

CITY OF WILLOW PARK, TEXAS
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2020

**CITY OF WILLOW PARK, TEXAS
TABLE OF CONTENTS
YEAR ENDED SEPTEMBER 30, 2020**

| | |
|---|-----------|
| INDEPENDENT AUDITORS' REPORT | 1 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 4 |
| BASIC FINANCIAL STATEMENTS | |
| GOVERNMENT WIDE STATEMENT OF NET POSITION | 12 |
| GOVERNMENT WIDE STATEMENT OF ACTIVITIES | 13 |
| BALANCE SHEET – GOVERNMENTAL FUNDS | 14 |
| RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION | 15 |
| STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS | 16 |
| RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES | 17 |
| STATEMENT OF NET POSITION – PROPRIETARY FUNDS | 18 |
| STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUNDS | 19 |
| STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS | 20 |
| NOTES TO BASIC FINANCIAL STATEMENTS | 21 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND | 42 |
| SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS | 43 |
| SCHEDULE OF EMPLOYER CONTRIBUTIONS AND RELATED RATIOS | 44 |
| NOTES TO REQUIRED SUPPLEMENTARY INFORMATION | 45 |
| SUPPLEMENTARY INFORMATION | |
| NONMAJOR GOVERNMENTAL FUNDS – COMBINING BALANCE SHEET | 46 |
| NONMAJOR GOVERNMENTAL FUNDS – COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE | 48 |

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, 2020, and the related notes to the basic 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, 2020, 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 42-44 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 March 17, 2021, 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* in considering the City's internal control over financial reporting and compliance.

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

CliftonLarsonAllen LLP

Fort Worth, Texas
March 17, 2021

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**CITY OF WILLOW PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2020**

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, 2020 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 \$14,778,468 (*net position*). Of this amount, \$3,788,892 (*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 \$778,747. The City's operations increased the governmental activities by \$225,392 and increased the business-type activities by \$553,355.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$946,084, or 20% 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, 2020**

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 and debt service fund, 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. The Solid waste enterprise fund is considered nonmajor major fund for presentation.

**CITY OF WILLOW PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2020**

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 basic financial statements can be found on pages 21-41 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 42-45 of this report.

The combining nonmajor governmental funds statements are presented immediately following the required supplementary information. These statements can be found on pages 46-49 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 \$14,778,468 as of September 30, 2020.

The largest portion of the City's net position (55%) 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.

\$2,813,703 in restricted net position represents resources that are subject to external restrictions on how they may be used. The \$3,788,892 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, 2020**

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

Statement of Net Position

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------------|-------------------------|--------------|--------------------------|---------------|---------------|---------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Current and Other Assets | \$ 2,311,026 | \$ 4,972,571 | \$ 18,318,970 | \$ 4,655,109 | \$ 20,629,996 | \$ 9,627,680 |
| Capital Assets | 16,128,303 | 15,237,885 | 12,554,617 | 12,178,865 | 28,682,920 | 27,416,750 |
| Total Assets | 18,439,329 | 20,210,456 | 30,873,587 | 16,833,974 | 49,312,916 | 37,044,430 |
| Deferred Outflows of Resources | 113,175 | 172,201 | 40,911 | 48,505 | 154,086 | 220,706 |
| Long-Term Liabilities | 15,139,948 | 16,319,545 | 18,860,695 | 5,425,554 | 34,000,643 | 21,745,099 |
| Other Liabilities | 220,169 | 1,139,760 | 352,629 | 325,000 | 572,798 | 1,464,760 |
| Total Liabilities | 15,360,117 | 17,459,305 | 19,213,324 | 5,750,554 | 34,573,441 | 23,209,859 |
| Deferred Inflows of Resources | 97,645 | 54,002 | 17,448 | 1,554 | 115,093 | 55,556 |
| Net Position: | | | | | | |
| Invested in Capital Assets | | | | | | |
| Net of Related Debt | 1,366,024 | 342,066 | 6,809,849 | 6,838,866 | 8,175,873 | 7,180,932 |
| Restricted | 911,428 | 1,027,157 | 1,902,275 | 1,446,239 | 2,813,703 | 2,473,396 |
| Unrestricted | 817,290 | 1,500,127 | 2,971,602 | 2,845,266 | 3,788,892 | 4,345,393 |
| Total Net Position | \$ 3,094,742 | \$ 2,869,350 | \$ 11,683,726 | \$ 11,130,371 | \$ 14,778,468 | \$ 13,999,721 |

Governmental activities. Governmental activities increased the City's net position by \$225,392 in the current year. Total governmental activities revenues increased \$1,099,030 (22%) to \$6,011,931. Total expenses increased \$891,420 (17%) to \$6,037,252 due primarily to several increased costs in the fire and rescue, police, and general government functions during the current fiscal year.

Business-type activities. Business-type activities increased the City's net position by \$553,355. Total business-type activities revenues increased \$286,481 (8%) to \$3,728,471. Expenses increased by \$417,256 primarily due to the dry summer conditions leading to more water having to be purchased than in the prior year.

**CITY OF WILLOW PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2020**

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

Statement of Activities

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|--------------|--------------------------|---------------|---------------|---------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 843,307 | \$ 564,507 | \$ 3,703,401 | \$ 3,333,120 | \$ 4,546,708 | \$ 3,897,627 |
| Operating Grants and Contributions | 39,664 | 33,447 | - | - | 39,664 | 33,447 |
| General Revenues: | | | | | | |
| Property Taxes | 3,050,245 | 2,629,388 | - | - | 3,050,245 | 2,629,388 |
| Sales Taxes | 1,280,021 | 1,150,147 | - | - | 1,280,021 | 1,150,147 |
| Franchise Taxes | 374,099 | 384,572 | - | - | 374,099 | 384,572 |
| Hotel Occupancy Taxes | 5,043 | 5,031 | - | - | 5,043 | 5,031 |
| Investment Earnings | 32,857 | 134,616 | 25,070 | 89,300 | 57,927 | 223,916 |
| Loss on Sale of Capital Assets | - | (23,701) | - | - | - | (23,701) |
| Other Revenue | 386,695 | 34,894 | - | 19,570 | 386,695 | 54,464 |
| Total Revenues | 6,011,931 | 4,912,901 | 3,728,471 | 3,441,990 | 9,740,402 | 8,354,891 |
| Expenses: | | | | | | |
| Administration | 602,695 | 501,630 | - | - | 602,695 | 501,630 |
| Development Services | 455,251 | 375,944 | - | - | 455,251 | 375,944 |
| Legislative | 198,218 | 213,352 | - | - | 198,218 | 213,352 |
| Municipal Court | 191,964 | 166,396 | - | - | 191,964 | 166,396 |
| Police | 1,379,019 | 1,114,541 | - | - | 1,379,019 | 1,114,541 |
| Fire and Rescue | 1,401,421 | 1,242,509 | - | - | 1,401,421 | 1,242,509 |
| Public Works, Parks, and Roads | 1,121,842 | 1,195,888 | - | - | 1,121,842 | 1,195,888 |
| Interest on Long-Term Debt | 686,842 | 335,572 | - | - | 686,842 | 335,572 |
| Water | - | - | 1,717,986 | 1,248,630 | 1,717,986 | 1,248,630 |
| Wastewater | - | - | 947,548 | 1,011,058 | 947,548 | 1,011,058 |
| Solid Waste | - | - | 258,869 | 247,459 | 258,869 | 247,459 |
| Total Expenses | 6,037,252 | 5,145,832 | 2,924,403 | 2,507,147 | 8,961,655 | 7,652,979 |
| Increase (Decrease) in Net Position Before Transfers | (25,321) | (232,931) | 804,068 | 934,843 | 778,747 | 701,912 |
| Transfers | 250,713 | (57,047) | (250,713) | 57,047 | - | - |
| Increase (Decrease) in Net Position | 225,392 | (289,978) | 553,355 | 991,890 | 778,747 | 701,912 |
| Net Position Beginning of Year | 2,869,350 | 3,159,328 | 11,130,371 | 10,138,481 | 13,999,721 | 13,297,809 |
| Net Position End of Year | \$ 3,094,742 | \$ 2,869,350 | \$ 11,683,726 | \$ 11,130,371 | \$ 14,778,468 | \$ 13,999,721 |

**CITY OF WILLOW PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2020**

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 \$946,084. 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 20% of the total general fund expenditures. Fund balance of the general fund increased by -\$353,791.

The debt service fund has a total fund balance of \$165,224, all of which is restricted for the payment of debt service.

