

THE TOWN OF
Highland Park
TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2014



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TOWN OF HIGHLAND PARK, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2014

Prepared by:

Finance Department



TOWN OF HIGHLAND PARK

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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TOWN OF HIGHLAND PARK
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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INTRODUCTORY SECTION



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

January 12, 2015

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, 2014, 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, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town's financial statements for the fiscal year ended September 30, 2014, 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 an estimated population of about 8,862. 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's Charter requires that the proposed budget be submitted to the Town Secretary no later than August 31st with adoption taking place no later than September 15th. The entire budget process includes public involvement as the various elements composing the budget are reviewed in open and advertised public meetings. The appropriated budget is prepared by fund and department (e.g. Public Safety). Department heads may make transfers of appropriations within a department's budgeted operations and maintenance levels, however, reallocation of personnel and capital appropriations must be approved by the Town Administrator. Amendments to budget dollar amounts must be approved by the Town Council. Budget-to-actual comparisons are provided in this report for the General Fund on page 32. Transfers between departments require the approval of the Town Council.

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 the greatest portion of the Town's total governmental revenue stream. Historically, the Town has realized strong property value growth year-to-year, and the Town experienced an increase in property values for fiscal year 2013-14. Since the property tax rate was unchanged from 2013, property tax revenues were 3.2% 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 28.0% from last year. Sales tax revenue, normally another indicator of the economy, has increased \$485,603 (16.5%) 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 2014 year, total revenues increased \$148,780 (0.5%) and total expenses increased \$2,449,318 (9.8%). The net position of the Town increased \$1,374,862 (1.7%). 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, 2014, General Fund unassigned fund balance was \$4,296,843 and Enterprise Fund unrestricted net assets was \$2,059,231. The General Fund amount was 24.0% 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, excluding outstanding encumbrances of \$423,151, was 32.1% of current year non-capital expenditures. By including outstanding encumbrances, the enterprise fund balance would be reduced to 25.5% of current year non-capital expenditures. Both calculations exceed the minimum fund balance level of 25% prescribed by Council.

Town management, in conjunction with the Council, developed a formal Capital Improvement Plan (CIP) for the Town that was recently adopted. 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. The CIP will be updated annually and submitted to Town Council for approval.

Major Initiatives

During the year, the Town completed work on the DPS Communications and Town Hall Remodeling Project, which was the largest renovation to date of the Town Hall complex. The Capital Improvement Plan multi-year budget for the project provided total funding of \$20,202,000 from the Capital Projects Fund. Municipal offices operated from a temporary location during the first part of the fiscal year to provide uninterrupted service to residents during construction.

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, 2013. This was the thirty-first 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, 2013. 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



Government Finance Officers Association

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

Presented to

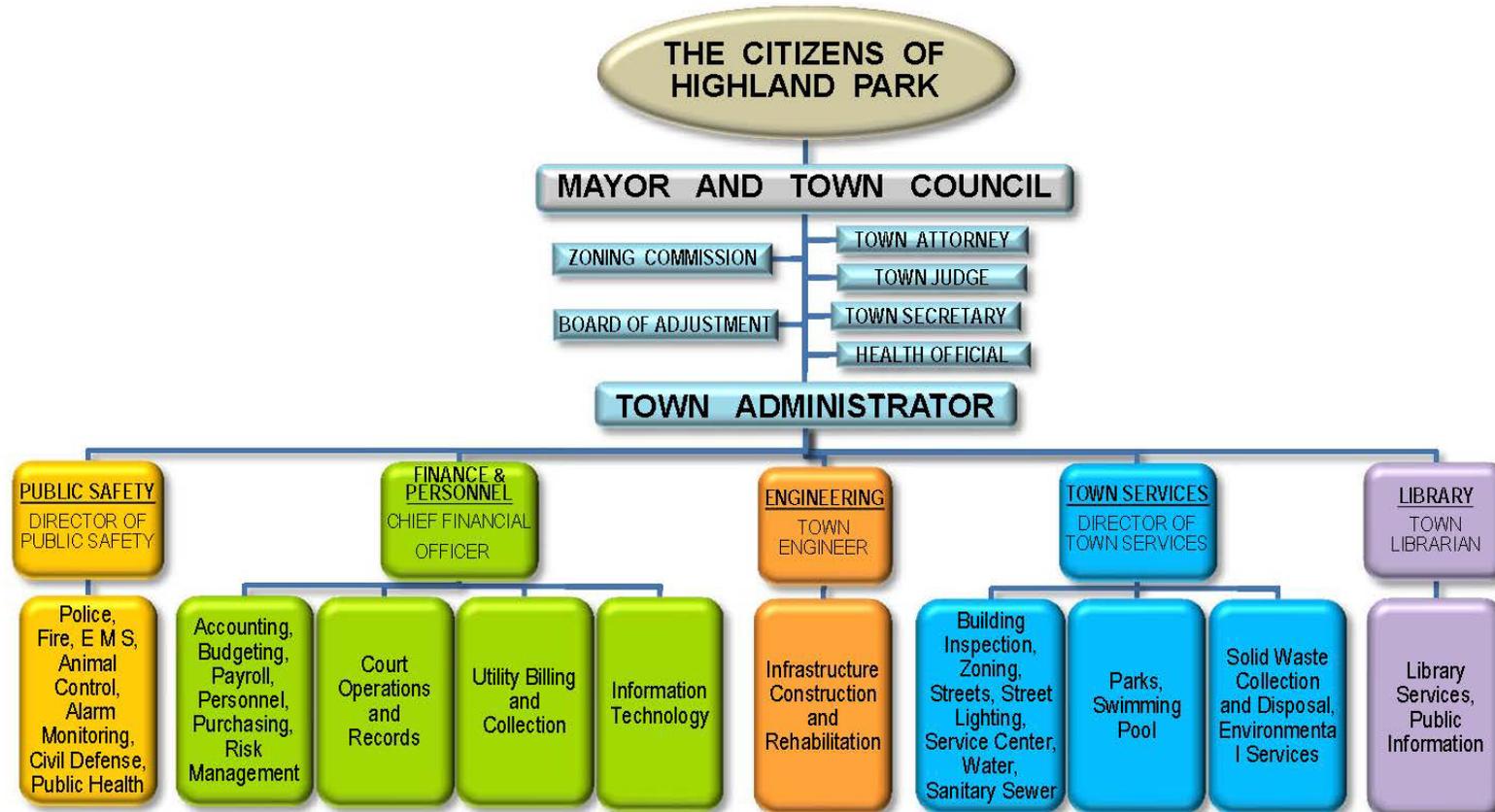
**Town of Highland Park
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

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	Chief Financial Officer	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**
Stephen Rogers, **Mayor Pro Tem**
Bob Carter, **Council Member**
Eric Gambrell, **Council Member**
Margo Goodwin, **Council Member**
John McKnight, **Council Member**

Town Administrator

Bill Lindley

Town Attorney

Matthew Boyle

Town Judge

Albert Hammack

Town Secretary

Gayle Kirby

Director of Administrative Services and CFO

Steven J. Alexander

Director of Public Safety

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, 2014, 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, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of funding progress on pages 15–24 and page 63 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 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 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 fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic

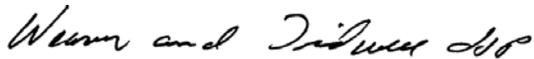
Town of Highland Park

Page 3

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 8, 2015, 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.



WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
January 8, 2015



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, 2014. 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 \$81,341,873 (net position). Of this amount, \$12,812,559 (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 \$1,374,862, the result of operations.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$7,642,980, a decrease of \$6,287,807 in comparison with the prior year. Approximately 56.2% of the reported combined ending fund balances, or \$4,296,843, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,296,843 or 24.0% of total General Fund expenditures and the unrestricted net position for the Enterprise Fund was \$2,059,231, or 32.1% of total Enterprise Fund operating expenses.
- Total governmental capital outlay of \$9,611,560 was partially offset by the net gain from operations of the General Fund of \$1,371,708, 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 nine individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and the Capital Projects Fund, which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these 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. Budgetary comparison statements are provided for the General 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 internal service funds to account for its fleet of vehicles, building maintenance, and management information systems. Because these services

predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 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 are the combining fund financial statements and the schedule of changes in equipment and accumulated depreciation for the internal service funds. This supplementary information may be found on pages 62-73 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's assets exceeded liabilities by \$81,341,873 at the close of the most recent fiscal year.

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 15,499,014	\$ 21,004,456	\$ 3,231,443	\$ 3,584,183	\$ 18,730,457	\$ 24,588,639
Capital assets	49,151,886	42,861,512	19,377,428	18,280,047	68,529,314	61,141,559
Total assets	64,650,900	63,865,968	22,608,871	21,864,230	87,259,771	85,730,198
Current Liabilities	3,651,874	3,574,051	1,018,031	947,716	4,669,905	4,521,767
Long term liabilities	1,093,812	1,098,303	154,181	143,117	1,247,993	1,241,420
Total liabilities	4,745,686	4,672,354	1,172,212	1,090,833	5,917,898	5,763,187
Net position:						
Investment in capital assets	49,151,886	42,861,512	19,377,428	18,280,047	68,529,314	61,141,559
Unrestricted	10,753,328	16,332,102	2,059,231	2,493,350	12,812,559	18,825,452
Total net position	\$ 59,905,214	\$ 59,193,614	\$ 21,436,659	\$ 20,773,397	\$ 81,341,873	\$ 79,967,011

The largest portion of the Town's net position (84.2%) 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 \$12,812,559, 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	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 4,634,013	\$ 4,459,173	\$ 8,109,508	\$ 8,640,478	\$ 12,743,521	\$ 13,099,651
Contributions	800,954	1,277,078	42,880	-	843,834	1,277,078
General revenues:						
Property taxes	10,053,948	9,744,640	-	-	10,053,948	9,744,640
Other taxes	4,651,460	4,077,593	-	-	4,651,460	4,077,593
Other	570,713	519,446	7,971	4,259	578,684	523,705
Total revenues	20,711,088	20,077,930	8,160,359	8,644,737	28,871,447	28,722,667
Expenses:						
General government	3,277,962	1,973,256	6,411,751	6,278,852	9,689,713	8,252,108
Public safety	10,831,500	10,575,157	-	-	10,831,500	10,575,157
Streets	1,850,685	1,175,073	-	-	1,850,685	1,175,073
Street lighting	190,317	237,734	-	-	190,317	237,734
Library	701,144	712,953	-	-	701,144	712,953
Parks	1,429,901	1,350,947	-	-	1,429,901	1,350,947
Swimming pool	181,970	199,939	-	-	181,970	199,939
Municipal court	280,071	329,474	-	-	280,071	329,474
Sanitation	1,133,782	1,073,427	-	-	1,133,782	1,073,427
Finance	780,928	733,642	-	-	780,928	733,642
Building inspection	426,574	406,813	-	-	426,574	406,813
Total expenses	21,084,834	18,768,415	6,411,751	6,278,852	27,496,585	25,047,267
Transfers in (out)	1,085,346	948,173	(1,085,346)	(948,173)	-	-
Increase in net position	711,600	2,257,688	663,262	1,417,712	1,374,862	3,675,400
Net position 10/1	59,193,614	56,935,926	20,773,397	19,355,685	79,967,011	76,291,611
Net position 9/30	\$ 59,905,214	\$ 59,193,614	\$ 21,436,659	\$ 20,773,397	\$ 81,341,873	\$ 79,967,011

For the fiscal year 2014, the Town's total net position increased \$1,374,862, the result of operations. During the year, the Town experienced an increase in sales tax revenue and building permit revenue. 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 2013 and 2014. Overall, increased revenues were partially offset by a reduction in water sales resulting from less water consumption in the fiscal year.

