



*Preserving
Heritage of
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THE TOWN OF

Highland Park
TEXAS

An American Community Making a Difference

*FY 2018-19
Comprehensive
Annual
Financial Report*





Town of Highland Park, Texas

Comprehensive Annual Financial Report

Fiscal Year Ended

September 30, 2019

Prepared by:

Finance Department



Town of Highland Park, Texas
Comprehensive Annual Financial Report
Fiscal Year Ended
September 30, 2019

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INTRODUCTORY SECTION





January 27, 2020

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, 2019, 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, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town's financial statements for the fiscal year ended September 30, 2019, 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 9,180. 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 31st with adoption taking place no later than September 15th. The entire budget process includes public involvement as the various elements composing the budget are reviewed in open and advertised public meetings. The appropriated budget is prepared by fund and department (*e.g.* Public Safety). Department heads may make transfers of appropriations within a department's budgeted operations and maintenance levels, however, reallocation of personnel and capital appropriations must be approved by the Town Administrator. Amendments to budget dollar amounts must be approved by the Town Council. Budget-to-actual comparisons are provided in this report for the General Fund on page 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 2019. The property tax rate remained unchanged from 2018, 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 2019 with the Town experiencing the addition of new homes. Sales tax revenue, another indicator of the economy, remained fairly 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, 2019, 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 24.8% of current year expenditures, while the Enterprise Fund unrestricted net position was 105.6% of current year operating expenses, including transfers out. However, the Enterprise Fund had \$1,891,283 in encumbrances at year end. The unrestricted net position equates to 85.8% of current year operating expenses, including transfers out, once this item is taken into account.

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

The Town is committed to continue funding its capital program on a pay-as-you-go basis. The development of a formal CIP and the use of fund balances within the General and 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, 2018. This was the thirty-sixth 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, 2018. 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**

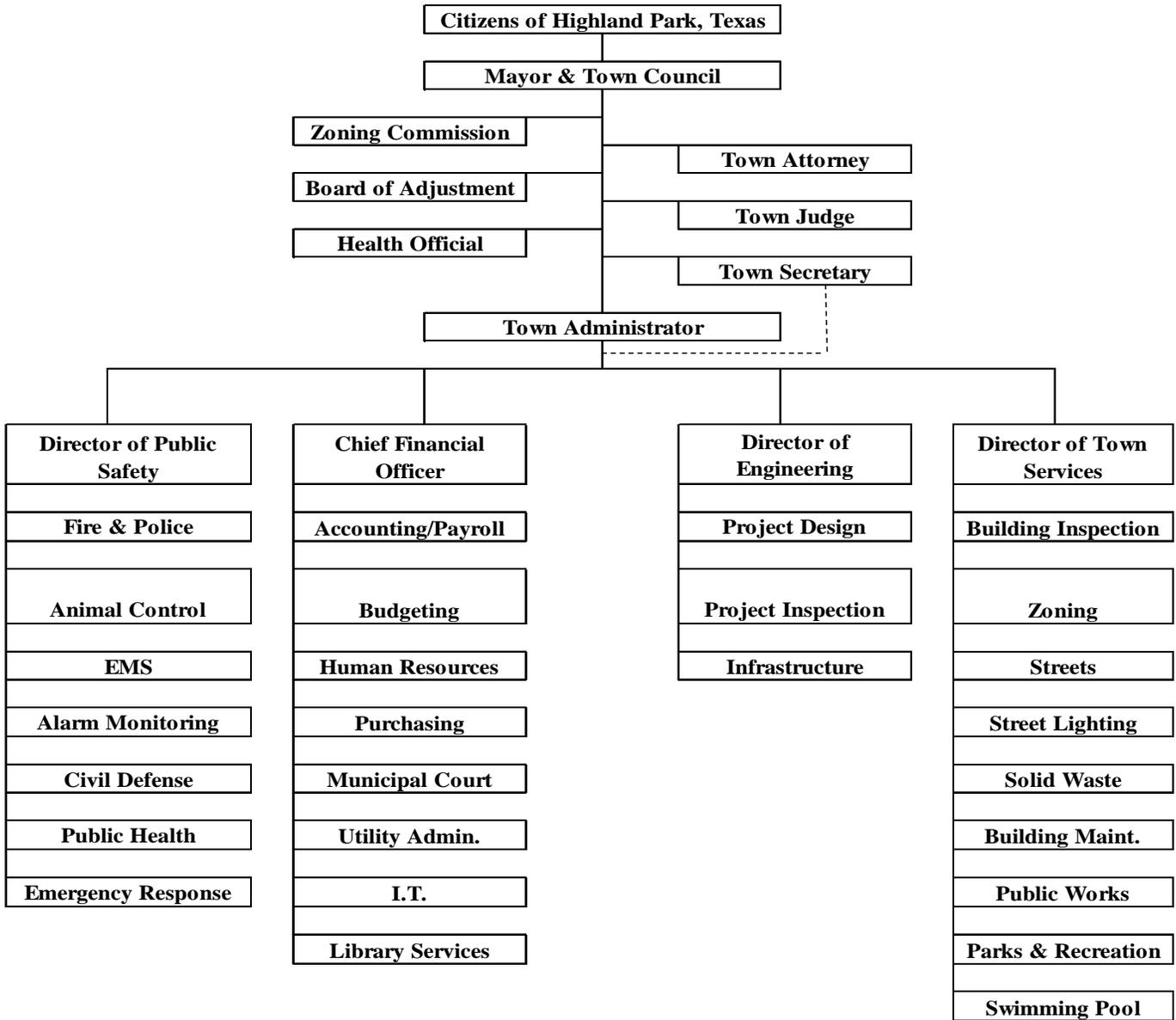
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

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 L. Dowler, **Council Member**
Eric Gambrell, **Council Member**
Jimmy Grisham, **Council Member**
Craig Penfold, **Council Member**

Town Administrator
Bill Lindley

Town Attorney
Matthew C.G. Boyle

Town Judge
Albert D. Hammack

Local Health Authority
Michael L. McCullough, M.D.

Town Secretary
Gayle Kirby

Director of Administrative Services and CFO
Steven J. Alexander

Director of Public Safety
Rick Pyle

Director of Town Services
Kathleen G. Stewart

Director of Engineering
Lori Chapin, P.E.

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, 2019, 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, 2019, 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.

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 27, 2020, 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 27, 2020



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, 2019. 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 \$116,378,305 (net position). Of this amount, \$39,413,300 is classified as unrestricted net position and may be used to meet the Town's ongoing obligations to citizens and creditors, including funding of the Town's 'pay as you go' capital improvement plan. It is important to note that \$1,891,970 of the unrestricted net position is directly attributable to deferred inflows and outflows associated with pensions. Moreover, \$3,194,135 of the unrestricted net position is related to outstanding liabilities for capital improvements.

- The Town's total net position increased a total of \$8,612,766, the result of operations. The majority of the increase is related to investments the Town made in capital assets, some of which is reflected in unrestricted net position.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$18,206,930, an increase of \$2,456,663 in comparison with the prior year. Approximately 28.7% of the reported combined ending fund balances, or \$5,219,327, 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 \$5,219,327, or 24.8%, of total General Fund expenditures and the unrestricted net position for the Enterprise Fund was \$10,109,727, or 105.6%, of total Enterprise Fund operating expenses and transfers out. The Enterprise Fund had \$1,891,283 in encumbrances at year end.
- Total governmental capital outlay of \$6,923,666 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 and solid waste.

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

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

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

The Town maintains eight individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the Capital Projects Fund, and the Stormwater Drainage Fund, which are considered to be major funds. Data from the other five 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 \$116,378,305 at the close of the most recent fiscal year.

The largest portion of the Town's net position (65.6%) 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, \$678,207 is restricted for Public Safety and Library. The remaining balance of \$39,413,300, is classified as unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors, including funding of the Town's 'pay as you go' capital improvement plan.

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 31,818,757	\$ 33,433,803	\$ 11,335,315	\$ 9,621,308	\$ 43,154,072	\$ 43,055,111
Capital assets	54,110,739	48,726,774	25,370,194	24,380,192	79,480,933	73,106,966
Total assets	<u>85,929,496</u>	<u>82,160,577</u>	<u>36,705,509</u>	<u>34,001,500</u>	<u>122,635,005</u>	<u>116,162,077</u>
Deferred outflows of resources	4,714,189	1,622,851	614,806	215,136	5,328,995	1,837,987
Current liabilities	5,320,815	5,118,814	1,796,639	785,086	7,117,454	5,903,900
Long-term liabilities	3,903,680	1,866,352	399,587	174,159	4,303,267	2,040,511
Total liabilities	<u>9,224,495</u>	<u>6,985,166</u>	<u>2,196,226</u>	<u>959,245</u>	<u>11,420,721</u>	<u>7,944,411</u>
Deferred inflows of resources	140,556	2,087,071	24,418	203,043	164,974	2,290,114
Net Position						
Investment in capital assets	51,296,854	48,600,002	24,989,944	24,380,192	76,286,798	72,980,194
Restricted	678,207	4,650,021	-	540,101	678,207	5,190,122
Unrestricted	<u>29,303,573</u>	<u>21,461,168</u>	<u>10,109,727</u>	<u>8,134,055</u>	<u>39,413,300</u>	<u>29,595,223</u>
Total net position	<u>\$ 81,278,634</u>	<u>\$ 74,711,191</u>	<u>\$ 35,099,671</u>	<u>\$ 33,054,348</u>	<u>\$ 116,378,305</u>	<u>\$ 107,765,539</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	
	2019	2018	2019	2018	2019	2018
	Revenue					
Program revenue						
Charges for services	\$ 4,661,076	\$ 3,800,183	\$ 10,958,440	\$ 11,683,600	\$ 15,619,516	\$ 15,483,783
Operating grants and contributions	53,800	46,118	-	-	53,800	46,118
Capital grants and contributions	4,810,374	3,476,027	130,135	373,600	4,940,509	3,849,627
General revenue						
Property tax	13,771,347	13,253,603	-	-	13,771,347	13,253,603
Other taxes and fees	5,811,109	5,484,244	-	-	5,811,109	5,484,244
Other	1,301,355	964,531	228,274	109,027	1,529,629	1,073,558
Total revenue	<u>30,409,061</u>	<u>27,024,706</u>	<u>11,316,849</u>	<u>12,166,227</u>	<u>41,725,910</u>	<u>39,190,933</u>
Expenses						
General government	3,098,785	2,356,690	7,853,843	8,097,351	10,952,628	10,454,041
Public safety	13,740,569	12,945,374	-	-	13,740,569	12,945,374
Town services	536,719	546,896	-	-	536,719	546,896
Streets	2,353,901	2,525,487	-	-	2,353,901	2,525,487
Street lighting	171,973	163,948	-	-	171,973	163,948
Library	932,961	861,484	-	-	932,961	861,484
Parks	1,958,178	1,617,882	-	-	1,958,178	1,617,882
Swimming pool	212,452	217,285	-	-	212,452	217,285
Municipal court	508,203	460,418	-	-	508,203	460,418
Finance	970,798	830,269	-	-	970,798	830,269
Building inspection	774,762	845,846	-	-	774,762	845,846
Total expenses	<u>25,259,301</u>	<u>23,371,579</u>	<u>7,853,843</u>	<u>8,097,351</u>	<u>33,113,144</u>	<u>31,468,930</u>
Excess of Revenues Over Expenditures	<u>5,149,760</u>	<u>3,653,127</u>	<u>3,463,006</u>	<u>4,068,876</u>	<u>8,612,766</u>	<u>7,722,003</u>
Transfers	<u>1,417,683</u>	<u>1,401,658</u>	<u>(1,417,683)</u>	<u>(1,401,658)</u>	<u>-</u>	<u>-</u>
Changes in Net Position	<u>6,567,443</u>	<u>5,054,785</u>	<u>2,045,323</u>	<u>2,667,218</u>	<u>8,612,766</u>	<u>7,722,003</u>
Net Position, Beginning of Year	<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>
Change in Accounting Principle	<u>-</u>	<u>(296,901)</u>	<u>-</u>	<u>(49,393)</u>	<u>-</u>	<u>(346,294)</u>
Net Position, Beginning of Year, As Restated	<u>74,711,191</u>	<u>69,656,406</u>	<u>33,054,348</u>	<u>30,387,130</u>	<u>107,765,539</u>	<u>100,043,536</u>
Net Position, End of Year	<u>\$ 81,278,634</u>	<u>\$ 74,711,191</u>	<u>\$ 35,099,671</u>	<u>\$ 33,054,348</u>	<u>\$ 116,378,305</u>	<u>\$ 107,765,539</u>

