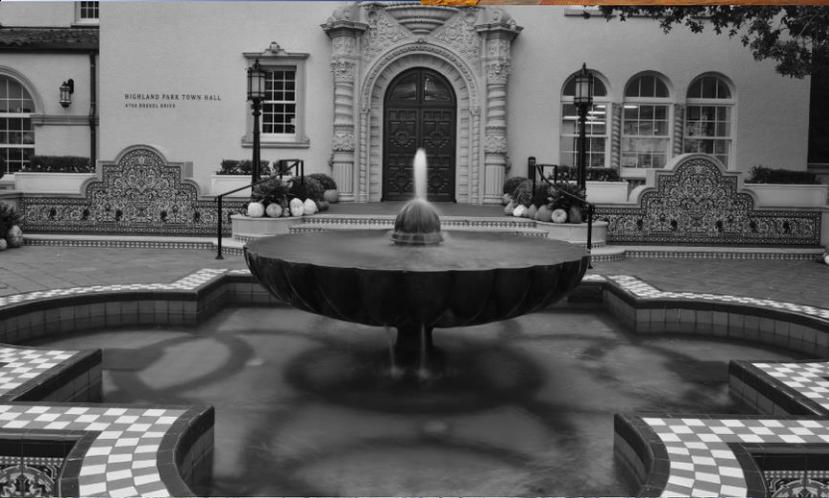


*Excellence  
in Public  
Service*



  
THE TOWN OF  
*Highland Park*  
TEXAS  
*An American Community Making a Difference*



**Comprehensive Annual Financial Report  
Fiscal Year Ended September 30, 2018**



# **Town of Highland Park, Texas**

## **Comprehensive Annual Financial Report**

Fiscal Year Ended

September 30, 2018

**Prepared by:**

**Finance Department**



**Town of Highland Park, Texas**  
**Comprehensive Annual Financial Report**  
**Fiscal Year Ended**  
**September 30, 2018**

**Table of Contents**

	<u>Page</u>
<b>Introductory Section</b>	
Letter of Transmittal.....	1
Certificate of Achievement for Excellence in Financial Reporting.....	5
Organizational Structure.....	6
Listing of Principal Officials.....	7
 <b>Financial Section</b>	
Independent Auditor’s Report.....	8
Management’s Discussion and Analysis.....	11
 <u>Basic Financial Statements</u>	
Government-wide Financial Statements	
Statement of Net Position.....	19
Statement of Activities.....	20
 <u>Fund Financial Statements</u>	
Balance Sheet – Governmental Funds.....	21
Reconciliation of the Governmental Funds Balance	
Sheet to the Statement of Net Position.....	22
Statement of Revenues, Expenditures and Changes in	
Fund Balances – Governmental Funds.....	23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund	
Balance of Governmental Funds to the Statement of Activities.....	24
Statement of Revenues, Expenditures and Changes in	
Fund Balance – Budget and Actual – General Fund.....	25
Statement of Net Position – Proprietary Funds.....	26
Statement of Revenues, Expenses and Changes in	
Fund Net Position – Proprietary Funds.....	27
Statement of Cash Flows – Proprietary Funds.....	28
 Notes to the Financial Statements.....	 29
 <u>Required Supplementary Information</u>	
Schedule of Changes in Net Pension Asset and Related Ratios –	
Texas Municipal Retirement System.....	53
Schedule of Contributions – Texas Municipal Retirement System.....	54
Schedule of Changes in the Total OPEB Liability and Related Ratios.....	55

**Town of Highland Park, Texas**  
**Comprehensive Annual Financial Report**  
**Fiscal Year Ended**  
**September 30, 2018**

**Table of Contents**

	<u>Page</u>
<u>Combining and Individual Fund Financial Statements and Schedules</u>	
<u>Nonmajor Governmental Funds</u>	
Combining Balance Sheet.....	57
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	58
 <u>Internal Service Funds</u>	
Combining Statement of Net Position .....	60
Combining Statement of Revenues, Expenses and Changes in Fund Net Position.....	61
Combining Statement of Cash Flows.....	62
 <b>Statistical Section (Unaudited)</b>	
<u>Financial Trends</u>	
Net Position by Component – Last Ten Years.....	64
Changes in Net Position – Last Ten Years .....	65
Governmental Activities Tax Revenues by Source – Last Ten Years .....	67
Fund Balances of Governmental Funds – Last Ten Years.....	68
Changes in Fund Balances of Governmental Funds – Last Ten Years.....	69
 <u>Revenue Capacity</u>	
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Years .....	70
Property Tax Rates – Direct and Overlapping Governments – Last Ten Years .....	71
Principal Property Taxpayers – 2018 and 2009 .....	72
Property Tax Levies and Collections – Last Ten Years.....	73
 <u>Debt Capacity</u>	
Computation of Direct and Overlapping Debt.....	74
Legal Debt Margin Information.....	75
 <u>Demographic and Economic Information</u>	
Demographic and Economic Statistics – Last Ten Years .....	76
Principal Employers – Current Year and Nine Years Ago .....	77
Construction and Property Values .....	78
 <u>Operating Information</u>	
Full-time Equivalent Employees by Function .....	79
Operating Indicators by Function – Last Ten Years .....	80
Capital Asset Statistics by Function – Last Ten Years .....	81

## **INTRODUCTORY SECTION**





January 28, 2019

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 Comprehensive Annual Financial Report for the Town of Highland Park, Texas for the fiscal year ended September 30, 2018, 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 **BKD, 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, 2018, 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 unmodified opinions that the Town's financial statements for the fiscal year ended September 30, 2018, 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 9,200. 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 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 Administrative Services and Chief Financial Officer, 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 31<sup>st</sup> with adoption taking place no later than September 15<sup>th</sup>. 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 25.

## **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 2018. The property tax rate remained unchanged from 2017, resulting in property tax revenues being higher than the prior year. Even with the lowest municipal property tax rate 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 steady throughout the community in fiscal year 2018 with the Town experiencing the addition of new homes, as well as the reconstruction of John S. Bradfield Elementary School. Sales tax revenue, another indicator of the economy, remained constant and was comparable to sales tax collected in the previous fiscal year. While Town Management remains optimistic that these signs point to continued improvement in the local economy, the Town is closely monitoring all local economic indicators with the intention of being able to respond as needed.

## **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, 2018, 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% operating expenses within the Enterprise Fund was also met. The General Fund ended the year with an unassigned fund balance equivalent to 22.4% of current year expenditures, while the Enterprise Fund unrestricted net position was 82.6% of current year operating expenses and transfers out. In addition, the Enterprise Fund had \$1,820,619 in encumbrances at year end. The unrestricted net position, net of these encumbrances, is 64.2% of current year operating expenses and transfers.

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 Utility 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**

The Town of Highland Park received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2017. This was the thirty-fifth time that the Town has achieved this prestigious honor. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by the Town and its management.

A Certificate of Achievement is valid for a period of one year. We believe that our CAFR for the current year also meets the requirements of the Certificate of Achievement program and will present it to the 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, 2017. 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,



---

Bill Lindley  
Town Administrator



---

Steven J. Alexander  
Director of Administrative Services & CFO



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Town of Highland Park**  
**Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

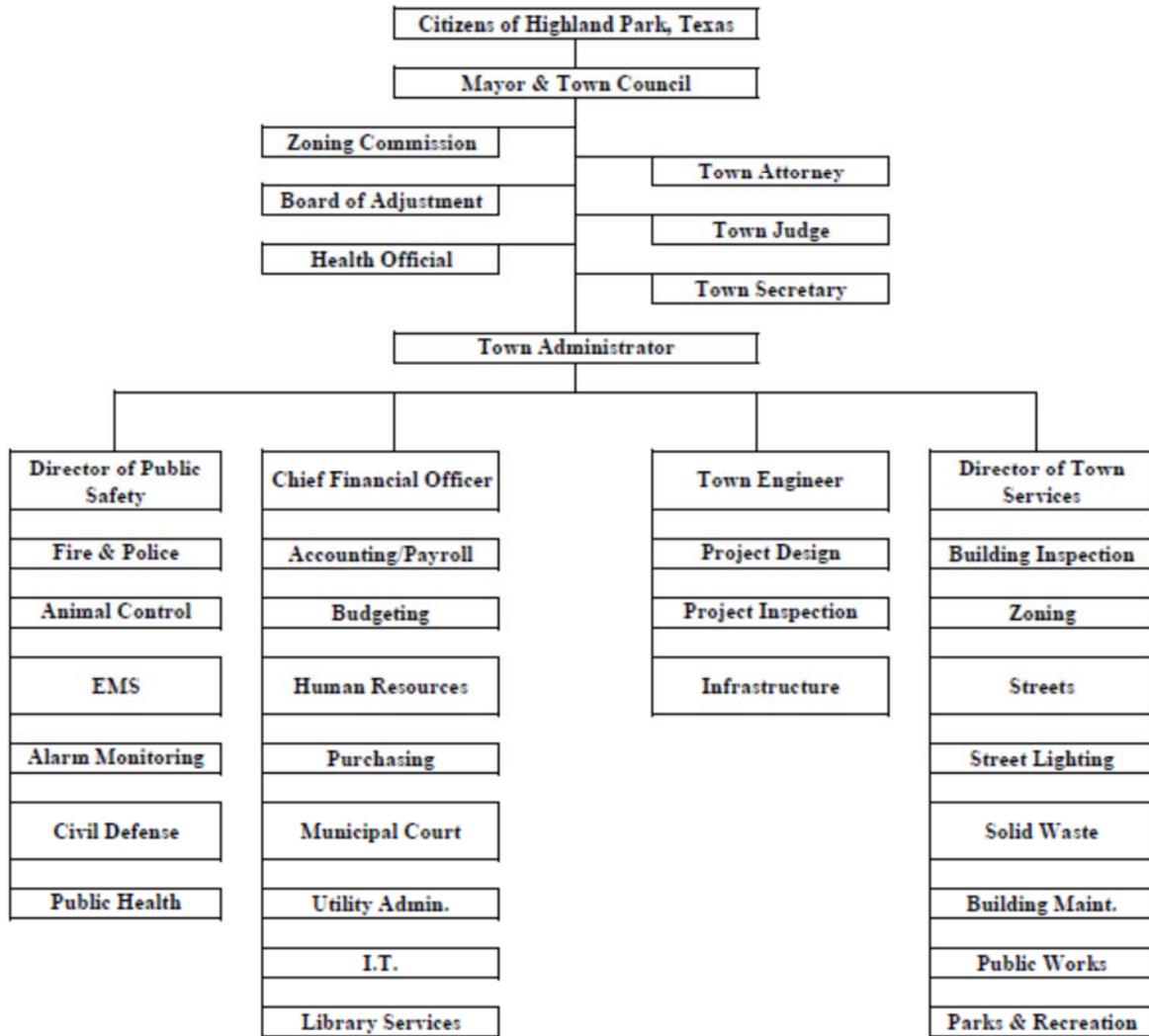
**September 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

**Town of Highland Park, Texas  
Organizational Structure**

---



## LISTING OF PRINCIPAL OFFICIALS

### **Town Council**

Margo Goodwin, **Mayor**  
John McKnight, **Mayor Pro Tem**  
David Dowler, **Council Member**  
Eric Gambrell, **Council Member**  
Jimmy Grisham, **Council Member**  
Craig Penfold, **Council Member**

### **Town Administrator**

Bill Lindley

### **Town Attorney**

Matthew Boyle

### **Town Judge**

Albert Hammack

### **Town Secretary**

Gayle Kirby

### **Director of Administrative Services and CFO**

Steven J. Alexander

### **Director of Public Safety**

Rick Pyle

### **Director of Town Services**

Ronnie Brown

### **Town Engineer**

Lori Chapin

### **Town Librarian**

Kortney Nelson



## **FINANCIAL SECTION**



## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying 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 (Town), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Highland Park, Texas as of September 30, 2018, 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.

### ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, in 2018 the Town adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

### ***Other Matters***

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

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining statements and the introductory and statistical sections 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 statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2019, 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 Town's internal control over financial reporting and compliance.

**BKD, LLP**

Dallas, Texas  
January 28, 2019



## Management's Discussion and Analysis

As management of the Town of Highland Park (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, 2018. 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 \$107,765,539 (net position). Of this amount, \$29,595,223 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.

- The Town's total net position increased a total of \$7,722,003, the result of operations.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$15,750,267, an increase of \$1,107,051 in comparison with the prior year. Approximately 28.8% of the reported combined ending fund balances, or \$4,540,892, 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 \$4,540,892, or 22.4%, of total General Fund expenditures and the unrestricted net position for the Enterprise Fund was \$8,134,055, or 82.6%, of total Enterprise Fund operating expenses and transfers out. The Enterprise Fund had \$1,820,619 in encumbrances at year end.
- Total governmental capital outlay of \$3,427,686 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 comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**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 sewerage.

**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 nine 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 and the Capital Projects 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.

**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 26-28 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 29-52 of this report.

**Other 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 fund financial statements. This supplementary information may be found on pages 53-55 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 \$107,765,539 at the close of the most recent fiscal year.

The largest portion of the Town's net position (67.7%) is its 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, \$5,190,122 is restricted for Public Safety, Library and Pensions. The remaining balance of \$29,595,223, unrestricted net position, may be used to meet the government's ongoing obligations to citizens and creditors.

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 33,433,803	\$ 22,237,386	\$ 9,621,308	\$ 6,132,114	\$ 43,055,111	\$ 28,369,500
Capital assets	48,726,774	46,996,507	24,380,192	25,099,033	73,106,966	72,095,540
Total assets	<u>82,160,577</u>	<u>69,233,893</u>	<u>34,001,500</u>	<u>31,231,147</u>	<u>116,162,077</u>	<u>100,465,040</u>
Deferred outflows of resources	<u>1,622,851</u>	<u>4,898,388</u>	<u>215,136</u>	<u>632,557</u>	<u>1,837,987</u>	<u>5,530,945</u>
Current liabilities	5,118,814	2,223,976	785,086	1,222,945	5,903,900	3,446,921
Long-term liabilities	1,866,352	1,373,780	174,159	130,643	2,040,511	1,504,423
Total liabilities	<u>6,985,166</u>	<u>3,597,756</u>	<u>959,245</u>	<u>1,353,588</u>	<u>7,944,411</u>	<u>4,951,344</u>
Deferred inflows of resources	<u>2,087,071</u>	<u>581,218</u>	<u>203,043</u>	<u>73,593</u>	<u>2,290,114</u>	<u>654,811</u>
<b>Net Position</b>						
Investment in capital assets	48,600,002	46,950,588	24,380,192	25,064,820	72,980,194	72,015,408
Restricted	4,650,021	5,070,790	540,101	588,189	5,190,122	5,658,979
Unrestricted	<u>21,461,168</u>	<u>17,931,929</u>	<u>8,134,055</u>	<u>4,783,514</u>	<u>29,595,223</u>	<u>22,715,443</u>
Total net position	<u>\$ 74,711,191</u>	<u>\$ 69,953,307</u>	<u>\$ 33,054,348</u>	<u>\$ 30,436,523</u>	<u>\$ 107,765,539</u>	<u>\$ 100,389,830</u>

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.

