

**CITY OF WILLOW PARK, TEXAS**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEAR ENDED SEPTEMBER 30, 2019**

**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, 2019, 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2019, 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.

### ***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 February 10, 2020, 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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Fort Worth, Texas  
February 10, 2020

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**CITY OF WILLOW PARK, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2019**

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, 2019 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 \$13,999,721 (*net position*). Of this amount, \$4,345,393 (*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 \$701,912. The City's operations decreased the governmental activities by \$289,978 and increased the business-type activities by \$991,890.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,500,127, or 29% 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, 2019**

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 12-13 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 14-17 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, 2019**

The basic proprietary fund financial statements can be found on pages 18-20 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 21-43 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 \$13,999,721 as of September 30, 2019.

The largest portion of the City's net position (51%) 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.

\$2,446,662 represents resources that are subject to external restrictions on how they may be used. The \$4,345,393 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, 2019**

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

**Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 4,972,571	\$ 8,689,667	\$ 4,655,109	\$ 5,017,894	\$ 9,627,680	\$ 13,707,561
Capital Assets	15,237,885	8,371,824	12,178,865	11,471,544	27,416,750	19,843,368
Total Assets	20,210,456	17,061,491	16,833,974	16,489,438	37,044,430	33,550,929
Deferred Outflows of Resources	172,201	111,659	48,505	35,638	220,706	147,297
Long-Term Liabilities	16,319,545	12,965,817	5,425,554	5,597,455	21,745,099	18,563,272
Other Liabilities	1,139,760	921,328	325,000	771,709	1,464,760	1,693,037
Total Liabilities	17,459,305	13,887,145	5,750,554	6,369,164	23,209,859	20,256,309
Deferred Inflows of Resources	54,002	126,677	1,554	17,431	55,556	144,108
Net Position:						
Invested in Capital Assets						
Net of Related Debt	342,066	287,770	6,838,866	5,929,819	7,180,932	6,217,589
Restricted	1,027,157	515,485	1,446,239	1,101,833	2,473,396	1,617,318
Unrestricted	1,500,127	2,356,073	2,845,266	3,106,829	4,345,393	5,462,902
Total Net Position	<u>\$ 2,869,350</u>	<u>\$ 3,159,328</u>	<u>\$ 11,130,371</u>	<u>\$ 10,138,481</u>	<u>\$ 13,999,721</u>	<u>\$ 13,297,809</u>

**Governmental activities.** Governmental activities decreased the City's net position by \$289,978 in the current year. Total governmental activities revenues increased \$305,167 (7%) to \$4,912,901. Total expenses increased \$970,362 (23%) to \$5,145,832 due primarily to several one-time costs in the public works, parks, and roads department during the current fiscal year.

**Business-type activities.** Business-type activities increased the City's net position by \$991,890. Total business-type activities revenues increased \$43,556 (1%) to \$3,441,990. Expenses decreased by \$230,095 primarily due to the wet summer conditions leading to less water having to be purchased than in the prior year.

**CITY OF WILLOW PARK, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2019**

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

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for Services	\$ 564,507	\$ 583,582	\$ 3,333,120	\$ 3,326,433	\$ 3,897,627	\$ 3,910,015
Operating Grants and Contributions	33,447	4,920	-	-	33,447	4,920
General Revenues:						
Property Taxes	2,629,388	2,419,845	-	-	2,629,388	2,419,845
Sales Taxes	1,150,147	1,071,970	-	-	1,150,147	1,071,970
Franchise Taxes	384,572	365,744	-	-	384,572	365,744
Hotel Occupancy Taxes	5,031	12,730	-	-	5,031	12,730
Investment Earnings	134,616	145,568	89,300	72,001	223,916	217,569
Gain on Sale of Capital Assets	(23,701)	-	-	-	(23,701)	-
Other Revenue	34,894	3,375	19,570	-	54,464	3,375
Total Revenues	4,912,901	4,607,734	3,441,990	3,398,434	8,354,891	8,006,168
Expenses:						
Administration	501,630	437,105	-	-	501,630	437,105
Development Services	375,944	484,043	-	-	375,944	484,043
Legislative	213,352	144,412	-	-	213,352	144,412
Municipal Court	166,396	148,447	-	-	166,396	148,447
Police	1,114,541	1,201,906	-	-	1,114,541	1,201,906
Fire and Rescue	1,242,509	860,223	-	-	1,242,509	860,223
Public Works, Parks, and Roads	1,195,888	523,031	-	-	1,195,888	523,031
Interest on Long-Term Debt	335,572	376,303	-	-	335,572	376,303
Water	-	-	1,248,630	1,884,530	1,248,630	1,884,530
Wastewater	-	-	1,011,058	621,273	1,011,058	621,273
Solid Waste	-	-	247,459	231,439	247,459	231,439
Total Expenses	5,145,832	4,175,470	2,507,147	2,737,242	7,652,979	6,912,712
Increase in Net Position						
Before Transfers	(232,931)	432,264	934,843	661,192	701,912	1,093,456
Transfers	(57,047)	-	57,047	-	-	-
Increase (Decrease) in Net Position	(289,978)	432,264	991,890	661,192	701,912	1,093,456
Net Position October 1	3,159,328	2,895,727	10,138,481	8,572,806	13,297,809	11,468,533
Prior Period Restatement	-	(168,663)	-	-	-	-
Net Position October 1, as Restated	3,159,328	2,727,064	10,138,481	8,572,806	13,297,809	11,468,533
Net Position September 30	<u>\$ 2,869,350</u>	<u>\$ 3,159,328</u>	<u>\$ 11,130,371</u>	<u>\$ 9,233,998</u>	<u>\$ 13,999,721</u>	<u>\$ 12,561,989</u>

**CITY OF WILLOW PARK, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2019**

**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 \$1,327,535. 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 23% of the total general fund expenditures. Fund balance of the general fund increased by \$149,873.

The debt service fund has a total fund balance of \$345,294, 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. In 2019, the City issued an additional \$2,365,000 in tax notes for the Ranch House Road and park projects.

Other governmental funds consist of special revenue funds and other capital projects funds. The combined fund balance of these was \$186,956 and \$506,474, 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 \$3,399,295, \$(984,191), and \$427,915, respectively. The total change in net position for the three funds was \$1,229,658, (\$298,814), and \$61,046, 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 \$246,078 more than budgeted and actual expenditures were \$1,958,923 more than budgeted; however, this is mostly due to the budgeted capital outlay being \$1,644,960 less than the actual expenditures. See page 44 of this report for the general fund budget to actual comparison.