Other governmental funds consist of special revenue funds and other capital projects funds. The combined fund balance of these was \$179,335 and \$517,434, respectively. A detailed combining balance sheet and statement of revenues, expenditures, and changes in fund balance can be found on pages 46-49 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 \$3,637,973, -\$892,667, and \$226,296, respectively. The total change in net position for the three funds was \$929,962, -\$174,988, and -\$201,619, 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 \$726,666 more than budgeted primarily due to greater than anticipated sales tax collections and licenses and permit revenues. Actual expenditures were \$826,828 more than budgeted; however, this is mostly due to additional expenditures incurred related to development and public works and debt service and miscellaneous expenditures being unbudgeted. See page 42 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, 2020**

Capital Assets

The City's investment in capital assets for its governmental and business type activities as of September 30, 2020, amounts to \$28,682,920 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, vehicles, infrastructure and water and wastewater systems.

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

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Land | \$ 126,027 | \$ 126,027 | \$ 383,897 | \$ 383,897 | \$ 509,924 | \$ 509,924 |
| Construction In Progress | 54,446 | 8,798,447 | 494,223 | - | 548,669 | 8,798,447 |
| Buildings and Improvements | 5,723,614 | 353,538 | 47,572 | 49,548 | 5,771,186 | 403,086 |
| Furniture and Equipment | 631,022 | 414,054 | 381,954 | 437,459 | 1,012,976 | 851,513 |
| Vehicles | 1,933,146 | 2,303,437 | 150,460 | 192,691 | 2,083,606 | 2,496,128 |
| Infrastructure | 7,660,048 | 3,242,382 | - | - | 7,660,048 | 3,242,382 |
| Water System | - | - | 6,863,505 | 9,320,225 | 6,863,505 | 9,320,225 |
| Wastewater System | - | - | 4,233,006 | 1,795,045 | 4,233,006 | 1,795,045 |
| Total | <u>\$ 16,128,303</u> | <u>\$ 15,237,885</u> | <u>\$ 12,554,617</u> | <u>\$ 12,178,865</u> | <u>\$ 28,682,920</u> | <u>\$ 27,416,750</u> |

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

Long-Term Debt

At year-end, the City had \$32,852,268 in bonds and leases outstanding. \$29,417,759 are general obligation bonds that are backed by the full faith and credit of the City. \$907,240 are certificates of obligation secured by surplus revenues of the water and wastewater fund and ad valorem taxes. The City also had \$2,527,269 in capital leases outstanding.

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Capital Leases | \$ 2,384,624 | \$ 946,077 | \$ 142,645 | \$ 97,742 | \$ 2,527,269 | \$ 1,043,819 |
| General Obligation Bonds | 11,185,000 | 10,310,000 | 18,232,759 | 705,000 | 29,417,759 | 11,015,000 |
| Certificates of Obligation | 527,240 | 687,319 | 380,000 | 4,692,680 | 907,240 | 5,379,999 |
| Total | <u>\$ 14,096,864</u> | <u>\$ 11,943,396</u> | <u>\$ 18,755,404</u> | <u>\$ 5,495,422</u> | <u>\$ 32,852,268</u> | <u>\$ 17,438,818</u> |

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

**CITY OF WILLOW PARK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2020**

Economic Factors and the Next Year's Budgets and Rates

For fiscal year 2020-21, 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.

During fiscal year 2020-21 the City will consider the implementation of a Municipal Drainage Utility System.

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, 2020

| | Primary Government | | | Component |
|---|----------------------------|-----------------------------|---------------|--|
| | Governmental Activities | Business-Type Activities | Total | Unit Willow Park Fire and Rescue |
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 1,560,363 | \$ 17,283,377 | \$ 18,843,740 | \$ 27,347 |
| Certificate of Deposit | - | - | - | - |
| Receivables (Net of Allowances for Uncollectibles): | | | | |
| Property Taxes | 30,364 | - | 30,364 | - |
| Sales Taxes | 229,759 | - | 229,759 | - |
| Franchise Taxes | 13,857 | - | 13,857 | - |
| Accounts | - | 450,001 | 450,001 | - |
| Miscellaneous | 168,388 | - | 168,388 | - |
| Restricted Assets: | | | | |
| Cash and Investments | 179,815 | - | 179,815 | - |
| Certificates of Deposit | 128,480 | 106,511 | 234,991 | - |
| Due from Other Governments | - | 479,081 | - | - |
| Internal Balance | - | - | - | - |
| Capital Assets: | | | | |
| Nondepreciable | 180,473 | 878,120 | 1,058,593 | - |
| Depreciable, Net of Accumulated Depreciation | 15,947,830 | 11,676,497 | 27,624,327 | - |
| Total Assets | 18,439,329 | 30,873,587 | 49,312,916 | 27,347 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred Outflows Related to Pensions | 113,175 | 40,911 | 154,086 | - |
| Total Deferred Outflows of Resources | 113,175 | 40,911 | 154,086 | - |
| LIABILITIES | | | | |
| Accounts Payable | 85,080 | 52,546 | 137,626 | - |
| Payroll Liabilities | 33,551 | 9,368 | 42,919 | - |
| Court Bonds Payable | 6,050 | - | 6,050 | - |
| Current Liabilities Payable from | | | | |
| Restricted Assets: | | | | |
| Interest Payable | 95,488 | 92,615 | 188,103 | - |
| Customer Deposits | - | 198,100 | 198,100 | - |
| Noncurrent Liabilities: | | | | |
| Net Pension Liability | 143,036 | 51,704 | 194,740 | - |
| Due Within One Year | 1,116,594 | 971,502 | 2,088,096 | - |
| Due in More Than One Year | 13,880,318 | 17,837,489 | 31,717,807 | - |
| Due to Other Governments | - | - | - | - |
| Total Liabilities | 15,360,117 | 19,213,324 | 34,573,441 | - |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred Inflows Related to Pensions | 48,268 | 17,448 | 65,716 | - |
| Deferred Inflows Related to Franchise Taxes | 49,377 | - | 49,377 | - |
| Total Deferred Inflows of Resources | 97,645 | 17,448 | 115,093 | - |
| NET POSITION | | | | |
| Net Investments in Capital Assets | 1,366,024 | 6,809,849 | 8,175,873 | - |
| Restricted: | | | | |
| Debt Service | 79,323 | - | 79,323 | - |
| Police | 9,630 | - | 9,630 | - |
| First Responder | 13,130 | - | 13,130 | - |
| Tourism | 68,598 | - | 68,598 | - |
| Impact Fees | - | 1,902,275 | 1,902,275 | - |
| Court Security and Technology | 87,977 | - | 87,977 | - |
| Public Educational Governmental Fees | 135,336 | - | 135,336 | - |
| TIRZ | 1,878 | - | 1,878 | - |
| Construction Projects | 80,309 | - | 80,309 | - |
| TexSTAR Parks and Recreation | 435,247 | - | 435,247 | - |
| Unrestricted Net Position | 817,290 | 2,971,602 | 3,788,892 | 27,347 |
| Total Net Position | \$ 3,094,742 | \$ 11,683,726 | \$ 14,778,468 | \$ 27,347 |

See accompanying Notes to Basic Financial Statements.

CITY OF WILLOW PARK, TEXAS
GOVERNMENT WIDE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020

