricted for special revenue funds and for use by the Library, DPS, Court, and Public, Educational, and Government (PEG) Access Channels (\$800,446); 3) committed for capital acquisition and storm water drainage improvements (\$24,592,081); or 4) assigned for capital projects, drainage, compensated absences, and to liquidate contracts and purchase orders of the prior period (\$4,482,719).

The General Fund is the primary operating fund of the Town. The total fund balance of the Town’s General Fund decreased by \$2,025,171 during the current fiscal year; this was primarily the net result of (1) an excess of revenues over expenditures of \$7,221,038 as well as; (2) a budgeted transfer-out in the amount of \$10,605,509 from current revenues primarily to the Capital Projects Fund; and (3) a transfer-in of \$1,334,700

from the Enterprise Fund for the purpose of funding the Enterprise Fund's portion of administrative costs related to Town operations.

As a measure of the General Fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 25.6% of total General Fund expenditures, while total fund balance represents 74.1% of that same amount.

The Capital Projects Fund ended the fiscal year with a total fund balance of \$14,761,599, all committed or assigned for capital acquisitions and projects. The total fund balance of this fund increased by \$3,846,214 during the current fiscal year; this was the net result of (1) a deficiency of revenues over expenditures of (\$4,177,055) (2) \$9,221,094 in transfers into the Capital Projects Fund (General Fund \$8,311,570, Enterprise Fund \$533,654, Solid Waste \$84,000 and the DPS Technology Fund \$291,870); and (3) a transfer to the Enterprise Fund of \$197,825 and a transfer to the Stormwater Drainage Fund of \$1,000,000. Transfers into the Capital Projects Fund from the General Fund were increased in the current year due to a surplus fund balance in the General Fund of \$4,000,000.

The Stormwater Drainage Fund ended the fiscal year with a total fund balance of \$2,403,221, all committed or assigned for stormwater drainage improvements and projects. Of this amount, \$1,961,438 is committed for stormwater drainage improvements. The total fund balance of this fund decreased by \$430,219 during the current fiscal year; this was the net result of (1) a deficiency of revenues over expenditures of \$1,323,011; and (2) net transfers-in of \$892,792.

Proprietary Funds: The Town's enterprise funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Town's Enterprise Fund at the end of the year amounted to \$14,775,774, an increase of \$3,814,989, while total net position increased \$4,399,346. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town's business-type activities.

The Net Position of the Internal Service Funds increased \$820,445. These three funds account for the acquisition and disposal of vehicles, repair and maintenance of buildings and the replacement of technology equipment. In fiscal year 2023, a right-to-use subscription asset and offsetting subscription liability were recorded in the Technology Replacement Fund for body cameras pursuant to the implementation of GASB 96, *Subscription Based Information Technology Agreements*.

General Fund Budgetary Highlights

Actual fiscal year 2023 General Fund revenues were \$1,184,658 (3.8%) more than the final amended budget, primarily due to stronger than expected investment income. Actual fiscal year 2023 General Fund expenditures were \$1,363,494 (5.2%) less than the final amended budget.

Capital Assets

The Town's investment in capital assets for its governmental and business type activities as of September 30, 2023, amounts to \$97,122,285 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, software subscriptions and park facilities. The net increase in the Town's investment in capital assets for the current fiscal year was \$6,599,313, or 7.3% and primarily related to infrastructure improvements, the reconstruction of Lakeside Drive and various alleyway improvements. Additionally, a right-to-use subscription asset was reported in the Technology Replacement Fund.

Additional information on the Town's capital assets can be found in Note 4 on pages 41-42 of this report.

Economic Factors and Next Year's Budgets and Rates

The development of the fiscal year 2023 – 2024 Operating Budget considers a mixed outlook for the Town's various revenue sources. Specifically:

- Taxable property values grew at approximately 13.3%, or \$991,000,000 as compared to the certified values provided in July 2022. Most of this increase results from reassessments, however, \$121,000,000 is related to new construction. In response, the tax rate was lowered from \$0.23 to \$.220530 per \$100 taxable assessed. As a result of these changes, property tax revenues are projected to increase \$1,457,636 as compared to the fiscal year 2023 budget.
- Sales tax projections were reduced to \$6,502,058 as compared \$6,640,091 budgeted for fiscal year 2023. The reduction in retail activity coupled with the sales tax repayment arrangement with the State Comptroller are affecting this outlook.
- Water sales have increased during 2023 compared to 2022. Consumption in both fiscal year 2023 and 2022 were above their respective prior five-year averages. Water rates were adjusted by 7.55% due to the Dallas County Park Cities Municipal Utility District increasing the Town's cost of water by approximate 27%. Sewer rates were adjusted by 3% as presented in the Town's ten-year Capital Improvement Plan.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Town of Highland Park
Finance Department
4700 Drexel Drive
Highland Park, Texas 75205

Basic Financial Statements



Town of Highland Park, Texas
Statement of Net Position
September 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 20,322,019	\$ 5,730,591	\$ 26,052,610
Investments	25,197,087	7,640,924	32,838,011
Receivables (net of allowances for uncollectibles)	6,601,613	2,731,821	9,333,434
Inventories	14,758	138,075	152,833
Prepays	17,699	3,495	21,194
Restricted assets			
Cash and cash equivalents	736,547	446,991	1,183,538
Capital assets (net of accumulated depreciation/amortization, where applicable)			
Depreciable	52,674,687	28,300,102	80,974,789
Non-depreciable	14,430,100	1,717,396	16,147,496
Total assets	119,994,510	46,709,395	166,703,905
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension contributions	1,402,964	164,952	1,567,916
Deferred pension experience loss	535,131	69,445	604,576
Deferred pension investment loss	5,161,266	638,602	5,799,868
Deferred OPEB contributions	30,235	5,033	35,268
Deferred OPEB experience loss	38,737	6,448	45,185
Deferred OPEB assumption change loss	84,051	13,991	98,042
Total deferred outflows of resources	7,252,384	898,471	8,150,855
LIABILITIES			
Vouchers payable	1,431,908	784,316	2,216,224
Retainage payable	385,763	51,801	437,564
Accrued liabilities	626,286	36,295	662,581
Unearned revenue	7,185	-	7,185
Deposits	60,285	446,991	507,276
Noncurrent liabilities			
Due within one year			
Compensated absences	952,465	110,833	1,063,298
Subscription liability	201,843	-	201,843
Sales tax obligation	220,752	-	220,752
Due in more than one year			
Compensated absences	942,543	42,987	985,530
Subscription liability	125,807	-	125,807
Sales tax obligation	1,011,802	-	1,011,802
Net pension liability	10,940,768	1,243,951	12,184,719
Total OPEB liability	860,831	143,286	1,004,117
Total liabilities	17,768,238	2,860,460	20,628,698
DEFERRED INFLOWS OF RESOURCES			
Deferred pension experience gain	21,436	9,106	30,542
Deferred pension assumption gain	17,030	1,960	18,990
Deferred OPEB experience gain	24,762	4,124	28,886
Deferred OPEB assumption change gain	289,614	48,209	337,823
Deferred inflows - leases	2,703,033	-	2,703,033
Total deferred inflows of resources	3,055,875	63,399	3,119,274
NET POSITION			
Net investment in capital assets	65,965,057	29,908,233	95,873,290
Restricted for:			
Public safety	259,276	-	259,276
Library	363,719	-	363,719
PEG	177,451	-	177,451
Unrestricted	39,657,278	14,775,774	54,433,052
TOTAL NET POSITION	\$ 106,422,781	\$ 44,684,007	\$ 151,106,788

The Notes to the Basic Financial Statements are an integral part of this statement.

Town of Highland Park, Texas
Statement of Activities
For the Fiscal Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants And Contributions	Capital Grants And Contributions
PRIMARY GOVERNMENT				
Governmental activities				
General government	\$ 5,017,991	\$ 507,880	\$ 2,329,882	\$ -
Department of public safety	19,810,647	987,662	-	-
Development services	303,271	-	-	-
Street department	3,488,637	-	-	1,113,815
Library	1,044,791	7,143	52,870	-
Parks department	2,414,190	27,080	-	-
Swimming pool	271,860	143,510	-	-
Municipal court	552,479	498,221	-	-
Finance department	1,425,991	-	-	-
Building inspection department	1,279,754	1,536,711	-	-
Total governmental activities	35,609,611	3,708,207	2,382,752	1,113,815
Business-type activities				
Enterprise	10,665,899	13,694,318	-	164,000
Total business-type activities	10,665,899	13,694,318	-	164,000
Total primary government	\$ 46,275,510	\$ 17,402,525	\$ 2,382,752	\$ 1,277,815

GENERAL REVENUES

Property taxes
Sales taxes
Mixed beverage taxes
Franchise taxes
Penalties and interest on taxes
Interest on investments
Gain on sale of capital assets
Miscellaneous income
Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year

NET POSITION, END OF YEAR

The Notes to the Basic Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business - Type Activities	Total
\$ (2,180,229)	\$ -	\$ (2,180,229)
(18,822,985)	-	(18,822,985)
(303,271)	-	(303,271)
(2,374,822)	-	(2,374,822)
(984,778)	-	(984,778)
(2,387,110)	-	(2,387,110)
(128,350)	-	(128,350)
(54,258)	-	(54,258)
(1,425,991)	-	(1,425,991)
256,957	-	256,957
(28,404,837)	-	(28,404,837)
-	3,192,419	3,192,419
-	3,192,419	3,192,419
\$ (28,404,837)	\$ 3,192,419	\$ (25,212,418)
\$ 17,049,124	\$ -	\$ 17,049,124
6,641,364	-	6,641,364
528,201	-	528,201
1,001,560	-	1,001,560
73,706	-	73,706
2,257,124	560,309	2,817,433
45,256	-	45,256
641,175	-	641,175
(646,618)	646,618	-
27,590,892	1,206,927	28,797,819
(813,945)	4,399,346	3,585,401
107,236,726	40,284,661	147,521,387
\$ 106,422,781	\$ 44,684,007	\$ 151,106,788

Town of Highland Park, Texas
Balance Sheet - Governmental Funds
September 30, 2023

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Stormwater Drainage</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and equivalents	\$ 4,495,681	\$ 8,983,841	\$ 1,590,571	\$ 736,547	\$ 15,806,640
Investments	13,100,422	6,533,573	1,509,968	-	21,143,963
Receivables, net					
Interest	203,077	47,330	44,188	-	294,595
Taxes	1,514,504	-	-	-	1,514,504
Leases	2,268,508	-	-	-	2,268,508
Other	386,177	-	-	-	386,177
Fines	162,917	-	-	-	162,917
Intergovernmental	-	1,400,812	-	-	1,400,812
Due from other funds	600,000	-	-	-	600,000
Inventories	14,758	-	-	-	14,758
Prepays	16,903	-	-	-	16,903
TOTAL ASSETS	\$ 22,762,947	\$ 16,965,556	\$ 3,144,727	\$ 736,547	\$ 43,609,777
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Vouchers payable	\$ 735,875	\$ 477,046	\$ 81,842	\$ 113,552	\$ 1,408,315
Retainage payable	-	326,099	59,664	-	385,763
Accrued liabilities	602,288	-	-	-	602,288
Due to other funds	-	-	600,000	-	600,000
Unearned revenue	7,185	-	-	-	7,185
Deposits	60,285	-	-	-	60,285
Total liabilities	1,405,633	803,145	741,506	113,552	3,063,836
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	221,348	-	-	-	221,348
Unavailable revenue - ambulance	284,382	-	-	-	284,382
Unavailable revenue - fines	162,917	-	-	-	162,917
Unavailable revenue - leases	2,180,961	-	-	-	2,180,961
Unavailable revenue - intergovernmental revenue	-	1,400,812	-	-	1,400,812
Total deferred inflows of resources	2,849,608	1,400,812	-	-	4,250,420
FUND BALANCES					
Nonspendable					
Inventories	14,758	-	-	-	14,758
Prepays	16,903	-	-	-	16,903
Restricted					
Crime prevention	-	-	-	103,498	103,498
Court technology	-	-	-	125,428	125,428
Court security	-	-	-	30,350	30,350
Library	-	-	-	363,719	363,719
PEG	177,451	-	-	-	177,451
Committed					
Capital acquisition	10,564,946	12,065,697	-	-	22,630,643
Stormwater drainage improvements	-	-	1,961,438	-	1,961,438
Assigned					
Compensated absences	951,060	-	-	-	951,060
Capital projects	-	2,695,902	-	-	2,695,902
Drainage	-	-	441,783	-	441,783
Other	393,974	-	-	-	393,974
Unassigned	6,388,614	-	-	-	6,388,614
Total fund balances	18,507,706	14,761,599	2,403,221	622,995	36,295,521
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 22,762,947	\$ 16,965,556	\$ 3,144,727	\$ 736,547	\$ 43,609,777

The Notes to the Basic Financial Statements are an integral part of this statement.

Town of Highland Park, Texas

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position September 30, 2023

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 36,295,521
Amounts reported for governmental activities in the statement of net position are different because:	
Deferred outflows related to pension and OPEB are not reported in the funds	7,252,384
Deferred inflows related to pension and OPEB are not reported in the funds.	(352,842)
Capital assets used in governmental activities, including the internal service fund, are not reported in the funds.	67,104,787
Property taxes receivable that are unavailable to pay for current period expenditures are deferred in the funds.	221,348
Ambulance receivables that are unavailable to pay for current period expenditures are deferred in the funds.	284,382
Court fines receivable that are unavailable to pay for current period expenditures are deferred in the funds.	162,917
Excess sales tax due to the State of Texas is not reported in the funds.	(1,232,554)
Construction reimbursements (intergovernmental) receivable from various governmental entities that are unavailable to pay for current period expenditures are deferred in the funds.	1,400,812
Net pension liability is not reported in the funds.	(10,940,768)
The long-term liability for other postemployment benefits is not recorded in the funds.	(860,831)
Payables for compensated absences are not reported in the funds.	(1,895,008)
Internal service funds are used by the Town's management: The assets, liabilities and deferred inflows of the internal service funds are included with the governmental activities. The net property of \$5,006,082, as it relates to the internal service funds is included in the capital asset amount above. Compensated absences of \$1,405, as it relates to internal funds is included in compensated absences total above.	<u>8,982,633</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u><u>\$ 106,422,781</u></u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Town of Highland Park, Texas
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Funds
For the Fiscal Year Ended September 30, 2023

	General Fund	Capital Projects Fund	Stormwater Drainage	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 16,985,988	\$ -	\$ -	\$ -	\$ 16,985,988
Sales taxes	6,641,364	-	-	-	6,641,364
Mixed beverage taxes	528,201	-	-	-	528,201
Franchise fees	1,001,560	-	-	-	1,001,560
Penalties and interest	73,706	-	-	-	73,706
Licenses and permits	1,583,832	-	-	-	1,583,832
Service fees	1,292,753	-	470,650	59,253	1,822,656
Fines and forfeitures	253,577	-	-	-	253,577
Investment income	1,111,899	554,297	134,831	29,227	1,830,254
Contributions	32,158	-	-	52,870	85,028
Intergovernmental revenue	2,297,724	3,353,275	-	-	5,650,999
Miscellaneous	410,067	231,108	-	-	641,175
Total revenues	32,212,829	4,138,680	605,481	141,350	37,098,340
EXPENDITURES					
Current					
General government	2,426,411	-	360,378	-	2,786,789
Department of public safety	15,729,025	-	-	-	15,729,025
Development services	297,257	-	-	-	297,257
Street department	867,274	1,441,343	-	-	2,308,617
Library	929,868	-	-	37,394	967,262
Parks department	1,870,403	-	-	-	1,870,403
Swimming pool	234,995	-	-	-	234,995
Municipal court	529,321	-	-	23,158	552,479
Finance department	1,133,236	-	-	-	1,133,236
Building inspection department	974,001	-	-	-	974,001
Capital outlay	-	6,874,392	1,568,114	-	8,442,506
Total expenditures	24,991,791	8,315,735	1,928,492	60,552	35,296,570
Excess (deficiency) of revenues over (under) expenditures	7,221,038	(4,177,055)	(1,323,011)	80,798	1,801,770
OTHER FINANCING SOURCES (USES)					
Transfers in	1,359,300	9,221,094	1,000,000	-	11,580,394
Transfers out	(10,605,509)	(1,197,825)	(107,208)	(316,470)	(12,227,012)
Net other financing sources (uses)	(9,246,209)	8,023,269	892,792	(316,470)	(646,618)
Net change in fund balances	(2,025,171)	3,846,214	(430,219)	(235,672)	1,155,152
Fund balances, beginning of year	20,532,877	10,915,385	2,833,440	858,667	35,140,369
FUND BALANCES, END OF YEAR	\$ 18,507,706	\$ 14,761,599	\$ 2,403,221	\$ 622,995	\$ 36,295,521

The Notes to the Basic Financial Statements are an integral part of this statement.