**CITY OF WILLOW PARK, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2019**

**Capital Assets**

The City's investment in capital assets for its governmental and business type activities as of September 30, 2019, amounts to \$27,416,750 (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:**

- \$3,692,258 on continued construction of Public Safety Building
- \$2,161,339 on continued and new Road Projects
- \$1,499,005 on Fire Truck financed with a capital lease issuance

**Business-Type Activities:**

- \$277,334 on construction of new well site
- \$539,725 on well improvements for existing sites
- \$99,038 on new machinery and equipment

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

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 126,027	\$ 126,027	\$ 383,897	\$ 383,897	\$ 509,924	\$ 509,924
Construction In Progress	8,798,447	2,825,643	-	2,518,702	8,798,447	5,344,345
Buildings and Improvements	353,538	368,738	49,548	51,524	403,086	420,262
Furniture and Equipment	414,054	722,460	437,459	393,198	851,513	1,115,658
Vehicles	2,303,437	800,077	192,691	115,410	2,496,128	915,487
Infrastructure	3,242,382	3,528,879	-	-	3,242,382	3,528,879
Water System	-	-	9,320,225	6,016,376	9,320,225	6,016,376
Wastewater System	-	-	1,795,045	1,992,437	1,795,045	1,992,437
Total	<u>\$ 15,237,885</u>	<u>\$ 8,371,824</u>	<u>\$ 12,178,865</u>	<u>\$ 11,471,544</u>	<u>\$ 27,416,750</u>	<u>\$ 19,843,368</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, 2019**

**Long-Term Debt**

At year-end, the City had \$20,545,086 in bonds and leases outstanding. \$12,600,000 are general obligation bonds that are backed by the full faith and credit of the City. \$5,185,000 are certificates of obligation secured by surplus revenues of the water and wastewater fund and ad valorem taxes. The City also had \$2,760,086 in capital leases outstanding.

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Capital Leases	\$ 2,580,297	\$ 946,077	\$ 179,789	\$ 97,742	\$ 2,760,086	\$ 1,043,819
General Obligation Bonds	12,055,000	10,310,000	545,000	705,000	12,600,000	11,015,000
Certificates of Obligation	607,270	687,319	4,577,729	4,692,680	5,184,999	5,379,999
Total	<u>\$ 15,242,567</u>	<u>\$ 11,943,396</u>	<u>\$ 5,302,518</u>	<u>\$ 5,495,422</u>	<u>\$ 20,545,085</u>	<u>\$ 17,438,818</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 2019-20, 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.

Development has continued on the biggest and most dynamic project ever planned for Willow Park, 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. During fiscal year 2019-20 the City will conduct a rate study for its utility funds.

Consistency of 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, 2019**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Willow Park Fire and Rescue
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 4,065,790	\$ 4,129,554	\$ 8,195,344	\$ 27,339
Certificate of Deposit	126,040	-	126,040	-
Receivables (Net of Allowances for Uncollectibles):				
Property Taxes	34,831	-	34,831	-
Sales Taxes	201,702	-	201,702	-
Franchise Taxes	10,778	-	10,778	-
Accounts	-	419,629	419,629	-
Miscellaneous	162,221	-	162,221	-
Restricted Assets:				
Cash and Investments	371,209	-	371,209	-
Certificates of Deposit	-	105,926	105,926	-
Capital Assets:				
Nondepreciable	8,924,474	383,897	9,308,371	-
Depreciable, Net of Accumulated Depreciation	6,313,411	11,794,968	18,108,379	-
Total Assets	20,210,456	16,833,974	37,044,430	27,339
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows Related to Pensions	172,201	48,505	220,706	-
<b>LIABILITIES</b>				
Accounts Payable	987,301	125,085	1,112,386	-
Payroll Liabilities	14,718	1,816	16,534	-
Court Bonds Payable	6,535	-	6,535	-
Current Liabilities Payable from Restricted Assets:				
Interest Payable	131,206	6,527	137,733	-
Customer Deposits	-	191,572	191,572	-
Noncurrent Liabilities:				
Net Pension Liability	251,235	70,769	322,004	-
Due Within One Year	1,226,496	330,924	1,557,420	-
Due in More Than One Year	14,841,814	5,023,861	19,865,675	-
Total Liabilities	17,459,305	5,750,554	23,209,859	-
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows Related to Pensions	5,518	1,554	7,072	-
Deferred Inflows Related to Franchise Taxes	48,484	-	48,484	-
Total Deferred Inflows of Resources	54,002	1,554	55,556	-
<b>NET POSITION</b>				
Net Investments in Capital Assets	342,066	6,838,866	7,180,932	-
Restricted:				
Debt Service	226,051	-	226,051	-
Police	9,558	-	9,558	-
First Responder	26,734	-	-	-
Tourism	63,038	-	63,038	-
Impact Fees	-	1,446,239	1,446,239	-
Court Security and Technology	87,626	-	87,626	-
Public Educational Governmental Fees	107,676	-	107,676	-
TIRZ	4,216	-	4,216	-
TexSTAR Parks and Recreation	502,258	-	502,258	-
Unrestricted Net Position	1,500,127	2,845,266	4,345,393	27,339
Total Net Position	\$ 2,869,350	\$ 11,130,371	\$ 13,999,721	\$ 27,339

See accompanying Notes to Basic Financial Statements.

**CITY OF WILLOW PARK, TEXAS**  
**GOVERNMENT WIDE STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2019**

Functions/Programs	Program Revenues				Net Revenue (Expense) and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit Willow Park Fire and Rescue
					Governmental Activities	Business-Type Activities	Total	
<b>PRIMARY GOVERNMENT</b>								
Governmental Activities:								
Administration	\$ 501,630	\$ -	\$ -	\$ -	\$ (501,630)	\$ -	\$ (501,630)	\$ -
Development Services	375,944	392,864	-	-	16,920	-	16,920	-
Legislative	213,352	-	-	-	(213,352)	-	(213,352)	-
Municipal Court	166,396	171,643	-	-	5,247	-	5,247	-
Police	1,114,541	-	2,525	-	(1,112,016)	-	(1,112,016)	-
Fire and Rescue	1,242,509	-	30,445	-	(1,212,064)	-	(1,212,064)	-
Public Works, Parks, and Roads	1,195,888	-	477	-	(1,195,411)	-	(1,195,411)	-
Interest on Long-Term Debt	335,572	-	-	-	(335,572)	-	(335,572)	-
Total Governmental Activities	5,145,832	564,507	33,447	-	(4,547,878)	-	(4,547,878)	-
Business-Type Activities:								
Water	1,248,630	2,337,421	-	-	-	1,088,791	1,088,791	-
Wastewater	1,011,058	695,728	-	-	-	(315,330)	(315,330)	-
Solid Waste	247,459	299,971	-	-	-	52,512	52,512	-
Total Business-Type Activities	2,507,147	3,333,120	-	-	-	825,973	825,973	-
Total Primary Government	<u>\$ 7,652,979</u>	<u>\$ 3,897,627</u>	<u>\$ 33,447</u>	<u>\$ -</u>	(4,547,878)	825,973	(3,721,905)	-
Component Unit								
Fire and Rescue	<u>\$ 27,611</u>	<u>\$ -</u>	<u>\$ 6,120</u>	<u>\$ -</u>				(21,491)
<b>GENERAL REVENUES</b>								
Taxes:								
Property Taxes, Levied for General Purposes					1,493,547	-	1,493,547	-
Property Taxes, Levied for Debt Service					1,095,476	-	1,095,476	-
Property Taxes, Levied for TIRZ					40,365	-	40,365	-
Sales and Use					1,150,147	-	1,150,147	-
Franchise					384,572	-	384,572	-
Hotel Occupancy Tax					5,031	-	5,031	-
Investment Earnings					134,616	89,300	223,916	8
Gain (Loss) on Sale of Capital Assets					(23,701)	-	(23,701)	-
Other Revenue					34,894	19,570	54,464	-
Transfers					(57,047)	57,047	-	-
Total General Revenues and Transfers					4,257,900	165,917	4,423,817	8
<b>CHANGE IN NET POSITION</b>					(289,978)	991,890	701,912	(21,483)
Net Position - Beginning of Year					3,159,328	10,138,481	13,297,809	48,822
<b>NET POSITION - END OF YEAR</b>					<u>\$ 2,869,350</u>	<u>\$ 11,130,371</u>	<u>\$ 13,999,721</u>	<u>\$ 27,339</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF WILLOW PARK, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2019**