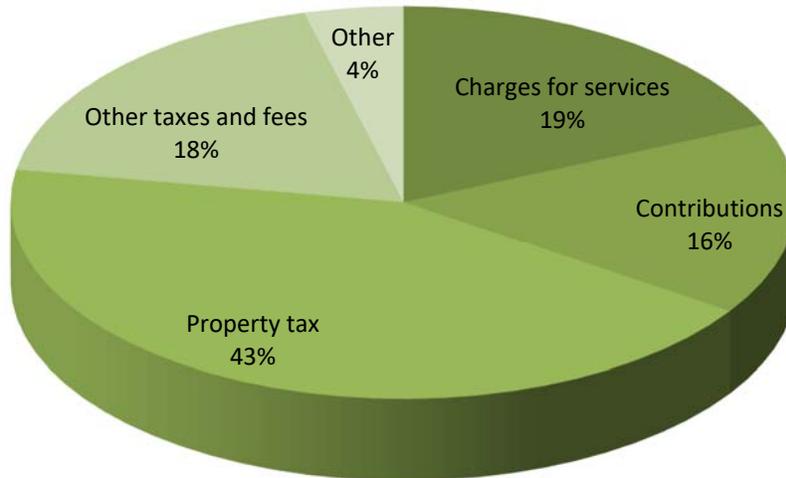
In 2018 the Town adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

For the fiscal year 2019, the Town's total net position increased \$8,612,766, 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 2018 and 2019. Capital contributions increased \$1,090,882 as discussed on next page.

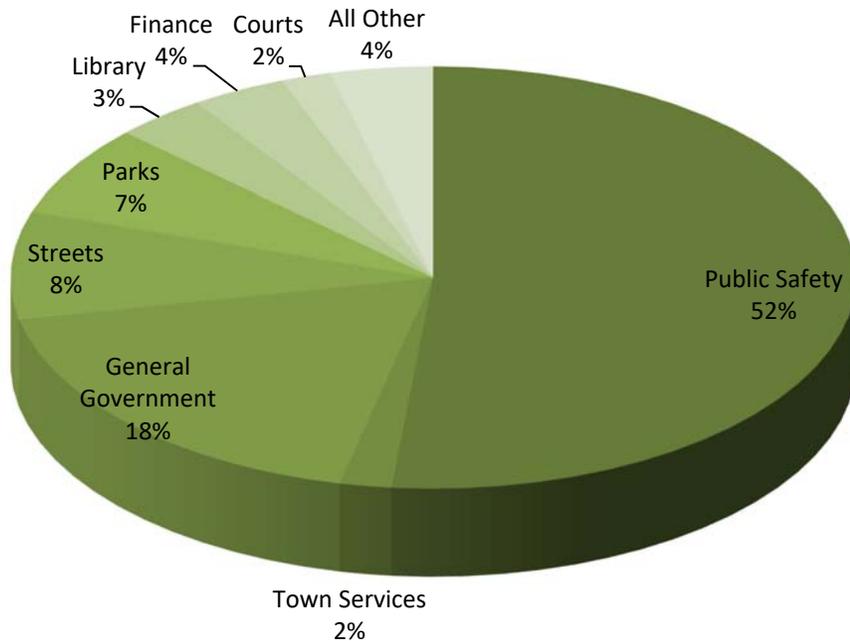
Governmental Activities: Governmental activities, excluding transfers, increased the Town's net position by \$5,149,760. Charges for services increased by \$860,893 (22.7%). This increase is primarily attributed to an increase in permits, service fees and court fines. Capital grants and contributions increased by \$1,334,347 (38.4%) 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 2019 increased by \$3,384,355 (12.5%) from 2018. Total expenses increased by \$1,887,722 (8.1%) from 2018.

Revenue by Source - Governmental Activities



Expense by Function - Governmental Activities

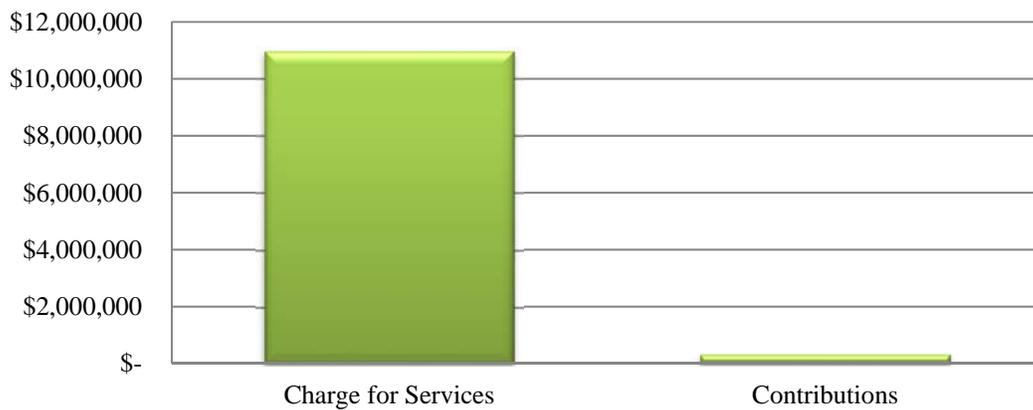


Business-type Activities: The rate structures for business-type activities are developed with the intent of generating resources sufficient to fund the cost of the respective service provided and for infrastructure replacement and/or rehabilitation. Net position from operations for business-type activities, excluding transfers, increased \$3,463,006.

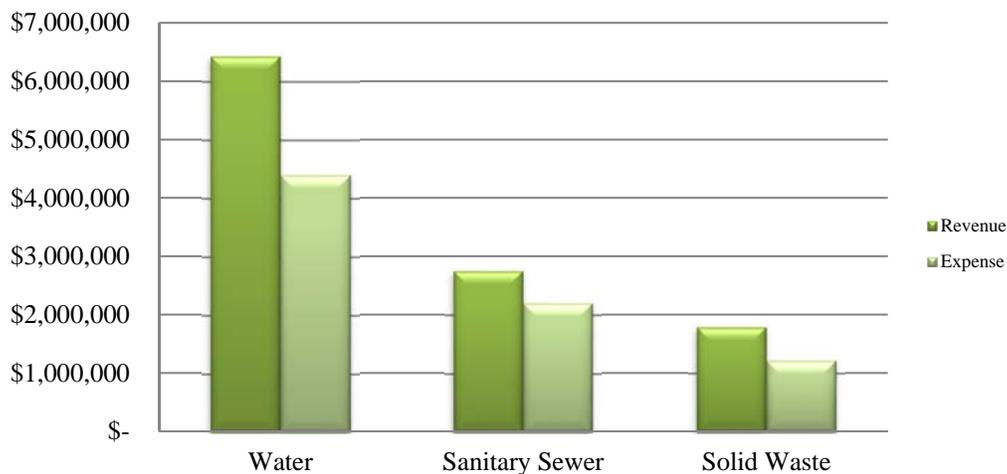
Total business-type revenues for 2019 decreased by \$849,378 (7.0%) from 2018 revenues. Charges for services decreased by \$725,160. These decreases are attributed to lower water consumption due to high rainfall during the fiscal year.

Transfers: Transactions of a significant nature that did not impact the Town’s total net position involved transfers made in conjunction with the Town’s capital improvement program. Annually, the Utility Fund transfers a portion of its current resources to the Town’s Capital Improvement Fund. Since fiscal year 2013 an inter-fund transfer is made to the General Fund for the purpose of funding a portion of the administrative costs of running the Town that is attributed to the Utility Fund. Transfers in the amount of \$1,193,100, 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 \$18,206,930, an increase of \$2,456,663 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 28.7% of total fund balance, or \$5,219,327, 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 (\$11,759); 2) is restricted for special revenue funds and for use by the Library, DPS and Court (\$678,207); 3) committed for capital acquisition and storm water drainage improvements (\$8,658,185); or 4) assigned for capital projects, drainage, compensated absences and to liquidate contracts and purchase orders of the prior period (\$3,639,452).

The General Fund is the primary operating fund of the Town. The total fund balance of the Town's General Fund increased by \$636,189 during the current fiscal year; this was primarily the net result of (1) an excess of revenues over expenditures of \$2,904,064; (2) a budgeted transfer-out in the amount of \$3,465,575 from current revenues primarily to the Capital Projects Fund; (3) a transfer-in of \$1,193,100 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 24.8% of total General Fund expenditures, while total fund balance represents 30.5% of that same amount.

The Capital Projects Fund ended the fiscal year with a total fund balance of \$7,799,344, all committed or assigned for capital acquisitions and projects. Of this amount, \$5,404,151 is committed for capital acquisition. The total fund balance of this fund increased by \$1,641,119 during the current fiscal year; this was the net result of (1) a deficiency of revenues over expenditures (\$1,915,639) (2) \$4,077,758 in transfers into the Capital Projects Fund (General Fund \$3,465,575, Enterprise Fund \$529,183 and the DPS Technology Fund \$83,000); and (3) a transfer to the Utility Fund of \$171,000 and a transfer to the Stormwater Drainage Fund of \$350,000.

The Stormwater Drainage Fund ended the fiscal year with a total fund balance of \$3,318,237, all committed or assigned for stormwater drainage improvements and projects. Of this amount, \$3,254,034 is committed for stormwater drainage improvements. The total fund balance of this fund increased by \$126,345 during the current fiscal year; this was the net result of (1) a deficit of revenues over expenditures of \$110,054; and (2) net transfers-in of \$236,400.

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 \$10,109,727, an increase of \$1,975,672, while total net position increased \$2,045,323. 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 transfers out was \$789,685 more than the original budget. Actual fiscal year 2019 General Fund expenditures were \$544,571 (2.5%) 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, 2019, amounts to \$79,480,933 (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 \$6,373,967, or 8.7% and primarily related to infrastructure improvements to the Town's utility and roadway system as well as the purchase of a new public safety communication system.

Additional information on the Town's capital assets can be found in *Note 4* on pages 40-41 of this report.

Economic Factors and Next Year's Budgets and Rates

The preparation of the fiscal year 2019-20 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 2019 tax year increased by approximately \$170,718,000 (2.71%). As a result, property tax revenues will be higher due to the combination of a continued increase in values and the decision to adjust the tax rate to \$0.23/\$100 of taxable assessed valuation (T.A.V.) In the previous fiscal year, the property tax rate was \$0.22/\$100 of T.A.V.
- Sales taxes have remained relatively constant during 2019, the result of strong retail sales within the Town. The Town is projecting sales tax revenue of \$4,234,176 for the 2020 budget year, which is 7.4% above the amount budgeted for 2019.
- Water sales have declined during 2019 compared to 2018. Water consumption in 2019 was below the five-year average which is what water sales are based on in the 2020 budget. As a result, the water sales budget for 2020 is 11.6% higher than the amount collected in 2019. Water sales in fiscal year 2019 were significantly impacted by the heavy rainfall experienced in the region.