| 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 |
| | | | | | Governmental Activities | Business-Type Activities | Total | Willow Park Fire and Rescue |
| PRIMARY GOVERNMENT | | | | | | | | |
| Governmental Activities: | | | | | | | | |
| Administration | 602,695 | \$ - | \$ - | \$ - | \$ (602,695) | \$ - | \$ (602,695) | \$ - |
| Development Services | 455,251 | 709,424 | - | - | 254,173 | - | 254,173 | - |
| Legislative | 198,218 | - | - | - | (198,218) | - | (198,218) | - |
| Municipal Court | 191,964 | 133,883 | - | - | (58,081) | - | (58,081) | - |
| Police | 1,379,019 | - | 2,825 | - | (1,376,194) | - | (1,376,194) | - |
| Fire and Rescue | 1,401,421 | - | 36,441 | - | (1,364,980) | - | (1,364,980) | - |
| Public Works, Parks, and Roads | 1,121,842 | - | 398 | - | (1,121,444) | - | (1,121,444) | - |
| Interest on Long-Term Debt | 686,842 | - | - | - | (686,842) | - | (686,842) | - |
| Total Governmental Activities | 6,037,252 | 843,307 | 39,664 | - | (5,154,281) | - | (5,154,281) | - |
| Business-Type Activities: | | | | | | | | |
| Water | 1,717,986 | 2,633,026 | - | - | - | 915,040 | 915,040 | - |
| Wastewater | 947,548 | 765,141 | - | - | - | (182,407) | (182,407) | - |
| Solid Waste | 258,869 | 305,234 | - | - | - | 46,365 | 46,365 | - |
| Total Business-Type Activities | 2,924,403 | 3,703,401 | - | - | - | 778,998 | 778,998 | - |
| Total Primary Government | <u>\$ 8,961,655</u> | <u>\$ 4,546,708</u> | <u>\$ 39,664</u> | <u>\$ -</u> | (5,154,281) | 778,998 | (4,375,283) | - |
| COMPONENT UNIT | | | | | | | | |
| Fire and Rescue | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | | | | - |
| GENERAL REVENUES | | | | | | | | |
| Taxes: | | | | | | | | |
| Property Taxes, Levied for General Purposes | | | | | 1,579,675 | - | 1,579,675 | - |
| Property Taxes, Levied for Debt Service | | | | | 1,325,440 | - | 1,325,440 | - |
| Property Taxes, Levied for TIRZ | | | | | 145,130 | - | 145,130 | - |
| Sales and Use | | | | | 1,280,021 | - | 1,280,021 | - |
| Franchise | | | | | 374,099 | - | 374,099 | - |
| Hotel Occupancy Tax | | | | | 5,043 | - | 5,043 | - |
| Investment Earnings | | | | | 32,857 | 25,070 | 57,927 | 8 |
| Gain (Loss) on Sale of Capital Assets | | | | | - | - | - | - |
| Other Revenue | | | | | 386,695 | - | 386,695 | - |
| Transfers | | | | | 250,713 | (250,713) | - | - |
| Total General Revenues and Transfers | | | | | <u>5,379,673</u> | <u>(225,643)</u> | <u>5,154,030</u> | <u>8</u> |
| CHANGE IN NET POSITION | | | | | 225,392 | 553,355 | 778,747 | 8 |
| Net Position - Beginning of Year | | | | | <u>2,869,350</u> | <u>11,130,371</u> | <u>13,999,721</u> | <u>27,339</u> |
| NET POSITION - END OF YEAR | | | | | <u>\$ 3,094,742</u> | <u>\$ 11,683,726</u> | <u>\$ 14,778,468</u> | <u>\$ 27,347</u> |

See accompanying Notes to Basic Financial Statements.

**CITY OF WILLOW PARK, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

| | General | Debt Service Fund | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|-------------------------|--------------------------------|--------------------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 876,668 | \$ 162,853 | \$ 700,657 | \$ 1,740,178 |
| Certificates of Deposit | 128,480 | - | - | 128,480 |
| Receivables (Net of Allowances for Uncollectibles) | | | | |
| Property Taxes | 18,406 | 11,958 | - | 30,364 |
| Sales Taxes | 229,759 | - | - | 229,759 |
| Franchise Taxes | 13,857 | - | - | 13,857 |
| Court | 168,388 | - | - | 168,388 |
| | <u>1,435,558</u> | <u>174,811</u> | <u>700,657</u> | <u>2,311,026</u> |
| Total Assets | <u>\$ 1,435,558</u> | <u>\$ 174,811</u> | <u>\$ 700,657</u> | <u>\$ 2,311,026</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts Payable | \$ 81,192 | \$ - | \$ 3,888 | \$ 85,080 |
| Payroll Liabilities | 33,551 | - | - | 33,551 |
| Court Bonds Escrow | 6,050 | - | - | 6,050 |
| Total Liabilities | <u>120,793</u> | <u>-</u> | <u>3,888</u> | <u>124,681</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Franchise Taxes | 49,377 | - | - | 49,377 |
| Court Fines | 168,388 | - | - | 168,388 |
| Property Taxes | 15,580 | 9,587 | - | 25,167 |
| Total Deferred Inflows of Resources | <u>233,345</u> | <u>9,587</u> | <u>-</u> | <u>242,932</u> |
| FUND BALANCES | | | | |
| Restricted | 135,336 | 165,224 | 696,769 | 997,329 |
| Unassigned | 946,084 | - | - | 946,084 |
| Total Fund Balances | <u>1,081,420</u> | <u>165,224</u> | <u>696,769</u> | <u>1,943,413</u> |
| | <u>\$ 1,435,558</u> | <u>\$ 174,811</u> | <u>\$ 700,657</u> | <u>\$ 2,311,026</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 1,435,558</u> | <u>\$ 174,811</u> | <u>\$ 700,657</u> | <u>\$ 2,311,026</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, 2020**

| | | |
|--|----|-----------|
| Total Fund Balances - Governmental Funds | \$ | 1,943,413 |
|--|----|-----------|

| | | |
|--|--|------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are reported in the governmental funds. The cost of these assets was \$21,455,817 and the accumulated depreciation was \$5,327,514. | | 16,128,303 |
|--|--|------------|

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 | \$ | (95,488) | |
| General Obligation Bonds | | (11,185,000) | |
| Certificate of Obligation Bonds | | (527,240) | |
| Premium on Bonds | | (665,414) | |
| Capital Leases | | (2,384,624) | |
| Compensated Absences | | <u>(234,634)</u> | |
| | | | (15,092,400) |

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 | | 25,167 | |
| Court Fines | | <u>168,388</u> | |
| | | | 193,555 |

| | | |
|---|--|-----------------|
| Included in the items related to noncurrent liabilities is the recognition of the City's net pension liability in the amount of \$143,036, a deferred outflow of resources related to pensions of \$113,175 and a deferred inflow of resources related to pensions of \$48,268. This resulted in a decrease to net pension. | | <u>(78,129)</u> |
|---|--|-----------------|

| | | |
|---|----|-------------------------|
| Net Position of Governmental Activities | \$ | <u><u>3,094,742</u></u> |
|---|----|-------------------------|

CITY OF WILLOW PARK, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2020

| | General | Debt Service Fund | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|-------------------------|--------------------------------|--------------------------------|
| REVENUES | | | | |
| Taxes: | | | | |
| Property | \$ 1,579,675 | \$ 1,325,978 | \$ - | \$ 2,905,653 |
| Sales and Use | 1,280,021 | - | - | 1,280,021 |
| Franchise | 374,099 | - | - | 374,099 |
| Hotel Occupancy Tax | - | - | 5,043 | 5,043 |
| TIRZ | - | - | 145,130 | 145,130 |
| Court Fines and Fees | 125,688 | - | 8,195 | 133,883 |
| Licenses and Permits | 709,424 | - | - | 709,424 |
| Investment Earnings | 14,508 | 4,264 | 14,085 | 32,857 |
| Intergovernmental | 1,352 | - | - | 1,352 |
| Contributions | 3,724 | - | 34,588 | 38,312 |
| Other Revenue | 5,292 | - | - | 5,292 |
| Total Revenues | 4,093,783 | 1,330,242 | 207,041 | 5,631,066 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Administration | 460,193 | - | 41,225 | 501,418 |
| Development Services | 439,630 | - | 148,000 | 587,630 |
| Legislative | 196,561 | - | - | 196,561 |
| Municipal Court | 182,861 | - | 7,844 | 190,705 |
| Police | 1,226,316 | 6,862 | - | 1,233,178 |
| Fire and Rescue | 1,070,992 | - | 6,967 | 1,077,959 |
| Public Works, Parks, and Roads | 477,466 | - | - | 477,466 |
| Miscellaneous Expenses | 550,713 | - | - | 550,713 |
| Capital Outlay | 2,767 | - | 1,240,245 | 1,243,012 |
| Debt Service: | | | | |
| Principal | 106,045 | 1,100,000 | - | 1,206,045 |
| Interest and Fiscal Charges | - | 403,450 | - | 403,450 |
| Total Expenditures | 4,713,544 | 1,510,312 | 1,444,281 | 7,668,137 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (619,761) | (180,070) | (1,237,240) | (2,037,071) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 267,639 | - | 10,000 | 277,639 |
| Transfers Out | (10,000) | - | (16,926) | (26,926) |
| Proceeds from Sale of Capital Assets | 8,331 | - | - | 8,331 |
| Total Other Financing Sources (Uses) | 265,970 | - | (6,926) | 259,044 |
| NET CHANGE IN FUND BALANCES | (353,791) | (180,070) | (1,244,166) | (1,778,027) |
| Fund Balance - Beginning of Year | 1,435,211 | 345,294 | 1,940,935 | 3,721,440 |
| FUND BALANCE - END OF YEAR | <u>\$ 1,081,420</u> | <u>\$ 165,224</u> | <u>\$ 696,769</u> | <u>\$ 1,943,413</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, 2020

Total Net Change in Funds Balances - Governmental Funds \$ (1,778,027)

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 are 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 | \$ 1,678,853 | |
| Depreciation Expense | <u>(788,435)</u> | 890,418 |

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 | - | |
| Repayment of Capital Leases | <u>195,673</u> | 195,673 |

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 | 870,000 | |
| Certificates of Obligation | 80,030 | |
| Interest Payable | 35,718 | |
| Premium on Bonds | 47,580 | |
| Compensated Absences | <u>(121,885)</u> | 911,443 |

Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds.