	General	Debt Service Fund	Building Capital Projects	Roads Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 1,215,789	\$ 344,031	\$ 925,970	\$ 1,257,779	\$ 693,430	\$ 4,436,999
Certificates of Deposit	126,040	-	-	-	-	126,040
Receivables (Net of Allowances for Uncollectibles)						
Property Taxes	21,605	13,226	-	-	-	34,831
Sales Taxes	201,702	-	-	-	-	201,702
Franchise Taxes	10,778	-	-	-	-	10,778
Court	162,221	-	-	-	-	162,221
Total Assets	<u>\$ 1,738,135</u>	<u>\$ 357,257</u>	<u>\$ 925,970</u>	<u>\$ 1,257,779</u>	<u>\$ 693,430</u>	<u>\$ 4,972,571</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts Payable	\$ 51,057	\$ -	\$ 413,310	\$ 522,934	\$ -	\$ 987,301
Payroll Liabilities	14,718	-	-	-	-	14,718
Court Bonds Payable	6,535	-	-	-	-	6,535
Total Liabilities	72,310	-	413,310	522,934	-	1,008,554
Deferred Inflows of Resources:						
Franchise Taxes	48,484	-	-	-	-	48,484
Court Fines	162,221	-	-	-	-	162,221
Property Taxes	19,909	11,963	-	-	-	31,872
Total Deferred Inflows of Resources	230,614	11,963	-	-	-	242,577
Fund Balances:						
Restricted	107,676	345,294	512,660	734,845	693,430	2,393,905
Unassigned	1,327,535	-	-	-	-	1,327,535
Total Fund Balances	<u>1,435,211</u>	<u>345,294</u>	<u>512,660</u>	<u>734,845</u>	<u>693,430</u>	<u>3,721,440</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,738,135</u>	<u>\$ 357,257</u>	<u>\$ 925,970</u>	<u>\$ 1,257,779</u>	<u>\$ 693,430</u>	<u>\$ 4,972,571</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, 2019**

Total Funds Balances - Governmental Funds	\$	3,721,440
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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 \$19,830,853 and the accumulated depreciation was \$4,592,968.		15,237,885
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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	(131,206)	
General Obligation Bonds	(12,055,000)	
Certificate of Obligation Bonds	(607,270)	
Premium on Bonds	(712,994)	
Capital Leases	(2,580,297)	
Compensated Absences	<u>(112,749)</u>	
		(16,199,516)

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	31,872	
Court Fines	<u>162,221</u>	
		194,093

Included in the items related to noncurrent liabilities is the recognition of the City's net pension liability in the amount of \$251,235, a deferred resource outflow related to pensions of \$172,201 and a deferred resource inflow related to pensions of \$5,518. This resulted in a decrease to net pension.		<u>(84,552)</u>
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Net Position of Governmental Activities	\$	<u><u>2,869,350</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, 2019**

	General	Debt Service Fund	Building Capital Projects	Roads Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes:						
Property	\$ 1,474,202	\$ 1,092,655	\$ -	\$ -	\$ -	\$ 2,566,857
Sales and Use	1,150,147	-	-	-	-	1,150,147
Franchise	384,572	-	-	-	-	384,572
Hotel Occupancy Tax	-	-	-	-	5,031	5,031
TIRZ	-	-	-	-	40,365	40,365
Court Fines and Fees	157,639	-	-	-	10,000	167,639
Licenses and Permits	392,864	-	-	-	-	392,864
Investment Earnings	44,201	11,417	56,432	18,085	4,481	134,616
Intergovernmental	1,312	-	-	-	-	1,312
Contributions	2,943	-	-	-	29,192	32,135
Other Revenue	5,315	-	4,288	-	265	9,868
Total Revenues	3,613,195	1,104,072	60,720	18,085	89,334	4,885,406
<b>EXPENDITURES</b>						
Current:						
Administration	482,935	-	-	-	-	482,935
Development Services	336,579	-	-	-	39,000	375,579
Legislative	213,340	-	-	-	-	213,340
Municipal Court	162,673	-	-	-	3,554	166,227
Police	1,071,708	-	-	-	5,578	1,077,286
Fire and Rescue	1,025,957	-	-	-	2,014	1,027,971
Public Works, Parks, and Roads	732,491	-	-	-	-	732,491
Capital Outlay	1,819,960	-	3,811,466	2,162,553	-	7,793,979
Debt Service:						
Principal	-	868,834	-	-	-	868,834
Interest and Fiscal Charges	-	309,943	-	61,115	-	371,058
Total Expenditures	5,845,643	1,178,777	3,811,466	2,223,668	50,146	13,109,700
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(2,232,448)	(74,705)	(3,750,746)	(2,205,583)	39,188	(8,224,294)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	484,515	-	-	-	500,000	984,515
Transfers Out	(68,977)	-	-	(800,000)	(172,585)	(1,041,562)
Bond Proceeds	-	-	-	2,365,000	-	2,365,000
Lease Proceeds	1,803,005	-	-	-	-	1,803,005
Proceeds from Sale of Capital Assets	163,778	-	-	-	-	163,778
Issuance of Capital Lease	-	-	-	-	-	-
Total Other Financing Sources	2,382,321	-	-	1,565,000	327,415	4,274,736
<b>NET CHANGE IN FUND BALANCES</b>	149,873	(74,705)	(3,750,746)	(640,583)	366,603	(3,949,558)
Fund Balance - Beginning of Year	1,285,338	419,999	4,263,406	1,375,428	326,827	7,670,998
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,435,211</u>	<u>\$ 345,294</u>	<u>\$ 512,660</u>	<u>\$ 734,845</u>	<u>\$ 693,430</u>	<u>\$ 3,721,440</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, 2019**