Town of Highland Park, Texas

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Fiscal Year Ended September 30, 2023

Net change in fund balances - total governmental funds	\$ 1,155,152
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures, however in the Statement of Activities these costs are allocated over their estimated useful lives. This is the amount of capital additions reported as capital outlays.	8,442,506
The depreciation/amortization of capital assets used in governmental activities, excluding the Internal Service Funds, is not reported in the funds.	(2,750,515)
Compensated absences are reported as the amount earned in the Statement of Activities but as the amount paid in the funds. This is the net change in the liability for the year.	(138,853)
Property taxes levied and ambulance service and court revenue earned, but not available, are deferred in the governmental funds, but are recognized when earned (net of allowance for uncollectibles) in the Statement of Activities. This is the net change in unavailable property taxes, ambulance fees and court fines for the year.	111,278
Excess sales tax obligation due to the State of Texas is shown as a liability in the government wide financial statements but is not recorded in the fund financial statements. This amount represents the addition of the liability of \$1,324,534 less payments of \$91,980 on the obligation during the year.	(1,232,554)
Intergovernmental revenues earned but not available are deferred in the governmental funds, but are recognized when earned in the Statement of Activities. This is the net change in unavailable intergovernmental revenue for the year	(2,239,460)
Pension and OPEB expense is reported as the amount paid in the funds. In the Statement of Activities, this expense is increased or decreased based on changes in deferred outflows and deferred inflows in the Statement of Net Position.	(4,981,944)
Internal service funds are used by management to charge the costs of certain activities, such as the purchase of equipment, to individual funds. The net revenue (expense), of internal service funds is reported with the governmental activities.	<u>820,445</u>
Change in net position - governmental activities	<u>\$ (813,945)</u>

Town of Highland Park, Texas
Statement of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual
General Fund
For the Fiscal Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 17,058,331	\$ 17,058,331	\$ 16,985,988	\$ (72,343)
Sales taxes	6,640,091	6,640,091	6,641,364	1,273
Mixed beverage taxes	477,779	477,779	528,201	50,422
Franchise fees	932,414	932,414	1,001,560	69,146
Penalties and interest	84,851	84,851	73,706	(11,145)
Licenses and permits	1,406,708	1,406,708	1,583,832	177,124
Service fees	1,368,405	1,368,405	1,292,753	(75,652)
Fines and forfeitures	292,299	292,299	253,577	(38,722)
Investment income	237,706	237,706	1,111,899	874,193
Contributions	15,200	15,200	32,158	16,958
Intergovernmental revenue	2,250,639	2,250,639	2,297,724	47,085
Miscellaneous	263,748	263,748	410,067	146,319
Total revenues	31,028,171	31,028,171	32,212,829	1,184,658
EXPENDITURES				
Current				
General government	3,296,493	3,296,493	2,426,411	870,082
Department of public safety	15,964,566	15,964,566	15,729,025	235,541
Development services	300,702	300,702	297,257	3,445
Street department	924,434	924,434	867,274	57,160
Library	966,355	966,355	929,868	36,487
Parks department	1,891,226	1,891,226	1,870,403	20,823
Swimming pool	250,976	250,976	234,995	15,981
Municipal court	562,047	562,047	529,321	32,726
Finance department	1,169,548	1,169,548	1,133,236	36,312
Building inspection department	1,028,938	1,028,938	974,001	54,937
Total expenditures	26,355,285	26,355,285	24,991,791	1,363,494
Excess of revenues over expenditures	4,672,886	4,672,886	7,221,038	2,548,152
OTHER FINANCING SOURCES (USES)				
Transfers in	1,359,300	1,359,300	1,359,300	-
Transfers out	(6,605,509)	(10,605,509)	(10,605,509)	-
Net other financing sources (uses)	(5,246,209)	(9,246,209)	(9,246,209)	-
Net change in fund balances	(573,323)	(4,573,323)	(2,025,171)	2,548,152
Fund balance, beginning of year	20,532,877	20,532,877	20,532,877	-
FUND BALANCE, END OF YEAR	\$ 19,959,554	\$ 15,959,554	\$ 18,507,706	\$ 2,548,152

The Notes to the Basic Financial Statements are an integral part of this statement.

Town of Highland Park, Texas
Statement of Net Position
Proprietary Funds
September 30, 2023

	Enterprise Fund	Governmental Activities Internal Service Funds
ASSETS		
Current assets		
Cash and equivalents	\$ 5,730,591	\$ 5,251,926
Investments	7,640,924	4,053,124
Receivables (net of allowance for uncollectibles)		
Water, Sewer and Sanitation		
Billed	2,086,228	-
Unbilled	630,273	-
Interest	15,320	35,039
Leases	-	539,061
Inventories	138,075	-
Prepays	3,495	796
Total current assets	<u>16,244,906</u>	<u>9,879,946</u>
Noncurrent assets		
Restricted cash and cash equivalents	446,991	-
Capital assets		
Land	4,895	-
Buildings and improvements	20,197	146,429
Improvements other than buildings	44,663,642	-
Vehicles and rolling stock	-	5,248,275
Machinery and equipment	2,126,860	6,707,418
Office furniture and equipment	25,326	-
Construction in progress	1,712,501	-
Right-to-use subscription assets	-	327,650
Accumulated depreciation and amortization	<u>(18,535,923)</u>	<u>(7,423,690)</u>
Capital assets, net of accumulated depreciation and amortization	<u>30,017,498</u>	<u>5,006,082</u>
Total noncurrent assets	<u>30,464,489</u>	<u>5,006,082</u>
Total assets	<u>46,709,395</u>	<u>14,886,028</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension contributions	164,952	-
Deferred pension experience loss	69,445	-
Deferred pension investment loss	638,602	-
Deferred OPEB contributions	5,033	-
Deferred OPEB experience loss	6,448	-
Deferred OPEB assumption change loss	13,991	-
Total deferred outflows of resources	<u>898,471</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>47,607,866</u>	<u>14,886,028</u>
LIABILITIES		
Current liabilities		
Vouchers payable	784,316	23,593
Retainage payable	51,801	-
Accrued liabilities	36,295	23,998
Deposits	446,991	-
Compensated absences	110,833	1,405
Subscription liability	-	201,843
Total current liabilities	<u>1,430,236</u>	<u>250,839</u>
Noncurrent liabilities		
Compensated absences	42,987	-
Net pension liability	1,243,951	-
OPEB liability	143,286	-
Subscription liability	-	125,807
Total noncurrent liabilities	<u>1,430,224</u>	<u>125,807</u>
Total liabilities	<u>2,860,460</u>	<u>376,646</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred pension experience gain	9,106	-
Deferred pension assumption change gain	1,960	-
Deferred OPEB experience gain	4,124	-
Deferred OPEB assumption change gain	48,209	-
Deferred inflows - leases	-	522,072
Total deferred inflows of resources	<u>63,399</u>	<u>522,072</u>
Total liabilities and deferred inflows of resources	<u>2,923,859</u>	<u>898,718</u>
NET POSITION		
Net investment in capital assets	29,908,233	4,659,542
Unrestricted	14,775,774	9,327,768
TOTAL NET POSITION	<u>\$ 44,684,007</u>	<u>\$ 13,987,310</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Town of Highland Park, Texas
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
For the Fiscal Year Ended September 30, 2023

	Enterprise Fund	Governmental Activities Internal Service Fund
OPERATING REVENUES		
Water sales	\$ 8,549,528	\$ -
Sewer services	2,965,416	-
New connections	20,450	-
Plumbing permits	54,757	-
Penalties for late payments	78,044	-
Inter-department water sales	225,532	-
Charges for services	1,670,811	1,701,804
Miscellaneous	129,780	117,128
	<hr/>	<hr/>
Total operating revenues	13,694,318	1,818,932
OPERATING EXPENSES		
Personnel services	2,410,915	86,420
Materials and supplies	3,783,220	185,705
Services and charges	3,180,381	414,541
Depreciation	1,291,383	783,947
	<hr/>	<hr/>
Total operating expenses	10,665,899	1,470,613
Operating income	3,028,419	348,319
NONOPERATING REVENUES		
Investment income	560,309	426,870
Gain on sale of assets	-	45,256
	<hr/>	<hr/>
Total nonoperating revenues	560,309	472,126
Income before contributions and transfers	3,588,728	820,445
Capital contributions	164,000	-
Transfers in	2,598,972	-
Transfers out	(1,952,354)	-
	<hr/>	<hr/>
Change in net position	4,399,346	820,445
Net position, beginning of year	40,284,661	13,166,865
	<hr/>	<hr/>
NET POSITION, END OF YEAR	<u>\$ 44,684,007</u>	<u>\$ 13,987,310</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Town of Highland Park, Texas
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2023

	Enterprise Fund	Governmental Activities Internal Service Fund
OPERATING ACTIVITIES		
Cash received from customers	\$ 12,932,925	\$ -
Cash received from interfund services	-	1,790,824
Cash payments to other suppliers for goods and services	(7,251,851)	(588,562)
Cash payments to employees	(1,836,510)	(85,015)
Net cash provided by operating activities	3,844,564	1,117,247
NONCAPITAL FINANCING ACTIVITIES		
Transfers to other funds	(1,952,354)	-
Transfers from other funds	2,598,972	-
Net cash provided by noncapital financing activities	646,618	-
CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(1,379,206)	(1,111,696)
Proceeds from sale of capital assets	-	45,256
Net cash used for capital and related financing activities	(1,379,206)	(1,066,440)
INVESTING ACTIVITIES		
Investment income	424,150	348,832
Sale of investments	3,002,249	2,822,144
Purchase of investments	(7,500,000)	(3,294,463)
Net cash used for investing activities	(4,073,601)	(123,487)
Net change in cash and cash equivalents	(961,625)	(72,680)
Cash and cash equivalents, beginning of year	7,139,207	5,324,606
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 6,177,582	\$ 5,251,926
RECONCILIATION TO STATEMENT OF NET POSITION		
Cash and cash equivalents	\$ 5,730,591	\$ 5,251,926
Restricted cash and cash equivalents	446,991	-
	\$ 6,177,582	\$ 5,251,926

The Notes to the Basic Financial Statements are an integral part of this statement.

Town of Highland Park, Texas
Statement of Cash Flows – Continued
Proprietary Funds
For the Fiscal Year Ended September 30, 2023

	<u>Enterprise Fund</u>	<u>Governmental Activities Internal Service Fund</u>
RECONCILIATION OF OPERATING INCOME TO NET		
CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 3,028,419	\$ 348,319
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,291,383	783,947
(Increase) decrease in assets and deferred outflows of resources		
Accounts receivable	(761,393)	(7,036)
Inventory	32,574	-
Prepaid items	(823)	(796)
Leases	-	(16,989)
Deferred outflows of resources - pension and OPEB	(690,286)	-
Increase (decrease) in liabilities and deferred inflows of resources		
Vouchers payable	(178,377)	(15,601)
Accrued liabilities	(37,108)	23,998
Deposits payable	(128,214)	-
Compensated absences	23,698	1,405
Pension and OPEB liability	1,802,682	-
Deferred inflows of resources - pension and OPEB	(537,991)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 3,844,564</u>	<u>\$ 1,117,247</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Developer contributions	\$ 164,000	\$ -
Subscription based information technology arrangements	<u>\$ -</u>	<u>\$ 327,650</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Town of Highland Park, Texas

Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies

The accounting and reporting policies of the Town of Highland Park, Texas (Town), relating to the financial statements for the year ended September 30, 2023, conform to generally accepted accounting principles (GAAP) for local governmental units. The more significant accounting policies are summarized below.

Reporting Entity

In defining the scope of the Town for financial reporting purposes, the Town conforms to the criteria of the Government Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity as amended by GASB Statement 39, Determining Whether Certain Organizations are Component Units* and GASB Statement 61, *The Financial Reporting Entity: Omnibus*. The Town's basic financial statements include all organizations and activities determined to be part of the Town's reporting entity. No other governmental organizations are includable within the Town's reporting entity.

Adoption of New Accounting Standards- GASB 96 (Subscription Based Information Technology Arrangements)

Effective October 1, 2022, the Town implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which provides guidance on the accounting and financial reporting of subscription based information arrangements (SBITA). It required the recognition of certain right-to-use subscription assets and corresponding liabilities. Implementation of GASB 96 resulted in no impact to the Town's beginning fund balance/net position.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Town of Highland Park, Texas

Notes to the Basic Financial Statements

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 Town 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, expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, ambulance fees and fines, licenses, intergovernmental activities 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, subject to availability. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's water and sewer function and various other functions of the Town and charges of the internal service funds to the water and sewer funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds are accounted for using an economic resources measurement focus. The accounting objectives are a determination of change in net position, financial position and changes in cash flows. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the proprietary fund's activities are included on its statement of net position.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Fund and of the Town's Internal Service Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds and Internal Service Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The Town reports the following major governmental funds:

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

Capital Projects Fund – The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Stormwater Drainage Fund – The Stormwater Drainage Fund is a capital projects fund that accounts for the collection of fees to protect the public health and safety from loss of life and property caused by surface water overflows, surface water stagnation and pollution arising from non-point source runoff within the Town.

Town of Highland Park, Texas

Notes to the Basic Financial Statements

The Town's Special Revenue Funds, included in Nonmajor Governmental Funds, are used to account for revenue sources that are legally restricted to expenditures for specified purposes and include the following:

Forfeited Property Fund – Accounts for the receipt of forfeited assets as a result of criminal activities and the funding of crime prevention programs and equipment.

Court Technology Fund – This special revenue fund accounts for the Local Consolidated Fee charged to defendants as specified by state law as related to technological enhancements for Municipal Court.

Court Security Fund – This special revenue fund accounts for the Local Consolidated Fee charged to defendants as specified by state law as related to security for Municipal Court.

DPS Technology Fund – Accounts for the receipt and expenditure of resources allocated to technology acquisitions and upgrades for the Department of Public Safety. This fund was closed in fiscal year 2023. The fund balance was transferred to the Capital Projects Fund.

Library Fund – Accounts for the receipt of royalty revenues restricted to the Library.

Tuancy Prevention Fund – This special revenue fund accounts for the Local Consolidated Fee charged to defendants as specified by state law as related to juvenile case managers.

Municipal Jury Fund – This special revenue fund accounts for the Local Consolidated Fee charged to defendants as specified by state law as related to juror reimbursements.

The Town reports the following major enterprise fund:

Enterprise Fund – The Town's Enterprise Fund is used to account for operations of the Town's sale of treated water and the disposal of sewage, as well as the collection and disposal of solid waste and recyclables, for its citizens.

Additionally, the government reports the following fund type:

Internal Service Funds – The Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments within the Town. The Equipment Replacement Fund is used to account for the acquisition and disposal of vehicles and large dollar equipment for the Town. The Building Maintenance Fund is used to account for repairs and maintenance to buildings owned by the Town. The Technology Replacement Fund is used to account for the replacement of technology equipment.

Program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Town of Highland Park, Texas

Notes to the Basic Financial Statements

Budgets and Budgetary Accounting

The Town's general policies and procedures in establishing the budgetary data reflected in the financial statements are described below.

