

**CITY OF WILLOW PARK, TEXAS**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED SEPTEMBER 30, 2018**

**CITY OF WILLOW PARK, TEXAS  
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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council  
City of Willow Park, Texas  
Willow Park, Texas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Willow Park, Texas, (the City) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City'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.

### ***Auditors' 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.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

For the year ended September 30, 2018, the City restated fund balance/net position in the General Fund and in Governmental Activities to correct errors in previously issued financial statements (see Note 11). Our auditors' opinion was not modified with respect to this restatement.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4-11 and budgetary comparison information, schedule of changes in net pension liability and related ratios, and schedule of contributions and related ratios on pages 44-48 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 City's financial statements. The combining nonmajor governmental funds financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor governmental funds financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor governmental funds financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Honorable Mayor and City Council  
City of Willow Park, Texas

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2019, on our consideration of the City'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 solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Fort Worth, Texas  
April 5, 2019

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**CITY OF WILLOW PARK, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2018**

As management of the City of Willow Park, Texas, we offer readers of the City of Willow Park's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2018 along with certain comparative information between the current year and the prior year.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the City of Willow Park exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$13,297,809 (*net position*). Of this amount, \$5,462,902 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$1,093,456. The City's operations increased the governmental activities by \$432,264 and increased the business-type activities by \$661,192.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,226,362, or 37% of total general fund expenditures.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the City of Willow Park's basic financial statements. The City'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 City's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the City'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).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include administration, development services, municipal court, police, fire and rescue, public works parks and roads and tourism. The business-type activities of the City include water, wastewater, and solid waste.

**CITY OF WILLOW PARK, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2018**

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate Willow Park Fire and Rescue for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 12-14 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 City, 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 City can be divided into two categories: governmental funds and proprietary funds.

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

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, building capital projects fund and roads capital projects fund, which are considered major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 15-18 of this report.

**Proprietary funds.** The City maintains one type of proprietary fund. The enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, wastewater, and solid waste operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and wastewater funds, which are considered major funds. Data from the other enterprise fund is combined into a single, aggregated presentation.

**CITY OF WILLOW PARK, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2018**

The basic proprietary fund financial statements can be found on pages 19-21 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 22-43 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. Required supplementary information can be found on pages 44-48 of this report.

The combining nonmajor governmental funds statements are presented immediately following the required supplementary information. These statements can be found on pages 49-52 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. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$13,297,809 as of September 30, 2018.

The largest portion of the City's net position (47%) reflects its investment in capital assets (e.g. land, buildings and improvements, furniture and equipment, vehicles, infrastructure, and construction in progress); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

\$1,617,318 represents resources that are subject to external restrictions on how they may be used. The \$5,462,902 balance of 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 City is able to report positive balances in all three 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.

**CITY OF WILLOW PARK, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2018**

The following is a summary of the City's Statement of Net Position.

**Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$ 8,689,667	\$ 8,992,203	\$ 5,017,894	\$ 7,113,948	\$ 13,707,561	\$ 16,106,151
Capital Assets	8,371,824	5,883,199	11,471,544	9,438,310	19,843,368	15,321,509
Total Assets	17,061,491	14,875,402	16,489,438	16,552,258	33,550,929	31,427,660
Deferred Outflows of Resources	111,659	134,800	35,638	33,376	147,297	168,176
Long-Term Liabilities	12,965,817	11,692,979	5,597,455	6,124,968	18,563,272	17,817,947
Other Liabilities	921,328	395,382	771,709	976,188	1,693,037	1,371,570
Total Liabilities	13,887,145	12,088,361	6,369,164	7,101,156	20,256,309	19,189,517
Deferred Inflows of Resources	126,677	26,114	17,431	7,189	144,108	33,303
Net Position:						
Invested in Capital Assets						
Net of Related Debt	287,770	1,149,833	5,929,819	6,140,984	6,217,589	7,290,817
Restricted	515,485	387,891	1,101,833	828,055	1,617,318	1,215,946
Unrestricted	2,356,073	1,358,003	3,106,829	2,508,250	5,462,902	3,866,253
Total Net Position	\$ 3,159,328	\$ 2,895,727	\$ 10,138,481	\$ 9,477,289	\$ 13,297,809	\$ 12,373,016

**Governmental activities.** Governmental activities increased the City's net position by \$432,264 in the current year. Total governmental activities revenues increased \$600,178 (15%) to \$4,607,734. Property taxes increased \$263,151 due to a \$27 million increase in the taxable value of property in the City and a decrease in the tax rate to \$.5367 per \$100 of valuation. Total expenses increased \$429,716 (11%) to \$4,175,470.

**Business-type activities.** Business-type activities increased the City's net position by \$661,192. Total business-type activities revenues increased \$235,759 (7%) to \$3,398,434. Water and wastewater charges for services increased \$261,020 and \$89,195 due to an increase in gallons of water sold and impact fees increased \$71,450 due to new construction including a new subdivision and shopping center. Capital grants and contributions decreased \$74,912 because of the grant portion of funds received in fiscal year 2017 from Texas Water Development Board for the water system improvements project and a developer contribution for wastewater improvements. Expenses increased by \$492,153 primarily due to an increase in contractual services and decrease in supplies costs.

**CITY OF WILLOW PARK, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2018**

The following is a summary of the City's Statement of Activities.

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for Services	\$ 583,582	\$ 537,641	\$ 3,326,433	\$ 3,024,394	\$ 3,910,015	\$ 3,562,035
Operating Grants and Contributions	4,920	6,276	-	-	4,920	6,276
Capital Grants and Contributions	-	-	-	74,912	-	74,912
General Revenues:						
Property Taxes	2,419,845	2,156,694	-	-	2,419,845	2,156,694
Sales Taxes	1,071,970	852,606	-	-	1,071,970	852,606
Franchise Taxes	365,744	346,216	-	-	365,744	346,216
Hotel Occupancy Taxes	12,730	13,858	-	-	12,730	13,858
Investment Earnings	145,568	50,385	72,001	38,072	217,569	88,457
Other Revenue	3,375	43,880	-	25,297	3,375	69,177
Total Revenues	4,607,734	4,007,556	3,398,434	3,162,675	8,006,168	7,170,231
Expenses:						
Administration	437,105	367,720	-	-	437,105	367,720
Development Services	484,043	273,612	-	-	484,043	273,612
Legislative	144,412	137,755	-	-	144,412	137,755
Municipal Court	148,447	149,626	-	-	148,447	149,626
Police	1,201,906	1,127,593	-	-	1,201,906	1,127,593
Fire and Rescue	860,223	829,305	-	-	860,223	829,305
Public Works, Parks, and Roads	523,031	579,075	-	-	523,031	579,075
Interest on Long-Term Debt	376,303	281,068	-	-	376,303	281,068
Water	-	-	1,884,530	1,575,595	1,884,530	1,575,595
Wastewater	-	-	621,273	465,057	621,273	465,057
Solid Waste	-	-	231,439	212,691	231,439	212,691
Total Expenses	4,175,470	3,745,754	2,737,242	2,253,343	6,912,712	5,999,097
Increase in Net Position Before Transfers and Special Items	432,264	261,802	661,192	909,332	1,093,456	1,171,134
Transfers	-	4,849	-	(4,849)	-	-
Increase in Net Position	432,264	266,651	661,192	904,483	1,093,456	1,171,134
Net Position October 1	2,895,727	2,629,076	9,477,289	8,572,806	12,373,016	11,201,882
Prior Period Restatement (Note 11)	(168,663)	-	-	-	(168,663)	-
Net Position October 1, as Restated	2,727,064	2,629,076	9,477,289	8,572,806	12,204,353	11,201,882
Net Position September 30	<u>\$ 3,159,328</u>	<u>\$ 2,895,727</u>	<u>\$ 10,138,481</u>	<u>\$ 9,477,289</u>	<u>\$ 13,297,809</u>	<u>\$ 12,373,016</u>

**CITY OF WILLOW PARK, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2018**

**Financial Analysis of the City's Funds**

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

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City'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.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,226,362. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 37% of the total general fund expenditures. Fund balance of the general fund increased by \$95,978.

The debt service fund has a total fund balance of \$419,999, all of which is restricted for the payment of debt service.

In 2016, the City issued \$6,330,000 in general obligation bonds for a new Public Safety Building and road improvements. These are accounted for in the Building Capital Projects Fund and Roads Capital Projects Fund. In 2018, the City issued an additional \$1,515,000 in tax notes for the same projects.

Other governmental funds consist of special revenue funds and other capital projects funds. The combined fund balance of these was \$152,176 and \$174,651, respectively. A detailed combining balance sheet and statement of revenues, expenditures, and changes in fund balance can be found on pages 49-52 of this report.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The City's water fund, wastewater fund and solid waste fund are enterprise funds that comprise the City's proprietary funds. Unrestricted net position of the water fund, wastewater fund and solid waste fund at the end of the year amounted to \$3,651,987, \$(912,027), and \$366,896, respectively. The total change in net position for the three funds was \$508,841, \$83,947, and \$68,404, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

**General Fund Budgetary Highlights**

The general fund budget was not amended during the year.

During the year, actual revenues were \$190,768 more than budgeted and actual expenditures were \$16,966 less than budgeted.