	Governmental Activities		Changes in Net Position Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
	<b>Revenue</b>					
Program revenue						
Charges for services	\$ 3,800,183	\$ 4,041,662	\$ 11,683,600	\$ 10,884,396	\$ 15,483,783	\$ 14,926,058
Operating grants and contributions	46,118	38,422	-	-	46,118	38,422
Capital grants and contributions	3,476,027	402,065	373,600	768,705	3,849,627	1,170,770
General revenue						
Property tax	13,253,603	12,627,053	-	-	13,253,603	12,627,053
Other taxes and fees	5,484,244	4,792,396	-	-	5,484,244	4,792,396
Other	964,531	695,129	109,027	38,202	1,073,558	733,331
Total revenue	<u>27,024,706</u>	<u>22,596,727</u>	<u>12,166,227</u>	<u>11,691,303</u>	<u>39,190,933</u>	<u>34,288,030</u>
<b>Expenses</b>						
General government	2,356,690	2,619,896	8,097,351	7,684,059	10,454,041	10,303,955
Public safety	12,945,374	12,791,955	-	-	12,945,374	12,791,955
Town services	546,896	535,389	-	-	546,896	535,389
Streets	2,525,487	2,124,658	-	-	2,525,487	2,124,658
Street lighting	163,948	174,281	-	-	163,948	174,281
Library	861,484	748,880	-	-	861,484	748,880
Parks	1,617,882	1,560,182	-	-	1,617,882	1,560,182
Swimming pool	217,285	232,174	-	-	217,285	232,174
Municipal court	460,418	394,023	-	-	460,418	394,023
Finance	830,269	780,238	-	-	830,269	780,238
Building inspection	845,846	553,578	-	-	845,846	553,578
Total expenses	<u>23,371,579</u>	<u>22,515,254</u>	<u>8,097,351</u>	<u>7,684,059</u>	<u>31,468,930</u>	<u>30,199,313</u>
<b>Transfers</b>	<u>1,401,658</u>	<u>1,184,543</u>	<u>(1,401,658)</u>	<u>(1,184,543)</u>	<u>-</u>	<u>-</u>
<b>Changes in Net Position</b>	<u>5,054,785</u>	<u>1,266,016</u>	<u>2,667,218</u>	<u>2,822,701</u>	<u>7,722,003</u>	<u>4,088,717</u>
<b>Net Position, Beginning of Year</b>	69,953,307	68,687,291	30,436,523	27,613,822	100,389,830	96,301,113
<b>Change in Accounting Principle</b>	<u>(296,901)</u>	<u>-</u>	<u>(49,393)</u>	<u>-</u>	<u>(346,294)</u>	<u>-</u>
<b>Net Position, Beginning of Year, As Restated</b>	<u>69,656,406</u>	<u>-</u>	<u>30,387,130</u>	<u>-</u>	<u>100,043,536</u>	<u>-</u>
<b>Net Position, End of Year</b>	<u>\$ 74,711,191</u>	<u>\$ 69,953,307</u>	<u>\$ 33,054,348</u>	<u>\$ 30,436,523</u>	<u>\$ 107,765,539</u>	<u>\$ 100,389,830</u>

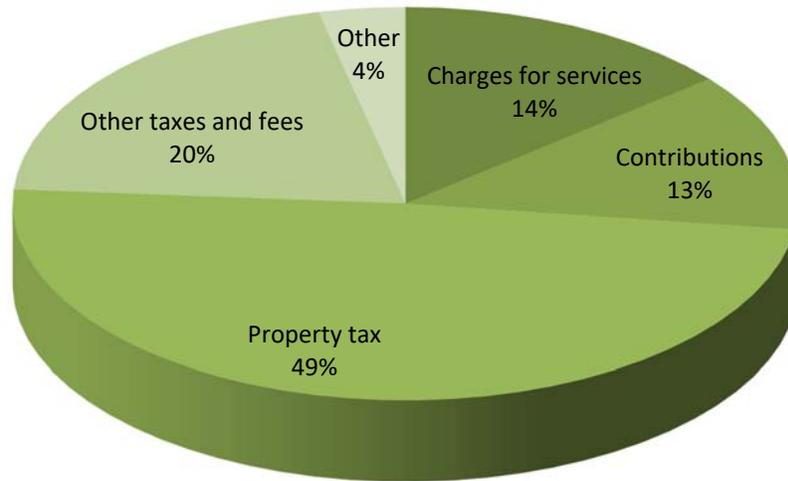
In 2018 the Town adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The Town's 2017 financial information contained herein has not been restated for the adoption of GASB 75.

For the fiscal year 2018, the Town's total net position increased \$7,722,003, the result of operations. During the year, the Town experienced an increase in property tax revenue, which was directly related to an increase in taxable assessed values. The Town maintained its 22 cent tax rate per \$100 of taxable assessed values between fiscal years 2017 and 2018. Capital contributions increased \$2,678,857 as discussed on next page.

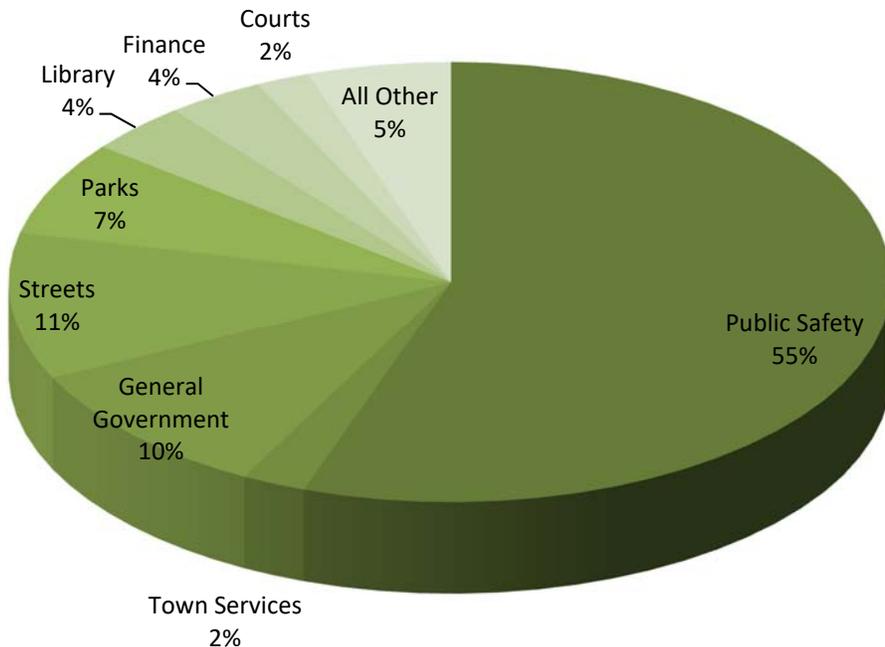
**Governmental Activities:** Governmental activities, excluding transfers, increased the Town's net position by \$3,653,127. Charges for services decreased by \$241,479 (5.9%). This decrease is primarily attributed to a decrease in permits and court fines. Capital grants and contributions increased by \$3,073,962 (765%) primarily due to external funding from Dallas Area Rapid Transit (DART) for the implementation of the Transit Related Improvement Program (TRIP).

Total revenues for fiscal year 2018 increased by \$4,427,979 (19.6%) from 2017. Total expenses increased by \$856,325 (3.8%) from 2017.

### Revenue by Source - Governmental Activities



### Expense by Function - Governmental Activities

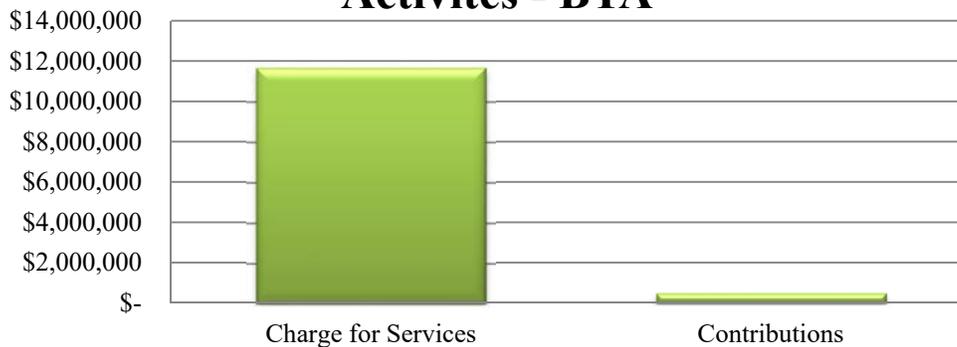


**Business-type Activities:** The rate structures for business-type activities are developed with the intent of generating resources sufficient to fund the cost of the respective service provided and for infrastructure replacement and/or rehabilitation. Net position from operations for business-type activities, excluding transfers, increased \$4,068,876.

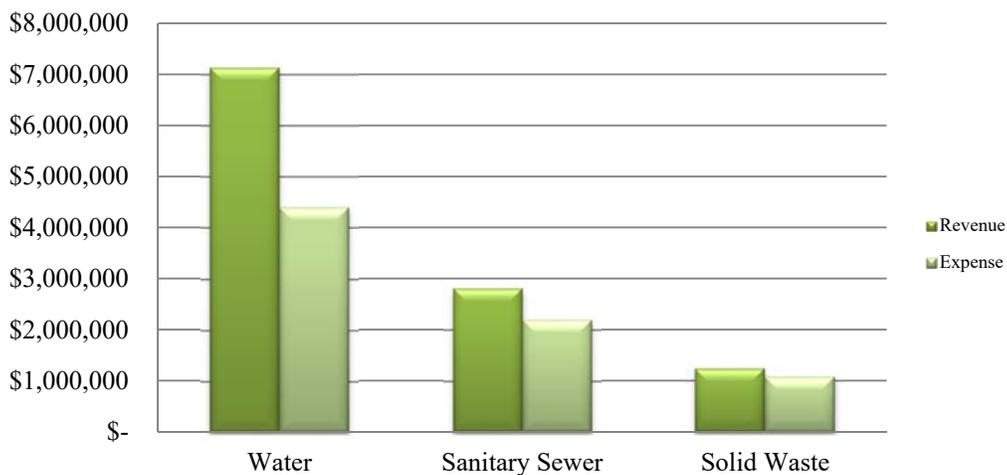
Total business-type revenues for 2018 increased by \$474,924 (4.1%) from 2017 revenues. Charges for services increased by \$799,204. These increases are attributed to a combination of higher water consumption and an increase in solid waste collection fees, driven by an increase in cost from the Town’s collection service provider. Revenues also included \$373,600 in capital Grants and Contributions in part due to a \$352,000 contribution from Dallas County Park Cities Municipal Utility District (DCPCMUD) to assist the Town in upgrading to an automatic meter reading system.

**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 \$1,137,100, were made from the Enterprise Fund to the General Fund for these purposes.

### Revenue by Source - Business-type Activities - BTA



### Revenue and Expense by Service - BTA



## **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 \$15,750,267, an increase of \$1,107,051 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 28.8% of total fund balance, or \$4,540,892, 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 (\$14,469); 2) is restricted for special revenue funds and for use by the Library, Parks, DPS and Court (\$639,198); 3) committed for capital acquisition and storm water drainage improvements (\$6,767,959); or 4) assigned for capital projects and drainage, compensated absences and to liquidate contracts and purchase orders of the prior period (\$3,787,749).

The General Fund is the primary operating fund of the Town. The total fund balance of the Town's General Fund increased by \$338,009 during the current fiscal year; this was primarily the net result of (1) an excess of revenues over expenditures of \$2,254,574 (increase); (2) a budgeted transfer in the amount of \$3,099,206 from current revenues primarily to the Capital Projects Fund (decrease); (3) a transfer-in of \$1,174,141 from the Utility Fund for the purpose of funding the Utility 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 22.4% of total General Fund expenditures, while total fund balance represents 28.5% of that same amount.

The Capital Projects Fund ended the fiscal year with a total fund balance of \$6,158,225, all committed or assigned for capital acquisitions and projects. Of this amount, \$3,820,189 is committed for capital acquisition.

The total fund balance of the Capital Projects Fund decreased by \$125,114 during the current fiscal year; this was the net result of (1) \$3,620,012 in transfers into the Capital Projects Fund (General Fund \$2,975,890, Enterprise Fund \$564,900 and the DPS Technology Fund \$79,222); and (2) a transfer to the Utility Fund of \$1,100,000, to the Stormwater Drainage Fund of \$166,842, to the Building Replacement Fund of \$79,866 and to the Equipment Replacement Fund of \$7,440.

**Proprietary Funds:** The Town's proprietary 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 \$8,134,055, an increase of \$3,350,541, while total net position increased \$2,667,218. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town's business-type activities.

## **General Fund Budgetary Highlights**

The final amended budget for expenditures and transfers out was \$488,479 more than the original budget. Actual fiscal year 2018 General Fund expenditures, including transfers out were \$422,960 (2.0%) 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, 2018, amounts to \$73,106,966 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, and park facilities. The net increase in the Town's investment in capital assets for the current fiscal year was \$1,011,426, or 1.4% and primarily related to infrastructure improvements to the Town's utility and roadway system.

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 preparation of the fiscal year 2018-19 Operating Budget continued to be positively impacted by the improving economy. Property values continue to improve and building activity and sales tax revenue continue to remain relatively constant as well. Significant factors considered in preparing the budget include:

- Taxable property values for the 2018 tax year increased by approximately \$280,000,000 (4.6%). As a result, property tax revenues will be higher due to the combination of a continued increase in values and the decision to keep the tax rate at \$0.22/\$100 of taxable assessed valuation.
- Sales taxes have remained relatively constant during 2018, the result of strong retail sales within the Town. The Town is projecting sales tax revenue of \$3,943,973 for the 2019 budget year, which is 6.0% above the amount budgeted for 2018.
- Water sales have increased during 2018 compared to 2017. Water consumption in 2018 was above the five-year average which is what water sales are based on in the 2019 budget. As a result, the water sales budget for 2019 is .86% higher than the amount collected in 2018.