1. The Town Administrator acts as the budget officer and prepares a proposed budget covering the expenditures of the Town in accordance with the provisions of the Town Charter.
2. A copy of the proposed budget is filed in the office of the Town Secretary no less than 30 days prior to the end of the fiscal year in accordance with provisions of the Town Charter.
3. A public hearing is conducted at a regular Town Council meeting to obtain citizen comments.
4. Notice of a public hearing relating to budget adoption is duly advertised by the Town Secretary in accordance with the provision of Vernon's Annotated Civil Statutes.
5. Prior to September 30, the budget is legally enacted through passage of an ordinance.
6. Amendments to the budget are made at regularly scheduled Town Council meetings.
7. The Town's budget is a line-item budget. Overall control is the responsibility of the Town Administrator with each respective department head being responsible for the administration of their departmental budgets. The department head has the flexibility of transferring appropriations between line items within the department as long as the total departmental appropriations are not exceeded. The exception to this policy is that no recognized salary or capital budgetary savings can be transferred without prior authorization of the Town Administrator.
8. Every appropriation, except an appropriation for a capital expenditure, shall lapse at the close of the fiscal year to the extent that it has not been expended or encumbered. An appropriation for a capital expenditure shall continue in force until the purpose for which it was made has been accomplished or abandoned; the purpose of any such appropriation shall be deemed abandoned if three years pass without any disbursement from or encumbrance of the appropriation.
9. Formal budgetary integration is employed as a management control device during the current year for the General Fund, Enterprise Fund and Internal Service Funds.
10. Legally adopted budgets for the General Fund, Capital Projects Fund, Stormwater Drainage Fund and each of the nonmajor governmental funds are annually adopted on the modified accrual basis of accounting. Budgeted amounts are as amended. Expenditures in excess of the budget may occur within individual expenditure accounts without Town Council approval. The Town Council must approve all expenditures in excess of the budget on a departmental basis.
11. The legally adopted budgets for the Enterprise Fund and Internal Service Funds are adopted on a basis consistent with GAAP, except that capital outlays are treated as expenses.

Inventories of Supplies

Inventories of supplies are stated at cost (first-in, first-out) and are determined by physical count. Inventory item expenditures are recognized when used under the consumption method.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid in the government-wide and fund financial statements. The Town uses the consumption method in the governmental funds.

Town of Highland Park, Texas

Notes to the Basic Financial Statements

Leases

The Town is a lessor for noncancelable leases of property. The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements for any lease receivable with an initial, individual value of \$100,000 or more. At the commencement of a lease, the Town initially measures the lease receivable at the present value of the payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. The Town has \$2,807,569 remaining in leases receivable (\$118,918 of which is due within one year) and \$2,703,033 in deferred inflows as of September 30, 2023. The Town recorded lease revenue, including interest, of \$169,614 during the fiscal year ended September 30, 2023.

Key estimates and judgments related to the leases include how the Town determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The Town uses the lessee's incremental borrowing rate as the discount rate for leases. The lease term includes the non-cancelable period of the lease plus any additional periods covered by either a lessee or lessor option to (1) extend for which it is reasonably certain to be exercised or (2) terminated for which it is reasonably certain to not be exercised.

Lease payments included in the measurement of the lease receivable are composed of fixed payments from the lessee, variable payments from the lessee that are fixed-in-substance or that depend on an index or rate, residual value guarantee payments from the lessee that are fixed-in-substance, and any lease incentives that are payable to the lessee.

The Town monitors changes in circumstances that would require remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Subscription-Based Information Technology Arrangements (SBITA)

The Town has noncancelable contracts with SBITA vendors for the right-to-use information technology software, alone or in combination with tangible capital assets. The Town recognizes subscription liabilities, reported with long term liabilities, and right-to-use subscription assets, reported with the other capital assets, in the government-wide and proprietary funds financial statements. The Town recognizes SBITA liabilities with an initial, individual value of \$100,000 or more.

At implementation of GASB Statement No. 96 and the commencement of subscription liabilities beginning after October 1, 2022, the Town initially measured the subscription liabilities at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liabilities are reduced by the principal portion of SBITA payments made. The right-to-use subscription assets are initially measured as the initial amount of the subscription liabilities, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial implementation costs. Subsequently, the subscription assets are amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying assets.

Town of Highland Park, Texas
Notes to the Basic Financial Statements

Key estimates and judgments related to SBITAs include how the Town determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The Town uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the Town is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The Town monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription assets and liabilities if certain changes occur that are expected to significantly affect the amount of the subscription liabilities.

Property, Plant and Equipment

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at cost at the date of acquisition or acquisition value at the date of donation if acquired by gift. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant and equipment of the Town, is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	50
Improvements other than buildings	12-20
Machinery and equipment	5-20
Right-to-use subscription assets	5
Office furniture and equipment	10
Computer equipment	3-5
Police sedans	5
Pickups/small trucks	5
Medium/heavy trucks	6-7
Fire apparatus	20

Town of Highland Park, Texas

Notes to the Basic Financial Statements

Pensions

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

Information regarding the Town's net pension asset/liability is obtained from TMRS through a report prepared for the Town by TMRS' consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, *GASB Statement No. 78, Pensions Provided by Certain Multiple-Employer Defined Benefit Plans*, *GASB Statement No. 82, Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*.

Defined Benefit Other Postemployment Benefit Plan

The Town has a single employer defined benefit other postemployment benefit (OPEB) plan (Plan). For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has the following items that qualify for reporting in this category.

- Pension and OPEB contributions/benefit payments after measurement date – These contributions/benefit payments are deferred and reported as a reduction in net pension or OPEB liability (or as an increase in the net pension asset) in the year subsequent to their deferral.
- Difference in expected and actual pension experience – This difference is deferred and recognized over the estimated average remaining service lives of all members determined as of the measurement date.
- Difference due to changes of assumptions related to OPEB – This difference is deferred and recognized over the estimated average remaining service lives of all members determined as of the measurement date.
- Difference in projected and actual loss on pension assets – This difference is deferred and amortized over a closed five-year period.

Town of Highland Park, Texas

Notes to the Basic Financial Statements

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has the following items that qualify for reporting in this category.

- Difference in expected and actual pension/OPEB experience – This difference is deferred and recognized over the estimated average remaining service lives of all members determined as of the measurement date.
- Difference due to changes of assumptions related to pension and OPEB – This difference is deferred and recognized over the estimated average remaining service lives of all members determined as of the measurement date.
- Unavailable revenue in governmental funds – These resources unavailable for revenue recognition are deferred and recognized as revenue when available.
- Unavailable revenue related to leases receivable.

Accumulated Unpaid Compensated Absences

It is the Town's policy to permit employees to accumulate certain earned unused vacation, comp time and sick pay benefits. Liabilities for compensated absences are reported in the governmental funds only if they have matured (i.e., unused reimbursable leave still outstanding following an employee's resignation or retirement). Accumulated personnel leave is accrued in the Enterprise Fund and in the government-wide statements as a current liability based upon unpaid amounts as of September 30, 2023, that must be paid by December 31, 2023, and amounts that become vested as of September 30, 2023, that must be paid within a one-year period. Otherwise, remaining amounts that have been earned but are not expected to be paid within a one-year period are included as long-term liabilities in the Enterprise Fund and in the government-wide statements.

Encumbrances

Encumbrances outstanding at the end of the year are not included in the expenditures of the Governmental Funds or expenses of the Enterprise Fund. Assigned fund balance is established in the governmental funds and a budget reappropriation is made for those amounts the Town intends to pay during the next year applicable to next year's budget appropriations.

Fund Balance

Fund balance classifications, under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* are Nonspendable, Restricted, Committed, Assigned and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

Town of Highland Park, Texas

Notes to the Basic Financial Statements

In accordance with this statement, the Town classifies governmental fund balances as follows:

Nonspendable – includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories and prepaid items.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts restricted due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the Town through formal action of the highest level of decision-making authority. Committed fund balance is reported pursuant to an Ordinance passed by the Town Council.

Assigned – includes fund balance amounts that are self-imposed by the Town to be used for a particular purpose. Fund balance can be assigned by the Town's Council or the Assistant Town Administrator as established in the Town's Statement of Financial Management Policies. This classification includes insurance deductibles, encumbrances, program start-up costs, compensated absences, projected budget deficit for subsequent years and other legal uses.

Unassigned – includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

Generally, the Town would first apply restricted resources, then committed, assigned and unassigned resources when an expense is incurred for purposes for which more than one classification of fund balance is available.

Minimum Fund Balance Policy – It is the policy of the Town to achieve and maintain an unassigned fund balance in the General Fund equal to 17% of non-capital expenditures.

Property Tax

Property taxes attach as an enforceable lien on property located in the Town as of January 1. Taxes are levied on October 1 for the current fiscal year and are due and payable on or before January 31 of the following year. Dallas County bills and collects property taxes on behalf of the Town. The property tax revenues are recognized when levied to the extent that they result in current receivables. The tax rate for the current year was \$0.23 on each \$100 of assessed valuation.

Note 2. Deposits and Investments

The Town's management of deposits and investments are directed by its Statement of Investment Policies (Policies), adopted by the Town Council. The Policies are in accordance with the laws of the State of Texas, where applicable. The Policies identify authorized investments and investment terms, collateral requirements, safekeeping requirements for collateral and investments and certain investment practices. Authorized investments include obligations of the United States or its agencies and instrumentalities (excluding mortgage-backed securities), direct obligations of the State of Texas or its agencies and instrumentalities, collateralized certificates of deposit, eligible local government investment pools and money market mutual funds meeting specific conditions.

Repurchase agreements, reverse purchase agreements, bankers' acceptances and commercial paper are also authorized to the extent that they may be contained in the portfolios of approved local government investment pools. Investments are held until maturity or until fair values equal or exceed cost.

Town of Highland Park, Texas
Notes to the Basic Financial Statements

In accordance with GASB Statement No. 31 and No. 72, the Town’s participating investments with a remaining maturity at time of purchase of less than one year and non-participating investments are reported utilizing an amortized cost measure. Participating investments with a remaining maturity at date of purchase of more than one year are reported at fair value.

Any unrealized gain/loss resulting from the valuation is recognized in the respective funds that participate in the Town’s investment pool. The gain/loss resulting from valuation is reported within the revenue account “investment income” on the Statement of Revenues, Expenditures and Changes in Fund Balances for the Governmental Funds and the Statement of Revenues, Expenses and Changes in Fund Net Position for Proprietary Funds.

The Town’s cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturity of three (3) months or less from the date of acquisition.

The Town’s carrying amounts of cash and cash equivalents and investments as of September 30, 2023, as reflected in the financial statements, are:

Cash and cash equivalents	\$ 26,052,610
Restricted cash and cash equivalents	1,183,538
Investments	<u>32,838,011</u>
	<u>\$ 60,074,159</u>

The Town’s deposits, including certificates of deposits, are insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized with securities pledged to the Town, and held in the Town’s name. The balances held at financial institutions at year-end were \$32,681,172.

Deposits and investments as of September 30, 2023, consist of the following:

Deposits	\$ 27,236,148
Certificates of deposit	<u>32,838,011</u>
	<u>\$ 60,074,159</u>

The table below identifies the investment types that are allowed for the Town by the Public Funds Investment Act (Government Code Chapter 2265.) The table also identifies certain provisions of the Town’s investment policy that address interest rate risk, credit risk and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
U.S. Treasury Obligations	3 Years	80%	None
U.S. Government Agency Securities and Instruments of Government-Sponsored Corporations	3 Years	80%	None
Authorized Local Government Investment Pool (per Pool)	3 Years	75%	None
Fully Collateralized Certificates of Deposit	3 Years	80%	50%
SEC-Regulated No-Load Money Market Mutual Fund (per Fund)	3 Years	25%	50%
Municipal Bonds	3 Years	25%	5%

Town of Highland Park, Texas

Notes to the Basic Financial Statements

The Town maintains a comprehensive and proactive cash management program which is designed to monitor and control all Town funds to ensure maximum utilization and yield a market rate of return. The basic and underlying strategy of this program is that all the Town's funds are earning interest. The Town's investment strategy emphasizes low credit risk, diversification, and the management of maturities.

Interest Rate Risk – In accordance with its investment policy, the Town manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to 270 days. As of September 30, 2023, the Town did not invest in any securities which are highly sensitive to interest rate fluctuations.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. At September 30, 2023, the Town had no investments subject to credit risk.

Concentration of Credit Risk – Diversification of investment instruments shall be utilized to avoid incurring unreasonable risks resulting from over-concentration of investments in a specific maturity, a specific issue or a specific class of securities. With the exception of U.S. Government securities (debt obligations issued by the U.S. Government, its agencies or instrumentalities) as authorized in the Town's investment policy, no more than 80% of the total investment portfolio will be invested in any one security type or with a single financial institution, with the exception of the Town's designated depository bank. Diversification of the portfolio considers diversification by maturity dates and diversification by investment instrument.

Custodial Credit Risk – Deposits – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Texas Government Code, Section 2257, Collateral for Public Funds establishes the requirement of and the criteria for securing deposited public funds. The Town's investment policy further defines eligible securities acceptable for securing Town deposits at a level equal to at least 102% of deposits plus any accrued interest less any amount insured by the Federal Deposit Insurance Corporation. As of September 30, 2023, the Town's deposits with its financial institution in excess of federal depository insurance limits were fully collateralized.

Custodial Credit Risk – Investments – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town avoids custodial credit risk on investments through its investment policy which further limits eligible instruments for investments of public funds. As of September 30, 2023, the Town had no custodial credit risk on its investments.

Town of Highland Park, Texas
Notes to the Basic Financial Statements

Note 3. Receivables

Receivables as of year-end, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds			Internal Service Fund	Total Governmental Activities	Business-Type Activities
	General	Capital Projects	Stormwater Drainage			Enterprise
Taxes receivable	\$ 1,585,270	\$ -	\$ -	\$ -	\$ 1,585,270	\$ -
Allowance for uncollectible taxes	(70,766)	-	-	-	(70,766)	-
	<u>1,514,504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,514,504</u>	<u>-</u>
Accounts receivable	885,282	-	-	-	885,282	2,744,189
Allowance for uncollectible accounts	(336,188)	-	-	-	(336,188)	(27,688)
	<u>549,094</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>549,094</u>	<u>2,716,501</u>
Interest receivable	203,077	47,330	44,188	35,039	329,634	15,320
Leases receivable	2,268,508	-	-	539,061	2,807,569	-
Intergovernmental	-	1,400,812	-	-	1,400,812	-
	<u>2,471,585</u>	<u>1,448,142</u>	<u>44,188</u>	<u>574,100</u>	<u>4,538,015</u>	<u>15,320</u>
Total	<u>\$ 4,535,183</u>	<u>\$ 1,448,142</u>	<u>\$ 44,188</u>	<u>\$ 574,100</u>	<u>\$ 6,601,613</u>	<u>\$ 2,731,821</u>

Town of Highland Park, Texas
Notes to the Basic Financial Statements

Note 4. Capital Assets

Capital asset activity for the year ended September 30, 2023, was as follows:

	Balance October 1, 2022	Additions	Sales or Other Dispositions	Adjustments/ Transfers	Balance September 30, 2023
General Capital Assets					
Capital assets not being depreciated					
Land	\$ 4,193,026	\$ -	\$ -	\$ -	\$ 4,193,026
Construction in progress	2,358,095	7,878,979	-	-	10,237,074
Total capital assets not being depreciated	6,551,121	7,878,979	-	-	14,430,100
Capital assets being depreciated					
Buildings	22,374,494	-	-	-	22,374,494
Capital improvements	56,155,522	394,258	-	-	56,549,780
Furniture and fixtures	40,444	-	-	-	40,444
Office equipment	400,155	-	-	-	400,155
Machinery and equipment	5,809,223	169,269	-	-	5,978,492
Total capital assets being depreciated	84,779,838	563,527	-	-	85,343,365
Less accumulated depreciation for					
Buildings	(6,778,931)	(680,713)	-	-	(7,459,644)
Capital improvements	(25,949,973)	(1,755,583)	-	-	(27,705,556)
Furniture and fixtures	(35,865)	(3,001)	-	-	(38,866)
Office equipment	(396,561)	(3,594)	-	-	(400,155)
Machinery and equipment	(1,762,915)	(307,624)	-	-	(2,070,539)
Total accumulated depreciation	(34,924,245)	(2,750,515)	-	-	(37,674,760)
Capital assets being depreciated, net	49,855,593	(2,186,988)	-	-	47,668,605
Internal Service Fund Capital Assets					
Capital assets not being depreciated/amortized					
Construction in progress	51,502	261,802	-	(313,304)	-
Total capital assets not being depreciated/amortized	51,502	261,802	-	(313,304)	-
Capital assets being depreciated/amortized					
Building improvements	146,429	-	-	-	146,429
Machinery and equipment	6,059,154	648,264	-	-	6,707,418
Vehicles and rolling stock	4,979,304	201,630	(245,963)	313,304	5,248,275
Right-to-use subscription assets	-	327,650	-	-	327,650
Total capital assets being depreciated/amortized	11,184,887	1,177,544	(245,963)	313,304	12,429,772
Less accumulated depreciation/amortization for					
Building improvements	(17,544)	(10,109)	-	-	(27,653)
Machinery and equipment	(4,395,826)	(313,966)	-	-	(4,709,792)
Vehicles and rolling stock	(2,472,336)	(394,342)	245,963	-	(2,620,715)
Right-to-use subscription assets	-	(65,530)	-	-	(65,530)
Total accumulated depreciation/amortization	(6,885,706)	(783,947)	245,963	-	(7,423,690)
Total capital assets being depreciated/amortized, net	4,299,181	393,597	-	313,304	5,006,082
Governmental activities capital assets, net	\$ 60,757,397	\$ 6,347,390	\$ -	\$ -	\$ 67,104,787

Town of Highland Park, Texas
Notes to the Basic Financial Statements

	October 1, 2022	Additions	Sales or Other Dispositions	Adjustments/ Transfers	September 30, 2023
Business-type Activities					
Capital assets not being depreciated					
Land	\$ 4,895	\$ -	\$ -	\$ -	\$ 4,895
Construction in progress	2,342,490	1,379,206	-	(2,009,195)	1,712,501
Total capital assets not being depreciated	2,347,385	1,379,206	-	(2,009,195)	1,717,396
Capital assets being depreciated					
Buildings	20,197	-	-	-	20,197
Improvements other than buildings	42,561,499	164,000	-	1,938,143	44,663,642
Machinery and equipment	2,055,808	-	-	71,052	2,126,860
Office furniture and equipment	25,326	-	-	-	25,326
Total capital assets being depreciated	44,662,830	164,000	-	2,009,195	46,836,025
Less accumulated depreciation/amortization for					
Building	(20,197)	-	-	-	(20,197)
Capital improvements	(15,199,715)	(1,234,486)	-	-	(16,434,201)
Machinery and equipment	(2,001,472)	(56,342)	-	-	(2,057,814)
Office equipment	(23,156)	(555)	-	-	(23,711)
Total accumulated depreciation	(17,244,540)	(1,291,383)	-	-	(18,535,923)
Total capital assets being depreciated, net	27,418,290	(1,127,383)	-	2,009,195	28,300,102
Business-type activities capital assets, net	\$ 29,765,675	\$ 251,823	\$ -	\$ -	\$ 30,017,498

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

Governmental activities:	
General government	\$ 712,669
Public safety	399,406
Town services	6,014
Street department	1,246,207
Library	70,528
Parks department	278,826
Swimming pool	36,865
Total depreciation expense - general capital assets	2,750,515
Internal service fund	783,947
Total Governmental Activities	3,534,462
Business-type activities / Enterprise fund	\$ 1,291,383

Town of Highland Park, Texas
Notes to the Basic Financial Statements

Note 5. Interfund Transactions

Interfund transfers are made throughout the fiscal year for a variety of reasons. Transfers made during fiscal year 2023 were as follows:

Transfer Fund	Transfer In	Transfer Out	Purpose of Transfer	
			In	Out
General fund	\$ 1,359,300	\$ 10,605,509	1	2
Capital projects fund	9,221,094	1,197,825	2	1 and 2
Stormwater drainage fund	1,000,000	107,208	2	1
Nonmajor governmental funds	-	316,470	-	2 and 3
Enterprise fund	2,598,972	1,952,354	1 and 2	1 and 2
	<u>\$ 14,179,366</u>	<u>\$ 14,179,366</u>		

- 1) Indirect cost allocation
- 2) Capital funding
- 3) Personnel funding

Interfund balances at September 30, 2023 consisted of the following individual fund receivables and payables:

Due to fund	Due from Fund	Amount
General fund	Stormwater drainage fund	\$ 600,000

Note 6. Long-term Liabilities

Long-term liability activity for the year ended September 30, 2023, was as follows:

	Beginning of Year	Additions	Deletions	End of Year	Within One Year
Governmental activities					
Compensated absences	\$ 1,754,750	\$ 1,817,553	\$ (1,677,295)	\$ 1,895,008	\$ 952,465
Subscription liability	-	327,650	-	327,650	201,843
Sales tax obligation	-	1,324,534	(91,980)	1,232,554	220,752
Total	<u>\$ 1,754,750</u>	<u>\$ 3,469,737</u>	<u>\$ (1,769,275)</u>	<u>\$ 3,455,212</u>	<u>\$ 1,375,060</u>
Business-type activities					
Compensated absences	\$ 130,122	\$ 177,230	\$ (153,532)	\$ 153,820	\$ 110,833
Total	<u>\$ 1,884,872</u>	<u>\$ 3,646,967</u>	<u>\$ (1,922,807)</u>	<u>\$ 3,609,032</u>	<u>\$ 1,485,893</u>

Compensated absences liabilities, as well as the net pension and other postemployment benefit liabilities attributable to the governmental activities, will be liquidated by the General Fund.

Town of Highland Park, Texas
 Notes to the Basic Financial Statements

Sales Tax Obligation

The Town negotiated a long-term payout of excess sales tax received in prior years in the in the amount of \$1,324,534, with the State Comptroller. The total negotiated payout calls for seventy-two equal monthly payments which are deducted each month from the Town’s sales tax receipts beginning May 2023. No interest is associated with this liability.

Subscription Liability

The Town has entered into a SBITA with an interest rate of 3.4%. The Town has \$262,120 remaining in subscription assets and \$327,650 (\$201,843 current) in subscription liabilities and recorded \$65,530 in amortization expense and \$18,890 of interest expense for fiscal year 2023.

Future payments for the subscription liability are as follows:

	Principal	Interest	Total
2024	\$ 201,843	\$ 36,326	\$ 238,169
2025	63,183	4,278	67,461
2026	62,624	2,129	64,753
Total	<u>\$ 327,650</u>	<u>\$ 42,733</u>	<u>\$ 370,383</u>

Note 7. Retirement Plans

Texas Municipal Retirement System

Plan Description

The Town participates as one of 919 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at tmrs.com. All eligible employees of the Town are required to participate in TMRS.

Benefits Provided

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

At retirement, the Member’s benefit is calculated based on the sum of the Member’s contributions, with interest, and the city-financed monetary credits with interest. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the total Member contributions and interest.

Town of Highland Park, Texas
Notes to the Basic Financial Statements

A summary of plan provisions for the Town are as follows:

Employee deposit rate	7%
Matching ratio (city to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years at any age, 5 years at age 60 and above
Updated service credit	0%
Annuity increase (to retirees)	0% of CPI

Employees Covered by Benefit Terms

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefits	142
Inactive employees entitled to but not yet receiving benefits	51
Active employees	123
	316
	316

Contributions

Member contribution rates in TMRS are either 5%, 6% or 7% of the Member’s total compensation, and the Town matching percentages are either 100%, 150% or 200%, both as adopted by the governing body of the Town. Under the state law governing TMRS, the contribution rate for each Town is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The Town’s contribution rate is based on the liabilities created from the benefit plan options selected by the Town and any changes in benefits or actual experience over time.

Employees for the Town were required to contribute 7% of their annual compensation during the fiscal year. The contribution rates for the Town were 12.45% and 8.98% in calendar years 2023 and 2022, respectively. The Town’s contributions to TMRS for the year ended September 30, 2023, were actuarially required contributions of \$1,734,466 and total contributions of \$1,917,466 and were \$183,000 greater than the required contributions.

Net Pension Liability

The Town’s Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.5% to 11.50%, including inflation
Investment rate of return	6.75%

Town of Highland Park, Texas
Notes to the Basic Financial Statements

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. The assumptions were adopted in 2019 and first used in the December 31, 2019, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income to satisfy the short-term and long-term funding needs of TMRS.

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

The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Global equity	35.0%	7.70%
Core fixed income	6.0%	4.90%
Non-core fixed income	20.0%	8.70%
Other Public & Private Markets	12.0%	8.10%
Real estate	12.0%	5.80%
Hedge Funds	5.0%	6.90%
Private equity	10.0%	11.80%
Total	100%	

Discount Rate

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

Town of Highland Park, Texas
Notes to the Basic Financial Statements

Changes in the Net Pension (Asset) Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
Balance at December 31, 2021	\$ 88,747,080	\$ 94,215,487	\$ (5,468,407)
Changes for the year:			
Service cost	1,893,799	-	1,893,799
Interest	6,172,103	-	6,172,103
Change in benefit terms	4,808,893	-	4,808,893
Difference between expected and actual experience	419,212	-	419,212
Employer contributions	-	1,481,191	(1,481,191)
Employee contributions	-	1,011,954	(1,011,954)
Net investment income	-	(6,863,768)	6,863,768
Benefit payments, including refunds of employee contributions	(6,128,614)	(6,128,614)	-
Administrative expense	-	(59,513)	59,513
Other changes	-	71,017	(71,017)
Net changes	<u>7,165,393</u>	<u>(10,487,733)</u>	<u>17,653,126</u>
Balance at December 31, 2022	<u>\$ 95,912,473</u>	<u>\$ 83,727,754</u>	<u>\$ 12,184,719</u>

Sensitivity of the Net Pension (Asset) Liability to Changes in the Discount Rate

The following presents the net pension (asset) liability of the Town, calculated using the discount rate of 6.75%, as well as what the Town's net pension (asset) liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Town's net pension liability	\$ 23,083,355	\$ 12,184,719	\$ 2,997,236

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2023, the Town recognized pension expense of \$7,462,797.

Town of Highland Park, Texas
Notes to the Basic Financial Statements

At September 30, 2023, the Town reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 604,576	\$ 30,542
Changes of assumptions	-	18,990
Net differences between projected and actual pension plan earnings on pension plan investments	5,799,868	-
Contributions subsequent to the measurement date	<u>1,567,916</u>	<u>-</u>
Total	<u>\$ 7,972,360</u>	<u>\$ 49,532</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$1,567,916 will be recognized as a reduction of the net pension liability (or an increase in the net pension asset) for the year ending September 30, 2024.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	
2024	\$ 374,381
2025	1,607,344
2026	1,693,913
2027	<u>2,679,274</u>
Total	<u>\$ 6,354,912</u>

Deferred Compensation Plan

The Town offers a deferred compensation plan created in accordance with Internal Revenue Code Section 457 to its employees. Under this plan, employees may defer receipt of income. The plan is administered by Mission Square Retirement. All assets and income are held in trust for the exclusive benefit of participants and their beneficiaries and the Town has no fiduciary responsibilities over the plan. It is therefore not reported in the financial statements of the Town.

Note 8. Postemployment Benefits Other Than Pensions

The Town offers retired employees and their dependents the option to retain health and dental insurance coverage under the Town's insurance carrier until age 65 through a single employer defined benefit plan. The Town does not contribute funds for this coverage and retirees are required to pay all insurance premiums. While the Town does not directly pay premiums for retirees, the Town's cost for insurance coverage is affected by the inclusion of these individuals in the group. This effect on cost is considered to be an implicit rate subsidy. Since an irrevocable trust has not been established, the plan is not accounted for as a trust fund. The plan does not issue a separate report. Benefit provisions for retirees are not mandated by any form of employment agreement and the continued provision of these benefits is based entirely on the discretion of the Town Council.

Town of Highland Park, Texas
Notes to the Basic Financial Statements

Before the age of 65, retired employees are allowed to remain on the Town’s healthcare insurance.

The Town bills retirees quarterly in advance for the cost of their premiums and the Town remits these premiums at the same time it remits premiums for active employees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

A measurement date of December 31, 2022, was used for the September 30, 2023 liability and expense. The information that follows was determined as of a valuation date of December 31, 2021.

At December 31, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	54
Active employees	<u>124</u>
Total employees	<u><u>178</u></u>

Total OPEB Liability: The Town’s total OPEB liability of \$1,004,117 (\$860,831 for governmental activities and \$143,286 for business-type activities) was measured as of December 31, 2022, and was determined by an actuarial valuation as of December 31, 2021.

Actuarial Assumptions: The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	<u>December 31, 2022</u>
Actuarial Cost Method	Individual Entry-Age
Discount Rate	4.05% as of December 31, 2022
Inflation	2.50%
Salary Increase	3.50% to 11.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2018, as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the Mortality Projection (MP) tables to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.15% after 13 years
Participation Rates	25% for eligible employees who retiree at the age of 50 or later; 0% for eligible employees who retire before age 50
Other Information	The discount rate changed from 1.84% as of December 31, 2021 to 4.05% as of December 31, 2022.

Discount Rate: For plans that do not have a formal trust that meets GASB’s requirements, the discount rate equals the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. The discount rate was based on the daily rate closest to but not later than the measurement date of the Fidelity “ 20-Year Municipal GO AA Index” .

Town of Highland Park, Texas
Notes to the Basic Financial Statements

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balances as of October 1, 2022	\$ 1,150,478
Changes for the year:	
Service cost	94,201
Interest on total OPEB liability	21,400
Difference between expected and actual experience	27,596
Effect of assumptions changes (discount rate change)	(220,444)
Benefit payments, age adjusted premiums, net of retiree contributions	<u>(69,114)</u>
Balances as of September 30, 2023	<u>\$ 1,004,117</u>

Sensitivity of the total OPEB liability to changes in the discount rate and health care cost trend rates: The total OPEB liability of the Town has been calculated using a discount rate of 4.05%.

The following presents the total OPEB liability using a discount rate 1% higher and 1% lower than the current discount rate.

	<u>1% Decrease 3.05%</u>	<u>Current Discount Rate Assumption 4.05%</u>	<u>1% Increase 5.05%</u>
Total OPEB Liability	\$ 1,097,680	\$ 1,004,117	\$ 919,762

The total OPEB liability of the Town has been calculated using the assumed health care cost trend rates of 7.0% decreasing to 4.15%. The following presents the total OPEB liability using health care cost trend rates 1% higher and 1% lower than the current health care cost trend rates.

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate Assumption</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 894,833	\$ 1,004,117	\$ 1,132,606

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended September 30, 2023, the Town recognized OPEB expense of \$84,072. At September 30, 2023, the Town reported deferred inflows and outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences in experience	\$ 45,185	\$ 28,886
Changes of assumptions	98,042	337,823
Benefit payments subsequent to the measurement date	<u>35,268</u>	<u>-</u>
	<u>\$ 178,495</u>	<u>\$ 366,709</u>

Benefit payments subsequent to the measurement date and before fiscal year-end will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2024.

Town of Highland Park, Texas
Notes to the Basic Financial Statements

Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending September 30,	Amortization of Future Deferred (Inflows) Outflows of Resources
2024	\$ (31,529)
2025	(34,572)
2026	(35,250)
2027	(34,119)
2028	(45,136)
Thereafter	(42,876)
	<u>\$ (223,482)</u>

Note 9. Commitments and Contingencies

The Town purchases treated water from a third-party through a contract which expires on April 18, 2032.

Sewage service is provided to the Town under a contract with a third-party which expires in 2044.

The Town contracts for the use of a sanitary landfill for solid waste disposal with a third-party. This landfill was permitted by the State of Texas in 1995 with a projected life of 37 years. The current projected estimated useful life has been extended to 2037.