**CITY OF WILLOW PARK, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2018**

**Capital Assets**

The City's investment in capital assets for its governmental and business type activities as of September 30, 2018, amounts to \$19,843,368 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, vehicles, infrastructure and water and wastewater systems.

Major capital asset events during the current fiscal year included the following:

**Governmental Activities:**

- \$373,072 Radios and Equipment for Police and Fire, financed through a capital lease
- \$894,768 Construction of Public Safety Building
- \$1,649,030 Construction of Road Projects

**Business-Type Activities:**

- \$2,272,331 Construction continued on a temporary wastewater treatment plant
- \$181,033 Completion of TWDB water system improvements

**The City of Willow Park's Capital Assets  
(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 126,027	\$ 126,024	\$ 383,897	\$ 383,897	\$ 509,924	\$ 509,921
Construction In Progress	2,825,643	281,848	2,518,702	1,752,605	5,344,345	2,034,453
Buildings and Improvements	368,738	386,252	51,524	53,500	420,262	439,752
Furniture and Equipment	722,460	468,286	393,198	501,843	1,115,658	970,129
Vehicles	800,077	848,080	115,410	135,913	915,487	983,993
Infrastructure	3,528,879	3,772,709	-	-	3,528,879	3,772,709
Water System	-	-	6,016,376	4,537,144	6,016,376	4,537,144
Wastewater System	-	-	1,992,437	2,073,408	1,992,437	2,073,408
Total	<u>\$ 8,371,824</u>	<u>\$ 5,883,199</u>	<u>\$ 11,471,544</u>	<u>\$ 9,438,310</u>	<u>\$ 19,843,368</u>	<u>\$ 15,321,509</u>

Additional information on the City's capital assets can be found in the notes to the financial statements.

**CITY OF WILLOW PARK, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2018**

**Long-Term Debt**

At year-end, the City had \$17,438,818 in bonds and leases outstanding. \$11,015,000 are general obligation bonds that are backed by the full faith and credit of the City. \$5,379,999 are certificates of obligation secured by surplus revenues of the water and wastewater fund and ad valorem taxes. The City also had \$1,043,819 in capital leases outstanding.

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Capital Leases	\$ 946,077	\$ 600,552	\$ 97,742	\$ 112,096	\$ 1,043,819	\$ 712,648
General Obligation Bonds	10,310,000	9,220,000	705,000	1,055,000	11,015,000	10,275,000
Certificates of Obligation	687,319	760,912	4,692,680	4,804,088	5,379,999	5,565,000
Total	<u>\$ 11,943,396</u>	<u>\$ 10,581,464</u>	<u>\$ 5,495,422</u>	<u>\$ 5,971,184</u>	<u>\$ 17,438,818</u>	<u>\$ 16,552,648</u>

More detailed information about the City's debt is presented in the notes to the financial statements.

**Economic Factors and the Next Year's Budgets and Rates**

For fiscal year 2018-19, the City's steady commercial and residential growth will insure the increase of ad valorem tax revenues and sales tax revenues. Newly completed single-family homes and retail construction have been completed as well as other projects underway are continuing to improve the tax base for Willow Park.

The biggest and most dynamic project ever planned for Willow Park is the Wilks Development. This Tax Increment Financing Zone (TIRZ) project will include retail, residential, entertainment, and recreational facilities that will be financed by the development's incremental tax value increase.

Implementing new measures within the finance department, which included the separation of financial duties, improving bank statement reconciliation, and providing professional oversight within the financial systems of the city provides an additional level of scrutiny and professional evaluation for the City. Furthermore, in January of 2018, the City adopted wastewater utility rate increase, insuring adequate revenues to assist in financing wastewater operations.

Newly hired departmental leaders with improved educational backgrounds as well as professional experience has proven a benefit to all city operations. Increasing the staff accountability to the Council and citizens are a priority for moving Willow Park forward.

**Request for Information**

The financial report is designed to provide a general overview of the City'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 the Finance Department, 516 Ranch House Road, Willow Park, Texas 76087.



## **BASIC FINANCIAL STATEMENTS**

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**CITY OF WILLOW PARK, TEXAS**  
**GOVERNMENT WIDE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2018**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Willow Park Fire and Rescue
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 8,101,851	\$ 4,352,565	\$ 12,454,416	\$ 49,327
Certificate of Deposit	249,624	27,695	277,319	-
Receivables (Net of Allowances for Uncollectibles):				
Property Taxes	11,299	-	11,299	-
Sales Taxes	184,619	-	184,619	-
Franchise Taxes	13,911	-	13,911	-
Accounts	-	388,648	388,648	-
Miscellaneous	158,363	-	158,363	-
Restricted Assets:				
Certificates of Deposit	-	218,986	218,986	-
Internal Balance	(30,000)	30,000	-	-
Capital Assets:				
Nondepreciable	2,951,670	2,902,599	5,854,269	-
Depreciable, Net of Accumulated Depreciation	5,420,154	8,568,945	13,989,099	-
Total Assets	17,061,491	16,489,438	33,550,929	49,327
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows Related to Pensions	111,659	35,638	147,297	-
<b>LIABILITIES</b>				
Accounts Payable	735,042	558,149	1,293,191	505
Payroll Liabilities	49,445	13,539	62,984	-
Court Bonds Payable	9,703	-	9,703	-
Current Liabilities Payable from Restricted Assets:				
Interest Payable	127,138	36,222	163,360	-
Customer Deposits	-	163,799	163,799	-
Noncurrent Liabilities:				
Net Pension Liability	119,993	29,828	149,821	-
Due Within One Year	876,762	303,637	1,180,399	-
Due in More Than One Year	11,969,062	5,263,990	17,233,052	-
Total Liabilities	13,887,145	6,369,164	20,256,309	505
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows Related to Pensions	70,121	17,431	87,552	-
Deferred Inflows Related to Franchise Taxes	56,556	-	56,556	-
Total Deferred Inflows of Resources	126,677	17,431	144,108	-
<b>NET POSITION</b>				
Net Investments in Capital Assets	287,770	5,929,819	6,217,589	-
Restricted:				
Debt Service	302,003	-	302,003	-
Police	14,182	-	14,182	-
Tourism	56,814	-	56,814	-
Impact Fees	-	1,101,833	1,101,833	-
Court Security and Technology	81,180	-	81,180	-
Public Educational Governmental Fees	58,976	-	58,976	-
TIRZ	2,330	-	2,330	-
Unrestricted Net Position	2,356,073	3,106,829	5,462,902	48,822
Total Net Position	\$ 3,159,328	\$ 10,138,481	\$ 13,297,809	\$ 48,822

See accompanying Notes to Basic Financial Statements.

**CITY OF WILLOW PARK, TEXAS**  
**GOVERNMENT WIDE STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2018**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental Activities:				
Administration	\$ 437,105	\$ -	\$ -	\$ -
Development Services	484,043	375,765	-	-
Legislative	144,412	-	-	-
Municipal Court	148,447	206,414	-	-
Police	1,201,906	1,403	2,627	-
Fire and Rescue	860,223	-	1,974	-
Public Works, Parks, and Roads	523,031	-	319	-
Interest on Long-Term Debt	376,303	-	-	-
Total Governmental Activities	4,175,470	583,582	4,920	-
Business-Type Activities:				
Water	1,884,530	2,346,663	-	-
Wastewater	621,273	684,713	-	-
Solid Waste	231,439	295,057	-	-
Total Business-Type Activities	2,737,242	3,326,433	-	-
Total Primary Government	\$ 6,912,712	\$ 3,910,015	\$ 4,920	\$ -
Component Unit				
Fire and Rescue	\$ 757	\$ -	\$ 2,419	\$ -

**GENERAL REVENUES**

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

Property Taxes, Levied for TIRZ

Sales and Use

Franchise

Hotel Occupancy Tax

Investment Earnings

Other Revenue

Total General Revenues and Transfers

**CHANGE IN NET POSITION**

Net Position - Beginning of Year

Prior Period Restatement (Note 11)

Net Position - Beginning of Year, as Restated

**NET POSITION - END OF YEAR**

See accompanying Notes to Basic Financial Statements.

