



THE TOWN OF

Highland Park

TEXAS



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2013

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TOWN OF HIGHLAND PARK, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2013

Prepared by:

Finance Department



TOWN OF HIGHLAND PARK
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1
Certificate of Achievement for Excellence in Financial Reporting	5
Organization Chart	6
Listing of Principal Officials	7
 FINANCIAL SECTION	
Independent Auditor's Report	11
Management's Discussion and Analysis	15
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	26
Statement of Activities	27
Fund Financial Statements:	
Balance Sheet – Governmental Funds	28
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	29
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	30
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	31
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	32
Statement of Net Position – Proprietary Funds	33
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	34
Statement of Cash Flows – Proprietary Funds	35
Notes to the Financial Statements	37
Required Supplementary Information	
Schedule of Funding Progress – Texas Municipal Retirement System	62
Combining and Individual Fund Financial Statements and Schedules	
Capital Projects Fund:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	66

TOWN OF HIGHLAND PARK
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

TABLE OF CONTENTS

	<u>Page</u>
FINANCIAL SECTION - continued	
Nonmajor Governmental Funds:	
Combining Balance Sheet	68
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	69
Internal Service Fund:	
Schedule of Changes in Equipment and Accumulated Depreciation – Equipment Replacement Fund	72
 STATISTICAL SECTION (UNAUDITED)	
Financial Trends	
Net Position by Component – Last Ten Years	74
Changes in Net Position – Last Ten Years	75
Governmental Activities Tax Revenues by Source – Last Ten Years	77
Fund Balances of Governmental Funds – Last Ten Years	78
Changes in Fund Balances of Governmental Funds – Last Ten Years	79
Revenue Capacity	
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Years	80
Property Tax Rates – Direct and Overlapping Governments – Last Ten Years	81
Principal Property Taxpayers – 2013 and 2004	82
Property Tax Levies and Collections – Last Ten Years	83
Debt Capacity	
Computation of Direct and Overlapping Debt	84
Legal Debt Margin Information	85
Demographic and Economic Information	
Demographic and Economic Statistics – Last Ten Years	86
Principal Employers – Current Year and Nine Years Ago	87
Construction and Property Values	88
Operating Information	
Full-Time Equivalent Employees by Function	89
Operating Indicators by Function – Last Ten Years	90
Capital Asset Statistics by Function – Last Ten Years	91

INTRODUCTORY SECTION



THE TOWN OF
Highland Park
TEXAS
4700 DREXEL DRIVE, HIGHLAND PARK, TEXAS 75205
Telephone (214) 521-4161

January 13, 2014

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, 2013, is hereby issued.

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

The Town's financial statements have been audited by Weaver & Tidwell LLP, Independent 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, 2013, 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 unqualified opinion that the Town's financial statements for the fiscal year ended September 30, 2013, 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 require 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 MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditor.

Profile of the Town

The Town was incorporated in 1913 and chartered as a home-rule city under Texas law in 1975. The Town is a fully developed upper-class residential community located in the heart of Dallas, just a few miles north of the Dallas central business district. The Town occupies approximately 2.2 square miles and serves a population of about 8,564. 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 Director of Administrative Services & 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 30th. 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 as well as the transfer of appropriations between departments 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 32.

Local economy

During the past several years, the Town has experienced similar economic challenges as other entities in our region, state and nation. Property tax revenues provide a greater portion of the Town's total governmental revenue stream than in most neighboring cities. Historically, the Town has realized strong property value growth year-to-year, and while property values did increase for fiscal year 2012-13, they remained slightly below the amount certified for fiscal year 2009-10. Since the property tax rate was unchanged from 2012, property tax revenues were 1.08% more than the prior year. 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 fees, a revenue stream which is an indicator of the economy, are up 4.0% from last year. Investment earnings have decreased 34.6% from the prior year. This reduction is partly related to the Town using available resources toward the renovation of the Town Hall facility. Sales tax revenue, normally another indicator of the economy, has increased \$28,930 (1.0%) during the year.

While Town Management remains optimistic that, overall these signs point to an improvement in the local economy, the Town is closely monitoring all local economic indicators with the intention of being able to respond as needed.

During the 2013 year, total revenues increased \$1,248,261 (4.5%) and total expenses increased \$1,345,119 (5.7%). The net position of the Town increased \$3,675,400 (4.8%). The increase in revenues is primarily attributed to contributions made by citizens during the year for landscaping improvements related to the Town Hall renovation project.

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, 2013, General Fund unassigned fund balance was \$3,203,691 and Enterprise Fund unrestricted net assets was \$2,493,350. The General Fund amount was 18.7% of current year non-capital expenditures, which is above the minimum fund balance level of 17% required by the Town Council. The enterprise fund balance was 39.7% of current year non-capital expenditures, which is above the minimum fund balance level of 25% prescribed by Council.

Town management, in conjunction with the Council, developed and adopted a formal Capital Improvement Plan (CIP) for the Town that was most recently adopted in fiscal year 2010-11. 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 in the funding of its capital program on a pay-as-you-go basis. The development of a formal CIP and the use of both general and utility fund balances in excess of the established minimums will each play a significant role in the Town's short-term and long-term financial strategies. During fiscal year 2013-14, an update to the CIP will be presented to the Town Council.

Major Initiatives

During the year, the Town continued work on the DPS Communications and Town Hall Remodeling Project, which is the largest renovation to date of the Town Hall complex. The Capital Improvement Plan multi-year budget for the project provides total funding of \$20,202,000 from the Capital Projects Fund. Municipal offices operated from a temporary location during the year to provide uninterrupted service to residents during construction. Construction should be complete and all offices will return to the Town Hall complex during the 2013-14 fiscal year.

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, 2012. This was the thirtieth 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.

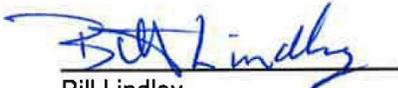
A Certificate of Achievement is valid for a period of one year. We believe that our CAFR for the current year also meets the requirements of the Certificate of Achievement program and are presenting it to the GFOA to determine its eligibility for another certificate.

The Town also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated October 1, 2011. 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.

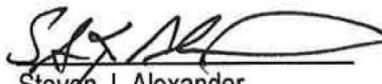
Acknowledgments

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
Chief Financial Officer



Bill Pollock
Assistant to the Town Administrator



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

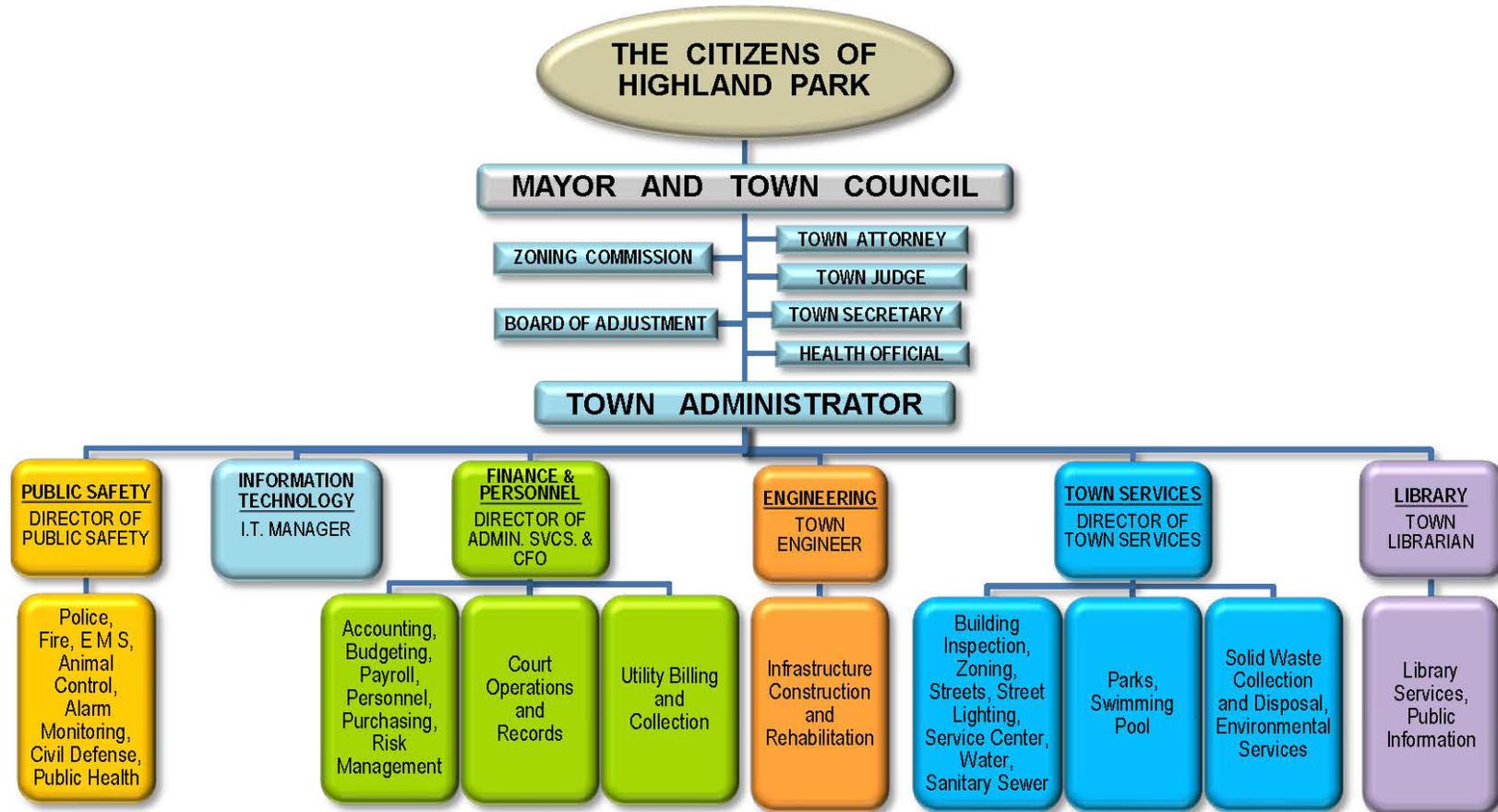
**Town of Highland Park
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO

**TOWN OF HIGHLAND PARK
ORGANIZATION CHART BY MANAGEMENT STRUCTURE**



DEPARTMENTAL ORGANIZATION CHART

<u>Function</u>	<u>Department Head</u>	<u>Department(s)</u>
Engineering	Town Engineer	Engineering
Finance & Personnel	Director of Administrative Services & CFO	Finance, Municipal Court, Utility Administration
Library	Town Librarian	Library
Public Safety	Director of Public Safety	Public Safety
Public Works, Parks & Sanitation	Director of Town Services	Building Inspection, Parks, Pool, Sanitation, Service Center, Sewer, Streets, Street Lighting, Water

LISTING OF PRINCIPAL OFFICIALS

Town Council

Joel T. Williams III, **Mayor**
Laurence W. Nixon, **Mayor Pro Tem**
Andrew Barr, **Council Member**
Will C. Beecherl, **Council Member**
Bob Carter, **Council Member**
Stephen Rogers, **Council Member**

Town Administrator

Bill Lindley

Town Attorney

Albert D. Hammack

Town Judge

Pat A. Robertson

Town Secretary

Gayle Kirby

Director of Administrative Services and CFO

Steven J. Alexander

Assistant to Town Administrator

Bill Pollock

Director of Public Safety

Chris Vinson

Director of Town Services

Ronnie Brown

Town Engineer

Meran Dadgostar

Town Librarian

Bonnie Case



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 Town of Highland Park (the Town) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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, 2013, 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 on pages 15–24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules 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 combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

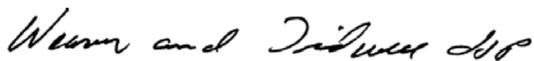
Town of Highland Park

Page 3

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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2014, on our consideration of the Town of Highland Park'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Weaver and Tidwell LLP".

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
January 9, 2014



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, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-4 of this report.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$79,967,011 (net position). Of this amount, \$18,825,452 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position increased a total of \$3,675,400, the result of operations.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$13,930,787, a decrease of (\$5,027,451) in comparison with the prior year. Approximately 23.0% of the reported combined ending fund balances, or \$3,203,691, 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 \$3,203,691 or 18.6% of total General Fund expenditures and the unrestricted net position for the Enterprise Fund was \$2,493,350, or 39.7% of total Enterprise Fund operating expenses.
- Total governmental capital outlay of \$8,418,334 was partially offset by the net gain from operations of the General Fund of \$983,018, but primarily funded through resources within the Capital Projects Fund set aside for that purpose.

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.

The government-wide financial statements can be found on pages 26-27 of this report.

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 three categories: governmental funds, proprietary funds, and fiduciary 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 and the Capital Projects Fund, which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major 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 and Capital Projects Fund. Budgetary comparison statements are provided for each fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 28-32 of this report.

Proprietary funds: The Town maintains two different types of proprietary funds. Enterprise funds are 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 and the collection and disposal of sanitary sewer. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for its fleet of vehicles 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 33-35 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 37-60 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. Also included is a budgetary comparison for the Capital Projects Fund, combining statements for the non-major governmental funds and the schedule of changes in equipment and accumulated depreciation for the internal service fund. This supplementary information may be found on pages 62 to 72.

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 exceeded liabilities by \$79,967,011 at the close of the most recent fiscal year.

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 21,004,456	\$ 23,663,027	\$ 3,584,183	\$ 3,069,398	\$ 24,588,639	\$ 26,732,425
Capital assets	42,861,512	36,283,176	18,280,047	17,422,351	61,141,559	53,705,527
Total assets	63,865,968	59,946,203	21,864,230	20,491,749	85,730,198	80,437,952
Current Liabilities	3,574,051	1,944,069	947,716	987,392	4,521,767	2,931,461
Long term liabilities	1,098,303	1,066,208	143,117	148,672	1,241,420	1,214,880
Total liabilities	4,672,354	3,010,277	1,090,833	1,136,064	5,763,187	4,146,341
Net position:						
Investment in capital assets	42,861,512	36,283,176	18,280,047	17,422,351	61,141,559	53,705,527
Unrestricted	16,332,102	20,652,750	2,493,350	1,933,334	18,825,452	22,586,084
Total net position	\$ 59,193,614	\$ 56,935,926	\$ 20,773,397	\$ 19,355,685	\$ 79,967,011	\$ 76,291,611

The largest portion of the Town's net position (76.5%) 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.

The remaining balance of \$18,825,452, unrestricted net position, may be used to meet the government's ongoing obligations to citizens and creditors.

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.

Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 4,459,173	\$ 4,172,221	\$ 8,640,478	\$ 8,237,561	\$ 13,099,651	\$ 12,409,782
Contributions	1,277,078	-	-	627,941	1,277,078	627,941
General revenues:						
Property taxes	9,744,640	9,640,285	-	-	9,744,640	9,640,285
Other taxes	4,077,593	4,147,833	-	-	4,077,593	4,147,833
Other	519,446	636,397	4,259	12,168	523,705	648,565
Total revenues	<u>20,077,930</u>	<u>18,596,736</u>	<u>8,644,737</u>	<u>8,877,670</u>	<u>28,722,667</u>	<u>27,474,406</u>
Expenses:						
General government	1,973,256	1,033,107	6,278,852	6,702,773	8,252,108	7,735,880
Public safety	10,575,157	10,214,838	-	-	10,575,157	10,214,838
Streets	1,175,073	1,117,699	-	-	1,175,073	1,117,699
Street lighting	237,734	206,703	-	-	237,734	206,703
Library	712,953	768,755	-	-	712,953	768,755
Parks	1,350,947	1,240,538	-	-	1,350,947	1,240,538
Swimming pool	199,939	192,559	-	-	199,939	192,559
Municipal court	329,474	319,953	-	-	329,474	319,953
Sanitation	1,073,427	1,039,230	-	-	1,073,427	1,039,230.00
Finance	733,642	473,970	-	-	733,642	473,970
Building inspection	406,813	392,023	-	-	406,813	392,023
Total expenses	<u>18,768,415</u>	<u>16,999,375</u>	<u>6,278,852</u>	<u>6,702,773</u>	<u>25,047,267</u>	<u>23,702,148</u>
Transfers in (out)	948,173	1,900,955	(948,173)	(1,900,955)	-	-
Increase in net position	<u>2,257,688</u>	<u>3,498,316</u>	<u>1,417,712</u>	<u>273,942</u>	<u>3,675,400</u>	<u>3,772,258</u>
Net position 10/1	56,935,926	53,437,610	19,355,685	19,081,743	76,291,611	72,519,353
Net position 9/30	<u>\$ 59,193,614</u>	<u>\$ 56,935,926</u>	<u>\$ 20,773,397</u>	<u>\$ 19,355,685</u>	<u>\$ 79,967,011</u>	<u>\$ 76,291,611</u>

For the fiscal year 2013, the Town's total net position increased \$3,675,400, the result of operations. Two primary factors causing increases in revenues included a 9% increase in water rates resulting in increased revenues in the utility fund and contributions made by residents to help fund landscaping improvements related to the Town Hall renovation project. While property tax revenue also increased, the increase 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 2012 and 2013.

Governmental activities: Governmental activities, excluding transfers, increased the Town's net position by \$1,309,515. This accounted for 35.6% of the total growth in the net position of the Town from operations.

Total revenues for fiscal year 2013 increased by \$1,481,194 (8.0%) from 2012. This increase was the combined result of an increase in charges for services of \$286,952 and an increase in contributions of \$1,277,078.

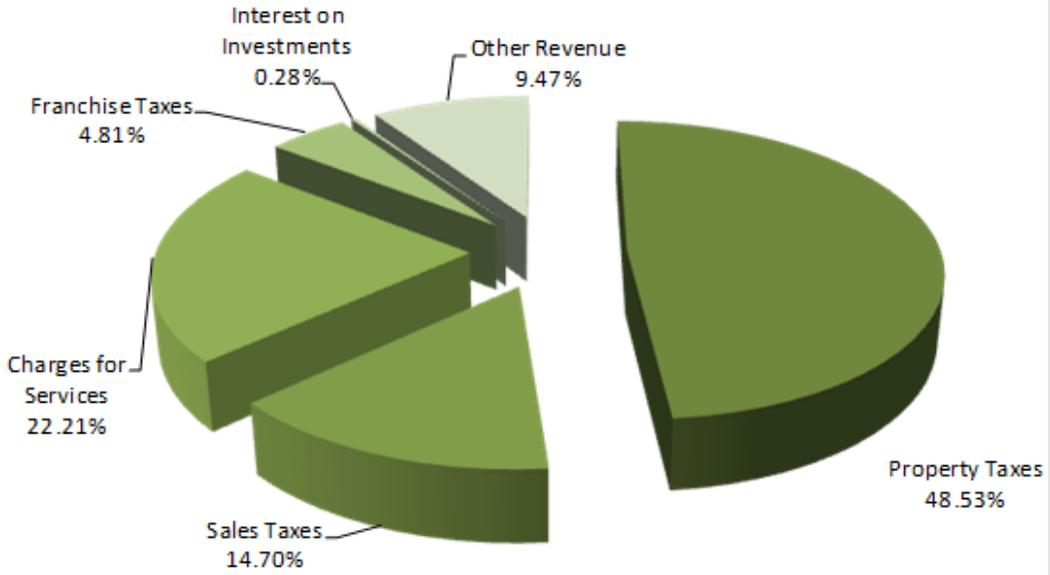
Total expenses increased \$1,769,040 (10.4%) from 2012. The primary reason for expenditures increasing in the General Fund, is that for fiscal year 2013 the Town changed how it accounted for administrative expenditures. In previous years, administrative expenditures of the Town were split between the General Fund and the Utility Fund based on an indirect cost allocation formula. For fiscal year 2013, the entire amount of administrative expenditures is being recognized in the General Fund and an inter-fund transfer is made from the Utility Fund to the General Fund for the indirect cost allocation. Additionally, since sanitation services are now accounted for within the General Fund, but billing and collection of that service is administered by the Utility Fund, the General Fund transfers funds, based on an indirect costs allocation formula, to the Utility Fund to fund a portion of utility administration. During fiscal year 2012, a new department, Information Technology (IT) was added to the General Fund and continues to be reported in General government expenses. Expenses of the IT Department this year were \$386,349.

Business-type activities: The revenue 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 out) increased \$2,365,885. Comparatively, the increase in the investment in business-type capital assets, net of depreciation, increased \$857,696 for the year.

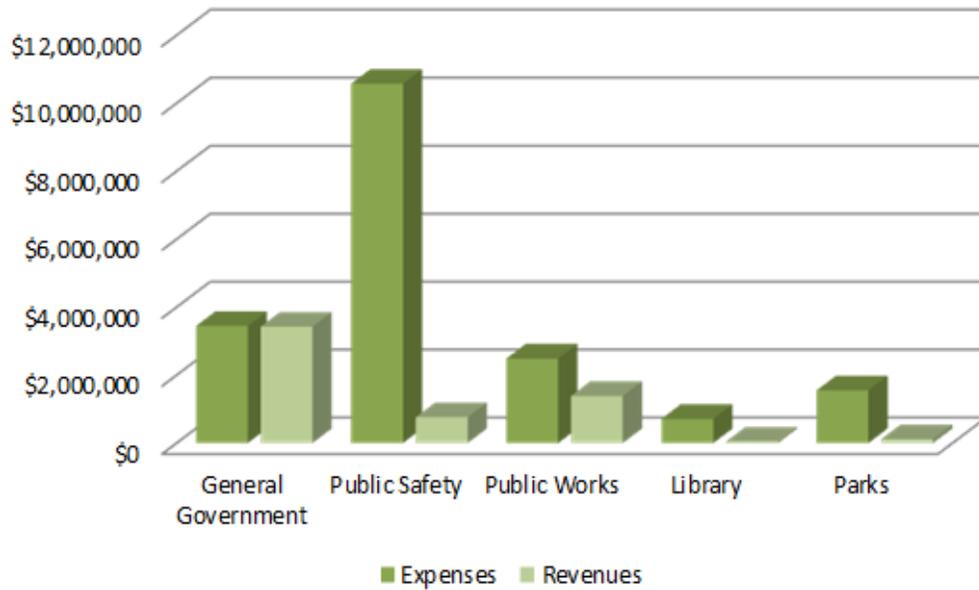
Total business-type revenues for 2013 decreased by \$232,933 (2.6%) from 2012 revenues. Charges for services increased by \$402,917. This increase is partly related to an increase in water rates that was implemented during the fiscal year.

Transfers: Transactions of a significant nature that did not impact the Town's total net position involved transfers made in conjunction with the prior year implementation of the Town's capital improvement program. Annually, the Utility Fund Transfers a portion of its current resources to the Town's Capital Improvement Fund. Additional, as previously mentioned, starting in 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 \$948,173 were made from business-type activities to governmental-type activities for these purposes.

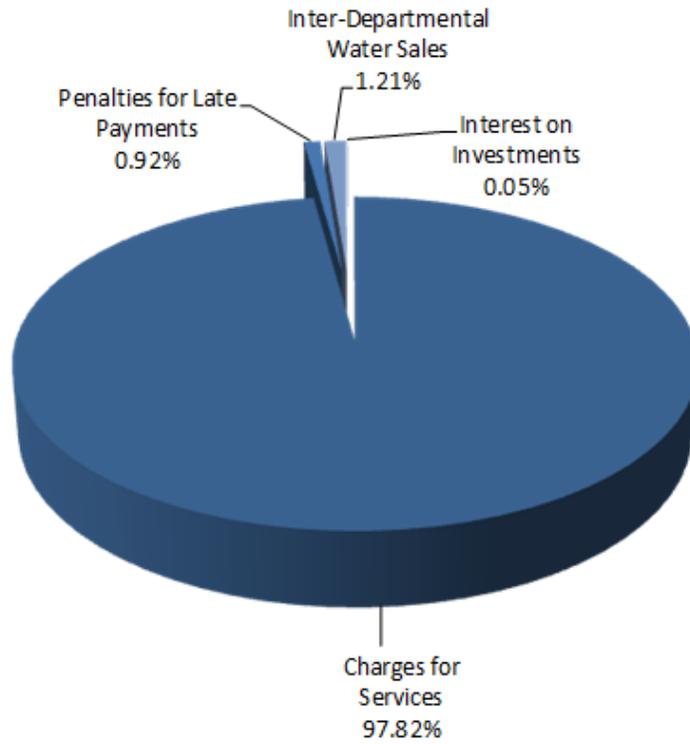
Revenues by Source - Governmental Activities



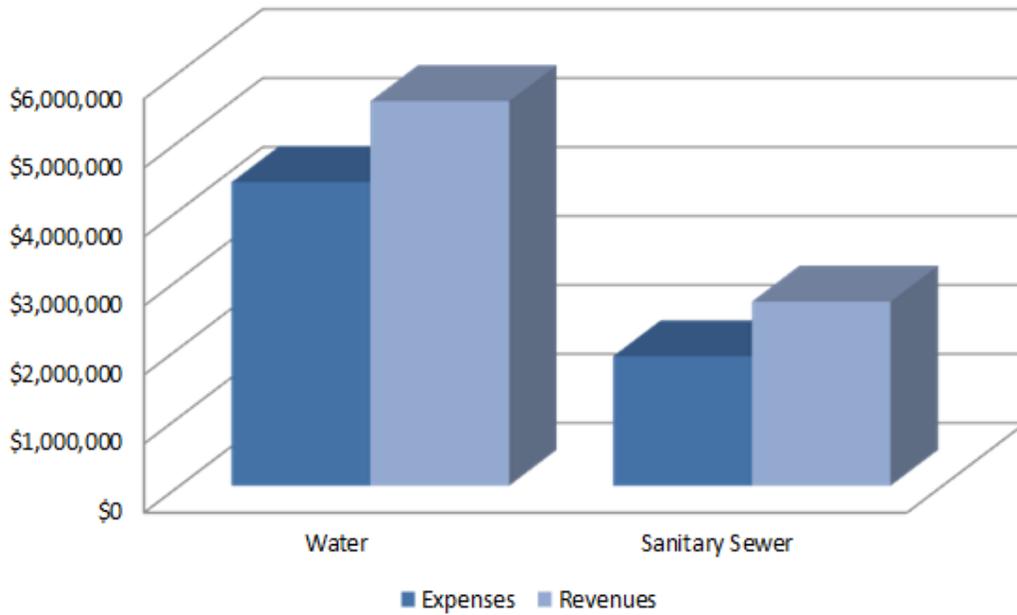
Expense and Program Revenues - Governmental Activities



Revenues by Source - Business-Type Activities



Expense and Program Revenues - Business-Type Activities



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 \$13,930,787, a decrease of (\$5,027,451) in comparison with the prior year. This decrease consists of the net result of activities described below for each of the individual governmental funds.

Approximately 23.0% of total fund balance (\$3,203,691) 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) non-spendable and is for inventory and prepaid items (\$148,728); 2) is restricted for special revenue funds and for use by the Library and Court (\$246,497); 3) committed for capital acquisition, storm water drainage improvements and employee disbursement (\$3,684,791); or 4) assigned to liquidate contracts and purchase orders of the prior period (\$6,647,080).

The General Fund is the primary operating fund of the Town. The total fund balance of the Town's General Fund decreased by \$450,810 during the current fiscal year; this was primarily the net result of (1) an excess of revenues over expenditures of \$983,018 (increase); (2) a budgeted transfer in the amount of \$2,370,098 from current revenues to the Capital Projects Fund (decrease); and (3) a transfer-in of \$934,262 from the Utility Fund for the purpose of funding the Utility Fund's portion of administrative costs related to Town operations; and (4) a sale of equipment that generated \$2,008 in revenue.

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 18.6% of total General Fund expenditures, while total fund balance represents 23.0% of that same amount.

The Capital Projects Fund ended the fiscal year with a total fund balance of \$9,165,289, all committed or assigned for capital acquisitions and projects. Of this amount, \$3,149,883 is restricted for capital acquisition.

The total fund balance of the Capital Projects Fund decreased by \$4,688,433 during the current fiscal year; this was the net result of (1) expenditures being higher than revenues by \$6,750,065 resulting in a decrease of fund balance (2) \$2,361,179 in transfers into the Capital Projects Fund (General Fund \$1,947,970 and the Enterprise Fund \$413,209); and (3) a transfer to the Utility Fund of \$299,547.

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 \$2,493,350, an increase of \$560,016. 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 was \$1,221,954 more than the original budget. This was the net result of (1) the adjustment for transfers to the Capital Projects Fund of \$880,000 (increase); (2) creation of an appropriation to transfer funds for the purpose of creating a Building Maintenance & Investment Fund in the amount of \$213,320 (increase); and (3) the establishment of an appropriation transferring funds committed to the Library Fund in the amount of \$128,634 (increase).

Actual fiscal year 2013 General Fund expenditures, excluding transfers, were \$456,756 (2.6%) 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, 2013 amounts to \$61,141,559 (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 \$7,436,032, or 13.8%.

Additional information on the Town's capital assets can be found in note 2 on pages 50-52 of this report.