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, 2019

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 17,429,569	\$ 4,311,971	\$ 21,741,540
Investments	9,950,000	4,050,000	14,000,000
Receivables (net of allowances for uncollectibles)	3,744,229	2,193,487	5,937,716
Inventories	5,546	188,807	194,353
Prepays	6,213	3,316	9,529
Restricted assets			
Cash and cash equivalents	683,200	587,734	1,270,934
Capital assets (net of accumulated depreciation, where applicable)			
Depreciable	41,747,031	23,082,140	64,829,171
Non-depreciable	12,363,708	2,288,054	14,651,762
Total assets	<u>85,929,496</u>	<u>36,705,509</u>	<u>122,635,005</u>
Deferred Outflows of Resources			
Deferred pension contributions	579,113	70,044	649,157
Deferred pension investment loss	3,615,862	460,572	4,076,434
Deferred pension experience loss	200,080	30,847	230,927
Deferred pension assumption change loss	251,476	42,081	293,557
Deferred OPEB contributions	37,501	6,242	43,743
Deferred OPEB assumption change loss	30,157	5,020	35,177
Total deferred outflows of resources	<u>4,714,189</u>	<u>614,806</u>	<u>5,328,995</u>
Liabilities			
Vouchers payable	3,423,123	1,034,432	4,457,555
Retainage payable	369,049	61,832	430,881
Accrued liabilities	329,417	28,237	357,654
Deposits	341,172	587,734	928,906
Noncurrent liabilities			
Due within one year - compensated absences	858,054	84,404	942,458
Due in more than one year			
Compensated absences	996,877	34,339	1,031,216
Net pension liability	1,993,444	213,218	2,206,662
Total OPEB liability	913,359	152,030	1,065,389
Total liabilities	<u>9,224,495</u>	<u>2,196,226</u>	<u>11,420,721</u>
Deferred Inflows of Resources			
Deferred pension experience gain	109,545	19,256	128,801
Deferred OPEB experience gain	1,846	307	2,153
Deferred OPEB assumption change gain	29,165	4,855	34,020
Total deferred inflows of resources	<u>140,556</u>	<u>24,418</u>	<u>164,974</u>
Net Position			
Net investment in capital assets	51,296,854	24,989,944	76,286,798
Restricted for public safety	425,439	-	425,439
Restricted for library	252,768	-	252,768
Unrestricted	29,303,573	10,109,727	39,413,300
Total net position	<u>\$ 81,278,634</u>	<u>\$ 35,099,671</u>	<u>\$ 116,378,305</u>

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

Town of Highland Park
Balance Sheet – Governmental Funds
September 30, 2019

	General Fund	Capital Projects	Stormwater Drainage	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 4,147,336	\$ 8,076,848	\$ 953,211	\$ 683,200	\$ 13,860,595
Investments	2,100,000	2,750,000	2,400,000	-	7,250,000
Receivables, net					
Interest	39,074	28,357	42,909	-	110,340
Taxes	1,148,379	-	-	-	1,148,379
Other	242,438	-	-	-	242,438
Intergovernmental	-	2,015,056	-	-	2,015,056
Fines	185,725	-	-	-	185,725
Inventories	5,546	-	-	-	5,546
Prepays	6,213	-	-	-	6,213
Total Assets	\$ 7,874,711	\$ 12,870,261	\$ 3,396,120	\$ 683,200	\$ 24,824,292
Liabilities					
Vouchers payable	\$ 585,179	\$ 2,636,988	\$ 68,000	\$ 4,993	\$ 3,295,160
Retainage payable	-	359,166	9,883	-	369,049
Accrued liabilities	329,417	-	-	-	329,417
Deposits	71,720	269,452	-	-	341,172
Total liabilities	986,316	3,265,606	77,883	4,993	4,334,798
Deferred Inflows of Resources					
Unavailable revenue- property taxes	123,288	-	-	-	123,288
Unavailable revenue- ambulance	168,240	-	-	-	168,240
Unavailable revenue- fines	185,725	-	-	-	185,725
Unavailable revenue- intergovernmental revenue	-	1,805,311	-	-	1,805,311
Total deferred inflows of resources	477,253	1,805,311	-	-	2,282,564
Fund Balances					
Nonspendable					
Inventories	5,546	-	-	-	5,546
Prepays	6,213	-	-	-	6,213
Restricted					
Crime prevention	-	-	-	26,637	26,637
Court technology	-	-	-	109,839	109,839
Court security	-	-	-	12,834	12,834
DPS technology	-	-	-	276,129	276,129
Library	-	-	-	252,768	252,768
Committed					
Capital acquisition	-	5,404,151	-	-	5,404,151
Stormwater drainage improvements	-	-	3,254,034	-	3,254,034
Assigned					
Compensated Absences	858,054	-	-	-	858,054
Capital projects	-	2,395,193	-	-	2,395,193
Drainage	-	-	64,203	-	64,203
Other	322,002	-	-	-	322,002
Unassigned	5,219,327	-	-	-	5,219,327
Total fund balances	6,411,142	7,799,344	3,318,237	678,207	18,206,930
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 7,874,711	\$ 12,870,261	\$ 3,396,120	\$ 683,200	\$ 24,824,292

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, 2019

Total fund balances — governmental funds balance sheet	\$ 18,206,930
Amounts reported for governmental activities in the statement of net position (SNP) are different because:	
Deferred outflows related to pension and OPEB are not reported in the funds.	4,714,189
Deferred inflows related to pension and OPEB are not reported in the funds.	(140,556)
Capital assets used in governmental activities, including the internal service fund, are not reported in the funds.	54,110,739
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	123,288
Ambulance receivables unavailable to pay for current period expenditures are deferred in the funds.	168,240
Court fine receivables unavailable to pay for current period expenditures are deferred in the funds.	185,725
Construction reimbursement receivables from various governmental entities that are unavailable to pay for current period expenditures are deferred in the funds.	1,805,311
Net pension liability is not reported in the funds.	(1,993,444)
The long-term liability for other postemployment benefits is not recorded in the funds.	(913,359)
Payables for compensated absences are not reported in the funds.	(1,854,931)
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 \$4,062,210 as is relates to the internal service funds is included in the capital asset amount above.	<u>6,866,502</u>
Net position of governmental activities — SNP	<u><u>\$ 81,278,634</u></u>

Town of Highland Park
Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended September 30, 2019

	General Fund	Capital Projects	Stormwater Drainage	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 13,771,615	\$ -	\$ -	\$ -	\$ 13,771,615
Sales taxes	4,312,342	-	-	-	4,312,342
Other taxes	329,814	-	-	-	329,814
Franchise fees	1,085,951	-	-	-	1,085,951
Penalties and interest	83,002	-	-	-	83,002
Licenses and permits	1,444,633	-	-	-	1,444,633
Service fees	1,769,603	-	413,854	67,763	2,251,220
Fines and forfeitures	514,011	-	-	-	514,011
Investment income	243,560	215,485	90,689	17,352	567,086
Contributions	17,063	-	-	36,737	53,800
Intergovernmental revenue	-	5,193,320	-	-	5,193,320
Miscellaneous	355,710	-	-	91,800	447,510
	<u>23,927,304</u>	<u>5,408,805</u>	<u>504,543</u>	<u>213,652</u>	<u>30,054,304</u>
Expenditures					
Current:					
General government	2,004,385	-	116,326	-	2,120,711
Department of public safety	12,687,420	-	-	-	12,687,420
Town services	524,494	-	-	-	524,494
Street department	795,488	809,561	-	-	1,605,049
Street lighting department	170,327	-	-	-	170,327
Library	836,687	-	-	25,746	862,433
Parks department	1,654,729	100,000	-	-	1,754,729
Swimming pool	186,096	-	-	-	186,096
Municipal court	480,906	-	-	27,297	508,203
Finance department	897,434	-	-	-	897,434
Building inspection department	774,762	-	-	-	774,762
Capital outlay	10,512	6,414,883	498,271	-	6,923,666
	<u>21,023,240</u>	<u>7,324,444</u>	<u>614,597</u>	<u>53,043</u>	<u>29,015,324</u>
Excess (deficiencies) of revenues over expenditures	<u>2,904,064</u>	<u>(1,915,639)</u>	<u>(110,054)</u>	<u>160,609</u>	<u>1,038,980</u>
Other Financing Sources (Uses)					
Transfers in	1,217,700	4,077,758	350,000	-	5,645,458
Transfers out	<u>(3,485,575)</u>	<u>(521,000)</u>	<u>(113,600)</u>	<u>(107,600)</u>	<u>(4,227,775)</u>
Net other financing sources (uses)	<u>(2,267,875)</u>	<u>3,556,758</u>	<u>236,400</u>	<u>(107,600)</u>	<u>1,417,683</u>
Net change in fund balances	636,189	1,641,119	126,346	53,009	2,456,663
Fund Balance, Beginning of Year	<u>5,774,953</u>	<u>6,158,225</u>	<u>3,191,891</u>	<u>625,198</u>	<u>15,750,267</u>
Fund Balances, End of Year	<u>\$ 6,411,142</u>	<u>\$ 7,799,344</u>	<u>\$ 3,318,237</u>	<u>\$ 678,207</u>	<u>\$ 18,206,930</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, 2019

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

Change in fund balances – total governmental funds	\$ 2,456,663
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.	6,923,666
The depreciation of capital assets used in governmental activities, excluding the Internal Service Funds, is not reported in the funds.	(1,787,491)
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.	(98,096)
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.	58,107
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	(382,946)
Pension and OPEB expense is reported as the amount paid in the funds, but incorporates deferred outflows and deferred inflows in the SOA.	(1,489,686)
Internal service funds are used by management to charge the costs of certain activities, such as the purchase of equipment, to individual funds. The net revenue (expense), of internal service funds is reported with the governmental activities.	<u>887,226</u>
Change in net position of governmental activities – SOA	<u><u>\$ 6,567,443</u></u>

Town of Highland Park
Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget to Actual
General Fund
Year Ended September 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 13,724,735	\$ 13,724,735	\$ 13,771,615	\$ 46,880
Sales taxes	3,943,973	3,943,973	4,312,342	368,369
Other taxes	224,500	224,500	329,814	105,314
Franchise fees	1,074,514	1,074,514	1,085,951	11,437
Penalties and interest	52,000	52,000	83,002	31,002
Licenses and permits	1,298,759	1,298,759	1,444,633	145,874
Service fees	1,796,732	1,796,732	1,769,603	(27,129)
Fines and forfeitures	495,350	495,350	514,011	18,661
Investment income	140,350	140,350	243,560	103,210
Contributions	12,100	12,100	17,063	4,963
Miscellaneous	289,500	289,500	355,710	66,210
Total revenues	<u>23,052,513</u>	<u>23,052,513</u>	<u>23,927,304</u>	<u>874,791</u>
Expenditures				
Current:				
General government	2,185,195	2,185,195	2,004,385	180,810
Department of public safety	12,834,660	12,834,660	12,687,420	147,240
Town services	569,191	569,191	524,494	44,697
Street department	826,241	826,241	795,488	30,753
Street lighting department	187,438	187,438	170,327	17,111
Library	881,155	881,155	836,687	44,468
Parks department	1,689,949	1,689,949	1,654,729	35,220
Swimming pool	190,568	190,568	186,096	4,472
Municipal court	506,956	506,956	480,906	26,050
Finance department	911,047	911,047	897,434	13,613
Building inspection department	785,411	785,411	774,762	10,649
Total Expenditures	<u>21,567,811</u>	<u>21,567,811</u>	<u>21,023,240</u>	<u>544,571</u>
Excess of Revenues Over Expenditures	<u>1,484,702</u>	<u>1,484,702</u>	<u>2,904,064</u>	<u>1,419,362</u>
Other Financing Sources (Uses)				
Transfers in	1,217,700	1,217,700	1,217,700	-
Transfers out	(2,695,890)	(3,485,575)	(3,485,575)	-
Net other financing sources (uses)	<u>(1,478,190)</u>	<u>(2,267,875)</u>	<u>(2,267,875)</u>	<u>-</u>
Net Change in Fund Balances	6,512	(783,173)	636,189	1,419,362
Fund Balances, Beginning of Year	<u>5,774,953</u>	<u>5,774,953</u>	<u>5,774,953</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 5,781,465</u>	<u>\$ 4,991,780</u>	<u>\$ 6,411,142</u>	<u>\$ 1,419,362</u>