Net Revenue (Expense) and Changes in Net Position

<u>Primary Government</u>			<u>Component</u>
<u>Governmental</u>	<u>Business-Type</u>		<u>Unit</u>
<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Willow Park</u>
			<u>Fire and Rescue</u>
\$ (437,105)	\$ -	\$ (437,105)	\$ -
(108,278)	-	(108,278)	-
(144,412)	-	(144,412)	-
57,967	-	57,967	-
(1,197,876)	-	(1,197,876)	-
(858,249)	-	(858,249)	-
(522,712)	-	(522,712)	-
(376,303)	-	(376,303)	-
<u>(3,586,968)</u>	<u>-</u>	<u>(3,586,968)</u>	<u>-</u>
-	462,133	462,133	-
-	63,440	63,440	-
-	63,618	63,618	-
<u>-</u>	<u>589,191</u>	<u>589,191</u>	<u>-</u>
(3,586,968)	589,191	(2,997,777)	-
			1,662
1,353,273	-	1,353,273	-
1,030,487	-	1,030,487	-
36,085	-	36,085	-
1,071,970	-	1,071,970	-
365,744	-	365,744	-
12,730	-	12,730	-
145,568	72,001	217,569	5
3,375	-	3,375	-
<u>4,019,232</u>	<u>72,001</u>	<u>4,091,233</u>	<u>5</u>
432,264	661,192	1,093,456	1,667
2,895,727	9,477,289	12,373,016	47,155
(168,663)	-	(168,663)	-
<u>2,727,064</u>	<u>9,477,289</u>	<u>12,204,353</u>	<u>47,155</u>
<u>\$ 3,159,328</u>	<u>\$ 10,138,481</u>	<u>\$ 13,297,809</u>	<u>\$ 48,822</u>

**CITY OF WILLOW PARK, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2018**

	General	Debt Service Fund	Building Capital Projects	Roads Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 1,054,692	\$ 424,845	\$ 4,461,110	\$ 1,770,377	\$ 390,827	\$ 8,101,851
Certificates of Deposit	249,624	-	-	-	-	249,624
Receivables (Net of Allowances for Uncollectibles)						
Property Taxes	7,003	4,296	-	-	-	11,299
Sales Taxes	184,619	-	-	-	-	184,619
Franchise Taxes	13,911	-	-	-	-	13,911
Miscellaneous	158,363	-	-	-	-	158,363
Total Assets	<u>\$ 1,668,212</u>	<u>\$ 429,141</u>	<u>\$ 4,461,110</u>	<u>\$ 1,770,377</u>	<u>\$ 390,827</u>	<u>\$ 8,719,667</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts Payable	\$ 108,389	\$ -	\$ 197,704	\$ 394,949	\$ 34,000	\$ 735,042
Payroll Liabilities	49,445	-	-	-	-	49,445
Court Bonds Payable	9,703	-	-	-	-	9,703
Due to Other Funds	-	-	-	-	30,000	30,000
Total Liabilities	167,537	-	197,704	394,949	64,000	824,190
Deferred Inflows of Resources:						
Franchise Taxes	56,556	-	-	-	-	56,556
Court Fines	158,217	-	-	-	-	158,217
Property Taxes	564	9,142	-	-	-	9,706
Total Deferred Inflows of Resources	215,337	9,142	-	-	-	224,479
Fund Balances:						
Restricted	58,976	419,999	4,263,406	1,375,428	154,506	6,272,315
Committed	-	-	-	-	172,321	172,321
Unassigned	1,226,362	-	-	-	-	1,226,362
Total Fund Balances	<u>1,285,338</u>	<u>419,999</u>	<u>4,263,406</u>	<u>1,375,428</u>	<u>326,827</u>	<u>7,670,998</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,668,212</u>	<u>\$ 429,141</u>	<u>\$ 4,461,110</u>	<u>\$ 1,770,377</u>	<u>\$ 390,827</u>	<u>\$ 8,719,667</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF WILLOW PARK, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018**

Total Funds Balances - Governmental Funds	\$	7,670,998
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Capital assets used in governmental activities are not financial resources and, therefore, are reported in the governmental funds. The cost of these assets was \$12,315,893 and the accumulated depreciation was \$3,944,069.		8,371,824
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Some liabilities are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Position. The details of these differences are as follows:

Interest Payable	(127,138)	
General Obligation Bonds	(10,310,000)	
Certificate of Obligation Bonds	(687,320)	
Premium on Bonds	(760,575)	
Capital Leases	(946,077)	
Compensated Absences	<u>(141,852)</u>	
		(12,972,962)

Certain receivables are not available soon enough to pay for the current period's expenditures and, therefore, are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position. The details of these differences are as follows:

Property Taxes	9,706	
Court Fines	<u>158,217</u>	
		167,923

Included in the items related to noncurrent liabilities is the recognition of the City's net pension liability in the amount of \$119,993, a deferred resource outflow related to pensions of \$111,659 and a deferred resource inflow related to pensions of \$70,121. This resulted in a decrease to net pension.		<u>(78,455)</u>
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Net Position of Governmental Activities	\$	<u><u>3,159,328</u></u>
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**CITY OF WILLOW PARK, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2018**

	General	Debt Service Fund	Building Capital Projects	Roads Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes:						
Property	\$ 1,356,873	\$ 1,032,529	\$ -	\$ -	\$ -	\$ 2,389,402
Sales and Use	1,071,970	-	-	-	-	1,071,970
Franchise	365,744	-	-	-	-	365,744
Hotel Occupancy Tax	-	-	-	-	12,730	12,730
TIRZ	-	-	-	-	36,085	36,085
Court Fines and Fees	201,045	-	-	-	14,388	215,433
Licenses and Permits	376,265	-	-	-	-	376,265
Investment Earnings	22,271	7,718	60,826	30,616	3,630	125,061
Intergovernmental	1,319	-	-	-	-	1,319
Contributions	3,601	-	-	-	-	3,601
Other Revenue	17,835	6,000	-	-	328	24,163
Total Revenues	3,416,923	1,046,247	60,826	30,616	67,161	4,621,773
<b>EXPENDITURES</b>						
Current:						
Administration	378,871	-	-	-	-	378,871
Development Services	369,069	-	-	-	34,000	403,069
Legislative	152,633	-	-	-	-	152,633
Municipal Court	146,937	-	-	-	-	146,937
Police	1,106,365	-	-	-	5,617	1,111,982
Fire and Rescue	850,680	-	-	-	-	850,680
Public Works, Parks, and Roads	208,007	-	-	-	-	208,007
Capital Outlay	113,346	373,072	894,769	1,649,047	-	3,030,234
Debt Service:						
Principal	-	474,827	-	-	-	474,827
Interest and Fiscal Charges	-	471,462	40,045	40,000	-	551,507
Total Expenditures	3,325,908	1,319,361	934,814	1,689,047	39,617	7,308,747
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	91,015	(273,114)	(873,988)	(1,658,431)	27,544	(2,686,974)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	-	-	-	-	66,792	66,792
Transfers Out	(66,792)	-	-	-	-	(66,792)
Bond Proceeds	-	-	640,000	875,000	-	1,515,000
Proceeds from Sale of Capital Assets	-	-	-	-	91,848	91,848
Issuance of Capital Lease	71,755	373,072	-	-	-	444,827
Total Other Financing Sources	4,963	373,072	640,000	875,000	158,640	2,051,675
<b>NET CHANGE IN FUND BALANCES</b>	95,978	99,958	(233,988)	(783,431)	186,184	(635,299)
Fund Balance - Beginning of Year	1,231,526	320,041	4,497,394	2,158,859	140,643	8,348,463
Prior Period Restatement (Note 11)	(42,166)	-	-	-	-	(42,166)
Fund Balance - Beginning of Year, as Restated	1,189,360	320,041	4,497,394	2,158,859	140,643	8,306,297
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,285,338</u>	<u>\$ 419,999</u>	<u>\$ 4,263,406</u>	<u>\$ 1,375,428</u>	<u>\$ 326,827</u>	<u>\$ 7,670,998</u>

See accompanying Notes to Basic Financial Statements.



**CITY OF WILLOW PARK, TEXAS**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2018**

Total Net Change in Funds Balances - Governmental Funds	\$	(635,299)
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Governmental funds report capital outlays as expenditures and proceeds from the sale of capital assets as revenues. However in the statement of activities, assets are capitalized and the costs is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period

Capital Outlays	3,168,511	
Gain/Loss on Disposal of Capital Outlays	(130,227)	
Depreciation Expense	<u>(549,665)</u>	2,488,619

Bond proceeds are reported as other financing sources in governmental funds and thus contribute to the increase in fund balance. In the government-wide statements, however issuing debt increases long-term liabilities.	\$	(1,515,000)
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Current year capital leases are other financing sources in the fund financial statements, while principal payments are reported as expenditures. The net effect of new capital leases and the repayment of existing capital leases

New Capital Leases	(444,827)	
Repayment of Capital Leases	<u>99,302</u>	(345,525)

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Changes in these balances are reported as expenses in the governmental activities of the Statement of Activities.

Bonds Payable	425,000	
Certificates of Obligation	73,592	
Interest Payable	(75,488)	
Premium on Bonds	47,580	
Compensated Absences	<u>(38,943)</u>	431,741

Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(5,582)
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The City recognized their net pension liability, deferred resource outflow related to pensions, and deferred resource inflow related to pensions. The changes in these balances decreased net position.		<u>13,310</u>
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Change in Net Position of Governmental Activities	\$	<u><u>432,264</u></u>
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**CITY OF WILLOW PARK, TEXAS**  
**STATEMENT OF NET POSITION – PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2018**