## **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**  
**Statement of Net Position**  
**September 30, 2018**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 16,557,384	\$ 3,947,052	\$ 20,504,436
Investments	7,986,430	3,061,075	11,047,505
Receivables (net of allowances for uncollectibles)	3,682,873	1,647,651	5,330,524
Inventories	10,806	220,292	231,098
Prepays	7,987	3,054	11,041
Restricted assets			
Cash and cash equivalents	636,317	201,365	837,682
Net pension asset	4,552,006	540,819	5,092,825
Capital assets (net of accumulated depreciation, where applicable)			
Depreciable	42,312,456	23,784,971	66,097,427
Non-depreciable	6,414,318	595,221	7,009,539
Total assets	<u>82,160,577</u>	<u>34,001,500</u>	<u>116,162,077</u>
<b>Deferred Outflows of Resources</b>			
Deferred pension contributions	548,413	66,507	614,920
Deferred pension experience loss	416,959	55,832	472,791
Deferred pension assumption change loss	580,516	79,986	660,502
Deferred OPEB contributions	41,345	6,882	48,227
Deferred OPEB assumption change loss	35,618	5,929	41,547
Total deferred outflows of resources	<u>1,622,851</u>	<u>215,136</u>	<u>1,837,987</u>
<b>Liabilities</b>			
Vouchers payable	2,293,170	476,354	2,769,524
Retainage payable	126,772	-	126,772
Accrued liabilities	521,639	26,731	548,370
Deposits	1,355,479	201,365	1,556,844
Noncurrent liabilities			
Due within one year	821,754	80,636	902,390
Due in more than one year	1,866,352	174,159	2,040,511
Total liabilities	<u>6,985,166</u>	<u>959,245</u>	<u>7,944,411</u>
<b>Deferred Inflows of Resources</b>			
Deferred pension experience gain	344,535	46,327	390,862
Deferred pension investment gain	1,742,536	156,716	1,899,252
Total deferred inflows of resources	<u>2,087,071</u>	<u>203,043</u>	<u>2,290,114</u>
<b>Net Position</b>			
Net investment in capital assets	48,600,002	24,380,192	72,980,194
Restricted for public safety	393,976	-	393,976
Restricted for library	245,222	-	245,222
Restricted for pensions	4,010,823	540,101	4,550,924
Unrestricted	21,461,168	8,134,055	29,595,223
Total net position	<u>\$ 74,711,191</u>	<u>\$ 33,054,348</u>	<u>\$ 107,765,539</u>

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

# Town of Highland Park

## Statement of Activities

### Year Ended September 30, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Governmental Activities</b>							
General government	\$ 2,356,690	\$ 421,736	\$ 20,851	\$ 1,287,770	\$ (626,333)	\$ -	\$ (626,333)
Department of public safety	12,945,374	807,058	-	-	(12,138,316)	-	(12,138,316)
Town services	546,896	-	-	-	(546,896)	-	(546,896)
Street department	2,525,487	-	-	2,188,257	(337,230)	-	(337,230)
Street lighting department	163,948	-	-	-	(163,948)	-	(163,948)
Library	861,484	10,376	25,267	-	(825,841)	-	(825,841)
Parks department	1,617,882	22,724	-	-	(1,595,158)	-	(1,595,158)
Swimming pool	217,285	198,587	-	-	(18,698)	-	(18,698)
Municipal court	460,418	1,099,949	-	-	639,531	-	639,531
Finance department	830,269	-	-	-	(830,269)	-	(830,269)
Building inspection department	845,846	1,239,753	-	-	393,907	-	393,907
<b>Total governmental activities</b>	<b>23,371,579</b>	<b>3,800,183</b>	<b>46,118</b>	<b>3,476,027</b>	<b>(16,049,251)</b>	<b>-</b>	<b>(16,049,251)</b>
<b>Business-type Activities</b>							
<b>Enterprise</b>	<b>8,097,351</b>	<b>11,683,600</b>	<b>-</b>	<b>373,600</b>	<b>-</b>	<b>3,959,849</b>	<b>3,959,849</b>
<b>Total business-type activities</b>	<b>8,097,351</b>	<b>11,683,600</b>	<b>-</b>	<b>373,600</b>	<b>-</b>	<b>3,959,849</b>	<b>3,959,849</b>
<b>Total Primary Government</b>	<b>\$ 31,468,930</b>	<b>\$ 15,483,783</b>	<b>\$ 46,118</b>	<b>\$ 3,849,627</b>	<b>\$ (16,049,251)</b>	<b>\$ 3,959,849</b>	<b>\$ (12,089,402)</b>
		<b>General Revenues</b>					
		Property taxes			\$ 13,253,603	\$ -	\$ 13,253,603
		Sales taxes			4,071,324	-	4,071,324
		Other taxes			270,661	-	270,661
		Franchise taxes			1,036,561	-	1,036,561
		Penalties and interest on taxes			105,698	-	105,698
		Interest on investments			443,110	103,365	546,475
		Miscellaneous income			521,421	5,662	527,083
		<b>Transfers</b>			<b>1,401,658</b>	<b>(1,401,658)</b>	<b>-</b>
		Total general revenues and transfers			<b>21,104,036</b>	<b>(1,292,631)</b>	<b>19,811,405</b>
		Change in net position			<b>5,054,785</b>	<b>2,667,218</b>	<b>7,722,003</b>
		<b>Net Position, Beginning of Year, As Previously Reported</b>			<b>69,953,307</b>	<b>30,436,523</b>	<b>100,389,830</b>
		<b>Change in Accounting Principle</b>			<b>(296,901)</b>	<b>(49,393)</b>	<b>(346,294)</b>
		<b>Net Position, Beginning of Year, As Restated</b>			<b>69,656,406</b>	<b>30,387,130</b>	<b>100,043,536</b>
		<b>Net Position, End of Year</b>			<b>\$ 74,711,191</b>	<b>\$ 33,054,348</b>	<b>\$ 107,765,539</b>

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

**Town of Highland Park**  
**Balance Sheet – Governmental Funds**  
**September 30, 2018**

	General Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 3,237,168	\$ 6,892,387	\$ 2,165,726	\$ 12,295,281
Investments	2,571,132	2,357,648	1,707,383	6,636,163
Receivables, net				
Interest	11,267	15,041	-	26,308
Taxes	1,075,703	-	-	1,075,703
Other	224,093	-	-	224,093
Intergovernmental	-	2,188,257	-	2,188,257
Fines	156,160	-	7,227	163,387
Inventories	10,806	-	-	10,806
Prepays	3,663	-	4,324	7,987
<b>Total Assets</b>	<b>\$ 7,289,992</b>	<b>\$ 11,453,333</b>	<b>\$ 3,884,660</b>	<b>\$ 22,627,985</b>
<b>Liabilities</b>				
Vouchers payable	\$ 493,804	\$ 1,705,055	\$ 67,566	\$ 2,266,425
Retainage payable	-	126,767	5	126,772
Accrued liabilities	521,639	-	-	521,639
Deposits	80,450	1,275,029	-	1,355,479
<b>Total liabilities</b>	<b>1,095,893</b>	<b>3,106,851</b>	<b>67,571</b>	<b>4,270,315</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue- property taxes	123,556	-	-	123,556
Unavailable revenue- ambulance	139,430	-	-	139,430
Unavailable revenue- fines	156,160	-	-	156,160
Unavailable revenue- intergovernmental revenue	-	2,188,257	-	2,188,257
<b>Total deferred inflows of resources</b>	<b>419,146</b>	<b>2,188,257</b>	<b>-</b>	<b>2,607,403</b>
<b>Fund Balances</b>				
Nonspendable				
Inventories	10,806	-	-	10,806
Prepays	3,663	-	-	3,663
Restricted				
Crime prevention	-	-	21,531	21,531
Court technology	-	-	95,837	95,837
Court security	-	-	8,072	8,072
DPS technology	4,000	-	264,536	268,536
Library	10,000	-	235,222	245,222
Committed				
Capital acquisition	-	3,820,189	-	3,820,189
Stormwater drainage improvements	-	-	2,947,770	2,947,770
Assigned				
Compensated Absences	738,561	-	-	738,561
Capital projects	-	2,338,036	-	2,338,036
Drainage	-	-	244,121	244,121
Other	467,031	-	-	467,031
Unassigned	4,540,892	-	-	4,540,892
<b>Total fund balances</b>	<b>5,774,953</b>	<b>6,158,225</b>	<b>3,817,089</b>	<b>15,750,267</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 7,289,992</b>	<b>\$ 11,453,333</b>	<b>\$ 3,884,660</b>	<b>\$ 22,627,985</b>

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

**Town of Highland Park**  
**Reconciliation of the Governmental Funds Balance Sheet to the**  
**Statement of Net Position**  
**September 30, 2018**

Total fund balances — governmental funds balance sheet	\$ 15,750,267
Amounts reported for governmental activities in the statement of net position (SNP) are different because:	
Net pension assets are not reported in the funds.	4,552,006
Deferred outflows related to pension and OPEB are not reported in the funds.	1,622,851
Deferred inflows related to pension and OPEB are not reported in the funds.	(2,087,071)
Capital assets used in governmental activities, including the internal service fund, are not reported in the funds.	48,726,774
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	123,556
Ambulance receivables unavailable to pay for current period expenditures are deferred in the funds.	139,430
Court fine receivables unavailable to pay for current period expenditures are deferred in the funds.	156,160
Construction reimbursement receivables from various governmental entities that are unavailable to pay for current period expenditures are deferred in the funds.	2,188,257
The long-term liability for other postemployment benefits are not recorded in the funds.	(931,271)
Payables for compensated absences are not reported in the funds.	(1,756,835)
Internal service funds are used by the Town's management: The assets and liabilities of the internal service funds are included with the governmental activities. The net property of \$3,814,419 as is relates to the internal service funds is included in the capital asset amount above.	6,227,067
Net position of governmental activities — SNP	\$ <u>74,711,191</u>

**Town of Highland Park**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Year Ended September 30, 2018**

	General Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 13,266,804	\$ -	\$ -	\$ 13,266,804
Sales taxes	4,071,324	-	-	4,071,324
Other taxes	270,661	-	-	270,661
Franchise fees	1,036,561	-	-	1,036,561
Penalties and interest	105,698	-	-	105,698
Licenses and permits	1,228,621	-	-	1,228,621
Service fees	1,571,558	-	458,377	2,029,935
Fines and forfeitures	434,024	-	-	434,024
Investment income	161,668	124,898	57,327	343,893
Contributions	17,401	-	28,717	46,118
Intergovernmental revenue	-	1,287,770	-	1,287,770
Miscellaneous	360,943	-	83,911	444,854
	<u>22,525,263</u>	<u>1,412,668</u>	<u>628,332</u>	<u>24,566,263</u>
<b>Expenditures</b>				
Current:				
General government	1,953,111	-	76,008	2,029,119
Department of public safety	12,357,715	-	11,011	12,368,726
Town services	534,106	-	-	534,106
Street department	682,124	825,624	-	1,507,748
Street lighting department	159,411	-	-	159,411
Library	746,590	-	42,920	789,510
Parks department	1,536,638	-	-	1,536,638
Swimming pool	191,718	-	-	191,718
Municipal court	434,162	-	24,810	458,972
Finance department	829,268	-	-	829,268
Building inspection department	845,846	-	-	845,846
Capital outlay	-	2,978,022	449,664	3,427,686
	<u>20,270,689</u>	<u>3,803,646</u>	<u>604,413</u>	<u>24,678,748</u>
Excess (deficiencies) of revenues over expenditures	<u>2,254,574</u>	<u>(2,390,978)</u>	<u>23,919</u>	<u>(112,485)</u>
<b>Other Financing Sources (Uses)</b>				
Sales of general capital assets	8,500	-	-	8,500
Transfers in	1,174,141	3,620,012	1,100,000	5,894,153
Transfers out	<u>(3,099,206)</u>	<u>(1,354,148)</u>	<u>(229,763)</u>	<u>(4,683,117)</u>
Net other financing sources (uses)	<u>(1,916,565)</u>	<u>2,265,864</u>	<u>870,237</u>	<u>1,219,536</u>
Net change in fund balances	338,009	(125,114)	894,156	1,107,051
<b>Fund Balance, Beginning of Year</b>	<u>5,436,944</u>	<u>6,283,339</u>	<u>2,922,933</u>	<u>14,643,216</u>
<b>Fund Balances, End of Year</b>	<u>\$ 5,774,953</u>	<u>\$ 6,158,225</u>	<u>\$ 3,817,089</u>	<u>\$ 15,750,267</u>

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

**Town of Highland Park**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures and Changes in Fund Balance of Governmental Funds**  
**to the Statement of Activities**  
**Year Ended September 30, 2018**

Amounts reported for governmental activities in the statement of net activities (SOA) are different because

Change in fund balances – total governmental funds	\$ 1,107,051
Governmental funds report capital outlay as expenditures, however in the SOA these costs are allocated over their estimated useful lives. This is the amount of capital additions reported as capital outlays.	3,427,686
The depreciation of capital assets used in governmental activities, excluding the Internal Service Funds, is not reported in the funds.	(1,712,447)
Compensated absence are reported as the amount earned in the SOA but as the amount paid in the funds. This is the net change in the liability for the year.	(144,580)
Property taxes levied and ambulance service revenue earned, but not available, are deferred in the governmental funds, but are recognized when earned (net of estimated uncollectible) in the SOA. This is the net change in unavailable property taxes, ambulance fees and court fines for the year.	(13,201)
Intergovernmental revenues earned but not available are deferred in the governmental funds, but are recognized when earned in the SOA. This is the net change in unavailable intergovernmental revenue for the year	2,188,257
Pension and OPEB expense is reported as the amount paid in the funds, but incorporates deferred outflows and deferred inflows in the SOA.	(433,152)
Internal service funds are used by management to charge the costs of certain activities, such as the purchase of equipment, to individual funds. The change in net position, of the internal service fund (\$809,681) less capital assets transferred from governmental funds (\$174,510) is reported with the governmental activities.	635,171
Change in net position of governmental activities – SOA	\$ 5,054,785

**Town of Highland Park**  
**Statement of Revenues, Expenditures and Changes in Fund Balance –**  
**Budget to Actual**  
**General Fund**  
**Year Ended September 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>		<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Property taxes	\$ 13,129,384	\$ 13,129,384	\$ 13,266,804	\$ 137,420
Sales taxes	3,720,000	3,720,000	4,071,324	351,324
Other taxes	216,000	216,000	270,661	54,661
Franchise fees	1,090,000	1,090,000	1,036,561	(53,439)
Penalties and interest	52,750	52,750	105,698	52,948
Licenses and permits	1,139,087	1,216,587	1,228,621	12,034
Service fees	1,798,145	1,798,145	1,571,558	(226,587)
Fines and forfeitures	584,985	584,985	434,024	(150,961)
Investment income	109,300	109,300	161,668	52,368
Contributions	-	-	17,401	17,401
Miscellaneous	303,158	303,158	360,943	57,785
<b>Total revenues</b>	<b>22,142,809</b>	<b>22,220,309</b>	<b>22,525,263</b>	<b>304,954</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government	1,720,992	2,027,324	1,953,111	74,213
Department of public safety	12,060,980	12,500,941	12,357,715	143,226
Town services	547,182	547,182	534,106	13,076
Street department	383,437	764,387	682,124	82,263
Street lighting department	185,751	185,751	159,411	26,340
Library	795,427	752,622	746,590	6,032
Parks department	1,466,597	1,539,478	1,536,638	2,840
Swimming pool	195,828	195,828	191,718	4,110
Municipal court	402,762	435,463	434,162	1,301
Finance department	862,276	871,550	829,268	42,282
Building inspection department	709,110	873,123	845,846	27,277
<b>Total Expenditures</b>	<b>19,330,342</b>	<b>20,693,649</b>	<b>20,270,689</b>	<b>422,960</b>
<b>Excess of Revenues Over Expenditures</b>	<b>2,812,467</b>	<b>1,526,660</b>	<b>2,254,574</b>	<b>727,914</b>
<b>Other Financing Sources (Uses)</b>				
Sales of general capital assets	-	-	8,500	8,500
Transfers in	1,161,700	1,161,700	1,174,141	12,441
Transfers out	(3,974,034)	(3,099,206)	(3,099,206)	-
<b>Net other financing sources (uses)</b>	<b>(2,812,334)</b>	<b>(1,937,506)</b>	<b>(1,916,565)</b>	<b>20,941</b>
<b>Net Change in Fund Balances</b>	<b>133</b>	<b>(410,846)</b>	<b>338,009</b>	<b>748,855</b>
<b>Fund Balances, Beginning of Year</b>	<b>5,436,944</b>	<b>5,436,944</b>	<b>5,436,944</b>	<b>-</b>
<b>Fund Balances, End of Year</b>	<b>\$ 5,437,077</b>	<b>\$ 5,026,098</b>	<b>\$ 5,774,953</b>	<b>\$ 748,855</b>