Economic Factors and Next Year's Budgets and Rates

The preparation of the fiscal year 2013-14 Operating Budget continued to be impacted by the overall economic recession although the Town has seen slow signs of recovery. Property values, while not completely returning to pre-recession levels are improving, building activity and sales tax revenue continue to improve as well. Significant factors considered in preparing the budget include:

- Taxable property values for the 2013 tax year increased by \$152,614,112 (3.43%). As a result, property tax revenues will be higher due to the combination of a continued increase in values and the decision to keep the tax rate at \$0.22/\$100 of taxable assessed valuation.
- Sales taxes have increased \$28,930 (.99%) during 2013 over 2012, the result of stronger retail sales within the Town. While the growth in sales tax is not as substantial as what the Town experienced in fiscal year 2011-12, sales tax revenues continue to remain at the higher level received in the prior fiscal year with some modest growth. The Town is projecting sales tax revenue of \$3,100,000 for the 2014 budget year, a 12.7% increase over the 2013 budget.
- Water sales have increased \$143,390 (2.67%) during 2013 over 2012, and while the Town did see a decrease in usage during the year, the rate increase implemented during the fiscal year resulted in an overall increase in revenues.

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, TX 75205**

BASIC FINANCIAL STATEMENTS

TOWN OF HIGHLAND PARK
Statement of Net Position
September 30, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 12,420,241	\$ 441,837	\$ 12,862,078
Investments	7,248,264	1,419,081	8,667,345
Receivables (net of allowances for uncollectibles):	1,187,223	1,579,984	2,767,207
Inventory of Supplies	15,964	124,224	140,188
Prepaid Items	132,764	19,057	151,821
Total Current Assets	21,004,456	3,584,183	24,588,639
Noncurrent Assets			
Capital Assets:			
Land, Improvements and Construction in Progress	15,878,417	3,174,511	19,052,928
Other Capital Assets, Net of Accumulated Depreciation	26,983,095	15,105,536	42,088,631
Total Noncurrent Assets	42,861,512	18,280,047	61,141,559
Total Assets	\$ 63,865,968	\$ 21,864,230	\$ 85,730,198
LIABILITIES			
Current Liabilities:			
Vouchers Payable	\$ 1,396,100	\$ 483,409	\$ 1,879,509
Retainage Payable	738,071	103,216	841,287
Accrued Liabilities	1,105,408	156,335	1,261,743
Deposits	51,572	188,336	239,908
Noncurrent Liabilities Due Within One Year	282,900	16,420	299,320
Total Current Liabilities	3,574,051	947,716	4,521,767
Noncurrent Liabilities:			
Due in More Than One Year	1,098,303	143,117	1,241,420
Total Liabilities	4,672,354	1,090,833	5,763,187
NET POSITION			
Investment in Capital Assets	42,861,512	18,280,047	61,141,559
Unrestricted	16,332,102	2,493,350	18,825,452
Total Net Position	\$ 59,193,614	\$ 20,773,397	\$ 79,967,011

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

TOWN OF HIGHLAND PARK
Statement of Activities
For the fiscal year ended September 30, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business - Type Activities	Total
Primary government:							
Governmental Activities:							
General Government	\$ 1,973,256	\$ 376,083	\$ 66,752	\$ 1,175,308	\$ (355,113)	\$ -	\$ (355,113)
Department of Public Safety	10,575,157	761,759	-	-	(9,813,398)	-	(9,813,398)
Street Department	1,175,073	144,332	-	-	(1,030,741)	-	(1,030,741)
Street Lighting Department	237,734	-	-	-	(237,734)	-	(237,734)
Library	712,953	10,512	35,018	-	(667,423)	-	(667,423)
Parks Department	1,350,947	10,520	-	-	(1,340,427)	-	(1,340,427)
Swimming Pool	199,939	105,095	-	-	(94,844)	-	(94,844)
Sanitation	1,073,427	1,242,590	-	-	169,163	-	169,163
Municipal Court	329,474	845,028	-	-	515,554	-	515,554
Finance Department	733,642	-	-	-	(733,642)	-	(733,642)
Building Inspection Department	406,813	963,254	-	-	556,441	-	556,441
Total governmental activities	18,768,415	4,459,173	101,770	1,175,308	(13,032,164)	-	(13,032,164)
Business-type activities:							
Enterprise	6,278,852	8,640,478	-	-	-	2,361,626	2,361,626
Total business-type activities	6,278,852	8,640,478	-	-	-	2,361,626	2,361,626
Total primary government	\$ 25,047,267	\$ 13,099,651	\$ 101,770	\$ 1,175,308	\$ (13,032,164)	\$ 2,361,626	\$ (10,670,538)
General Revenues:							
Property Taxes					\$ 9,744,640	\$ -	\$ 9,744,640
Sales Taxes					2,952,203	-	2,952,203
Other Taxes					160,250	-	160,250
Franchise Taxes					965,140	-	965,140
Penalties and Interest on Taxes					46,903	-	46,903
Interest on Investments					56,257	4,259	60,516
Miscellaneous					416,286	-	416,286
Transfers					948,173	(948,173)	-
Total general revenues and transfers					15,289,852	(943,914)	14,345,938
Change in Net Position					2,257,688	1,417,712	3,675,400
Net Position - Beginning of Year					56,935,926	19,355,685	76,291,611
Net Position - End of Year					\$ 59,193,614	\$ 20,773,397	\$ 79,967,011

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

TOWN OF HIGHLAND PARK
Balance Sheet - Governmental Funds
September 30, 2013

	General	Capital Projects	Non-Major	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 2,443,699	\$ 7,503,711	\$ 804,578	\$ 10,751,988
Investments	2,248,590	3,249,842	-	5,498,432
Receivables (net of allowances for uncollectibles)-				
Interest	2,565	4,194	-	6,759
Taxes	956,892	-	-	956,892
Other	91,859	-	-	91,859
Fines	130,939	-	-	130,939
Inventory of Supplies	15,964	-	-	15,964
Prepaid Items	132,511	-	253	132,764
Total Assets	<u>\$ 6,023,019</u>	<u>\$ 10,757,747</u>	<u>\$ 804,831</u>	<u>\$ 17,585,597</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Vouchers Payable	\$ 533,391	\$ 860,224	\$ 420	\$ 1,394,035
Retainage Payable	-	732,234	5,837	738,071
Accrued Liabilities	1,105,408	-	-	1,105,408
Deposits	51,572	-	-	51,572
Deferred Revenue				
Property Taxes	193,611	-	-	193,611
Ambulance	41,174	-	-	41,174
Fines	130,939	-	-	130,939
Total Liabilities	<u>2,056,095</u>	<u>1,592,458</u>	<u>6,257</u>	<u>3,654,810</u>
FUND BALANCES				
Nonspendable				
Inventory of Supplies	15,964	-	-	15,964
Prepaid Items	132,511	-	253	132,764
Restricted				
Crime Prevention	-	-	496	496
Court Technology	-	-	73,709	73,709
Court Security	-	-	8,444	8,444
Library	-	-	163,848	163,848
Committed				
Capital Acquisition	-	3,149,883	-	3,149,883
Stormwater Drainage Improvements	-	-	531,177	531,177
Employee Christmas Fund	-	-	3,731	3,731
Assigned				
Capital Projects	-	6,015,406	-	6,015,406
Drainage	-	-	16,916	16,916
Other	614,758	-	-	614,758
Unassigned	<u>3,203,691</u>	<u>-</u>	<u>-</u>	<u>3,203,691</u>
Total Fund Balances	<u>3,966,924</u>	<u>9,165,289</u>	<u>798,574</u>	<u>13,930,787</u>
Total Liabilities and Fund Balances	<u>\$ 6,023,019</u>	<u>\$ 10,757,747</u>	<u>\$ 804,831</u>	<u>\$ 17,585,597</u>

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, 2013

Total fund balances -- governmental funds \$ 13,930,787

Amounts reported for governmental activities in the statement of net position
 are different because:

Capital assets of \$65,056,688 net of accumulated depreciation of \$22,195,176 used in
 governmental activities are not financial resources and therefore are not reported as
 assets in governmental funds. 42,861,512

Revenues have been recognized in the government-wide financial statements but are
 deferred as liabilities at the fund level as follows:

Property Taxes	\$ 193,611	
Ambulance Fees	41,174	
Court Fines	<u>130,939</u>	
		365,724

Long term liabilities related to compensated absences are recognized on the government-
 wide financial statements and not at the fund level. (1,006,933)

Long term liabilities related to other post employment benefits are recognized on the
 government-wide financial statements and not at the fund level. (374,270)

An internal service fund is used by the Town's management:

The assets and liabilities of the internal service fund are included with governmental
 activities. The net property of \$3,814,739 as it relates to the internal service funds
 is included in the capital asset amount above. 3,416,794

Total Net Position--governmental activities \$ 59,193,614

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

TOWN OF HIGHLAND PARK
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the fiscal year ended September 30, 2013

	General	Capital Projects	Non-Major	Total Governmental Funds
REVENUES				
Property Taxes	\$ 9,689,485	\$ -	\$ -	\$ 9,689,485
Sales Taxes	2,952,203	-	-	2,952,203
Other Taxes	160,250	-	-	160,250
Franchise Fees	965,140	-	-	965,140
Penalties and Interest	46,903	-	-	46,903
Licenses and Permits	1,041,353	-	-	1,041,353
Service Fees	2,520,804	-	407,666	2,928,470
Fines and Forfeits	442,995	-	-	442,995
Interest on Investments	18,651	30,479	756	49,886
Contributions	51,961	1,175,308	49,809	1,277,078
Miscellaneous	336,067	-	36,991	373,058
Total Revenues	18,225,812	1,205,787	495,222	19,926,821
EXPENDITURES				
Current-				
General Government	1,688,863	-	133,798	1,822,661
Department of Public Safety	10,289,647	-	-	10,289,647
Street Department	362,468	-	-	362,468
Street Lighting Department	199,859	-	-	199,859
Library	639,355	-	-	639,355
Parks Department	1,267,715	-	-	1,267,715
Swimming Pool	168,316	-	-	168,316
Municipal Court	303,930	-	12,040	315,970
Finance Department	731,295	-	-	731,295
Building Inspection Department	405,514	-	-	405,514
Sanitation	1,069,999	-	-	1,069,999
Capital Outlay	115,833	7,955,852	346,649	8,418,334
Total Expenditures	17,242,794	7,955,852	492,487	25,691,133
Excess (Deficiency) of Revenues Over (Under) Expenditures	983,018	(6,750,065)	2,735	(5,764,312)
OTHER FINANCING SOURCES (USES)				
Transfers In	934,262	2,361,179	128,634	3,424,075
Transfers Out	(2,370,098)	(299,547)	(19,577)	(2,689,222)
Proceeds from Sale of Assets	2,008	-	-	2,008
Net Other Financing Sources (Uses)	(1,433,828)	2,061,632	109,057	736,861
Net Change in Fund Balances	(450,810)	(4,688,433)	111,792	(5,027,451)
FUND BALANCES, beginning of year	4,417,734	13,853,722	686,782	18,958,238
FUND BALANCES, end of year	\$ 3,966,924	\$ 9,165,289	\$ 798,574	\$ 13,930,787

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 Balances of Governmental Funds
to the Statement of Activities
For the year ended September 30, 2013

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances--total governmental funds	\$ (5,027,451)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$8,369,179) exceeded depreciation (\$1,398,772) in the current period.	6,970,407
Revenues in the statement of activities reported on the accrual method differ from amounts reported at the fund level on the modified accrual basis as follows:	
Property Taxes	55,155
Ambulance Fees	<u>46,355</u>
	101,510
Expenditures related to the long-term liability for compensated absences are recognized in the government-wide financial statements.	6,003
The disposal of capital assets is not recognized in the governmental funds	(2,130)
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 the internal service fund is reported with governmental activities.	<u>269,482</u>
Change in net position of governmental activities	<u>\$ 2,317,821</u>

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

TOWN OF HIGHLAND PARK
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the year ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance -</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Positive</u> <u>(Negative)</u>
REVENUES				
Property Taxes	\$ 9,708,765	\$ 9,708,765	\$ 9,689,485	\$ (19,280)
Sales Taxes	2,750,000	2,750,000	2,952,203	202,203
Other Taxes	136,000	136,000	160,250	24,250
Franchise Fees	1,081,000	1,081,000	965,140	(115,860)
Penalties and Interest	60,000	60,000	46,903	(13,097)
Licenses and Permits	980,425	980,425	1,041,353	60,928
Service Fees	2,514,925	2,514,925	2,520,804	5,879
Fines and Forfeits	348,700	348,700	442,995	94,295
Interest on Investments	12,200	12,200	18,651	6,451
Contributions	15,000	10,000	51,961	41,961
Miscellaneous	331,500	319,500	336,067	16,567
Total Revenues	<u>17,938,515</u>	<u>17,921,515</u>	<u>18,225,812</u>	<u>304,297</u>
EXPENDITURES				
Current-				
General Government	1,936,880	1,928,970	1,688,863	240,107
Department of Public Safety	10,298,725	10,298,725	10,289,647	9,078
Street Department	377,805	377,805	362,468	15,337
Street Lighting Department	264,850	264,850	199,859	64,991
Library	662,365	662,555	639,355	23,200
Parks Department	1,280,840	1,280,840	1,267,715	13,125
Swimming Pool	168,445	168,445	168,316	129
Municipal Court	294,285	293,725	303,930	(10,205)
Finance Department	732,875	732,875	731,295	1,580
Building Inspection Department	415,530	412,660	405,514	7,146
Sanitation	1,091,550	1,090,200	1,069,999	20,201
Capital Outlay	175,400	187,900	115,833	72,067
Total Expenditures	<u>17,699,550</u>	<u>17,699,550</u>	<u>17,242,794</u>	<u>456,756</u>
Excess of Revenues Over Expenditures	<u>238,965</u>	<u>221,965</u>	<u>983,018</u>	<u>761,053</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	990,025	990,025	934,262	(55,763)
Transfers Out	(1,154,655)	(2,376,609)	(2,370,098)	6,511
Sale of Assets	-	3,500	2,008	(1,492)
Net Other Financing Sources (Uses)	<u>(164,630)</u>	<u>(1,383,084)</u>	<u>(1,433,828)</u>	<u>(50,744)</u>
Net Change in Fund Balances	74,335	(1,161,119)	(450,810)	710,309
FUND BALANCES, beginning of year	<u>4,417,734</u>	<u>4,417,734</u>	<u>4,417,734</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 4,492,069</u>	<u>\$ 3,256,615</u>	<u>\$ 3,966,924</u>	<u>\$ 710,309</u>

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

TOWN OF HIGHLAND PARK
Proprietary Funds
Statement of Net Position
September 30, 2013