(538)

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.

6,423

| | | |
|---|-----------|----------------|
| Change in Net Position of Governmental Activities | <u>\$</u> | <u>225,392</u> |
|---|-----------|----------------|

CITY OF WILLOW PARK, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
SEPTEMBER 30, 2020

| | Water | Wastewater | Solid Waste | Totals |
|---|---------------|--------------|-------------|---------------|
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and Cash Equivalents | \$ 15,985,654 | \$ 1,085,883 | \$ 211,840 | \$ 17,283,377 |
| Receivables (Net of Allowances for Uncollectibles): | | | | |
| Accounts Receivable | 333,653 | 78,172 | 38,176 | 450,001 |
| Due From Other Governments | 479,081 | - | - | 479,081 |
| Restricted Assets: | | | | |
| Certificates of Deposit | 106,511 | - | - | 106,511 |
| Total Current Assets | 16,904,899 | 1,164,055 | 250,016 | 18,318,970 |
| Noncurrent Assets: | | | | |
| Advances to Other Funds | 1,453,535 | - | - | 1,453,535 |
| Capital Assets, at Cost: | | | | |
| Nondepreciable Capital Assets | 765,620 | 112,500 | - | 878,120 |
| Depreciable Capital Assets | 12,681,979 | 5,618,299 | - | 18,300,278 |
| Less: Accumulated Depreciation | (4,766,025) | (1,857,756) | - | (6,623,781) |
| Capital Assets, Net | 8,681,574 | 3,873,043 | - | 12,554,617 |
| Total Noncurrent Assets | 10,135,109 | 3,873,043 | - | 14,008,152 |
| Total Assets | 27,040,008 | 5,037,098 | 250,016 | 32,327,122 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred Outflows Related to Pensions | 36,644 | 4,267 | - | 40,911 |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | 17,600 | 11,226 | 23,720 | 52,546 |
| Payroll Liabilities | 9,266 | 102 | - | 9,368 |
| Current Portion of Long-Term Liabilities | 771,455 | 200,047 | - | 971,502 |
| Current Liabilities Payable from Restricted Assets: | | | | |
| Interest Payable | 56,618 | 35,997 | - | 92,615 |
| Customer Deposits Payable | 198,100 | - | - | 198,100 |
| Total Current Liabilities | 1,053,039 | 247,372 | 23,720 | 1,324,131 |
| Noncurrent Liabilities: | | | | |
| Advances from Other Funds | - | 1,453,535 | - | 1,453,535 |
| Compensated Absences | 29,863 | - | - | 29,863 |
| Net Pension Liability | 46,312 | 5,392 | - | 51,704 |
| Capital Lease Payable | 92,745 | 12,197 | - | 104,942 |
| Bonds Payable | 15,172,684 | 2,530,000 | - | 17,702,684 |
| Total Noncurrent Liabilities | 15,341,604 | 4,001,124 | - | 19,342,728 |
| Total Liabilities | 16,394,643 | 4,248,496 | 23,720 | 20,666,859 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred Inflows Related to Pensions | 15,628 | 1,820 | - | 17,448 |
| NET POSITION | | | | |
| Net Investments in Capital Assets | 5,679,050 | 1,130,799 | - | 6,809,849 |
| Restricted Impact Fees | 1,349,358 | 552,917 | - | 1,902,275 |
| Unrestricted | 3,637,973 | (892,667) | 226,296 | 2,971,602 |
| Total Net Position | \$ 10,666,381 | \$ 791,049 | \$ 226,296 | \$ 11,683,726 |

See accompanying Notes to Basic Financial Statements.

CITY OF WILLOW PARK, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION – PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2020

| | Water | Wastewater | Solid Waste | Totals |
|--|-----------------------------|--------------------------|--------------------------|-----------------------------|
| Operating Revenues: | | | | |
| Charges for Services | \$ 2,279,644 | \$ 584,783 | \$ 305,234 | \$ 3,169,661 |
| Impact Fees | 283,678 | 172,358 | - | 456,036 |
| Other Fees | 69,704 | 8,000 | - | 77,704 |
| Total Operating Revenues | <u>2,633,026</u> | <u>765,141</u> | <u>305,234</u> | <u>3,703,401</u> |
| Operating Expenses: | | | | |
| Personnel | 778,462 | 82,245 | - | 860,707 |
| Supplies | 167,131 | 32,187 | - | 199,318 |
| Contractual Services | 346,068 | 167,891 | 254,969 | 768,928 |
| Utilities | 111,933 | 59,253 | - | 171,186 |
| Franchise Fees | 98,020 | 28,553 | - | 126,573 |
| Depreciation | 106,117 | 464,764 | - | 570,881 |
| Bad Debt Expense | 26,685 | 8,520 | 3,900 | 39,105 |
| Total Operating Expenses | <u>1,634,416</u> | <u>843,413</u> | <u>258,869</u> | <u>2,736,698</u> |
| OPERATING INCOME (LOSS) | 998,610 | (78,272) | 46,365 | 966,703 |
| Nonoperating Revenues (Expenses): | | | | |
| Investment Earnings | 14,922 | 7,419 | 2,729 | 25,070 |
| Interest and Fiscal Agent Expense | (83,570) | (104,135) | - | (187,705) |
| Total Nonoperating Revenues (Expenses) | <u>(68,648)</u> | <u>(96,716)</u> | <u>2,729</u> | <u>(162,635)</u> |
| INCOME (LOSS) BEFORE TRANSFERS | 929,962 | (174,988) | 49,094 | 804,068 |
| Transfers: | | | | |
| Transfers Out | <u>-</u> | <u>-</u> | <u>(250,713)</u> | <u>(250,713)</u> |
| CHANGE IN NET POSITION | 929,962 | (174,988) | (201,619) | 553,355 |
| Net Position - Beginning of Year | <u>9,736,419</u> | <u>966,037</u> | <u>427,915</u> | <u>11,130,371</u> |
| NET POSITION - END OF YEAR | <u><u>\$ 10,666,381</u></u> | <u><u>\$ 791,049</u></u> | <u><u>\$ 226,296</u></u> | <u><u>\$ 11,683,726</u></u> |

See accompanying Notes to Basic Financial Statements.

CITY OF WILLOW PARK, TEXAS
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2020

| | Water | Wastewater | Solid Waste | Totals |
|--|----------------------|---------------------|-------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash Received from Customers | \$ 2,618,908 | \$ 749,243 | \$ 298,986 | \$ 3,667,137 |
| Cash Paid to Suppliers | (835,685) | (277,848) | (251,696) | (1,365,229) |
| Cash Paid to Employees | (758,840) | (82,658) | - | (841,498) |
| Net Cash Provided by Operating Activities | 1,024,383 | 388,737 | 47,290 | 1,460,410 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Principal Payments on Long-Term Debt | 13,484,675 | (195,000) | - | 13,289,675 |
| Repayment of Capital Lease Obligations | (32,656) | 189,953 | - | 157,297 |
| Payments Made to Other Governments | (479,081) | - | - | (479,081) |
| Capital Asset Purchases | (925,786) | (20,847) | - | (946,633) |
| Transfers to Other Funds | - | - | (250,713) | (250,713) |
| Interest Paid on Long-Term Debt | (26,952) | (74,665) | - | (101,617) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | 12,020,200 | (100,559) | (250,713) | 11,668,928 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Investment Earnings | 14,922 | 7,419 | 2,729 | 25,070 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 13,059,505 | 295,597 | (200,694) | 13,154,408 |
| Cash and Cash Equivalents - Beginning of Year | 3,032,660 | 790,286 | 412,534 | 4,235,480 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 16,092,165</u> | <u>\$ 1,085,883</u> | <u>\$ 211,840</u> | <u>\$ 17,389,888</u> |
| CASH AND CASH EQUIVALENTS | \$ 15,985,654 | \$ 1,085,883 | \$ 211,840 | \$ 17,283,377 |
| RESTRICTED CASH AND CASH EQUIVALENTS | 106,511 | - | - | 106,511 |
| TOTAL CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 16,092,165</u> | <u>\$ 1,085,883</u> | <u>\$ 211,840</u> | <u>\$ 17,389,888</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | | |
| Operating Income (Loss) | \$ 998,610 | \$ (78,272) | \$ 46,365 | \$ 966,703 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities: | | | | |
| Depreciation Expense | 106,117 | 464,764 | - | 570,881 |
| (Increase) Decrease in Assets: | | | | |
| Accounts Receivable | (20,646) | (7,378) | (2,348) | (30,372) |
| Deferred Outflows | 5,520 | 2,074 | - | 7,594 |
| Increase (Decrease) in Liabilities: | | | | |
| Accounts Payable | (85,848) | 10,036 | 3,273 | (72,539) |
| Payroll Liabilities | 7,795 | (243) | - | 7,552 |
| Customer Deposits | 6,528 | - | - | 6,528 |
| Net Pension liability | (15,204) | (3,861) | - | (19,065) |
| Compensated Absences Payable | 7,234 | - | - | 7,234 |
| Deferred Inflows | 14,277 | 1,617 | - | 15,894 |
| Total Adjustments | 25,773 | 467,009 | 925 | 493,707 |
| Net Cash Provided by Operating Activities: | <u>\$ 1,024,383</u> | <u>\$ 388,737</u> | <u>\$ 47,290</u> | <u>\$ 1,460,410</u> |

See accompanying Notes to Basic Financial Statements.