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

**Town of Highland Park**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2018**

	<b>Enterprise Fund</b>	<b>Governmental Activities – Internal Service Funds</b>
<b>Current Assets</b>		
Cash and cash equivalents	3,947,052	\$ 4,898,420
Investments	3,061,075	1,350,267
Receivables (net of allowances for uncollectibles)		
Water, Sewer and Sanitation		
Billed	1,264,397	-
Unbilled	366,365	-
Interest	16,889	5,125
Inventories	220,292	-
Prepays	3,054	-
	<hr/>	<hr/>
<b>Total Current Assets</b>	<b>8,879,124</b>	<b>6,253,812</b>
<b>Non-Current Assets</b>		
Restricted cash and cash equivalents	201,365	-
Net pension asset	540,819	-
Capital assets		
Land	238,750	-
Buildings	20,197	-
Improvements other than buildings	33,893,195	-
Vehicles and rolling stock	-	4,375,735
Machinery and equipment	2,055,808	5,115,773
Office furniture and equipment	25,326	-
Construction in progress	356,471	2,000
Accumulated depreciation	(12,209,555)	(5,679,089)
	<hr/>	<hr/>
Capital assets, net of accumulated depreciation	24,380,192	3,814,419
	<hr/>	<hr/>
<b>Total Non-current Assets</b>	<b>25,122,376</b>	<b>3,814,419</b>
	<hr/>	<hr/>
<b>Total Assets</b>	<b>34,001,500</b>	<b>10,068,231</b>
<b>Deferred Outflows of Resources</b>		
Deferred pension contributions	66,507	-
Deferred pension experience loss	55,832	-
Deferred pension assumption change loss	79,986	-
Deferred OPEB contributions	6,882	-
Deferred OPEB assumption change loss	5,929	-
	<hr/>	<hr/>
Total deferred outflows of resources	215,136	-
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Vouchers payable	\$ 476,354	\$ 26,745
Accrued liabilities	26,731	-
Deposits	201,365	-
Compensated absences-current	80,636	-
	<hr/>	<hr/>
Total current liabilities	785,086	26,745
<b>Noncurrent Liabilities</b>		
OPEB	155,012	-
Compensated absences	19,147	-
	<hr/>	<hr/>
Total noncurrent liabilities	174,159	-
	<hr/>	<hr/>
Total liabilities	959,245	26,745
<b>Deferred Inflows of Resources</b>		
Deferred pension experience gain	46,327	-
Deferred pension investment gain	156,716	-
	<hr/>	<hr/>
Total deferred inflows of resources	203,043	-
<b>Net Position</b>		
Investment in capital assets	24,380,192	3,814,419
Restricted for pensions	540,101	-
Unrestricted	8,134,055	6,227,067
	<hr/>	<hr/>
Total net position	<b>\$ 33,054,348</b>	<b>\$ 10,041,486</b>

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

**Town of Highland Park**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**Year Ended September 30, 2018**

	<b>Enterprise Fund</b>	<b>Governmental Activities – Internal Service Funds</b>
<b>Operating Revenues</b>		
Water sales	\$ 7,136,042	\$ -
Sewer services	2,808,651	-
New connections	34,100	-
Plumbing permits	68,000	-
Penalties for late payments	79,076	-
Inter-department water sales	151,314	-
Charges for services	1,390,789	1,423,071
Miscellaneous	15,628	16,489
Total operating revenues	<u>11,683,600</u>	<u>1,439,560</u>
<b>Operating Expenses</b>		
Personnel services	1,483,675	-
Materials and supplies	2,899,618	41,853
Services and charges	2,602,058	272,537
Depreciation	1,112,000	839,915
Total operating expenses	<u>8,097,351</u>	<u>1,154,305</u>
Operating income	<u>3,586,249</u>	<u>285,255</u>
<b>Nonoperating Revenues</b>		
Investment income	103,365	99,217
Gain on sale of assets	5,662	60,077
Total nonoperating revenues	<u>109,027</u>	<u>159,294</u>
Net income before contributions and transfers	<u>3,695,276</u>	<u>444,549</u>
Capital contributions	21,600	-
Intergovernmental contributions for capital acquisitions	352,000	-
Transfers in	342,942	365,132
Transfers out	(1,744,600)	-
Net transfers and contributions	<u>(1,028,058)</u>	<u>365,132</u>
Change in Net Position	<u>2,667,218</u>	<u>809,681</u>
<b>Net Position, Beginning of Year, As Previously Reported</b>	30,436,523	9,231,805
<b>Change in Accounting Principle</b>	<u>(49,393)</u>	<u>-</u>
<b>Net Position, Beginning of Year, As Restated</b>	<u>30,387,130</u>	<u>-</u>
<b>Net Position, End of Year</b>	<u>\$ 33,054,348</u>	<u>\$ 10,041,486</u>

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

**Town of Highland Park**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended September 30, 2018**

	<b>Enterprise Fund</b>	<b>Governmental Activities – Internal Service Funds</b>
<b>Cash Flows From Operating Activities</b>		
Cash received from customers	\$ 11,707,949	\$ 1,436,969
Cash payments to employees	(1,408,081)	-
Cash payments to other suppliers for goods and services	(5,978,152)	(362,442)
	4,321,716	1,074,527
Net cash provided by operating activities		
<b>Cash Flows From Noncapital Financing Activities</b>		
Transfers to other funds	(1,744,600)	-
Transfers from other funds	342,942	-
	(1,401,658)	-
Net cash used in noncapital financing activities		
<b>Cash Flows From Capital and Related Financing Activities</b>		
Acquisition or construction of capital assets	(420,954)	(854,943)
Intergovernmental contributions for capital acquisitions	352,000	-
Transfers from other funds	-	190,622
Proceeds from sale of capital assets	5,662	60,077
	(63,292)	(604,244)
Net cash used in capital and related financing activities		
<b>Cash Flows From Investing Activities</b>		
Investment income	103,365	99,217
Sales of investments	1,699,098	1,126,176
Purchases of investments	(3,953,456)	(457,930)
	(2,150,993)	767,463
Net cash provided by (used in) investing activities		
Net Increase in Cash and Cash Equivalents	705,773	1,237,746
Cash and Cash Equivalents, Beginning of Year	3,442,644	3,660,674
Cash and Cash Equivalents, End of Year	4,148,417	4,898,420
<b>Reconciliation to the Statement of Net Position</b>		
Cash and cash equivalents	3,947,052	4,898,420
Restricted cash and cash equivalents	201,365	-
	\$ 4,148,417	\$ 4,898,420
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>		
Operating income	\$ 3,586,249	\$ 285,255
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	1,112,000	839,915
Change in assets, liabilities, deferred outflows of resources and deferred inflows of resources		
Decrease (increase) in receivables	17,394	(2,591)
Decrease (increase) in inventories	(51,132)	-
Decrease (increase) in prepaid expenses	16,271	-
Decrease (increase) in pension asset	(511,594)	-
Decrease (increase) in deferred outflows of resources	417,421	-
Increase (decrease) in vouchers payable	(441,615)	(48,052)
Increase (decrease) in accrued wages payable	(17,547)	-
Increase (decrease) in OPEB	64,819	-
Increase (decrease) in deferred inflows of resources	129,450	-
	735,467	789,272
Total adjustments		
Net cash provided by operating activities	\$ 4,321,716	\$ 1,074,527
<b>Noncash Capital Financing Activities</b>		
Capital assets transferred from Governmental Funds to Internal Service Funds	\$ -	\$ 174,510
Capital assets acquired by contribution	\$ (21,600)	\$ -

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



# Town of Highland Park

## Notes to Financial Statements

### September 30, 2018

#### **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, 2018, conform to generally accepted accounting principles 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.

#### ***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**

## **Notes to Financial Statements**

### **September 30, 2018**

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.

# Town of Highland Park

## Notes to Financial Statements

### September 30, 2018

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 and trust funds.

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

Stormwater Drainage Fund – 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.

Employee Christmas Fund – Accounts for the collection of unsolicited contributions of citizens and the distribution to the Town's employees.

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 – Accounts for the Municipal Court technology fee charged to defendants as specified by state law.

Court Security Fund – Accounts for the Municipal Court security fee charged to defendants as specified by state law.

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 the receipt of royalty revenues restricted to the Library.

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.

# Town of Highland Park

## Notes to Financial Statements

### September 30, 2018

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.

#### ***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 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 with notice of public hearing posted three days prior to the meeting.
  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. Encumbrances outstanding at the end of the year that the Town intends to pay during the next year are appropriated in next year's budgeted expenditures as appropriations expire at year-end.
  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. The legally adopted budget for the General Fund is 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 generally accepted accounting principles (GAAP), except that capital outlays are treated as expenses.

**Town of Highland Park**  
**Notes to Financial Statements**  
**September 30, 2018**

***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.

***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:

<b>Assets</b>	<b>Years</b>
Buildings	50
Improvements other than buildings	12-20
Machinery and equipment	5-20
Office furniture and equipment	10
Computer equipment	3-5
Police sedans	5
Pickups/small trucks	5
Medium/heavy trucks	6-7
Fire apparatus	15

# Town of Highland Park

## Notes to Financial Statements

### September 30, 2018

#### **Pensions**

For purposes of measuring the net pension asset, pension related deferred outflows and inflows of resources and pension expense, Town specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the Town'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 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 position that applies to a future reporting 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 increase in 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 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 lives of all members determined as of the measurement date.

# Town of Highland Park

## Notes to Financial Statements

### September 30, 2018

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 position that applies to a future reporting 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 experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.
- Unavailable revenue in governmental funds – These resources unavailable for revenue recognition are deferred and recognized as revenue when available.

#### ***Accumulated Unpaid Compensated Absences***

It is the Town's policy to permit employees to accumulate certain earned but 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, 2018, that must be paid by December 31, 2018, and amounts that become vested as of September 30, 2018, 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 General Fund. Assigned fund balance is established and a budget reappropriation 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**

## **Notes to Financial Statements**

### **September 30, 2018**

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 Director of Administrative Services & Chief Financial Officer as established in the Town’s Statement of Financial Management Policies. This classification includes insurance deductibles, encumbrances, program start-up costs, 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.

When multiple categories of fund balance are available for expenditure, the Town will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

**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 \$0.22 on each \$100 of assessed valuation.

# Town of Highland Park

## Notes to Financial Statements

### September 30, 2018

#### ***New Financial Reporting Requirements:***

The GASB has issued the following statements which became effective for fiscal year 2018 and are applicable to the Town.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – GASB 75 replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB 75 requires more extensive note disclosures and required supplementary information (RSI) about the OPEB liabilities. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2017. The Town has implemented this Statement in fiscal year 2018 and, accordingly, has restated amounts of effected balances within the government-wide financial statements as of October 1, 2017, of (\$296,901) related to Governmental Activities and (\$49,393) related to Business-Type Activities.

#### **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 market values equal or exceed cost.

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.

**Town of Highland Park**  
**Notes to Financial Statements**  
**September 30, 2018**

The Town's carrying amounts of cash and cash equivalents as of September 30, 2018, as reflected in the financial statements, are:

Cash and cash equivalents	\$ 20,504,436
Restricted cash and cash equivalents	837,682
Investments	11,047,505
	\$ 32,389,623

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 \$32,384,569.

Deposits and investments as of September 30, 2018, consist of the following:

Deposits	\$ 21,342,118
Certificates of deposit	11,047,505
	\$ 32,389,623

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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
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%

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.

# Town of Highland Park

## Notes to Financial Statements

### September 30, 2018

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, 2018, 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, 2018, 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, 2018, 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, 2018, the Town had no custodial credit risk on its investments.

**Town of Highland Park**  
**Notes to Financial Statements**  
**September 30, 2018**

**Note 3: Receivables**

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

	Governmental			Business-type Activities		
	General	Capital Projects	Other Governmental Funds	Total Governmental	Enterprise	Internal Service Funds
Taxes receivable	\$ 1,116,931	\$ -	\$ -	\$ 1,116,931	\$ -	\$ -
Allowance for uncollectible taxes	(41,228)	-	-	(41,228)	-	-
	<u>1,075,703</u>	<u>-</u>	<u>-</u>	<u>1,075,703</u>	<u>-</u>	<u>-</u>
Accounts receivable	569,605	-	7,227	576,832	1,645,094	-
Allowance for uncollectible accounts	(189,352)	-	-	(189,352)	(14,332)	-
	<u>380,253</u>	<u>-</u>	<u>7,227</u>	<u>387,480</u>	<u>1,630,762</u>	<u>-</u>
Interest receivables	11,267	15,041	-	26,308	16,889	5,125
Intergovernmental	-	2,188,257	-	2,188,257	-	-
	<u>11,267</u>	<u>2,203,298</u>	<u>-</u>	<u>2,214,565</u>	<u>16,889</u>	<u>5,125</u>
<b>Total</b>	<u>\$ 1,467,223</u>	<u>\$ 2,203,298</u>	<u>\$ 7,227</u>	<u>\$ 3,677,748</u>	<u>\$ 1,647,651</u>	<u>\$ 5,125</u>

**Town of Highland Park**  
**Notes to Financial Statements**  
**September 30, 2018**

**Note 4: Capital Assets**

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

	Balance September 30, 2017	Additions	Sales or Other Dispositions	Adjustments/ Transfers	Balance September 30, 2018
<b>General Capital Assets</b>					
Capital assets not being depreciated					
Land	\$ 4,193,026	\$ -	\$ -	\$ -	\$ 4,193,026
Construction in progress	583,813	3,427,686	-	(1,792,208)	2,219,291
Total capital assets not being depreciated	<u>4,776,839</u>	<u>3,427,686</u>	<u>-</u>	<u>(1,792,208)</u>	<u>6,412,317</u>
Capital assets being depreciated					
Buildings	22,374,494	-	-	-	22,374,494
Capital improvements	39,136,030	-	-	1,617,698	40,753,728
Furniture and fixtures	40,444	-	-	-	40,444
Office equipment	400,155	-	-	-	400,155
Machinery and equipment	1,538,051	-	(12,929)	-	1,525,122
Total capital assets being depreciated	<u>63,489,174</u>	<u>-</u>	<u>(12,929)</u>	<u>1,617,698</u>	<u>65,093,943</u>
Less accumulated depreciation for					
Buildings	(3,375,366)	(680,713)	-	-	(4,056,079)
Capital improvements	(19,722,707)	(981,511)	-	-	(20,704,218)
Furniture and fixtures	(18,590)	(3,455)	-	-	(22,045)
Office equipment	(299,203)	(35,682)	-	-	(334,885)
Machinery and equipment	(1,478,522)	(11,086)	12,929	-	(1,476,679)
Total accumulated depreciation	<u>(24,894,388)</u>	<u>(1,712,447)</u>	<u>12,929</u>	<u>-</u>	<u>(26,593,906)</u>
Capital assets being depreciated, net	<u>38,594,786</u>	<u>(1,712,447)</u>	<u>-</u>	<u>1,617,698</u>	<u>38,500,037</u>
<b>Internal Service Fund Capital Assets</b>					
Capital assets not being depreciated					
Construction in progress	766,641	-	-	(764,640)	2,001
Total capital assets not being depreciated	<u>766,641</u>	<u>-</u>	<u>-</u>	<u>(764,640)</u>	<u>2,001</u>
Capital assets being depreciated					
Machinery and equipment	4,501,937	317,475	-	296,360	5,115,772
Vehicles and rolling stock	3,298,659	537,468	(103,180)	642,790	4,375,737
Total capital assets being depreciated	<u>7,800,596</u>	<u>854,943</u>	<u>(103,180)</u>	<u>939,150</u>	<u>9,491,509</u>
Less accumulated depreciation for					
Machinery and equipment	(2,896,422)	(503,718)	-	-	(3,400,140)
Vehicles and rolling stock	(2,045,933)	(336,197)	103,180	-	(2,278,950)
Total accumulated depreciation	<u>(4,942,355)</u>	<u>(839,915)</u>	<u>103,180</u>	<u>-</u>	<u>(5,679,090)</u>
Total capital assets being depreciated, net	<u>\$ 2,858,241</u>	<u>\$ 15,028</u>	<u>\$ -</u>	<u>\$ 939,150</u>	<u>\$ 3,812,419</u>
Governmental activities capital assets, net	<u>\$ 46,996,507</u>	<u>\$ 1,730,267</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,726,774</u>