The Town contracts for solid waste collection services and collection of recyclable materials with a third-party which expires April 30, 2027.

The Town is a party in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Town's management that the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

As discussed in Note 1, Summary of Significant Accounting Policies, Budgets and Budgetary Accounting, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the Town had \$7,387,996 of encumbrances expected to be honored upon performance by the vendor in the next year as follows:

General Fund	\$ 393,974
Capital Projects Fund	2,695,902
Enterprise Fund	3,556,310
Court Technology Fund	14,100
Technology Replacement Fund	229,762
Stormwater Drainage Fund	441,783
Building Maintenance Fund	51,765
Library Fund	4,400



**Required Supplementary Information
(Unaudited)**

Town of Highland Park, Texas
Schedule of Changes in the Net Pension (Asset) Liability
and Related Ratios
Texas Municipal Retirement System
For the Last Nine Measurement Years Ended December 31

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
TOTAL PENSION LIABILITY					
Service cost	\$ 1,893,799	\$ 1,813,834	\$ 1,864,737	\$ 1,798,273	\$ 1,709,542
Interest	6,172,103	5,688,203	5,559,516	5,372,028	4,887,236
Changes of benefit terms	4,808,893				
Effect of plan changes	-	-	-	4,682,521	-
Differences between expected and actual experience	419,212	374,064	(92,870)	732,922	3,684
Change in assumptions*	-	-	-	(170,894)	-
Benefit payments, including refunds of employee contributions	<u>(6,128,614)</u>	<u>(4,983,551)</u>	<u>(5,815,356)</u>	<u>(4,160,576)</u>	<u>(4,129,918)</u>
Net change in total pension liability	7,165,393	2,892,550	1,516,027	8,254,274	2,470,544
Total pension liability - beginning	<u>88,747,080</u>	<u>85,854,530</u>	<u>84,338,503</u>	<u>76,084,229</u>	<u>73,613,685</u>
TOTAL PENSION LIABILITY - ENDING (a)	<u>95,912,473</u>	<u>88,747,080</u>	<u>85,854,530</u>	<u>84,338,503</u>	<u>76,084,229</u>
PLAN FIDUCIARY NET POSITION					
Contributions - employer	1,481,191	1,531,217	1,332,360	848,997	805,639
Contributions - employee	1,011,954	967,010	996,424	947,885	899,083
Net investment income	(6,863,768)	11,143,564	6,281,265	11,408,726	(2,355,801)
Benefit payments, including refunds of employee contributions	(6,128,614)	(4,983,551)	(5,815,356)	(4,160,576)	(4,129,918)
Administrative expense	(59,513)	(51,638)	(40,696)	(64,536)	(45,565)
Other	71,017	352	(1,589)	(1,938)	(2,381)
Net change in plan fiduciary net position	(10,487,733)	8,606,954	2,752,408	8,978,558	(4,828,943)
Plan fiduciary net position - beginning	<u>94,215,487</u>	<u>85,608,533</u>	<u>82,856,125</u>	<u>73,877,567</u>	<u>78,706,510</u>
PLAN FIDUCIARY NET POSITION - ENDING (b)	<u>\$ 83,727,754</u>	<u>\$ 94,215,487</u>	<u>\$ 85,608,533</u>	<u>\$ 82,856,125</u>	<u>\$ 73,877,567</u>
NET PENSION (ASSET) LIABILITY - ENDING (a)-(b)	<u>\$ 12,184,719</u>	<u>\$ (5,468,407)</u>	<u>\$ 245,997</u>	<u>\$ 1,482,378</u>	<u>\$ 2,206,662</u>
Plan fiduciary net position as a percentage of total pension (asset) liability	87.30%	106.16%	99.71%	98.24%	97.10%
Covered payroll	\$ 14,456,483	\$ 13,814,427	\$ 14,234,630	\$ 13,541,213	\$ 12,844,042
Net pension (asset) liability as a percentage of covered payroll	84.29%	-39.58%	1.73%	10.95%	17.18%

*The long-term expected rate of return on pension plan investments decreased from 7% to 6.75% in 2015.

The information in this schedule has been determined as of the measurement date (December 31) of the Town's net pension (asset) liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 68, only periods for which such information is available are presented.

	2017	2016	2015	2014
\$	1,643,029	\$ 1,581,867	\$ 1,408,625	\$ 1,355,468
	4,735,388	4,601,305	4,443,414	4,389,441
	-	-	-	-
	76,301	(335,432)	1,099,257	(973,479)
	-	-	1,761,337	-
	(4,346,827)	(3,436,976)	(4,781,270)	(3,272,671)
	2,107,891	2,410,764	3,931,363	1,498,759
	71,505,794	69,095,030	65,163,667	63,664,908
	73,613,685	71,505,794	69,095,030	65,163,667
	668,603	374,590	444,414	636,106
	866,707	835,073	787,570	805,198
	9,925,987	4,678,472	107,358	4,038,451
	(4,346,827)	(3,436,976)	(4,781,270)	(3,272,671)
	(51,461)	(52,856)	(65,395)	(42,166)
	(2,608)	(2,848)	(3,230)	(3,467)
	7,060,401	2,395,455	(3,510,553)	2,161,451
	71,646,109	69,250,654	72,761,207	70,599,756
\$	78,706,510	\$ 71,646,109	\$ 69,250,654	\$ 72,761,207
\$	(5,092,825)	\$ (140,315)	\$ (155,624)	\$ (7,597,540)
	106.92%	100.20%	100.23%	111.66%
\$	12,381,528	\$ 11,929,614	\$ 11,271,001	\$ 11,502,823
	-41.13%	-1.18%	-1.38%	-66.05%

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 728,484	\$ 699,391	\$ 600,931	\$ 408,628	\$ 504,539
(839,877)	(770,984)	(600,931)	(408,628)	(504,539)
<u>\$ (111,393)</u>	<u>\$ (71,593)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 13,392,486	\$ 12,697,397	\$ 12,306,527	\$ 12,214,139	\$ 11,452,658
6.27%	6.07%	4.88%	3.35%	4.41%

Town of Highland Park, Texas
Schedule of Changes in Total OPEB Liability
and Related Ratios
For the Last Six Measurement Years Ended December 31

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
TOTAL OPEB LIABILITY						
Service cost	\$ 94,201	\$ 72,856	\$ 57,813	\$ 45,081	\$ 44,723	\$ 39,166
Interest	21,400	25,653	30,984	39,551	35,710	38,395
Difference between expected and actual experience of the total OPEB liability	27,596	13,205	19,936	(62,317)	(2,483)	-
Changes of assumptions	(220,444)	(184,634)	88,745	80,071	(39,236)	47,917
Benefit payments	(69,114)	(45,616)	(52,490)	(43,749)	(59,608)	(54,711)
	<u>(146,361)</u>	<u>(118,536)</u>	<u>144,988</u>	<u>58,637</u>	<u>(20,894)</u>	<u>70,767</u>
Net change in total OPEB liability						
Total OPEB liability - beginning	<u>1,150,478</u>	<u>1,269,014</u>	<u>1,124,026</u>	<u>1,065,389</u>	<u>1,086,283</u>	<u>1,015,516</u>
TOTAL OPEB LIABILITY - ENDING	<u>\$ 1,004,117</u>	<u>\$ 1,150,478</u>	<u>\$ 1,269,014</u>	<u>\$ 1,124,026</u>	<u>\$ 1,065,389</u>	<u>\$ 1,086,283</u>
Covered-employee payroll	\$ 14,456,483	\$ 13,814,427	\$ 14,234,630	\$ 13,541,213	\$ 12,844,042	\$ 12,381,528
Total OPEB liability as a percentage of covered-employee payroll	6.95%	8.33%	8.91%	8.30%	8.29%	8.77%

Other Information:

The information in this schedule has been determined as of the measurement date (December 31) of the Town's total OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 75, only periods for which such information is available are presented.

Changes of assumptions reflect a change in the discount rate from 1.84% as of December 31, 2021 to 4.05% as of December 31, 2022.

Combining and Individual Fund Financial Statements and Schedules



Town of Highland Park, Texas
 Budgetary Comparison Schedule
 Capital Projects Fund
 For the Fiscal Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ 59,569	\$ 59,569	\$ 554,297	\$ 494,728
Intergovernmental	1,891,543	1,891,543	3,353,275	1,461,732
Miscellaneous	975,000	975,000	231,108	(743,892)
Total revenues	2,926,112	2,926,112	4,138,680	1,212,568
EXPENDITURES				
Current				
Street Department	14,936,665	1,493,665	1,441,343	52,322
Capital Outlay	8,063,286	8,063,286	6,874,392	1,188,894
Total expenditures	22,999,951	9,556,951	8,315,735	1,241,216
Deficiency of revenues under expenditures	(20,073,839)	(6,630,839)	(4,177,055)	2,453,784
OTHER FINANCING SOURCES (USES)				
Transfers in	5,220,224	9,221,094	9,221,094	-
Transfers out	(1,197,825)	(1,197,825)	(1,197,825)	-
Net other financing sources (uses)	4,022,399	8,023,269	8,023,269	-
Net change in fund balances	(16,051,440)	1,392,430	3,846,214	2,453,784
Fund balance, beginning of year	10,915,385	10,915,385	10,915,385	-
FUND BALANCE, END OF YEAR	\$ (5,136,055)	\$ 12,307,815	\$ 14,761,599	\$ 2,453,784

Town of Highland Park, Texas
 Budgetary Comparison Schedule
 Stormwater Drainage Fund
 For the Fiscal Year Ended September 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Service fees	\$ 441,692	\$ 441,692	\$ 470,650	\$ 28,958
Investment income	15,979	15,979	134,831	118,852
Miscellaneous	600,000	600,000	-	(600,000)
Total revenues	1,057,671	1,057,671	605,481	(452,190)
EXPENDITURES				
Current				
General Government	136,750	136,750	360,378	(223,628)
Capital Outlay	1,660,000	1,660,000	1,568,114	91,886
Total expenditures	1,796,750	1,796,750	1,928,492	(131,742)
Deficiency of revenues under expenditures	(739,079)	(739,079)	(1,323,011)	(583,932)
OTHER FINANCING SOURCES (USES)				
Transfers in	300,000	300,000	1,000,000	700,000
Transfers out	(104,900)	(104,900)	(107,208)	(2,308)
Net other financing sources (uses)	195,100	195,100	892,792	697,692
Net change in fund balances	(543,979)	(543,979)	(430,219)	113,760
Fund balance, beginning of year	2,833,440	2,833,440	2,833,440	-
FUND BALANCE, END OF YEAR	\$ 2,289,461	\$ 2,289,461	\$ 2,403,221	\$ 113,760

Town of Highland Park, Texas
Nonmajor Governmental Funds
Special Revenue Funds

**NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS**

Forfeited Property Fund – Accounts for the receipt of forfeited assets as a result of criminal activities and the funding of crime prevention programs and equipment.

Court Technology Fund – This special revenue fund accounts for the Local Consolidated Fee charged to defendants as specified by state law as related to technological enhancements for Municipal Court.

Court Security Fund – This special revenue fund accounts for the Local Consolidated Fee charged to defendants as specified by state law as related to security for Municipal Court.

DPS Technology Fund – Accounts for the receipt and expenditure of resources allocated to technology acquisitions and upgrades for the Department of Public Safety.

Library Fund – Accounts for royalty receipts that are restricted for the library.

Truancy Prevention Fund – This special revenue fund accounts for the Local Consolidated Fee charged to defendants as specified by state law as related to juvenile case managers.

Municipal Jury Fund– This special revenue fund accounts for the Local Consolidated Fee charged to defendants as specified by state law as related to juror reimbursements.

Town of Highland Park, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2023

	<u>Special Revenue Funds</u>			
	<u>Forfeited Property</u>	<u>Court Technology</u>	<u>Court Security</u>	<u>DPS Technology</u>
ASSETS				
Cash and equivalents	\$ 143,699	\$ 125,844	\$ 30,350	\$ -
TOTAL ASSETS	<u>\$ 143,699</u>	<u>\$ 125,844</u>	<u>\$ 30,350</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Vouchers payable	\$ 111,118	\$ 416	\$ -	\$ -
Total liabilities	111,118	416	-	-
FUND BALANCES				
Restricted				
Crime prevention	32,581	-	-	-
Court technology	-	125,428	-	-
Court security	-	-	30,350	-
Library	-	-	-	-
Total fund balances	<u>32,581</u>	<u>125,428</u>	<u>30,350</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 143,699</u>	<u>\$ 125,844</u>	<u>\$ 30,350</u>	<u>\$ -</u>

Special Revenue Funds - Continued

<u>Library</u>	<u>Tuancy Prevention</u>	<u>Municipal Jury</u>	<u>Total Nonmajor Funds</u>
\$ 365,737	\$ 69,526	\$ 1,391	\$ 736,547
<u>\$ 365,737</u>	<u>\$ 69,526</u>	<u>\$ 1,391</u>	<u>\$ 736,547</u>
\$ 2,018	\$ -	\$ -	\$ 113,552
2,018	-	-	113,552
-	69,526	1,391	103,498
-	-	-	125,428
-	-	-	30,350
363,719	-	-	363,719
<u>363,719</u>	<u>69,526</u>	<u>1,391</u>	<u>622,995</u>
<u>\$ 365,737</u>	<u>\$ 69,526</u>	<u>\$ 1,391</u>	<u>\$ 736,547</u>

Town of Highland Park, Texas

Combining Statement of Revenues, Expenditures, and

Changes in Fund Balances

Nonmajor Governmental Funds

For the Fiscal Year Ended September 30, 2023

	Special Revenue Funds			
	Forfeited Property	Court Technology	Court Security	DPS Technology
REVENUES				
Service fees	\$ -	\$ 22,793	\$ 22,351	\$ -
Investment income	1,367	5,641	1,587	-
Contributions	-	-	-	-
Total revenues	1,367	28,434	23,938	-
EXPENDITURES				
Current				
Library	-	-	-	-
Municipal court	-	23,158	-	-
Total expenditures	-	23,158	-	-
Excess of revenues over expenditures	1,367	5,276	23,938	-
OTHER FINANCING USES				
Transfers out	-	-	(24,600)	(291,870)
Total other financing uses	-	-	(24,600)	(291,870)
Net change in fund balances	1,367	5,276	(662)	(291,870)
Fund balances, beginning of year	31,214	120,152	31,012	291,870
FUND BALANCES, END OF YEAR	\$ 32,581	\$ 125,428	\$ 30,350	\$ -

Special Revenue Funds - Continued			Total Nonmajor Governmental Funds
Library	Truancy Prevention	Municipal Jury	
\$ -	\$ 13,832	\$ 277	\$ 59,253
17,466	3,103	63	29,227
52,870	-	-	52,870
70,336	16,935	340	141,350
37,394	-	-	37,394
-	-	-	23,158
37,394	-	-	60,552
32,942	16,935	340	80,798
-	-	-	(316,470)
-	-	-	(316,470)
32,942	16,935	340	(235,672)
330,777	52,591	1,051	858,667
\$ 363,719	\$ 69,526	\$ 1,391	\$ 622,995

Town of Highland Park, Texas
 Nonmajor Special Revenue Fund
 Budgetary Comparison Schedule
 Forfeited Property Fund
 For the Fiscal Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Service fees	\$ 2,500	\$ 2,500	\$ -	\$ (2,500)
Investment income	312	312	1,367	1,055
Total revenues	2,812	2,812	1,367	(1,445)
Excess of revenues over expenditures	2,812	2,812	1,367	(1,445)
Net change in fund balances	2,812	2,812	1,367	(1,445)
Fund balance, beginning of year	31,214	31,214	31,214	-
FUND BALANCE, END OF YEAR	\$ 34,026	\$ 34,026	\$ 32,581	\$ (1,445)