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, 2019

	<u>Enterprise Fund</u>	<u>Governmental Activities – Internal Service Funds</u>
Current Assets		
Cash and cash equivalents	\$ 4,311,971	\$ 4,252,172
Investments	4,050,000	2,700,000
Receivables (net of allowances for uncollectibles)		
Water, Sewer and Sanitation		
Billed	1,545,018	-
Unbilled	570,501	-
Interest	77,968	42,291
Inventories	188,807	-
Prepays	3,316	-
	<u>10,747,581</u>	<u>6,994,463</u>
Total Current Assets		
Non-Current Assets		
Restricted cash and cash equivalents	587,734	-
Capital assets		
Land	238,750	-
Buildings and improvements	20,197	69,083
Improvements other than buildings	34,319,692	-
Vehicles and rolling stock	-	4,744,273
Machinery and equipment	2,055,808	5,450,155
Office furniture and equipment	25,326	-
Construction in progress	2,049,304	9,144
Accumulated depreciation	<u>(13,338,883)</u>	<u>(6,210,445)</u>
Capital assets, net of accumulated depreciation	<u>25,370,194</u>	<u>4,062,210</u>
	<u>25,957,928</u>	<u>4,062,210</u>
Total Non-current Assets		
Total Assets		
	<u>36,705,509</u>	<u>11,056,673</u>
Deferred Outflows of Resources		
Deferred pension contributions	70,044	-
Deferred pension investment gain	460,572	-
Deferred pension experience loss	30,847	-
Deferred pension assumption change loss	42,081	-
Deferred OPEB contributions	6,242	-
Deferred OPEB assumption change loss	5,020	-
	<u>614,806</u>	<u>-</u>
Total deferred outflows of resources		
Liabilities		
Current Liabilities		
Vouchers payable	\$ 1,034,432	\$ 127,961
Retainage payable	61,832	-
Accrued liabilities	28,237	-
Deposits	587,734	-
Compensated absences-current	84,404	-
	<u>1,796,639</u>	<u>127,961</u>
Total current liabilities		
Noncurrent Liabilities		
Net pension liability	213,218	-
Total OPEB	152,030	-
Compensated absences	34,339	-
	<u>399,587</u>	<u>-</u>
Total noncurrent liabilities		
Total liabilities		
	<u>2,196,226</u>	<u>127,961</u>
Deferred Inflows of Resources		
Deferred pension experience gain	19,256	-
Deferred OPEB experience gain	307	-
Deferred OPEB assumption change gain	4,855	-
	<u>24,418</u>	<u>-</u>
Total deferred inflows of resources		
Net Position		
Net investment in capital assets	24,989,944	4,062,210
Unrestricted	<u>10,109,727</u>	<u>6,866,502</u>
	<u>\$ 35,099,671</u>	<u>\$ 10,928,712</u>
Total net position		

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, 2019

	Enterprise Fund	Governmental Activities – Internal Service Funds
Operating Revenues		
Water sales	\$ 6,431,811	\$ -
Sewer services	2,744,988	-
New connections	46,350	-
Plumbing permits	70,645	-
Penalties for late payments	59,780	-
Inter-department water sales	124,909	-
Charges for solid waste collection services	1,466,140	-
Charges for services	-	1,618,919
Miscellaneous	13,817	16,489
	<u>10,958,440</u>	<u>1,635,408</u>
Total operating revenues		
Operating Expenses		
Personnel services	1,544,830	-
Materials and supplies	2,429,136	56,067
Services and charges	2,750,549	359,466
Depreciation	1,129,328	810,549
	<u>7,853,843</u>	<u>1,226,082</u>
Total operating expenses		
Operating income	<u>3,104,597</u>	<u>409,326</u>
Nonoperating Revenues		
Investment income	228,274	193,135
Intergovernmental contributions for capital acquisitions	130,135	-
Intragovernmental contributions for capital acquisitions	-	207,630
Gain on sale of assets	-	77,135
	<u>358,409</u>	<u>477,900</u>
Total nonoperating revenues		
Net income before contributions and transfers	<u>3,463,006</u>	<u>887,226</u>
Transfers in	304,600	-
Transfers out	(1,722,283)	-
Net transfers and contributions	<u>(1,417,683)</u>	<u>-</u>
Change in Net Position	2,045,323	887,226
Net Position, Beginning of Year	<u>33,054,348</u>	<u>10,041,486</u>
Net Position, End of Year	<u>\$ 35,099,671</u>	<u>\$ 10,928,712</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, 2019

	Enterprise Fund	Governmental Activities – Internal Service Funds
Cash Flows From Operating Activities		
Cash received from customers	\$ 10,798,973	\$ -
Cash received from interfund services	-	1,730,420
Cash payments to employees	(1,353,110)	-
Cash payments to other suppliers for goods and services	(4,845,464)	(409,329)
Net cash provided by operating activities	4,600,399	1,321,091
Cash Flows From Noncapital Financing Activities		
Transfers to other funds	(1,722,283)	-
Transfers from other funds	304,600	-
Net cash used in noncapital financing activities	(1,417,683)	-
Cash Flows From Capital and Related Financing Activities		
Acquisition or construction of capital assets	(1,800,912)	(1,058,340)
Intergovernmental contributions for capital acquisitions	130,135	-
Intragovernmental contributions for capital acquisitions	-	207,630
Proceeds from sale of capital assets	-	77,135
Net cash used in capital and related financing activities	(1,670,777)	(773,575)
Cash Flows From Investing Activities		
Investment income	228,274	155,969
Sales of investments	3,061,075	2,350,267
Purchases of investments	(4,050,000)	(3,700,000)
Net cash used in (decrease) investing activities	(760,651)	(1,193,764)
Net Increase in Cash and Cash Equivalents	751,288	(646,248)
Cash and Cash Equivalents, Beginning of Year	4,148,417	4,898,420
Cash and Cash Equivalents, End of Year	4,899,705	4,252,172
Reconciliation to the Statement of Net Position		
Cash and cash equivalents	4,311,971	4,252,172
Restricted cash and cash equivalents	587,734	-
	\$ 4,899,705	\$ 4,252,172
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 3,104,597	\$ 409,326
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	1,129,328	810,549
Change in assets, liabilities, deferred outflows of resources and deferred inflows of resources		
Decrease (increase) in receivables	(545,836)	-
Decrease (increase) in inventories	31,485	-
Decrease (increase) in prepaid expenses	(262)	-
Decrease (increase) in deferred outflows of resources	(399,670)	-
Increase (decrease) in vouchers payable	302,998	101,216
Increase (decrease) in accrued wages payable	405,329	-
Increase (decrease) in pension liability	754,037	-
Increase (decrease) in OPEB	(2,982)	-
Increase (decrease) in deferred inflows of resources	(178,625)	-
Total adjustments	1,495,802	911,765
Net cash provided by operating activities	\$ 4,600,399	\$ 1,321,091
Noncash Capital Financing Activities		
Additions to capital assets included in accounts payable	\$ 318,418	\$ -

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



Town of Highland Park

Notes to Financial Statements

September 30, 2019

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, 2019, 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, 2019

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, 2019

The Town reports the following major governmental funds:

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

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

Stormwater Drainage Fund – 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.

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:

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, 2019

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, other than as related to capital assets, 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.

Town of Highland Park
Notes to Financial Statements
September 30, 2019

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.

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:

Assets	Years
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, 2019

Pensions

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

Defined Benefit Other Postemployment Benefit Plan

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, represents a consumption of net 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 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 in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.
- 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, 2019

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/OPEB 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 OPEB – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Unavailable revenue in governmental funds – These resources unavailable for revenue recognition are deferred and recognized as revenue when available.

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, 2019, that must be paid by December 31, 2019, and amounts that become vested as of September 30, 2019, 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, 2019

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, compensated absences, projected budget deficit for subsequent years and other legal uses.

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

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

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

Property Tax

Property taxes attach as an enforceable lien on property located in the Town as of January 1. Taxes are levied on October 1 for the current fiscal year and are due and payable on or before January 31 of the following year. Dallas County bills and collects property taxes on behalf of the Town. The property tax revenues are recognized when levied to the extent that they result in current receivables. The tax rate for the current year was \$0.22 on each \$100 of assessed valuation.

Town of Highland Park
Notes to Financial Statements
September 30, 2019

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.

The Town’s carrying amounts of cash and cash equivalents as of September 30, 2019, as reflected in the financial statements, are:

Cash and cash equivalents	\$	21,741,540
Restricted cash and cash equivalents		1,270,934
Investments		14,000,000
	\$	37,012,474

Town of Highland Park
Notes to Financial Statements
September 30, 2019

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 \$36,988,893.

Deposits and investments as of September 30, 2019,
 consist of the following:

Deposits	\$	23,012,474
Certificates of deposit		14,000,000
		\$ 37,012,474

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.

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, 2019, 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, 2019, the Town had no investments subject to credit risk.

Town of Highland Park
Notes to Financial Statements
September 30, 2019

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, 2019, 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, 2019, the Town had no custodial credit risk on its investments.

Note 3: Receivables

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

	Governmental Funds				Business-type Activities	
	General	Capital Projects	Stormwater Drainage	Total Governmental Funds	Enterprise	Internal Service Funds
Taxes receivable	\$ 1,201,877	\$ -	\$ -	\$ 1,201,877	\$ -	\$ -
Allowance for uncollectible taxes	(53,498)	-	-	(53,498)	-	-
	1,148,379	-	-	1,148,379	-	-
Accounts receivable	642,473	-	-	642,473	2,127,459	-
Allowance for uncollectible accounts	(214,310)	-	-	(214,310)	(11,940)	-
	428,163	-	-	428,163	2,115,519	-
Interest receivables	39,074	28,357	42,909	110,340	77,968	42,291
Intergovernmental	-	2,015,056	-	2,015,056	-	-
	39,074	2,043,413	42,909	2,125,396	77,968	42,291
Total	\$ 1,615,616	\$ 2,043,413	\$ 42,909	\$ 3,701,938	\$ 2,193,487	\$ 42,291

Town of Highland Park
Notes to Financial Statements
September 30, 2019

Note 4: Capital Assets

Capital asset activity for the year ended September 30, 2019, was as follows:

	Balance October 1, 2018	Additions	Sales or Other Dispositions	Adjustments/ Transfers	Balance September 30, 2019
General Capital Assets					
Capital assets not being depreciated					
Land	\$ 4,193,026	\$ -	\$ -	\$ -	\$ 4,193,026
Construction in progress	2,219,291	6,594,730	-	(652,483)	8,161,538
Total capital assets not being depreciated	6,412,317	6,594,730	-	(652,483)	12,354,564
Capital assets being depreciated					
Buildings	22,374,494	-	-	-	22,374,494
Capital improvements	40,753,728	328,936	-	652,483	41,735,147
Furniture and fixtures	40,444	-	-	-	40,444
Office equipment	400,155	-	-	-	400,155
Machinery and equipment	1,525,122	-	-	-	1,525,122
Total capital assets being depreciated	65,093,943	328,936	-	652,483	66,075,362
Less accumulated depreciation for					
Buildings	(4,056,079)	(680,713)	-	-	(4,736,792)
Capital improvements	(20,704,218)	(1,062,499)	-	-	(21,766,717)
Furniture and fixtures	(22,045)	(3,455)	-	-	(25,500)
Office equipment	(334,885)	(29,916)	-	-	(364,801)
Machinery and equipment	(1,476,679)	(10,908)	-	-	(1,487,587)
Total accumulated depreciation	(26,593,906)	(1,787,491)	-	-	(28,381,397)
Capital assets being depreciated, net	38,500,037	(1,458,555)	-	652,483	37,693,965
Internal Service Fund Capital Assets					
Capital assets not being depreciated					
Construction in progress	2,001	7,143	-	-	9,144
Total capital assets not being depreciated	2,001	7,143	-	-	9,144
Capital assets being depreciated					
Building improvements	-	69,083	-	-	69,083
Machinery and equipment	5,115,772	334,383	-	-	5,450,155
Vehicles and rolling stock	4,375,737	647,730	(279,194)	-	4,744,273
Total capital assets being depreciated	9,491,509	1,051,196	(279,194)	-	10,263,511
Less accumulated depreciation for					
Machinery and equipment	(3,400,140)	(286,859)	-	-	(3,686,999)
Vehicles and rolling stock	(2,278,950)	(523,690)	279,194	-	(2,523,446)
Total accumulated depreciation	(5,679,090)	(810,549)	279,194	-	(6,210,445)
Total capital assets being depreciated, net	3,812,419	240,647	-	-	4,053,066
Governmental activities capital assets, net	\$ 48,726,774	\$ 5,383,965	\$ -	\$ -	\$ 54,110,739