CITY OF WILLOW PARK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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, 2020

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.

**CITY OF WILLOW PARK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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".

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, 2020.

CITY OF WILLOW PARK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, 2020.
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 |

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.

CITY OF WILLOW PARK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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. The Authority has been delegated to the City CFO and City Manager.

Unassigned – All amounts not included in other spendable classifications.

CITY OF WILLOW PARK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. *Fund Balance - Governmental Funds (Continued)*

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

| | General Fund | Debt Service Fund | Other Governmental Funds | Total Governmental Funds |
|-------------------------|---------------------|-------------------------|--------------------------------|--------------------------------|
| Restricted: | | | | |
| Debt Service | \$ - | \$ 165,224 | \$ - | \$ 165,224 |
| Construction | - | - | 80,309 | 80,309 |
| Court Security and Tech | - | - | 87,977 | 87,977 |
| Police | - | - | 9,630 | 9,630 |
| First Responder | - | - | 13,130 | 13,130 |
| Tourism | - | - | 68,598 | 68,598 |
| Public Educational | | | | |
| Governmental Fees | 135,336 | - | - | 135,336 |
| TIRZ | - | - | 1,878 | 1,878 |
| TexSTAR Parks and | | | | |
| Recreation | - | - | 435,247 | 435,247 |
| Unassigned | 946,084 | - | - | 946,084 |
| Total | <u>\$ 1,081,420</u> | <u>\$ 165,224</u> | <u>\$ 696,769</u> | <u>\$ 1,943,413</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 \$946,084 was \$22,452 below the minimum fund balance requirement of \$968,536.

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.

**CITY OF WILLOW PARK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020, 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, 2020, the City did not own any types of securities other than those permitted by statute.

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, 2020 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, 2020 other than external investment pools and certificates of deposit, the City did not have 5% or more of its investments with one issuer.

**CITY OF WILLOW PARK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2020, the carrying amount of the City's cash on hand and deposits were \$16,719,375 and the bank balance was \$16,988,935. At September 30, 2020, all cash was fully collateralized.

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 24-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, 2020, the City was not invested in any securities which are highly sensitive to interest rate fluctuation.

The City's investments at September 30, 2020 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>\$ 2,535,783</u> | <u>\$ 2,535,783</u> |

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

**CITY OF WILLOW PARK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Restricted Assets

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

| | |
|---------------------------|-------------------|
| Customer Deposits | \$ 106,511 |
| 2003 Bond Funds | 162,853 |
| Police Contributions | 444 |
| First Responder Donations | 13,130 |
| Total | <u>\$ 282,938</u> |

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.

CITY OF WILLOW PARK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 4 DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (CONTINUED)

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 | \$ 15,580 | \$ 9,587 | \$ 25,167 |
| Court Fines and Fees Receivable | 168,388 | - | 168,388 |
| Franchise Taxes Received in Advance | 49,377 | - | 49,377 |
| Total Deferred Inflows | <u>\$ 233,345</u> | <u>\$ 9,587</u> | <u>\$ 242,932</u> |

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, 2020 is as follows:

| Transfer In | Transfer Out | Amount | Purpose |
|---------------------------------------|------------------------------|-------------------|------------------|
| General | Solid Waste | \$ 250,713 | Capital Projects |
| General | TexStar Parks and Recreation | 16,926 | Capital Projects |
| Roads Capital Projects | General | 10,000 | Operations |
| Total Governmental Funds Transfers In | | <u>\$ 277,639</u> | |

The composition of interfund advances for the City's individual major funds and nonmajor funds at September 30, 2020, is as follows:

| Receivable Fund | Payable Fund | Amount |
|-----------------|--------------|---------------------|
| Water Fund | Wastewater | <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 0.0% interest through September 30, 2035, however a loan repayment was not made during the 2020 fiscal year.

CITY OF WILLOW PARK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020 was as follows:

| | Beginning Balance | Increases | Decreases | Reclassification | Ending Balance |
|--|----------------------|----------------------|------------------------|------------------|----------------------|
| <u>Governmental Activities</u> | | | | | |
| Nondepreciable Assets: | | | | | |
| Land | \$ 126,027 | \$ - | \$ - | \$ - | \$ 126,027 |
| Construction in Progress | 8,798,447 | 1,404,004 | (10,148,005) | - | 54,446 |
| Total Nondepreciable Assets | 8,924,474 | 1,404,004 | (10,148,005) | - | 180,473 |
| Depreciable Assets: | | | | | |
| Buildings and Improvements | 586,253 | 5,425,185 | - | - | 6,011,438 |
| Furniture and Equipment | 874,080 | 274,848 | (53,889) | - | 1,095,039 |
| Vehicles | 3,478,288 | - | - | - | 3,478,288 |
| Infrastructure | 5,967,758 | 4,722,821 | - | - | 10,690,579 |
| Total Capital Assets Being Depreciated | 10,906,379 | 10,422,854 | (53,889) | - | 21,275,344 |
| Accumulated Depreciation: | | | | | |
| Buildings and Improvements | 232,715 | 55,109 | - | - | 287,824 |
| Furniture and Equipment | 460,026 | 57,880 | (53,889) | - | 464,017 |
| Vehicles | 1,174,851 | 370,291 | - | - | 1,545,142 |
| Infrastructure | 2,725,376 | 305,155 | - | - | 3,030,531 |
| Total Accumulated Depreciation | 4,592,968 | 788,435 | (53,889) | - | 5,327,514 |
| Governmental Activities Capital Assets, Net | <u>\$ 15,237,885</u> | <u>\$ 11,038,423</u> | <u>\$ (10,148,005)</u> | <u>\$ -</u> | <u>\$ 16,128,303</u> |

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

| | Beginning Balance | Increases | Decreases | Reclassification | Ending Balance |
|---|----------------------|-------------------|-------------|------------------|----------------------|
| <u>Business-Type Activities</u> | | | | | |
| Nondepreciable Assets: | | | | | |
| Land | \$ 383,897 | \$ - | \$ - | \$ - | \$ 383,897 |
| Construction in Progress | - | 494,223 | - | - | 494,223 |
| Total Nondepreciable Assets | 383,897 | 494,223 | - | - | 878,120 |
| Depreciable Assets: | | | | | |
| Buildings and Improvements | 79,050 | - | - | - | 79,050 |
| Furniture and Equipment | 830,562 | 11,569 | - | - | 842,131 |
| Vehicles | 452,990 | - | - | - | 452,990 |
| Water System | 13,567,403 | 419,994 | - | (2,614,760) | 11,372,637 |
| Wastewater System | 2,917,863 | 20,847 | - | 2,614,760 | 5,553,470 |
| Total Capital Assets Being Depreciated | 17,847,868 | 452,410 | - | - | 18,300,278 |
| Accumulated Depreciation: | | | | | |
| Buildings and Improvements | 29,502 | 1,976 | - | - | 31,478 |
| Furniture and Equipment | 393,103 | 67,074 | - | - | 460,177 |
| Vehicles | 260,299 | 42,231 | - | - | 302,530 |
| Water System | 4,247,178 | 261,954 | - | - | 4,509,132 |
| Wastewater System | 1,122,818 | 197,646 | - | - | 1,320,464 |
| Total Accumulated Depreciation | 6,052,900 | 570,881 | - | - | 6,623,781 |
| Business-Type Activities Capital Assets, Net | <u>\$ 12,178,865</u> | <u>\$ 375,752</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 12,554,617</u> |

**CITY OF WILLOW PARK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 6 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:

| | |
|--|-------------------|
| Administration | \$ 28,703 |
| Police | 105,020 |
| Fire and Rescue | 272,559 |
| Public Works, Parks, and Roads | 382,153 |
| Total Depreciation Expense - Governmental Activities | <u>\$ 788,435</u> |

Business-Type Activities:

| | |
|---|-------------------|
| Water | \$ 106,117 |
| Wastewater | 464,764 |
| Total Depreciation Expense - Business-Type Activities | <u>\$ 570,881</u> |

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.