Governmental activities: Governmental activities, excluding transfers, decreased the Town's net position by \$373,746.

Total revenues for fiscal year 2014 increased by \$633,158 (3.2%) from 2013. This increase primarily resulted from an increase of tax revenue and charges for services totaling \$1,058,016, which was partially offset by a reduction in contributions of \$476,124.

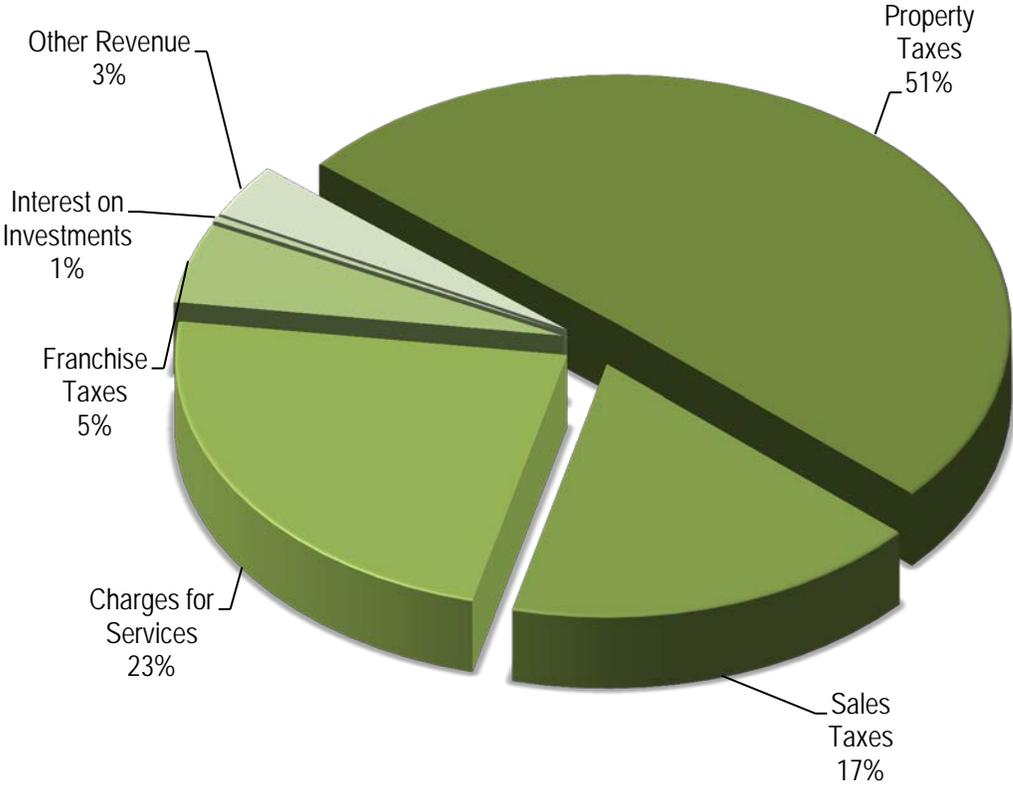
Total expenses increased \$2,316,419 (12.3%) from 2013. The primary reason for expenditures increasing in the Governmental Activities is that during the fiscal year the Town completed the renovation of the Town Hall and Department of Public Safety facility part of which included purchases of non-capitalized furniture and equipment totaling \$559,955. The Town also completed its annual street maintenance program totaling \$807,907. This program is considered street maintenance and is not capitalized.

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 \$1,748,608. Comparatively, the increase in the investment in business-type capital assets, net of depreciation, increased \$1,097,381 for the year.

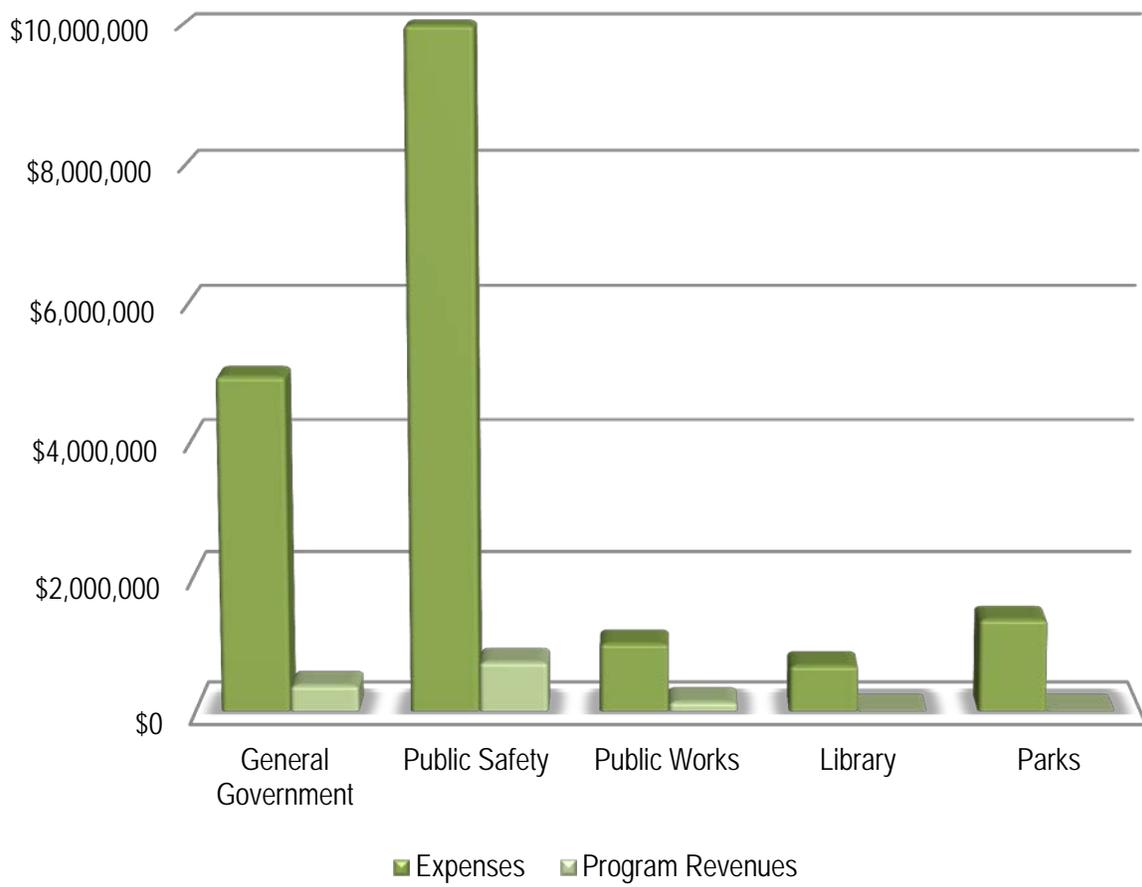
Total business-type revenues for 2014 decreased by \$484,378 (5.6%) from 2013 revenues. Charges for services decreased by \$530,970. This decrease is related to a reduction in consumption experienced during the year. In addition to conservation efforts being implemented by the Town, the weather experienced during the summer caused a reduction in water consumption related to landscape irrigation.

Transfers: Transactions of a significant nature that did not impact the Town's total net position involved transfers made in conjunction with the Town's capital improvement program. Annually, the Utility Fund transfers a portion of its current resources to the Town's Capital Improvement Fund. Additionally, 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 \$1,085,346 were made from business-type activities to governmental-type activities for these purposes.

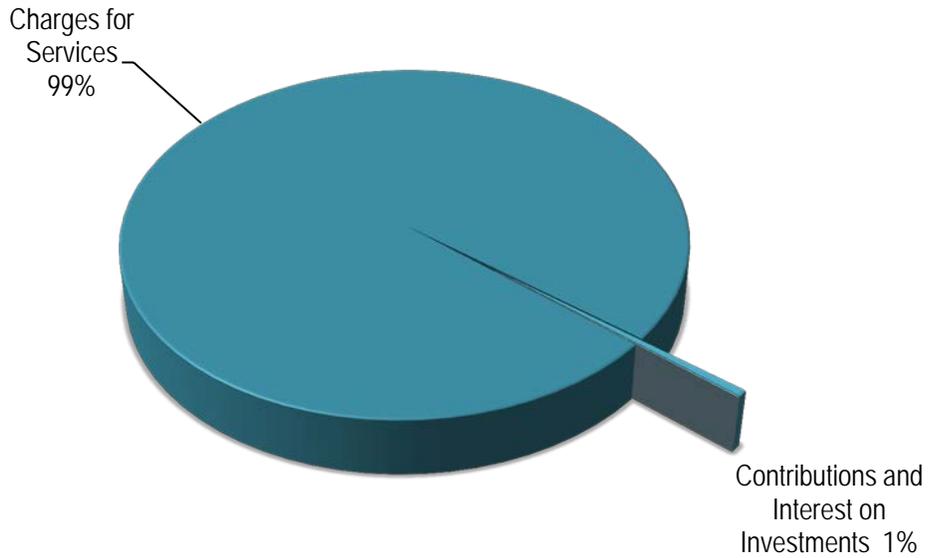
Revenue by Source- Governmental Activities



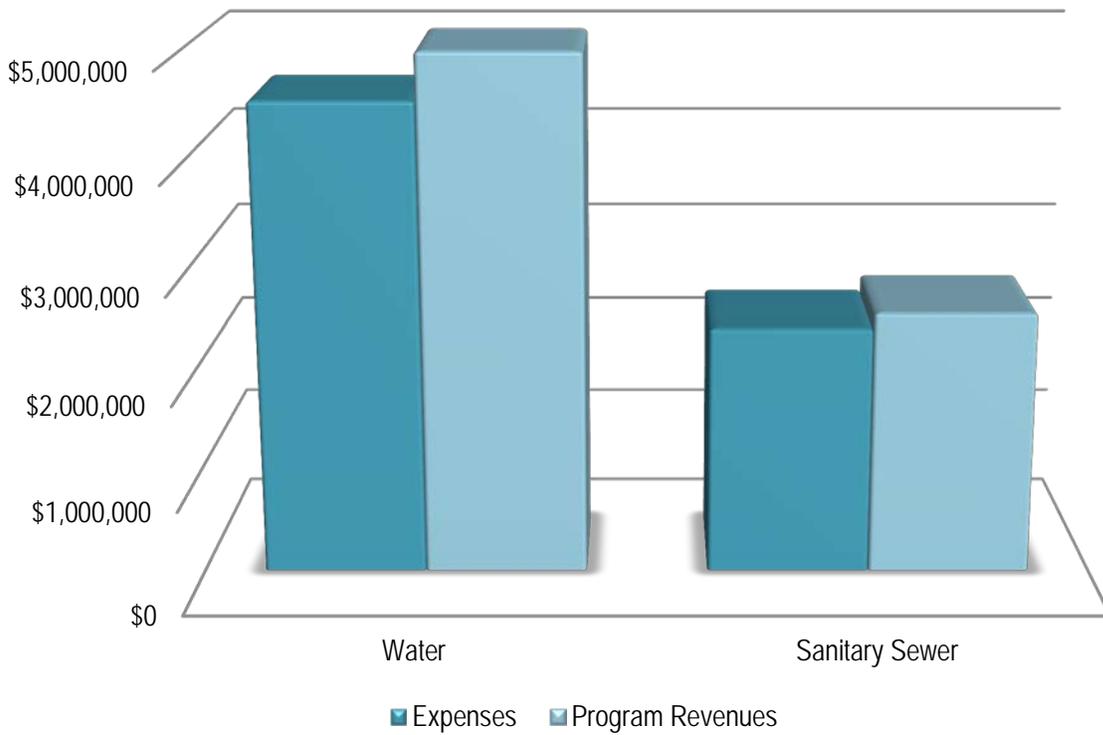
Expense and Program Revenues- Governmental Activities



Revenue by Source- Business 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 \$7,642,980, a decrease of \$6,287,807 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 56.2% of total fund balance, or \$4,296,843, 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 (\$32,055); 2) is restricted for special revenue funds and for use by the Library, DPS and Court (\$281,565); 3) committed for capital acquisition, storm water drainage improvements and employee disbursement (\$2,234,474); or 4) assigned to liquidate contracts and purchase orders of the prior period (\$798,043).