	<u>Business-Type Activities - Enterprise Fund</u>	<u>Governmental Activities - Internal Service Funds</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 441,837	\$ 1,668,253
Investments	1,419,081	1,749,832
Receivables (net of allowance for uncollectibles)-		
Water, Sewer and Garbage-		
Billed	1,128,311	-
Unbilled	446,589	-
Other	1,588	-
Interest	3,496	774
Inventory of Supplies	124,224	-
Prepaid Items	19,057	-
Total Current Assets	<u>3,584,183</u>	<u>3,418,859</u>
NON-CURRENT ASSETS		
Land	238,750	-
Buildings	20,197	-
Improvements Other Than Buildings	22,389,153	-
Vehicles and Rolling Stock	-	4,331,679
Machinery and Equipment	685,274	3,308,134
Office Furniture and Equipment	36,038	-
Construction in Progress	2,935,761	50,596
	<u>26,305,173</u>	<u>7,690,409</u>
Less Accumulated Depreciation	<u>(8,025,126)</u>	<u>(3,875,670)</u>
Capital Assets, Net of Accumulated Depreciation	<u>18,280,047</u>	<u>3,814,739</u>
Total Assets	<u>\$ 21,864,230</u>	<u>\$ 7,233,598</u>
LIABILITIES		
Current Liabilities-		
Vouchers Payable	\$ 483,409	\$ 2,065
Retainage Payable	103,216	-
Accrued Liabilities	156,335	-
Deposits	188,336	-
Compensated absences- current	16,420	-
Total Current Liabilities	<u>947,716</u>	<u>2,065</u>
Noncurrent Liabilities		
OPEB	52,020	-
Compensated absences	91,097	-
Total Noncurrent Liabilities	<u>143,117</u>	<u>-</u>
Total Liabilities	<u>1,090,833</u>	<u>2,065</u>
NET POSITION		
Investment in Capital Assets	18,280,047	3,814,739
Unrestricted	2,493,350	3,416,794
Total Net Position	<u>\$ 20,773,397</u>	<u>\$ 7,231,533</u>

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

TOWN OF HIGHLAND PARK
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the year ended September 30, 2013

	<u>Business-Type Activities - Enterprise Fund</u>	<u>Governmental Activities - Internal Service Funds</u>
OPERATING REVENUES		
Water Sales	\$ 5,471,967	\$ -
Sewer Services	2,668,813	-
New Connections	43,700	-
Plumbing Permits	62,195	-
Penalties for Late Payments	79,248	-
Inter-Departmental Water Sales	104,132	-
Charges for Services	-	794,291
Miscellaneous	210,423	-
	<hr/>	<hr/>
Total Operating Revenues	8,640,478	794,291
OPERATING EXPENSES		
Personnel Services	1,528,168	-
Materials and Supplies	2,825,081	-
Services and Charges	1,232,577	441
Depreciation	693,026	785,279
	<hr/>	<hr/>
Total Operating Expenses	6,278,852	785,720
Operating Income	<hr/>	<hr/>
	2,361,626	8,571
NONOPERATING REVENUES (EXPENSES)		
Interest	4,259	6,371
Gain on Sale of Assets	-	3,360
	<hr/>	<hr/>
Total Nonoperating Revenues	4,259	9,731
Income before Transfers and Capital Contributions	2,365,885	18,302
Transfers in	379,721	213,320
Transfers out	(1,327,894)	-
Contributions of Capital Assets	-	37,860
	<hr/>	<hr/>
Change in Net Position	1,417,712	269,482
NET POSITION, beginning of year	19,355,685	6,962,051
	<hr/>	<hr/>
NET POSITION, end of year	\$ 20,773,397	\$ 7,231,533
	<hr/>	<hr/>

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

TOWN OF HIGHLAND PARK
Proprietary Funds
Statement of Cash Flows
For the fiscal year ended September 30, 2013

	Business-Type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers and users	\$ 8,623,424	\$ 794,291
Payments from services provided	-	(4,100)
Cash payments to suppliers	(4,151,355)	(441)
Cash payments to employees	(1,539,244)	-
Net cash provided by operating activities	2,932,825	789,750
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers in	379,721	213,320
Transfers out	(1,327,894)	-
Net cash used for noncapital financing activities	(948,173)	213,320
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(1,550,722)	(357,478)
Proceeds from sale of capital assets	-	3,360
Net cash used for capital and related financing activities	(1,550,722)	(354,118)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investment securities	(850,000)	(1,500,000)
Proceeds from sale and maturities of investment securities	148,269	1,509,545
Interest and dividends received on investments	2,491	9,376
Net cash provided by (used for) investing activities	(699,240)	18,921
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(265,310)	667,873
CASH AND CASH EQUIVALENTS, beginning of year	707,147	1,000,380
CASH AND CASH EQUIVALENTS, end of year	\$ 441,837	\$ 1,668,253
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income	\$ 2,361,626	\$ 8,571
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	693,026	785,279
Increase in inventory	(41,011)	-
Accounts receivable	(29,159)	-
Other assets	(6,426)	-
Accounts payable and accrued liabilities	(46,260)	(4,100)
Compensated absences payable	(34,283)	-
Other post-employment benefits	23,207	-
Deposits	12,105	-
Total adjustments	571,199	781,179
Net cash provided by operating activities	\$ 2,932,825	\$ 789,750
NONCASH INVESTING, CAPITAL AND RELATED ACTIVITIES:		
Contribution of capital assets	\$ -	\$ 37,860

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



TOWN OF HIGHLAND PARK
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting and reporting policies of the Town of Highland Park, Texas (the "Town"), relating to the financial statements for the year ended September 30, 2013, conform to generally accepted accounting principles for local governmental units. The more significant accounting policies are summarized below.

A. 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.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the Town. 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.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are 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, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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.

The Town reports the following major governmental funds:

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

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

The Town reports the following non-major governmental funds:

Special Revenue Funds - The Town's Special Revenue Funds are used to account for revenue sources that are legally restricted to expenditures for specified purposes.

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

Employee Christmas Fund - The Employee Christmas Fund accounts for the collection of unsolicited contributions of citizens and the distribution to the Town's employees.

Forfeited Property Fund - The 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.

**TOWN OF HIGHLAND PARK
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

The Town reports the following major proprietary funds:

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 and solid waste for its citizens.

Additionally, the government reports the following fund types:

Internal Service Fund – The Internal Service Fund is 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.

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.

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.

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.

**TOWN OF HIGHLAND PARK
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

D. 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. The 2012-2013 proposed budget was filed on August 27, 2012.
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. The 2012-2013 budget hearing was held on September 10, 2012.
5. Prior to September 30, the budget is legally enacted through passage of an ordinance. The 2012-2013 budget was approved September 10, 2012 through passage of Ordinance No. 1894.
6. Amendments to the budget are made at regularly scheduled Town Council meetings with notice of public hearing posted three days prior to the meeting.
7. The Town's budget is a line-item budget. Overall control is the responsibility of the Town Administrator with each respective department head being responsible for the administration of their departmental budgets. The department head has the flexibility of transferring appropriations between line items within the department as long as the total departmental appropriations are not exceeded. The exception to this policy is that no recognized salary or capital budgetary savings can be transferred without prior authorization of the Town Administrator.
8. Encumbrances outstanding at the end of the year that the Town intends to pay during the next year are appropriated in next year's budgeted expenditures as appropriations expire at year-end.
9. Formal budgetary integration is employed as a management control device during the current year for the General Fund, Enterprise Fund, and Equipment Replacement Fund (Internal Service Fund).
10. The legally adopted budget for the General Fund and Capital Projects Fund are adopted on the modified accrual basis of accounting as described in Note 1.C. Budgeted amounts are as amended.

TOWN OF HIGHLAND PARK
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Amendments to the General Fund budget were not material to the original appropriations. 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.

E. Deposits, Investments and Investment Policies

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. Though authorized for a variety of investment instruments, the Town invests solely in United States Agency Securities and a local government investment pool. Investments are held until maturity or until market values equal or exceed cost.

In accordance with GASB Statement No. 31, 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 a cost base measure. Participating investments with a remaining maturity at date of purchase of more than one year are reported at fair value.

In applying GASB Statement No. 31, the Town utilizes the following methods and assumptions:

- 1) Fair value is based on quoted market prices as of the valuation date;
- 2) The portfolio did not hold investments in any of the following:
 - a) Items required to be reported at amortized cost,
 - b) Items in external pools that are not SEC-registered,
 - c) Items subject to involuntary participation in an external pool,
 - d) Items associated with a fund other than the fund to which the income is assigned;
- 3) Any unrealized gain/loss resulting from the valuation is recognized in the respective funds that participate in the Town's investment pool;

**TOWN OF HIGHLAND PARK
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

- 4) 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 Retained Earnings 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, 2013, as reflected in the financial statements, is:

	Governmental and Business-Type Activities
Cash/Demand Deposits	\$ 2,000,115
Investment Pools	10,861,963
Total	\$ 12,862,078

The Town's deposits are insured by the Federal Deposit Insurance Corporation (FDIC), collateralized with securities pledged to the Town, and held in the Town's name by Frost Bank and PlainsCapital. The fair value of these securities at year-end and insurance was \$7,474,951 and \$5,271,507 for Frost Bank and Plains Capital, respectively. The bank balance for both banks at year-end was \$628,448 and \$1,535,638.

The Town's investments are categorized to give an indication of the level of risk assumed at year-end. Category 1 included U.S. government and federal agency securities that are held by the Town's agent in the Town's name. The Town had no Category 2 or Category 3 investments.

	Carrying Value	Fair Value
Federal Agency Securities	\$ 7,177,345	\$ 7,177,345
Certificate of deposit	1,490,000	1,490,000
Investment Pools (included as cash and cash equivalents per combined balance sheet)	10,861,963	10,861,963
Total Investments	\$ 19,529,308	\$ 19,529,308

Maturities at September 30, 2013, were as follows:

Cash and Cash Equivalents	\$ 10,861,963
3 months to 2 years	8,667,345
Total	\$ 19,529,308

**TOWN OF HIGHLAND PARK
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
U. S. Treasury Obligations	3 Years	100%	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	25%	None
Fully Collateralized Certificates of Deposit	3 Years	25%	50%
SEC-Regulated No-Load MoneyMarket Mutual Fund (per Fund)	3 Years	25%	50%

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.

The Act also requires the Town to have independent auditors perform test procedures related to investment practices as provided by the Act. The Town is in substantial compliance with the requirements of the Act and with local policies.

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. September 30, 2013, the Town did not invest in any securities which are highly sensitive to interest rate fluctuations.

**TOWN OF HIGHLAND PARK
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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. Presented below is the minimum rating required by (where applicable) the Public Funds Investment Act, the Town's investment policy, or debt agreements, and the actual rating as of year end for each investment type. As of September 30, 2013, the Town had the following investments:

Investment Type	Amount	Weighted Average Maturity	Minimum Legal Rating	Rating as of Year End
LOGIC	\$ 10,861,963	63 Days	AAA	AAAm
Cerificates of deposit	1,490,000	176 Days	N/A	N/A
U. S. Government Securities:				
Federal Home Loan Mortgage Corporation	\$ 1,000,295			AA+
Federal Home Loan Bank	2,966,904			AA+
Federal National Mortgage Association	708,456			AA+
Federal Farm Credit Bank	2,501,690			AA+
Total U.S. Government Securities	<u>7,177,345</u>	395 Days		
Total Primary Government	<u>\$ 19,529,308</u>			

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 50% of the total investment portfolio will be invested in any one security type or with a single financial institution. 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, 2013, the Town's deposits with its financial institution in excess of federal depository insurance limits were fully collateralized.

TOWN OF HIGHLAND PARK
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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, 2013, the Town had no custodial credit risk on its investments.

Investment in State Investment Pools - During the year the Town invested in a public fund investment pool (LOGIC). Investments in the pool are not categorized in accordance with GASB Statement No. 3 disclosure requirements since the Town has not issued certificates, but rather it owns an individual beneficial interest in the net position of the related investment pool. The fair value of the position of the pool is designed to approximate the share value.

LOGIC - LOGIC'S governing body is a six-member board of directors comprised of individuals who are employees, officers, or elected officials of participants in the fund or who do not have a business relationship with the fund and are qualified to advise. A maximum of two advisory board members will supplement the board and will be employees or members of the firm providing managerial services to the fund and will represent the general manager of the fund. LOGIC is administered by First Southwest Asset Management, Inc. and JP Morgan Chase.

**TOWN OF HIGHLAND PARK
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

F. Receivables

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

	<u>General</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Internal Service</u>	<u>Total</u>
Receivables:					
Water, sewer and garbage					
Billed	\$ -	\$ -	\$ 1,133,637	\$ -	\$ 1,133,637
Unbilled	-	-	446,589	-	446,589
Interest	2,565	4,194	3,496	774	11,029
Property Taxes	217,855	-	-	-	217,855
Sales Taxes	474,660	-	-	-	474,660
Mixed Beverage Taxes	43,633	-	-	-	43,633
Franchise Taxes	244,990	-	-	-	244,990
Other	136,582	-	1,588	-	138,170
Fines and Forfeitures	130,939	-	-	-	130,939
Gross receivables	1,251,224	4,194	1,585,310	774	2,841,502
Less: allowance for uncollectibles	(68,969)	-	(5,326)	-	(74,295)
Net total receivables	<u>\$ 1,182,255</u>	<u>\$ 4,194</u>	<u>\$ 1,579,984</u>	<u>\$ 774</u>	<u>\$ 2,767,207</u>

G. 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.

H. 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.

I. 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 historical cost when determinable, or estimated historic costs based on appraisals or other acceptable methods. Gifts or contributions of property and equipment are recorded at fair market value at time of receipt. 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.

**TOWN OF HIGHLAND PARK
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Improvements Other Than Buildings	12 - 20
Machinery and Equipment	5 - 20
Office Furniture and Equipment	10
Computer Equipment	3 - 5
Police Sedans	1 - 2
Pickups/Small Trucks	5
Medium/Heavy Trucks	6 - 7
Fire Apparatus	15

J. 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. Accumulated personnel leave is accrued in the Enterprise Fund as current liabilities based upon unpaid amounts as of September 30, 2013, that must be paid by December 31, 2013, and amounts that become vested as of September 30, 2013, 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.

K. 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.

L. Fund Balance

In fiscal year 2011, the Town adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing government fund type definitions. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54 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, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

L. Fund Balance – continued

In accordance with GASB 54, 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. This classification includes retirement of long term debt, construction programs, and other federal and state grants.

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 resolution passed by the Town Council.