**CITY OF WILLOW PARK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

Capital Leases Payable (Continued)

Governmental Activities (Continued)

Total capital assets acquired through capital leases were as follows:

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> |
|--------------------------------|------------------------------------|-------------------------------------|
| Assets: | | |
| Vehicles | \$ 2,942,407 | \$ 265,105 |
| Less: Accumulated Depreciation | 743,661 | 125,165 |
| Total | <u>\$ 2,198,746</u> | <u>\$ 139,940</u> |

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2020 were as follows:

| <u>Year Ending September 30,</u> | <u>Governmental Activities</u> | <u>Business-Type Activities</u> |
|----------------------------------|------------------------------------|-------------------------------------|
| 2021 | \$ 397,222 | \$ 40,148 |
| 2022 | 365,304 | 40,148 |
| 2023 | 360,862 | 40,148 |
| 2024 | 321,210 | 28,423 |
| 2025 | 235,504 | - |
| 2026-2030 | 1,271,331 | - |
| Total Minimum Lease Payments | 2,951,433 | 148,867 |
| Less: Interest Portion | 566,809 | 6,222 |
| Obligations Under Capital Lease | <u>\$ 2,384,624</u> | <u>\$ 142,645</u> |

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>Description</u> | <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% | \$ 70,000 | \$ 75,000 |
| \$5,135,000; 2012 Refunding bond due in annual installments through February 15, 2023 at interest rates ranging from 2.0% to 3.0% | 1,455,000 | 305,000 |
| \$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% | - | 535,000 |

CITY OF WILLOW PARK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

Bonds Payable (Continued)

| <u>Description</u> | <u>Governmental Activities</u> | <u>Business-Type Activities</u> |
|--|------------------------------------|-------------------------------------|
| \$1,380,000; 2015 Certificates of Obligation due in annual installments through February 15, 2031 at an interest rate of 2.14% | \$ 527,240 | \$ 342,759 |
| \$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% | - | 860,000 |
| \$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% | 425,000 | - |
| \$875,000; 2018 Tax Notes due in annual installments through February 15, 2025 at an interest rate of 2.81% | 745,000 | - |
| \$2,365,000; 2019 Tax Notes due in annual installments through February 15, 2026 at an interest rate of 2.15% | 2,160,000 | - |
| \$13,770,000; 2019 Certificate of Obligation due in annual installments through February 2050 at an interest rate of 0.56% | - | 13,770,000 |
| Bond Premiums | 665,414 | 23,724 |
| Total | <u>\$ 12,377,654</u> | <u>\$ 18,636,483</u> |

CITY OF WILLOW PARK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

Bonds Payable (Continued)

The annual debt service requirements to maturity for bonds outstanding as of September 30, 2020 are as follows:

| Certificates of Obligation Due Fiscal Year Ending September 30, | Governmental Activities | | | Business-Type Activities | | |
|---|-------------------------|-----------|------------|--------------------------|--------------|---------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2021 | \$ 80,011 | \$ 11,558 | \$ 91,569 | \$ 744,989 | \$ 171,188 | \$ 916,177 |
| 2022 | 83,685 | 9,850 | 93,535 | 751,315 | 164,554 | 915,869 |
| 2023 | 86,417 | 7,966 | 94,383 | 763,583 | 157,702 | 921,285 |
| 2024 | 38,538 | 5,868 | 44,406 | 756,460 | 151,368 | 907,828 |
| 2025 | 38,532 | 5,043 | 43,575 | 761,468 | 144,139 | 905,607 |
| 2026-2030 | 165,059 | 4,217 | 169,276 | 3,924,942 | 599,232 | 4,524,174 |
| 2031-2035 | 34,998 | 12,715 | 47,713 | 3,240,002 | 379,433 | 3,619,435 |
| 2036-2040 | - | 34,998 | 34,998 | 2,405,000 | 270,305 | 2,675,305 |
| 2041-2045 | - | - | - | 4,885,000 | 253,209 | 5,138,209 |
| Total | \$ 527,240 | \$ 92,216 | \$ 619,456 | \$ 18,232,759 | \$ 2,291,130 | \$ 20,523,889 |

| General Obligation Bonds Due Fiscal Year Ending September 30, | Governmental Activities | | | Business-Type Activities | | |
|---|-------------------------|--------------|---------------|--------------------------|-----------|------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 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 | 1,110,000 | 238,612 | 1,348,612 | - | - | - |
| 2026-2030 | 2,780,000 | 844,908 | 3,624,908 | - | - | - |
| 2031-2035 | 1,155,000 | 496,700 | 1,651,700 | - | - | - |
| 2036-2040 | 1,050,000 | 308,400 | 1,358,400 | - | - | - |
| 2037-2041 | 1,490,000 | 138,300 | 1,628,300 | - | - | - |
| Total | \$ 11,185,000 | \$ 3,263,751 | \$ 14,448,751 | \$ 380,000 | \$ 15,375 | \$ 395,375 |

Changes in Long-Term Liabilities

| | Beginning Balance | Additions | Retirements | Ending Balance | Due Within One Year |
|----------------------------------|----------------------|---------------|--------------|-------------------|------------------------|
| Governmental Activities: | | | | | |
| General Obligation Bonds | \$ 12,055,000 | \$ - | \$ 870,000 | \$ 11,185,000 | \$ 750,000 |
| Certificates of Obligation Bonds | 607,270 | - | 80,030 | 527,240 | 80,011 |
| Bond Premiums | 712,994 | - | 47,580 | 665,414 | 47,580 |
| Total Bonds Payable | 13,375,264 | - | 997,610 | 12,377,654 | 877,591 |
| Capital Leases | 2,580,297 | - | 195,673 | 2,384,624 | 239,003 |
| Compensated Absences | 112,749 | 121,885 | - | 234,634 | - |
| Total Governmental Activities | \$ 16,068,310 | \$ 121,885 | \$ 1,193,283 | \$ 14,996,912 | \$ 1,116,594 |
| Business-Type Activities: | | | | | |
| Certificates of Obligation | \$ 4,577,729 | \$ 13,770,000 | \$ 114,970 | \$ 18,232,759 | \$ 744,989 |
| General Obligation Bonds | 545,000 | - | 165,000 | 380,000 | 175,000 |
| Bond Premiums | 29,638 | - | 5,914 | 23,724 | 13,810 |
| Total Bonds Payable | 5,152,367 | 13,770,000 | 285,884 | 18,636,483 | 933,799 |
| Capital Leases | 179,789 | - | 37,144 | 142,645 | 37,703 |
| Compensated Absences | 22,629 | 7,234 | - | 29,863 | - |
| Total Business-Type Activities | 5,354,785 | 13,777,234 | 323,028 | 18,808,991 | 971,502 |
| Total Long-Term Liabilities | \$ 21,423,095 | \$ 13,899,119 | \$ 1,516,311 | \$ 33,805,903 | \$ 2,088,096 |

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, 2020**

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.

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, 2020

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 2020 and 2019 were as follows:

| <u>Plan Year</u> | <u>2020</u> | <u>2019</u> |
|--|-------------|-------------|
| Employee Deposit Rate | 6.75% | 7.00% |
| 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, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|--|-----------|
| Inactive Employees or Beneficiaries Currently Receiving Benefits | 14 |
| Inactive Employees Entitled to but Not Receiving Benefits | 31 |
| Active Employees | 40 |
| Total | <u>85</u> |

Contributions

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 7.54% and 7.35% in calendar years 2019 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2020 were \$166,714 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, 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, 2020**

NOTE 9 RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

| | |
|---------------------------|---|
| Inflation | 2.5% Per Year |
| Overall Payroll Growth | 3.5% to 11.5%, including inflation |
| Investment Rate of Return | 6.75%, Net of Pension Plan Investment Expense, Including Inflation |

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 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. 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, 2020

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> |
|-----------------------|--------------------------|---|
| Global Equity | 30.00 % | 5.30% |
| Core Fixed Income | 10.00 | 1.25 |
| Non-Core Fixed Income | 20.00 | 4.14 |
| Real Return | 10.00 | 3.85 |
| Real Estate | 10.00 | 4.00 |
| Absolute Return | 10.00 | 3.48 |
| Private Equity | 10.00 | 7.75 |
| 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, 2018 | \$ 2,128,544 | \$ 1,806,540 | \$ 322,004 |
| Changes for the Year: | | | |
| Service Cost | 314,289 | - | 314,289 |
| Interest | 150,778 | - | 150,778 |
| Change of Benefit Terms | - | - | - |
| Difference Between Expected and Actual Performance | 7,612 | - | 7,612 |
| Changes of Assumptions | 6,156 | - | 6,156 |
| Contributions - Employer | - | 166,714 | (166,714) |
| Contributions - Employee | - | 161,411 | (161,411) |
| Net Investment Income | - | 279,601 | (279,601) |
| Benefit Payments, Including Refunds of Employee Contributions | (103,874) | (103,874) | - |
| Administrative Expense | - | (1,578) | 1,578 |
| Other Changes | - | (49) | 49 |
| Net Changes | <u>374,961</u> | <u>502,225</u> | <u>(127,264)</u> |
| Balance - December 31, 2019 | <u>\$ 2,503,505</u> | <u>\$ 2,308,765</u> | <u>\$ 194,740</u> |

CITY OF WILLOW PARK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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 | \$ 609,900 | \$ 194,739 | \$ (142,022) |

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.