The General Fund is the primary operating fund of the Town. The total fund balance of the Town's General Fund increased by \$987,096 during the current fiscal year; this was primarily the net result of (1) an excess of revenues over expenditures of \$1,371,708 (increase); (2) a budgeted transfer in the amount of \$1,175,519 and \$94,735 from current revenues to the Capital Projects Fund and Utility Fund, respectively (decrease); (3) a budgeted transfer of \$254,355 to the Building Maintenance & Investment Internal Service Fund and (4) a transfer-in of \$1,116,685 from the Utility Fund for the purpose of funding the Utility Fund's portion of administrative costs related to Town operations; and (5) a sale of equipment that generated \$1,312 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 24.0% of total General Fund expenditures, while total fund balance represents 27.6% of that same amount.

The Capital Projects Fund ended the fiscal year with a total fund balance of \$1,694,277, all committed or assigned for capital acquisitions and projects. Of this amount, \$1,555,126 is restricted for capital acquisition.

The total fund balance of the Capital Projects Fund decreased by \$7,471,012 during the current fiscal year; this was the net result of (1) expenditures being higher than revenues by \$8,768,507 resulting in a decrease of fund balance (2) \$1,575,106 in transfers into the Capital Projects Fund (General Fund \$1,175,519 and the Enterprise Fund \$399,587); and (3) a transfer to the Utility Fund of \$277,611.

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 \$2,059,231, a decrease of \$434,119. 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 \$243,375 more than the original budget. Overall the increase in appropriations was necessary to address unforeseen expenditures that occurred during the fiscal year.

Actual fiscal year 2014 General Fund expenditures, excluding transfers, were \$484,501 (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, 2014 amounts to \$68,529,314 (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 \$7,387,755, or 12.1%.

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 2014-15 Operating Budget continued to be positively impacted by the improving economy. Property values continue to improve and have surpassed pre-recession levels, building activity and sales tax revenue continue to improve as well. Significant factors considered in preparing the budget include:

- Taxable property values for the 2014 tax year increased by \$152,614,112 (3.4%). 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 \$485,603 (16.5%) during 2014 over 2013, the result of stronger retail sales within the Town. The Town is projecting sales tax revenue of \$3,275,000 for the 2014 budget year, and is budgeted conservatively below the amended budget for 2013 by 1.2%.
- Water sales have decreased \$215,297 (3.9%) during 2014 under 2013. Overall the reduction in revenue is attributed to a mild summer and a greater focus on water conservation throughout the Town.

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, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 11,841,752	\$ 524,720	\$ 12,366,472
Investments	2,250,040	1,105,465	3,355,505
Receivables (net of allowances for uncollectibles):	1,375,167	1,439,265	2,814,432
Inventory of Supplies	7,904	154,532	162,436
Prepaid Items	24,151	7,461	31,612
Total Current Assets	15,499,014	3,231,443	18,730,457
Noncurrent Assets			
Capital Assets:			
Land, Improvements and Construction in Progress	5,807,621	2,644,082	8,451,703
Other Capital Assets, Net of Accumulated Depreciation	43,344,265	16,733,346	60,077,611
Total Noncurrent Assets	49,151,886	19,377,428	68,529,314
Total Assets	\$ 64,650,900	\$ 22,608,871	\$ 87,259,771
LIABILITIES			
Current Liabilities:			
Vouchers Payable	\$ 2,014,852	\$ 480,892	\$ 2,495,744
Retainage Payable	220,533	172,281	392,814
Accrued Liabilities	1,095,997	162,286	1,258,283
Deposits	58,163	188,008	246,171
Noncurrent Liabilities Due Within One Year	262,329	14,564	276,893
Total Current Liabilities	3,651,874	1,018,031	4,669,905
Noncurrent Liabilities:			
Due in More Than One Year	1,093,812	154,181	1,247,993
Total Liabilities	4,745,686	1,172,212	5,917,898
NET POSITION			
Investment in Capital Assets	49,151,886	19,377,428	68,529,314
Unrestricted	10,753,328	2,059,231	12,812,559
Total Net Position	\$ 59,905,214	\$ 21,436,659	\$ 81,341,873

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, 2014

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	\$ 3,277,962	\$ 386,948	\$ 57,468	\$ 702,885	\$ (2,130,661)	\$ -	\$ (2,130,661)
Department of Public Safety	10,831,500	737,090	-	-	(10,094,410)	-	(10,094,410)
Street Department	1,850,685	138,687	-	-	(1,711,998)	-	(1,711,998)
Street Lighting Department	190,317	-	-	-	(190,317)	-	(190,317)
Library	701,144	10,310	40,601	-	(650,233)	-	(650,233)
Parks Department	1,429,901	11,482	-	-	(1,418,419)	-	(1,418,419)
Swimming Pool	181,970	97,840	-	-	(84,130)	-	(84,130)
Sanitation	1,133,782	1,231,340	-	-	97,558	-	97,558
Municipal Court	280,071	787,330	-	-	507,259	-	507,259
Finance Department	780,928	-	-	-	(780,928)	-	(780,928)
Building Inspection Department	426,574	1,232,986	-	-	806,412	-	806,412
Total governmental activities	<u>21,084,834</u>	<u>4,634,013</u>	<u>98,069</u>	<u>702,885</u>	<u>(15,649,867)</u>	<u>-</u>	<u>(15,649,867)</u>
Business-type Activities:							
Enterprise	6,411,751	8,109,508	-	42,880	-	1,740,637	1,740,637
Total business-type activities	<u>6,411,751</u>	<u>8,109,508</u>	<u>-</u>	<u>42,880</u>	<u>-</u>	<u>1,740,637</u>	<u>1,740,637</u>
Total primary government	<u>\$ 27,496,585</u>	<u>\$ 12,743,521</u>	<u>\$ 98,069</u>	<u>\$ 745,765</u>	<u>\$ (15,649,867)</u>	<u>\$ 1,740,637</u>	<u>\$ (13,909,230)</u>
General Revenues:							
Property Taxes					\$ 10,053,948	\$ -	\$ 10,053,948
Sales Taxes					3,437,806	-	3,437,806
Other Taxes					189,232	-	189,232
Franchise Taxes					1,024,422	-	1,024,422
Penalties and Interest on Taxes					54,809	-	54,809
Interest on Investments					53,696	7,793	61,489
Miscellaneous					462,208	178	462,386
Transfers					1,085,346	(1,085,346)	-
Total general revenues and transfers					<u>16,361,467</u>	<u>(1,077,375)</u>	<u>15,284,092</u>
Change in Net Position					711,600	663,262	1,374,862
Net Position - Beginning of Year					59,193,614	20,773,397	79,967,011
Net Position - End of Year					<u>\$ 59,905,214</u>	<u>\$ 21,436,659</u>	<u>\$ 81,341,873</u>

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

TOWN OF HIGHLAND PARK
Balance Sheet - Governmental Funds
September 30, 2014

	General	Capital Projects	Non-Major	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 4,744,076	\$ 2,381,384	\$ 946,763	\$ 8,072,223
Investments	1,000,020	750,020	100,000	1,850,040
Receivables (net of allowances for uncollectibles)-				
Interest	2,885	167	-	3,052
Taxes	1,062,228	-	-	1,062,228
Other	105,166	54,377	193	159,736
Fines	149,861	-	-	149,861
Inventory of Supplies	7,904	-	-	7,904
Prepaid Items	24,151	-	-	24,151
Total Assets	<u>\$ 7,096,291</u>	<u>\$ 3,185,948</u>	<u>\$ 1,046,956</u>	<u>\$ 11,329,195</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Vouchers Payable	\$ 587,257	\$ 1,280,718	\$ 46,436	\$ 1,914,411
Retainage Payable	3,743	210,953	5,837	220,533
Accrued Liabilities	1,095,997	-	-	1,095,997
Deposits	58,163	-	-	58,163
Total Liabilities	<u>1,745,160</u>	<u>1,491,671</u>	<u>52,273</u>	<u>3,289,104</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue- Property Taxes	207,880	-	-	207,880
Unavailable Revenue- Ambulance	39,370	-	-	39,370
Unavailable Revenue- Fines	149,861	-	-	149,861
Total Deferred Inflows of Resources	<u>397,111</u>	<u>-</u>	<u>-</u>	<u>397,111</u>
FUND BALANCES				
Nonspendable				
Inventory of Supplies	7,904	-	-	7,904
Prepaid Items	24,151	-	-	24,151
Restricted				
Crime Prevention	-	-	1,155	1,155
Court Technology	-	-	44,890	44,890
Court Security	-	-	7,792	7,792
DPS Technology	-	-	23,773	23,773
Library	-	-	203,955	203,955
Committed				
Capital Acquisition	-	1,555,126	-	1,555,126
Stormwater Drainage Improvements	-	-	678,681	678,681
Employee Christmas Fund	-	-	667	667
Assigned				
Capital Projects	-	139,151	-	139,151
Drainage	-	-	33,770	33,770
Other	625,122	-	-	625,122
Unassigned	4,296,843	-	-	4,296,843
Total Fund Balances	<u>4,954,020</u>	<u>1,694,277</u>	<u>994,683</u>	<u>7,642,980</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,096,291</u>	<u>\$ 3,185,948</u>	<u>\$ 1,046,956</u>	<u>\$ 11,329,195</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, 2014

Total fund balances -- governmental funds \$ 7,642,980

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

Capital assets of \$72,899,199 net of accumulated depreciation of \$23,747,313 used in
 governmental activities are not financial resources and therefore are not reported as
 assets in governmental funds. 49,151,886

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

Property Taxes	\$ 207,880	
Ambulance Fees	39,370	
Court Fines	<u>149,861</u>	
		397,111

Long term liabilities related to compensated absences are recognized on the government-
 wide financial statements and not at the fund level. (913,824)

Long term liabilities related to other post employment benefits are recognized on the
 government-wide financial statements and not at the fund level. (442,317)

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 \$3,316,437 as it relates to the internal service funds
 is included in the capital asset amount above. 4,069,378

