

CITY OF UNIVERSITY PARK, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2017

Issued by
Department of Finance

CITY OF UNIVERSITY PARK, TEXAS

Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2017

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City of University Park
Committed to Excellence

March 30, 2018

To the Honorable Mayor, Members of the Governing Council, and Citizens of the City of University Park:

The Finance Department and City Manager's Office are pleased to submit the Comprehensive Annual Financial Report for the City of University Park, Texas for the fiscal year ended September 30, 2017. State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report fulfills that requirement.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Crowe Horwath LLP, Certified Public Accountants, have issued an unmodified opinion on the City of University Park's financial statements for the year ended September 30, 2017. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

City Profile

Incorporated in 1924, the City of University Park, Texas, is a stately residential community located five miles north of downtown Dallas, Texas. University Park is surrounded by Dallas on three sides and by Highland Park on the fourth. The City limits have been unchanged since the 1950's and encompass a land area of 3.8 square miles with an estimated population of 22,820. Home to Southern Methodist University, University Park is known for its excellent schools, fine homes and churches, and outstanding local services.

Government Structure

The City has operated under the council-manager form of government since 1989, after voter approval of a Home Rule Charter. Policy-making and legislative authority are vested in the City Council, consisting of a Mayor and four Council members. The City Council is responsible for approving ordinances, adopting the budget, appointing committees and hiring the City Manager, City Attorney, and City Judge.

Elected on an at-large, non-partisan basis, Council members serve concurrent two-year terms and are limited to three consecutive terms. The Mayor is elected to serve a two-year term and is also limited to three consecutive terms. The City is empowered to levy a property tax on both real and personal property located within its boundaries.

The City Manager is responsible for carrying out the policies and implementing the ordinances of the City Council. He also oversees the day-to-day operations of the government, appoints the directors of the various departments, and prepares an annual budget.

Services Provided

The City of University Park provides a full range of municipal services, including police and fire protection, solid waste collection and disposal, street maintenance and repair, water distribution, wastewater collection, stormwater control, traffic control, building inspection, park maintenance, and swimming pool operation.

Internal services of the City, accounted for on a cost reimbursement basis, are fleet services, risk management, and employee health and disability coverage.

The City is also financially accountable for three legally separate entities: the University Park Civic Foundation, Inc., the Southwest Higher Education Authority, Inc., and the Texas Higher Education Authority, Inc. Additional information on all three entities can be found in Note I.A. to the financial statements.

Accounting System and Budgetary Control

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with revenues being recorded when available and measurable and expenditures being recorded when the goods or services are received and the liabilities are incurred. Accounting records for the City's utilities and other proprietary activities are maintained on an accrual basis. Both governmental operations and proprietary activities are being appropriated on an annual basis.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: 1) reliability of financial reporting, 2) effectiveness and efficiency of operations, and 3) compliance with applicable laws and regulations. The concept of reasonable assurance recognizes that: 1) the cost of a control should

not exceed the benefits likely to be derived; and 2) the evaluation of costs and benefits requires estimates and judgments by management.

The annual budget serves as the foundation for the City's financial planning and control. Each year the City Manager submits a proposed budget to the City Council. The Council reviews the budget and undertakes formal adoption of the budget through ordinance by September 30. The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund. Any revisions that alter the total expenditures of any fund must be approved by the City Council.

Budgetary control has been established at the individual fund level. Financial reports are produced showing budget and actual expenditures by line item, and are posted electronically on a monthly basis for City departmental management. Individual line items are reviewed for budgetary compliance. Personnel expenditures are monitored and controlled at a position level and capital expenditures are monitored and controlled on a project/sub-project basis. Revenue budgets are reviewed monthly.

Local Economy

The City of University Park enjoys a relatively stable economic environment, which is largely the result of its economic makeup, residential orientation and highly desirable location in the Dallas-Ft. Worth area. While the overall lack of commercial and industrial base means that the City relies primarily on residential property tax revenue, that reliance also affords a measure of protection from sharp swings in the business cycle. Over the past few years, the City's largest employer, Southern Methodist University, has been expanding both its footprint and prestige through facilities such as the George W. Bush Presidential Center and the Sophomore Commons student housing area.

In FY2017, the average market value of a residential parcel in the City increased to \$1,489,862, a 10.3% increase from \$1,350,219 in FY2016. The increase in average market value was partially offset by a decrease in City tax levy during the year. The property tax rate decreased from \$0.25893 to \$0.24876; resulting in a budgeted revenue increase of \$760,760 due to the increase in the tax base. The revenue increase allowed the City to continue providing high quality municipal services to its citizens.