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

For the year ended September 30, 2020, the City recognized pension expense of \$170,460. At September 30, 2020, 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 | \$ 4,050 | \$ - |
| Difference in Assumptions Changes | 10,458 | - |
| Differences in Projected and Actual Investment Earnings | - | 65,716 |
| Contributions Subsequent to the Measurement Date | 139,578 | - |
| Total | \$ 154,086 | \$ 65,716 |

\$139,578 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, 2021. 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 |
|----------------------------------|--------------------|
| 2021 | \$ (10,011) |
| 2022 | (15,479) |
| 2023 | 5,041 |
| 2024 | (30,759) |
| Total | \$ (51,208) |

**CITY OF WILLOW PARK, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 10 COMMITMENTS

The City has issued bonds for construction projects that were not complete at September 30, 2020. 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, 2020</u> | <u>Balance as of Sept 30, 2020</u> |
|---------------------------------|-----------------------|----------------------|---|--|
| 2019 Certificates of Obligation | Fort Worth Water Line | <u>\$ 13,770,000</u> | <u>\$ 494,223</u> | <u>\$ 13,275,777</u> |

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, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

| | Budget | | Actual | Variance with |
|--|---------------------|---------------------|---------------------|---------------------|
| | Original | Final | Amounts | Final Budget |
| | | | GAAP Basis | Positive |
| | | | | (Negative) |
| REVENUES | | | | |
| Taxes: | | | | |
| Property | \$ 1,483,199 | \$ 1,483,199 | \$ 1,579,675 | \$ 96,476 |
| Sales and Use | 975,000 | 975,000 | 1,280,021 | 305,021 |
| Franchise | 377,933 | 377,933 | 374,099 | (3,834) |
| Court Fines and Fees | 255,200 | 255,200 | 125,688 | (129,512) |
| Licenses and Permits | 253,700 | 253,700 | 709,424 | 455,724 |
| Investment Earnings | - | - | 14,508 | 14,508 |
| Intergovernmental | - | - | 1,352 | 1,352 |
| Contributions | - | - | 3,724 | 3,724 |
| Other Revenue | 22,085 | 22,085 | 5,292 | (16,793) |
| Total Revenues | <u>3,367,117</u> | <u>3,367,117</u> | <u>4,093,783</u> | <u>726,666</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Administration | 400,019 | 400,019 | 460,193 | (60,174) |
| Development Services | 338,144 | 338,144 | 439,630 | (101,486) |
| Legislative | 200,248 | 200,248 | 196,561 | 3,687 |
| Municipal Court | 163,550 | 163,550 | 182,861 | (19,311) |
| Police | 1,240,413 | 1,240,413 | 1,226,316 | 14,097 |
| Fire and Rescue | 1,057,001 | 1,057,001 | 1,070,992 | (13,991) |
| Public Works, Parks, and Roads | 312,341 | 312,341 | 477,466 | (165,125) |
| Capital Outlay | 175,000 | 175,000 | 2,767 | 172,233 |
| Miscellaneous Expenses | - | - | 550,713 | (550,713) |
| Debt Service | - | - | 106,045 | (106,045) |
| Total Expenditures | <u>3,886,716</u> | <u>3,886,716</u> | <u>4,713,544</u> | <u>(826,828)</u> |
| EXCESS (DEFICIENCY) OF REVENUES | | | | |
| OVER (UNDER) EXPENDITURES | (519,599) | (519,599) | (619,761) | 1,553,494 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 535,000 | 535,000 | 267,639 | (267,361) |
| Transfers Out | 11,930 | 11,930 | (10,000) | (21,930) |
| Proceeds from Sale of Capital Assets | - | - | 8,331 | 8,331 |
| Total Other Financing | | | | |
| Sources (Uses) | <u>546,930</u> | <u>546,930</u> | <u>265,970</u> | <u>(280,960)</u> |
| NET CHANGE IN FUND BALANCES | 27,331 | 27,331 | (353,791) | 1,272,534 |
| Fund Balance - Beginning of Year | <u>1,435,211</u> | <u>1,435,211</u> | <u>1,435,211</u> | <u>-</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 1,462,542</u> | <u>\$ 1,462,542</u> | <u>\$ 1,081,420</u> | <u>\$ 1,272,534</u> |

See accompanying Notes to Required Supplementary Information.

CITY OF WILLOW PARK, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
YEARS ENDED SEPTEMBER 30
(SEE INDEPENDENT AUDITORS' REPORT)

| | 2015 | 2016 | 2017 | 2018 | 2018 | 2019 |
|--|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total Pension Liability: | | | | | | |
| Service Cost | \$ 88,122 | \$ 240,748 | \$ 272,355 | \$ 258,362 | \$ 285,527 | \$ 314,289 |
| Interest (on the Total Pension Liability) | 60,307 | 68,080 | 86,596 | 107,654 | 127,139 | 150,778 |
| Changes of Benefit Terms | 122,676 | - | - | - | - | - |
| Differences Between Expected and Actual Experience | (71,540) | (4,518) | 9,269 | (32,349) | 15,830 | 7,612 |
| Change of Assumptions | - | 43,222 | - | - | - | 6,156 |
| Benefit Payments, Including Refunds of Employee Contributions | (41,148) | (43,186) | (62,812) | (35,695) | (81,467) | (103,874) |
| NET CHANGE IN TOTAL PENSION LIABILITY | 158,417 | 304,346 | 305,408 | 297,972 | 347,029 | 374,961 |
| Total Pension Liability - Beginning of Year | 715,372 | 873,789 | 1,178,135 | 1,483,543 | 1,781,515 | 2,128,544 |
| TOTAL PENSION LIABILITY - END OF YEAR (a) | \$ 873,789 | \$ 1,178,135 | \$ 1,483,543 | \$ 1,781,515 | \$ 2,128,544 | \$ 2,503,505 |
| Plan Fiduciary Net Position: | | | | | | |
| Contribution - Employer | \$ 30,615 | \$ 136,696 | \$ 134,415 | \$ 136,098 | \$ 155,766 | \$ 166,714 |
| Contributions - Employee | 75,037 | 139,169 | 141,641 | 134,065 | 150,395 | 161,411 |
| Net Investment Income | 35,393 | 1,060 | 64,397 | 170,238 | (48,854) | 279,601 |
| Benefit Payments, Including Refunds of Employee Contributions | (41,148) | (43,186) | (62,812) | (35,695) | (81,467) | (103,874) |
| Administrative Expense | (369) | (645) | (726) | (882) | (945) | (1,578) |
| Other | (30) | (32) | (40) | (45) | (49) | (49) |
| NET CHANGE IN PLAN FIDUCIARY NET POSITION | 99,498 | 233,062 | 276,875 | 403,779 | 174,846 | 502,225 |
| Plan Fiduciary Net Position - Beginning of Year | 618,481 | 717,979 | 951,040 | 1,227,915 | 1,631,694 | 1,806,540 |
| PLAN FIDUCIARY NET POSITION - END OF YEAR (b) | \$ 717,979 | \$ 951,041 | \$ 1,227,915 | \$ 1,631,694 | \$ 1,806,540 | \$ 2,308,765 |
| NET PENSION LIABILITY - END OF YEAR | \$ 155,810 | \$ 227,094 | \$ 255,628 | \$ 149,821 | \$ 322,004 | \$ 194,740 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 47.84% | 50.68% | 60.68% | 85.20% | 84.91% | 100.13% |
| Covered Payroll | \$ 1,500,744 | \$ 1,876,446 | \$ 2,023,438 | \$ 1,915,208 | \$ 2,127,623 | \$ 2,305,864 |
| Net Pension Liability as a Percentage of Covered Payroll | 10.38% | 12.10% | 12.63% | 7.82% | 15.13% | 8.45% |

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).

See accompanying Notes to Required Supplementary Information.