Town of Highland Park
Notes to Financial Statements
September 30, 2019

	Balance October 1, 2018	Additions	Sales or Other Dispositions	Adjustments/ Transfers	Balance September 30, 2019
Business-type Activities					
Capital assets not being depreciated					
Land	\$ 238,750	\$ -	\$ -	\$ -	\$ 238,750
Construction in progress	356,471	1,692,833	-	-	2,049,304
Total capital assets not being depreciated	<u>595,221</u>	<u>1,692,833</u>	<u>-</u>	<u>-</u>	<u>2,288,054</u>
Capital assets being depreciated					
Building	20,197	-	-	-	20,197
Improvements other than buildings	33,893,195	426,497	-	-	34,319,692
Machinery and equipment	2,055,808	-	-	-	2,055,808
Office furniture and equipment	25,326	-	-	-	25,326
Total capital assets being depreciated	<u>35,994,526</u>	<u>426,497</u>	<u>-</u>	<u>-</u>	<u>36,421,023</u>
Less accumulated depreciation for					
Building	(20,197)	-	-	-	(20,197)
Capital improvements	(11,368,184)	(821,011)	-	-	(12,189,195)
Machinery and equipment	(800,238)	(307,762)	-	-	(1,108,000)
Office equipment	(20,936)	(555)	-	-	(21,491)
Total Accumulated Depreciation	<u>(12,209,555)</u>	<u>(1,129,328)</u>	<u>-</u>	<u>-</u>	<u>(13,338,883)</u>
Total Capital Assets Being Depreciated, Net	<u>23,784,971</u>	<u>(702,831)</u>	<u>-</u>	<u>-</u>	<u>23,082,140</u>
Business-type Activities Capital Assets, Net	<u>\$ 24,380,192</u>	<u>\$ 990,002</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,370,194</u>

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

Governmental Activities

General government	\$ 659,885
Public safety	144,635
Town services	12,225
Street department	748,852
Street lighting department	1,646
Library	70,528
Parks department	123,364
Swimming pool	26,356
	<u>1,787,491</u>

Total Depreciation Expense —

General Capital Assets 1,787,491

Internal Service Fund

810,549

\$ 2,598,040

Business-type Activities

Enterprise Fund \$ 1,129,328

Town of Highland Park
Notes to Financial Statements
September 30, 2019

Note 5: Interfund Transactions

Interfund transfers are made throughout the fiscal year for a variety of reasons. Transfers made during fiscal year 2019 were as follows:

<u>Transfer Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Purpose of Transfer</u>
General fund	\$ 1,217,700	\$ 3,485,575	Budgetary
Capital projects fund	4,077,758	521,000	Capital Projects
Stormwater drainage fund	350,000	113,600	Capital Projects
Nonmajor governmental funds	-	107,600	Budgetary
Enterprise fund	<u>304,600</u>	<u>1,722,283</u>	Budgetary
	<u>\$ 5,950,058</u>	<u>\$ 5,950,058</u>	

Note 6: Long-term Liabilities

Long-term liability activity for the year ended September 30, 2019, was as follows:

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

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>	<u>Within One Year</u>
Governmental activities					
Compensated absences	\$ 1,756,835	\$ 1,505,248	\$ (1,407,152)	\$ 1,854,931	\$ 858,054
Total	<u>\$ 1,756,835</u>	<u>\$ 1,505,248</u>	<u>\$ (1,407,152)</u>	<u>\$ 1,854,931</u>	<u>\$ 858,054</u>
Business-type activities					
Compensated absences	\$ 99,783	\$ 168,871	\$ (149,911)	\$ 118,743	\$ 84,404
Total	<u>\$ 99,783</u>	<u>\$ 168,871</u>	<u>\$ (149,911)</u>	<u>\$ 118,743</u>	<u>\$ 84,404</u>

Town of Highland Park
Notes to Financial Statements
September 30, 2019

Note 7: Retirement Plans

Texas Municipal Retirement System

Plan Description

The Town participates as one of over 887 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.

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, 2019

Employees covered by benefit terms –

At the December 31, 2018, valuation and measurement date, the following employees were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefits	116
Inactive employees entitled to but not yet receiving benefits	39
Active employees	120
	275

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, 2019, the Town made contributions of \$839,877 or 6.3% of covered payroll.

Net Pension Liability:

The Town’s Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial assumptions –

The Total Pension Liability in the December 31, 2018, 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, 2019

Actuarial assumptions used in the December 31, 2018, 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:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Domestic equity	17.5%	4.30%
International equity	17.5%	6.10%
Core fixed income	10.0%	1.00%
Non-core fixed income	20.0%	3.39%
Real return	10.0%	3.78%
Real estate	10.0%	4.44%
Absolute return	10.0%	3.56%
Private equity	5.0%	7.75%
Total	<u>100.0%</u>	

Discount Rate:

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

Town of Highland Park
Notes to Financial Statements
September 30, 2019

Changes in the Net Pension (Asset) Liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
Balance at October 1, 2018	\$ 73,613,685	\$ 78,706,510	\$ (5,092,825)
Changes for the year:			
Service cost	1,709,542	-	1,709,542
Interest	4,887,236	-	4,887,236
Difference between expected and actual experience	3,684	-	3,684
Changes in assumptions	-	-	-
Contributions-employer	-	805,639	(805,639)
Contributions-employee	-	899,083	(899,083)
Net investment income	-	(2,355,801)	2,355,801
Benefit payments, including refunds of employee contributions	(4,129,918)	(4,129,918)	-
Administrative expense	-	(45,565)	45,565
Other changes	-	(2,381)	2,381
Net Changes	<u>2,470,544</u>	<u>(4,828,943)</u>	<u>7,299,487</u>
Balance at September 30, 2019	<u>\$ 76,084,229</u>	<u>\$ 73,877,567</u>	<u>\$ 2,206,662</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	\$ 10,995,680	\$ 2,206,662	\$ (5,209,351)

Town of Highland Park
Notes to Financial Statements
September 30, 2019

Pension Plan Fiduciary Net Position:

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

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

For the year ended September 30, 2019, the Town recognized pension expense of \$2,476,189.

At September 30, 2019, the Town reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 230,927	\$ 128,801
Changes of assumptions	293,557	-
Net difference between projected and actual pension plan earnings on pension plan investments	4,076,434	-
Contributions subsequent to the measurement date	649,157	-
Total	\$ 5,250,075	\$ 128,801

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$649,157 will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

September 30	
2020	\$ 1,936,522
2021	471,525
2022	529,899
2023	1,534,171
Total	\$ 4,472,117

Town of Highland Park
Notes to Financial Statements
September 30, 2019

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, 2018, was used for the September 30, 2019, liability and expense. The information that follows was determined as of a valuation date of December 31, 2018.

At December 31, 2018, 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, 2019

Total OPEB Liability: The Town's total OPEB liability of \$1,065,389 (\$913,359 governmental activities and \$152,030 business-type activities) was measured as of December 31, 2018, and was determined by an actuarial valuation as of December 31, 2018.

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

	December 31, 2018
Actuarial Cost Method	Individual Entry-Age
Discount Rate	3.71% as of December 31, 2018 (3.31% as of December 31, 2017)
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 retiree at the age of 50 or later; 0% for eligible employees who retire before age 50

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:

	Total OPEB Liability
Balances as of October 1, 2018	\$ 1,086,283
Changes for the year:	
Service cost	44,723
Interest on total OPEB liability	35,710
Difference between expected and actual experience	(2,483)
Effect of assumptions changes (discount rate change)	(39,236)
Benefit payments, age adjusted premiums, net of retiree contributions	(59,608)
	\$ 1,065,389
Balances as of September 30, 2019	\$ 1,065,389

Town of Highland Park
Notes to Financial Statements
September 30, 2019

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 3.71%. The following presents the total OPEB liability using a discount rate 1% higher and 1% lower than the current discount rate.

	1% Decrease 2.71%	Current Discount Rate Assumption 3.71%	1% Increase 4.71%
Total OPEB Liability	\$ 1,167,073	\$ 1,065,389	\$ 974,474

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.

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Total OPEB Liability	\$ 956,944	\$ 1,065,389	\$ 1,193,061

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended September 30, 2019, the Town recognized OPEB expense of \$81,257. At September 30, 2019, the Town reported deferred inflows and outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ -	\$ 2,153
Changes of assumptions	35,177	34,020
Benefit payments subsequent to the measurement date	43,743	-
	\$ 78,920	\$ 36,173

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, 2020.

Town of Highland Park
Notes to Financial Statements
September 30, 2019

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

September 30	Amortization of Future Deferred (Inflows) Outflows of Resources
2020	\$ 824
2021	824
2022	824
2023	824
2024	824
Thereafter	(5,116)
	\$ (996)

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.

Town of Highland Park
Notes to Financial Statements
September 30, 2019

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 \$5,322,577 of encumbrances expected to be honored upon performance by the vendor in the next year as follows:

General Fund	\$ 322,002
Capital Projects Fund	2,395,193
Enterprise Fund	1,891,283
Equipment Replacement Fund	232,846
Technology Replacement Fund	400,160
Stormwater Drainage Fund	64,203
Building Maintenance Fund	16,890

REQUIRED SUPPLEMENTARY INFORMATION

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

	Measurement Year				
	2014	2015	2016	2017	2018
Total pension liability					
Service cost	\$ 1,355,468	\$ 1,408,625	\$ 1,581,867	\$ 1,643,029	\$ 1,709,542
Interest	4,389,441	4,443,414	4,601,305	4,735,388	4,887,236
Difference between expected and actual experience	(973,479)	1,099,257	(335,432)	76,301	3,684
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)	(4,129,918)
Net Change in Total Pension Liability	1,498,759	3,931,363	2,410,764	2,107,891	2,470,544
Total Pension Liability - Beginning	63,664,908	65,163,667	69,095,030	71,505,794	73,613,685
Total Pension Liability - Ending (a)	65,163,667	69,095,030	71,505,794	73,613,685	76,084,229
Plan fiduciary net position:					
Contributions - employer	636,106	444,414	374,590	668,603	805,639
Contributions - employee	805,198	787,570	835,073	866,707	899,083
Net investment income	4,038,451	107,358	4,678,472	9,925,987	(2,355,801)
Benefit payments, including refunds of employee contributions	(3,272,671)	(4,781,270)	(3,436,976)	(4,346,827)	(4,129,918)
Administrative expense	(42,166)	(65,395)	(52,856)	(51,461)	(45,565)
Other	(3,467)	(3,230)	(2,848)	(2,608)	(2,381)
Net Change in Plan Fiduciary Net Position	2,161,451	(3,510,553)	2,395,455	7,060,401	(4,828,943)
Plan Fiduciary Net Position - Beginning	70,599,756	72,761,207	69,250,654	71,646,109	78,706,510
Plan Fiduciary Net Position - Ending (b)	72,761,207	69,250,654	71,646,109	78,706,510	73,877,567
Net Pension (Asset)/Liability - Ending (a) - (b)	\$ (7,597,540)	\$ (155,624)	\$ (140,315)	\$ (5,092,825)	\$ 2,206,662
Plan fiduciary net position as a percentage of total pension (asset)/liability	111.66%	100.23%	100.20%	106.92%	97.10%
Covered payroll	\$ 11,502,823	\$ 11,271,001	\$ 11,929,614	\$ 12,381,528	\$ 12,844,042
Net pension (asset)/liability as a percentage of covered payroll	66.05%	1.38%	1.18%	41.13%	17.18%

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

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

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

	Fiscal Year				
	2015	2016	2017	2018	2019
Actuarially determined contribution	\$ 504,539	\$ 408,628	\$ 600,931	\$ 699,391	\$ 728,484
Contributions in relation to the actuarially determined contribution	<u>504,539</u>	<u>408,628</u>	<u>600,931</u>	<u>770,984</u>	<u>839,877</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (71,593)</u>	<u>\$ (111,393)</u>
Covered payroll	\$ 11,452,658	\$ 12,214,139	\$ 12,306,527	\$ 12,697,397	\$ 13,392,486
Contributions as a percentage of covered payroll	4.41%	3.35%	4.88%	6.07%	6.27%

Notes to Schedule:

Valuation Date:

Actuarial determined contribution rates are calculated as of December 31st 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	3.5% 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) liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 68, only periods for which such information is available are presented.