Total Net Position--governmental activities \$ 59,905,214

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, 2014

	General	Capital Projects	Non-Major	Total Governmental Funds
REVENUES				
Property Taxes	\$ 10,039,679	\$ -	\$ -	\$ 10,039,679
Sales Taxes	3,437,806	-	-	3,437,806
Other Taxes	189,232	-	-	189,232
Franchise Fees	1,024,422	-	-	1,024,422
Penalties and Interest	54,809	-	-	54,809
Licenses and Permits	1,273,423	-	-	1,273,423
Service Fees	2,489,359	-	424,684	2,914,043
Fines and Forfeits	429,429	-	-	429,429
Interest on Investments	20,336	19,463	2,629	42,428
Contributions	48,089	702,885	49,980	800,954
Miscellaneous	303,941	-	37,010	340,951
Total Revenues	19,310,525	722,348	514,303	20,547,176
EXPENDITURES				
Current-				
General Government	2,207,789	-	116,840	2,324,629
Department of Public Safety	10,442,496	-	55	10,442,551
Street Department	349,310	-	-	349,310
Street Lighting Department	175,276	-	-	175,276
Library	624,222	-	973	625,195
Parks Department	1,353,546	-	-	1,353,546
Swimming Pool	153,275	-	-	153,275
Municipal Court	265,117	-	11,690	276,807
Finance Department	781,748	-	-	781,748
Building Inspection Department	422,026	-	-	422,026
Sanitation	1,102,043	-	-	1,102,043
Capital Outlay	61,969	9,490,855	58,736	9,611,560
Total Expenditures	17,938,817	9,490,855	188,294	27,617,966
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,371,708	(8,768,507)	326,009	(7,070,790)
OTHER FINANCING SOURCES (USES)				
Transfers In	1,138,685	1,575,106	-	2,713,791
Transfers Out	(1,524,609)	(277,611)	(129,900)	(1,932,120)
Proceeds from Sale of Assets	1,312	-	-	1,312
Net Other Financing Sources (Uses)	(384,612)	1,297,495	(129,900)	782,983
Net Change in Fund Balances	987,096	(7,471,012)	196,109	(6,287,807)
FUND BALANCES, beginning of year	3,966,924	9,165,289	798,574	13,930,787
FUND BALANCES, end of year	\$ 4,954,020	\$ 1,694,277	\$ 994,683	\$ 7,642,980

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, 2014

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

Net changes in fund balances--total governmental funds	\$ (6,287,807)
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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 less street repairs (\$8,411,303) exceeded depreciation (\$1,480,104) in the current period.	6,931,199
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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	14,269	
Ambulance Fees	<u>17,118</u>	
		31,387

Expenditures related to the long-term liability for other post employment benefits are recognized in the government-wide financial statements.	(68,047)
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The change related to the long-term liability for compensated absences are recognized in the government-wide financial statements.	93,109
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The disposal of capital assets is not recognized in the governmental funds	(142,522)
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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>154,281</u>
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Change in net position of governmental activities	<u>\$ 711,600</u>
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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, 2014

	<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	\$ 10,076,160	\$ 10,076,160	\$10,039,679	\$ (36,481)
Sales Taxes	3,100,000	3,315,600	3,437,806	122,206
Other Taxes	156,400	156,400	189,232	32,832
Franchise Fees	1,046,400	1,046,400	1,024,422	(21,978)
Penalties and Interest	55,000	55,000	54,809	(191)
Licenses and Permits	1,088,860	1,138,860	1,273,423	134,563
Service Fees	2,567,850	2,567,850	2,489,359	(78,491)
Fines and Forfeits	360,000	360,000	429,429	69,429
Interest on Investments	12,000	12,000	20,336	8,336
Contributions	20,800	20,800	48,089	27,289
Miscellaneous	304,195	304,195	303,941	(254)
Total Revenues	<u>18,787,665</u>	<u>19,053,265</u>	<u>19,310,525</u>	<u>257,260</u>
EXPENDITURES				
Current-				
General Government	2,033,327	2,299,868	2,207,789	92,079
Department of Public Safety	10,502,195	10,583,985	10,442,496	141,489
Street Department	380,759	380,759	349,310	31,449
Street Lighting Department	179,955	179,955	175,276	4,679
Library	625,007	650,792	624,222	26,570
Parks Department	1,356,029	1,360,288	1,353,546	6,742
Swimming Pool	177,315	177,315	153,275	24,040
Municipal Court	298,380	298,380	265,117	33,263
Finance Department	849,609	849,609	781,748	67,861
Building Inspection Department	422,697	422,697	422,026	671
Sanitation	1,113,675	1,113,675	1,102,043	11,632
Capital Outlay	105,995	105,995	61,969	44,026
Total Expenditures	<u>18,044,943</u>	<u>18,423,318</u>	<u>17,938,817</u>	<u>484,501</u>
Excess of Revenues Over Expenditures	<u>742,722</u>	<u>629,947</u>	<u>1,371,708</u>	<u>741,761</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,073,005	1,073,005	1,138,685	65,680
Transfers Out	(1,759,452)	(1,624,452)	(1,524,609)	99,843
Sale of Assets	3,500	3,500	1,312	(2,188)
Net Other Financing Sources (Uses)	<u>(682,947)</u>	<u>(547,947)</u>	<u>(384,612)</u>	<u>163,335</u>
Net Change in Fund Balances	59,775	82,000	987,096	905,096
FUND BALANCES, beginning of year	3,966,924	3,966,924	3,966,924	-
FUND BALANCES, end of year	<u>\$ 4,026,699</u>	<u>\$ 4,048,924</u>	<u>\$ 4,954,020</u>	<u>\$ 905,096</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, 2014

	<u>Business-Type Activities - Enterprise Fund</u>	<u>Governmental Activities - Internal Service Funds</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 524,720	\$ 3,769,529
Investments	1,105,465	400,000
Receivables (net of allowance for uncollectibles)-		
Water, Sewer and Garbage-		
Billed	1,065,179	-
Unbilled	370,788	-
Other	5	-
Interest	3,293	290
Inventory of Supplies	154,532	-
Prepaid Items	7,461	-
Total Current Assets	<u>3,231,443</u>	<u>4,169,819</u>
NON-CURRENT ASSETS		
Land	238,750	-
Buildings	20,197	-
Improvements Other Than Buildings	24,718,719	-
Vehicles and Rolling Stock	-	3,870,178
Machinery and Equipment	692,225	3,429,283
Office Furniture and Equipment	19,780	-
Construction in Progress	2,405,332	30,800
	<u>28,095,003</u>	<u>7,330,261</u>
Less Accumulated Depreciation	<u>(8,717,575)</u>	<u>(4,013,825)</u>
Capital Assets, Net of Accumulated Depreciation	<u>19,377,428</u>	<u>3,316,436</u>
Total Assets	<u>\$ 22,608,871</u>	<u>\$ 7,486,255</u>
LIABILITIES		
Current Liabilities-		
Vouchers Payable	\$ 480,892	\$ 100,441
Retainage Payable	172,281	-
Accrued Liabilities	162,286	-
Deposits	188,008	-
Compensated absences- current	14,564	-
Total Current Liabilities	<u>1,018,031</u>	<u>100,441</u>
Noncurrent Liabilities		
OPEB	67,883	-
Compensated absences	86,298	-
Total Noncurrent Liabilities	<u>154,181</u>	<u>-</u>
Total Liabilities	<u>1,172,212</u>	<u>100,441</u>
NET POSITION		
Investment in Capital Assets	19,377,428	3,316,436
Unrestricted	2,059,231	4,069,378
Total Net Position	<u>\$ 21,436,659</u>	<u>\$ 7,385,814</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, 2014

	Business-Type Activities - <u>Enterprise Fund</u>	Governmental Activities - Internal <u>Service Funds</u>
OPERATING REVENUES		
Water Sales	\$ 5,256,670	\$ -
Sewer Services	2,545,727	-
New Connections	66,000	-
Plumbing Permits	65,225	-
Penalties for Late Payments	60,688	-
Inter-Departmental Water Sales	108,196	-
Charges for Services	-	650,074
Miscellaneous	7,002	14,508
Total Operating Revenues	<u>8,109,508</u>	<u>664,582</u>
OPERATING EXPENSES		
Personnel Services	1,701,696	-
Materials and Supplies	2,604,875	46,995
Services and Charges	1,396,262	238,987
Depreciation	708,918	644,699
Total Operating Expenses	<u>6,411,751</u>	<u>930,681</u>
Operating Income (Loss)	<u>1,697,757</u>	<u>(266,099)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest	7,793	11,268
Gain on Sale of Assets	178	105,437
Total Nonoperating Revenues	<u>7,971</u>	<u>116,705</u>
Income (Loss) before Transfers and Capital Contributions	1,705,728	(149,394)
Transfers in	480,246	2,688,252
Transfers out	(1,565,592)	(2,384,577)
Contributions of Capital Assets	42,880	-
Change in Net Position	663,262	154,281
NET POSITION, beginning of year	<u>20,773,397</u>	<u>7,231,533</u>
NET POSITION, end of year	<u>\$ 21,436,659</u>	<u>\$ 7,385,814</u>

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, 2014

	Business-Type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers and users	\$ 8,249,696	\$ 664,582
Payments from services provided	-	107,028
Cash payments to suppliers	(3,947,350)	(294,634)
Cash payments to employees	(1,692,488)	-
Net cash provided by (used for) operating activities	2,609,858	476,976
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers in	480,246	2,688,252
Transfers out	(1,565,592)	(2,384,577)
Net cash provided by (used for) noncapital financing activities	(1,085,346)	303,675
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(1,807,339)	(146,396)
Proceeds from sale of capital assets	1,218	105,437
Contributions from developers	42,880	-
Net cash used for capital and related financing activities	(1,763,241)	(40,959)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investment securities	-	(150,000)
Proceeds from sale and maturities of investment securities	313,616	1,499,832
Interest and dividends received on investments	7,996	11,752
Net cash provided by investing activities	321,612	1,361,584
NET INCREASE IN CASH AND CASH EQUIVALENTS	82,883	2,101,276
CASH AND CASH EQUIVALENTS, beginning of year	441,837	1,668,253
CASH AND CASH EQUIVALENTS, end of year	\$ 524,720	\$ 3,769,529
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Operating income (loss)	\$ 1,697,757	\$ (266,099)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	708,918	644,699
Inventory	(30,308)	-
Accounts receivable	140,516	-
Other assets	11,596	-
Accounts payable and accrued liabilities	72,499	98,376
Compensated absences payable	(6,655)	-
Other post-employment benefits	15,863	-
Deposits	(328)	-
Total adjustments	912,101	743,075
Net cash provided by (used for) operating activities	\$ 2,609,858	\$ 476,976

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



TOWN OF HIGHLAND PARK
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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, 2014, 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, 2014**

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

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

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

TOWN OF HIGHLAND PARK
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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.

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

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

The Town reports the following major 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. The Technology Replacement Fund is used to account for the replacement of technology equipment.

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, 2014**

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 2013-2014 proposed budget was filed on August 29, 2013.
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 2013-2014 budget hearing was held on August 26, 2013.
5. Prior to September 30, the budget is legally enacted through passage of an ordinance. The 2013-2014 budget was approved September 9, 2013 through passage of Ordinance No. 1925.
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 is 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, 2014**

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, 2014**

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 Fund Net Position for Proprietary Funds.

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

The Town's carrying amounts of cash and cash equivalents as of September 30, 2014, as reflected in the financial statements, is:

	Governmental and Business-Type Activities
Cash/Demand Deposits	\$ 12,352,788
Investment Pools	13,684
Total	\$ 12,366,472

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 \$5,425,241 and \$17,723,962 for Frost Bank and Plains Capital, respectively. The bank balance for both banks at year-end was \$53,114 and \$12,368,103, respectively.