	Water	Wastewater	Nonmajor Fund Solid Waste	Totals
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 3,269,184	\$ 729,534	\$ 353,847	\$ 4,352,565
Certificate of Deposit	-	27,695	-	27,695
Receivables (Net of Allowances for Uncollectibles):				
Accounts Receivable	285,736	67,657	35,255	388,648
Due From Other Funds	30,000	-	-	30,000
Restricted Assets:				
Certificates of Deposit	218,986	-	-	218,986
Total Current Assets	<u>3,803,906</u>	<u>824,886</u>	<u>389,102</u>	<u>5,017,894</u>
Noncurrent Assets:				
Advances to Other Funds	1,453,535	-	-	1,453,535
Capital Assets, at Cost:				
Nondepreciable Capital Assets	271,397	2,631,202	-	2,902,599
Depreciable Capital Assets	11,133,158	2,957,457	-	14,090,615
Less: Accumulated Depreciation	<u>(4,577,628)</u>	<u>(944,042)</u>	<u>-</u>	<u>(5,521,670)</u>
Capital Assets, Net	<u>6,826,927</u>	<u>4,644,617</u>	<u>-</u>	<u>11,471,544</u>
Total Noncurrent Assets	<u>8,280,462</u>	<u>4,644,617</u>	<u>-</u>	<u>12,925,079</u>
Total Assets	12,084,368	5,469,503	389,102	17,942,973
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows Related to Pensions	28,547	7,091	-	35,638
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	530,028	5,888	22,233	558,149
Payroll Liabilities	11,034	2,505	-	13,539
Current Portion of Long-Term Liabilities	303,637	-	-	303,637
Current Liabilities Payable from Restricted Assets:				
Interest Payable	24,083	12,139	-	36,222
Customer Deposits Payable	<u>163,799</u>	<u>-</u>	<u>-</u>	<u>163,799</u>
Total Current Liabilities	<u>1,032,581</u>	<u>20,532</u>	<u>22,233</u>	<u>1,075,346</u>
Noncurrent Liabilities:				
Advances from Other Funds	-	1,453,535	-	1,453,535
Compensated Absences	22,629	3,273	-	25,902
Net Pension Liability	23,893	5,935	-	29,828
Capital Lease Payable	82,866	-	-	82,866
Bonds Payable	<u>2,430,222</u>	<u>2,725,000</u>	<u>-</u>	<u>5,155,222</u>
Total Noncurrent Liabilities	<u>2,559,610</u>	<u>4,187,743</u>	<u>-</u>	<u>6,747,353</u>
Total Liabilities	3,592,191	4,208,275	22,233	7,822,699
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows Related to Pensions	<u>13,963</u>	<u>3,468</u>	<u>-</u>	<u>17,431</u>
<b>NET POSITION</b>				
Net Investments in Capital Assets	4,010,202	1,919,617	-	5,929,819
Restricted Impact Fees	844,572	257,261	-	1,101,833
Unrestricted	<u>3,651,987</u>	<u>(912,027)</u>	<u>366,869</u>	<u>3,106,829</u>
Total Net Position	<u>\$ 8,506,761</u>	<u>\$ 1,264,851</u>	<u>\$ 366,869</u>	<u>\$ 10,138,481</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF WILLOW PARK, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET POSITION – PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2018**

	Water	Wastewater	Nonmajor Fund Solid Waste	Totals
Operating Revenues:				
Charges for Services	\$ 2,088,391	\$ 563,777	\$ 295,057	\$ 2,947,225
Tap Fees	4,850	500	-	5,350
Impact Fees	161,768	112,010	-	273,778
Other Fees	91,654	8,426	-	100,080
Total Operating Revenue	2,346,663	684,713	295,057	3,326,433
Operating Expenses:				
Personnel	407,163	105,523	-	512,686
Supplies	103,257	17,909	-	121,166
Contractual Services	795,391	231,562	222,230	1,249,183
Utilities	92,362	58,503	-	150,865
Franchise Fees	98,020	28,553	-	126,573
Depreciation	314,631	84,810	-	399,441
Bad Debt Expense	-	20,007	9,209	29,216
Total Operating Expenses	1,810,824	546,867	231,439	2,589,130
<b>OPERATING INCOME</b>	535,839	137,846	63,618	737,303
Nonoperating Revenues (Expenses):				
Investment Earnings	46,708	20,507	4,786	72,001
Gain (Loss) on Sale of Capital Assets	(13,409)	-	-	(13,409)
Interest Expense	(60,297)	(74,406)	-	(134,703)
Total Nonoperating Revenues (Expenses)	(26,998)	(53,899)	4,786	(76,111)
<b>CHANGE IN NET POSITION</b>	508,841	83,947	68,404	661,192
Net Position - Beginning of Year	7,997,920	1,180,904	298,465	9,477,289
<b>NET POSITION - END OF YEAR</b>	<u>\$ 8,506,761</u>	<u>\$ 1,264,851</u>	<u>\$ 366,869</u>	<u>\$ 10,138,481</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF WILLOW PARK, TEXAS**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2018**

	Water	Wastewater	Nonmajor Fund Solid Waste	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers	\$ 2,313,848	\$ 673,631	\$ 292,012	\$ 3,279,491
Cash Paid to Suppliers	(1,087,041)	(557,032)	(202,114)	(1,846,187)
Cash Paid to Employees	(435,079)	(107,137)	-	(542,216)
Net Cash Provided by Operating Activities	791,728	9,462	89,898	891,088
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Principal Payments on Long-Term Debt	(479,684)	-	-	(479,684)
Repayment of Capital Lease Obligations	(14,875)	-	-	(14,875)
Capital Asset Purchases	(203,754)	(2,272,330)	-	(2,476,084)
Interest Paid on Long-Term Debt	(46,537)	(105,776)	-	(152,313)
Net Cash Used by Capital and Related Financing Activities	(744,850)	(2,378,106)	-	(3,122,956)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment Earnings	46,708	20,507	4,786	72,001
Purchase/Reinvestment of CDs	(218,986)	(141)	-	(219,127)
Net Cash Provided (Used) by Investing Activities	(172,278)	20,366	4,786	(147,126)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(125,400)	(2,348,278)	94,684	(2,378,994)
Cash and Cash Equivalents - Beginning of Year	3,394,584	3,077,812	259,163	6,731,559
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 3,269,184</u>	<u>\$ 729,534</u>	<u>\$ 353,847</u>	<u>\$ 4,352,565</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating Income	\$ 535,839	\$ 137,846	\$ 63,618	\$ 737,303
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation Expense	314,631	84,810	-	399,441
(Increase) Decrease in Assets:				
Accounts Receivable	(48,902)	8,925	6,164	(33,813)
Deferred Outflows	(1,380)	(882)	-	(2,262)
Increase (Decrease) in Liabilities:				
Accounts Payable	1,989	(220,505)	20,116	(198,400)
Payroll Liabilities	(3,501)	(1,055)	-	(4,556)
Customer Deposits	16,087	-	-	16,087
Net Pension liability	(23,449)	(1,899)	-	(25,348)
Compensated Absences Payable	(7,381)	(225)	-	(7,606)
Deferred Inflows	7,795	2,447	-	10,242
Total Adjustments	255,889	(128,384)	26,280	153,785
Net Cash Provided by Operating Activities	<u>\$ 791,728</u>	<u>\$ 9,462</u>	<u>\$ 89,898</u>	<u>\$ 891,088</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF WILLOW PARK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The City of Willow Park, Texas (the City) was formed as an incorporated City in 1963. The City is governed by an elected mayor and five-member council and provides the following services to the citizens of the City: administration, development services, municipal court, police, fire and rescue, public works, water, wastewater, and solid waste.

As required by generally accepted accounting principles, these financial statements present the City and its component units. Component units are legally separate entities for which the City is considered financially accountable or other organizations whose nature and significant relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. Based on these considerations, the Willow Park Fire and Rescue has been included in the City's reporting entity as a component unit.

**Discretely Presented Component Unit**

The Willow Park Fire and Rescue is a 501(c)4 nonprofit organization responsible for providing support for fire and rescue services in the City. The organization is governed by a five-member board of directors that is not appointed by the City Council. The organization functions independently of the City however the City provides bookkeeping services for the organization. Willow Park Fire and Rescue does not issue separate financial statements.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. 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. Likewise, the primary government is reported separately from certain legally separately component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 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.

**CITY OF WILLOW PARK, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Basis of 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.

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. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures generally are recorded when the related fund liability is incurred, however, debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized when payment is due.

Property taxes, sales and use 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 the government receives payment.

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The City reports the following major governmental funds:

The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *debt service fund* is used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *building capital projects fund* is used to account for financial resources to be used for constructing, improving, and equipping public safety facilities.

The *roads capital projects fund* is used to account for financial resources to be used for constructing, improving, and maintaining streets.

**CITY OF WILLOW PARK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)**

The City reports the following major proprietary fund:

The *water fund* accounts for the operation of the water system.

The *wastewater fund* accounts for the operation of the wastewater system.

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 and transfers between the governmental activities and the business-type activities, which cannot be eliminated.

Amounts reported as program revenues include 1) charges for 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 City's enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**Assets, Liabilities, and Net Position or Equity**

1. *Cash and Cash Equivalents* – The City pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments that are highly liquid with maturity within three months or less when purchased.

2. *Receivables and Payables* – Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

**CITY OF WILLOW PARK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Net Position or Equity (Continued)**

All trade and property tax receivables are shown net of an allowance for uncollectibles. Enterprise funds accounts receivable aged 90 days or more comprise the allowance for uncollectible accounts of \$226,071. The municipal court receivable allowance of \$1,424,833 is equal to 90% of the outstanding balance at September 30, 2018.