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

	Measurement Year 2017	Measurement Year 2018
Total OPEB Liability		
Service Cost	\$ 39,166	\$ 44,723
Interest Cost	38,395	35,710
Changes of Benefit Terms	-	-
Difference Between Expected and Actual Experience of the Total OPEB Liability	-	(2,483)
Changes of Assumptions	47,917	(39,236)
Benefit Payments	<u>(54,711)</u>	<u>(59,608)</u>
Net Change in Total OPEB Liability	70,767	(20,894)
Total OPEB Liability (Beginning)	<u>1,015,516</u>	<u>1,086,283</u>
Total OPEB Liability (Ending)	<u>\$ 1,086,283</u>	<u>\$ 1,065,389</u>
Covered Payroll	12,381,528	12,846,283
Total OPEB Liability as a Percentage of Covered Payroll	8.77%	8.29%

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**

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, 2019

	<u>Special Revenue Funds</u>					Total Nonmajor Funds
	Forfeited Property	Court Technology	Court Security	DPS Technology	Library	
Assets						
Cash and cash equivalents	\$ 28,884	\$ 111,216	\$ 12,834	\$ 276,129	\$ 254,137	\$ 683,200
Total Assets	<u>\$ 28,884</u>	<u>\$ 111,216</u>	<u>\$ 12,834</u>	<u>\$ 276,129</u>	<u>\$ 254,137</u>	<u>\$ 683,200</u>
Liabilities						
Vouchers payable	\$ 2,247	\$ 1,377	\$ -	\$ -	\$ 1,369	\$ 4,993
Total liabilities	<u>2,247</u>	<u>1,377</u>	<u>-</u>	<u>-</u>	<u>1,369</u>	<u>4,993</u>
Fund Balances						
Restricted						
Crime prevention	26,637	-	-	-	-	26,637
Court technology	-	109,839	-	-	-	109,839
Court security	-	-	12,834	-	-	12,834
DPS technology	-	-	-	276,129	-	276,129
Library	-	-	-	-	252,768	252,768
Total fund balances	<u>26,637</u>	<u>109,839</u>	<u>12,834</u>	<u>276,129</u>	<u>252,768</u>	<u>678,207</u>
Total Liabilities and Fund Balances	<u>\$ 28,884</u>	<u>\$ 111,216</u>	<u>\$ 12,834</u>	<u>\$ 276,129</u>	<u>\$ 254,137</u>	<u>\$ 683,200</u>

Town of Highland Park
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended September 30, 2019

	Special Revenue Funds					Total Nonmajor Funds
	Forfeited Property	Court Technology	Court Security	DPS Technology	Library	
Revenues						
Service fees	\$ -	\$ 38,722	\$ 29,041	\$ -	\$ -	\$ 67,763
Contributions	-	-	-	-	36,737	36,737
Investment income	613	2,577	321	7,286	6,555	17,352
Miscellaneous	4,493	-	-	87,307	-	91,800
Total revenues	<u>5,106</u>	<u>41,299</u>	<u>29,362</u>	<u>94,593</u>	<u>43,292</u>	<u>213,652</u>
Expenditures						
Materials and supplies	-	3,852	-	-	24,787	28,639
Services and charges	-	23,445	-	-	959	24,404
Total expenditures	<u>-</u>	<u>27,297</u>	<u>-</u>	<u>-</u>	<u>25,746</u>	<u>53,043</u>
Excess of revenues over expenditures	<u>5,106</u>	<u>14,002</u>	<u>29,362</u>	<u>94,593</u>	<u>17,546</u>	<u>160,609</u>
Other Financing Uses						
Transfers out	-	-	(24,600)	(83,000)	-	(107,600)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(24,600)</u>	<u>(83,000)</u>	<u>-</u>	<u>(107,600)</u>
Net change in fund balances	<u>5,106</u>	<u>14,002</u>	<u>4,762</u>	<u>11,593</u>	<u>17,546</u>	<u>53,009</u>
Fund Balances, Beginning of Year	<u>21,531</u>	<u>95,837</u>	<u>8,072</u>	<u>264,536</u>	<u>235,222</u>	<u>625,198</u>
Fund Balances, End of Year	<u>\$ 26,637</u>	<u>\$ 109,839</u>	<u>\$ 12,834</u>	<u>\$ 276,129</u>	<u>\$ 252,768</u>	<u>\$ 678,207</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, 2019

	Equipment Replacement Fund	Building Maintenance Fund	Technology Replacement Fund	Total Internal Service Funds
Assets				
Current assets				
Cash and cash equivalents	\$ 2,166,833	\$ 690,603	\$ 1,394,736	\$ 4,252,172
Investments	1,100,000	250,000	1,350,000	2,700,000
Accrued interest receivable	17,544	5,015	19,732	42,291
	<u>3,284,377</u>	<u>945,618</u>	<u>2,764,468</u>	<u>6,994,463</u>
Total current assets				
Capital Assets				
Vehicles and rolling stock	4,744,273	-	-	4,744,273
Building improvements	-	69,083	-	69,083
Machinery and equipment	729,338	86,207	4,634,610	5,450,155
Construction in progress	-	-	9,144	9,144
Accumulated depreciation	<u>(2,742,035)</u>	<u>(11,325)</u>	<u>(3,457,085)</u>	<u>(6,210,445)</u>
	<u>2,731,576</u>	<u>143,965</u>	<u>1,186,669</u>	<u>4,062,210</u>
Net capital assets				
Total Assets	<u>\$ 6,015,953</u>	<u>\$ 1,089,583</u>	<u>\$ 3,951,137</u>	<u>\$ 11,056,673</u>
Liabilities				
Current liabilities				
Vouchers payable	\$ 95,012	\$ 32,949	\$ -	\$ 127,961
	<u>95,012</u>	<u>32,949</u>	<u>-</u>	<u>127,961</u>
Total current liabilities				
Net Position				
Net investment in capital assets	2,731,576	143,965	1,186,669	4,062,210
Unrestricted	<u>3,189,365</u>	<u>912,669</u>	<u>2,764,468</u>	<u>6,866,502</u>
	<u>5,920,941</u>	<u>1,056,634</u>	<u>3,951,137</u>	<u>10,928,712</u>
Total net position				
Total Liabilities and Net Position	<u>\$ 6,015,953</u>	<u>\$ 1,089,583</u>	<u>\$ 3,951,137</u>	<u>\$ 11,056,673</u>

Town of Highland Park
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
Year Ended September 30, 2019

	Equipment Replacement Fund	Building Maintenance Fund	Technology Replacement Fund	Total Internal Service Funds
Revenues				
Charges for services	\$ 542,721	\$ 478,600	\$ 597,598	\$ 1,618,919
Miscellaneous	-	16,489	-	16,489
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	542,721	495,089	597,598	1,635,408
Operating Expenses				
Materials and supplies	-	41,823	14,244	56,067
Services and charges	1,651	321,680	36,135	359,466
Depreciation	523,690	6,056	280,803	810,549
	<hr/>	<hr/>	<hr/>	<hr/>
Total operating expenses	525,341	369,559	331,182	1,226,082
Operating income	<hr/>	<hr/>	<hr/>	<hr/>
	17,380	125,530	266,416	409,326
Nonoperating Revenues				
Investment income	93,456	27,200	72,479	193,135
Intragovernmental contributions	187,235	-	20,395	207,630
Gain on sale of assets	77,000	-	135	77,135
	<hr/>	<hr/>	<hr/>	<hr/>
Total nonoperating revenues	357,691	27,200	93,009	477,900
Change in Net Position	<hr/>	<hr/>	<hr/>	<hr/>
	375,071	152,730	359,425	887,226
Net Position, Beginning of Year	<hr/>	<hr/>	<hr/>	<hr/>
	5,545,870	903,904	3,591,712	10,041,486
Net Position, End of Year	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 5,920,941	\$ 1,056,634	\$ 3,951,137	\$ 10,928,712

Town of Highland Park
Combining Statement of Cash Flows
Internal Service Funds
Year Ended September 30, 2019

	Equipment Replacement Fund	Building Maintenance Fund	Technology Replacement Fund	Total Internal Service Funds
Cash Flows From Operating Activities				
Cash received from interfund services	\$ 637,733	\$ 495,089	\$ 597,598	\$ 1,730,420
Cash payments to suppliers for goods and services	<u>(1,651)</u>	<u>(357,299)</u>	<u>(50,379)</u>	<u>(409,329)</u>
Net cash provided by operating activities	<u>636,082</u>	<u>137,790</u>	<u>547,219</u>	<u>1,321,091</u>
Cash Flows From Capital and Related Financing Activities				
Acquisition and construction of capital assets	(823,880)	(69,082)	(165,378)	(1,058,340)
Intragovernmental contributions for capital acquisitions	187,235	-	20,395	207,630
Proceeds from sale of capital assets	<u>77,000</u>	<u>-</u>	<u>135</u>	<u>77,135</u>
Net cash used in capital and related financing activities	<u>(559,645)</u>	<u>(69,082)</u>	<u>(144,848)</u>	<u>(773,575)</u>
Cash Flows From Investing Activities				
Sales of investments	1,300,267	200,000	850,000	2,350,267
Purchases of investments	(1,400,000)	(450,000)	(1,850,000)	(3,700,000)
Investment income	<u>79,339</u>	<u>22,185</u>	<u>54,445</u>	<u>155,969</u>
Net cash used in investing activities	<u>(20,394)</u>	<u>(227,815)</u>	<u>(945,555)</u>	<u>(1,193,764)</u>
Net Increase/(Decrease) In Cash and Cash Equivalents	56,043	(159,107)	(543,184)	(646,248)
Cash and Cash Equivalents, Beginning of Year	<u>2,110,790</u>	<u>849,710</u>	<u>1,937,920</u>	<u>4,898,420</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,166,833</u>	<u>\$ 690,603</u>	<u>\$ 1,394,736</u>	<u>\$ 4,252,172</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income	\$ 17,380	\$ 125,530	\$ 266,416	\$ 409,326
Adjustments to reconcile operating income to net cash provided by operating activities				
Item not requiring cash				
Depreciation	523,690	6,056	280,803	810,549
Change in				
Increase (decrease) in vouchers payable	<u>95,012</u>	<u>6,204</u>	<u>-</u>	<u>101,216</u>
Total adjustments	<u>618,702</u>	<u>12,260</u>	<u>280,803</u>	<u>911,765</u>
Net cash provided by operating activities	<u>\$ 636,082</u>	<u>\$ 137,790</u>	<u>\$ 547,219</u>	<u>\$ 1,321,091</u>