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	\$ 1,355,505	\$ 1,355,505
Certificate of deposit	2,000,000	2,000,000
Investment Pools (included as cash and cash equivalents per combined balance sheet)	13,684	13,684
Total Investments	\$ 3,369,189	\$ 3,369,189

Maturities at September 30, 2014, were as follows:

Cash and Cash Equivalents	\$ 13,684
3 months to 2 years	3,355,505
Total	\$ 3,369,189

**TOWN OF HIGHLAND PARK
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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, 2014, 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, 2014**

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, 2014, the Town had the following investments:

Investment Type	Amount	Weighted Average Maturity	Minimum Legal Rating	Rating as of Year End
LOGIC	\$ 13,684	59 Days	AAA	AAAm
Certificate of deposit	2,000,000	55 Days	N/A	N/A
U. S. Government Securities:				
Federal Home Loan Bank	652,913			AA+
Federal National Mortgage Association	202,592			AA+
Federal Farm Credit Bank	500,000			AA+
Total U.S. Government Securities	<u>1,355,505</u>	136 Days		
Total Primary Government	<u>\$ 3,369,189</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, 2014, 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, 2014

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, 2014, 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, 2014**

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>Nonmajor</u>	<u>Enterprise</u>	<u>Internal Service</u>	<u>Total</u>
Receivables:						
Water, sewer and garbage						
Billed	\$ -	\$ -	\$ -	\$ 1,075,659	\$ -	\$ 1,075,659
Unbilled	-	-	193	370,788	-	370,981
Interest	2,885	167	-	3,293	290	6,635
Property Taxes	232,186	-	-	-	-	232,186
Sales Taxes	574,272	-	-	-	-	574,272
Mixed Beverage Taxes	39,061	-	-	-	-	39,061
Franchise Taxes	240,955	-	-	-	-	240,955
Other	147,789	54,377	-	5	-	202,171
Fines and Forfeitures	149,861	-	-	-	-	149,861
Gross receivables	1,387,009	54,544	193	1,449,745	290	2,891,781
Less: allowance for uncollectibles	(66,869)	-	-	(10,480)	-	(77,349)
Net total receivables	<u>\$ 1,320,140</u>	<u>\$ 54,544</u>	<u>\$ 193</u>	<u>\$ 1,439,265</u>	<u>\$ 290</u>	<u>\$ 2,814,432</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, 2014**

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, 2014, that must be paid by December 31, 2014, and amounts that become vested as of September 30, 2014, 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

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, 2014

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, 2014**

2. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
General Capital Assets:				
Capital Assets, not Being Depreciated:				
Land	\$ 4,193,026	\$ -	\$ -	\$ 4,193,026
Work in Progress	11,634,795	54,339	(10,105,339)	1,583,795
Total General Capital Assets, not being Depreciated	<u>15,827,821</u>	<u>54,339</u>	<u>(10,105,339)</u>	<u>5,776,821</u>
Capital Assets, Being Depreciated:				
Buildings	5,019,716	17,353,353	-	22,373,069
Capital Improvements	34,704,844	863,631	(142,522)	35,425,953
Furniture and Fixtures	69,171	26,818	(55,545)	40,444
Office Equipment	195,157	210,575	(10,577)	395,155
Machinery and Equipment	1,549,570	7,926	-	1,557,496
Total General Capital Assets Being Depreciated	<u>41,538,458</u>	<u>18,462,303</u>	<u>(208,644)</u>	<u>59,792,117</u>
Less Accumulated Depreciation for:				
Buildings	(976,669)	(356,558)	-	(1,333,227)
Capital Improvements	(15,838,331)	(1,022,071)	-	(16,860,402)
Furniture and Fixtures	(59,960)	(2,894)	55,545	(7,309)
Office Equipment	(196,657)	(5,057)	10,577	(191,137)
Machinery and Equipment	(1,247,889)	(93,524)	-	(1,341,413)
Total Accumulated Depreciation	<u>(18,319,506)</u>	<u>(1,480,104)</u>	<u>66,122</u>	<u>(19,733,488)</u>
Total General Capital Assets Being Depreciated, net	<u>23,218,952</u>	<u>16,982,199</u>	<u>(142,522)</u>	<u>40,058,629</u>
Internal Service Fund Capital Assets:				
Capital Assets, not Being Depreciated:				
Work in Progress	50,596	40,790	(60,586)	30,800
Total General Capital Assets, not being Depreciated	<u>50,596</u>	<u>40,790</u>	<u>(60,586)</u>	<u>30,800</u>
Capital Assets, Being Depreciated:				
Machinery and Equipment	3,308,134	127,564	(6,415)	3,429,283
Vehicles	4,331,679	93,735	(555,236)	3,870,178
Total Capital Assets Being Depreciated	<u>7,639,813</u>	<u>221,299</u>	<u>(561,651)</u>	<u>7,299,461</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(1,610,145)	(322,718)	910	(1,931,953)
Vehicles	(2,265,525)	(321,981)	505,634	(2,081,872)
Total Accumulated Depreciation	<u>(3,875,670)</u>	<u>(644,699)</u>	<u>506,544</u>	<u>(4,013,825)</u>
Total Capital Assets Being Depreciated, net	<u>3,764,143</u>	<u>(423,400)</u>	<u>(55,107)</u>	<u>3,285,636</u>
Total Governmental Activities				
Governmental Activities Capital Assets				
Not Being Depreciated	<u>\$ 15,878,417</u>	<u>\$ 95,129</u>	<u>\$ (10,165,925)</u>	<u>\$ 5,807,621</u>
Governmental Activities Capital Assets Being Depreciated, net	<u>\$ 26,983,095</u>	<u>\$ 16,558,799</u>	<u>\$ (197,629)</u>	<u>\$ 43,344,265</u>

**TOWN OF HIGHLAND PARK
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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>2,935,761</u>	<u>1,026,166</u>	<u>(1,556,595)</u>	<u>2,405,332</u>
Total Capital Assets, not Being Depreciated	<u>3,174,511</u>	<u>1,026,166</u>	<u>(1,556,595)</u>	<u>2,644,082</u>
Capital Assets, Being Depreciated:				
Buildings	20,197	-	-	20,197
Improvements Other than Building	22,389,153	2,329,566	-	24,718,719
Machinery and Equipment	685,274	8,202	(1,251)	692,225
Office Furniture and Equipment	<u>36,038</u>	<u>-</u>	<u>(16,258)</u>	<u>19,780</u>
Total Capital Assets Being Depreciated	<u>23,130,662</u>	<u>2,337,768</u>	<u>(17,509)</u>	<u>25,450,921</u>
Less Accumulated Depreciation for:				
Buildings	(20,195)	-	-	(20,195)
Capital Improvements	(7,545,033)	(700,872)	-	(8,245,905)
Machinery and Equipment	(440,658)	-	1,252	(439,406)
Office Furniture and Equipment	<u>(19,240)</u>	<u>(8,046)</u>	<u>15,217</u>	<u>(12,069)</u>
Total Accumulated Depreciation	<u>(8,025,126)</u>	<u>(708,918)</u>	<u>16,469</u>	<u>(8,717,575)</u>
Total Capital Assets Being Depreciated, net	<u>\$ 15,105,536</u>	<u>\$ 1,628,850</u>	<u>\$ (1,040)</u>	<u>\$ 16,733,346</u>
Business-Type Activities Capital Assets, net	<u>\$ 18,280,047</u>	<u>\$ 2,655,016</u>	<u>\$ (1,557,635)</u>	<u>\$ 19,377,428</u>

**TOWN OF HIGHLAND PARK
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

2. CAPITAL ASSETS – continued

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

Governmental Activities:	
General Government	\$ 422,274
Department of Public Safety	201,906
Street Department	685,730
Street Lighting Department	9,739
Library	71,312
Parks Department	60,214
Swimming Pool	<u>28,929</u>
Total Depreciation Expense - General Capital Assets	1,480,104
Internal Service Fund	<u>644,699</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,124,803</u>
Business-type Activities:	
Water	\$ 415,382
Sewer	<u>293,536</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 708,918</u>

3. INTERFUND TRANSACTIONS

Interfund transfers are made throughout the fiscal year for a variety of reasons. Transfers made during fiscal year 2014 were as follows:

Transfer Out:	Transfer In:					Purpose of Transfer
	General Fund	Capital Projects Fund	Utility Fund	Internal Service Funds	Total	
General Fund	\$ -	\$ 1,175,519	\$ 94,735	\$ 254,355	\$ 1,524,609	CIP and Indirect Cost Allocation
Capital Projects Fund	-	-	277,611	-	277,611	CIP
Internal Service Funds	-	-	-	2,384,577	2,384,577	Asset Transfers
Utility Fund	1,116,685	399,587	-	49,320	1,565,592	CIP and Indirect Cost Allocation
Nonmajor Funds	<u>22,000</u>	<u>-</u>	<u>107,900</u>	<u>-</u>	<u>129,900</u>	Municipal Court Security and Indirect Cost Allocation
Total	<u>\$ 1,138,685</u>	<u>\$ 1,575,106</u>	<u>\$ 480,246</u>	<u>\$ 2,688,252</u>	<u>\$ 5,882,289</u>	

**TOWN OF HIGHLAND PARK
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

4. LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2014, 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	\$ 1,006,933	\$ 38,229	\$ (131,338)	\$ 913,824	\$ 262,329
OPEB liability	<u>374,270</u>	<u>68,047</u>	<u>-</u>	<u>442,317</u>	<u>-</u>
Governmental activity					
Long-term liabilities	<u>\$ 1,381,203</u>	<u>\$ 106,276</u>	<u>\$ (131,338)</u>	<u>\$ 1,356,141</u>	<u>262,329</u>
Business-type activities:					
Compensated absences	\$ 107,517	\$ 3,688	\$ (10,343)	\$ 100,862	14,564
OPEB liability	<u>52,020</u>	<u>15,863</u>	<u>-</u>	<u>67,883</u>	<u>-</u>
Business-type activity					
Long-term liabilities	<u>\$ 159,537</u>	<u>\$ 19,551</u>	<u>\$ (10,343)</u>	<u>\$ 168,745</u>	<u>14,564</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, 2014**

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 2013</u>	<u>Plan Year 2014</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>2012</u>	<u>2013</u>	<u>2014</u>
Annual Required Contribution (ARC)	\$ 754,282	\$ 626,263	\$615,734
Annual Pension Cost	754,282	626,263	615,734
Contributions Made	<u>(754,282)</u>	<u>(626,263)</u>	<u>(615,734)</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, 2014**

5. RETIREMENT PLANS - continued

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

	Valuation Date		
	12/31/2011	12/31/2012	12/31/2013
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Amortization Method	Level % of payroll	Level % of payroll	Level % of payroll
Remaining Amortization Period	25.0 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, 2013, 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>
12/31/2013	\$ 66,396,341	\$ 63,664,908	104.3%	\$ (2,731,433)	\$ 10,866,226	-25.1%

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, 2014**

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, 2014. 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, 2014, there were approximately 120 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, 2014, is as follows:

Annual required contribution	\$ 129,480
Interest on OPEB obligation	19,183
Adjustment to ARC	<u>(17,773)</u>
Annual OPEB cost end of year	130,890
Net estimated employer contributions	<u>(46,980)</u>
Increase in net OPEB obligation	83,910
Net OPEB obligation – as of beginning of the year	426,290
Net OPEB obligation – as of end of year	<u>\$ 510,200</u>

**TOWN OF HIGHLAND PARK
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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, 2014 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, 2012	\$139,664	\$157,183	113%	\$342,950
September 30, 2013	\$126,844	\$43,504	34%	\$426,290
September 30, 2014*	\$130,890	\$46,980	36%	\$510,200

*The employer contribution for fiscal year ending September 30, 2014 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, 2014**

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 \$2,438,463.