Total Net Change in Funds Balances - Governmental Funds	\$	(3,949,558)
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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	7,818,552	
Gain/Loss on Disposal of Capital Outlays	(350,745)	
Depreciation Expense	<u>(696,052)</u>	6,771,755

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.		(2,365,000)
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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	(1,803,005)	
Repayment of Capital Leases	<u>168,785</u>	(1,634,220)

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	620,000	
Certificates of Obligation	80,049	
Interest Payable	131,206	
Premium on Bonds	47,580	
Compensated Absences	<u>(29,103)</u>	849,732

Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds.		26,170
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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>11,143</u>
Change in Net Position of Governmental Activities	<u>\$</u>	<u>(289,978)</u>



**CITY OF WILLOW PARK, TEXAS**  
**STATEMENT OF NET POSITION – PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2019**

	Water	Wastewater	Solid Waste	Totals
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 2,926,734	\$ 790,286	\$ 412,534	\$ 4,129,554
Receivables (Net of Allowances for Uncollectibles):				
Accounts Receivable	313,007	70,794	35,828	419,629
Restricted Assets:				
Certificates of Deposit	105,926	-	-	105,926
Total Current Assets	3,345,667	861,080	448,362	4,655,109
Noncurrent Assets:				
Advances to Other Funds	1,453,535	-	-	1,453,535
Capital Assets, at Cost:				
Nondepreciable Capital Assets	271,397	112,500	-	383,897
Depreciable Capital Assets	12,250,416	5,597,451	-	17,847,867
Less: Accumulated Depreciation	(4,659,908)	(1,392,991)	-	(6,052,899)
Capital Assets, Net	7,861,905	4,316,960	-	12,178,865
Total Noncurrent Assets	9,315,440	4,316,960	-	13,632,400
Total Assets	12,661,107	5,178,040	448,362	18,287,509
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows Related to Pensions	42,164	6,341	-	48,505
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	103,448	1,190	20,447	125,085
Payroll Liabilities	1,471	345	-	1,816
Current Portion of Long-Term Liabilities	325,877	5,047	-	330,924
Current Liabilities Payable from Restricted Assets:				
Interest Payable	-	6,527	-	6,527
Customer Deposits Payable	191,572	-	-	191,572
Total Current Liabilities	622,368	13,109	20,447	655,924
Noncurrent Liabilities:				
Advances from Other Funds	-	1,453,535	-	1,453,535
Compensated Absences	22,629	-	-	22,629
Net Pension Liability	61,516	9,253	-	70,769
Capital Lease Payable	125,401	17,244	-	142,645
Bonds Payable	2,133,587	2,725,000	-	4,858,587
Total Noncurrent Liabilities	2,343,133	4,205,032	-	6,548,165
Total Liabilities	2,965,501	4,218,141	20,447	7,204,089
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows Related to Pensions	1,351	203	-	1,554
<b>NET POSITION</b>				
Net Investments in Capital Assets	5,269,197	1,569,669	-	6,838,866
Restricted Impact Fees	1,065,680	380,559	-	1,446,239
Unrestricted	3,401,542	(984,191)	427,915	2,845,266
Total Net Position	\$ 9,736,419	\$ 966,037	\$ 427,915	\$ 11,130,371

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, 2019**

	Water	Wastewater	Solid Waste	Totals
Operating Revenues:				
Charges for Services	\$ 2,021,520	\$ 570,930	\$ 299,971	\$ 2,892,421
Tap Fees	5,750	1,500	-	7,250
Impact Fees	221,108	123,298	-	344,406
Other Fees	89,043	-	-	89,043
Total Operating Revenues	2,337,421	695,728	299,971	3,333,120
Operating Expenses:				
Personnel	546,354	80,753	-	627,107
Supplies	149,240	46,507	-	195,747
Contractual Services	241,177	270,292	245,838	757,307
Utilities	90,155	60,792	-	150,947
Franchise Fees	98,020	28,553	-	126,573
Depreciation	95,752	448,949	-	544,701
Bad Debt Expense	25,089	6,159	1,621	32,869
Total Operating Expenses	1,245,787	942,005	247,459	2,435,251
<b>OPERATING INCOME (LOSS)</b>	1,091,634	(246,277)	52,512	897,869
Nonoperating Revenues (Expenses):				
Investment Earnings	64,250	16,516	8,534	89,300
Gain (Loss) on Sale of Capital Assets	19,570	-	-	19,570
Interest Expense	(2,843)	(69,053)	-	(71,896)
Total Nonoperating Revenues (Expenses)	80,977	(52,537)	8,534	94,021
Transfers In	57,047	-	-	57,047
<b>CHANGE IN NET POSITION</b>	1,229,658	(298,814)	61,046	991,890
Net Position - Beginning of Year	8,506,761	1,264,851	366,869	10,138,481
<b>NET POSITION - END OF YEAR</b>	<u>\$ 9,736,419</u>	<u>\$ 966,037</u>	<u>\$ 427,915</u>	<u>\$ 11,130,371</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF WILLOW PARK, TEXAS**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2019**

	Water	Wastewater	Solid Waste	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers	\$ 2,337,923	\$ 686,432	\$ 297,777	\$ 3,322,132
Cash Paid to Suppliers	(1,030,261)	(410,842)	(247,624)	(1,688,727)
Cash Paid to Employees	(544,523)	(85,383)	-	(629,906)
Net Cash Provided by Operating Activities	763,139	190,207	50,153	1,003,499
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Principal Payments on Long-Term Debt	(259,520)	-	-	(259,520)
Repayment of Capital Lease Obligations	27,660	22,291	-	49,951
Capital Asset Purchases	(1,111,160)	(121,292)	-	(1,232,452)
Proceeds from Sale of Capital Assets	30,000	-	-	30,000
Transfer of Capital Assets from General Fund	57,047	-	-	57,047
Interest Paid on Long-Term Debt	(26,926)	(74,665)	-	(101,591)
Net Cash Used by Capital and Related Financing Activities	(1,282,899)	(173,666)	-	(1,456,565)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment Earnings	64,250	16,516	8,534	89,300
Purchase/Reinvestment of CDs	-	27,695	-	27,695
Net Cash Provided by Investing Activities	64,250	44,211	8,534	116,995
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(455,510)	60,752	58,687	(336,071)
Cash and Cash Equivalents - Beginning of Year	3,488,170	729,534	353,847	4,571,551
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 3,032,660</u>	<u>\$ 790,286</u>	<u>\$ 412,534</u>	<u>\$ 4,235,480</u>
<b>CASH AND CASH EQUIVALENTS</b>	2,926,734	790,286	412,534	4,129,554
<b>RESTRICTED CASH AND CASH EQUIVALENTS</b>	105,926	-	-	105,926
<b>TOTAL CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 3,032,660</u>	<u>\$ 790,286</u>	<u>\$ 412,534</u>	<u>\$ 4,235,480</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ 1,091,634	\$ (246,277)	\$ 52,512	\$ 897,869
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	95,752	448,949	-	544,701
(Increase) Decrease in Assets:				
Accounts Receivable	(27,271)	(3,137)	(573)	(30,981)
Deferred Outflows	(13,617)	750	-	(12,867)
Increase (Decrease) in Liabilities:				
Accounts Payable	(426,580)	(4,698)	(1,786)	(433,064)
Payroll Liabilities	(9,563)	(2,160)	-	(11,723)
Customer Deposits	27,773	-	-	27,773
Net Pension liability	37,623	3,318	-	40,941
Compensated Absences Payable	-	(3,273)	-	(3,273)
Deferred Inflows	(12,612)	(3,265)	-	(15,877)
Total Adjustments	(328,495)	436,484	(2,359)	105,630
Net Cash Provided by Operating Activities:	<u>\$ 763,139</u>	<u>\$ 190,207</u>	<u>\$ 50,153</u>	<u>\$ 1,003,499</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF WILLOW PARK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**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 unit. 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. The organization facilitates volunteer services through grant and contribution funding and provides support to the City's fire department. 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, 2019**