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

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

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

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

M. 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 and are due and payable on or before January 31 of the following year. The Town bills and collects its own property taxes. The property tax revenues are recognized when levied to the extent that they result in current receivables under policies as described in Note 1.C. 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, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

N. Expenditure Allocations

The expenditures of the service center department of the General Fund is allocated to other departments (in both General and Enterprise Funds) of the Town based upon actual usage and percentage usage calculations for each department. The reallocation to the Enterprise Fund amounted to \$30,094 of service center expenditures during fiscal year 2013.

**TOWN OF HIGHLAND PARK
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

2. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
General Capital Assets:				
Capital Assets, not Being Depreciated:				
Land	\$ 4,193,026	\$ -	\$ -	\$ 4,193,026
Work in Progress	3,599,485	8,035,310	-	11,634,795
Total General Capital Assets, not being Depreciated	<u>7,792,511</u>	<u>8,035,310</u>	<u>-</u>	<u>15,827,821</u>
Capital Assets, Being Depreciated:				
Buildings	5,019,716	-	-	5,019,716
Capital Improvements	34,411,708	293,136	-	34,704,844
Furniture and Fixtures	58,287	10,884	-	69,171
Office Equipment	195,157	-	-	195,157
Machinery and Equipment	1,555,393	29,849	(35,672)	1,549,570
Total General Capital Assets Being Depreciated	<u>41,240,261</u>	<u>333,869</u>	<u>(35,672)</u>	<u>41,538,458</u>
Less Accumulated Depreciation for:				
Buildings	(875,593)	(101,076)	-	(976,669)
Capital Improvements	(14,659,719)	(1,178,612)	-	(15,838,331)
Furniture and Fixtures	(58,287)	(1,673)	-	(59,960)
Office Equipment	(195,157)	(1,500)	-	(196,657)
Machinery and Equipment	(1,165,520)	(115,911)	33,542	(1,247,889)
Total Accumulated Depreciation	<u>(16,954,276)</u>	<u>(1,398,772)</u>	<u>33,542</u>	<u>(18,319,506)</u>
Total General Capital Assets Being Depreciated, net	<u>24,285,985</u>	<u>(1,064,903)</u>	<u>(2,130)</u>	<u>23,218,952</u>
Internal Service Fund Capital Assets:				
Capital Assets, not Being Depreciated:				
Work in Progress	-	50,596	-	50,596
Total General Capital Assets, not being Depreciated	<u>-</u>	<u>50,596</u>	<u>-</u>	<u>50,596</u>
Capital Assets, Being Depreciated:				
Machinery and Equipment	3,449,972	54,869	(196,707)	3,308,134
Vehicles	4,041,634	290,045	-	4,331,679
Total Capital Assets Being Depreciated	<u>7,491,606</u>	<u>344,914</u>	<u>(196,707)</u>	<u>7,639,813</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(1,502,404)	(304,276)	196,535	(1,610,145)
Vehicles	(1,784,522)	(481,003)	-	(2,265,525)
Total Accumulated Depreciation	<u>(3,286,926)</u>	<u>(785,279)</u>	<u>196,535</u>	<u>(3,875,670)</u>
Total Capital Assets Being Depreciated, net	<u>4,204,680</u>	<u>(440,365)</u>	<u>(172)</u>	<u>3,764,143</u>
Total Governmental Activities				
Governmental Activities Capital Assets				
Not Being Depreciated	<u>\$ 7,792,511</u>	<u>\$ 8,085,906</u>	<u>\$ -</u>	<u>\$ 15,878,417</u>
Governmental Activities Capital Assets Being Depreciated, net	<u>\$ 28,490,665</u>	<u>\$ (1,505,268)</u>	<u>\$ (2,302)</u>	<u>\$ 26,983,095</u>

**TOWN OF HIGHLAND PARK
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

2. CAPITAL ASSETS – continued

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital Assets, not Being Depreciated:				
Land	\$ 238,750	\$ -	\$ -	\$ 238,750
Work in Progress	<u>1,406,876</u>	<u>1,528,885</u>	<u>-</u>	<u>2,935,761</u>
Total Capital Assets, not Being Depreciated	<u>1,645,626</u>	<u>1,528,885</u>	<u>-</u>	<u>3,174,511</u>
Capital Assets, Being Depreciated:				
Buildings	20,197	-	-	20,197
Improvements Other than Building	22,389,153	-	-	22,389,153
Machinery and Equipment	663,437	21,837	-	685,274
Office Furniture and Equipment	<u>36,038</u>	<u>-</u>	<u>-</u>	<u>36,038</u>
Total Capital Assets Being Depreciated	<u>23,108,825</u>	<u>21,837</u>	<u>-</u>	<u>23,130,662</u>
Less Accumulated Depreciation for:				
Buildings	(20,195)	-	-	(20,195)
Capital Improvements	(6,905,409)	(639,624)	-	(7,545,033)
Machinery and Equipment	(391,279)	(49,379)	-	(440,658)
Office Furniture and Equipment	<u>(15,217)</u>	<u>(4,023)</u>	<u>-</u>	<u>(19,240)</u>
Total Accumulated Depreciation	<u>(7,332,100)</u>	<u>(693,026)</u>	<u>-</u>	<u>(8,025,126)</u>
Total Capital Assets Being Depreciated, net	<u>\$ 15,776,725</u>	<u>\$ (671,189)</u>	<u>\$ -</u>	<u>\$ 15,105,536</u>
Business-Type Activities Capital Assets, net	<u>\$ 17,422,351</u>	<u>\$ 857,696</u>	<u>\$ -</u>	<u>\$ 18,280,047</u>

**TOWN OF HIGHLAND PARK
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

2. CAPITAL ASSETS – continued

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

Governmental Activities:	
General Government	\$ 150,606
Department of Public Safety	206,392
Street Department	810,011
Street Lighting Department	37,099
Library	71,312
Parks Department	78,912
Swimming Pool	31,290
Municipal Court	<u>13,150</u>
Total Depreciation Expense - General Capital Assets	1,398,772
Internal Service Fund	<u>785,279</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 2,184,051</u></u>
Business-type Activities:	
Water	\$ 404,676
Sewer	<u>288,350</u>
Total Depreciation Expense - Business-type Activities	<u><u>\$ 693,026</u></u>

3. INTERFUND TRANSACTIONS

Interfund transfers are made throughout the fiscal year for a variety of reasons. During the fiscal year transfers of \$2,361,179 were made from the General Fund and Utility Fund to the Capital Projects Fund for capital projects. Additionally, interfund transfers were made between the General Fund and Utility Fund related to indirect cost allocation calculated for each fund.

Transfer Out:	Transfer In:					Total	Purpose of Transfer
	Capital Projects Fund	General Fund	Utility Fund	Nonmajor Funds	Internal Service Fund		
General Fund	\$ 1,947,970	\$ -	\$ 80,174	\$ 128,634	\$ 213,320	\$ 2,370,098	CIP and Indirect Cost Allocation
Utility Fund	413,209	914,685	-	-	-	1,327,894	CIP and Indirect Cost Allocation
Capital Projects Fund	-	-	299,547	-	-	299,547	CIP
Nonmajor Funds	-	19,577	-	-	-	19,577	Municipal Court Security
Total	<u><u>\$ 2,361,179</u></u>	<u><u>\$ 934,262</u></u>	<u><u>\$ 379,721</u></u>	<u><u>\$ 128,634</u></u>	<u><u>\$ 213,320</u></u>	<u><u>\$ 4,017,116</u></u>	

**TOWN OF HIGHLAND PARK
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

4. LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2013, was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Compensated absences	\$ 1,012,936	\$ 48,877	\$ (54,880)	\$ 1,006,933	\$ 282,900
OPEB liability	<u>314,137</u>	<u>60,133</u>	<u>-</u>	<u>374,270</u>	<u>-</u>
Governmental activity					
Long-term liabilities	<u>\$ 1,327,073</u>	<u>\$ 109,010</u>	<u>\$ (54,880)</u>	<u>\$ 1,381,203</u>	<u>\$ 282,900</u>
Business-type activities:					
Compensated absences	\$ 141,800	\$ -	\$ (34,283)	\$ 107,517	\$ 16,420
OPEB liability	<u>28,813</u>	<u>-</u>	<u>23,207</u>	<u>52,020</u>	<u>-</u>
Business-type activity					
Long-term liabilities	<u>\$ 170,613</u>	<u>\$ -</u>	<u>\$ (11,076)</u>	<u>\$ 159,537</u>	<u>\$ 16,420</u>

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

5. RETIREMENT PLANS

Texas Municipal Retirement System

Plan Description

The Town provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the Town are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at www.TMRS.com.

**TOWN OF HIGHLAND PARK
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

5. RETIREMENT PLANS - continued

The plan provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS. Plan provisions for the Town were as follows:

	<u>Plan Year 2012</u>	<u>Plan Year 2013</u>
Employee deposit rate	7%	7%
Matching ratio (Town to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	0.0%	0.0%
Annuity Increase (to retirees)	0% of CPI	0% of CPI

Contributions

Under the state law governing TMRS, the contribution rate for each Town is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that Town. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The Town contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the Town make contributions monthly. Since the Town needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation/ (asset) are as follows:

	<u>September 30</u>		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Annual Required Contribution (ARC)	\$ 1,304,409	\$ 754,282	\$ 626,263
Annual Pension Cost	1,304,409	754,282	626,263
Contributions Made	<u>(1,304,409)</u>	<u>(754,282)</u>	<u>(626,263)</u>
Change in Net Pension Obligation (NPO)	-	-	-
NPO, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
NPO, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**TOWN OF HIGHLAND PARK
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

5. RETIREMENT PLANS - continued

The required contribution rates for fiscal year 2013 were determined as part of the December 31, 2010 and 2011 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2012, also follows:

	Valuation Date		
	12/31/2010	12/31/2011	12/31/2012
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level % of payroll	Level % of payroll	Level % of payroll
Remaining Amortization Period	24.9 years; closed period	25.0 years; closed period	25.0 years; closed period
Amortization Period for New Gains/Losses	25 years	25 years	25 years
Asset Valuation Method	10-year smoothed market	10-year smoothed market	10-year smoothed market
Actuarial Assumptions:			
Investment Rate of Return	7.0%	7.0%	7.0%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service
Includes Inflation at	3.0%	3.0%	3.0%
Cost-of-Living Adjustments	0.0%	0.0%	0.0%

The funded status as of December 31, 2012, the most recent actuarial valuation date, is as follows:

<u>Actuarial</u> <u>Valuation Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability (AAL)</u>	<u>Funded</u> <u>Ratio</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u>	<u>Covered</u> <u>Payroll</u>	<u>UAAL as a</u> <u>Percentage of</u> <u>Covered Payroll</u>
12/31/2012	\$ 62,457,747	\$ 58,251,020	107.2%	\$ (4,206,727)	\$ 10,573,435	-39.8%

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

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.

**TOWN OF HIGHLAND PARK
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

6. POST EMPLOYMENT BENEFITS

The Town offers retired employees 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. There were three participating retirees receiving health and dental insurance coverage as of September 30, 2013. 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. At September 30, 2013, there were approximately 121 active members, and there are no terminated employees entitled to receive benefits in the future.

Funding Policy

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. Contributions to the plan by the Town during the year (which equals the premiums paid by the Town) was zero (\$0).

Annual OPEB Cost

The Town's annual other post employment benefits (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of accrual that is projected to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The annual OPEB cost for the fiscal year ending September 30, 2013, is as follows:

Annual required contribution	\$ 125,709
Interest on OPEB obligation	15,433
Adjustment to ARC	<u>(14,298)</u>
Annual OPEB cost end of year	126,844
Net estimated employer contributions	<u>(43,504)</u>
Increase in net OPEB obligation	83,340
Net OPEB obligation – as of beginning of the year	<u>342,950</u>
Net OPEB obligation – as of end of year	<u><u>\$ 426,290</u></u>

**TOWN OF HIGHLAND PARK
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

6. POST EMPLOYMENT BENEFITS – continued

Annual OPEB Cost - continued

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending September 30, 2013 and the preceding two fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net OPEB Obligation
September 30, 2011	\$137,933	\$0	0%	\$360,469
September 30, 2012	\$139,664	\$157,183	113%	\$342,950
September 30, 2013 *	\$126,844	\$43,504	34%	\$426,290

*The employer contribution for fiscal year ending September 30, 2013 includes historical implicit subsidies which were not recognized in prior years.

Funding Status and Funding Progress

The funded status of the plan as of actuarial measurement dates are as follows:

Actuarial Valuation Date as of	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (d)	Ratio of UAAL to Annual Covered Payroll (b-a)/d
2/29/2008	-	\$1,237,038	\$1,237,038	0.00%	\$8,585,683	14.40%
12/31/2009	-	\$1,369,234	\$1,369,234	0.00%	\$10,069,402	13.60%
12/31/2011	-	\$1,277,323	\$1,277,323	0.00%	\$10,893,439	11.73%

Under the reporting parameters, the Town's retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$1,277,323 at December 31, 2011. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered payroll is 11.73%.

Actuarial Methods and Assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the Town's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the

**TOWN OF HIGHLAND PARK
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

6. POST EMPLOYMENT BENEFITS – continued

Actuarial Methods and Assumptions - continued

anticipated future payments are projected. The projected unit credit method then provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the Town and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial Methods and Assumptions

Inflation rate	3.00% per annum
Investment rate of return	4.50%, net of expenses
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level as a percentage of employee payroll
Amortization period	30-year, open amortization
Payroll Growth	3.00% per annum
Healthcare cost trend rate	Initial rate of 8.50% declining to an ultimate rate of 4.50% after 8 years

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the Town's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

7. COMMITMENTS AND CONTINGENCIES

During the current year, the Town purchased treated water from the Dallas County Park Cities Municipal Utility District ("DCPCMUD") for \$2.2925 for each 1,000 gallons consumed. The Town entered into a contract with the District on April 19, 2004 which expires on April 18, 2024. The current year charges for services were \$2,631,910.

Sewage service is provided to the Town under a contract with the City of Dallas, which expires February 22, 2014. The charge for this service is based upon fluctuations in capital expenditures and expenses made by the City of Dallas and is calculated based on the average water sales over the four winter months of the previous year. The current year charges for service were \$942,613.

**TOWN OF HIGHLAND PARK
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

7. COMMITMENTS AND CONTINGENCIES – continued

The use of a sanitary landfill for solid waste disposal is provided to the Town under a contract with Waste Management / Skyline Landfill, which expires when the existing landfill has reached its capacity. This landfill was permitted by the State of Texas in 1995 with a projected life of 37 years. The current year charges for service were \$95,665.

The Town entered into a ten (10) year contract effective May 1, 2007 for solid waste collection services with Allied Waste Services. The contract pricing is based upon fixed rates for different service locations and classifications. The current year charges for service were \$849,936.