3. *Unbilled Service* – Utility operating revenues (water, wastewater, and solid waste) are billed on monthly cycles. The City records estimated revenues for services delivered during the fiscal year, which will be billed during the next fiscal year. Unbilled service reported in accounts receivable of the enterprise funds was \$129,115 at September 30, 2018.
4. *Prepaid Expenses* – Payments made for services that will benefit periods beyond September 30, 2018, are recorded as prepaid expenses in both the government-wide and fund financial statements.
5. *Capital Assets* – Capital assets, which include property, plant, equipment, and infrastructure, are reported in the applicable governmental activities or business-type activities columns in the government-wide financial statements and in the proprietary funds financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment of the primary government and component unit are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	20 to 40 Years
Furniture and Equipment	5 to 10 Years
Vehicles	5 Years
Infrastructure	20 Years
Water and Wastewater Systems	25 to 40 Years



**CITY OF WILLOW PARK, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Net Position or Equity (Continued)**

6. *Compensated Absences* – It is the City's policy to permit employees to accumulate earned but unused compensatory time, vacation leave, sick leave, and holiday time benefits. Nonexempt employees may earn compensatory time in lieu of being paid overtime. Employees may carry over 120 hours of compensatory time and upon separation from employment will be paid for the time at their hourly rate at the time of termination. Employees may carry over a maximum of 240 hours of vacation leave and upon termination will be paid for vacation time up to 240 hours at their hourly rate at the time of termination. Employees may carry over a maximum of 480 hours of sick leave, however, upon termination, resignation or other separation from employment, no payment will be made for unused sick leave. Police employees may accrue holiday time when they work on a holiday up to a maximum of 104 hours each year. Upon termination, resignation or other separation from employment, no payment will be made for unused holiday time. A liability for the accrued compensatory time and vacation leave amounts are reported in the government-wide and proprietary fund financial statements but in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.
7. *Pensions* – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS' Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
8. *Long-Term Obligations* – In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuances cost, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**CITY OF WILLOW PARK, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Net Position or Equity (Continued)**

9. *Fund Balance - Governmental Funds* – In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form (such as prepaid expenses or inventory) or are legally or contractually required to be maintained intact (such as endowment funds).

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts constrained to specific purposes by a government itself, using its highest decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint (City Council ordinance).

Assigned – includes amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned – All amounts not included in other spendable classifications.

The details of the fund balances of the governmental funds are as follows:

	General Fund	Debt Service Fund	Building Capital Projects Fund	Roads Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Restricted:						
Debt Service	\$ -	\$ 419,999	\$ -	\$ -	\$ -	\$ 419,999
Construction	-	-	4,263,406	1,375,428	-	5,638,834
Court Security and Tech	-	-	-	-	81,180	81,180
Police	-	-	-	-	14,182	14,182
Tourism	-	-	-	-	56,814	56,814
Governmental Fees	58,976	-	-	-	-	58,976
TIRZ	-	-	-	-	2,330	2,330
Committed:						
Equipment Replacement	-	-	-	-	172,321	172,321
Unassigned	1,226,362	-	-	-	-	1,226,362
Total	<u>\$ 1,285,338</u>	<u>\$ 419,999</u>	<u>\$ 4,263,406</u>	<u>\$ 1,375,428</u>	<u>\$ 326,827</u>	<u>\$ 7,670,998</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted fund balance to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been first spent out of committed funds, then assigned, and finally unassigned as needed.

The City Council adopted a minimum fund balance policy for the general fund. The policy requires the City to strive to maintain an unassigned fund balance in the general fund of 75 days of annual budgeted expenditures. At the end of the year, the unassigned fund balance of \$1,285,338 was \$588,906 above the minimum fund balance requirement of \$696,432.

**CITY OF WILLOW PARK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Net Position or Equity (Continued)**

10. *Net Position* – Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
11. *Use of Estimates* – The preparation of financial statements, in conformity with Generally Accepted Accounting Principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

**NOTE 2 DEPOSITS AND INVESTMENTS**

**Deposits**

*Custodial Credit Risk - Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City's funds are required to be deposited and invested under the terms of a depository contract. The City's deposits are required to be collateralized with securities held by the pledging institution's trust department or agent in the City's name. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) Insurance. At September 30, 2018, the City's deposits were covered by FDIC Insurance or collateralized with securities held by the bank's agent in the City's name.

**Investments**

The Texas Public Funds Investment Act authorizes the government to invest in obligations of the U.S. Treasury, obligations of states, agencies, counties, cities and other political subdivisions, secured certificates of deposit, repurchase agreements, bankers' acceptance, commercial paper, mutual funds, guaranteed investment contracts and investment pools. Investments are state at fair value except for short-term highly liquid investments which are stated at cost or amortized cost. During the year ended September 30, 2018, the City did not own any types of securities other than those permitted by statute.

**CITY OF WILLOW PARK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

The City invests idle funds in the Texas Short-Term Asset Reserve Fund (TexSTAR). TexSTAR is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. The investment pool is stated at amortized cost, which in most cases approximates the market value of the securities. The objective of the pool is to maintain a stable \$1.00 net asset value; however, the \$1.00 net asset value is not guaranteed or insured by the state of Texas. An advisory board composed of participants in TexSTAR and other persons who do not have a business relationship with TexSTAR has been established and maintained.

**Credit Risk - Investments**

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. The minimum rating required by (where applicable) the Public Funds Investment Act, the City's investment policy, or debt agreements, is AAA. The actual rating as of September 30, 2018 for TexSTAR was AAAm. The certificates of deposit are unrated.

**Concentration of Credit Risk**

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer. As of September 30, 2018 other than external investment pools and certificates of deposit, the City did not have 5% or more of its investments with one issuer.

**Custodial Credit Risk**

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 custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transactions, 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 Public Funds Investment Act and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).

The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times. At September 30, 2018, the carrying amount of the City's cash on hand and deposits were \$12,950,721 and the bank balance was \$11,971,418. At September 30, 2018, all cash was fully collateralized.

**CITY OF WILLOW PARK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**Investment in State Investment Pools**

The City is a voluntary participant in the TexSTAR external investment pool. The State Comptroller of Public Accounts exercises responsibility over TexSTAR. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexSTAR and other persons who do not have a business relationship with TexSTAR. TexSTAR uses net asset value rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexSTAR is the same as the value of TexSTAR shares. The City, at its option, can withdraw funds within a twenty-four hour period from TexSTAR.

**Interest Rate Risk - Investments**

In accordance with its investment policy, the City manages its risk of market price changes by avoiding over-concentration of assets in specific maturity sectors, limitation of average maturity of operating funds investments to one year, and avoidance of over-concentration of assets in specific instruments other than U.S. Treasury Securities and insured or collateralized certificates of deposit. As of September 30, 2018, the City was not invested in any securities which are highly sensitive to interest rate fluctuation.

The City's investments at September 30, 2018 included the following:

<u>Investment</u>	<u>Credit Rating</u>	<u>Weighted Average Maturities</u>	<u>Percentage of Total Investments</u>	<u>Cost</u>	<u>Fair Value</u>
TexSTAR Pool	AAAm	28 Days	100.00%	<u>\$ 1,903,127</u>	<u>\$ 1,903,127</u>

The City's investments are included with cash and cash equivalents in the financial statements.

**Restricted Assets**

The following cash and cash equivalents and certificates of deposit in the enterprise funds are restricted for the following purposes:

	<u>Certificates of Deposit</u>
Enterprise Funds:	
Customer Deposits	\$ 163,799
2003 Bond Funds	<u>55,187</u>
Total	<u>\$ 218,986</u>

**CITY OF WILLOW PARK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 3 PROPERTY TAX**

The City's property tax is levied (assessed) each October 1, on the assessed value listed as of the prior January 1, for all real property and personal property located in the City. The appraisal property within the City is the responsibility of a countywide appraisal district as required by legislation passed by the Texas Legislature. The appraisal district is required under such legislation to assess all property within the appraisal district on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every three years; however, the government may, at its own expense require annual reviews of appraised values. The government may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action.

Taxes are billed and due on October 1 each year. The last date for payment without penalty is the following January 31. Delinquent penalties are added on February 1. Liens attach to the properties on the February 1 following levy date. Parker County Appraisal District bills and collects the property taxes for the City.

In the governmental funds the City's property tax revenues are recognized when levied to the extent that they result in current receivables available for financing current operations. The remaining receivables are reflected in deferred inflows of resources.

**NOTE 4 DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows related to pensions reported in the government-wide statement of net position and proprietary funds statement of net position.

In addition to liabilities, the statement of financial position and governmental fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resource (revenue) until that time. The City has three types of items in this category: unavailable revenues for the governmental funds, revenues received in advance of the period they are for in the governmental funds, and deferred inflows related to pensions in the government-wide statement of net position and proprietary funds statements. At the end of the fiscal year, the various components of deferred inflows of in the governmental funds were as follows:

	General	Debt Service	Total
Property Taxes Receivable	\$ 564	\$ 9,142	\$ 9,706
Court Fines and Fees Receivable	158,217	-	158,217
Franchise Taxes Received in Advance	56,556	-	56,556
Total Deferred Inflows	<u>\$ 215,337</u>	<u>\$ 9,142</u>	<u>\$ 224,479</u>

**CITY OF WILLOW PARK, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 5 INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS**

The composition of interfund transfers for the City's individual major funds and nonmajor funds at September 30, 2018 is as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Purpose</u>
Court Security	General	\$ 25,535	Court
Court Technology	General	41,257	Court
Total Governmental Funds Transfers In		<u>\$ 66,792</u>	

The composition of interfund receivables and payables for the City's individual major funds and nonmajor funds at September 30, 2018, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water Fund	Nonmajor Governmental Fund	\$ 30,000
Total Governmental Funds		<u>\$ 30,000</u>
Water Fund	Wastewater	\$ 1,453,535
Total Proprietary Funds		<u>\$ 1,453,535</u>

The Water Fund receivable from the nonmajor capital projects fund is for the proceeds on a sale of a capital asset that was paid to the Water Fund. The water fund loaned the wastewater fund for lift station improvements and working capital. The loan is scheduled to be repaid in annual installments over 20 years at 0% interest through September 30, 2035, however a loan repayment was not made during the 2018 fiscal year.