Town of Highland Park, Texas
 Nonmajor Special Revenue Fund
 Budgetary Comparison Schedule
 Court Technology Fund
 For the Fiscal Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Service fees	\$ 34,836	\$ 34,836	\$ 22,793	\$ (12,043)
Investment income	958	958	5,641	4,683
Total revenues	35,794	35,794	28,434	(7,360)
EXPENDITURES				
Current				
Municipal court	39,706	39,706	23,158	16,548
Total expenditures	39,706	39,706	23,158	16,548
Excess (deficiency) of revenues over (under) expenditures	(3,912)	(3,912)	5,276	9,188
Net change in fund balances	(3,912)	(3,912)	5,276	9,188
Fund balance, beginning of year	120,152	120,152	120,152	-
FUND BALANCE, END OF YEAR	\$ 116,240	\$ 116,240	\$ 125,428	\$ 9,188

Town of Highland Park, Texas
 Nonmajor Special Revenue Fund
 Budgetary Comparison Schedule
 Court Security Fund
 For the Fiscal Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Service fees	\$ 34,212	\$ 34,212	\$ 22,351	\$ (11,861)
Investment income	274	274	1,587	1,313
Total revenues	34,486	34,486	23,938	(10,548)
Excess of revenues over expenditures	34,486	34,486	23,938	(10,548)
OTHER FINANCING USES				
Transfers out	(24,600)	(24,600)	(24,600)	-
Total other financing uses	(24,600)	(24,600)	(24,600)	-
Net change in fund balances	9,886	9,886	(662)	(10,548)
Fund balance, beginning of year	31,012	31,012	31,012	-
FUND BALANCE, END OF YEAR	\$ 40,898	\$ 40,898	\$ 30,350	\$ (10,548)

Town of Highland Park, Texas
 Nonmajor Special Revenue Fund
 Budgetary Comparison Schedule
 DPS Technology Fund
 For the Fiscal Year Ended September 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING USES				
Transfers out	(291,000)	(291,870)	(291,870)	-
Total other financing uses	(291,000)	(291,870)	(291,870)	-
Net change in fund balances	(291,000)	(291,870)	(291,870)	-
Fund balance, beginning of year	291,870	291,870	291,870	-
FUND BALANCE, END OF YEAR	<u>\$ 870</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Town of Highland Park, Texas
 Nonmajor Special Revenue Fund
 Budgetary Comparison Schedule
 Library Fund
 For the Fiscal Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ 2,765	\$ 2,765	\$ 17,466	\$ 14,701
Contributions	58,230	58,230	52,870	(5,360)
Total revenues	60,995	60,995	70,336	9,341
EXPENDITURES				
Current				
Library	45,200	45,200	37,394	7,806
Total expenditures	45,200	45,200	37,394	7,806
Excess of revenues over expenditures	15,795	15,795	32,942	17,147
Net change in fund balances	15,795	15,795	32,942	17,147
Fund balance, beginning of year	330,777	330,777	330,777	-
FUND BALANCE, END OF YEAR	\$ 346,572	\$ 346,572	\$ 363,719	\$ 17,147

Town of Highland Park, Texas
 Nonmajor Special Revenue Fund
 Budgetary Comparison Schedule
 Truancy Prevention Fund
 For the Fiscal Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Service fees	\$ 21,000	\$ 21,000	\$ 13,832	\$ (7,168)
Investment income	390	390	3,103	2,713
Total revenues	21,390	21,390	16,935	(4,455)
Excess of revenues over expenditures	21,390	21,390	16,935	(4,455)
Net change in fund balances	21,390	21,390	16,935	(4,455)
Fund balance, beginning of year	52,591	52,591	52,591	-
FUND BALANCE, END OF YEAR	\$ 73,981	\$ 73,981	\$ 69,526	\$ (4,455)

Town of Highland Park, Texas
 Nonmajor Special Revenue Fund
 Budgetary Comparison Schedule
 Municipal Jury Fund
 For the Fiscal Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Service fees	\$ 420	\$ 420	\$ 277	\$ (143)
Investment income	8	8	63	55
Total revenues	428	428	340	(88)
Excess of revenues over expenditures	428	428	340	(88)
Net change in fund balances	428	428	340	(88)
Fund balance, beginning of year	1,051	1,051	1,051	-
FUND BALANCE, END OF YEAR	\$ 1,479	\$ 1,479	\$ 1,391	\$ (88)

INTERNAL SERVICE FUNDS

Equipment Replacement Fund – Accounts for the acquisition and disposal of vehicles and large dollar equipment for the Town.

Building Maintenance Fund – Accounts for repairs and maintenance to buildings owned by the Town.

Technology Replacement Fund – Accounts for the replacement of technology equipment.



Town of Highland Park, Texas
Combining Statement of Net Position
Internal Service Funds
September 30, 2023

	Equipment Replacement Fund	Building Maintenance Fund	Technology Replacement Fund	Total Internal Service Funds
ASSETS				
Current assets				
Cash and cash equivalents	\$ 2,287,265	\$ 1,074,493	\$ 1,890,168	\$ 5,251,926
Investments	1,776,562	500,000	1,776,562	4,053,124
Accrued interest receivable	15,021	4,997	15,021	35,039
Leases	-	-	539,061	539,061
Prepays	-	796	-	796
	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	4,078,848	1,580,286	4,220,812	9,879,946
CAPITAL ASSETS				
Buildings and improvements	-	146,429	-	146,429
Vehicles and rolling stock	5,248,275	-	-	5,248,275
Machinery and equipment	953,070	86,207	5,668,141	6,707,418
Right-to-use subscription assets	-	-	327,650	327,650
Accumulated depreciation/amortization	(3,433,357)	(61,965)	(3,928,368)	(7,423,690)
	<hr/>	<hr/>	<hr/>	<hr/>
Capital assets, net of accumulated depreciation/amortization	2,767,988	170,671	2,067,423	5,006,082
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	6,846,836	1,750,957	6,288,235	14,886,028
LIABILITIES				
Current liabilities				
Vouchers payable	-	23,593	-	23,593
Accrued liabilities	-	5,108	18,890	23,998
Compensated absences	-	1,405	-	1,405
Subscription liability	-	-	201,843	201,843
	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	-	30,106	220,733	250,839
Noncurrent liabilities				
Subscription liability	-	-	125,807	125,807
	<hr/>	<hr/>	<hr/>	<hr/>
Total noncurrent liabilities	-	-	125,807	125,807
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - leases	-	-	522,072	522,072
	<hr/>	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	-	-	522,072	522,072
NET POSITION				
Net investment in capital assets	2,767,988	170,671	1,720,883	4,659,542
Unrestricted	4,078,848	1,550,180	3,698,740	9,327,768
	<hr/>	<hr/>	<hr/>	<hr/>
Total net position	6,846,836	1,720,851	5,419,623	13,987,310
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ 6,846,836	\$ 1,750,957	\$ 6,288,235	\$ 14,886,028

Town of Highland Park, Texas

Combining Statement of Revenues, Expenses,
and Changes in Fund Net Position

Internal Service Funds

For the Fiscal Year Ended September 30, 2023

	Equipment Replacement Fund	Building Maintenance Fund	Technology Replacement Fund	Total Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 563,900	\$ 711,446	\$ 426,458	\$ 1,701,804
Miscellaneous	-	20,784	96,344	117,128
Total operating revenues	563,900	732,230	522,802	1,818,932
OPERATING EXPENSES				
Personnel services	-	86,420	-	86,420
Materials and supplies	-	41,715	143,990	185,705
Services and charges	3,394	392,257	18,890	414,541
Depreciation and amortization	499,407	15,855	268,685	783,947
Total operating expenses	502,801	536,247	431,565	1,470,613
Operating income	61,099	195,983	91,237	348,319
NON-OPERATING REVENUES				
Investment income	167,489	74,009	185,372	426,870
Gain on sale of assets	45,256	-	-	45,256
Total non-operating revenues	212,745	74,009	185,372	472,126
Change in net position	273,844	269,992	276,609	820,445
Net position, beginning of year	6,572,992	1,450,859	5,143,014	13,166,865
NET POSITION, END OF YEAR	\$ 6,846,836	\$ 1,720,851	\$ 5,419,623	\$ 13,987,310

Town of Highland Park, Texas
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended September 30, 2023

	Equipment Replacement Fund	Building Maintenance Fund	Technology Replacement Fund	Total Internal Service Funds
OPERATING ACTIVITIES				
Cash received from interfund services	\$ 556,299	\$ 732,230	\$ 502,295	\$ 1,790,824
Cash payments to suppliers for goods and services	(3,394)	(439,198)	(145,970)	(588,562)
Cash payments to employees	-	(85,015)	-	(85,015)
Net cash provided by operating activities	552,905	208,017	356,325	1,117,247
CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(463,432)	-	(648,264)	(1,111,696)
Proceeds from sale of capital assets	45,256	-	-	45,256
Net cash used in capital and related financing activities	(418,176)	-	(648,264)	(1,066,440)
INVESTING ACTIVITIES				
Sales of investments	1,205,537	-	1,616,607	2,822,144
Purchases of investments	(1,500,000)	(294,463)	(1,500,000)	(3,294,463)
Investment income	136,943	65,030	146,859	348,832
Net cash provided by (used in) investing activities	(157,520)	(229,433)	263,466	(123,487)
Net change in cash and cash equivalents	(22,791)	(21,416)	(28,473)	(72,680)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,310,056	1,095,909	1,918,641	5,324,606
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,287,265</u>	<u>\$ 1,074,493</u>	<u>\$ 1,890,168</u>	<u>\$ 5,251,926</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ 61,099	\$ 195,983	\$ 91,237	\$ 348,319
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	499,407	15,855	268,685	783,947
(Increase) decrease in accounts receivable	(3,518)	-	(3,518)	(7,036)
(Increase) decrease in prepaids	-	(796)	-	(796)
(Increase) decrease in leases	-	-	(16,989)	(16,989)
Increase (decrease) in vouchers payable	(4,083)	(9,538)	(1,980)	(15,601)
Increase (decrease) in accrued liabilities	-	5,108	18,890	23,998
Increase (decrease) in compensated absences	-	1,405	-	1,405
Total adjustments	491,806	12,034	265,088	768,928
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 552,905</u>	<u>\$ 208,017</u>	<u>\$ 356,325</u>	<u>\$ 1,117,247</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Subscription based information technology arrangements	\$ -	\$ -	\$ 327,650	\$ 327,650



Statistical Section



Statistical Section
(Unaudited)

This part of the Town's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

	<u>Page</u>
Financial Trends – Schedules 1-5	84
<p>This section contains information to help the reader understand how the Town's financial performance and well-being have changed over time.</p>	
Revenue Capacity – Schedules 6-9	96
<p>This section contains information to help the reader assess the Town's most significant local revenue source, the property tax.</p>	
Debt Capacity – Schedules 10-11	100
<p>This section contains information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.</p>	
Demographic and Economic Information – Schedules 12-14	102
<p>This section contains information to help the reader understand the environment within which the Town's financial activities take place.</p>	
Operating Information – Schedules 15-17	106
<p>This section contains information to help the reader understand how the information in The Town's financial report relates to the services the Town provides and the activities it performs.</p>	

Town of Highland Park, Texas
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 49,151,886	\$ 47,756,610	\$ 46,764,910	\$ 46,950,588
Restricted	-	7,160,695	6,427,046	5,070,790
Unrestricted	<u>10,753,328</u>	<u>13,107,840</u>	<u>15,495,335</u>	<u>17,931,929</u>
Total governmental activities	59,905,214	68,025,145	68,687,291	69,953,307
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	19,377,428	20,559,598	21,977,963	25,064,820
Restricted	-	862,321	757,365	588,189
Unrestricted	<u>2,059,231</u>	<u>3,343,815</u>	<u>4,878,494</u>	<u>4,783,514</u>
Total business-type activities	21,436,659	24,765,734	27,613,822	30,436,523
PRIMARY GOVERNMENT				
Net investment in capital assets	68,529,314	68,316,208	68,742,873	72,015,408
Restricted	-	8,023,016	7,184,411	5,658,979
Unrestricted	<u>12,812,559</u>	<u>16,451,655</u>	<u>20,373,829</u>	<u>22,715,443</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 81,341,873</u>	<u>\$ 92,790,879</u>	<u>\$ 96,301,113</u>	<u>\$ 100,389,830</u>

Source: Town Annual Comprehensive Financial Report

Schedule 1

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 48,600,002	\$ 51,296,854	\$ 55,637,115	\$ 59,412,918	\$ 60,465,360	\$ 65,965,057
4,650,021	678,207	850,463	933,776	1,020,206	800,446
<u>21,461,168</u>	<u>29,303,573</u>	<u>27,747,703</u>	<u>38,982,924</u>	<u>45,751,160</u>	<u>39,657,278</u>
74,711,191	81,278,634	84,235,281	99,329,618	107,236,726	106,422,781
24,380,192	24,989,944	26,981,741	27,829,668	29,323,876	29,908,233
540,101	-	-	-	-	-
<u>8,134,055</u>	<u>10,109,727</u>	<u>9,559,018</u>	<u>9,543,879</u>	<u>10,960,785</u>	<u>14,775,774</u>
33,054,348	35,099,671	36,540,759	37,373,547	40,284,661	44,684,007
72,980,194	76,286,798	82,618,856	87,242,586	89,789,236	95,873,290
5,190,122	678,207	850,463	933,776	1,020,206	800,446
<u>29,595,223</u>	<u>39,413,300</u>	<u>37,306,721</u>	<u>48,526,803</u>	<u>56,711,945</u>	<u>54,433,052</u>
<u>\$ 107,765,539</u>	<u>\$ 116,378,305</u>	<u>\$ 120,776,040</u>	<u>\$ 136,703,165</u>	<u>\$ 147,521,387</u>	<u>\$ 151,106,788</u>

Town of Highland Park, Texas
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2014	2015	2016	2017
EXPENSES				
Governmental activities:				
General government	\$ 3,277,962	\$ 2,757,174	\$ 2,384,232	\$ 2,619,896
Department of public safety	10,831,500	10,864,166	12,739,997	12,791,955
Development services	-	-	581,762	535,389
Street department	1,850,685	1,830,746	1,833,046	2,124,658
Street lighting department	190,317	188,515	173,948	174,281
Library	701,144	813,700	858,706	748,880
Parks department	1,429,901	1,393,455	1,440,116	1,560,182
Swimming pool	181,970	193,642	207,793	232,174
Sanitation	1,133,782	1,094,766	1,093,055	-
Municipal court	280,071	352,954	411,642	394,023
Finance department	780,928	765,516	757,264	780,238
Building inspection department	426,574	475,766	526,709	553,578
	<hr/>	<hr/>	<hr/>	<hr/>
Total governmental activities expenses	21,084,834	20,730,400	23,008,270	22,515,254
Business-type activities:				
Enterprise	6,411,751	6,027,849	6,303,437	7,684,059
	<hr/>	<hr/>	<hr/>	<hr/>
Total business-type activities expenses	6,411,751	6,027,849	6,303,437	7,684,059
	<hr/>	<hr/>	<hr/>	<hr/>
Total primary government expenses	27,496,585	26,758,249	29,311,707	30,199,313
PROGRAM REVENUES				
Governmental activities:				
Charges for services				
General government	386,948	500,509	403,852	416,071
Department of public safety	737,090	745,218	871,979	856,381
Street department	138,687	153,689	-	-
Library	10,310	11,033	10,770	8,729
Parks department	11,482	14,086	11,722	11,643
Swimming pool	97,840	95,699	98,254	100,667
Sanitation*	1,231,340	1,236,438	1,235,509	-
Municipal court	787,331	789,631	1,016,752	1,194,712
Building inspection department	1,232,986	1,370,473	1,008,806	1,453,459
Operating grants and contributions	98,069	77,503	38,436	38,422
Capital grants and contributions	702,885	338,170	892,238	402,065
	<hr/>	<hr/>	<hr/>	<hr/>
Total governmental activities program revenues	5,434,968	5,332,449	5,588,318	4,482,149
Business-type activities:				
Charges for services	8,109,508	8,735,372	9,685,418	10,884,396
Capital grants and contributions	42,880	780,300	551,244	768,705
	<hr/>	<hr/>	<hr/>	<hr/>
Total business-type activities program revenues	8,152,388	9,515,672	10,236,662	11,653,101
	<hr/>	<hr/>	<hr/>	<hr/>
Total primary government program revenues	13,587,356	14,848,121	15,824,980	16,135,250
NET (EXPENSE/REVENUE)				
Governmental activities	(15,649,866)	(15,397,951)	(17,419,952)	(18,033,105)
Business-type activities	1,740,637	3,487,823	3,933,225	3,969,042
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL PRIMARY GOVERNMENT NET EXPENSE	\$ (13,909,229)	\$ (11,910,128)	\$ (13,486,727)	\$ (14,064,063)