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			
	2010	2011	2012	2013
Expenses				
Governmental activities				
General government	\$ 1,316,352	\$ 812,643	\$ 1,033,107	\$ 1,973,256
Department of public safety	10,164,906	10,188,243	10,214,838	10,575,157
Town services	-	-	-	-
Street department	1,061,747	1,090,129	1,117,699	1,175,073
Street lighting department	307,312	284,966	206,703	237,734
Library	772,491	745,811	768,755	712,953
Parks department	1,431,268	1,404,315	1,240,538	1,350,947
Swimming pool	228,852	228,565	192,559	199,939
Sanitation	-	-	1,039,230	1,073,427
Municipal court	343,042	341,435	319,953	329,474
Finance department	520,784	515,296	473,970	733,642
Building inspection department	539,980	391,923	392,023	406,813
Total governmental activities expenses	<u>16,686,734</u>	<u>16,003,325</u>	<u>16,999,375</u>	<u>18,768,415</u>
Business-type activities				
Enterprise	<u>7,481,548</u>	<u>7,983,612</u>	<u>6,702,773</u>	<u>6,278,852</u>
Total business-type activities expenses	<u>7,481,548</u>	<u>7,983,612</u>	<u>6,702,773</u>	<u>6,278,852</u>
Total primary government expenses	<u>\$ 24,168,282</u>	<u>\$ 23,986,937</u>	<u>\$ 23,702,148</u>	<u>\$ 25,047,267</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 206,255	\$ 208,091	\$ 376,375	\$ 376,083
Department of public safety	568,974	741,602	666,846	761,759
Street department	118,743	120,887	134,859	144,332
Library	16,959	16,001	15,347	10,512
Parks department	11,720	10,360	10,560	10,520
Swimming pool	92,468	109,959	103,531	105,095
Sanitation*	-	-	1,254,088	1,242,590
Municipal court	676,094	728,149	684,318	845,028
Building inspection department	968,993	928,146	926,297	963,254
Operating grants and contributions	4,383	-	-	101,770
Capital grants and contributions	-	-	-	1,175,308
Total governmental activities program revenues	<u>2,664,589</u>	<u>2,863,195</u>	<u>4,172,221</u>	<u>5,736,251</u>
Business-type activities				
Charges for services	8,315,859	9,945,105	8,237,561	8,640,478
Capital grants and contributions	<u>-</u>	<u>-</u>	<u>627,941</u>	<u>-</u>
Total business-type activities program revenues	<u>8,315,859</u>	<u>9,945,105</u>	<u>8,865,502</u>	<u>8,640,478</u>
Total primary government program revenues	<u>\$ 10,980,448</u>	<u>\$ 12,808,300</u>	<u>\$ 13,037,723</u>	<u>\$ 14,376,729</u>

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

Fiscal Year						
2014	2015	2016	2017	2018	2019	
\$ 3,277,962	\$ 2,757,174	\$ 2,384,232	\$ 2,619,896	\$ 2,356,690	\$ 3,098,785	
10,831,500	10,864,166	12,739,997	12,791,955	12,945,374	13,740,569	
-	-	581,762	535,389	546,896	536,719	
1,850,685	1,830,746	1,833,046	2,124,658	2,525,487	2,353,901	
190,317	188,515	173,948	174,281	163,948	171,973	
701,144	813,700	858,706	748,880	861,484	932,961	
1,429,901	1,393,455	1,440,116	1,560,182	1,617,882	1,958,178	
181,970	193,642	207,793	232,174	217,285	212,452	
1,133,782	1,094,766	1,093,055	-	-	-	
280,071	352,954	411,642	394,023	460,418	508,203	
780,928	765,516	757,264	780,238	830,269	970,798	
426,574	475,766	526,709	553,578	845,846	774,762	
<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>25,259,301</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>7,853,843</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>7,853,843</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>	<u>\$ 33,113,144</u>	
\$ 386,948	\$ 500,509	\$ 403,852	\$ 416,071	\$ 421,736	\$ 532,944	
737,090	745,218	871,979	856,381	807,058	1,144,249	
138,687	153,689	-	-	-	-	
10,310	11,033	10,770	8,729	10,376	9,742	
11,482	14,086	11,722	11,643	22,724	13,339	
97,840	95,699	98,254	100,667	198,587	108,690	
1,231,340	1,236,438	1,235,509	-	-	-	
787,331	789,631	1,016,752	1,194,712	1,099,949	1,434,027	
1,232,986	1,370,473	1,008,806	1,453,459	1,239,753	1,418,085	
98,069	77,503	38,436	38,422	46,118	53,800	
702,885	338,170	892,238	402,065	3,476,027	4,810,374	
<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>	<u>9,525,250</u>	
8,109,508	8,735,372	9,685,418	10,884,396	11,683,600	10,958,440	
42,880	780,300	551,244	768,705	373,600	130,135	
<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>11,088,575</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>	<u>\$ 20,613,825</u>	

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

	Fiscal Year			
	2010	2011	2012	2013
Net (Expenses) Revenue				
Governmental activities	\$ (14,022,145)	\$ (13,140,130)	\$ (12,827,154)	\$ (13,032,164)
Business-type activities	<u>834,311</u>	<u>1,961,493</u>	<u>2,162,729</u>	<u>2,361,626</u>
Total primary government net expenses	<u>\$ (13,187,834)</u>	<u>\$ (11,178,637)</u>	<u>\$ (10,664,425)</u>	<u>\$ (10,670,538)</u>
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes				
Property taxes	\$ 9,934,677	\$ 9,714,359	\$ 9,640,285	\$ 9,744,640
Sales taxes	2,430,775	2,579,028	2,923,273	2,952,203
Other taxes	94,159	127,969	146,057	160,250
Franchise taxes	1,015,431	1,010,742	1,078,503	965,140
Penalty and interest on taxes	59,834	55,505	45,662	46,903
Investment income	131,159	108,877	80,420	56,257
Intergovernmental	87,379	211,751	-	-
Miscellaneous	393,567	492,970	510,315	416,286
Transfers	<u>5,200,122</u>	<u>473,401</u>	<u>1,900,955</u>	<u>948,173</u>
Total governmental activities	<u>19,347,103</u>	<u>14,774,602</u>	<u>16,325,470</u>	<u>15,289,852</u>
Business-type activities				
Investment and miscellaneous income	41,168	12,469	12,168	4,259
Transfers	<u>(5,200,122)</u>	<u>(473,401)</u>	<u>(1,900,955)</u>	<u>(948,173)</u>
Total business-type activities	<u>(5,158,954)</u>	<u>(460,932)</u>	<u>(1,888,787)</u>	<u>(943,914)</u>
Total primary government	<u>\$ 14,188,149</u>	<u>\$ 14,313,670</u>	<u>\$ 14,436,683</u>	<u>\$ 14,345,938</u>
Change in Net Position				
Governmental activities	\$ 5,324,958	\$ 1,634,472	\$ 3,498,316	\$ 2,257,688
Business-type activities	<u>(4,324,643)</u>	<u>1,500,561</u>	<u>273,942</u>	<u>1,417,712</u>
Total primary government	<u>\$ 1,000,315</u>	<u>\$ 3,135,033</u>	<u>\$ 3,772,258</u>	<u>\$ 3,675,400</u>

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ (15,649,866)	\$ (15,397,951)	\$ (17,419,952)	\$ (18,033,105)	\$ (16,049,251)	\$ (15,734,051)
<u>1,740,637</u>	<u>3,487,823</u>	<u>3,933,225</u>	<u>3,969,042</u>	<u>3,959,849</u>	<u>3,234,732</u>
<u>\$ (13,909,229)</u>	<u>\$ (11,910,128)</u>	<u>\$ (13,486,727)</u>	<u>\$ (14,064,063)</u>	<u>\$ (12,089,402)</u>	<u>\$ (12,499,319)</u>
\$ 10,053,948	\$ 10,671,716	\$ 11,593,666	\$ 12,627,053	\$ 13,253,603	\$ 13,771,347
3,437,806	3,514,625	3,616,074	3,480,389	4,071,324	4,312,342
189,232	175,550	191,407	219,135	270,661	329,814
1,024,422	1,051,658	1,021,287	1,037,496	1,036,561	1,085,951
54,809	49,867	48,196	55,376	105,698	83,002
53,695	49,550	92,266	206,841	443,110	760,221
-	-	-	-	-	-
462,208	451,252	429,777	488,288	521,421	541,134
<u>1,085,346</u>	<u>1,003,851</u>	<u>1,099,425</u>	<u>1,184,543</u>	<u>1,401,658</u>	<u>1,417,683</u>
<u>16,361,466</u>	<u>16,968,069</u>	<u>18,092,098</u>	<u>19,299,121</u>	<u>21,104,036</u>	<u>22,301,494</u>
7,971	6,519	14,288	38,202	109,027	228,274
<u>(1,085,346)</u>	<u>(1,003,851)</u>	<u>(1,066,425)</u>	<u>(1,184,543)</u>	<u>(1,401,658)</u>	<u>(1,417,683)</u>
<u>(1,077,375)</u>	<u>(997,332)</u>	<u>(1,052,137)</u>	<u>(1,146,341)</u>	<u>(1,292,631)</u>	<u>(1,189,409)</u>
<u>\$ 15,284,091</u>	<u>\$ 15,970,737</u>	<u>\$ 17,039,961</u>	<u>\$ 18,152,780</u>	<u>\$ 19,811,405</u>	<u>\$ 21,112,085</u>
\$ 711,600	\$ 1,570,118	\$ 672,146	\$ 1,266,016	\$ 5,054,785	\$ 6,567,443
<u>663,262</u>	<u>2,490,491</u>	<u>2,881,088</u>	<u>2,822,701</u>	<u>2,667,218</u>	<u>2,045,323</u>
<u>\$ 1,374,862</u>	<u>\$ 4,060,609</u>	<u>\$ 3,553,234</u>	<u>\$ 4,088,717</u>	<u>\$ 7,722,003</u>	<u>\$ 8,612,766</u>



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

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Mixed Beverage Tax	Total
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
2019	13,771,347	4,312,342	1,085,951	329,814	19,499,454

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

	Fiscal Year			
	2010	2011	2012	2013
General Fund				
Reserved	\$ 460,713	\$ -	\$ -	\$ -
Nonspendable	-	27,715	15,227	148,475
Restricted	-	113,942	128,634	-
Assigned	-	394,300	338,756	614,758
Unassigned	-	4,132,477	3,935,117	3,203,691
Unreserved	3,936,857	-	-	-
Total general fund	<u>\$ 4,397,570</u>	<u>\$ 4,668,434</u>	<u>\$ 4,417,734</u>	<u>\$ 3,966,924</u>
All other governmental funds				
Reserved	\$ 4,350,933	\$ -	\$ -	\$ -
Nonspendable	-	98	170	253
Restricted	-	191,872	59,441	246,497
Committed	-	8,676,585	12,400,573	3,684,791
Assigned	-	3,393,289	2,080,320	6,032,322
Unreserved, reported in Capital projects fund	13,974,662	-	-	-
Total all other governmental funds	<u>\$ 18,325,595</u>	<u>\$ 12,261,844</u>	<u>\$ 14,540,504</u>	<u>\$ 9,963,863</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

2014	2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
32,055	12,844	22,992	159,937	14,469	11,759
-	24,000	14,000	14,000	14,000	-
625,122	883,224	1,136,308	1,377,190	1,205,592	1,180,056
4,296,843	4,047,254	3,517,765	3,885,817	4,540,892	5,219,327
-	-	-	-	-	-
<u>\$ 4,954,020</u>	<u>\$ 4,967,322</u>	<u>\$ 4,691,065</u>	<u>\$ 5,436,944</u>	<u>\$ 5,774,953</u>	<u>\$ 6,411,142</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
281,565	401,476	516,425	628,530	625,198	678,207
2,234,474	4,002,298	5,810,044	7,523,730	6,767,959	8,658,185
172,921	219,488	833,609	1,054,012	2,582,157	2,459,396
-	-	-	-	-	-
<u>\$ 2,688,960</u>	<u>\$ 4,623,262</u>	<u>\$ 7,160,078</u>	<u>\$ 9,206,272</u>	<u>\$ 9,975,314</u>	<u>\$ 11,795,788</u>