CITY OF WILLOW PARK, TEXAS
SCHEDULE OF EMPLOYER CONTRIBUTIONS AND RELATED RATIOS
YEARS ENDED SEPTEMBER 30
(SEE INDEPENDENT AUDITORS' REPORT)

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| Actuarially Determined Contribution | \$ 106,037 | \$ 134,745 | \$ 136,067 | \$ 158,377 | \$ 155,766 | \$ 166,714 |
| 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> | <u>166,714</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <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 | \$ 2,305,864 |
| Contributions as a Percentage of Covered Payroll | 6.06% | 6.78% | 6.96% | 7.68% | 7.32% | 7.23% |

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.

See accompanying Notes to Required Supplementary Information.

CITY OF WILLOW PARK, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

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.

NOTE 2 DEFINED BENEFIT PENSION PLANS

Notes to Schedule of Contributions

Valuation Date:

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 2019 valuation pursuant to an experience study of the period 2014-2019. |

| | |
|-----------|--|
| Mortality | Post-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee tables used for females. The rates are projected on a fully generational basis with scale UMP. |
|-----------|--|

Other Information:

There were no benefit changes during the year.

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**COMBINING NONMAJOR
GOVERNMENTAL FUND STATEMENTS**

CITY OF WILLOW PARK, TEXAS
NONMAJOR GOVERNMENTAL FUNDS – COMBINING BALANCE SHEET
SEPTEMBER 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

| | Special Revenue Funds | | | | | | |
|-------------------------------------|-----------------------|---------------------|-----------------|------------------|-------------------------|---------------------------------|-----------------------------|
| | Court Security | Court Technology | Seizure Fund | Tourism Fund | Police Contributions | First Responder Donations | Total Special Revenue |
| ASSETS | | | | | | | |
| Cash and Cash Equivalents | <u>\$ 35,280</u> | <u>\$ 52,697</u> | <u>\$ 9,186</u> | <u>\$ 68,598</u> | <u>\$ 444</u> | <u>\$ 13,130</u> | <u>\$ 182,723</u> |
| LIABILITIES AND FUND BALANCE | | | | | | | |
| LIABILITIES | | | | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,388 |
| FUND BALANCE | | | | | | | |
| Restricted | <u>35,280</u> | <u>52,697</u> | <u>9,186</u> | <u>68,598</u> | <u>444</u> | <u>13,130</u> | <u>179,335</u> |
| Total Fund Balance | <u>35,280</u> | <u>52,697</u> | <u>9,186</u> | <u>68,598</u> | <u>444</u> | <u>13,130</u> | <u>179,335</u> |
| Total Liabilities and Fund Balance | <u>\$ 35,280</u> | <u>\$ 52,697</u> | <u>\$ 9,186</u> | <u>\$ 68,598</u> | <u>\$ 444</u> | <u>\$ 13,130</u> | <u>\$ 182,723</u> |

CITY OF WILLOW PARK, TEXAS
NONMAJOR GOVERNMENTAL FUNDS – COMBINING BALANCE SHEET (CONTINUED)
SEPTEMBER 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

| | Capital Projects | | | | | |
|-------------------------------------|---------------------------------|------------------------------|----------------------------------|-------------------------------|------------------------------|----------------------------|
| | Building Capital Projects | Roads Capital Projects | TexStar Parks & Recreation | TIRZ Reimbursement Fund | Total Capital Projects | Total Nonmajor Funds |
| ASSETS | | | | | | |
| Cash and Cash Equivalents | \$ 80,294 | \$ 515 | \$ 435,247 | \$ 1,878 | \$ 517,934 | \$ 700,657 |
| LIABILITIES AND FUND BALANCE | | | | | | |
| LIABILITIES | | | | | | |
| Accounts Payable | \$ 500 | \$ - | \$ - | \$ - | \$ 500 | \$ 3,888 |
| FUND BALANCE | | | | | | |
| Restricted | 79,794 | 515 | 435,247 | 1,878 | 517,434 | 696,769 |
| Total Liabilities and Fund Balance | \$ 80,294 | \$ 515 | \$ 435,247 | \$ 1,878 | \$ 517,934 | \$ 700,657 |

CITY OF WILLOW PARK, TEXAS
NONMAJOR GOVERNMENTAL FUNDS – COMBINING STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED SEPTEMBER 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

| | Special Revenue Funds | | | | | | | |
|--|-----------------------|---------------------|-----------------|------------------|-------------------------|---------------------------------|-----------------|-----------------------------|
| | Court Security | Court Technology | Seizure Fund | Tourism Fund | Police Contributions | First Responder Donations | Truancy Fund | Total Special Revenue |
| REVENUES | | | | | | | | |
| Hotel Occupancy Tax | \$ - | \$ - | \$ - | \$ 5,043 | \$ - | \$ - | \$ - | \$ 5,043 |
| Court Fines and Fees | 3,492 | 4,703 | - | - | - | - | - | 8,195 |
| Investment Earnings | - | - | 72 | 517 | - | - | - | 589 |
| Contributions | - | - | - | - | - | 34,588 | - | 34,588 |
| TIRZ | - | - | - | - | - | - | - | - |
| Total Revenues | 3,492 | 4,703 | 72 | 5,560 | - | 34,588 | - | 48,415 |
| EXPENDITURES | | | | | | | | |
| Current: | | | | | | | | |
| Municipal | 3,342 | - | - | - | - | - | - | 3,342 |
| Operating Expenses | - | - | - | - | - | 41,225 | - | 41,225 |
| Police | - | 4,502 | - | - | - | 6,967 | - | 11,469 |
| Capital Outlay | - | - | - | - | - | - | - | - |
| TIRZ | - | - | - | - | - | - | - | - |
| Total Expenditures | 3,342 | 4,502 | - | - | - | 48,192 | - | 56,036 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 150 | 201 | 72 | 5,560 | - | (13,604) | - | (7,621) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers In | - | - | - | - | - | - | - | - |
| Transfers Out | - | - | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - | - | - | - | - |
| NET CHANGE IN FUND BALANCES | 150 | 201 | 72 | 5,560 | - | (13,604) | - | (7,621) |
| Fund Balance - Beginning of Year | 35,130 | 52,496 | 9,114 | 63,038 | 444 | 26,734 | - | 186,956 |
| FUND BALANCE - END OF YEAR | <u>\$ 35,280</u> | <u>\$ 52,697</u> | <u>\$ 9,186</u> | <u>\$ 68,598</u> | <u>\$ 444</u> | <u>\$ 13,130</u> | <u>\$ -</u> | <u>\$ 179,335</u> |

CITY OF WILLOW PARK, TEXAS
NONMAJOR GOVERNMENTAL FUNDS – COMBINING STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

| | Capital Projects | | | | | Total Nonmajor Funds |
|--|---------------------------|------------------------|----------------------------|-------------------------|------------------------|----------------------|
| | Building Capital Projects | Roads Capital Projects | TexStar Parks & Recreation | TIRZ Reimbursement Fund | Total Capital Projects | |
| REVENUES | | | | | | |
| Hotel Occupancy Tax | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,043 |
| Court Fines and Fees | - | - | - | - | - | 8,195 |
| Investment Earnings | 4,508 | 4,092 | 4,364 | 532 | 13,496 | 14,085 |
| Contributions | - | - | - | - | - | 34,588 |
| TIRZ | - | - | - | 145,130 | 145,130 | 145,130 |
| Total Revenues | 4,508 | 4,092 | 4,364 | 145,662 | 158,626 | 207,041 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| Municipal | - | - | - | - | - | 3,342 |
| Operating Expenses | - | - | - | - | - | 41,225 |
| Police | - | - | - | - | - | 11,469 |
| Capital Outlay | 437,374 | 748,422 | 54,449 | - | 1,240,245 | 1,240,245 |
| TIRZ | - | - | - | 148,000 | 148,000 | 148,000 |
| Total Expenditures | 437,374 | 748,422 | 54,449 | 148,000 | 1,388,245 | 1,444,281 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (432,866) | (744,330) | (50,085) | (2,338) | (1,229,619) | (1,237,240) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers In | - | 10,000 | - | - | 10,000 | 10,000 |
| Transfers Out | - | - | (16,926) | - | (16,926) | (16,926) |
| Total Other Financing Sources (Uses) | - | 10,000 | (16,926) | - | (6,926) | (6,926) |
| NET CHANGE IN FUND BALANCES | (432,866) | (734,330) | (67,011) | (2,338) | (1,236,545) | (1,244,166) |
| Fund Balance - Beginning of Year | 512,660 | 734,845 | 502,258 | 4,216 | 1,753,979 | 1,940,935 |
| FUND BALANCE - END OF YEAR | \$ 79,794 | \$ 515 | \$ 435,247 | \$ 1,878 | \$ 517,434 | \$ 696,769 |