The Town also entered into a ten (10) year contract effective May 1, 2007 with Allied Waste Services for collection of recyclable materials. Charges are based upon changes in the CPI-U index for Dallas/Ft. Worth. Charges for service are based upon residential service locations and amounted to \$95,406 for the current year.

The sweeping of streets, alleys and cleaning of storm sewer inlets is performed under contract with Moore Disposal. Frequency of service is established under contract and current year charges were \$30,692.

Certain litigation was outstanding against the Town as of September 30, 2013. In the opinion of the Town's attorneys, the potential loss on such litigation would not be significant to the Town's financial statements.

Risk Management

The Town places all of its property, liability and workers' compensation coverage with Texas Municipal League, a public entity risk pool currently operating as a common risk management and insurance program. The Town pays an annual premium to Texas Municipal League for its general insurance coverage. The risk pool is self-sustaining through member premiums and reinsures through commercial companies for claims in excess of \$1,000,000 for workers' compensation, \$250,000 for property and \$1,000,000 for liability damage.

**TOWN OF HIGHLAND PARK
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

7. COMMITMENTS AND CONTINGENCIES - continued

The limits of liability and deductible are:

	<u>Limit</u>		<u>Deductible</u>
General Liability	\$ 10,000,000	Each Occurrence	\$ 25,000
	10,000,000	Annual Aggregate	
Sudden Events	2,000,000	Each Occurrence	25,000
	10,000,000	Annual Aggregate	
Auto Liability	2,000,000	Each Occurrence	1,000
Law Enforcement Liability	5,000,000	Each Occurrence	25,000
	10,000,000	Annual Aggregate	
Errors and Omissions Liability	2,000,000	Each Wrongful Act	25,000
	4,000,000	Annual Aggregate	
Auto Physical Damage	Actual Cash Value	Each Vehicle	1,000
		Each Occurrence	10,000
Real & Personal Property	16,818,080		10,000
Mobile Equipment	255,548		1,000
Boiler & Machinery	10,881,600		500
Workers' Compensation	-	Each Occurrence	50,000
	-	Annual Aggregate	150,000

Auto physical damage, equipment and property limits have changed to reflect changes in replacement cost of insured assets. All coverage amounts have been sufficient to satisfy any and all claims filed against the Town.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF HIGHLAND PARK
Schedule of Funding Progress
Texas Municipal Retirement System
Required Supplementary Information
Last Seven Fiscal Years (Unaudited)

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Unfunded AAL (UAAL) (2)-(1)	(5) Annual Covered Payroll	(6) UAAL as a Percent of Covered Payroll (4)/(5)
12/31/2006	\$ 33,541,290	\$ 39,966,250	83.9%	\$ 6,424,960	\$ 8,009,520	80.2%
12/31/2007	\$ 35,020,220	\$ 40,283,066	86.9%	\$ 5,262,846	\$ 8,585,683	61.3%
12/31/2008	\$ 32,992,375	\$ 38,190,219	86.4%	\$ 5,197,844	\$ 9,243,239	56.2%
12/31/2009	\$ 35,783,310	\$ 40,849,276	87.6%	\$ 5,065,966	\$ 10,069,402	50.3%
12/31/2010	\$ 55,545,786	\$ 53,474,771	103.9%	\$ (2,071,015)	\$ 10,115,135	-20.5%
12/31/2011	\$ 59,437,144	\$ 56,101,958	105.9%	\$ (3,335,186)	\$ 10,001,596	-33.3%
12/31/2012	\$ 62,457,747	\$ 58,251,020	107.2%	\$ (4,206,727)	\$ 10,573,435	-39.8%

**COMBINING AND INDIVIDUAL
FINANCIAL STATEMENTS AND SCHEDULES**



CAPITAL PROJECTS FUND

Capital Projects Fund – The purpose of the Capital Projects Fund is to account for large dollar capital projects and infrastructure maintenance projects. Funding for these items comes from transfers from the General Fund's current revenues and/or cash reserves, as the Town Council determines each year.

TOWN OF HIGHLAND PARK
Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the year ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Interest on Investments	\$ 25,000	\$ 25,000	\$ 30,479	\$ 5,479
Contributions	-	-	1,175,308	1,175,308
Miscellaneous	144,000	144,000	-	(144,000)
Total Revenues	<u>169,000</u>	<u>169,000</u>	<u>1,205,787</u>	<u>1,036,787</u>
EXPENDITURES:				
Capital Outlay	11,471,448	11,471,448	7,955,852	3,515,596
Total Expenditures	<u>11,471,448</u>	<u>11,471,448</u>	<u>7,955,852</u>	<u>3,515,596</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(11,302,448)</u>	<u>(11,302,448)</u>	<u>(6,750,065)</u>	<u>4,552,383</u>
OTHER FINANCING SOURCES:				
Transfers In	1,232,240	1,232,240	2,361,179	1,128,939
Transfers Out	-	-	(299,547)	(299,547)
Other Financing Sources	<u>1,232,240</u>	<u>1,232,240</u>	<u>2,061,632</u>	<u>829,392</u>
Change in Fund Balance	(10,070,208)	(10,070,208)	(4,688,433)	5,381,775
FUND BALANCES, beginning of year	<u>13,853,722</u>	<u>13,853,722</u>	<u>13,853,722</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 3,783,514</u>	<u>\$ 3,783,514</u>	<u>\$ 9,165,289</u>	<u>\$ 5,381,775</u>

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Stormwater Drainage – Accounts for the collection of fees to protect the public health and safety from loss of life and property caused by surface water overflows, surface water stagnation and pollution arising from non-point source runoff within the Town.

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

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.

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

TOWN OF HIGHLAND PARK
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2013

	Special Revenue						Total
	Stormwater Drainage	Employee Christmas	Forfeited Property	Court Technology	Court Security	Library	
ASSETS							
Cash and Cash Equivalents	\$ 554,259	\$ 3,731	\$ 496	\$ 73,800	\$ 8,444	\$ 163,848	\$ 804,578
Prepaid Items	253	-	-	-	-	-	253
Total Assets	\$ 554,512	\$ 3,731	\$ 496	\$ 73,800	\$ 8,444	\$ 163,848	\$ 804,831
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Vouchers Payable	\$ 329	\$ -	\$ -	\$ 91	\$ -	\$ -	\$ 420
Retainage Payable	5,837	-	-	-	-	-	5,837
Total Liabilities	6,166	-	-	91	-	-	6,257
FUND BALANCE							
Nonspendable							
Prepaid Items	253	-	-	-	-	-	253
Restricted							
Crime Prevention	-	-	496	-	-	-	496
Court Technology	-	-	-	73,709	-	-	73,709
Court Security	-	-	-	-	8,444	-	8,444
Library	-	-	-	-	-	163,848	163,848
Committed							
Stormwater Drainage Improvements	531,177	-	-	-	-	-	531,177
Employee Christmas Fund	-	3,731	-	-	-	-	3,731
Assigned							
Drainage	16,916	-	-	-	-	-	16,916
Total Fund Balances	548,346	3,731	496	73,709	8,444	163,848	798,574
Total Liabilities and Fund Balance	\$ 554,512	\$ 3,731	\$ 496	\$ 73,800	\$ 8,444	\$ 163,848	\$ 804,831

TOWN OF HIGHLAND PARK
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended September 30, 2013

	Special Revenue						Total
	Stormwater Drainage	Employee Christmas	Forfeited Property	Court Technology	Court Security	Library	
REVENUES							
Fees	\$ 352,908	\$ -	\$ -	\$ 31,290	\$ 23,468	\$ -	\$ 407,666
Contributions	-	14,791	-	-	-	35,018	49,809
Interest on Investments	488	5	-	58	9	196	756
Miscellaneous	36,991	-	-	-	-	-	36,991
Total Revenues	<u>390,387</u>	<u>14,796</u>	<u>-</u>	<u>31,348</u>	<u>23,477</u>	<u>35,214</u>	<u>495,222</u>
EXPENDITURES							
Personnel Services	45,606	-	-	-	-	-	45,606
Distributions of Contributions	-	12,631	-	-	-	-	12,631
FICA Contribution	-	868	-	-	-	-	868
TMRS	-	754	-	-	-	-	754
Materials and Supplies	3,439	-	-	11,716	-	-	15,155
Services and Charges	70,500	-	-	-	324	-	70,824
Capital Outlay	346,649	-	-	-	-	-	346,649
Total Expenditures	<u>466,194</u>	<u>14,253</u>	<u>-</u>	<u>11,716</u>	<u>324</u>	<u>-</u>	<u>492,487</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(75,807)	543	-	19,632	23,153	35,214	2,735
OTHER FINANCING SOURCES (USES)							
Transfers In	-	-	-	-	-	128,634	128,634
Transfers Out	-	-	-	-	(19,577)	-	(19,577)
Other Financing Sources (Uses)	-	-	-	-	(19,577)	128,634	109,057
Net Change in Fund Balances	<u>(75,807)</u>	<u>543</u>	<u>-</u>	<u>19,632</u>	<u>3,576</u>	<u>163,848</u>	<u>111,792</u>
FUND BALANCES, beginning of year	<u>624,153</u>	<u>3,188</u>	<u>496</u>	<u>54,077</u>	<u>4,868</u>	<u>-</u>	<u>686,782</u>
FUND BALANCES, end of year	<u>\$ 548,346</u>	<u>\$ 3,731</u>	<u>\$ 496</u>	<u>\$ 73,709</u>	<u>\$ 8,444</u>	<u>\$ 163,848</u>	<u>\$ 798,574</u>



INTERNAL SERVICE FUND

Equipment Replacement Fund – The purpose of the Equipment Replacement Fund is to account for the cost associated with the acquisition of specific equipment through the rental of the same to other departments.

TOWN OF HIGHLAND PARK
 Equipment Replacement Fund
 Schedule of Changes in Equipment and Accumulated Depreciation
 September 30, 2013

	<u>Balance</u> <u>October 1,</u> <u>2012</u>	<u>Additions</u> <u>and</u> <u>Transfers In</u>	<u>Retirements</u> <u>and</u> <u>Transfers Out</u>	<u>Balance</u> <u>September 30,</u> <u>2013</u>
EQUIPMENT:				
Vehicles and Rolling Stock	\$ 4,041,634	\$ 290,045	\$ -	\$ 4,331,679
Office Equipment	3,449,972	54,869	196,707	3,308,134
Work in Progress	<u>-</u>	<u>50,596</u>	<u>-</u>	<u>50,596</u>
Totals	<u>7,491,606</u>	<u>395,510</u>	<u>196,707</u>	<u>7,690,409</u>
ACCUMULATED DEPRECIATION:				
Vehicles and Rolling Stock	1,784,522	481,003	-	2,265,525
Office Equipment	<u>1,502,404</u>	<u>304,276</u>	<u>196,535</u>	<u>1,610,145</u>
Totals	<u>3,286,926</u>	<u>785,279</u>	<u>196,535</u>	<u>3,875,670</u>
NET EQUIPMENT	<u>\$ 4,204,680</u>	<u>\$ (389,769)</u>	<u>\$ 172</u>	<u>\$ 3,814,739</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	Page
Financial Trends This section contains information to help the reader understand how the Town's financial performance and well-being have changed over time.	74-79
Revenue Capacity This section contains information to help the reader assess the Town's most significant local revenue source, the property tax.	80-83
Debt Capacity 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.	84-85
Demographic and Economic Information This section contains information to help the reader understand the environment within which the Town's financial activities take place.	86-88
Operating Information 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.	89-91

TOWN OF HIGHLAND PARK
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Investment in capital assets	\$ 20,632,957	\$ 21,010,063	\$ 21,039,497	\$ 22,771,121	\$ 30,389,551	\$ 32,160,748	\$ 31,868,002	\$ 35,479,938	\$ 36,283,176	\$ 42,861,512
Unrestricted	<u>10,480,926</u>	<u>11,243,934</u>	<u>12,399,045</u>	<u>16,406,211</u>	<u>13,355,949</u>	<u>14,317,432</u>	<u>19,935,136</u>	<u>17,957,672</u>	<u>20,652,750</u>	<u>16,332,102</u>
Total governmental activities net position	<u>\$ 31,113,883</u>	<u>\$ 32,253,997</u>	<u>\$ 33,438,542</u>	<u>\$ 39,177,332</u>	<u>\$ 43,745,500</u>	<u>\$ 46,478,180</u>	<u>\$ 51,803,138</u>	<u>\$ 53,437,610</u>	<u>\$ 56,935,926</u>	<u>\$ 59,193,614</u>
Business-type activities										
Investment in capital assets	\$ 11,390,763	\$ 11,922,018	\$ 12,704,373	\$ 14,125,098	\$ 14,017,164	\$ 14,185,694	\$ 14,555,810	\$ 15,778,121	\$ 17,422,351	\$ 18,280,047
Unrestricted	<u>5,723,680</u>	<u>6,416,449</u>	<u>7,544,924</u>	<u>5,078,860</u>	<u>6,425,104</u>	<u>7,720,131</u>	<u>3,025,372</u>	<u>3,303,622</u>	<u>1,933,334</u>	<u>2,493,350</u>
Total business-type activities net position	<u>\$ 17,114,443</u>	<u>\$ 18,338,467</u>	<u>\$ 20,249,297</u>	<u>\$ 19,203,958</u>	<u>\$ 20,442,268</u>	<u>\$ 21,905,825</u>	<u>\$ 17,581,182</u>	<u>\$ 19,081,743</u>	<u>\$ 19,355,685</u>	<u>\$ 20,773,397</u>
Primary Government										
Investment in capital assets	\$ 32,023,720	\$ 32,932,081	\$ 33,743,870	\$ 36,896,219	\$ 44,406,715	\$ 46,346,442	\$ 46,423,812	\$ 51,258,059	\$ 53,705,527	\$ 61,141,559
Unrestricted	<u>16,204,606</u>	<u>17,660,383</u>	<u>19,943,969</u>	<u>21,485,071</u>	<u>19,781,053</u>	<u>22,037,563</u>	<u>22,960,508</u>	<u>21,261,294</u>	<u>22,586,084</u>	<u>18,825,452</u>
Total primary government net position	<u>\$ 48,228,326</u>	<u>\$ 50,592,464</u>	<u>\$ 53,687,839</u>	<u>\$ 58,381,290</u>	<u>\$ 64,187,768</u>	<u>\$ 68,384,005</u>	<u>\$ 69,384,320</u>	<u>\$ 72,519,353</u>	<u>\$ 76,291,611</u>	<u>\$ 79,967,011</u>