**Town of Highland Park**  
**Notes to Financial Statements**  
**September 30, 2018**

	Balance September 30, 2017	Additions	Sales or Other Dispositions	Adjustments/ Transfers	Balance September 30, 2018
<b>Business-type Activities</b>					
Capital assets not being depreciated					
Land	\$ 238,750	\$ -	\$ -	\$ -	\$ 238,750
Construction in progress	3,006,298	371,559	-	(3,021,386)	356,471
Total capital assets not being depreciated	<u>3,245,048</u>	<u>371,559</u>	<u>-</u>	<u>(3,021,386)</u>	<u>595,221</u>
Capital assets being depreciated					
Building	20,197	-	-	-	20,197
Improvements other than buildings	32,257,417	21,600	-	1,614,178	33,893,195
Machinery and equipment	692,225	-	(43,625)	1,407,208	2,055,808
Office furniture and equipment	25,326	-	-	-	25,326
Total capital assets being depreciated	<u>32,995,165</u>	<u>21,600</u>	<u>(43,625)</u>	<u>3,021,386</u>	<u>35,994,526</u>
Less accumulated depreciation for					
Building	(20,197)	-	-	-	(20,197)
Capital improvements	(10,522,898)	(845,757)	-	471	(11,368,184)
Machinery and equipment	(577,704)	(265,688)	43,625	(471)	(800,238)
Office equipment	(20,381)	(555)	-	-	(20,936)
<b>Total Accumulated Depreciation</b>	<u>(11,141,180)</u>	<u>(1,112,000)</u>	<u>43,625</u>	<u>-</u>	<u>(12,209,555)</u>
<b>Total Capital Assets Being Depreciated, Net</b>	<u>\$ 21,853,985</u>	<u>\$ (1,090,400)</u>	<u>\$ -</u>	<u>\$ 3,021,386</u>	<u>\$ 23,784,971</u>
<b>Business-type Activities Capital Assets, Net</b>	<u>\$ 25,099,033</u>	<u>\$ (718,841)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,380,192</u>

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

**Governmental Activities**

General government	\$ 651,839
Public safety	150,400
Town services	12,790
Street department	745,969
Street lighting department	1,646
Library	70,528
Parks department	53,708
Swimming pool	25,567
	<u>1,712,447</u>

**Total Depreciation Expense —**

**General Capital Assets** 1,712,447

**Internal Service Fund**

839,915

\$ 2,552,362

**Business-type Activities**

**Enterprise Fund**

\$ 1,112,000

**Town of Highland Park**  
**Notes to Financial Statements**  
**September 30, 2018**

**Note 5: Interfund Transactions**

Interfund transfers are made throughout the fiscal year for a variety of reasons. Transfers made during fiscal year 2018 were as follows:

Transfer Fund	Transfer In	Transfer Out	Purpose of Transfer
General fund	\$ 1,174,141	\$ 3,099,206	Budgetary
Capital projects fund	3,620,012	1,354,148	Capital Projects
Internal service funds	365,132	-	Capital Projects
Nonmajor governmental funds	1,100,000	229,763	Budgetary
Enterprise fund	342,942	1,744,600	Budgetary
	<u>\$ 6,602,227</u>	<u>\$ 6,427,717</u>	

Difference of \$174,510 is due to transfer of capital purchased initially by Governmental Funds to the Internal Service Funds.

**Note 6: Long-term Liabilities**

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

The compensated absences liability and net other postemployment benefit obligation attributable to the governmental activities will be liquidated by the General Fund.

	Beginning of Year (As Restated)	Additions	Deletions	End of Year	Within One Year
Governmental activities					
Compensated absences	\$ 1,612,255	\$ 1,401,151	\$ (1,256,571)	\$ 1,756,835	\$ 821,754
OPEB liability	870,602	60,669	-	931,271	-
Total	<u>\$ 2,482,857</u>	<u>\$ 1,461,820</u>	<u>\$ (1,256,571)</u>	<u>\$ 2,688,106</u>	<u>\$ 821,754</u>
Business-type activities					
Compensated absences	\$ 124,285	\$ 103,429	\$ (127,931)	\$ 99,783	\$ 80,636
OPEB liability	144,914	10,098	-	155,012	-
Total	<u>\$ 269,199</u>	<u>\$ 113,527</u>	<u>\$ (127,931)</u>	<u>\$ 254,795</u>	<u>\$ 80,636</u>

**Town of Highland Park**  
**Notes to Financial Statements**  
**September 30, 2018**

**Note 7: Retirement Plans**

Texas Municipal Retirement System

**Plan Description**

The Town participates as one of over 880 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the *TMRS Act*, Subtitle G, Title 8, Texas Government Code (TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmr.com](http://www.tmr.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 benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven actuarially equivalent payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

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

**Town of Highland Park**  
**Notes to Financial Statements**  
**September 30, 2018**

Employees covered by benefit terms –

At the December 31, 2017, valuation and measurement date, the following employees were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefits	112
Inactive employees entitled to but not yet receiving benefits	38
Active employees	118
	268

Contributions:

Employees for the Town were required to contribute 7% of their annual gross earnings during the fiscal year. Employer contributions are actuarially determined and for the fiscal year ended September 30, 2018, the Town made contributions of \$770,984 or 6.2% of covered payroll.

Net Pension Asset:

The Town’s Net Pension Asset (NPA) was measured as of December 31, 2017, and the Total Pension Asset (TPA) used to calculate the NPA was determined by an actuarial valuation as of that date.

Actuarial assumptions –

The Total Pension Asset in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustments are used, with slight adjustments.

**Town of Highland Park**  
**Notes to Financial Statements**  
**September 30, 2018**

Actuarial assumptions used in the December 31, 2017, valuation were based on the results of actuarial experience studies. This experience study was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates are based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined 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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return (Arithmetic)</b>
Domestic equity	17.5%	4.55%
International equity	17.5%	6.35%
Core fixed income	10.0%	1.00%
Non-core fixed income	20.0%	4.15%
Real return	10.0%	4.15%
Real estate	10.0%	4.75%
Absolute return	10.0%	4.00%
Private equity	5.0%	7.75%
<b>Total</b>	<b>100.0%</b>	

**Discount Rate:**

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

**Town of Highland Park**  
**Notes to Financial Statements**  
**September 30, 2018**

Changes in the Net Pension Asset:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
	(a)	(b)	(a) - (b)
Balance at October 1, 2017	\$ 71,505,794	\$ 71,646,109	\$ (140,315)
Changes for the year:			
Service cost	1,643,029	-	1,643,029
Interest	4,735,388	-	4,735,388
Difference between expected and actual experience	76,301	-	76,301
Changes in assumptions	-	-	-
Contributions-employer	-	668,603	(668,603)
Contributions-employee	-	866,707	(866,707)
Net investment income	-	9,925,987	(9,925,987)
Benefit payments, including refunds of employee contributions	(4,346,827)	(4,346,827)	-
Administrative expense	-	(51,461)	51,461
Other changes	-	(2,608)	2,608
<b>Net Changes</b>	<u>2,107,891</u>	<u>7,060,401</u>	<u>(4,952,510)</u>
<b>Balance at September 30, 2018</b>	<u>\$ 73,613,685</u>	<u>\$ 78,706,510</u>	<u>\$ (5,092,825)</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% Decrease in Discount Rate (7.75%)
Town's net pension (asset) liability	\$ 3,474,138	\$ (5,092,825)	\$ (12,313,043)

**Town of Highland Park**  
**Notes to Financial Statements**  
**September 30, 2018**

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at [www.tmr.com](http://www.tmr.com).

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

For the year ended September 30, 2018, the Town recognized pension expense of \$1,236,510.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 472,791	\$ 390,862
Changes of assumptions	660,502	-
Net difference between projected and actual pension plan earnings on pension plan investments	-	1,899,252
Contributions subsequent to the measurement date	614,920	-
Total	\$ 1,748,213	\$ 2,290,114

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$614,920 will be recognized as an addition of the net pension asset for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>September 30</b>		
2019	\$	508,736
2020		402,021
2021		(1,062,976)
2022		(1,004,602)
Total	\$	(1,156,821)

**Town of Highland Park**  
**Notes to Financial Statements**  
**September 30, 2018**

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 the International City Management Association Retirement Corporation (ICMARC). 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.

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, 2017, was used for the September 30, 2018, liability and expense. The information that follows was determined as of a valuation date of December 31, 2017.

At December 31, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	46
Inactive employees entitled to but not yet receiving benefits	-
Active employees	117
Total employees	163

**Town of Highland Park**  
**Notes to Financial Statements**  
**September 30, 2018**

Total OPEB Liability: The Town's total OPEB liability of \$1,086,283 (\$931,271 governmental activities and \$155,012 business-type activities) was measured as of December 31, 2017, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The total OPEB liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	December 31, 2017
Actuarial Cost Method	Individual Entry-Age
Discount Rate	3.31% as of December 31, 2017 (3.81% as of December 31, 2016)
Inflation	2.50%
Salary Increase	3.50% to 10.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2014, as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.50% declining to an ultimate rate of 4.25% after 15 years
Participation Rates	25% for eligible employees who retire at the age of 50 or later; 0% for eligible employees

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".

Changes in the Total OPEB Liability:

	<b>Total OPEB Liability</b>
Balances as of October 1, 2017	\$ 1,015,516
Changes for the year:	
Service cost	39,166
Interest on total OPEB liability	38,395
Effect of assumptions changes (discount rate change)	47,917
Benefit payments, age adjusted premiums, net of retiree contributions	(54,711)
	\$ 1,086,283
Balances as of September 30, 2018	\$ 1,086,283

**Town of Highland Park**  
**Notes to Financial Statements**  
**September 30, 2018**

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 3.31%. The following presents the total OPEB liability using a discount rate 1% higher and 1% lower than the current discount rate.

	<b>1% Decrease 2.31%</b>	<b>Current Discount Rate Assumption 3.31%</b>	<b>1% Increase 4.31%</b>
Total OPEB Liability	\$ 1,190,918	\$ 1,086,283	\$ 992,932

The total OPEB liability of the Town has been calculated using the assumed health care cost trend rates of 7.5% decreasing to 4.25%. 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.

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate Assumption</b>	<b>1% Increase</b>
Total OPEB Liability	\$ 983,124	\$ 1,086,283	\$ 1,207,823

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended September 30, 2018, the Town recognized OPEB expense of \$83,931. At September 30, 2018, the Town reported deferred outflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>
Changes of assumptions	\$ 41,547
Benefit payments subsequent to the measurement date	48,227
	<b>\$ 89,774</b>

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, 2019.

**Town of Highland Park**  
**Notes to Financial Statements**  
**September 30, 2018**

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

September 30	Amortization of Future Deferred Outflows of Resources
2019	\$ 6,370
2020	6,370
2021	6,370
2022	6,370
2023	6,370
Thereafter	9,697
	\$ 41,547

**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 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 \$5,206,046 of encumbrances expected to be honored upon performance by the vendor in the next year as follows:

General Fund	\$ 467,031
Capital Projects Fund	2,338,036
Enterprise Fund	1,820,619
Equipment Replacement Fund	336,239
Stormwater Drainage Fund	244,121

## **REQUIRED SUPPLEMENTARY INFORMATION**



**Town of Highland Park**  
**Schedule of Changes in Net Pension Asset and Related Ratios**  
**Texas Municipal Retirement System**  
**Required Supplementary Information**  
**(Unaudited)**

	Measurement Year			
	2014	2015	2016	2017
Total pension liability				
Service cost	\$ 1,355,468	\$ 1,408,625	\$ 1,581,867	\$ 1,643,029
Interest	4,389,441	4,443,414	4,601,305	4,735,388
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(973,479)	1,099,257	(335,432)	76,301
Change in assumptions*	-	1,761,337	-	-
Benefit payments, including refunds of employee contributions	(3,272,671)	(4,781,270)	(3,436,976)	(4,346,827)
<b>Net Change in Total Pension Liability</b>	1,498,759	3,931,363	2,410,764	2,107,891
<b>Total Pension Liability - Beginning</b>	63,664,908	65,163,667	69,095,030	71,505,794
<b>Total Pension Liability - Ending (a)</b>	65,163,667	69,095,030	71,505,794	73,613,685
Plan fiduciary net position:				
Contributions - employer	636,106	444,414	374,590	668,603
Contributions - employee	805,198	787,570	835,073	866,707
Net investment income	4,038,451	107,358	4,678,472	9,925,987
Benefit payments, including refunds of employee contributions	(3,272,671)	(4,781,270)	(3,436,976)	(4,346,827)
Administrative expense	(42,166)	(65,395)	(52,856)	(51,461)
Other	(3,467)	(3,230)	(2,848)	(2,608)
<b>Net Change in Plan Fiduciary Net Position</b>	2,161,451	(3,510,553)	2,395,455	7,060,401
<b>Plan Fiduciary Net Position - Beginning</b>	70,599,756	72,761,207	69,250,654	71,646,109
<b>Plan Fiduciary Net Position - Ending (b)</b>	72,761,207	69,250,654	71,646,109	78,706,510
<b>Net Pension Asset - Ending (a) - (b)</b>	\$ (7,597,540)	\$ (155,624)	\$ (140,315)	\$ (5,092,825)
Plan fiduciary net position as a percentage of total pension asset	111.66%	100.23%	100.20%	106.92%
Covered payroll	\$ 11,502,823	\$ 11,271,001	\$ 11,929,614	\$ 12,381,528
Net pension asset as a percentage of covered payroll	66.05%	1.38%	1.18%	41.13%

\*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 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.

**Town of Highland Park**  
**Schedule of Contributions**  
**Texas Municipal Retirement System**  
**Required Supplementary Information**  
**(Unaudited)**

	Fiscal Year			
	2015	2016	2017	2018
Actuarially determined contribution	\$ 504,539	\$ 408,628	\$ 600,931	\$ 770,984
Contributions in relation to the actuarially determined contribution	<u>504,539</u>	<u>408,628</u>	<u>600,931</u>	<u>770,984</u>
<b>Contribution Deficiency (Excess)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 11,452,658	\$ 12,214,139	\$ 12,306,527	\$ 12,697,397
Contributions as a percentage of covered payroll	4.41%	3.35%	4.88%	6.07%

**Notes to Schedule:**

**Valuation Date:**

Actuarial determined contribution rates are calculated as of December 31<sup>st</sup> each year and become effective in January, 12 months and a day later.

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.0% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the Town's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 – 2014.
Mortality	RP2000 Combined Healthy Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

**Other Information:**

There were no benefit changes during the year.