Sewage service is provided to the Town under a contract with the City of Dallas, which expires in 2044. 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 \$902,225.

**TOWN OF HIGHLAND PARK
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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 \$105,209.

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 \$867,577.

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 \$97,354 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 \$6,636.

No material litigation was outstanding against the Town as of September 30, 2014.

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, 2014**

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 Eight 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%
12/31/2013	\$ 66,396,341	\$ 63,664,908	104.3%	\$ (2,731,433)	\$ 10,866,226	-25.1%

**COMBINING AND INDIVIDUAL
FINANCIAL STATEMENTS AND SCHEDULES**



NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

TOWN OF HIGHLAND PARK
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2014

	Special Revenue							Total
	Stormwater Drainage	Employee Christmas	Forfeited Property	Court Technology	Court Security	DPS Technology	Library	
ASSETS								
Cash and Cash Equivalents	\$ 620,977	\$ 667	\$ 1,155	\$ 88,444	\$ 7,792	\$ 23,773	\$ 203,955	\$ 946,763
Investments	100,000	-	-	-	-	-	-	100,000
Receivables (net of allowances for uncollectibles)- Other	193	-	-	-	-	-	-	193
Total Assets	\$ 721,170	\$ 667	\$ 1,155	\$ 88,444	\$ 7,792	\$ 23,773	\$ 203,955	\$ 1,046,956
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Vouchers Payable	\$ 2,882	\$ -	\$ -	\$ 43,554	\$ -	\$ -	\$ -	\$ 46,436
Retainage Payable	5,837	-	-	-	-	-	-	5,837
Total Liabilities	8,719	-	-	43,554	-	-	-	52,273
FUND BALANCE								
Restricted								
Crime Prevention	-	-	1,155	-	-	-	-	1,155
Court Technology	-	-	-	44,890	-	-	-	44,890
Court Security	-	-	-	-	7,792	-	-	7,792
DPS Technology	-	-	-	-	-	23,773	-	23,773
Library	-	-	-	-	-	-	203,955	203,955
Committed								
Stormwater Drainage Improvements	678,681	-	-	-	-	-	-	678,681
Employee Christmas Fund	-	667	-	-	-	-	-	667
Assigned								
Drainage	33,770	-	-	-	-	-	-	33,770
Total Fund Balances	712,451	667	1,155	44,890	7,792	23,773	203,955	994,683
Total Liabilities and Fund Balance	\$ 721,170	\$ 667	\$ 1,155	\$ 88,444	\$ 7,792	\$ 23,773	\$ 203,955	\$ 1,046,956

TOWN OF HIGHLAND PARK
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended September 30, 2014

	Special Revenue							Total
	Stormwater Drainage	Employee Christmas	Forfeited Property	Court Technology	Court Security	DPS Technology	Library	
REVENUES								
Fees	\$ 374,523	\$ -	\$ -	\$ 28,664	\$ 21,497	\$ -	\$ -	\$ 424,684
Contributions	-	9,379	-	-	-	-	40,601	49,980
Interest on Investments	1,875	4	2	234	15	20	479	2,629
Miscellaneous	-	-	710	-	-	36,300	-	37,010
Total Revenues	<u>376,398</u>	<u>9,383</u>	<u>712</u>	<u>28,898</u>	<u>21,512</u>	<u>36,320</u>	<u>41,080</u>	<u>514,303</u>
EXPENDITURES								
Distributions of Contributions	-	11,076	-	-	-	-	-	11,076
FICA Contribution	-	759	-	-	-	-	-	759
TMRS	-	611	-	-	-	-	-	611
Materials and Supplies	28,229	-	-	11,493	-	-	-	39,722
Services and Charges	76,164	1	53	33	164	2	973	77,390
Capital Outlay	-	-	-	46,191	-	12,545	-	58,736
Total Expenditures	<u>104,393</u>	<u>12,447</u>	<u>53</u>	<u>57,717</u>	<u>164</u>	<u>12,547</u>	<u>973</u>	<u>188,294</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	272,005	(3,064)	659	(28,819)	21,348	23,773	40,107	326,009
OTHER FINANCING SOURCES (USES)								
Transfers Out	(107,900)	-	-	-	(22,000)	-	-	(129,900)
Other Financing Sources (Uses)	(107,900)	-	-	-	(22,000)	-	-	(129,900)
Net Change in Fund Balances	164,105	(3,064)	659	(28,819)	(652)	23,773	40,107	196,109
FUND BALANCES, beginning of year	548,346	3,731	496	73,709	8,444	-	163,848	798,574
FUND BALANCES, end of year	<u>\$ 712,451</u>	<u>\$ 667</u>	<u>\$ 1,155</u>	<u>\$ 44,890</u>	<u>\$ 7,792</u>	<u>\$ 23,773</u>	<u>\$ 203,955</u>	<u>\$ 994,683</u>



INTERNAL SERVICE FUNDS

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

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

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

TOWN OF HIGHLAND PARK
Combining Statement of Net Position
Internal Service Funds
September 30, 2014

	<u>Equipment Replacement Fund</u>	<u>Building Maintenance Fund</u>	<u>Technology Replacement Fund</u>	<u>Governmental Activities - Internal Service Funds</u>
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 2,375,877	\$ 268,100	\$ 1,125,552	\$ 3,769,529
Investments	250,000	75,000	75,000	400,000
Receivables-				
Interest	-	145	145	290
	<u>2,625,877</u>	<u>343,245</u>	<u>1,200,697</u>	<u>4,169,819</u>
NON-CURRENT ASSETS				
Vehicles and Rolling Stock	3,870,178	-	-	3,870,178
Machinery and Equipment	15,819	-	3,413,464	3,429,283
Construction in Progress	-	-	30,800	30,800
	<u>3,885,997</u>	<u>-</u>	<u>3,444,264</u>	<u>7,330,261</u>
Less Accumulated Depreciation	<u>(2,088,200)</u>	<u>-</u>	<u>(1,925,625)</u>	<u>(4,013,825)</u>
Capital Assets, Net	<u>1,797,797</u>	<u>-</u>	<u>1,518,639</u>	<u>3,316,436</u>
Total Assets	<u>\$ 4,423,674</u>	<u>\$ 343,245</u>	<u>\$ 2,719,336</u>	<u>\$ 7,486,255</u>
LIABILITIES				
Current Liabilities-				
Vouchers Payable	\$ 278	\$ 96,060	\$ 4,103	\$ 100,441
Total Current Liabilities	<u>278</u>	<u>96,060</u>	<u>4,103</u>	<u>100,441</u>
NET POSITION				
Investment in Capital Assets	1,797,797	-	1,518,639	3,316,436
Unrestricted	<u>2,625,599</u>	<u>247,185</u>	<u>1,196,594</u>	<u>4,069,378</u>
Total Net Position	<u>\$ 4,423,396</u>	<u>\$ 247,185</u>	<u>\$ 2,715,233</u>	<u>\$ 7,385,814</u>

TOWN OF HIGHLAND PARK
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the year ended September 30, 2014

	<u>Equipment Replacement Fund</u>	<u>Building Maintenance Fund</u>	<u>Technology Replacement Fund</u>	<u>Governmental Activities - Internal Service Funds</u>
OPERATING REVENUES				
Charges for Services	\$ 326,194	\$ -	\$ 323,880	\$ 650,074
Miscellaneous	14,181	327	-	14,508
Total Operating Revenues	<u>340,375</u>	<u>327</u>	<u>323,880</u>	<u>664,582</u>
OPERATING EXPENSES				
Materials and Supplies	18,096	28,899	-	46,995
Services and Charges	8,971	229,980	36	238,987
Depreciation	637,834	-	6,865	644,699
Total Operating Expenses	<u>664,901</u>	<u>258,879</u>	<u>6,901</u>	<u>930,681</u>
Operating Income (Loss)	<u>(324,526)</u>	<u>(258,552)</u>	<u>316,979</u>	<u>(266,099)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest	8,893	1,278	1,097	11,268
Gain on Sale of Assets	105,437	-	-	105,437
Total Nonoperating Revenues	<u>114,330</u>	<u>1,278</u>	<u>1,097</u>	<u>116,705</u>
Income (Loss) before Transfers	<u>(210,196)</u>	<u>(257,274)</u>	<u>318,076</u>	<u>(149,394)</u>
Transfers in	-	291,095	2,397,157	2,688,252
Transfers out	<u>(2,384,577)</u>	<u>-</u>	<u>-</u>	<u>(2,384,577)</u>
Change in Net Position	<u>(2,594,773)</u>	<u>33,821</u>	<u>2,715,233</u>	<u>154,281</u>
NET POSITION, beginning of year	<u>7,018,169</u>	<u>213,364</u>	<u>-</u>	<u>7,231,533</u>
NET POSITION, end of year	<u>\$ 4,423,396</u>	<u>\$ 247,185</u>	<u>\$ 2,715,233</u>	<u>\$ 7,385,814</u>

TOWN OF HIGHLAND PARK
Combining Statement of Cash Flows
Internal Service Funds
For the year ended September 30, 2014

	Equipment Replacement Fund	Building Maintenance Fund	Technology Replacement Fund	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers and users	\$ 340,375	\$ 327	\$ 323,880	\$ 664,582
Payments from services provided	-	96,060	10,968	107,028
Cash payments to suppliers	<u>(28,854)</u>	<u>(258,879)</u>	<u>(6,901)</u>	<u>(294,634)</u>
Net cash provided by (used for) operating activities	<u>311,521</u>	<u>(162,492)</u>	<u>327,947</u>	<u>476,976</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	-	291,095	2,397,157	2,688,252
Transfers out	<u>(2,384,577)</u>	-	-	<u>(2,384,577)</u>
Net cash provided by (used for) noncapital financing activities	<u>(2,384,577)</u>	<u>291,095</u>	<u>2,397,157</u>	<u>303,675</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	1,379,108	-	(1,525,504)	(146,396)
Proceeds from sale of capital assets	<u>105,437</u>	-	-	<u>105,437</u>
Net cash provided by (used for) capital and related financing activities	<u>1,484,545</u>	<u>-</u>	<u>(1,525,504)</u>	<u>(40,959)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investment securities	-	(75,000)	(75,000)	(150,000)
Proceeds from sale and maturities of investment securities	1,499,832	-	-	1,499,832
Interest and dividends received on investments	<u>9,667</u>	<u>1,133</u>	<u>952</u>	<u>11,752</u>
Net cash provided by (used for) investing activities	<u>1,509,499</u>	<u>(73,867)</u>	<u>(74,048)</u>	<u>1,361,584</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	920,988	54,736	1,125,552	2,101,276
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,454,889</u>	<u>213,364</u>	<u>-</u>	<u>1,668,253</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,375,877</u>	<u>\$ 268,100</u>	<u>\$ 1,125,552</u>	<u>\$ 3,769,529</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (324,526)	\$ (258,552)	\$ 316,979	\$ (266,099)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	637,834	-	6,865	644,699
Accounts payable and accrued liabilities	<u>(1,787)</u>	<u>96,060</u>	<u>4,103</u>	<u>98,376</u>
Total adjustments	<u>636,047</u>	<u>96,060</u>	<u>10,968</u>	<u>743,075</u>
Net cash provided by (used for) operating activities	<u>\$ 311,521</u>	<u>\$ (162,492)</u>	<u>\$ 327,947</u>	<u>\$ 476,976</u>