Source: Town Comprehensive Annual Financial Report

TOWN OF HIGHLAND PARK
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

Expenses	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
General Government	\$ 485,393	\$ 659,447	\$ 725,157	\$ 877,318	\$ 698,577	\$ 824,699	\$ 1,316,352	\$ 812,643	\$ 1,033,107	\$ 1,973,256
Department of Public Safety	7,584,900	7,928,535	8,619,782	8,730,922	9,628,878	9,867,090	10,164,906	10,188,243	10,214,838	10,575,157
Street Department	549,528	443,041	514,118	678,087	812,623	867,698	1,061,747	1,090,129	1,117,699	1,175,073
Street Lighting Department	307,291	326,253	326,216	277,504	318,467	327,938	307,312	284,966	206,703	237,734
Library	515,333	511,013	529,928	562,314	619,876	644,462	772,491	745,811	768,755	712,953
Parks Department	1,049,401	1,137,588	1,259,593	1,234,759	1,342,352	1,430,322	1,431,268	1,404,315	1,240,538	1,350,947
Swimming Pool	153,486	143,633	152,636	166,346	171,912	197,907	228,852	228,565	192,559	199,939
Sanitation	-	-	-	-	-	-	-	-	1,039,230	1,073,427
Municipal Court	206,783	232,787	229,596	297,580	320,864	318,937	343,042	341,435	319,953	329,474
Finance Department	435,389	434,076	447,171	459,684	480,159	481,073	520,784	515,296	473,970	733,642
Building Inspection Department	203,320	223,801	288,789	298,711	348,730	402,380	539,980	391,923	392,023	406,813
Total governmental activities	<u>11,490,824</u>	<u>12,040,174</u>	<u>13,092,986</u>	<u>13,583,225</u>	<u>14,742,438</u>	<u>15,362,506</u>	<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>5,707,703</u>	<u>5,949,119</u>	<u>6,294,396</u>	<u>6,104,229</u>	<u>6,863,130</u>	<u>7,211,569</u>	<u>7,481,548</u>	<u>7,983,612</u>	<u>6,702,773</u>	<u>6,278,852</u>
Total business-type activities	<u>5,707,703</u>	<u>5,949,119</u>	<u>6,294,396</u>	<u>6,104,229</u>	<u>6,863,130</u>	<u>7,211,569</u>	<u>7,481,548</u>	<u>7,983,612</u>	<u>6,702,773</u>	<u>6,278,852</u>
Total primary government	<u>\$ 17,198,527</u>	<u>\$ 17,989,293</u>	<u>\$ 19,387,382</u>	<u>\$ 19,687,454</u>	<u>\$ 21,605,568</u>	<u>\$ 22,574,075</u>	<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	\$ 165,917	\$ 195,069	\$ 194,078	\$ 190,066	\$ 196,385	\$ 191,381	\$ 206,255	\$ 208,091	\$ 376,375	\$ 376,083
Department of Public Safety	620,643	647,933	650,449	655,606	713,878	755,635	568,974	741,602	666,846	761,759
Street Department	252,884	269,324	307,910	254,411	301,998	335,778	118,743	120,887	134,859	144,332
Library	20,878	20,768	19,167	18,108	14,652	18,619	16,959	16,001	15,347	10,512
Parks Department	4,172	4,186	4,770	4,322	12,955	12,680	11,720	10,360	10,560	10,520
Swimming Pool	76,745	76,094	79,580	87,014	94,432	94,184	92,468	109,959	103,531	105,095
Sanitation	-	-	-	-	-	-	-	-	1,254,088	1,242,590
Municipal Court	544,308	842,444	770,862	724,746	728,369	662,570	676,094	728,149	684,318	845,028
Building Inspection Department	748,458	930,257	858,409	1,312,827	725,997	904,647	968,993	928,146	926,297	963,254
Operating grants and contributions	35,455	16,466	4,960	528,388	1,477,837	32,392	4,383	-	-	101,770
Capital grants and contributions	-	-	-	-	-	-	-	-	-	1,175,308
Total governmental activities	<u>2,469,460</u>	<u>3,002,541</u>	<u>2,890,185</u>	<u>3,775,488</u>	<u>4,266,503</u>	<u>3,007,886</u>	<u>2,664,589</u>	<u>2,863,195</u>	<u>4,172,221</u>	<u>5,736,251</u>

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Business-type activities:										
Charges for services	6,042,665	7,047,070	7,890,635	6,683,686	7,910,871	8,465,285	8,315,859	9,945,105	8,237,561	8,640,478
Capital grants and contributions	-	-	-	-	-	-	-	-	627,941	-
Total business-type activities	6,042,665	7,047,070	7,890,635	6,683,686	7,910,871	8,465,285	8,315,859	9,945,105	8,865,502	8,640,478
Total primary government	\$ 8,512,125	\$ 10,049,611	\$ 10,780,820	\$ 10,459,174	\$ 12,177,374	\$ 11,473,171	\$ 10,980,448	\$ 12,808,300	\$ 13,037,723	\$ 14,376,729
Net (expense)/revenue										
Governmental activities	\$ (9,021,364)	\$ (9,037,633)	\$ (10,202,801)	\$ (9,807,737)	\$ (10,475,935)	\$ (12,354,620)	\$ (14,022,145)	\$ (13,140,130)	\$ (12,827,154)	\$ (13,032,164)
Business-type activities	334,962	1,097,951	1,596,239	579,457	1,047,741	1,253,716	834,311	1,961,493	2,162,729	2,361,626
Total primary government net expense	\$ (8,179,654)	\$ (7,939,682)	\$ (8,606,562)	\$ (9,228,280)	\$ (9,428,194)	\$ (11,100,904)	\$ (13,187,834)	\$ (11,178,637)	\$ (10,664,425)	\$ (10,670,538)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 6,328,128	\$ 6,633,472	\$ 7,252,996	\$ 8,055,442	\$ 8,819,669	\$ 9,481,304	\$ 9,934,677	\$ 9,714,359	\$ 9,640,285	\$ 9,744,640
Sales taxes	1,711,186	1,952,093	2,126,860	2,260,502	2,420,130	2,300,369	2,430,775	2,579,028	2,923,273	2,952,203
Other taxes	94,253	107,517	102,115	105,069	106,462	106,433	94,159	127,969	146,057	160,250
Franchise taxes	858,564	880,995	950,145	925,302	965,870	1,018,539	1,015,431	1,010,742	1,078,503	965,140
Penalty and interest on taxes	47,749	42,426	46,607	55,763	66,184	65,671	59,834	55,505	45,662	46,903
Interest on investments	171,152	270,423	656,533	895,894	767,451	402,349	131,159	108,877	80,420	56,257
Intergovernmental	-	-	-	-	1,765,797	1,293,877	87,379	211,751	-	-
Miscellaneous	231,338	290,821	252,090	327,332	277,280	418,758	393,567	492,970	510,315	416,286
Transfers	74,625	-	-	2,000,000	-	-	5,200,122	473,401	1,900,955	948,173
Total governmental activities	9,516,995	10,177,747	11,387,346	14,625,304	15,188,843	15,087,300	19,347,103	14,774,602	16,325,470	15,289,852
Business-type activities:										
Interest on investments	72,096	126,073	314,591	375,204	190,569	209,841	41,168	12,469	12,168	4,259
Transfers	(74,625)	-	-	(2,000,000)	-	-	(5,200,122)	(473,401)	(1,900,955)	(948,173)
Total business-type activities	(2,529)	126,073	314,591	(1,624,796)	190,569	209,841	(5,158,954)	(460,932)	(1,888,787)	(943,914)
Total primary government	\$ 9,514,466	\$ 10,303,820	\$ 11,701,937	\$ 13,000,508	\$ 15,379,412	\$ 15,297,141	\$ 14,188,149	\$ 14,313,670	\$ 14,436,683	\$ 14,345,938
Changes in Net Position										
Governmental activities	\$ 495,631	\$ 1,140,114	\$ 1,184,545	\$ 4,817,567	\$ 4,712,908	\$ 2,732,680	\$ 5,324,958	\$ 1,634,472	\$ 3,498,316	\$ 2,257,688
Business-type activities	839,181	1,224,024	1,910,830	(1,045,339)	1,238,310	1,463,557	(4,324,643)	1,500,561	273,942	1,417,712
Total primary government	\$ 1,334,812	\$ 2,364,138	\$ 3,095,375	\$ 3,772,228	\$ 5,951,218	\$ 4,196,237	\$ 1,000,315	\$ 3,135,033	\$ 3,772,258	\$ 3,675,400

Source: Town Comprehensive Annual Financial Report

TOWN OF HIGHLAND PARK
 Governmental Activities Tax Revenues by Source
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)
 (Unaudited)

<u>Fiscal</u> <u>Year</u>	<u>Property</u> <u>Tax</u>	<u>Sales</u> <u>Tax</u>	<u>Franchise</u> <u>Tax</u>	<u>Mixed</u> <u>Beverage Tax</u>	<u>Total</u>
2004	6,328,128	1,711,186	858,564	94,253	8,992,131
2005	6,633,472	1,952,093	880,995	107,517	9,574,077
2006	7,252,996	2,126,860	950,145	102,115	10,432,116
2007	8,055,442	2,260,502	925,302	105,069	11,346,315
2008	8,819,669	2,420,130	965,870	106,462	12,312,131
2009	9,488,571	2,300,369	1,030,631	106,433	12,926,004
2010	9,934,677	2,430,775	1,015,431	94,159	13,475,042
2011	9,714,359	2,579,028	1,010,742	127,969	13,432,098
2012	9,640,285	2,923,273	1,078,503	146,057	13,788,118
2013	9,744,640	2,952,203	965,140	160,250	13,822,233

Source: Town Comprehensive Annual Financial Report

TOWN OF HIGHLAND PARK
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 724,009	\$ 294,011	\$ 264,686	\$ 227,102	\$ 642,309	\$ 556,019	\$ 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	<u>3,662,258</u>	<u>4,326,409</u>	<u>2,986,225</u>	<u>4,694,373</u>	<u>3,944,352</u>	<u>5,000,470</u>	<u>3,936,857</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Fund	<u>\$ 4,386,267</u>	<u>\$ 4,620,420</u>	<u>\$ 3,250,911</u>	<u>\$ 4,921,475</u>	<u>\$ 4,586,661</u>	<u>\$ 5,556,489</u>	<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	\$ 921,815	\$ 904,421	\$ 973,604	\$ 9,737,980	\$ 5,292,585	\$ 1,459,922	\$ 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	<u>3,950,112</u>	<u>4,706,339</u>	<u>6,329,012</u>	<u>455,782</u>	<u>1,772,979</u>	<u>5,527,375</u>	<u>13,974,662</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other Governmental Funds	<u>\$ 4,871,927</u>	<u>\$ 5,610,760</u>	<u>\$ 7,302,616</u>	<u>\$ 10,193,762</u>	<u>\$ 7,065,564</u>	<u>\$ 6,987,297</u>	<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

TOWN OF HIGHLAND PARK
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	\$ 9,012,222	\$ 9,574,883	\$ 10,427,818	\$ 11,290,415	\$ 12,315,728	\$ 12,926,004	\$ 13,389,605	\$ 13,438,042	\$ 13,805,491	\$ 13,767,078
Penalties and Interest	47,749	42,426	46,607	55,763	66,184	65,671	59,834	55,505	45,662	46,903
Licenses and Permits	797,720	1,000,525	914,566	1,368,191	784,591	965,340	1,051,114	1,008,939	995,508	1,041,353
Service Fees	1,325,512	1,501,013	1,565,855	1,502,798	1,576,990	1,622,643	1,347,210	1,439,407	2,875,018	2,928,470
Fines and Forfeitures	278,021	443,971	428,586	412,717	388,041	346,085	337,079	366,991	351,545	442,995
Interest on Investments	147,009	238,279	579,421	761,147	693,784	344,529	114,596	95,122	72,398	49,886
Intergovernmental	-	-	-	-	1,765,797	1,293,877	87,379	211,751	-	-
Contributions	-	21,131	30,376	559,437	1,505,656	132,072	59,280	93,908	99,042	1,277,078
Miscellaneous	266,793	286,156	226,674	296,283	249,461	295,673	253,630	220,811	316,099	373,058
Total Revenues	11,875,026	13,108,384	14,219,903	16,246,751	19,346,232	17,991,894	16,699,727	16,930,476	18,560,763	19,926,821
Expenditures										
General Government	403,910	443,778	511,794	739,674	806,635	732,754	1,098,201	981,989	1,126,197	1,822,661
Department of Public Safety	7,333,508	7,700,362	8,274,758	8,408,121	9,472,901	9,490,181	9,947,630	9,986,728	9,984,927	10,289,647
Street Department	1,154,231	1,055,515	986,893	288,622	785,334	856,776	318,650	350,868	374,173	362,468
Street Lighting Department	243,791	262,063	288,187	238,880	279,828	305,611	277,085	264,445	169,907	199,859
Library	519,901	525,574	532,048	558,488	605,344	569,968	638,351	609,131	625,146	639,355
Parks Department	1,044,014	1,152,238	1,270,819	1,157,967	1,274,630	1,447,509	1,396,524	1,297,955	1,220,933	1,267,715
Swimming Pool	133,558	123,608	150,058	160,839	179,667	174,098	205,395	198,620	162,743	168,316
Municipal Court	206,532	219,776	216,607	226,792	239,087	252,461	299,360	291,393	297,165	315,970
Finance Department	432,088	427,336	437,466	451,381	474,821	471,679	514,680	507,215	471,900	731,295
Building Inspection Department	208,010	222,239	284,650	292,961	344,512	397,138	534,673	391,807	392,023	405,514
Sanitation	-	-	-	-	-	-	-	-	1,039,230	1,069,999
Capital Outlay	102,103	161,301	168,555	1,161,316	8,350,999	2,403,131	887,491	3,926,731	2,775,231	8,418,334
Total Expenditures	11,781,646	12,293,790	13,121,835	13,685,041	22,813,758	17,101,306	16,118,040	18,806,882	18,639,575	25,691,133
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	93,380	814,594	1,098,068	2,561,710	(3,467,526)	890,588	581,687	(1,876,406)	(78,812)	(5,764,312)
Other Financing Sources (Uses):										
Transfers In	789,577	737,828	1,451,550	3,120,330	1,538,834	978,934	8,066,620	2,127,772	4,794,899	3,424,075
Transfers Out	(760,129)	(609,348)	(2,227,392)	(1,120,330)	(1,538,834)	(978,934)	(2,866,498)	(1,654,371)	(2,689,944)	(2,689,222)
Sale of Assets	5,475	29,912	121	-	4,514	973	-	7,668	5,817	2,008
Total other Financing Sources (Uses)	34,923	158,392	(775,721)	2,000,000	4,514	973	5,200,122	481,069	2,106,772	736,861
Net Change in Fund Balances	\$ 128,303	\$ 972,986	\$ 322,347	\$ 4,561,710	\$ (3,463,012)	\$ 891,561	\$ 5,781,809	\$ (1,395,337)	\$ 2,027,960	\$ (5,027,451)