The information in this schedule has been determined as of the measurement date (December 31) of the Town's net pension asset 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.

**Town of Highland Park**  
**Schedule of Changes in the Total OPEB Liability and Related Ratios**  
**Required Supplementary Information**  
**(Unaudited)**

	<b>Measurement year</b>
	<b>2017</b>
<b>Total OPEB Liability</b>	
Service Cost	\$ 39,166
Interest Cost	38,395
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience of the Total OPEB Liability	-
Changes of Assumptions	47,917
Benefit Payments	(54,711)
Net Change in Total OPEB Liability	70,767
Total OPEB Liability (Beginning)	1,015,516
Total OPEB Liability (Ending)	\$ 1,086,283
Covered Payroll	12,381,528
Net OPEB Liability as a Percentage of Covered Payroll	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.



**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES**



**NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS**

**Stormwater Drainage** – 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.

**Employee Christmas** – Accounts for the collection of unsolicited contributions of citizens and the distribution to the Town’s employees. This fund was closed as of September 30, 2018. Distributions to the Town’s employees prior to this date agree to current year contributions and fund balance. Any future contributions will be recorded as a liability in the General Fund.

**Forfeited Property** – 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** – Accounts for the Municipal Court technology fee charged to defendants as specified by state law.

**Court Security Fund** – Accounts for the Municipal Court security fee charged to defendants as specified by state law.

**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.



**Town of Highland Park**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2018**

	<b>Special Revenue Funds</b>						<b>Total Nonmajor Funds</b>	
	<b>Stormwater Drainage</b>	<b>Employee Christmas</b>	<b>Forfeited Property</b>	<b>Court Technology</b>	<b>Court Security</b>	<b>DPS Technology</b>		<b>Library</b>
<b>Assets</b>								
Cash and cash equivalents	\$ 1,543,409	\$ -	\$ 21,531	\$ 92,951	\$ 8,072	\$ 264,536	\$ 235,227	\$ 2,165,726
Investments	1,707,383	-	-	-	-	-	-	1,707,383
Prepays	-	-	-	4,324	-	-	-	4,324
Receivables (net of allowances for uncollectibles)	7,227	-	-	-	-	-	-	7,227
<b>Total Assets</b>	<b>\$ 3,258,019</b>	<b>\$ -</b>	<b>\$ 21,531</b>	<b>\$ 97,275</b>	<b>\$ 8,072</b>	<b>\$ 264,536</b>	<b>\$ 235,227</b>	<b>\$ 3,884,660</b>
<b>Liabilities</b>								
Vouchers payable	\$ 66,128	\$ -	\$ -	\$ 1,438	\$ -	\$ -	\$ -	\$ 67,566
Retainage payable	-	-	-	-	-	-	5	5
<b>Total liabilities</b>	<b>66,128</b>	<b>-</b>	<b>-</b>	<b>1,438</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>67,571</b>
<b>Fund Balances</b>								
Restricted								
Crime prevention	-	-	21,531	-	-	-	-	21,531
Court technology	-	-	-	95,837	-	-	-	95,837
Court security	-	-	-	-	8,072	-	-	8,072
DPS technology	-	-	-	-	-	264,536	-	264,536
Library	-	-	-	-	-	-	235,222	235,222
Committed								
Stormwater drainage improvements	2,947,770	-	-	-	-	-	-	2,947,770
Assigned								
Drainage	244,121	-	-	-	-	-	-	244,121
<b>Total fund balances</b>	<b>3,191,891</b>	<b>-</b>	<b>21,531</b>	<b>95,837</b>	<b>8,072</b>	<b>264,536</b>	<b>235,222</b>	<b>3,817,089</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,258,019</b>	<b>\$ -</b>	<b>\$ 21,531</b>	<b>\$ 97,275</b>	<b>\$ 8,072</b>	<b>\$ 264,536</b>	<b>\$ 235,227</b>	<b>\$ 3,884,660</b>

**Town of Highland Park**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended September 30, 2018**

	Special Revenue Funds							Nonmajor Funds
	Stormwater Drainage	Employee Christmas	Forfeited Property	Court Technology	Court Security	DPS Technology	Library	
<b>Revenues</b>								
Service fees	\$ 399,396	\$ -	\$ -	\$ 33,703	\$ 25,278	\$ -	\$ -	\$ 458,377
Contributions	-	3,450	-	-	-	-	25,267	28,717
Investment income	46,080	175	466	1,562	167	4,672	4,205	57,327
Miscellaneous	-	-	-	-	-	83,911	-	83,911
Total revenues	<u>445,476</u>	<u>3,625</u>	<u>466</u>	<u>35,265</u>	<u>25,445</u>	<u>88,583</u>	<u>29,472</u>	<u>628,332</u>
<b>Expenditures</b>								
Materials and supplies	7,610	-	-	4,026	-	-	11,367	23,003
Services and charges	68,398	-	11,011	20,784	-	-	31,553	131,746
Capital outlay	<u>449,664</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>449,664</u>
Total expenditures	<u>525,672</u>	<u>-</u>	<u>11,011</u>	<u>24,810</u>	<u>-</u>	<u>-</u>	<u>42,920</u>	<u>604,413</u>
Excess (deficiency) of revenues over expenditures	<u>(80,196)</u>	<u>3,625</u>	<u>(10,545)</u>	<u>10,455</u>	<u>25,445</u>	<u>88,583</u>	<u>(13,448)</u>	<u>23,919</u>
<b>Other Financing Sources (Uses)</b>								
Transfers in	1,100,000	-	-	-	-	-	-	1,100,000
Transfers out	<u>(113,500)</u>	<u>(12,441)</u>	<u>-</u>	<u>-</u>	<u>(24,600)</u>	<u>(79,222)</u>	<u>-</u>	<u>(229,763)</u>
Total other financing sources (uses)	<u>986,500</u>	<u>(12,441)</u>	<u>-</u>	<u>-</u>	<u>(24,600)</u>	<u>(79,222)</u>	<u>-</u>	<u>870,237</u>
Net change in fund balances	906,304	(8,816)	(10,545)	10,455	845	9,361	(13,448)	894,156
<b>Fund Balances, Beginning of Year</b>	<u>2,285,587</u>	<u>8,816</u>	<u>32,076</u>	<u>85,382</u>	<u>7,227</u>	<u>255,175</u>	<u>248,670</u>	<u>2,922,933</u>
<b>Fund Balances, End of Year</b>	<u>\$ 3,191,891</u>	<u>\$ -</u>	<u>\$ 21,531</u>	<u>\$ 95,837</u>	<u>\$ 8,072</u>	<u>\$ 264,536</u>	<u>\$ 235,222</u>	<u>\$ 3,817,089</u>

## **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**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**September 30, 2018**

	<b>Equipment Replacement Fund</b>	<b>Building Maintenance Fund</b>	<b>Technology Replacement Fund</b>	<b>Total Internal Service Funds</b>
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 2,110,790	\$ 849,710	\$ 1,937,920	\$ 4,898,420
Investments	1,000,267	-	350,000	1,350,267
Accrued interest	3,427	-	1,698	5,125
Total current assets	<u>3,114,484</u>	<u>849,710</u>	<u>2,289,618</u>	<u>6,253,812</u>
<b>Capital Assets</b>				
Vehicles and rolling stock	4,375,735	-	-	4,375,735
Machinery and equipment	553,190	86,207	4,476,376	5,115,773
Construction in progress	-	-	2,000	2,000
Accumulated depreciation	<u>(2,497,539)</u>	<u>(5,268)</u>	<u>(3,176,282)</u>	<u>(5,679,089)</u>
Net capital assets	<u>2,431,386</u>	<u>80,939</u>	<u>1,302,094</u>	<u>3,814,419</u>
<b>Total Assets</b>	<u>\$ 5,545,870</u>	<u>\$ 930,649</u>	<u>\$ 3,591,712</u>	<u>\$ 10,068,231</u>
<b>Liabilities</b>				
Current liabilities				
Vouchers payable	\$ -	\$ 26,745	\$ -	\$ 26,745
Total current liabilities	<u>-</u>	<u>26,745</u>	<u>-</u>	<u>26,745</u>
<b>Net Position</b>				
Net investment in capital assets	2,431,386	80,939	1,302,094	3,814,419
Unrestricted	<u>3,114,484</u>	<u>822,965</u>	<u>2,289,618</u>	<u>6,227,067</u>
Total net position	<u>5,545,870</u>	<u>903,904</u>	<u>3,591,712</u>	<u>10,041,486</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 5,545,870</u>	<u>\$ 930,649</u>	<u>\$ 3,591,712</u>	<u>\$ 10,068,231</u>

**Town of Highland Park**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Internal Service Funds**  
**Year Ended September 30, 2018**

	<b>Equipment Replacement Fund</b>	<b>Building Maintenance Fund</b>	<b>Technology Replacement Fund</b>	<b>Total Internal Service Funds</b>
<b>Revenues</b>				
Charges for services	\$ 434,921	\$ 508,300	\$ 479,850	\$ 1,423,071
Miscellaneous	-	16,489	-	16,489
Total revenues	<u>434,921</u>	<u>524,789</u>	<u>479,850</u>	<u>1,439,560</u>
<b>Operating Expenses</b>				
Materials and supplies	-	38,199	3,654	41,853
Services and charges	5,166	267,371	-	272,537
Depreciation	554,788	5,268	279,859	839,915
Total operating expenses	<u>559,954</u>	<u>310,838</u>	<u>283,513</u>	<u>1,154,305</u>
Operating income	<u>(125,033)</u>	<u>213,951</u>	<u>196,337</u>	<u>285,255</u>
<b>Nonoperating Revenues</b>				
Investment income	51,790	11,961	35,466	99,217
Gain on sale of assets	58,904	-	1,173	60,077
Total nonoperating revenues	<u>110,694</u>	<u>11,961</u>	<u>36,639</u>	<u>159,294</u>
Net income before transfers	(14,339)	225,912	232,976	444,549
Transfers in	305,986	-	59,146	365,132
Change in Net Position	291,647	225,912	292,122	809,681
<b>Net Position, Beginning of Year</b>	<u>5,254,223</u>	<u>677,992</u>	<u>3,299,590</u>	<u>9,231,805</u>
<b>Net Position, End of Year</b>	<u>\$ 5,545,870</u>	<u>\$ 903,904</u>	<u>\$ 3,591,712</u>	<u>\$ 10,041,486</u>

**Town of Highland Park**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**Year Ended September 30, 2018**

	<b>Equipment Replacement Fund</b>	<b>Building Maintenance Fund</b>	<b>Technology Replacement Fund</b>	<b>Total Internal Service Funds</b>
<b>Cash Flows From Operating Activities</b>				
Cash received from customers	\$ 433,455	\$ 524,789	\$ 478,725	\$ 1,436,969
Cash payments to suppliers for goods and services	<u>(30,585)</u>	<u>(328,203)</u>	<u>(3,654)</u>	<u>(362,442)</u>
Net cash provided by operating activities	<u>402,870</u>	<u>196,586</u>	<u>475,071</u>	<u>1,074,527</u>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Acquisition and construction of capital assets	(709,588)	(86,207)	(59,148)	(854,943)
Transfers from other funds	131,476		59,146	190,622
Proceeds from sale of capital assets	<u>58,904</u>	<u>-</u>	<u>1,173</u>	<u>60,077</u>
Net cash used in capital and related financing activities	<u>(519,208)</u>	<u>(86,207)</u>	<u>1,171</u>	<u>(604,244)</u>
<b>Cash Flows From Investing Activities</b>				
Sales of investments	970,263	-	155,913	1,126,176
Purchases of investments	(457,930)	-	-	(457,930)
Investment income	<u>51,790</u>	<u>11,961</u>	<u>35,466</u>	<u>99,217</u>
Net cash provided by investing activities	<u>564,123</u>	<u>11,961</u>	<u>191,379</u>	<u>767,463</u>
<b>Net Increase In Cash and Cash Equivalents</b>	447,785	122,340	667,621	1,237,746
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>1,663,005</u>	<u>727,370</u>	<u>1,270,299</u>	<u>3,660,674</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 2,110,790</u></u>	<u><u>\$ 849,710</u></u>	<u><u>\$ 1,937,920</u></u>	<u><u>\$ 4,898,420</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>				
Operating income (loss)	\$ (125,033)	\$ 213,951	\$ 196,337	\$ 285,255
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Item not requiring cash				
Depreciation	554,788	5,268	279,859	839,915
Change in				
Increase (decrease) in accounts receivable	(1,466)	-	(1,125)	(2,591)
Increase (decrease) in vouchers payable	<u>(25,419)</u>	<u>(22,633)</u>	<u>-</u>	<u>(48,052)</u>
Total adjustments	<u>527,903</u>	<u>(17,365)</u>	<u>278,734</u>	<u>789,272</u>
Net cash provided by operating activities	<u><u>\$ 402,870</u></u>	<u><u>\$ 196,586</u></u>	<u><u>\$ 475,071</u></u>	<u><u>\$ 1,074,527</u></u>
<b>Noncash Capital Financing Activities</b>				
Capital assets acquired by contribution from the Town's Governmental funds	\$ 174,510	\$ -	\$ -	\$ 174,510



## STATISTICAL SECTION

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

### Contents

	<u>Page</u>
<u>Financial Trends</u>	64-69
This section contains information to help the reader understand how the Town’s financial performance and well-being have changed over time.	
<u>Revenue Capacity</u>	70-73
This section contains information to help the reader assess the Town’s most significant local revenue source, the property tax.	
<u>Debt Capacity</u>	74-75
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.	
<u>Demographic and Economic Information</u>	76-78
This section contains information to help the reader understand the environment within which the Town’s financial activities take place.	
<u>Operating Information</u>	79-81
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.	