TOWN OF HIGHLAND PARK
Internal Service Funds
Schedule of Changes in Equipment and Accumulated Depreciation
September 30, 2014

	<u>Balance October 1, 2013</u>	<u>Additions and Transfers In</u>	<u>Retirements and Transfers Out</u>	<u>Balance September 30, 2014</u>
EQUIPMENT:				
Vehicles and Rolling Stock	\$ 4,331,679	\$ 93,735	\$ 555,236	\$ 3,870,178
Office Equipment	3,308,134	127,564	6,415	3,429,283
Work in Progress	<u>50,596</u>	<u>40,790</u>	<u>60,586</u>	<u>30,800</u>
Totals	<u>7,690,409</u>	<u>262,089</u>	<u>622,237</u>	<u>7,330,261</u>
ACCUMULATED DEPRECIATION:				
Vehicles and Rolling Stock	2,265,525	321,981	505,634	2,081,872
Office Equipment	<u>1,610,145</u>	<u>322,718</u>	<u>910</u>	<u>1,931,953</u>
Totals	<u>3,875,670</u>	<u>644,699</u>	<u>506,544</u>	<u>4,013,825</u>
NET EQUIPMENT	<u><u>\$ 3,814,739</u></u>	<u><u>\$ (382,610)</u></u>	<u><u>\$ 115,693</u></u>	<u><u>\$ 3,316,436</u></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.	75-80
Revenue Capacity This section contains information to help the reader assess the Town's most significant local revenue source, the property tax.	81-84
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.	85-86
Demographic and Economic Information This section contains information to help the reader understand the environment within which the Town's financial activities take place.	87-89
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.	90-92

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Investment in capital assets	\$ 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	\$ 49,151,886
Unrestricted	<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>	<u>10,753,328</u>
Total governmental activities net position	<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>	<u>\$ 59,905,214</u>
Business-type activities										
Investment in capital assets	\$ 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	\$ 19,377,428
Unrestricted	<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>	<u>2,059,231</u>
Total business-type activities net position	<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>	<u>\$ 21,436,659</u>
75 Primary Government										
Investment in capital assets	\$ 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	\$ 68,529,314
Unrestricted	<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>	<u>12,812,559</u>
Total primary government net position	<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>	<u>\$ 81,341,873</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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:										
General Government	\$ 659,447	\$ 725,157	\$ 877,318	\$ 698,577	\$ 824,699	\$ 1,316,352	\$ 812,643	\$ 1,033,107	\$ 1,973,256	\$ 3,277,962
Department of Public Safety	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	10,831,500
Street Department	443,041	514,118	678,087	812,623	867,698	1,061,747	1,090,129	1,117,699	1,175,073	1,850,685
Street Lighting Department	326,253	326,216	277,504	318,467	327,938	307,312	284,966	206,703	237,734	190,317
Library	511,013	529,928	562,314	619,876	644,462	772,491	745,811	768,755	712,953	701,144
Parks Department	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	1,429,901
Swimming Pool	143,633	152,636	166,346	171,912	197,907	228,852	228,565	192,559	199,939	181,970
Sanitation	-	-	-	-	-	-	-	1,039,230	1,073,427	1,133,782
Municipal Court	232,787	229,596	297,580	320,864	318,937	343,042	341,435	319,953	329,474	280,071
Finance Department	434,076	447,171	459,684	480,159	481,073	520,784	515,296	473,970	733,642	780,928
Building Inspection Department	223,801	288,789	298,711	348,730	402,380	539,980	391,923	392,023	406,813	426,574
Total governmental activities	<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>	<u>21,084,834</u>
Business-type activities:										
Enterprise	<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>	<u>6,411,751</u>
Total business-type activities	<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>	<u>6,411,751</u>
Total primary government	<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>	<u>\$ 27,496,585</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	\$ 195,069	\$ 194,078	\$ 190,066	\$ 196,385	\$ 191,381	\$ 206,255	\$ 208,091	\$ 376,375	\$ 376,083	\$ 386,948
Department of Public Safety	647,933	650,449	655,606	713,878	755,635	568,974	741,602	666,846	761,759	737,090
Street Department	269,324	307,910	254,411	301,998	335,778	118,743	120,887	134,859	144,332	138,687
Library	20,768	19,167	18,108	14,652	18,619	16,959	16,001	15,347	10,512	10,310
Parks Department	4,186	4,770	4,322	12,955	12,680	11,720	10,360	10,560	10,520	11,482
Swimming Pool	76,094	79,580	87,014	94,432	94,184	92,468	109,959	103,531	105,095	97,840
Sanitation	-	-	-	-	-	-	-	1,254,088	1,242,590	1,231,340
Municipal Court	842,444	770,862	724,746	728,369	662,570	676,094	728,149	684,318	845,028	787,331
Building Inspection Department	930,257	858,409	1,312,827	725,997	904,647	968,993	928,146	926,297	963,254	1,232,986
Operating grants and contributions	16,466	4,960	528,388	1,477,837	32,392	4,383	-	-	101,770	98,069
Capital grants and contributions	-	-	-	-	-	-	-	-	1,175,308	702,885
Total governmental activities	<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>	<u>5,434,968</u>

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business-type activities:										
Charges for services	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	8,109,508
Capital grants and contributions	-	-	-	-	-	-	-	627,941	-	42,880
Total business-type activities	<u>7,047,070</u>	<u>7,890,635</u>	<u>6,683,686</u>	<u>7,910,871</u>	<u>8,465,285</u>	<u>8,315,859</u>	<u>9,945,105</u>	<u>8,865,502</u>	<u>8,640,478</u>	<u>8,152,388</u>
Total primary government	<u>\$ 10,049,611</u>	<u>\$ 10,780,820</u>	<u>\$ 10,459,174</u>	<u>\$ 12,177,374</u>	<u>\$ 11,473,171</u>	<u>\$ 10,980,448</u>	<u>\$ 12,808,300</u>	<u>\$ 13,037,723</u>	<u>\$ 14,376,729</u>	<u>\$ 13,587,356</u>
Net (ex pense)/revenue										
Governmental activities	\$ (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)	\$ (15,649,866)
Business-type activities	<u>1,097,951</u>	<u>1,596,239</u>	<u>579,457</u>	<u>1,047,741</u>	<u>1,253,716</u>	<u>834,311</u>	<u>1,961,493</u>	<u>2,162,729</u>	<u>2,361,626</u>	<u>1,740,637</u>
Total primary government net expense	<u>\$ (7,939,682)</u>	<u>\$ (8,606,562)</u>	<u>\$ (9,228,280)</u>	<u>\$ (9,428,194)</u>	<u>\$ (11,100,904)</u>	<u>\$ (13,187,834)</u>	<u>\$ (11,178,637)</u>	<u>\$ (10,664,425)</u>	<u>\$ (10,670,538)</u>	<u>\$ (13,909,229)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 10,053,948
Sales taxes	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	3,437,806
Other taxes	107,517	102,115	105,069	106,462	106,433	94,159	127,969	146,057	160,250	189,232
Franchise taxes	880,995	950,145	925,302	965,870	1,018,539	1,015,431	1,010,742	1,078,503	965,140	1,024,422
Penalty and interest on taxes	42,426	46,607	55,763	66,184	65,671	59,834	55,505	45,662	46,903	54,809
Interest on investments	270,423	656,533	895,894	767,451	402,349	131,159	108,877	80,420	56,257	53,695
Intergovernmental	-	-	-	1,765,797	1,293,877	87,379	211,751	-	-	-
Miscellaneous	290,821	252,090	327,332	277,280	418,758	393,567	492,970	510,315	416,286	462,208
Transfers	-	-	2,000,000	-	-	5,200,122	473,401	1,900,955	948,173	1,085,346
Total governmental activities	<u>10,177,747</u>	<u>11,387,346</u>	<u>14,625,304</u>	<u>15,188,843</u>	<u>15,087,300</u>	<u>19,347,103</u>	<u>14,774,602</u>	<u>16,325,470</u>	<u>15,289,852</u>	<u>16,361,466</u>
Business-type activities:										
Interest on investments and other	126,073	314,591	375,204	190,569	209,841	41,168	12,469	12,168	4,259	7,971
Transfers	-	-	(2,000,000)	-	-	(5,200,122)	(473,401)	(1,900,955)	(948,173)	(1,085,346)
Total business-type activities	<u>126,073</u>	<u>314,591</u>	<u>(1,624,796)</u>	<u>190,569</u>	<u>209,841</u>	<u>(5,158,954)</u>	<u>(460,932)</u>	<u>(1,888,787)</u>	<u>(943,914)</u>	<u>(1,077,375)</u>
Total primary government	<u>\$ 10,303,820</u>	<u>\$ 11,701,937</u>	<u>\$ 13,000,508</u>	<u>\$ 15,379,412</u>	<u>\$ 15,297,141</u>	<u>\$ 14,188,149</u>	<u>\$ 14,313,670</u>	<u>\$ 14,436,683</u>	<u>\$ 14,345,938</u>	<u>\$ 15,284,091</u>
Changes in Net Position										
Governmental activities	\$ 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	\$ 711,600
Business-type activities	<u>1,224,024</u>	<u>1,910,830</u>	<u>(1,045,339)</u>	<u>1,238,310</u>	<u>1,463,557</u>	<u>(4,324,643)</u>	<u>1,500,561</u>	<u>273,942</u>	<u>1,417,712</u>	<u>663,262</u>
Total primary government	<u>\$ 2,364,138</u>	<u>\$ 3,095,375</u>	<u>\$ 3,772,228</u>	<u>\$ 5,951,218</u>	<u>\$ 4,196,237</u>	<u>\$ 1,000,315</u>	<u>\$ 3,135,033</u>	<u>\$ 3,772,258</u>	<u>\$ 3,675,400</u>	<u>\$ 1,374,862</u>

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>
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
2014	10,053,948	3,437,806	1,024,422	189,232	14,705,408