Long-term Financial Planning

The City Council continues to endorse both the pay-as-you-go philosophy for infrastructure replacement, and the rolling 5-year Capital Improvements Program as formulated and approved by the Capital Projects Review Committee. The City has been debt-free since 2002.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of University Park for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2016. In order to be awarded a Certificate of Achievement, a government must publish an easily readable

and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all City employees who assisted in and contributed to the preparation of this report.

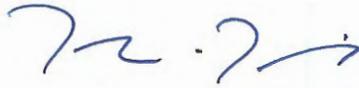
We would also like to thank the members of the City Council for their unfailing support in conducting the financial operation of the City in a responsible and progressive manner.

Respectfully submitted,



Robert L. Corder, III

City Manager



Thomas W. Tvardzik

Director of Finance



Civic S. Yip

Controller



Government Finance Officers Association

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

Presented to

**City of University Park
Texas**

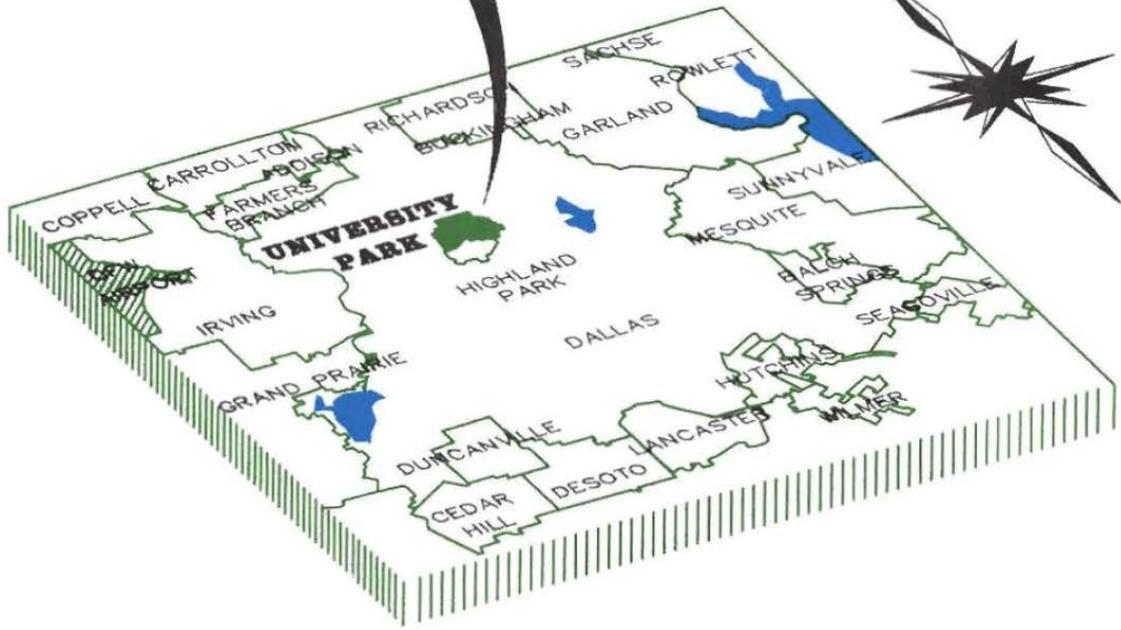
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morrell