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

	Fiscal Year			
	2009	2010	2011	2012
<b>Expenses</b>				
Governmental activities				
General government	\$ 824,699	\$ 1,316,352	\$ 812,643	\$ 1,033,107
Department of public safety	9,867,090	10,164,906	10,188,243	10,214,838
Town services	-	-	-	-
Street department	867,698	1,061,747	1,090,129	1,117,699
Street lighting department	327,938	307,312	284,966	206,703
Library	644,462	772,491	745,811	768,755
Parks department	1,430,322	1,431,268	1,404,315	1,240,538
Swimming pool	197,907	228,852	228,565	192,559
Sanitation	-	-	-	1,039,230
Municipal court	318,937	343,042	341,435	319,953
Finance department	481,073	520,784	515,296	473,970
Building inspection department	402,380	539,980	391,923	392,023
Total governmental activities expenses	<u>15,362,506</u>	<u>16,686,734</u>	<u>16,003,325</u>	<u>16,999,375</u>
Business-type activities				
Enterprise	<u>7,211,569</u>	<u>7,481,548</u>	<u>7,983,612</u>	<u>6,702,773</u>
Total business-type activities expenses	<u>7,211,569</u>	<u>7,481,548</u>	<u>7,983,612</u>	<u>6,702,773</u>
Total primary government expenses	<u>\$ 22,574,075</u>	<u>\$ 24,168,282</u>	<u>\$ 23,986,937</u>	<u>\$ 23,702,148</u>
<b>Program Revenues</b>				
Governmental activities				
Charges for services				
General government	\$ 191,381	\$ 206,255	\$ 208,091	\$ 376,375
Department of public safety	755,635	568,974	741,602	666,846
Street department	335,778	118,743	120,887	134,859
Library	18,619	16,959	16,001	15,347
Parks department	12,680	11,720	10,360	10,560
Swimming pool	94,184	92,468	109,959	103,531
Sanitation*	-	-	-	1,254,088
Municipal court	662,570	676,094	728,149	684,318
Building inspection department	904,647	968,993	928,146	926,297
Operating grants and contributions	32,392	4,383	-	-
Capital grants and contributions	-	-	-	-
Total governmental activities program revenues	<u>3,007,886</u>	<u>2,664,589</u>	<u>2,863,195</u>	<u>4,172,221</u>
Business-type activities				
Charges for services	8,465,285	8,315,859	9,945,105	8,237,561
Capital grants and contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>627,941</u>
Total business-type activities program revenues	<u>8,465,285</u>	<u>8,315,859</u>	<u>9,945,105</u>	<u>8,865,502</u>
Total primary government program revenues	<u>\$ 11,473,171</u>	<u>\$ 10,980,448</u>	<u>\$ 12,808,300</u>	<u>\$ 13,037,723</u>

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

Fiscal Year						
	2013	2014	2015	2016	2017	2018
\$	1,973,256	\$ 3,277,962	\$ 2,757,174	\$ 2,384,232	\$ 2,619,896	\$ 2,356,690
	10,575,157	10,831,500	10,864,166	12,739,997	12,791,955	12,945,374
	-	-	-	581,762	535,389	546,896
	1,175,073	1,850,685	1,830,746	1,833,046	2,124,658	2,525,487
	237,734	190,317	188,515	173,948	174,281	163,948
	712,953	701,144	813,700	858,706	748,880	861,484
	1,350,947	1,429,901	1,393,455	1,440,116	1,560,182	1,617,882
	199,939	181,970	193,642	207,793	232,174	217,285
	1,073,427	1,133,782	1,094,766	1,093,055	-	-
	329,474	280,071	352,954	411,642	394,023	460,418
	733,642	780,928	765,516	757,264	780,238	830,269
	406,813	426,574	475,766	526,709	553,578	845,846
	<u>18,768,415</u>	<u>21,084,834</u>	<u>20,730,400</u>	<u>23,008,270</u>	<u>22,515,254</u>	<u>23,371,579</u>
	<u>6,278,852</u>	<u>6,411,751</u>	<u>6,027,849</u>	<u>6,303,437</u>	<u>7,684,059</u>	<u>8,097,351</u>
	<u>6,278,852</u>	<u>6,411,751</u>	<u>6,027,849</u>	<u>6,303,437</u>	<u>7,684,059</u>	<u>8,097,351</u>
\$	<u>25,047,267</u>	<u>\$ 27,496,585</u>	<u>\$ 26,758,249</u>	<u>\$ 29,311,707</u>	<u>\$ 30,199,313</u>	<u>\$ 31,468,930</u>
\$	376,083	\$ 386,948	\$ 500,509	\$ 403,852	\$ 416,071	\$ 421,736
	761,759	737,090	745,218	871,979	856,381	807,058
	144,332	138,687	153,689	-	-	-
	10,512	10,310	11,033	10,770	8,729	10,376
	10,520	11,482	14,086	11,722	11,643	22,724
	105,095	97,840	95,699	98,254	100,667	198,587
	1,242,590	1,231,340	1,236,438	1,235,509	-	-
	845,028	787,331	789,631	1,016,752	1,194,712	1,099,949
	963,254	1,232,986	1,370,473	1,008,806	1,453,459	1,239,753
	101,770	98,069	77,503	38,436	38,422	46,118
	1,175,308	702,885	338,170	892,238	402,065	3,476,027
	<u>5,736,251</u>	<u>5,434,968</u>	<u>5,332,449</u>	<u>5,588,318</u>	<u>4,482,149</u>	<u>7,322,328</u>
	8,640,478	8,109,508	8,735,372	9,685,418	10,884,396	11,683,600
	-	42,880	780,300	551,244	768,705	373,600
	<u>8,640,478</u>	<u>8,152,388</u>	<u>9,515,672</u>	<u>10,236,662</u>	<u>11,653,101</u>	<u>12,057,200</u>
\$	<u>14,376,729</u>	<u>\$ 13,587,356</u>	<u>\$ 14,848,121</u>	<u>\$ 15,824,980</u>	<u>\$ 16,135,250</u>	<u>\$ 19,379,528</u>

**Town of Highland Park**  
**Changes in Net Position (Continued)**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**  
**Unaudited**

	Fiscal Year			
	2009	2010	2011	2012
<b>Net (Expenses) Revenue</b>				
Governmental activities	\$ (12,354,620)	\$ (14,022,145)	\$ (13,140,130)	\$ (12,827,154)
Business-type activities	1,253,716	834,311	1,961,493	2,162,729
Total primary government net expenses	<u>\$ (11,100,904)</u>	<u>\$ (13,187,834)</u>	<u>\$ (11,178,637)</u>	<u>\$ (10,664,425)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities				
Taxes				
Property taxes	\$ 9,481,304	\$ 9,934,677	\$ 9,714,359	\$ 9,640,285
Sales taxes	2,300,369	2,430,775	2,579,028	2,923,273
Other taxes	106,433	94,159	127,969	146,057
Franchise taxes	1,018,539	1,015,431	1,010,742	1,078,503
Penalty and interest on taxes	65,671	59,834	55,505	45,662
Investment income	402,349	131,159	108,877	80,420
Intergovernmental	1,293,877	87,379	211,751	-
Miscellaneous	418,758	393,567	492,970	510,315
Transfers	-	5,200,122	473,401	1,900,955
Total governmental activities	<u>15,087,300</u>	<u>19,347,103</u>	<u>14,774,602</u>	<u>16,325,470</u>
Business-type activities				
Investment and miscellaneous income	209,841	41,168	12,469	12,168
Transfers	-	(5,200,122)	(473,401)	(1,900,955)
Total business-type activities	<u>209,841</u>	<u>(5,158,954)</u>	<u>(460,932)</u>	<u>(1,888,787)</u>
Total primary government	<u>\$ 15,297,141</u>	<u>\$ 14,188,149</u>	<u>\$ 14,313,670</u>	<u>\$ 14,436,683</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 2,732,680	\$ 5,324,958	\$ 1,634,472	\$ 3,498,316
Business-type activities	1,463,557	(4,324,643)	1,500,561	273,942
Total primary government	<u>\$ 4,196,237</u>	<u>\$ 1,000,315</u>	<u>\$ 3,135,033</u>	<u>\$ 3,772,258</u>

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ (13,032,164)	\$ (15,649,866)	\$ (15,397,951)	\$ (17,419,952)	\$ (18,033,105)	\$ (16,049,251)
2,361,626	1,740,637	3,487,823	3,933,225	3,969,042	3,959,849
\$ (10,670,538)	\$ (13,909,229)	\$ (11,910,128)	\$ (13,486,727)	\$ (14,064,063)	\$ (12,089,402)
\$ 9,744,640	\$ 10,053,948	\$ 10,671,716	\$ 11,593,666	\$ 12,627,053	\$ 13,253,603
2,952,203	3,437,806	3,514,625	3,616,074	3,480,389	4,071,324
160,250	189,232	175,550	191,407	219,135	270,661
965,140	1,024,422	1,051,658	1,021,287	1,037,496	1,036,561
46,903	54,809	49,867	48,196	55,376	105,698
56,257	53,695	49,550	92,266	206,841	443,110
-	-	-	-	-	-
416,286	462,208	451,252	429,777	488,288	521,421
948,173	1,085,346	1,003,851	1,099,425	1,184,543	1,401,658
15,289,852	16,361,466	16,968,069	18,092,098	19,299,121	21,104,036
4,259	7,971	6,519	14,288	38,202	109,027
(948,173)	(1,085,346)	(1,003,851)	(1,066,425)	(1,184,543)	(1,401,658)
(943,914)	(1,077,375)	(997,332)	(1,052,137)	(1,146,341)	(1,292,631)
\$ 14,345,938	\$ 15,284,091	\$ 15,970,737	\$ 17,039,961	\$ 18,152,780	\$ 19,811,405
\$ 2,257,688	\$ 711,600	\$ 1,570,118	\$ 672,146	\$ 1,266,016	\$ 5,054,785
1,417,712	663,262	2,490,491	2,881,088	2,822,701	2,667,218
\$ 3,675,400	\$ 1,374,862	\$ 4,060,609	\$ 3,553,234	\$ 4,088,717	\$ 7,722,003

**Town of Highland Park**  
**Governmental Activities Tax Revenues by Source**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**  
**Unaudited**

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Mixed Beverage Tax</b>	<b>Total</b>
2009	\$ 9,488,571	\$ 2,300,369	\$ 1,030,631	\$ 106,433	\$ 12,926,004
2010	9,934,677	2,430,775	1,015,431	94,159	13,475,042
2011	9,714,359	2,579,028	1,010,742	127,969	13,432,098
2012	9,640,285	2,923,273	1,078,503	146,057	13,788,118
2013	9,744,640	2,952,203	965,140	160,250	13,822,233
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



**Town of Highland Park**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**  
**Unaudited**

	Fiscal Year			
	2009	2010	2011	2012
General Fund				
Reserved	\$ 556,019	\$ 460,713	\$ -	\$ -
Nonspendable	-	-	27,715	15,227
Restricted	-	-	113,942	128,634
Assigned	-	-	394,300	338,756
Unassigned	-	-	4,132,477	3,935,117
Unreserved	<u>5,000,470</u>	<u>3,936,857</u>	<u>-</u>	<u>-</u>
Total general fund	<u>\$ 5,556,489</u>	<u>\$ 4,397,570</u>	<u>\$ 4,668,434</u>	<u>\$ 4,417,734</u>
All other governmental funds				
Reserved	\$ 1,459,922	\$ 4,350,933	\$ -	\$ -
Nonspendable	-	-	98	170
Restricted	-	-	191,872	59,441
Committed	-	-	8,676,585	12,400,573
Assigned	-	-	3,393,289	2,080,320
Unreserved, reported in				
Capital projects fund	<u>5,527,375</u>	<u>13,974,662</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 6,987,297</u>	<u>\$ 18,325,595</u>	<u>\$ 12,261,844</u>	<u>\$ 14,540,504</u>

**Note:** In fiscal year 2011, the Town implemented GASB 54 which changed the fund balance classifications to Nonspendable, Restricted, Committed, Assigned and Unassigned.

See *Note 1* to the Basic Financial Statements.

**Source:** Town Comprehensive Annual Financial Report

**Fiscal Year**

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
148,475	32,055	12,844	22,992	159,937	14,469
-	-	24,000	14,000	14,000	14,000
614,758	625,122	883,224	1,136,308	1,377,190	1,205,592
3,203,691	4,296,843	4,047,254	3,517,765	3,885,817	4,540,892
-	-	-	-	-	-
<b>\$ 3,966,924</b>	<b>\$ 4,954,020</b>	<b>\$ 4,967,322</b>	<b>\$ 4,691,065</b>	<b>\$ 5,436,944</b>	<b>\$ 5,774,953</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
253	-	-	-	-	-
246,497	281,565	401,476	516,425	628,530	625,198
3,684,791	2,234,474	4,002,298	5,810,044	7,523,730	6,767,959
6,032,322	172,921	219,488	833,609	1,054,012	2,582,157
-	-	-	-	-	-
<b>\$ 9,963,863</b>	<b>\$ 2,688,960</b>	<b>\$ 4,623,262</b>	<b>\$ 7,160,078</b>	<b>\$ 9,206,272</b>	<b>\$ 9,975,314</b>

**Town of Highland Park**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**  
**Unaudited**

	Fiscal Year			
	2009	2010	2011	2012
<b>Revenues</b>				
Taxes	\$ 12,926,004	\$ 13,389,605	\$ 13,438,042	\$ 13,805,491
Penalties and interest	65,671	59,834	55,505	45,662
Licenses and permits	965,340	1,051,114	1,008,939	995,508
Service fees	1,622,643	1,347,210	1,439,407	2,875,018
Fines and forfeitures	346,085	337,079	366,991	351,545
Investment income	344,529	114,596	95,122	72,398
Intergovernmental	1,293,877	87,379	211,751	-
Contributions	132,072	59,280	93,908	99,042
Miscellaneous	295,673	253,630	220,811	316,099
Total revenues	<u>17,991,894</u>	<u>16,699,727</u>	<u>16,930,476</u>	<u>18,560,763</u>
<b>Expenditures</b>				
General government	732,754	1,098,201	981,989	1,126,197
Department of public safety	9,490,181	9,947,630	9,986,728	9,984,927
Town services	-	-	-	-
Street department	856,776	318,650	350,868	374,173
Street lighting department	305,611	277,085	264,445	169,907
Library	569,968	638,351	609,131	625,146
Parks department	1,447,509	1,396,524	1,297,955	1,220,933
Swimming pool	174,098	205,395	198,620	162,743
Municipal court	252,461	299,360	291,393	297,165
Finance department	471,679	514,680	507,215	471,900
Building inspection department	397,138	534,673	391,807	392,023
Sanitation*	-	-	-	1,039,230
Capital outlay	2,403,131	887,491	3,926,731	2,775,231
Total expenditures	<u>17,101,306</u>	<u>16,118,040</u>	<u>18,806,882</u>	<u>18,639,575</u>
Excess (deficiency) of revenues over (under) expenditures	<u>890,588</u>	<u>581,687</u>	<u>(1,876,406)</u>	<u>(78,812)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	978,934	8,066,620	2,127,772	4,794,899
Transfers out	(978,934)	(2,866,498)	(1,654,371)	(2,693,944)
Sale of assets	973	-	7,668	5,817
Total other financing sources (uses)	<u>973</u>	<u>5,200,122</u>	<u>481,069</u>	<u>2,106,772</u>
<b>Net Change in Fund Balances</b>	<u>\$ 891,561</u>	<u>\$ 5,781,809</u>	<u>\$ (1,395,337)</u>	<u>\$ 2,027,960</u>

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

Fiscal Year						
	2013	2014	2015	2016	2017	2018
\$	13,767,078	\$ 14,691,139	\$ 15,505,358	\$ 16,392,412	\$ 16,293,063	\$ 17,608,789
	46,903	54,809	49,867	48,196	55,376	105,698
	1,041,353	1,273,423	1,424,885	1,050,004	1,499,728	1,228,621
	2,928,470	2,914,043	2,960,189	3,108,151	3,096,463	3,066,496
	442,995	429,429	406,839	474,179	462,396	434,024
	49,886	42,428	37,436	67,366	153,834	343,893
	-	-	-	-	-	1,287,770
	1,277,078	800,954	415,673	930,674	440,487	46,118
	373,058	340,951	450,151	347,894	420,032	444,854
	<u>19,926,821</u>	<u>20,547,176</u>	<u>21,250,398</u>	<u>22,418,876</u>	<u>22,421,379</u>	<u>24,566,263</u>
	1,822,661	2,324,629	2,188,987	1,777,454	2,014,024	2,029,119
	10,289,647	10,442,551	11,189,760	11,177,755	11,517,024	12,368,726
	-	-	-	503,180	522,547	534,106
	362,468	349,310	377,557	1,133,508	1,416,617	1,507,748
	199,859	175,276	186,869	160,212	172,221	159,411
	639,355	625,195	743,172	776,121	678,146	789,510
	1,267,715	1,353,546	1,385,583	1,307,206	1,445,195	1,536,638
	168,316	153,275	166,016	181,082	205,460	191,718
	315,970	276,807	352,954	400,708	393,816	458,972
	731,295	781,748	791,310	757,116	811,923	829,268
	405,514	422,026	475,766	526,709	553,578	845,846
	1,069,999	1,102,043	1,094,766	1,093,055	-	-
	8,418,334	9,611,560	1,353,905	1,463,636	1,061,411	3,427,686
	<u>25,691,133</u>	<u>27,617,966</u>	<u>20,306,645</u>	<u>21,257,742</u>	<u>20,791,962</u>	<u>24,678,748</u>
	<u>(5,764,312)</u>	<u>(7,070,790)</u>	<u>943,753</u>	<u>1,161,134</u>	<u>1,629,417</u>	<u>(112,485)</u>
	3,424,075	2,713,791	3,896,967	5,109,975	5,612,637	5,894,153
	(2,689,222)	(1,932,120)	(2,893,116)	(4,010,550)	(4,452,992)	(4,683,117)
	2,008	1,312	-	-	3,011	8,500
	<u>736,861</u>	<u>782,983</u>	<u>1,003,851</u>	<u>1,099,425</u>	<u>1,162,656</u>	<u>1,219,536</u>
\$	<u>(5,027,451)</u>	<u>(6,287,807)</u>	<u>1,947,604</u>	<u>2,260,559</u>	<u>2,792,073</u>	<u>1,107,051</u>