Source: Town Comprehensive Annual Financial Report

TOWN OF HIGHLAND PARK
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Residential Property	Business Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2004	3,453,004,560	52,941,730	736,475,292	2,769,470,998	0.23000
2005	3,593,332,450	53,801,060	735,668,251	2,911,465,259	0.23000
2006	3,986,604,910	41,888,720	853,275,070	3,175,218,560	0.23000
2007	4,642,666,780	46,476,050	1,102,378,690	3,586,764,140	0.22500
2008	5,187,681,250	54,237,020	1,230,557,711	4,011,360,559	0.22000
2009	5,549,244,010	56,490,150	1,268,210,249	4,337,523,911	0.22000
2010	5,622,164,550	61,504,450	1,166,130,371	4,517,538,629	0.22000
2011	5,447,807,590	59,937,910	1,085,803,668	4,421,941,832	0.22000
2012	5,407,849,850	56,732,470	1,058,757,668	4,405,824,652	0.22000
2013	5,423,170,690	61,252,130	1,038,248,559	4,446,174,261	0.22000

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					Total Direct Tax Rate	Total Direct & Overlapping Rates
	Town of Highland Park	County			School District			
	Operating/General Rate	Dallas County	Hospital District	College District	Total County	Highland Park I.S.D.		
2004	0.23000	0.20390	0.25400	0.08030	0.53820	1.61000	0.23000	2.37820
2005	0.23000	0.21390	0.25400	0.08160	0.54950	1.53000	0.23000	2.30950
2006	0.23000	0.21390	0.25400	0.08100	0.54890	1.35570	0.23000	2.13460
2007	0.22500	0.21390	0.25400	0.08100	0.54890	1.35570	0.22500	2.12960
2008	0.22000	0.22810	0.25400	0.08040	0.56250	1.03670	0.22000	1.81920
2009	0.22000	0.22810	0.25400	0.08940	0.57150	1.09000	0.22000	1.88150
2010	0.22000	0.23331	0.27400	0.09490	0.60221	1.11000	0.22000	1.93221
2011	0.22000	0.24310	0.27100	0.09923	0.61333	1.11500	0.22000	1.94833
2012	0.22000	0.24310	0.27100	0.11938	0.63348	1.13420	0.22000	1.98768
2013	0.22000	0.24310	0.27100	0.11938	0.63348	1.13420	0.22000	1.98768

Source: Dallas County Appraisal District

TOWN OF HIGHLAND PARK
Principal Property Taxpayers
September 30, 2013 and 2004
(Unaudited)

Taxpayer	2013			2004		
	Taxable Assessed	Rank	Percentage of Total Taxable Assessed	Taxable Assessed	Rank	Percentage of Total Taxable Assessed
	Value		Value	Value		Value
Highland Park Shopping Village	\$ 105,007,490	1	2.36%	\$ 57,433,140	1	2.07%
Dallas Country Club	37,580,080	2	0.85%	6,671,100	8	0.24%
Muse, John R & Lyn	23,740,456	3	0.53%	21,746,168	2	0.79%
Harlan Crow	19,269,952	4	0.43%	N/A	N/A	N/A
Edwin L. Cox	17,045,928	5	0.38%	11,045,275	6	0.40%
L & B Depp	16,700,000	6	0.38%	N/A	N/A	N/A
Amy Mitchell	16,320,720	7	0.37%	N/A	N/A	N/A
Corrigan Properties	15,250,000	8	0.34%	15,819,310	4	0.57%
Margaret Crow Life Estate	13,615,248	9	0.31%	3,394,700	10	0.12%
Jerral W. & Gene C. Jones	13,580,656	10	0.31%	10,743,032	7	0.40%
Trammel Crow	N/A	N/A	N/A	20,345,599	3	0.73%
Lehndorff Preston	N/A	N/A	N/A	12,900,000	5	0.47%
Bob Ladd	N/A	N/A	N/A	6,439,160	9	0.23%
	<u>\$ 278,110,530</u>		<u>6.26%</u>	<u>\$ 166,537,484</u>		<u>6.02%</u>

Source: Dallas Central Appraisal District

TOWN OF HIGHLAND PARK
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2004	6,369,983	6,287,173	98.7%	76,748	6,363,921	99.9%
2005	6,696,521	6,611,586	98.7%	79,194	6,690,780	99.9%
2006	7,303,760	7,232,503	99.0%	62,395	7,294,898	99.9%
2007	8,115,122	8,003,122	98.6%	101,607	8,104,729	99.9%
2008	8,890,683	8,818,214	99.2%	60,670	8,878,884	99.9%
2009	9,603,740	9,535,060	99.3%	54,321	9,589,381	99.9%
2010	10,062,755	9,865,734	99.2%	44,981	9,910,715	98.5%
2011	9,764,883	9,681,165	99.1%	20,084	9,701,249	99.3%
2012	9,696,331	9,622,922	99.2%	5,544	9,628,466	99.3%
2013	9,783,604	9,683,980	99.0%	-	9,683,980	99.0%

Sources: Dallas County, Town Departments

TOWN OF HIGHLAND PARK
Computation of Direct and Overlapping Debt
For the Year Ended September 30, 2013
(Unaudited)

Governmental Unit	Debt Outstanding	*** Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Town of Highland Park	\$ -	N/A	\$ -
Dallas County*	158,151,868	2.70%	4,270,100
Dallas County Community College District*	391,225,864	2.70%	10,563,098
Highland Park Independent School District**	99,385,000	37.20%	36,971,220
	<u>\$648,762,732</u>		<u>\$ 51,804,418</u>
Total Direct and Overlapping Debt to Assessed Valuation			<u>1.17%</u>
Per Capita Overlapping Debt			<u>\$ 5,874</u>

* Source: Dallas County

** Source: Highland Park Independent School District

*** Estimated Percentage Applicable is the ratio of property values in Highland Park compared to total for each respective Governmental unit

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, 2013.

TOWN OF HIGHLAND PARK
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2004	8,842	856,453,794	96,862	6.3%
2005	8,842	856,453,794	96,862	5.4%
2006	8,842	856,453,794	96,862	5.2%
2007	8,842	856,453,794	96,862	4.8%
2008	8,842	856,453,794	96,862	5.3%
2009	8,842	865,453,794	96,862	7.2%
2010	8,564	865,453,794	101,057	8.8%
2011	8,580	1,001,903,760 *	116,772	8.1%
2012	8,684	1,152,088,912 *	132,668	7.3%
2013	8,819	1,135,499,164 *	128,756	4.9%

Source: US Census Bureau's American Fact Finder report

*Post 2010 Census population estimates

TOWN OF HIGHLAND PARK
Principal Employers
Current Year and Nine Years Ago
(Unaudited)

2013			2004		
Business Sector	Number of Establishments	Number of Employees	Business Sector	Number of Establishments	Number of Employees
Retail Trade	51	584	Retail Trade	51	669
Wholesale Trade	12	95	Wholesale Trade	11	142
Information	5	*	Information	*	*
Professional, Scientific & Technical Services	43	158	Professional, Scientific & Technical Services	37	110
Real Estate & Rental & Leasing	27	82	Real Estate & Rental & Leasing	26	100
Administrative & Support & Waste Management & Remediation Services	13	28	Administrative & Support & Waste Management & Remediation Services	5	14
Education Services	3	*	Education Services	*	*
Health Care & Social Assistance	22	*	Health Care & Social Assistance	19	52
Arts, Entertainment & Recreation	8	*	Arts, Entertainment & Recreation	2	*
Accommodations & Food Services	10	313	Accommodations & Food Services	5	97
Other Services (Except Public Administration)	13	81	Other Services (Except Public Administration)	7	83

NOTE: The Town of Highland Park is a relatively small municipality, with a radius of about 2.2 square miles. The town's most recent estimated population is approximately 8,819. 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: 2013 data was obtained from the 2007 Economic Census, and 2004 data was obtained from the 1997 Economic Census.

TOWN OF HIGHLAND PARK
Construction and Property Values
Last Ten Fiscal Years
(Unaudited)

<u>Commercial Construction*</u>			<u>Residential Construction*</u>		<u>Property Value**</u>	
<u>Fiscal</u>	<u>Number of</u>		<u>Number of</u>		<u>Real</u>	<u>Personal</u>
<u>Year</u>	<u>Permits</u>	<u>Value</u>	<u>Permits</u>	<u>Value</u>	<u>Property</u>	<u>Property</u>
2004	31	8,756,934	1,072	57,616,387	3,446,135,340	53,196,004
2005	16	1,771,229	1,089	86,778,948	3,579,432,340	54,296,025
2006	30	3,261,489	1,198	69,202,875	3,985,776,180	46,470,240
2007	20	3,157,626	1,149	99,673,538	4,638,493,550	46,466,590
2008	22	8,626,739	1,113	77,757,810	5,187,681,250	54,237,020
2009	21	41,335,048	870	53,601,984	5,549,244,010	56,490,150
2010	31	19,975,233	1,004	72,021,698	5,622,164,550	61,504,450
2011	38	8,985,914	1,097	76,604,257	5,447,807,590	59,937,910
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	5,484,422,820	61,252,130

*Source: Town of Highland Park Permitting and Inspections Department

**Source: Dallas Central Appraisal District

TOWN OF HIGHLAND PARK
Full-Time Equivalent Employees by Function
Last Ten Fiscal Years
(Unaudited)

Function	Full-Time Equivalent Employees									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Government	1.40	1.40	1.40	2.20	2.20	2.20	2.20	2.20	2.60	5.00
Public Safety	67.00	67.00	67.00	68.00	70.33	69.00	69.00	69.00	69.00	69.00
Street	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30
Street Lighting	2.15	2.15	2.15	2.15	1.65	1.65	1.65	1.74	1.80	2.00
Library	5.40	5.40	5.40	5.40	5.40	5.40	5.40	5.40	5.40	3.00
Parks	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.00	9.00
Municipal Court	2.20	2.20	2.20	2.20	2.20	2.20	2.70	2.70	2.70	2.00
Finance	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Building Inspection	2.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Service Center	0.45	0.45	0.45	0.45	0.35	0.35	0.35	0.26	0.20	-
Information Technology	-	-	-	-	-	-	-	-	-	1.00
Utility Administration	6.00	6.00	6.00	6.20	6.20	6.20	6.20	6.20	6.80	4.00
Water	4.40	4.40	4.40	4.40	4.40	4.40	4.40	4.40	4.40	4.40
Sewer	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
Sanitation	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	-	-
Engineering	4.00	4.00	3.50	3.50	4.50	4.50	4.50	4.50	4.50	4.50
Stormwater Administration	-	-	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Total	<u><u>115.60</u></u>	<u><u>115.60</u></u>	<u><u>116.60</u></u>	<u><u>118.60</u></u>	<u><u>121.33</u></u>	<u><u>120.00</u></u>	<u><u>120.50</u></u>	<u><u>120.50</u></u>	<u><u>120.50</u></u>	<u><u>118.00</u></u>

Source: Official Town Budget

TOWN OF HIGHLAND PARK
Operating Indicators by Function
Last Ten Fiscal Years
(Unaudited)

Function	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Administration										
Service Requests Processed	8,755	8,410	10,817	8,991	6,440	6,935	7,842	6,415	5,286	3,220
Public Safety										
Call Responses: Police	11,599	11,505	11,175	10,282	9,461	10,128	10,368	10,846	10,159	10,434
Call Responses: Fire	901	783	819	858	883	905	912	824	778	751
Call Responses: EMS	417	424	426	425	466	493	1,443	396	392	398
Citations Issued	11,088	12,469	12,755	11,634	8,566	8,584	7,871	8,410	8,099	9,189
Street										
Asphalt Repairs (Tons)	222	192	183	167	161	154	170	227	524	676
Storm Inlets Cleaned	1,242	1,154	986	1,617	1,840	1,908	2,556	1,246	1,080	1,346
Library										
Total Circulation	72,498	76,315	66,870	63,801	48,264	63,729	60,444	58,377	57,171	43,814
Valid Library Cards	3,220	3,133	3,121	3,039	2,838	2,791	2,770	3,024	2,945	2,568
Swimming Pool										
Annual Passes Sold	1,811	1,788	1,884	1,652	1,737	1,676	1,680	1,590	1,501	1,523
Daily Passes Sold	1,360	1,559	1,494	1,625	2,132	2,679	2,325	2,881	2,554	3,260
Finance / Personnel										
Accounts Payable Checks Disbursed	4,072	4,035	3,866	3,357	3,499	3,301	3,581	3,489	3,128	3,150
Payroll Checks/ACH Disbursed	4,573	4,148	4,285	4,231	4,459	4,361	4,585	4,601	4,696	4,670
Building Inspection										
Total Inspections	2,894	3,399	3,615	3,461	3,193	2,837	2,654	2,838	3,088	3,121
Total Permits Issued	1,882	1,805	1,946	1,831	1,637	1,510	1,655	1,766	1,825	1,183
Water										
Meters Read	61,895	62,332	63,018	63,542	64,143	62,568	64,763	65,258	66,736	67,263
Meters Installed/Replaced	271	238	79	90	67	53	44	38	19	631
Sewer										
Service Calls	61	69	66	59	47	40	34	35	40	26
Mains Cleaned	606	570	610	773	1,060	903	871	920	1,087	533

Source: Town Departments

TOWN OF HIGHLAND PARK
Capital Asset Statistics by Function
Last Ten Fiscal Years
(Unaudited)

Function	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Administration										
Municipal Building	1	1	1	1	1	1	1	1	1	1
Public Safety										
Stations	1	1	1	1	1	1	1	1	1	1
Fire Vehicles	3	3	3	3	3	3	3	3	3	3
EMS Vehicles	1	2	2	2	3	3	3	3	3	3
Patrol Vehicles	9	9	9	10	10	10	10	10	10	10
Street										
Streets (miles)	42	42	42	42	42	42	42	42	42	42
Library										
Libraries	1	1	1	1	1	1	1	1	1	1
Parks										
Parks	22	22	22	22	22	22	22	22	22	22
Tennis Courts	8	8	8	8	8	8	8	8	8	8
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Water										
Water Mains (miles)	40	40	40	40	40	40	40	40	40	40
Fire Hydrants	252	252	252	252	252	252	252	252	252	252
Sewer										
Wastewater collection system (miles)	37	37	37	37	37	37	37	37	37	37

Source: Town Departments