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

	Fiscal Year			
	2010	2011	2012	2013
Revenues				
Taxes	\$ 13,389,605	\$ 13,438,042	\$ 13,805,491	\$ 13,767,078
Penalties and interest	59,834	55,505	45,662	46,903
Licenses and permits	1,051,114	1,008,939	995,508	1,041,353
Service fees	1,347,210	1,439,407	2,875,018	2,928,470
Fines and forfeitures	337,079	366,991	351,545	442,995
Investment income	114,596	95,122	72,398	49,886
Intergovernmental	87,379	211,751	-	-
Contributions	59,280	93,908	99,042	1,277,078
Miscellaneous	253,630	220,811	316,099	373,058
Total revenues	<u>16,699,727</u>	<u>16,930,476</u>	<u>18,560,763</u>	<u>19,926,821</u>
Expenditures				
General government	1,098,201	981,989	1,126,197	1,822,661
Department of public safety	9,947,630	9,986,728	9,984,927	10,289,647
Town services	-	-	-	-
Street department	318,650	350,868	374,173	362,468
Street lighting department	277,085	264,445	169,907	199,859
Library	638,351	609,131	625,146	639,355
Parks department	1,396,524	1,297,955	1,220,933	1,267,715
Swimming pool	205,395	198,620	162,743	168,316
Municipal court	299,360	291,393	297,165	315,970
Finance department	514,680	507,215	471,900	731,295
Building inspection department	534,673	391,807	392,023	405,514
Sanitation*	-	-	1,039,230	1,069,999
Capital outlay	887,491	3,926,731	2,775,231	8,418,334
Total expenditures	<u>16,118,040</u>	<u>18,806,882</u>	<u>18,639,575</u>	<u>25,691,133</u>
Excess (deficiency) of revenues over (under) expenditures	<u>581,687</u>	<u>(1,876,406)</u>	<u>(78,812)</u>	<u>(5,764,312)</u>
Other Financing Sources (Uses)				
Transfers in	8,066,620	2,127,772	4,794,899	3,424,075
Transfers out	(2,866,498)	(1,654,371)	(2,693,944)	(2,689,222)
Sale of assets	-	7,668	5,817	2,008
Total other financing sources (uses)	<u>5,200,122</u>	<u>481,069</u>	<u>2,106,772</u>	<u>736,861</u>
Net Change in Fund Balances	<u>\$ 5,781,809</u>	<u>\$ (1,395,337)</u>	<u>\$ 2,027,960</u>	<u>\$ (5,027,451)</u>

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

Fiscal Year						
	2014	2015	2016	2017	2018	2019
\$	14,691,139	\$ 15,505,358	\$ 16,392,412	\$ 16,293,063	\$ 17,608,789	\$ 18,413,771
	54,809	49,867	48,196	55,376	105,698	83,002
	1,273,423	1,424,885	1,050,004	1,499,728	1,228,621	1,444,633
	2,914,043	2,960,189	3,108,151	3,096,463	3,066,496	3,337,171
	429,429	406,839	474,179	462,396	434,024	514,011
	42,428	37,436	67,366	153,834	343,893	567,086
	-	-	-	-	1,287,770	5,193,320
	800,954	415,673	930,674	440,487	46,118	53,800
	340,951	450,151	347,894	420,032	444,854	447,510
	<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>	<u>30,054,304</u>
	2,324,629	2,188,987	1,777,454	2,014,024	2,029,119	2,120,711
	10,442,551	11,189,760	11,177,755	11,517,024	12,368,726	12,687,420
	-	-	503,180	522,547	534,106	524,494
	349,310	377,557	1,133,508	1,416,617	1,507,748	1,605,049
	175,276	186,869	160,212	172,221	159,411	170,327
	625,195	743,172	776,121	678,146	789,510	862,433
	1,353,546	1,385,583	1,307,206	1,445,195	1,536,638	1,754,729
	153,275	166,016	181,082	205,460	191,718	186,096
	276,807	352,954	400,708	393,816	458,972	508,203
	781,748	791,310	757,116	811,923	829,268	897,434
	422,026	475,766	526,709	553,578	845,846	774,762
	1,102,043	1,094,766	1,093,055	-	-	-
	9,611,560	1,353,905	1,463,636	1,061,411	3,427,686	6,923,666
	<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>29,015,324</u>
	(7,070,790)	943,753	1,161,134	1,629,417	(112,485)	1,038,980
	2,713,791	3,896,967	5,109,975	5,612,637	5,894,153	5,645,458
	(1,932,120)	(2,893,116)	(4,010,550)	(4,452,992)	(4,683,117)	(4,227,775)
	1,312	-	-	3,011	8,500	-
	<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>1,417,683</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>	<u>\$ 2,456,663</u>

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

Fiscal Year	Estimated Market Value			Total Taxable Assessed Value	Total Direct Tax Rate
	Residential Property	Business Personal Property	Less: Tax-Exempt Property		
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
2019	7,622,177,870	99,755,280	1,448,721,270	6,273,211,880	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.
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
2019	0.220000	0.25310	0.27940	0.12424	0.65650	1.23550	1.41204

Source: Dallas County Appraisal District

Town of Highland Park
Principal Property Taxpayers
September 30, 2019 and 2010
Unaudited

Taxpayer	2019			2010		
	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	\$ 173,069,230	1	2.76%	\$ 145,025,450	1	3.17%
Cox, Edwin L Trust	40,224,530	2	0.64%	17,416,000	5	0.38%
Muse, John R	38,184,240	3	0.61%	24,166,776	2	0.53%
Crow, Harlan	37,630,108	4	0.60%	19,269,952	3	0.42%
The 4500 Trust	33,145,200	5	0.53%			
Jones, Jerral W. & Gene C.	21,358,031	6	0.34%	13,824,560	7	0.30%
L & B Depp UCEPP 5500	21,025,000	7	0.34%	19,000,000	4	0.42%
Intercity Investment	20,573,270	8	0.33%	12,000,000	9	0.26%
Mitchell, Amy E	19,727,200	9	0.31%	11,772,430	10	0.26%
Dallas Country Club	17,140,230	10	0.27%			
Corrigan Properties, Inc.			0.00%	14,931,960	6	0.33%
Trammell Crow			0.00%	12,670,000	8	0.28%
Total	\$ 422,077,039		6.73%	\$ 290,077,128		6.34%
Total Assessed Valuation	\$ 6,273,211,880		100.00%	\$ 4,573,579,178		100.00%

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*
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%	3,084	10,735,371	99.1%
2016	11,715,800	11,580,927	98.8%	3,269	11,584,196	98.9%
2017	12,686,330	12,564,113	99.0%	57,655	12,621,768	99.5%
2018	13,236,917	13,173,165	99.5%	21,538	13,194,703	99.7%
2019	13,805,559	13,677,917	99.1%	-	13,677,917	99.1%

*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, 2019
Unaudited

Governmental Unit	Gross Bonded Debt	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Town of Highland Park	\$ -	-	\$ -
Dallas County	151,495,000	2.58%	3,908,571
Dallas Community College District	182,800,000	2.51%	4,588,280
Dallas County Hospital District	862,670,000	2.58%	22,256,886
Dallas County Schools	36,801,240	2.78%	1,023,074
Dallas Independent School District	2,676,385,000	0.24%	6,423,324
Highland Park Independent School District	<u>375,565,000</u>	37.15%	<u>139,522,398</u>
	<u>\$ 4,285,716,240</u>		<u>\$ 177,722,533</u>
Total Direct and Overlapping Debt to Total Taxable Assessed Valuation			<u>2.83%</u>
Per Capita Overlapping Debt			<u>\$ 19,360</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, 2019.

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

Year	Estimated Population	Personal Income	Per Capita Personal Income	Unemployment Rate
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
2019	9,180	1,531,609,560	166,842	3.2

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

2019			2010		
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 9,180. 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: 2019 was obtained from the 2012 Economic Census and 2010 data was obtained from the 2007 Economic Census.

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

Fiscal Year	Commercial Construction*		Residential Construction*		Property Value**	
	Number of Permits	Value	Number of Permits	Value	Real Property	Personal Property
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
2019	19	15,979,770	1,062	***	7,622,177,870	99,755,280

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

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

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

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

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government	2.2	2.2	2.6	5.0	5.0	5.0	2.0	2.0	2.0	2.0
Public safety	69.0	69.0	69.0	69.0	69.0	69.0	70.0	70.5	73.0	73.0
Town services	-	-	-	-	-	-	3.0	3.0	3.0	3.0
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	1.8	2.0	1.0	1.0	1.0	1.0	1.0	1.0
Library	5.4	5.4	5.4	3.0	4.0	4.0	4.0	4.0	4.0	5.0
Parks	9.5	9.5	9.0	9.0	9.0	9.0	9.0	9.0	7.0	7.0
Municipal court	2.7	2.7	2.7	2.0	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	4.0	4.0	5.0	5.0
Service center	0.4	0.3	0.2	-	-	-	-	-	-	-
Information technology	-	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Utility administration	6.2	6.2	6.8	4.0	4.0	4.0	3.0	3.0	3.0	3.0
Water	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	5.4	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	-	-	-	-	-	-	-	-
Engineering	4.5	4.5	4.5	4.5	5.0	5.0	5.0	5.0	4.0	4.0
Stormwater administration	0.5	0.5	0.5	0.5	-	-	-	-	-	-
Total	120.6	120.5	120.5	118.0	118.0	118.0	119.0	119.5	121.0	122.0

Source: Official Town Budget

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

Function/Program	Fiscal Year			
	2010	2011	2012	2013
Administration				
Service Requests Processed	7,842	6,415	5,286	4,858
Public Safety				
Call Responses: Police	10,368	10,846	10,159	10,434
Call Responses: Fire	912	824	778	751
Call Responses: EMS	1,443	396	392	398
Citations Issued	7,871	8,410	8,099	9,189
Street				
Asphalt Repairs (Tons)	170	227	524	676
Storm Inlets	2,556	1,246	1,080	1,346
Library				
Total Circulation	60,444	58,377	57,171	43,814
Valid Library Cards	2,770	3,024	2,945	2,568
Swimming Pool				
Annual Passes Sold	1,680	1,590	1,501	1,523
Daily Passes Sold	2,325	2,881	2,554	3,260
Finance/Personnel				
Accounts Payable Checks Disbursed	3,581	3,489	3,128	3,150
Payroll Checks/ACH Disbursed	4,585	4,601	4,696	4,670
Building Inspection				
Total Inspections	2,654	2,838	3,088	3,121
Total Permits Issued	1,655	1,766	1,825	1,183
Water				
Meters Read	64,763	65,258	66,736	67,263
Meters Installed/Replaced	44	38	19	631
Sewer				
Service Calls	34	35	40	26
Mains Cleaned	871	920	1,087	533

Source: Town Departments

Fiscal Year					
2014	2015	2016	2017	2018	2019
5,479	4,483	4,744	4,103	4,434	4,389
9,744	10,352	10,945	10,530	10,137	9,281
914	812	815	621	717	824
386	399	417	369	366	379
8,069	7,958	9,596	12,054	11,505	11,695
335	554	300	250	295	250
1,224	1,536	1,400	1,518	1,400	1,425
43,964	45,588	47,449	47,317	44,398	48,148
2,359	2,456	2,577	2,739	2,570	2,100
1,467	1,344	1,360	1,365	1,381	1,223
2,100	2,752	3,059	2,540	2,608	2,487
3,533	3,378	3,450	3,160	2,870	2,953
4,375	4,001	4,026	3,963	3,995	4,366
2,982	3,924	4,449	4,347	4,633	4,611
1,922	1,862	1,865	1,748	1,742	1,640
65,665	66,302	66,777	66,136	67,542	66,451
453	537	252	107	449	577
50	54	29	22	25	22
665	562	522	585	458	464

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

Function/Program	Fiscal Year			
	2010	2011	2012	2013
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

2014	2015	2016	2017	2018	2019
1	1	1	1	1	1
1	1	1	1	1	1
3	3	3	3	3	3
3	3	3	3	3	3
10	10	10	10	10	10
42	42	42	42	42	42
1	1	1	1	1	1
22	22	22	22	22	22
8	8	8	8	8	8
1	1	1	1	1	1
40	40	40	40	40	40
252	252	252	252	252	252
37	37	37	37	37	37