**CITY OF WILLOW PARK, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 6 CAPITAL ASSETS**

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Nondepreciable Assets:				
Land	\$ 126,027	\$ -	\$ -	\$ 126,027
Construction in Progress	281,849	2,543,794	-	2,825,643
Total Nondepreciable Assets	407,876	2,543,794	-	2,951,670
Depreciable Assets:				
Buildings and Improvements	586,253	-	-	586,253
Furniture and Equipment	863,251	444,827	(173,149)	1,134,929
Vehicles	1,535,283	140,000	-	1,675,283
Infrastructure	5,927,866	39,892	-	5,967,758
Total Capital Assets Being Depreciated	8,912,653	624,719	(173,149)	9,364,223
Accumulated Depreciation:				
Buildings and Improvements	200,001	17,514	-	217,515
Furniture and Equipment	394,965	60,426	(42,922)	412,469
Vehicles	687,203	188,003	-	875,206
Infrastructure	2,155,157	283,722	-	2,438,879
Total Accumulated Depreciation	3,437,326	549,665	(42,922)	3,944,069
Governmental Activities Capital Assets, Net	<u>\$ 5,883,203</u>	<u>\$ 2,618,848</u>	<u>\$ (130,227)</u>	<u>\$ 8,371,824</u>



**CITY OF WILLOW PARK, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 6 CAPITAL ASSETS**

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Nondepreciable Assets:				
Land	\$ 383,897	\$ -	\$ -	\$ 383,897
Construction in Progress	1,752,605	2,394,157	(1,628,060)	2,518,702
Total Nondepreciable Assets	2,136,502	2,394,157	(1,628,060)	2,902,599
Depreciable Assets:				
Buildings and Improvements	79,050	-	-	79,050
Furniture and Equipment	782,256	-	(50,733)	731,523
Vehicles	344,343	-	-	344,343
Water System	8,307,849	1,709,988	-	10,017,837
Wastewater System	2,917,863	-	-	2,917,863
Total Capital Assets Being Depreciated	12,431,361	1,709,988	(50,733)	14,090,616
Accumulated Depreciation:				
Buildings and Improvements	25,550	1,976	-	27,526
Furniture and Equipment	280,413	65,236	(7,323)	338,326
Vehicles	208,430	20,502	-	228,932
Water System	3,770,705	230,756	-	4,001,461
Wastewater System	844,455	80,971	-	925,426
Total Accumulated Depreciation	5,129,553	399,441	(7,323)	5,521,671
Business-Type Activities Capital Assets, Net	<u>\$ 9,438,310</u>	<u>\$ 3,704,704</u>	<u>\$ (1,671,470)</u>	<u>\$ 11,471,544</u>

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

Governmental Activities:	
Administration	\$ 13,394
Development Services	1,086
Legislative	265
Municipal Court	499
Police	81,298
Fire and Rescue	138,073
Public Works, Parks, and Roads	315,052
Total Depreciation Expense - Governmental Activities	<u>\$ 549,667</u>
Business-Type Activities:	
Water	\$ 314,631
Wastewater	84,810
Total Depreciation Expense - Business-Type Activities	<u>\$ 399,441</u>

**CITY OF WILLOW PARK, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 7 LONG-TERM LIABILITIES**

**Capital Leases Payable**

*Governmental Activities*

In October 2014, the City refinanced the lease for the Willow Park Fire and Rescue fire truck for \$202,870. The lease is due in annual installments of \$31,918 including interest at 2.981% through February 15, 2021.

In February 2014, the City acquired a Chevy Tahoe for the police department with a capital lease. The lease requires annual payments of \$4,443 including interest at 3.92% through February 28, 2022.

In February 2014, the City acquired a brush truck for the fire department and a 2015 Freightliner for the water department with a capital lease. The lease requires annual payments of \$27,524 including interest at 3.626% through February 29, 2024. This lease is split between the governmental activities and business-type activities.

In April 2017, the City acquired a pumper fire truck with a capital lease. The lease requires annual payments of \$48,292 including interest at 3.28% through April 21, 2027.

Total capital assets acquired through capital leases were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Assets:		
Vehicles	\$ 1,365,625	\$ 156,458
Less: Accumulated Depreciation	307,856	61,279
Total	<u>\$ 1,057,769</u>	<u>\$ 95,179</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2018 were as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2019	\$ 165,531	\$ 18,419
2020	165,531	18,419
2021	140,771	18,419
2022	108,853	18,419
2023	104,410	18,419
Thereafter	437,338	18,419
Total Minimum Lease Payments	1,122,434	110,514
Less: Interest Portion	176,357	12,772
Obligations Under Capital Lease	<u>\$ 946,077</u>	<u>\$ 97,742</u>

**CITY OF WILLOW PARK, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 7 LONG-TERM LIABILITIES (CONTINUED)**

**Bonds Payable**

General Obligation bonds are direct obligations and pledge the full faith and credit of the government. Certificates of obligation are secured by surplus revenues of the water and wastewater funds and ad valorem taxes. Bonds outstanding are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
\$2,665,000; 2010 Refunding bond due in annual installments through February 15, 2021 at interest rates ranging from 2.0% to 4.0%	\$ 195,000	\$ 215,000
\$5,135,000; 2012 Refunding bond due in annual installments through February 15, 2023 at interest rates ranging from 2.0% to 3.0%	2,270,000	490,000
\$685,000; 2014 Combination Tax and Revenue Certificates of Obligation due in annual installments through February 15, 2035 at interest rates ranging from 0.00% to 2.59%	-	595,000
\$1,380,000; 2015 Certificates of Obligation due in annual installments through February 15, 2031 at an interest rate of 2.14%	687,319	422,680
\$995,000; 2016 Combination Tax and Revenue Certificates of Obligation due in annual installment through February 15, 2037 at interest rates ranging from 0.04% to 1/62%	-	950,000
\$6,330,000; 2016 General Obligation Bonds due in annual installments through February 15, 2046 at interest rates ranging from 3.0% to 4.0%	6,330,000	-
\$2,725,000; 2017 Combination Tax and Revenue Certificates of Obligation due in annual installments through February 15, 2032 at an interest rate of 2.74%	-	2,725,000
\$640,000; 2018 Tax Notes due in annual installments through February 15, 2025 at an interest rate of 2.76%	640,000	-
\$875,000; 2018 Tax Notes due in annual installments through February 15, 2025 at an interest rate of 2.81%	875,000	-
Bond Premiums	760,574	46,303
Total	<u>\$ 11,757,893</u>	<u>\$ 5,443,983</u>

**CITY OF WILLOW PARK, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 7 LONG-TERM LIABILITIES (CONTINUED)**

**Bonds Payable (Continued)**

The annual debt service requirements to maturity for bonds outstanding as of September 30, 2018 are as follows:

Certificates of Obligation Due Fiscal Year Ending September 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 80,049	\$ 16,679	\$ 96,728	\$ 114,951	\$ 101,622	\$ 216,573
2020	80,030	14,989	95,019	114,970	100,706	215,676
2021	80,011	13,273	93,284	309,989	96,993	406,982
2022	83,685	11,558	95,243	316,315	90,359	406,674
2023	86,417	9,850	96,267	328,583	83,507	412,090
2024-2028	177,516	7,966	185,482	1,672,484	311,110	1,983,594
2029-2033	99,611	20,745	120,356	1,535,388	106,762	1,642,150
2034-2038	-	3,255	3,255	300,000	9,022	309,022
Total	<u>\$ 687,319</u>	<u>\$ 98,315</u>	<u>\$ 785,634</u>	<u>\$ 4,692,680</u>	<u>\$ 900,081</u>	<u>\$ 5,592,761</u>

  

General Obligation Bonds Due Fiscal Year Ending September 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 620,000	\$ 345,219	\$ 965,219	\$ 160,000	\$ 20,550	\$ 180,550
2020	665,000	320,984	985,984	165,000	14,975	179,975
2021	645,000	300,965	945,965	175,000	9,150	184,150
2022	745,000	280,163	1,025,163	100,000	4,650	104,650
2023	735,000	258,470	993,470	105,000	1,575	106,575
2024-2028	2,365,000	1,002,710	3,367,710	-	-	-
2029-2033	1,625,000	608,100	2,233,100	-	-	-
2034-2038	980,000	381,050	1,361,050	-	-	-
2039-2043	1,150,000	205,350	1,355,350	-	-	-
2044-2048	780,000	35,700	815,700	-	-	-
Total	<u>\$ 10,310,000</u>	<u>\$ 3,738,711</u>	<u>\$ 14,048,711</u>	<u>\$ 705,000</u>	<u>\$ 50,900</u>	<u>\$ 755,900</u>

**Changes in Long-Term Liabilities**

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 9,220,000	\$ 1,515,000	\$ 425,000	\$ 10,310,000	\$ 620,000
Certificates of Obligation Bonds	760,911	-	73,592	687,319	80,049
Bond Premiums	808,154	-	47,580	760,574	47,580
Total Bonds Payable	10,789,065	1,515,000	546,172	11,757,893	747,629
Capital Leases	600,552	444,827	99,302	946,077	129,133
Compensated Absences	102,909	38,943	-	141,852	-
Total Governmental Activities	<u>\$ 11,492,526</u>	<u>\$ 1,998,770</u>	<u>\$ 645,474</u>	<u>\$ 12,845,822</u>	<u>\$ 876,762</u>
Business-Type Activities:					
Certificates of Obligation	\$ 4,804,088	\$ -	\$ 111,408	\$ 4,692,680	\$ 114,951
General Obligation Bonds	1,055,000	-	350,000	705,000	160,000
Bond Premiums	65,100	-	18,797	46,303	13,810
Total Bonds Payable	5,924,188	-	480,205	5,443,983	288,761
Capital Leases	112,096	-	14,354	97,742	14,876
Compensated Absences	33,508	-	7,606	25,902	-
Total Business-Type Activities	<u>6,069,792</u>	<u>-</u>	<u>502,165</u>	<u>5,567,627</u>	<u>303,637</u>
Total Long-Term Liabilities	<u>\$ 17,562,318</u>	<u>\$ 1,998,770</u>	<u>\$ 1,147,639</u>	<u>\$ 18,413,449</u>	<u>\$ 1,180,399</u>

Compensated absences of the governmental activities and business-type activities are paid by the general fund and water and wastewater funds, respectively.