**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, 2019**

**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 funds:

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

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

The *solid waste fund* accounts for the operation of solid waste collection services.

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, 2019**

**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 \$258,942. The municipal court receivable allowance of \$1,459,984 is equal to 90% of the outstanding balance at September 30, 2019.

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 \$135,399 at September 30, 2019.
4. *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, 2019**

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

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

5. *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.
6. *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.
7. *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, 2019**

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

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

8. *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	\$ -	\$ 345,294	\$ -	\$ -	\$ -	\$ 345,294
Construction	-	-	512,660	734,845	-	1,247,505
Court Security and Tech	-	-	-	-	87,626	87,626
Police	-	-	-	-	9,558	9,558
First Responder	-	-	-	-	26,734	26,734
Tourism	-	-	-	-	63,038	63,038
Public Educational						
Governmental Fees	107,676	-	-	-	-	107,676
TIRZ	-	-	-	-	4,216	4,216
TexSTAR Parks & Recreation	-	-	-	-	502,258	502,258
Unassigned	1,327,535	-	-	-	-	1,327,535
Total	<u>\$ 1,435,211</u>	<u>\$ 345,294</u>	<u>\$ 512,660</u>	<u>\$ 734,845</u>	<u>\$ 693,430</u>	<u>\$ 3,721,440</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 \$1,327,535 was \$528,895 above the minimum fund balance requirement of \$798,640.

**CITY OF WILLOW PARK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

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

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

9. *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.
10. *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, 2019, 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, 2019, 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, 2019**

**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, 2019 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, 2019 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, 2019, the carrying amount of the City's cash on hand and deposits were \$8,556,553 and the bank balance was \$9,107,180. At September 30, 2019, all cash was fully collateralized.

**CITY OF WILLOW PARK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**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, 2019, the City was not invested in any securities which are highly sensitive to interest rate fluctuation.

The City's investments at September 30, 2019 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>\$ 2,585,486</u>	<u>\$ 2,585,486</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 governmental and enterprise funds are restricted for the following purposes:

2003 Bond Funds	344,031
Police Contributions	444
First Responder Donations	<u>26,734</u>
Total	<u>\$ 477,135</u>

**CITY OF WILLOW PARK, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**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	\$ 19,909	\$ 11,963	\$ 31,872
Court Fines and Fees Receivable	162,221	-	162,221
Franchise Taxes Received in Advance	48,484	-	48,484
Total Deferred Inflows	<u>\$ 230,614</u>	<u>\$ 11,963</u>	<u>\$ 242,577</u>

**CITY OF WILLOW PARK, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**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, 2019 is as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Purpose</u>
Other Governmental	Roads Capital Projects	\$ 500,000	Capital Projects
General	Roads Capital Projects	300,000	Capital Projects
General	Other Governmental Funds	172,585	Operations
Other Governmental	General	11,930	Operations
Total Governmental Funds Transfers In		<u>\$ 984,515</u>	
<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Purpose</u>
Water Fund	General	<u>\$ 57,047</u>	Infrastructure

The composition of interfund advances for the City's individual major funds and nonmajor funds at September 30, 2019, is as follows:

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

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 2019 fiscal year.

**CITY OF WILLOW PARK, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 6 CAPITAL ASSETS**

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Nondepreciable Assets:				
Land	\$ 126,027	\$ -	\$ -	\$ 126,027
Construction in Progress	2,825,643	5,972,804	-	8,798,447
Total Nondepreciable Assets	2,951,670	5,972,804	-	8,924,474
Depreciable Assets:				
Buildings and Improvements	586,253	-	-	586,253
Furniture and Equipment	1,134,929	42,743	(303,592)	874,080
Vehicles	1,675,283	1,803,005	-	3,478,288
Infrastructure	5,967,758	-	-	5,967,758
Total Capital Assets Being Depreciated	9,364,223	1,845,748	(303,592)	10,906,379
Accumulated Depreciation:				
Buildings and Improvements	217,515	15,200	-	232,715
Furniture and Equipment	412,469	94,710	(47,153)	460,026
Vehicles	875,206	299,645	-	1,174,851
Infrastructure	2,438,879	286,497	-	2,725,376
Total Accumulated Depreciation	3,944,069	696,052	(47,153)	4,592,968
Governmental Activities Capital Assets, Net	<u>\$ 8,371,824</u>	<u>\$ 7,122,500</u>	<u>\$ (256,439)</u>	<u>\$ 15,237,885</u>

**CITY OF WILLOW PARK, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 6 CAPITAL ASSETS**

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

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Nondepreciable Assets:				
Land	\$ 383,897	\$ -	\$ -	\$ 383,897
Construction in Progress	2,518,702	32,382	(2,551,084)	-
Total Nondepreciable Assets	2,902,599	32,382	(2,551,084)	383,897
Depreciable Assets:				
Buildings and Improvements	79,050	-	-	79,050
Furniture and Equipment	731,523	166,401	(67,362)	830,562
Vehicles	344,343	108,647	-	452,990
Water System	10,017,837	3,549,566	-	13,567,403
Wastewater System	2,917,863	-	-	2,917,863
Total Capital Assets Being Depreciated	14,090,616	3,824,614	(67,362)	17,847,868
Accumulated Depreciation:				
Buildings and Improvements	27,526	1,976	-	29,502
Furniture and Equipment	338,326	68,249	(13,472)	393,103
Vehicles	228,932	31,367	-	260,299
Water System	4,001,461	245,717	-	4,247,178
Wastewater System	925,426	197,392	-	1,122,818
Total Accumulated Depreciation	5,521,671	544,701	(13,472)	6,052,900
Business-Type Activities Capital Assets, Net	<u>\$ 11,471,544</u>	<u>\$ 3,312,295</u>	<u>\$ (2,604,974)</u>	<u>\$ 12,178,865</u>

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

Governmental Activities:	
Administration	\$ 11,764
Development Services	841
Legislative	265
Municipal Court	499
Police	95,534
Fire and Rescue	222,521
Public Works, Parks, and Roads	364,628
Total Depreciation Expense - Governmental Activities	<u>\$ 696,052</u>
Business-Type Activities:	
Water	\$ 95,752
Wastewater	448,949
Total Depreciation Expense - Business-Type Activities	<u>\$ 544,701</u>



**CITY OF WILLOW PARK, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**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.