Executive Director/CEO

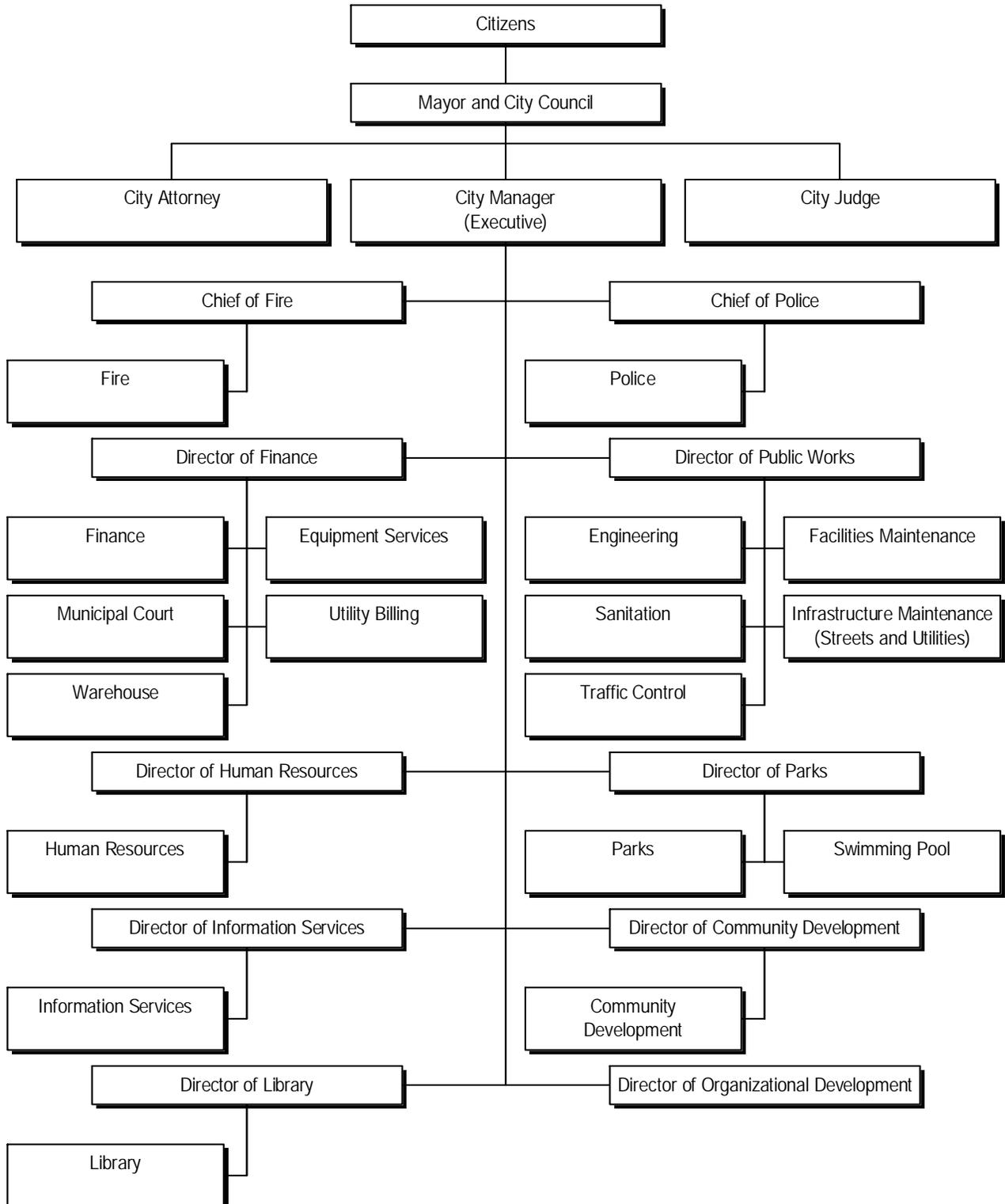
MAP OF UNIVERSITY PARK AND DALLAS COUNTY AREA





CITY OF UNIVERSITY PARK, TEXAS

Organization Chart





CITY OF UNIVERSITY PARK, TEXAS

Elected Officials

<u>Official and Title</u>	<u>First Elected</u>	<u>Term Expires</u>	<u>Professional Background</u>
Olin Burnett Lane, Jr. Mayor	2014	2018	Real Estate Developer
Dawn Moore, Mayor Pro Tempore	2012	2018	Lawyer
E. Taylor Armstrong, Jr., Council Member	2014	2018	Architect/Real Estate Broker
Randy Biddle, Council Member	2016	2018	Lawyer
Gage A. Prichard, Sr., Council Member	2016	2018	Real Estate Developer

Appointed Officials

<u>Name</u>	<u>Position</u>	<u>Year Appointed</u>
Robert L. Corder, III	City Manager	2014
Robert L. Dillard, III	City Attorney	1987
James P. Barklow, Jr.	Municipal Judge	1987
Thomas W. Tvardzik	Director of Finance	2013
Civic S. Yip	Controller	2014

Certified Public Accountants

Crowe Horwath, L.L.P., Dallas, Texas

Financial Advisor

First Southwest Company, Dallas, Texas

INDEPENDENT AUDITOR'S REPORT

*Honorable Mayor and Members of
The City Council
City of University Park, Texas*

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of University Park (the "City"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of University Park, as of September 30, 2017 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages 4 through 22 and the Texas Municipal Retirement System Schedule of Changes in Net Pension Liability and Related Ratios Last 10 Years, and Texas Municipal Retirement System Schedule of Contributions Last 10 Years, University Park Firefighters' Relief and Retirement Fund Schedule of Changes in Net Pension Liability and Related Ratios Last 10 Years, University Park Firefighters' Relief and Retirement Fund Schedule of Contributions Last 10 Years, University Park Firefighters' Relief and Retirement Fund Schedule of Investment Returns Last 10 Years, Retiree Health Care Plan, Schedule of Funding Progress and Budgetary Comparison Schedule General Fund, on pages 75, 76, 78, 79, 81, 82 and 83 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining statements and other information such as the introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements are the responsibility of management and were derived from and relates 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 statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.