**Town of Highland Park**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**Unaudited**

<b>Fiscal Year</b>	<b>Estimated Market Value</b>			<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>
	<b>Residential Property</b>	<b>Business Personal Property</b>	<b>Less: Tax-Exempt Property</b>		
2009	\$ 5,258,242,810	\$ 55,586,640	\$ 1,253,698,502	\$ 4,364,487,558	0.2200
2010	5,282,026,170	61,504,450	1,157,219,102	4,573,579,178	0.2200
2011	5,126,357,780	59,937,910	1,081,695,766	4,437,430,774	0.2200
2012	5,057,262,630	56,732,470	1,057,634,320	4,406,947,910	0.2200
2013	5,058,223,790	61,252,130	1,038,248,559	4,446,174,261	0.2200
2014	5,220,705,430	72,506,290	1,053,795,597	4,598,788,373	0.2200
2015	5,650,613,160	79,298,850	1,195,241,564	4,924,436,786	0.2200
2016	6,184,790,790	78,087,300	1,342,579,935	5,324,500,745	0.2200
2017	6,703,062,340	91,050,750	1,450,954,097	5,765,524,023	0.2200
2018	7,349,615,600	88,973,310	1,424,570,127	6,014,018,783	0.2200

**Source:** Dallas Central Appraisal District

**Town of Highland Park**  
**Property Tax Rates**  
**Direct and Overlapping Governments**  
**Last Ten Fiscal Years**  
**Unaudited**

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.
2009	0.220000	0.22810	0.25400	0.08940	0.57150	1.09000	1.27134
2010	0.220000	0.23331	0.27400	0.09490	0.60221	1.11000	1.23781
2011	0.220000	0.24310	0.27100	0.09923	0.61333	1.11500	1.29035
2012	0.220000	0.24310	0.27100	0.11938	0.63348	1.13420	1.29035
2013	0.220000	0.24310	0.27100	0.11938	0.63348	1.13420	1.28209
2014	0.220000	0.24310	0.27600	0.12470	0.64380	1.12670	1.28209
2015	0.220000	0.24310	0.28600	0.12477	0.65387	1.11810	1.28209
2016	0.220000	0.24310	0.28600	0.12365	0.65275	1.11190	1.28209
2017	0.220000	0.24310	0.27940	0.12293	0.64543	1.15270	1.28209
2018	0.220000	0.25310	0.27940	0.12424	0.65674	1.20320	1.28209

Source: Dallas County Appraisal District

**Town of Highland Park  
Principal Property Taxpayers  
September 30, 2018 and 2009  
Unaudited**

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
HP Village Partners	\$ 158,030,540	1	2.63%	\$ 145,025,450	1	3.32%
Cox, Edwin L Trust	40,872,660	2	0.68%	17,416,000	5	0.40%
Muse, John R	34,708,400	3	0.58%	24,166,776	2	0.55%
Crow, Harlan	34,204,644	4	0.57%	19,269,952	3	0.44%
The 4500 Trust	33,145,200	5	0.55%			
Mitchell, Amy	21,573,872	6	0.36%	11,772,430	10	0.27%
L & B Depp UCEPP 5500	21,500,000	7	0.36%	19,000,000	4	0.44%
Intercity Investment	20,114,090	8	0.33%	12,000,000	9	0.27%
Jones, Jerral W. & Gene C.	19,411,847	9	0.32%	13,824,560	7	0.32%
Dallas Country Club	17,140,230	10	0.29%			0.00%
Crow, Trammell				12,670,000	8	0.29%
Corrigan Properties, Inc.				14,931,960	6	0.34%
<b>Total</b>	<b>\$ 400,701,483</b>		<b>6.66%</b>	<b>\$ 290,077,128</b>		<b>6.65%</b>
<b>Total Assessed Valuation</b>	<b>\$ 6,014,018,783</b>		<b>100.00%</b>	<b>\$ 4,364,487,558</b>		<b>100.00%</b>

Source: Dallas County Appraisal District.

**Town of Highland Park**  
**Property Tax Levies and Collections**  
**Last Fiscal Ten Years**  
**Unaudited**

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy*
2009	\$ 9,603,740	\$ 9,535,060	99.3%	\$ 57,953	\$ 9,593,013	99.9%
2010	10,062,755	9,865,734	98.0%	50,613	9,916,347	98.5%
2011	9,764,883	9,681,165	99.1%	29,636	9,710,801	99.4%
2012	9,696,331	9,622,922	99.2%	14,826	9,637,748	99.4%
2013	9,783,604	9,683,980	99.0%	16,527	9,700,507	99.2%
2014	10,118,831	10,002,650	98.9%	8,959	10,011,609	98.9%
2015	10,836,257	10,732,287	99.0%	-	10,732,287	99.0%
2016	11,715,800	11,580,927	98.8%	-	11,580,927	98.8%
2017	12,686,330	12,564,113	99.0%	36,117	12,600,230	99.3%
2018	13,236,917	13,173,165	99.5%	-	13,173,165	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 Monthly Reports

**Town of Highland Park**  
**Computation of Direct and Overlapping Debt**  
**Year Ended September 30, 2018**  
**Unaudited**

Governmental Unit	Gross Bonded Debt	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Town of Highland Park	\$ -	-	\$ -
Dallas County	172,265,000	2.58%	4,444,437
Dallas Community College District	228,350,000	2.51%	5,731,585
Dallas County Hospital District	687,775,000	2.58%	17,744,595
Dallas County Schools	36,600,000	2.78%	1,017,480
Dallas Independent School District	2,817,050,000	0.24%	6,760,920
Highland Park Independent School District	<u>387,485,000</u>	37.15%	<u>143,950,678</u>
	<u>\$ 4,329,525,000</u>		<u>\$ 179,649,695</u>
<b>Total Direct and Overlapping Debt to Total Taxable Assessed Valuation</b>			<u>3.12%</u>
<b>Per Capita Overlapping Debt</b>			<u>\$ 19,510</u>

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

**Source:** Municipal Advisory of Texas Estimated Overlapping Debt Statement

**Town of Highland Park**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
**Unaudited**

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, 2018.

**Town of Highland Park**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**  
**Unaudited**

Year	Estimated Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2009	8,842	\$ 856,453,794	\$ 96,862	7.2
2010	8,564	856,453,794	100,006	8.8
2011	8,580	1,001,903,760	116,772	8.1
2012	8,686	1,152,354,248	132,668	7.3
2013	8,815	1,134,984,140	128,756	4.9
2014	8,862	1,083,166,812	122,226	5.0
2015	8,950	1,107,947,350	123,793	4.0
2016	9,189	1,137,533,877	123,793	4.1
2017	9,150	1,097,751,914	119,973	3.4
2018	9,208	1,312,370,200	142,525	3.4

**Sources:** US Census Bureau’s American Fact Finder Report, US Census Population Estimate US Department of Labor – Bureau of Labor Statistics – DFW Region

**Town of Highland Park**  
**Principal Employers**  
**Current Year and Nine Years Ago Unaudited**  
**Unaudited**

2018			2009		
Employer	Number of Establishments	Employees	Business Sector	Number of Establishments	Employees
Retail Trade	54	715	Retail Trade	51	584
Wholesale Trade	10	11	Wholesale Trade	12	95
Information	3	*	Information	5	*
Professional, Scientific & Technical Services	59	159	Professional, Scientific & Technical Services	43	158
Real Estate & Rental Leasing	26	*	Real Estate & Rental Leasing	27	82
Administrative & Support & Waste Management & Remediation	23	95	Administrative & Support & Waste Management & Remediation	13	28
Education Services	5	23	Education Services	2	*
Health Care & Social Assistance	24	*	Health Care & Social Assistance	22	*
Arts, Entertainment & Recreation	8	335	Arts, Entertainment & Recreation	8	*
Accommodations & Food Services	10	313	Accommodations & Food Services	10	313
Other Services (Except Public Administration)	12	179	Other Services (Except Public Administration)	13	81

\*Information not available

**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 9,208. 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: 2018 was obtained from the 2012 Economic Census and 2009 data was obtained from the 2007 Economic Census.

**Town of Highland Park**  
**Construction and Property Values**  
**Last Ten Fiscal Years**  
**Unaudited**

<b>Commercial Construction*</b>			<b>Residential Construction*</b>		<b>Property Value**</b>	
<b>Fiscal Year</b>	<b>Number of Permits</b>	<b>Value</b>	<b>Number of Permits</b>	<b>Value</b>	<b>Real Property</b>	<b>Personal Property</b>
2009	21	\$ 41,335,048	870	\$ 53,601,984	\$5,549,244,010	\$ 56,490,150
2010	31	19,975,233	1,004	72,021,698	5,622,164,550	61,504,450
2011	38	8,985,914	1,097	76,604,257	5,447,807,590	69,937,910
2012	34	3,235,348	903	64,144,609	5,407,849,850	56,732,470
2013	33	4,517,931	1,150	69,905,735	5,423,170,690	61,252,130
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

\***Source:** Town of Highland Park Permitting and Inspections Department

\*\***Source:** Dallas Central Appraisal District

**Town of Highland Park**  
**Full-time Equivalent Employees by Function**  
**Last Ten Fiscal Years**  
**Unaudited**

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government	2.2	2.2	2.2	2.6	5.0	5.0	5.0	2.0	2.0	2.0
Public safety	69.0	69.0	69.0	69.0	69.0	69.0	69.0	70.0	70.5	73.0
Town services	-	-	-	-	-	-	-	3.0	3.0	2.0
Street	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3
Street lighting	1.7	1.7	1.7	1.8	2.0	1.0	1.0	1.0	1.0	1.0
Library	5.4	5.4	5.4	5.4	3.0	4.0	4.0	4.0	4.0	5.0
Parks	9.5	9.5	9.5	9.0	9.0	9.0	9.0	9.0	9.0	7.0
Municipal court	2.2	2.7	2.7	2.7	2.0	2.0	2.0	2.0	2.0	2.0
Finance	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Building inspection	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0	5.0
Service center	0.4	0.4	0.3	0.2	-	-	-	-	-	-
Information technology	-	-	-	-	1.0	1.0	1.0	1.0	1.0	1.0
Utility administration	6.2	6.2	6.2	6.8	4.0	4.0	4.0	3.0	3.0	3.0
Water	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	5.4
Sewer	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Sanitation	0.5	0.5	0.5	-	-	-	-	-	-	-
Engineering	4.5	4.5	4.5	4.5	4.5	5.0	5.0	5.0	5.0	4.0
Stormwater administration	0.5	0.5	0.5	0.5	0.5	-	-	-	-	-
<b>Total</b>	<b>120.1</b>	<b>120.6</b>	<b>120.5</b>	<b>120.5</b>	<b>118.0</b>	<b>118.0</b>	<b>118.0</b>	<b>119.0</b>	<b>119.5</b>	<b>121.0</b>

Source: Official Town Budget

**Town of Highland Park**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**  
**Unaudited**

<b>Function/Program</b>	<b>Fiscal Year</b>			
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Administration				
Service Requests Processed	6,935	7,842	6,415	5,286
Public Safety				
Call Responses: Police	10,128	10,368	10,846	10,159
Call Responses: Fire	905	912	824	778
Call Responses: EMS	493	1,443	396	392
Citations Issued	8,584	7,871	8,410	8,099
Street				
Asphalt Repairs (Tons)	154	170	227	524
Storm Inlets	1,908	2,556	1,246	1,080
Library				
Total Circulation	63,729	60,444	58,377	57,171
Valid Library Cards	2,791	2,770	3,024	2,945
Swimming Pool				
Annual Passes Sold	1,676	1,680	1,590	1,501
Daily Passes Sold	2,679	2,325	2,881	2,554
Finance/Personnel				
Accounts Payable Checks Disbursed	3,301	3,581	3,489	3,128
Payroll Checks/ACH Disbursed	4,361	4,585	4,601	4,696
Building Inspection				
Total Inspections	2,837	2,654	2,838	3,088
Total Permits Issued	1,510	1,655	1,766	1,825
Water				
Meters Read	62,568	64,763	65,258	66,736
Meters Installed/Replaced	53	44	38	19
Sewer				
Service Calls	40	34	35	40
Mains Cleaned	903	871	920	1,087

**Source:** Town Departments

Fiscal Year					
2013	2014	2015	2016	2017	2018
4,858	5,479	4,483	4,744	4,103	4,434
10,434	9,744	10,352	10,945	10,530	10,137
751	914	812	815	621	717
398	386	399	417	369	366
9,189	8,069	7,958	9,596	12,054	11,505
676	335	554	300	250	295
1,346	1,224	1,536	1,400	1,518	1,400
43,814	43,964	45,588	47,449	47,317	44,398
2,568	2,359	2,456	2,577	2,739	2,570
1,523	1,467	1,344	1,360	1,365	1,381
3,260	2,100	2,752	3,059	2,540	2,608
3,150	3,533	3,378	3,450	3,160	2,870
4,670	4,375	4,001	4,026	3,963	3,995
3,121	2,982	3,924	4,449	4,347	4,633
1,183	1,922	1,862	1,865	1,748	1,742
67,263	65,665	66,302	66,777	66,136	67,542
631	453	537	252	107	449
26	50	54	29	22	25
533	665	562	522	585	458

**Town of Highland Park**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**  
**Unaudited**

<b>Function/Program</b>	<b>Fiscal Year</b>			
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
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				
Streets (miles)	42	42	42	42
Library				
Libraries	1	1	1	1
Parks				
Parks	22	22	22	22
Tennis Courts	8	8	8	8
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

Fiscal Year						
2013	2014	2015	2016	2017	2018	
1	1	1	1	1	1	1
1	1	1	1	1	1	1
3	3	3	3	3	3	3
3	3	3	3	3	3	3
10	10	10	10	10	10	10
42	42	42	42	42	42	42
1	1	1	1	1	1	1
22	22	22	22	22	22	22
8	8	8	8	8	8	8
1	1	1	1	1	1	1
40	40	40	40	40	40	40
252	252	252	252	252	252	252
37	37	37	37	37	37	37