**CITY OF WILLOW PARK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 8 RISK MANAGEMENT**

The City is exposed to various risk of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The City is a member of the Texas Municipal League and participates in the Intergovernmental Risk Pool. Premiums are paid to the Pool who administers all claims. The City retains, as a risk, only the deductible amount of each policy. The City has maintained insurance coverage in all major categories of risk comparable to that of the prior year with no reduction in coverage. The amount of settlements during the past three years has not exceeded the insurance coverage.

**NOTE 9 RETIREMENT PLAN**

**Plan Description**

The City participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the state of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the state of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the state of Texas. TMRS' defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

All eligible employees of the city are required to participate in TMRS.

**Benefits Provided**

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

**CITY OF WILLOW PARK, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 9 RETIREMENT PLAN (CONTINUED)**

**Benefits Provided (Continued)**

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes government TMRS. Plan provisions for the City for 2018 and 2017 were as follows:

<u>Plan Year</u>	<u>2018</u>	<u>2017</u>
Employee Deposit Rate	7%	7%
Matching Ratio (City to Employee)	2 to 1	2 to 1
Years Required for Vesting	5	5
Service Retirement Eligibility (Expressed as Age/Years of Service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	0	0
Annuity Increase (to Retirees)	0% of CPA	0% of CPA

**Employees Covered by Benefit Terms**

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	9
Inactive Employees Entitled to but Not Receiving Benefits	41
Active Employees	35
Total	<u>85</u>

**Contributions**

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 7.1% and 7.38% in calendar years 2018 and 2017, respectively. The City's contributions to TMRS for the year ended September 30, 2018 were \$157,377 and were equal to the required contributions.

**Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2017, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

**CITY OF WILLOW PARK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 9 RETIREMENT PLAN (CONTINUED)**

**Actuarial Assumptions**

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

Inflation	2.5% Per Year
Overall Payroll Growth	10.5%, including inflation
Investment Rate of Return	6.75%, Net of Pension Plan Investment Expense, Including Inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males multiplied by 109% and female rates multiplied by 103% with a three-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2017, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**CITY OF WILLOW PARK, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 9 RETIREMENT PLAN (CONTINUED)**

**Actuarial Assumptions (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	17.50 %	4.55%
International Equity	17.50	6.35
Core-Fixed Income	10.00	1.00
Noncore Fixed Income	20.00	3.90
Real Return	10.00	3.80
Real Estate	10.00	4.50
Absolute Return	10.00	3.75
Private Equity	5.00	7.50
Total	<u>100.00 %</u>	

**Discount Rate**

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

**Changes in the Net Pension Liability**

	<u>Total Pension Liability</u>	<u>Increase (Decrease) Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance - December 31, 2016	\$ 1,483,543	\$ 1,227,916	\$ 255,627
Changes for the Year:			
Service Cost	258,362	-	258,362
Interest	107,654	-	107,654
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Performance	(32,349)	-	(32,349)
Changes of Assumptions	-	-	-
Contributions - Employer	-	136,098	(136,098)
Contributions - Employee	-	134,065	(134,065)
Net Investment Income	-	170,238	(170,238)
Benefit Payments, Including Refunds of Employee Contributions	(35,695)	(35,695)	-
Administrative Expense	-	(882)	882
Other Changes	-	(46)	46
Net Changes	<u>297,972</u>	<u>403,778</u>	<u>(105,806)</u>
Balance - December 31, 2017	<u>\$ 1,781,515</u>	<u>\$ 1,631,694</u>	<u>\$ 149,821</u>



**CITY OF WILLOW PARK, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 9 RETIREMENT PLAN (CONTINUED)**

**Sensitivity of the Net Position Liability to Changes in the Discount Rate**

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability	\$ 444,025	\$ 149,821	\$ (88,457)

**Pension Plan Fiduciary Net Position**

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

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

For the year ended September 30, 2018, the City recognized pension expense of \$132,153. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in Expected and Actual Experience	\$ -	\$ 38,807
Difference in Assumptions Changes	20,631	-
Differences in Projected and Actual Investment Earnings	-	48,745
Contributions Subsequent to the Measurement Date	126,666	-
Total	\$ 147,297	\$ 87,552

\$126,666 is reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending September 30.</u>	<u>Pension Expense</u>
2019	\$ (17,840)
2020	(8,600)
2021	(17,290)
2022	(23,191)
Total	\$ (66,921)

**CITY OF WILLOW PARK, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 10 COMMITMENTS**

The City has issued bonds for construction projects that were not complete at September 30, 2018. The following is a schedule of the projects and remaining balance of funds to spend:

<u>Bonds Issued</u>	<u>Projects</u>	<u>Proceeds</u>	<u>Expenditures as of Sept 30, 2018</u>	<u>Balance as of Sept 30, 2018</u>
2016 General Obligation Bonds	Public Safety Building	\$ 4,711,954	\$ 1,289,068	\$ 3,422,886
2016 General Obligation Bonds	Road Projects	2,323,766	1,649,744	674,022
2018 General Obligation Bonds	Ranch House Road	835,000	406,334	428,666
2018A General Obligation Bonds	Public Safety Building	600,000	-	600,000
Total Governmental Activities		7,035,720	2,938,812	4,096,908
2017 Certificates of Obligation	Temporary Wastewater Treatment Plan	2,725,000	2,518,702	206,298
Total Business-Type Activities		\$ 2,725,000	\$ 2,518,702	\$ 206,298

**NOTE 11 PRIOR PERIOD ADJUSTMENT**

The City restated its beginning fund balance in the General Fund and net position in the Governmental Activities in the government-wide financial statements in the previously issued financial statements. Fund balance decreased by \$42,166 and net position decreased by \$168,663 due to improper recording of franchise fees receivable and the related deferred inflow of resources.

**NOTE 12 NEW ACCOUNTING PRONOUNCEMENTS**

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* in June 2018 and the City has elected to early adopt the standard. This Statement replaces the requirement of Statements No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF WILLOW PARK, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND**  
**YEAR ENDED SEPTEMBER 30, 2018**  
(SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION)

	Budget		Actual	Variance with
	Original	Final	Amounts GAAP Basis	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes:				
Property	\$ 1,526,672	\$ 1,526,672	\$ 1,356,873	\$ (169,799)
Sales and Use	916,866	916,866	1,071,970	155,104
Franchise	375,513	375,513	365,744	(9,769)
Court Fines and Fees	222,000	222,000	201,045	(20,955)
Licenses and Permits	180,100	180,100	376,265	196,165
Investment Earnings	-	-	22,271	22,271
Intergovernmental	-	-	1,319	1,319
Contributions	-	-	3,601	3,601
Other Revenue	5,004	5,004	17,835	12,831
Total Revenues	<u>3,226,155</u>	<u>3,226,155</u>	<u>3,416,923</u>	<u>190,768</u>
<b>EXPENDITURES</b>				
Current:				
Administration	359,178	359,178	378,871	(19,693)
Development Services	252,285	252,285	369,069	(116,784)
Legislative	152,640	152,640	152,633	7
Municipal Court	151,498	151,498	146,937	4,561
Police	1,134,805	1,134,805	1,106,365	28,440
Fire and Rescue	848,446	848,446	850,680	(2,234)
Public Works, Parks, and Roads	299,022	299,022	208,007	91,015
Capital Outlay	145,000	145,000	113,346	31,654
Total Expenditures	<u>3,342,874</u>	<u>3,342,874</u>	<u>3,325,908</u>	<u>16,966</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(116,719)	(116,719)	91,015	173,802
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	(66,792)	(66,792)
Issuance of Capital Lease	-	-	71,755	71,755
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>4,963</u>	<u>(66,792)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(116,719)	(116,719)	95,978	107,010
Fund Balance - Beginning of Year	1,231,526	1,231,526	1,231,526	-
Prior Period Restatement (Note 11)	-	-	(42,166)	(42,166)
Fund Balance - Beginning of Year, as Restated	<u>1,231,526</u>	<u>1,231,526</u>	<u>1,189,360</u>	<u>(42,166)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,114,807</u>	<u>\$ 1,114,807</u>	<u>\$ 1,285,338</u>	<u>\$ 64,844</u>