In August 2018, the City entered into a lease agreement with Enterprise for a fleet of vehicles for a total of \$412,648 through February 29, 2024.

In December 2018, the City acquired a Chassis Ladder Truck for \$1,499,005 with a capital lease. The lease requires annual payments of \$195,691.35 including interest at 4.29% through January 16, 2030.

Total capital assets acquired through capital leases were as follows:

	Governmental Activities	Business-Type Activities
Assets:		
Vehicles	\$ 3,168,630	\$ 265,105
Less: Accumulated Depreciation	444,108	72,144
Total	<u>\$ 2,724,522</u>	<u>\$ 192,961</u>

**CITY OF WILLOW PARK, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

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

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2019 were as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2020	\$ 226,331	\$ 40,148
2021	397,222	40,148
2022	365,304	40,148
2023	360,862	40,148
2024	321,210	28,425
2025-2029	1,311,184	-
2030-2034	195,651	-
Total Minimum Lease Payments	3,177,764	189,017
Less: Interest Portion	597,467	9,228
Obligations Under Capital Lease	<u>\$ 2,580,297</u>	<u>\$ 179,789</u>

**CITY OF WILLOW PARK, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**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%	\$ 135,000	\$ 145,000
\$5,135,000; 2012 Refunding bond due in annual installments through February 15, 2023 at interest rates ranging from 2.0% to 3.0%	1,875,000	400,000
\$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%	-	565,000
\$1,380,000; 2015 Certificates of Obligation due in annual installments through February 15, 2031 at an interest rate of 2.14%	607,270	382,730
\$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%	-	905,000
\$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%	535,000	-
\$875,000; 2018 Tax Notes due in annual installments through February 15, 2025 at an interest rate of 2.81%	815,000	-
\$2,365,000; 2019 Tax Notes due in annual installments through February 15, 2026 at an interest rate of 2.15%	2,365,000	-
Bond Premiums	712,994	37,479
Total	<u>\$ 13,375,264</u>	<u>\$ 5,160,209</u>

**CITY OF WILLOW PARK, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

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

**Bonds Payable (Continued)**

The annual debt service requirements to maturity for bonds outstanding as of September 30, 2019 are as follows:

Certificates of Obligation Due Fiscal Year Ending September 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 80,030	\$ 13,273	\$ 93,303	\$ 114,970	\$ 100,706	\$ 215,675
2021	80,011	11,558	91,569	309,989	96,993	406,982
2022	83,685	9,850	93,535	316,315	90,359	406,674
2023	86,417	7,966	94,383	328,583	83,507	412,091
2024	38,538	5,868	44,406	321,462	77,173	398,635
2025-2029	171,284	16,663	187,947	1,703,715	272,313	1,976,028
2030-2034	67,305	1,469	68,774	1,277,695	72,939	1,350,634
2035-2037	-	-	-	205,000	4,470	209,470
Total	<u>\$ 607,270</u>	<u>\$ 66,647</u>	<u>\$ 673,917</u>	<u>\$ 4,577,729</u>	<u>\$ 798,460</u>	<u>\$ 5,376,189</u>

  

General Obligation Bonds Due Fiscal Year Ending September 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 870,000	\$ 374,571	1,244,571	\$ 165,000	\$ 14,975	\$ 179,975
2021	750,000	346,276	1,096,276	175,000	9,150	184,150
2022	870,000	323,002	1,193,002	100,000	4,650	104,650
2023	935,000	297,815	1,232,815	105,000	1,575	106,575
2024	1,045,000	269,738	1,314,738	-	-	-
2025-2029	3,460,000	948,520	4,408,520	-	-	-
2030-2034	1,395,000	547,700	1,942,700	-	-	-
2035-2039	1,015,000	344,325	1,359,325	-	-	-
2040-2044	1,185,000	170,325	1,355,325	-	-	-
2045-2046	530,000	16,050	546,050	-	-	-
Total	<u>\$ 12,055,000</u>	<u>\$ 3,638,322</u>	<u>\$ 15,693,322</u>	<u>\$ 545,000</u>	<u>\$ 30,350</u>	<u>\$ 575,350</u>

**Changes in Long-Term Liabilities**

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 10,310,000	\$ 2,365,000	\$ 620,000	\$ 12,055,000	\$ 870,000
Certificates of Obligation Bonds	687,319	-	80,049	607,270	80,030
Bond Premiums	760,574	-	47,580	712,994	47,580
Total Bonds Payable	11,757,893	2,365,000	747,629	13,375,264	997,610
Capital Leases	946,077	1,803,005	168,785	2,580,297	228,886
Compensated Absences	141,852	-	29,103	112,749	-
Total Governmental Activities	<u>\$ 12,845,822</u>	<u>\$ 4,168,005</u>	<u>\$ 945,517</u>	<u>\$ 16,068,310</u>	<u>\$ 1,226,496</u>
<b>Business-Type Activities:</b>					
Certificates of Obligation	\$ 4,692,680	\$ -	\$ 114,951	\$ 4,577,729	\$ 114,970
General Obligation Bonds	705,000	-	160,000	545,000	165,000
Bond Premiums	46,303	-	16,665	29,638	13,810
Total Bonds Payable	5,443,983	-	291,616	5,152,367	293,780
Capital Leases	97,742	108,647	26,600	179,789	37,144
Compensated Absences	25,902	-	3,273	22,629	-
Total Business-Type Activities	<u>5,567,627</u>	<u>108,647</u>	<u>321,489</u>	<u>5,354,785</u>	<u>330,924</u>
Total Long-Term Liabilities	<u>\$ 18,413,449</u>	<u>\$ 4,276,652</u>	<u>\$ 1,267,006</u>	<u>\$ 21,423,095</u>	<u>\$ 1,557,420</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, 2019**

**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 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the state of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (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, 2019**

**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 2019 and 2018 were as follows:

<u>Plan Year</u>	<u>2019</u>	<u>2018</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, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	10
Inactive Employees Entitled to but Not Receiving Benefits	38
Active Employees	37
Total	<u><u>85</u></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 7.35% and 7.1% in calendar years 2018 and 2017, respectively. The City's contributions to TMRS for the year ended September 30, 2019 were \$155,766 and were equal to the required contributions.

**Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, 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, 2019**

**NOTE 9 RETIREMENT PLAN (CONTINUED)**

**Actuarial Assumptions**

The Total Pension Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% Per Year
Overall Payroll Growth	3.5% to 10.5%, 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.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. 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, 2019**

**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, 2017	\$ 1,781,515	\$ 1,631,694	\$ 149,821
Changes for the Year:			
Service Cost	285,527	-	285,527
Interest	127,139	-	127,139
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Performance	15,830	-	15,830
Changes of Assumptions	-	-	-
Contributions - Employer	-	155,766	(155,766)
Contributions - Employee	-	150,395	(150,395)
Net Investment Income	-	(48,854)	48,854
Benefit Payments, Including Refunds of Employee Contributions	(81,467)	(81,467)	-
Administrative Expense	-	(945)	945
Other Changes	-	(49)	49
Net Changes	<u>347,029</u>	<u>174,846</u>	<u>172,183</u>
Balance - December 31, 2018	<u>\$ 2,128,544</u>	<u>\$ 1,806,540</u>	<u>\$ 322,004</u>



**CITY OF WILLOW PARK, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**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	<u>\$ 668,752</u>	<u>\$ 322,004</u>	<u>\$ 40,941</u>

**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, 2019, the City recognized pension expense of \$170,460. At September 30, 2019, 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	\$ -	\$ 7,072
Difference in Assumptions Changes	13,100	-
Differences in Projected and Actual Investment Earnings	84,538	-
Contributions Subsequent to the Measurement Date	123,068	-
Total	<u>\$ 220,706</u>	<u>\$ 7,072</u>

\$123,068 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, 2020. 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>	Pension Expense
2019	\$ 26,574
2020	17,884
2021	11,984
2022	34,124
Total	<u>\$ 90,566</u>

**CITY OF WILLOW PARK, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE 10 COMMITMENTS**

The City has issued bonds for construction projects that were not complete at September 30, 2019. 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, 2019</u>	<u>Balance as of Sept 30, 2019</u>
2019 General Obligation Bonds	Ranch House Road and Park	<u>\$ 2,300,000</u>	<u>\$ 304,013</u>	<u>\$ 1,995,987</u>
Total Governmental Activities		<u>2,300,000</u>	<u>304,013</u>	<u>1,995,987</u>

**NOTE 11 SUBSEQUENT EVENTS**

On November 1, 2019, the City issued City of Willow Park, Texas Certificates of Obligation, Series 2019 in the amount of \$13,770,000. These bonds mature in annual installments from 2021 through 2050.

## **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, 2019**  
**(SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION)**

	Budget		Actual	Variance with
	Original	Final	Amounts	Final Budget
			GAAP Basis	Positive
				(Negative)
<b>REVENUES</b>				
Taxes:				
Property	\$ 1,483,199	\$ 1,483,199	\$ 1,474,202	\$ (8,997)
Sales and Use	975,000	975,000	1,150,147	175,147
Franchise	377,933	377,933	384,572	6,639
Court Fines and Fees	255,200	255,200	157,639	(97,561)
Licenses and Permits	253,700	253,700	392,864	139,164
Investment Earnings	-	-	44,201	44,201
Intergovernmental	-	-	1,312	1,312
Contributions	-	-	2,943	2,943
Other Revenue	22,085	22,085	5,315	(16,770)
Total Revenues	3,367,117	3,367,117	3,613,195	246,078
<b>EXPENDITURES</b>				
Current:				
Administration	400,019	400,019	482,935	(82,916)
Development Services	338,144	338,144	336,579	1,565
Legislative	200,248	200,248	213,340	(13,092)
Municipal Court	163,550	163,550	162,673	877
Police	1,240,413	1,240,413	1,071,708	168,705
Fire and Rescue	1,057,001	1,057,001	1,025,957	31,044
Public Works, Parks, and Roads	312,341	312,341	732,491	(420,150)
Capital Outlay	175,000	175,000	1,819,960	(1,644,960)
Total Expenditures	3,886,716	3,886,716	5,845,643	(1,958,927)
<b>EXCESS (DEFICIENCY) OF REVENUES</b>				
<b>OVER (UNDER) EXPENDITURES</b>	(519,599)	(519,599)	(2,232,448)	2,205,005
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	535,000	-	484,515	484,515
Transfers Out	11,930	-	(68,977)	(68,977)
Lease Proceeds	-	-	1,803,005	1,803,005
Proceeds from Sale of Capital Assets	-	-	163,778	163,778
Total Other Financing Sources				
(Uses)	546,930	-	2,382,321	2,382,321
<b>NET CHANGE IN FUND BALANCES</b>	27,331	(519,599)	149,873	4,587,326
Fund Balance - Beginning of Year	1,285,338	1,285,338	1,285,338	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,312,669</u>	<u>\$ 765,739</u>	<u>\$ 1,435,211</u>	<u>\$ 4,587,326</u>

**CITY OF WILLOW PARK, TEXAS**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**YEAR ENDED SEPTEMBER 30, 2019**  
**(SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION)**

	2014	2015	2016	2017	2018
Total Pension Liability:					
Service Cost	\$ 88,122	\$ 240,748	\$ 272,355	\$ 258,362	\$ 285,527
Interest (on the Total Pension Liability)	60,307	68,080	86,596	107,654	127,139
Changes of Benefit Terms	122,676	-	-	-	-
Differences Between Expected and Actual Experience	(71,540)	(4,518)	9,269	(32,349)	15,830
Change of Assumptions	-	43,222	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(41,148)	(43,186)	(62,812)	(35,695)	(81,467)
<b>NET CHANGE IN TOTAL PENSION LIABILITY</b>	<b>158,417</b>	<b>304,346</b>	<b>305,408</b>	<b>297,972</b>	<b>347,029</b>
Total Pension Liability - Beginning of Year	715,372	873,789	1,178,135	1,483,543	1,781,515
<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>	<b>\$ 2,128,544</b>
Plan Fiduciary Net Position:					
Contribution - Employer	\$ 30,615	\$ 136,696	\$ 134,415	\$ 136,098	\$ 155,766
Contributions - Employee	75,037	139,169	141,641	134,065	150,395
Net Investment Income	35,393	1,060	64,397	170,238	(48,854)
Benefit Payments, Including Refunds of Employee Contributions	(41,148)	(43,186)	(62,812)	(35,695)	(81,467)
Administrative Expense	(369)	(645)	(726)	(882)	(945)
Other	(30)	(32)	(40)	(45)	(49)
<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>	<b>174,846</b>
Plan Fiduciary Net Position - Beginning of Year	618,481	717,979	951,040	1,227,915	1,631,694
<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>\$ 1,806,540</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>	<b>\$ 322,004</b>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.84%	50.68%	60.68%	85.20%	84.91%
Covered Payroll	\$ 1,500,744	\$ 1,876,446	\$ 2,023,438	\$ 1,915,208	\$ 2,127,623
Net Pension Liability as a Percentage of Covered Payroll	10.38%	12.10%	12.63%	7.82%	15.13%

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. This schedule is provided in the GRS Reporting Package (for the current period).