*Beginning in fiscal year 2017, sanitation activities are being reported in the Enterprise fund.
Source: Town Annual Comprehensive Financial Report

	2018	2019	2020	2021	2022	2023
\$	2,356,690	\$ 3,098,785	\$ 3,765,097	\$ 2,981,564	\$ 2,572,481	\$ 5,017,991
	12,945,374	13,740,569	17,180,703	12,512,997	13,233,553	19,810,647
	546,896	536,719	554,707	498,352	361,578	303,271
	2,525,487	2,353,901	2,628,353	2,811,780	3,235,368	3,488,637
	163,948	171,973	168,476	117,267	-	-
	861,484	932,961	938,552	939,472	965,287	1,044,791
	1,617,882	1,958,178	2,102,759	1,988,991	1,827,180	2,414,190
	217,285	212,452	186,375	208,344	260,564	271,860
	-	-	-	-	-	-
	460,418	508,203	522,465	507,601	514,243	552,479
	830,269	970,798	1,190,417	864,940	891,370	1,425,991
	845,846	774,762	781,322	896,119	767,365	1,279,754
	23,371,579	25,259,301	30,019,226	24,327,427	24,628,989	35,609,611
	8,097,351	7,853,843	8,905,337	8,480,641	9,076,184	10,665,899
	8,097,351	7,853,843	8,905,337	8,480,641	9,076,184	10,665,899
	31,468,930	33,113,144	38,924,563	32,808,068	33,705,173	46,275,510
	421,736	532,944	598,382	455,092	460,560	507,880
	807,058	1,144,249	1,230,719	903,656	938,450	987,662
	-	-	-	-	-	-
	10,376	9,742	5,664	6,245	5,995	7,143
	22,724	13,339	27,563	21,000	22,200	27,080
	198,587	108,690	75,648	110,508	128,589	143,510
	-	-	-	-	-	-
	1,099,949	1,434,027	821,654	665,870	552,803	498,221
	1,239,753	1,418,085	1,367,286	1,556,166	1,503,328	1,536,711
	46,118	53,800	87,347	61,884	262,223	2,382,752
	3,476,027	4,810,374	5,129,895	1,988,732	1,870,685	1,113,815
	7,322,328	9,525,250	9,344,158	5,769,153	5,744,833	7,204,774
	11,683,600	10,958,440	11,363,772	11,047,240	12,804,325	13,694,318
	373,600	130,135	199,000	62,000	639,000	164,000
	12,057,200	11,088,575	11,562,772	11,109,240	13,443,325	13,858,318
	19,379,528	20,613,825	20,906,930	16,878,393	19,188,158	21,063,092
	(16,049,251)	(15,734,051)	(20,675,068)	(18,558,274)	(18,884,156)	(28,404,837)
	3,959,849	3,234,732	2,657,435	2,628,599	4,367,141	3,192,419
\$	(12,089,402)	\$ (12,499,319)	\$ (18,017,633)	\$ (15,929,675)	\$ (14,517,015)	\$ (25,212,418)

Town of Highland Park, Texas
Changes in Net Position - Continued
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes:				
Property taxes	\$ 10,053,948	\$ 10,671,716	\$ 11,593,666	\$ 12,627,053
Sales taxes	3,437,806	3,514,625	3,616,074	3,480,389
Mixed beverage taxes	189,232	175,550	191,407	219,135
Franchise taxes	1,024,422	1,051,658	1,021,287	1,037,496
Penalty and interest on taxes	54,809	49,867	48,196	55,376
Investment income	53,695	49,550	92,266	206,841
Miscellaneous and gain (loss) on sale of assets	462,208	451,252	429,777	488,288
Transfers	1,085,346	1,003,851	1,099,425	1,184,543
	<u>16,361,466</u>	<u>16,968,069</u>	<u>18,092,098</u>	<u>19,299,121</u>
Business-type activities:				
Investment and miscellaneous income	7,971	6,519	14,288	38,202
Transfers	(1,085,346)	(1,003,851)	(1,066,425)	(1,184,543)
	<u>(1,077,375)</u>	<u>(997,332)</u>	<u>(1,052,137)</u>	<u>(1,146,341)</u>
Total business-type activities	<u>(1,077,375)</u>	<u>(997,332)</u>	<u>(1,052,137)</u>	<u>(1,146,341)</u>
Total primary government	15,284,091	15,970,737	17,039,961	18,152,780
CHANGE IN NET POSITION				
Governmental activities	711,600	1,570,118	672,146	1,266,016
Business-type activities	663,262	2,490,491	2,881,088	2,822,701
TOTAL PRIMARY GOVERNMENT	<u>\$ 1,374,862</u>	<u>\$ 4,060,609</u>	<u>\$ 3,553,234</u>	<u>\$ 4,088,717</u>

	2018	2019	2020	2021	2022	2023
\$	13,253,603	\$ 13,771,347	\$ 14,833,790	\$ 15,184,505	\$ 15,484,800	\$ 17,049,124
	4,071,324	4,312,342	4,198,191	5,663,645	6,954,907	6,641,364
	270,661	329,814	286,304	432,488	472,603	528,201
	1,036,561	1,085,951	938,957	884,641	997,854	1,001,560
	105,698	83,002	83,786	87,774	78,478	73,706
	443,110	760,221	421,252	153,769	393,224	2,257,124
	521,421	541,134	1,504,216	9,394,855	872,315	686,431
	1,401,658	1,417,683	1,365,219	1,850,934	1,537,083	(646,618)
	<u>21,104,036</u>	<u>22,301,494</u>	<u>23,631,715</u>	<u>33,652,611</u>	<u>26,791,264</u>	<u>27,590,892</u>
	109,027	228,274	148,872	55,123	81,056	560,309
	(1,401,658)	(1,417,683)	(1,365,219)	(1,850,934)	(1,537,083)	646,618
	<u>(1,292,631)</u>	<u>(1,189,409)</u>	<u>(1,216,347)</u>	<u>(1,795,811)</u>	<u>(1,456,027)</u>	<u>1,206,927</u>
	19,811,405	21,112,085	22,415,368	31,856,800	25,335,237	28,797,819
	5,054,785	6,567,443	2,956,647	15,094,337	7,907,108	(813,945)
	2,667,218	2,045,323	1,441,088	832,788	2,911,114	4,399,346
	<u>7,722,003</u>	<u>8,612,766</u>	<u>4,397,735</u>	<u>15,927,125</u>	<u>10,818,222</u>	<u>3,585,401</u>



Town of Highland Park, Texas
 Governmental Funds Tax Revenues by Source
 Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Schedule 3

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Mixed Beverage Tax	Total
2014	\$ 10,053,948	\$ 3,437,806	\$ 1,024,422	\$ 189,232	\$ 14,705,408
2015	10,671,716	3,514,625	1,051,658	175,550	15,413,549
2016	11,593,666	3,606,074	1,021,287	191,407	16,412,434
2017	12,627,053	3,480,389	1,037,496	219,135	17,364,073
2018	13,253,603	4,071,324	1,036,561	270,661	18,632,149
2019	13,771,347	4,312,342	1,085,951	329,814	19,499,454
2020	14,833,790	4,198,191	938,957	286,304	20,257,242
2021	15,201,900	5,663,645	884,641	432,488	22,182,674
2022	15,493,542	6,954,907	997,854	472,603	23,918,906
2023	16,985,988	6,641,364	1,001,560	528,201	25,157,113

Source: Town Annual Comprehensive Financial Report

Town of Highland Park, Texas
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
GENERAL FUND				
Nonspendable	\$ 32,055	\$ 12,844	\$ 22,992	\$ 159,937
Restricted	-	24,000	14,000	14,000
Committed	-	-	-	-
Assigned	625,122	883,224	1,136,308	1,377,190
Unassigned	4,296,843	4,047,254	3,517,765	3,885,817
Total general fund	<u>4,954,020</u>	<u>4,967,322</u>	<u>4,691,065</u>	<u>5,436,944</u>
ALL OTHER GOVERNMENTAL FUNDS				
Nonspendable	-	-	-	-
Restricted	281,565	401,476	516,425	628,530
Committed	2,234,474	4,002,298	5,810,044	7,523,730
Assigned	172,921	219,488	833,609	1,054,012
Total all other governmental funds	<u>2,688,960</u>	<u>4,623,262</u>	<u>7,160,078</u>	<u>9,206,272</u>
TOTAL GOVERNMENTAL FUNDS	<u>\$ 7,642,980</u>	<u>\$ 9,590,584</u>	<u>\$ 11,851,143</u>	<u>\$ 14,643,216</u>

Source: Town Annual Comprehensive Financial Report

Schedule 4

2018	2019	2020	2021	2022	2023
\$ 14,469	\$ 11,759	\$ 14,705	\$ 19,830	\$ 35,437	\$ 31,661
14,000	-	124,588	144,078	161,539	177,451
-	-	974,559	10,139,152	10,219,404	10,564,946
1,205,592	1,180,056	1,960,441	1,360,812	1,356,936	1,345,034
4,540,892	5,219,327	4,670,765	7,717,749	8,759,561	6,388,614
5,774,953	6,411,142	7,745,058	19,381,621	20,532,877	18,507,706
-	-	-	-	-	-
625,198	678,207	725,875	789,698	858,667	622,995
6,767,959	8,658,185	10,077,807	7,526,582	7,897,018	14,027,135
2,582,157	2,459,396	2,696,684	2,747,024	5,851,807	3,137,685
9,975,314	11,795,788	13,500,366	11,063,304	14,607,492	17,787,815
\$ 15,750,267	\$ 18,206,930	\$ 21,245,424	\$ 30,444,925	\$ 35,140,369	\$ 36,295,521

Town of Highland Park, Texas
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
REVENUES				
Taxes	\$ 14,691,139	\$ 15,505,358	\$ 16,392,412	\$ 16,293,063
Penalties and interest	54,809	49,867	48,196	55,376
Licenses and permits	1,273,423	1,424,885	1,050,004	1,499,728
Service and franchise fees	2,914,043	2,960,189	3,108,151	3,096,463
Fines and forfeitures	429,429	406,839	474,179	462,396
Investment income	42,428	37,436	67,366	153,834
Intergovernmental	-	-	-	-
Contributions	800,954	415,673	930,674	440,487
Miscellaneous	340,951	450,151	347,894	420,032
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	20,547,176	21,250,398	22,418,876	22,421,379
EXPENDITURES				
General government	2,324,629	2,188,987	1,777,454	2,014,024
Department of public safety	10,442,551	11,189,760	11,177,755	11,517,024
Development services	-	-	503,180	522,547
Street department	349,310	377,557	1,133,508	1,416,617
Street lighting department	175,276	186,869	160,212	172,221
Library	625,195	743,172	776,121	678,146
Parks department	1,353,546	1,385,583	1,307,206	1,445,195
Swimming pool	153,275	166,016	181,082	205,460
Municipal court	276,807	352,954	400,708	393,816
Finance department	781,748	791,310	757,116	811,923
Building inspection department	422,026	475,766	526,709	553,578
Sanitation*	1,102,043	1,094,766	1,093,055	-
Capital outlay	9,611,560	1,353,905	1,463,636	1,061,411
	<hr/>	<hr/>	<hr/>	<hr/>
	27,617,966	20,306,645	21,257,742	20,791,962
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(7,070,790)	943,753	1,161,134	1,629,417
OTHER FINANCING SOURCES (USES)				
Transfers in	2,713,791	3,896,967	5,109,975	5,612,637
Transfers out	(1,932,120)	(2,893,116)	(4,010,550)	(4,452,992)
Proceeds from sale of capital assets	1,312	-	-	3,011
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	782,983	1,003,851	1,099,425	1,162,656
	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	\$ (6,287,807)	\$ 1,947,604	\$ 2,260,559	\$ 2,792,073

*Beginning in fiscal year 2017, sanitation activities are being reported in the Enterprise fund.

Source: Town Annual Comprehensive Financial Report

Schedule 5

	2018	2019	2020	2021	2022	2023
\$	17,608,789	\$ 18,413,771	\$ 19,257,224	\$ 21,298,033	\$ 22,921,052	\$ 24,155,553
	105,698	83,002	83,786	87,774	78,478	73,706
	1,228,621	1,444,633	1,411,594	1,592,042	1,543,714	1,583,832
	3,066,496	3,337,171	2,808,609	2,734,052	2,833,206	2,824,216
	434,024	514,011	299,002	245,039	259,708	253,577
	343,893	567,086	318,868	120,586	308,540	1,830,254
	1,287,770	5,193,320	2,513,332	2,014,877	2,586,273	5,650,999
	46,118	53,800	60,519	57,084	262,223	85,028
	444,854	447,510	437,957	459,542	633,303	641,175
	<u>24,566,263</u>	<u>30,054,304</u>	<u>27,190,891</u>	<u>28,609,029</u>	<u>31,426,497</u>	<u>37,098,340</u>
	2,029,119	2,120,711	2,254,606	2,631,084	2,577,299	2,786,789
	12,368,726	12,687,420	13,275,151	13,504,159	14,579,489	15,729,025
	534,106	524,494	548,693	492,338	355,564	297,257
	1,507,748	1,605,049	1,872,132	1,889,052	2,188,769	2,308,617
	159,411	170,327	166,830	136,636	-	-
	789,510	862,433	868,024	868,615	896,368	967,262
	1,536,638	1,754,729	1,697,430	1,964,092	1,838,087	1,870,403
	191,718	186,096	158,801	180,174	232,394	234,995
	458,972	508,203	522,465	506,593	511,977	552,479
	829,268	897,434	940,857	935,897	978,024	1,133,236
	845,846	774,762	781,322	903,973	765,423	974,001
	-	-	-	-	-	-
	<u>3,427,686</u>	<u>6,923,666</u>	<u>3,405,116</u>	<u>6,175,462</u>	<u>3,344,742</u>	<u>8,442,506</u>
	<u>24,678,748</u>	<u>29,015,324</u>	<u>26,491,427</u>	<u>30,188,075</u>	<u>28,268,136</u>	<u>35,296,570</u>
	(112,485)	1,038,980	699,464	(1,579,046)	3,158,361	1,801,770
	5,894,153	5,645,458	5,249,478	4,555,216	6,901,839	11,580,394
	(4,683,117)	(4,227,775)	(3,884,259)	(2,938,137)	(5,364,756)	(12,227,012)
	8,500	-	973,811	9,161,468	-	-
	<u>1,219,536</u>	<u>1,417,683</u>	<u>2,339,030</u>	<u>10,778,547</u>	<u>1,537,083</u>	<u>(646,618)</u>
\$	<u>1,107,051</u>	<u>\$ 2,456,663</u>	<u>\$ 3,038,494</u>	<u>\$ 9,199,501</u>	<u>\$ 4,695,444</u>	<u>\$ 1,155,152</u>

Town of Highland Park, Texas

Schedule 6

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Estimated Market Value			Total Taxable Assessed Value	Total Direct Tax Rate
	Residential and Commercial Property	Business Personal Property	Less: Tax-Exempt Property		
2014	\$ 5,580,077,680	\$ 72,506,290	\$ 1,053,795,597	\$ 4,598,788,373	0.220000
2015	6,040,379,500	79,298,850	1,195,241,564	4,924,436,786	0.220000
2016	6,588,993,380	78,087,300	1,342,579,935	5,324,500,745	0.220000
2017	7,125,427,370	91,050,750	1,450,954,097	5,765,524,023	0.220000
2018	7,246,975,530	89,904,340	1,391,208,630	5,945,671,240	0.220000
2019	7,631,020,950	98,970,880	1,441,898,043	6,288,093,787	0.220000
2020	7,835,471,260	107,590,560	1,479,869,372	6,463,192,448	0.230000
2021	7,665,313,510	106,332,000	1,476,064,436	6,295,581,074	0.230000
2022	8,252,646,410	99,214,640	1,580,315,112	6,771,545,938	0.230000
2023	9,382,277,690	104,583,140	2,084,341,031	7,402,519,799	0.230000