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$ 294,011	\$ 264,686	\$ 227,102	\$ 642,309	\$ 556,019	\$ 460,713	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	-	-	-	-	27,715	15,227	148,475	32,055
Restricted	-	-	-	-	-	-	113,942	128,634	-	-
Assigned	-	-	-	-	-	-	394,300	338,756	614,758	625,122
Unassigned	-	-	-	-	-	-	4,132,477	3,935,117	3,203,691	4,296,843
Unreserved	<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>	<u>-</u>
Total General Fund	<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>	<u>\$ 4,954,020</u>
All other Governmental Funds										
Reserved	\$ 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	281,565
Committed	-	-	-	-	-	-	8,676,585	12,400,573	3,684,791	2,234,474
Assigned	-	-	-	-	-	-	3,393,289	2,080,320	6,032,322	172,921
Unreserved, reported in:										
Capital Projects Fund	<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>	<u>-</u>
Total all other Governmental Funds	<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>	<u>\$ 2,688,960</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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	\$ 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	\$ 14,691,139
Penalties and Interest	42,426	46,607	55,763	66,184	65,671	59,834	55,505	45,662	46,903	54,809
Licenses and Permits	1,000,525	914,566	1,368,191	784,591	965,340	1,051,114	1,008,939	995,508	1,041,353	1,273,423
Service Fees	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	2,914,043
Fines and Forfeitures	443,971	428,586	412,717	388,041	346,085	337,079	366,991	351,545	442,995	429,429
Interest on Investments	238,279	579,421	761,147	693,784	344,529	114,596	95,122	72,398	49,886	42,428
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	800,954
Miscellaneous	286,156	226,674	296,283	249,461	295,673	253,630	220,811	316,099	373,058	340,951
Total Revenues	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	20,547,176
Expenditures										
General Government	443,778	511,794	739,674	806,635	732,754	1,098,201	981,989	1,126,197	1,822,661	2,324,629
Department of Public Safety	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	10,442,551
Street Department	1,055,515	986,893	288,622	785,334	856,776	318,650	350,868	374,173	362,468	349,310
Street Lighting Department	262,063	288,187	238,880	279,828	305,611	277,085	264,445	169,907	199,859	175,276
Library	525,574	532,048	558,488	605,344	569,968	638,351	609,131	625,146	639,355	625,195
Parks Department	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	1,353,546
Swimming Pool	123,608	150,058	160,839	179,667	174,098	205,395	198,620	162,743	168,316	153,275
Municipal Court	219,776	216,607	226,792	239,087	252,461	299,360	291,393	297,165	315,970	276,807
Finance Department	427,336	437,466	451,381	474,821	471,679	514,680	507,215	471,900	731,295	781,748
Building Inspection Department	222,239	284,650	292,961	344,512	397,138	534,673	391,807	392,023	405,514	422,026
Sanitation	-	-	-	-	-	-	-	1,039,230	1,069,999	1,102,043
Capital Outlay	161,301	168,555	1,161,316	8,350,999	2,403,131	887,491	3,926,731	2,775,231	8,418,334	9,611,560
Total Expenditures	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	27,617,966
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	814,594	1,098,068	2,561,710	(3,467,526)	890,588	581,687	(1,876,406)	(78,812)	(5,764,312)	(7,070,790)
Other Financing Sources (Uses):										
Transfers In	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	2,713,791
Transfers Out	(609,348)	(2,227,392)	(1,120,330)	(1,538,834)	(978,934)	(2,866,498)	(1,654,371)	(2,693,944)	(2,689,222)	(1,932,120)
Sale of Assets	29,912	121	-	4,514	973	-	7,668	5,817	2,008	1,312
Total other Financing Sources (Uses)	158,392	(775,721)	2,000,000	4,514	973	5,200,122	481,069	2,106,772	736,861	782,983
Net Change in Fund Balances	\$ 972,986	\$ 322,347	\$ 4,561,710	\$ (3,463,012)	\$ 891,561	\$ 5,781,809	\$ (1,395,337)	\$ 2,027,960	\$ (5,027,451)	\$ (6,287,807)

Source: Town Comprehensive Annual Financial Report

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

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Business Personal Property</u>	<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
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	5,258,242,810	55,586,640	1,253,698,502	4,364,487,558	0.22000
2010	5,282,026,170	61,504,450	1,157,219,102	4,573,579,178	0.22000
2011	5,126,357,780	59,937,910	1,081,695,766	4,437,430,774	0.22000
2012	5,057,262,630	56,732,470	1,057,634,320	4,406,947,910	0.22000
2013	5,058,223,790	61,252,130	1,038,248,559	4,446,174,261	0.22000
2014	5,220,705,430	72,506,290	1,053,795,597	4,598,788,373	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.		
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
2014	0.22000	0.24310	0.27600	0.12470	0.64380	1.12670	0.22000	1.99050

Source: Dallas County Appraisal District

TOWN OF HIGHLAND PARK
Principal Property Taxpayers
September 30, 2014 and 2005
(Unaudited)

Taxpayer	2014			2005		
	Taxable Assessed	Rank	Percentage of Total Taxable Assessed	Taxable Assessed	Rank	Percentage of Total Taxable Assessed
	Value		Value	Value		Value
HP Village Partners LP	\$ 114,984,320	1	2.50%	\$ 58,145,720	1	2.00%
Muse, John R	23,740,456	2	0.52%	25,574,144	2	0.88%
Dallas Country Club	22,964,300	3	0.50%	N/A	N/A	N/A
Crow, Harlan	19,629,952	4	0.43%	N/A	N/A	N/A
L & B Depp UCEPP 5500	18,767,000	5	0.41%	N/A	N/A	N/A
Mitchell, Amy	17,478,088	6	0.38%	N/A	N/A	N/A
Cox, Edwin L Trust	17,045,928	7	0.37%	12,154,802	6	0.42%
Corrigan Properties, Inc.	14,750,000	8	0.32%	16,364,040	4	0.56%
Intercity Investment	14,376,790	9	0.31%	N/A	N/A	N/A
Crousen Guinn D	14,024,198	10	0.30%	N/A	N/A	N/A
Crow, Trammell	N/A	N/A	N/A	23,169,558	3	0.80%
Preston, Lehndorff	N/A	N/A	N/A	13,811,000	5	0.47%
Jones. Jerral W. & Gene C.	N/A	N/A	N/A	11,340,080	7	0.39%
Ladd, Bob	N/A	N/A	N/A	7,421,420	8	0.25%
Clark, Leslie A Lippitt	N/A	N/A	N/A	7,055,010	9	0.24%
Wolford, Denise	N/A	N/A	N/A	7,025,000	10	0.24%
	<u>\$ 277,761,032</u>		<u>6.04%</u>	<u>\$ 182,060,774</u>		<u>6.25%</u>

Source: Dallas Central Appraisal District

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

Fiscal Year	Tax Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy*
2005	2004	6,696,521	6,611,586	98.7%	80,377	6,691,963	99.9%
2006	2005	7,303,760	7,232,503	99.0%	63,709	7,296,212	99.9%
2007	2006	8,115,122	8,003,122	98.6%	103,033	8,106,155	99.9%
2008	2007	8,890,683	8,818,214	99.2%	62,214	8,880,428	99.9%
2009	2008	9,603,740	9,535,060	99.3%	55,831	9,590,891	99.9%
2010	2009	10,062,755	9,865,734	98.0%	48,989	9,914,723	98.5%
2011	2010	9,764,883	9,681,165	99.1%	23,762	9,704,927	99.3%
2012	2011	9,696,331	9,622,922	99.2%	8,944	9,631,866	99.3%
2013	2012	9,783,604	9,683,980	99.0%	10,621	9,694,601	99.0%
2014	2013	10,118,831	10,002,650	98.9%	-	10,002,650	99.0%

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

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

TOWN OF HIGHLAND PARK
Computation of Direct and Overlapping Debt
For the Year Ended September 30, 2014
(Unaudited)

Governmental Unit	(Bond & C.O.) Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Town of Highland Park	\$ -	N/A	\$ -
Dallas County*	111,350,000	2.81%	3,132,050
Dallas County Community College District**	356,370,000	2.69%	9,599,045
Highland Park Independent School District***	<u>92,730,000</u>	38.86%	<u>36,033,299</u>
	<u>\$560,450,000</u>		<u>\$ 48,764,395</u>
Total Direct and Overlapping Debt to total Taxable Assessed Valuation			<u>1.10%</u>
Per Capita Overlapping Debt			<u>\$ 5,529</u>

* Source: Total Bonded Indebtedness per Dallas County CAFR as of September 30, 2014

** Source: Dallas County Community College CAFR for the fiscal year ending August 31, 2014

***Source: Highland Park ISD CAFR for the fiscal year ending August 31, 2014

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

**TOWN OF HIGHLAND PARK
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, 2014.

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

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
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	8,686 *	1,152,354,248	132,668	7.3%
2013	8,815 *	1,134,984,140	128,756	4.9%
2014	8,862 *	1,083,166,812	122,226	5.0%

Source: US Census Bureau's American Fact Finder report

*US Census Population Estimate

**US Department of Labor - Bureau of Labor Statistics - DFW Region

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

2014			2005		
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

* Information was not available.

NOTE: The Town of Highland Park is a relatively small municipality, with a radius of about 2.2 square miles. The town's most recent estimated population is approximately 8,862. 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: 2014 data was obtained from the 2007 Economic Census, and 2005 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 Year</u>	<u>Number of Permits</u>	<u>Value</u>	<u>Number of Permits</u>	<u>Value</u>	<u>Real Property</u>	<u>Personal Property</u>
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	69,937,910
2012	34	3,235,348	903	64,144,609	\$ 5,407,849,850	56,732,470
2013	33	4,517,931	1,150	69,905,735	\$ 5,423,170,690	61,252,130
2014	34	8,632,850	1,110	91,191,908	\$ 5,580,077,680	72,506,290

*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>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>	<u>2014</u>
General Government	1.40	1.40	2.20	2.20	2.20	2.20	2.20	2.60	5.00	5.00
Public Safety	67.00	67.00	68.00	70.33	69.00	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	1.65	1.65	1.65	1.74	1.80	2.00	1.00
Library	5.40	5.40	5.40	5.40	5.40	5.40	5.40	5.40	3.00	4.00
Parks	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.00	9.00	9.00
Municipal Court	2.20	2.20	2.20	2.20	2.20	2.70	2.70	2.70	2.00	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	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Service Center	0.45	0.45	0.45	0.35	0.35	0.35	0.26	0.20	-	-
Information Technology	-	-	-	-	-	-	-	-	1.00	1.00
Utility Administration	6.00	6.00	6.20	6.20	6.20	6.20	6.20	6.80	4.00	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	-	-	-
Engineering	4.00	3.50	3.50	4.50	4.50	4.50	4.50	4.50	4.50	5.00
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>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>	<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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Administration										
Service Requests Processed	8,410	10,817	8,991	6,440	6,935	7,842	6,415	5,286	4,858	5,479
Public Safety										
Call Responses: Police	11,505	11,175	10,282	9,461	10,128	10,368	10,846	10,159	10,434	9,744
Call Responses: Fire	783	819	858	883	905	912	824	778	751	914
Call Responses: EMS	424	426	425	466	493	1,443	396	392	398	386
Citations Issued	12,469	12,755	11,634	8,566	8,584	7,871	8,410	8,099	9,189	8,069
Street										
Asphalt Repairs (Tons)	192	183	167	161	154	170	227	524	676	335
Storm Inlets Cleaned	1,154	986	1,617	1,840	1,908	2,556	1,246	1,080	1,346	1,224
Library										
Total Circulation	76,315	66,870	63,801	48,264	63,729	60,444	58,377	57,171	43,814	43,964
Valid Library Cards	3,133	3,121	3,039	2,838	2,791	2,770	3,024	2,945	2,568	2,359
Swimming Pool										
Annual Passes Sold	1,788	1,884	1,652	1,737	1,676	1,680	1,590	1,501	1,523	1,467
Daily Passes Sold	1,559	1,494	1,625	2,132	2,679	2,325	2,881	2,554	3,260	2,100
Finance / Personnel										
Accounts Payable Checks Disbursed	4,035	3,866	3,357	3,499	3,301	3,581	3,489	3,128	3,150	3,533
Payroll Checks/ACH Disbursed	4,148	4,285	4,231	4,459	4,361	4,585	4,601	4,696	4,670	4,375
Building Inspection										
Total Inspections	3,399	3,615	3,461	3,193	2,837	2,654	2,838	3,088	3,121	2,982
Total Permits Issued	1,805	1,946	1,831	1,637	1,510	1,655	1,766	1,825	1,183	1,922
Water										
Meters Read	62,332	63,018	63,542	64,143	62,568	64,763	65,258	66,736	67,263	65,665
Meters Installed/Replaced	238	79	90	67	53	44	38	19	631	453
Sewer										
Service Calls	69	66	59	47	40	34	35	40	26	50
Mains Cleaned	570	610	773	1,060	903	871	920	1,087	533	665

Source: Town Departments

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

Function	Fiscal Year									
	<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>	<u>2014</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