**CITY OF WILLOW PARK, TEXAS**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS AND RELATED RATIOS**  
**YEARS ENDED SEPTEMBER 30, 2019**  
**(SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially Determined Contribution	\$ 106,037	\$ 134,745	\$ 136,067	\$ 158,377	\$ 155,766
Contributions in Relation to the Actuarially Determined Contribution	<u>106,037</u>	<u>134,745</u>	<u>136,067</u>	<u>158,377</u>	<u>155,766</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 1,749,548	\$ 1,988,189	\$ 1,954,990	\$ 2,062,252	\$ 2,127,623
Contributions as a Percentage of Covered Payroll	6.06%	6.78%	6.96%	7.68%	7.32%

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, 2019**

**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 by fund through passage of an ordinance. Encumbrances lapse at year-end. General fund expenditures were over budget due to not budgeting expenditures for the Public Safety Building and Ranch House Road project.

**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, 2019**

**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, 2019**

	Special Revenue Funds						Total Special Revenue
	Court Security	Court Technology	Seizure Fund	Tourism Fund	Police Contributions	First Responder Donations	
<b>ASSETS</b>							
Cash and Cash Equivalents	<u>\$ 35,130</u>	<u>\$ 52,496</u>	<u>\$ 9,114</u>	<u>\$ 63,038</u>	<u>\$ 444</u>	<u>\$ 26,734</u>	<u>\$ 186,956</u>
Total Assets	<u>\$ 35,130</u>	<u>\$ 52,496</u>	<u>\$ 9,114</u>	<u>\$ 63,038</u>	<u>\$ 444</u>	<u>\$ 26,734</u>	<u>\$ 186,956</u>
<b>LIABILITIES AND FUND BALANCE</b>							
<b>LIABILITIES</b>							
Accounts Payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>							
Restricted	<u>35,130</u>	<u>52,496</u>	<u>9,114</u>	<u>63,038</u>	<u>444</u>	<u>26,734</u>	<u>186,956</u>
Total Fund Balance	<u>35,130</u>	<u>52,496</u>	<u>9,114</u>	<u>63,038</u>	<u>444</u>	<u>26,734</u>	<u>186,956</u>
Total Liabilities and Fund Balance	<u>\$ 35,130</u>	<u>\$ 52,496</u>	<u>\$ 9,114</u>	<u>\$ 63,038</u>	<u>\$ 444</u>	<u>\$ 26,734</u>	<u>\$ 186,956</u>

**CITY OF WILLOW PARK, TEXAS  
NONMAJOR GOVERNMENT FUNDS – COMBINING BALANCE SHEET  
YEAR ENDED SEPTEMBER 30, 2019**

		Capital Projects				
	Equipment Replacement	TexStar Parks & Recreation	TexStar Equipment Replacement	TIRZ Reimbursement Fund	Total Capital Projects	Total Nonmajor Funds
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ -	\$ 502,258	\$ -	\$ 4,216	\$ 506,474	\$ 693,430
Total Assets	\$ -	\$ 502,258	\$ -	\$ 4,216	\$ 506,474	\$ 693,430
<b>LIABILITIES AND FUND BALANCE</b>						
<b>LIABILITIES</b>						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-	-	-
<b>FUND BALANCE</b>						
Restricted	-	502,258	-	4,216	506,474	693,430
Total Fund Balance	-	502,258	-	4,216	506,474	693,430
Total Liabilities and Fund Balance	\$ -	\$ 502,258	\$ -	\$ 4,216	\$ 506,474	\$ 693,430

**CITY OF WILLOW PARK, TEXAS**  
**NONMAJOR GOVERNMENTAL FUNDS – COMBINING STATEMENT OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**YEAR ENDED SEPTEMBER 30, 2019**

	Special Revenue Funds						Total Special Revenue
	Court Security	Court Technology	Seizure Fund	Tourism Fund	Police Contributions	First Responder Donations	
<b>REVENUES</b>							
Hotel Occupancy Tax	\$ -	\$ -	\$ -	\$ 5,031	\$ -	\$ -	\$ 5,031
Court Fines and Fees	3,760	6,240	-	-	-	-	10,000
Investment Earnings	-	-	245	1,193	-	-	1,438
Contributions	-	-	-	-	444	28,748	29,192
Other	-	-	265	-	-	-	265
Total Revenues	3,760	6,240	510	6,224	444	28,748	45,926
<b>EXPENDITURES</b>							
Current:							
Police	-	3,554	5,578	-	-	2,014	11,146
Total Expenditures	-	3,554	5,578	-	-	2,014	11,146
<b>NET CHANGE IN FUND BALANCES</b>	3,760	2,686	(5,068)	6,224	444	26,734	34,780
Fund Balance - Beginning of Year	31,370	49,810	14,182	56,814	-	-	152,176
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 35,130</u>	<u>\$ 52,496</u>	<u>\$ 9,114</u>	<u>\$ 63,038</u>	<u>\$ 444</u>	<u>\$ 26,734</u>	<u>\$ 186,956</u>

**CITY OF WILLOW PARK, TEXAS**  
**NONMAJOR GOVERNMENTAL FUNDS – COMBINING STATEMENT OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**YEAR ENDED SEPTEMBER 30, 2019**

	Capital Projects					
	Equipment Replacement	TexStar Parks & Recreation	TexStar Equipment Replacement	TIRZ Reimbursement Fund	Total Capital Projects	Total Nonmajor Funds
<b>REVENUES</b>						
Hotel Occupancy Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,031
Court Fines and Fees	-	-	-	-	-	10,000
Investment Earnings	205	2,258	59	521	3,043	4,481
Contributions	-	-	-	-	-	29,192
Other	-	-	-	-	-	265
TIRZ	-	-	-	40,365	40,365	40,365
Total Revenues	205	2,258	59	40,886	43,408	89,334
<b>EXPENDITURES</b>						
Current:						
Police	-	-	-	-	-	11,146
TIRZ	-	-	-	39,000	39,000	39,000
Total Expenditures	-	-	-	39,000	39,000	50,146
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	205	2,258	59	1,886	4,408	39,188
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	-	500,000	-	-	500,000	500,000
Transfers Out	(129,124)	-	(43,461)	-	(172,585)	(172,585)
Proceeds from Sale of Assets	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(129,124)	500,000	(43,461)	-	327,415	327,415
<b>NET CHANGE IN FUND BALANCES</b>	(128,919)	502,258	(43,402)	1,886	331,823	366,603
Fund Balance - Beginning of Year	128,919	-	43,402	2,330	174,651	326,827
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 502,258</u>	<u>\$ -</u>	<u>\$ 4,216</u>	<u>\$ 506,474</u>	<u>\$ 693,430</u>