Source: Dallas Central Appraisal District

Town of Highland Park, Texas
 Property Tax Rates
 Direct and Overlapping Governments
 Last Ten Fiscal Years

Schedule 7

Fiscal Year	Direct Rate	Overlapping Rates					
	Town of Highland Park	County			School District		
	Operating/General Rate	Dallas County	Hospital District	Community College District	Total County	Highland Park I.S.D.	Dallas I.S.D.
2014	0.220000	0.243100	0.276000	0.124700	0.643800	1.126700	1.282090
2015	0.220000	0.243100	0.286000	0.124770	0.653870	1.118100	1.282090
2016	0.220000	0.243100	0.286000	0.123650	0.652750	1.111900	1.282090
2017	0.220000	0.252370	0.279400	0.122930	0.654700	1.152700	1.282090
2018	0.220000	0.253100	0.279400	0.124240	0.656740	1.203200	1.282090
2019	0.220000	0.253100	0.279400	0.124000	0.656500	1.235500	1.412040
2020	0.230000	0.253100	0.269500	0.124000	0.646600	1.165500	1.310390
2021	0.230000	0.249740	0.266100	0.124000	0.639840	1.151900	1.296740
2022	0.230000	0.237950	0.255000	0.123510	0.616460	1.131000	1.248240
2023	0.230000	0.227950	0.235800	0.115900	0.579650	1.077800	1.184940

Source: Dallas Central Appraisal District

Town of Highland Park, Texas
Principal Property Taxpayers
September 30, 2023 and 2014

Schedule 8

Property Tax Payer	2023			2014		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
HP Village Partners	\$ 221,768,620	1	2.99%	\$ 130,004,050	1	3.07%
Dallas Country Club	54,163,510	2	0.73%	20,140,230	3	0.48%
4101 Trust	47,851,640	3	0.64%			
Crow, Harlan R.	41,159,632	4	0.55%	19,949,952	4	0.47%
Muse, John R.	39,470,000	5	0.53%	23,740,456	2	0.56%
Ware, Leslie	33,145,200	6	0.45%			
L & B Depp UCEPP 5500	29,411,300	7	0.40%	18,767,000	5	0.44%
Intercity Investment	25,308,130	8	0.34%	14,744,830	8	0.35%
Jones, Jerral W. & Gene C. 3525 Normandy PO LLC	22,448,224	9	0.30%			
Mitchell, Amy E.				17,478,088	6	0.41%
Cox, Edwin L Trust				16,983,184	7	0.40%
Highland Park Shops LLC				14,335,900	9	0.34%
Crousens, Guinn D.				13,957,480	10	0.33%
Total	<u>534,991,256</u>		<u>7.23%</u>	<u>290,101,170</u>		<u>6.31%</u>
Total Assessed Valuation	<u>\$ 7,402,519,799</u>		<u>100.00%</u>	<u>\$ 4,598,788,373</u>		<u>100.00%</u>

Source: Dallas County Tax Office

Town of Highland Park, Texas
Property Tax Levies and Collections
Last Ten Fiscal Years

Schedule 9

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Periods	Total Collections to Date	
		Amount	Percentage of Net Tax Levy		Amount	Percentage of Levy*
2014	\$ 10,118,831	\$ 10,001,535	98.8%	15,045	\$ 10,016,580	99.0%
2015	10,836,257	10,732,287	99.0%	4,905	10,737,192	99.1%
2016	11,715,800	11,580,827	98.8%	25,318	11,606,145	99.1%
2017	12,686,330	12,564,113	99.0%	50,253	12,614,366	99.4%
2018	13,236,918	13,173,166	99.5%	28,260	13,201,426	99.7%
2019	13,805,559	13,677,917	99.1%	88,017	13,765,934	99.7%
2020	14,870,511	14,753,266	99.2%	49,184	14,802,450	99.5%
2021	15,208,071	15,115,453	99.4%	18,345	15,133,798	99.5%
2022	15,537,129	15,442,441	99.4%	9,020	15,451,461	99.4%
2023	17,092,103	17,004,460	99.5%	-	17,004,460	99.5%

*Percentage of Levy Collected to Date does not reflect the effect of post levy adjustments.

Source: Dallas County Tax Collection System - Tax Collector Annual Reports

Town of Highland Park, Texas
 Computation of Direct and Overlapping Debt
 Year Ended September 30, 2023

Schedule 10

Governmental Unit	Gross Bonded Debt	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Town of Highland Park	\$ -	0.00%	\$ -
Dallas County	217,675,000	2.58%	5,616,015
Dallas Community College District	375,515,000	2.51%	9,425,427
Dallas County Hospital District	543,495,000	2.58%	14,022,171
Dallas Independent School District	3,794,285,000	0.24%	9,106,284
Highland Park Independent School District	321,655,000	37.15%	119,494,833
	<u>\$ 5,252,625,000</u>		<u>\$ 157,664,729</u>
Total Direct and Overlapping Debt to Total Taxable Assessed Valuation			<u>2.12%</u>
Per Capita Overlapping Debt			<u>\$ 18,083</u>

Source: Municipal Advisory Council of Texas Estimated Overlapping Debt Statement

Note: The estimated Percentage Applicable is the ratio of total taxable values in Highland Park compared to total for each respective governmental unit.

Town of Highland Park, Texas

Legal Debt Margin Information

Last Ten Fiscal Years

Schedule 11

As a home rule city, the Town of Highland Park is not limited by the law in the amount of debt it may issue. The Town's charter (Section 9.10) states:

The Town shall have the power to borrow money on the credit of the Town and to issue general obligation bonds and other evidence of indebtedness for permanent public improvements or for any other public purpose not prohibited by the Constitution and laws of the state of Texas, and to issue refunding bonds to refund outstanding bonds and other evidences of indebtedness of the Town previously issued. All such bonds shall be issued in conformity with the laws of the State of Texas.

The Town has no issued debt outstanding as of September 30, 2023.

Town of Highland Park, Texas
 Demographic and Economic Statistics
 Last Ten Fiscal Years

Schedule 12

Fiscal Year Ended Sept 30	Estimated Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2014	8,862	\$ 1,083,166,812	\$ 122,226	5.00%
2015	8,950	1,107,947,350	123,793	4.00%
2016	9,189	1,137,533,877	123,793	4.10%
2017	9,150	1,097,751,914	119,973	3.40%
2018	9,208	1,312,370,200	142,525	3.40%
2019	9,180	1,531,609,560	166,842	3.20%
2020	9,083	1,353,993,727	149,069	3.20%
2021	8,864	1,321,347,616	149,069	3.20%
2022	8,864	1,412,363,168	159,337	2.40%
2023	8,719	1,389,259,303	159,337	4.80%

Sources: US Census Bureau's QuickFacts report, US Census Tables

Town of Highland Park, Texas
Principal Employers
Current Year and Nine Years Ago

Schedule 13

2023			2014		
Employer	Number of Establishments	Employees	Business Sector	Number of Establishments	Employees
Retail Trade	60	622	Retail Trade	51	584
Wholesale Trade	D	20 to 99	Wholesale Trade	12	95
Information	D	20 to 99	Information	5	*
Finance & Insurance	D	250 to 499			
Professional, Scientific & Technical Services	61	142	Professional, Scientific & Technical Services	43	158
Real Estate & Rental Leasing	D	20 to 99	Real Estate & Rental Leasing	27	82
Administrative & Support & Waste Management & Remediation Services	18	78	Administrative & Support & Waste Management & Remediation Services	13	28
Education Services	3	10	Education Services	3	*
Health Care & Social Assistance	30	106	Health Care & Social Assistance	22	*
Arts, Entertainment & Recreation	9	335	Arts, Entertainment & Recreation	8	*
Accommodations & Food Services	16	495	Accommodations & Food Services	10	313
Other Services (Except Public Administration)	12	204	Other Services (Except Public Administration)	13	81

NOTE: The Town of Highland Park is a relatively small municipality, with a radius of about 2.2 square miles. The Town's most recent estimated population is approximately 8,719. Since there is no chamber of commerce in Highland Park, the only available information on employers is the Economic Census from the U.S. Census Bureau. This Census does not include information on individual businesses; rather, it contains only aggregate information by business sector. The information presented is from the most recent applicable Economic Census: 2023 was obtained from the 2017 Economic Census, and 2014 data was obtained from the 2007 Economic Census. "D" = Individual company data withheld according to the U.S. Census Bureau website.



Town of Highland Park, Texas
Construction and Property Values
Last Ten Fiscal Years

Schedule 14

Fiscal Year	Commercial Construction*		Residential Construction*		Property Value**	
	Number of Permits	Value	Number of Permits	Value	Real Property	Personal Property
2014	34	\$ 8,632,850	1,110	\$ 91,191,908	\$ 5,580,077,680	\$ 72,506,290
2015	48	12,690,806	1,162	100,306,992	6,040,379,500	79,298,850
2016	29	8,623,479	1,164	102,641,000	6,588,993,380	78,087,300
2017	30	23,812,724	1,083	110,263,580	7,125,427,370	91,050,750
2018	22	45,226,370	1,117	83,254,000	7,136,257,020	80,221,100
2019	19	15,979,770	1,062	***	7,622,177,870	99,755,280
2020	26	16,227,820	808	***	7,853,250,380	106,359,070
2021	23	33,720,046	1,239	***	8,041,214,480	108,081,240
2022	16	6,286,811	1,052	***	8,269,469,480	99,364,670
2023	24	29,259,939	1,079	***	9,436,378,970	104,583,140

*Source: Town of Highland Park Permitting and Inspections Department

**Source: Dallas Central Appraisal District

***Pursuant to HB 852, which was passed May 21 by the 2019 Texas Legislature, cities may not base building permit revenue or inspection fees on the value of a residential dwelling or on the cost of constructing or improving the building.

Town of Highland Park, Texas
 Full-Time Employees by Function
 Last Ten Fiscal Years

Function/Program	2014	2015	2016	2017
General government	5.0	5.0	2.0	2.0
Public safety	69.0	69.0	70.0	70.5
Town services	-	-	3.0	3.0
Street	3.3	3.3	3.3	3.3
Street lighting	1.0	1.0	1.0	1.0
Library	4.0	4.0	4.0	4.0
Parks	9.0	9.0	9.0	9.0
Municipal court	2.0	2.0	2.0	2.0
Finance	5.0	5.0	5.0	5.0
Building inspection	3.0	3.0	4.0	4.0
Information technology	1.0	1.0	1.0	1.0
Utility administration	4.0	4.0	3.0	3.0
Water	4.4	4.4	4.4	4.4
Sewer	2.3	2.3	2.3	2.3
Engineering	5.0	5.0	5.0	5.0
Building maintenance	-	-	-	-
TOTAL CITY POSITIONS	118.0	118.0	119.0	119.5

Source: Official Town Budget

Schedule 15

2018	2019	2020	2021	2022	2023
2.0	2.0	2.0	2.0	2.0	2.0
73.0	73.0	73.0	73.0	73.0	73.0
3.0	3.0	3.0	3.0	2.0	2.0
3.3	3.3	3.3	3.0	3.0	3.0
1.0	1.0	1.0	1.0	-	-
4.0	5.0	5.5	5.0	5.0	6.0
7.0	7.0	7.0	7.0	7.0	7.0
2.0	2.0	2.0	2.0	2.0	2.0
5.0	5.0	5.0	5.0	5.0	6.0
5.0	5.0	5.0	5.0	5.0	5.0
1.0	1.0	1.0	1.0	1.0	1.0
3.0	3.0	3.0	3.0	3.0	3.0
5.4	5.4	5.4	5.0	5.0	5.0
2.3	2.3	2.3	2.0	2.0	2.0
4.0	4.0	4.0	4.0	4.0	4.0
-	-	-	-	-	1.0
<u>121.0</u>	<u>122.0</u>	<u>122.5</u>	<u>121.0</u>	<u>119.0</u>	<u>122.0</u>

Town of Highland Park, Texas
 Operating Indicators by Function
 Last Ten Fiscal Years

Function/Program	2014	2015	2016	2017
Administration				
Service Requests Processed	5,479	4,483	4,744	4,103
Public Safety				
Call Responses: Police	9,744	10,352	10,945	10,530
Call Responses: Fire	914	812	815	621
Call Responses: EMS	386	399	417	369
Citations Issued	8,069	7,958	9,596	12,054
Street				
Asphalt Repairs (Tons)	335	554	300	250
Storm Inlets	1,224	1,536	1,400	1,518
Library				
Total Circulation	43,964	45,588	47,449	47,317
Valid Library Cards	2,359	2,456	2,577	2,739
Swimming Pool				
Annual Passes Sold	1,467	1,344	1,360	1,365
Daily Passes Sold	2,100	2,752	3,059	2,540
Participants in Leisure Service Programs				
Finance/Personnel				
Accounts Payable Checks Disbursed	3,533	3,378	3,450	3,160
Payroll Checks/ACH Disbursed	4,375	4,001	4,026	3,963
Building Inspection				
Total Inspections	2,982	3,924	4,449	4,347
Total Permits Issued	1,922	1,862	1,865	1,748
Water				
Meters Read	65,665	66,302	66,777	66,136
Meters Installed/Replaced	453	537	252	107
Sewer				
Service Calls	50	54	29	22
Mains Cleaned	665	562	522	585

Source: Town Departments

* Due to COVID-19 restrictions

Schedule 16

2018	2019	2020	2021	2022	2023
4,434	4,389	4,034	4,130	3,337	3,953
10,137	9,281	9,229	9,086	10,001	8,250
717	824	824	958	894	867
366	379	352	431	438	540
11,505	11,695	7,158	5,556	5,001	3,614
295	250	250	283	38	34
1,400	1,425	1,431	1,490	1,468	6,228
44,398	48,148	48,403	57,654	67,005	69,832
2,570	2,100	2,120	2,057	1,992	2,121
1,381	1,223	1,086	1,481	1,433	1,433
2,608	2,487	*	1,897	2,676	2,630
2,870	2,953	3,149	3,387	3,862	3,118
3,995	4,366	4,177	4,214	4,172	4,269
4,633	4,611	3,896	3,516	5,922	5,900
1,742	1,640	1,724	1,917	1,700	1,700
66,542	66,451	66,521	66,750	67,083	68,303
449	577	582	334	275	276
25	22	27	30	49	14
458	464	462	383	486	482

Town of Highland Park, Texas
 Capital Asset Statistics by Function
 Last Ten Fiscal Years

FUNCTION/PROGRAM	2014	2015	2016	2017
Administration				
Municipal building	1	1	1	1
Public safety				
Stations	1	1	1	1
Fire vehicles	3	3	3	3
EMS vehicles	3	3	3	3
Patrol vehicles	10	10	10	10
Street				
Street (miles)	42	42	42	42
Library				
Libraries	1	1	1	1
Parks				
Parks	22	22	22	22
Tennis courts	8	8	8	8
Pickleball	-	-	-	-
Swimming pools	1	1	1	1
Water:				
Water mains (miles)	40	40	40	40
Fire hydrants	252	252	252	252
Sewer				
Wastewater collection system (miles)	37	37	37	37

Source: Town Departments

Schedule 17

2018	2019	2020	2021	2022	2023
1	1	1	1	1	1
1	1	1	1	1	1
3	3	3	3	3	3
3	3	3	3	3	3
10	10	10	10	10	10
42	42	42	42	42	42
1	1	1	1	1	1
22	22	22	22	22	22
8	8	8	7	7	7
-	-	-	-	4	4
1	1	1	1	1	1
40	40	40	40	40	40
252	252	252	252	252	252
37	37	37	37	37	37