**CITY OF WILLOW PARK, TEXAS**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**YEAR ENDED SEPTEMBER 30, 2018**  
(SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION)

	2014	2015	2016	2017
Total Pension Liability:				
Service Cost	\$ 88,122	\$ 240,748	\$ 272,355	\$ 258,362
Interest (on the Total Pension Liability)	60,307	68,080	86,596	107,654
Changes of Benefit Terms	122,676	-	-	-
Differences Between Expected and Actual Experience	(71,540)	(4,518)	9,269	(32,349)
Change of Assumptions	-	43,222	-	-
Benefit Payments, Including Refunds of Employee Contributions	(41,148)	(43,186)	(62,812)	(35,695)
<b>NET CHANGE IN TOTAL PENSION LIABILITY</b>	<b>158,417</b>	<b>304,346</b>	<b>305,408</b>	<b>297,972</b>
Total Pension Liability - Beginning of Year	715,372	873,789	1,178,135	1,483,543
<b>TOTAL PENSION LIABILITY - END OF YEAR (a)</b>	<b>\$ 873,789</b>	<b>\$ 1,178,135</b>	<b>\$ 1,483,543</b>	<b>\$ 1,781,515</b>
Plan Fiduciary Net Position:				
Contribution - Employer	\$ 30,615	\$ 136,696	\$ 134,415	\$ 136,098
Contributions - Employee	75,037	139,169	141,641	134,065
Net Investment Income	35,393	1,060	64,397	170,238
Benefit Payments, Including Refunds of Employee Contributions	(41,148)	(43,186)	(62,812)	(35,695)
Administrative Expense	(369)	(645)	(726)	(882)
Other	(30)	(32)	(40)	(45)
<b>NET CHANGE IN PLAN FIDUCIARY NET POSITION</b>	<b>99,498</b>	<b>233,062</b>	<b>276,875</b>	<b>403,779</b>
Plan Fiduciary Net Position - Beginning of Year	618,481	717,979	951,040	1,227,915
<b>PLAN FIDUCIARY NET POSITION - END OF YEAR (b)</b>	<b>\$ 717,979</b>	<b>\$ 951,041</b>	<b>\$ 1,227,915</b>	<b>\$ 1,631,694</b>
<b>NET PENSION LIABILITY - END OF YEAR</b>	<b>\$ 155,810</b>	<b>\$ 227,094</b>	<b>\$ 255,628</b>	<b>\$ 149,821</b>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	80.72%	82.77%	91.59%
Covered Payroll	\$ 1,500,744	\$ 1,876,446	\$ 2,023,438	\$ 1,915,208
Net Pension Liability as a Percentage of Covered Payroll	10.38%	12.10%	12.63%	7.82%

The Schedule of Changes in the City's Net Pension Liability and Related Ratios shows the changes in Total Pension Liability less the changes in Fiduciary Net Position, resulting in the net pension liability calculation for the City. Note that this is a 10-year schedule, to be created by the City prospectively, over the next 10-year period.

**CITY OF WILLOW PARK, TEXAS**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS AND RELATED RATIOS**  
**YEARS ENDED SEPTEMBER 30, 2018**  
(SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 27,362	\$ 106,037	\$ 134,745	\$ 136,067	\$ 158,377
Contributions in Relation to the Actuarially Determined Contribution	<u>27,362</u>	<u>106,037</u>	<u>134,745</u>	<u>136,067</u>	<u>158,377</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 1,381,557	\$ 1,749,548	\$ 1,988,189	\$ 1,954,990	\$ 2,062,252
Contributions as a Percentage of Covered Payroll	1.98%	6.06%	6.78%	6.96%	7.68%

The Schedule of Employer Contributions shows the City's required annual contributions from the actuarial valuation, compared with the actual contributions remitted. This schedule is based on the City's respective fiscal year-end and will be built over the next 10-year period.

**CITY OF WILLOW PARK, TEXAS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2018**

**NOTE 1 STEWARDSHIP AND ACCOUNTABILITY**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. The City Council follows these procedures in establishing budgetary data reflected in the financial statements. Prior to the beginning of the fiscal year, the City Manager submits to the City Council proposed operating budgets. The operating budgets include proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to October 1, the budget is legally enacted through passage of an ordinance. Encumbrances lapse at year-end.

**NOTE 2 DEFINED BENEFIT PENSION PLANS**

**Notes to Schedule of Contributions**

*Valuation Date:*

Notes

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

*Methods and Assumptions Used to Determine Contribution Rates:*

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 Years
Asset Valuation Method	10-Year Smoothed Market; 15% Soft Corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% Including Inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.



**CITY OF WILLOW PARK, TEXAS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**  
**SEPTEMBER 30, 2018**

**NOTE 2    DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Notes to Schedule of Contributions (Continued)**

*Methods and Assumptions Used to Determine Contribution Rates (Continued):*

Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
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*Other Information:*

Notes	There were no benefit changes during the year.
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**COMBINING NONMAJOR  
GOVERNMENTAL FUND STATEMENTS**

**CITY OF WILLOW PARK, TEXAS  
NONMAJOR GOVERNMENT FUNDS – COMBINING BALANCE SHEET  
YEAR ENDED SEPTEMBER 30, 2018**

	Special Revenue Funds				Total Special Revenue
	Court Security	Court Technology	Seizure Fund	Tourism Fund	
<b>ASSETS</b>					
Cash and Cash Equivalents	<u>\$ 31,370</u>	<u>\$ 49,810</u>	<u>\$ 14,182</u>	<u>\$ 56,814</u>	<u>\$ 152,176</u>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	-	-	-	-	-
<b>FUND BALANCE</b>					
Restricted	31,370	49,810	14,182	56,814	152,176
Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balance	<u>31,370</u>	<u>49,810</u>	<u>14,182</u>	<u>56,814</u>	<u>152,176</u>
Total Liabilities and Fund Balance	<u>\$ 31,370</u>	<u>\$ 49,810</u>	<u>\$ 14,182</u>	<u>\$ 56,814</u>	<u>\$ 152,176</u>

Capital Projects				
Equipment Replacement	TexStar Equipment Replacement	TIRZ Reimbursement Fund	Total Capital Projects	Total Nonmajor Funds
<u>\$ 158,919</u>	<u>\$ 43,402</u>	<u>\$ 36,330</u>	<u>\$ 238,651</u>	<u>\$ 390,827</u>
\$ -	\$ -	\$ 34,000	\$ 34,000	\$ 34,000
30,000	-	-	30,000	30,000
<u>30,000</u>	<u>-</u>	<u>34,000</u>	<u>64,000</u>	<u>64,000</u>
-	-	2,330	2,330	154,506
128,919	43,402	-	172,321	172,321
<u>128,919</u>	<u>43,402</u>	<u>2,330</u>	<u>174,651</u>	<u>326,827</u>
<u>\$ 158,919</u>	<u>\$ 43,402</u>	<u>\$ 36,330</u>	<u>\$ 238,651</u>	<u>\$ 390,827</u>

**CITY OF WILLOW PARK, TEXAS**  
**NONMAJOR GOVERNMENTAL FUNDS – COMBINING STATEMENT OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**YEAR ENDED SEPTEMBER 30, 2018**

	Special Revenue Funds				
	Court Security	Court Technology	Seizure Fund	Tourism Fund	Total Special Revenue
<b>REVENUES</b>					
Hotel Occupancy Tax	\$ -	\$ -	\$ -	\$ 12,730	\$ 12,730
Court Fines and Fees	5,835	8,553	-	-	14,388
Investment Earnings	-	-	223	645	868
Other	-	-	328	-	328
Total Revenues	5,835	8,553	551	13,375	28,314
<b>EXPENDITURES</b>					
Current:					
Police	-	-	5,616	-	5,616
TIRZ	-	-	-	-	-
Total Expenditures	-	-	5,616	-	5,616
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	5,835	8,553	(5,065)	13,375	22,698
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	25,535	41,257	-	-	66,792
Proceeds from Sale of Assets	-	-	-	-	-
Total Other Financing Sources (Uses)	25,535	41,257	-	-	66,792
<b>NET CHANGE IN FUND BALANCES</b>	31,370	49,810	(5,065)	13,375	89,490
Fund Balance - Beginning of Year	-	-	19,247	43,439	62,686
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 31,370</u>	<u>\$ 49,810</u>	<u>\$ 14,182</u>	<u>\$ 56,814</u>	<u>\$ 152,176</u>

Capital Projects				
Equipment Replacement	TexStar Equipment Replacement	TIRZ Reimbursement Fund	Total Capital Projects	Total Nonmajor Funds
\$ -	\$ -	\$ -	\$ -	\$ 12,730
-	-	-	-	14,388
1,855	661	245	2,761	3,629
-	-	36,085	36,085	36,413
1,855	661	36,330	38,846	67,160
-	-	-	-	5,616
-	-	34,000	34,000	34,000
-	-	34,000	34,000	39,616
1,855	661	2,330	4,846	27,544
-	-	-	-	66,792
91,848	-	-	91,848	91,848
91,848	-	-	91,848	158,640
93,703	661	2,330	96,694	186,184
35,216	42,741	-	77,957	140,643
\$ 128,919	\$ 43,402	\$ 2,330	\$ 174,651	\$ 326,827