Crowe Horwath LLP

Dallas, Texas
March 30, 2018



MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF UNIVERSITY PARK, TEXAS
Management's Discussion and Analysis (MD&A)
September 30, 2017

As management of the City of University Park (the "City"), we offer readers of the City of University Park financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-iv of this report. It should be noted that the Independent Auditors' Report describes the auditors association with the various sections of this report and that all of the additional information from the City website and other City sources is unaudited and has not been updated for events that may have occurred subsequent to the issuance of the respective report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$174,028,913 ("*net position*"). This number should be viewed in the context that the majority of the City's net position, \$126,350,120 (73%) is the net investment in capital assets and that capital assets in a government do not directly generate revenue nor can they be sold to generate liquid capital. The net restricted position totals \$310,644 and is restricted to the purpose of the particular fund that holds it. The remaining \$47,368,149 is considered unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors. The City's total net position increased by \$2,970,609 from the prior year, as a result of operations.
- At the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$38,454,405, a decrease of \$599,390 from the prior year. Of the total amount, all but \$591,377 is available for spending.
- The City's long-term liabilities increased \$1,631,118 due primarily to (1) a significant increase in the net pension liability of the Firemen's Relief and Retirement Fund (the "FRRF") pension plan caused by the adoption of a more conservative long-term rate of return assumption (decreasing from 8.0% to 7.5%) and (2) a current year difference in the expected and actual experience with in the Texas Municipal Retirement System, which covers all City employees except those covered by the FRRF.
- The City remains debt free, and has been so since 2002.
- At the end of the current fiscal year, spendable fund balance in the General Fund was \$26,398,195. Of the spendable total, \$17,514,501 is committed to other purposes, namely: Emergency Reserve \$2,500,000; SMU PILOT (Payment In Lieu Of Taxes) Reserve \$2,375,000; and SMU Land Sale Reserve \$12,639,501, while \$309,933 is assigned to various governmental activities. The remaining spendable, unassigned fund balance is \$8,573,761, an increase of \$1,443,702 from the prior year.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City of University Park's basic financial statements. The City's basic financial statements consist of four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements and 4) required supplementary information. This report also contains other supplementary information intended to furnish additional detail to support the basic financial statements.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of University Park's finances, in a manner similar to a private-sector business.

CITY OF UNIVERSITY PARK, TEXAS
Management's Discussion and Analysis (MD&A)
September 30, 2017

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two 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 of University Park that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or most of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public works, public safety, parks and streets and traffic control. The business-type activities of the City include water distribution, wastewater removal and solid waste collection.

The government-wide financial statements include not only the City of University Park itself (known as the *primary government*), but also a legally separate higher education authority and a legally separate private, non-profit foundation for which the City is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government should transactions occur. Although also legally separate, the University Park Civic Foundation functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found immediately following the MD&A in 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. A third type of fund, the fiduciary fund, is not utilized.

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

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

The City of University Park maintains ten individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and the Capital Projects Fund, which are considered major funds. Data from the other eight governmental funds are combined in a single aggregated

CITY OF UNIVERSITY PARK, TEXAS
Management's Discussion and Analysis (MD&A)
September 30, 2017

presentation. Individual fund data for each of the nonmajor governmental funds (University Park Civic Foundation, Court Security, Court Technology, Police Training and Education, Police Forfeiture, Fire Training and Education, Library, and Parks Projects and Programs) is provided in the form of combining statements.

The City of University Park adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found in this report following the government-wide financial statements.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type* activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer, solid waste, and storm water operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of University Park uses internal service funds to account for its fleet of vehicles and self-insurance program. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations, solid waste operations and stormwater management. Both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found in this report following the basic governmental fund financial statements.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the Statement of Cash Flows – Proprietary Funds.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees as well as certain budgetary information. Required supplementary information can be found following the notes section.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial health. For the City of University Park, assets exceeded liabilities by \$174,028,913 as of September 30, 2017, an increase in net position of \$2,970,609, or 2%. The reasons for the overall increase are discussed in the following sections related to governmental activities and business-type activities.

The largest portion of the City's total net position (\$126,350,120, or 73%) is its investment in capital assets (e.g., land, construction in progress, buildings, improvements, machinery and equipment and infrastructure), less any related accumulated depreciation. The City uses these capital assets to provide a variety of services to its citizens; consequently, these assets are not available for future spending, and with

CITY OF UNIVERSITY PARK, TEXAS
 Management's Discussion and Analysis (MD&A)
 September 30, 2017

the exception of "business type" assets, do not generate direct revenue for the City. They do represent, however, an obligation on the part of the City to maintain these assets in good repair for the foreseeable future.

The City has no outstanding debt and funds capital asset acquisition and capital projects on a pay-as-you-go basis.

The City has \$310,644 of restricted net position, resulting from the fund balances of the Special Revenue Funds, which are nonmajor governmental funds combined under the heading "Other Governmental Funds". Due to revenue restrictions, fund balance within the Special Revenue Funds may only be spent for the particular purpose for which the fund was created.

The remaining balance of \$47,368,149 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

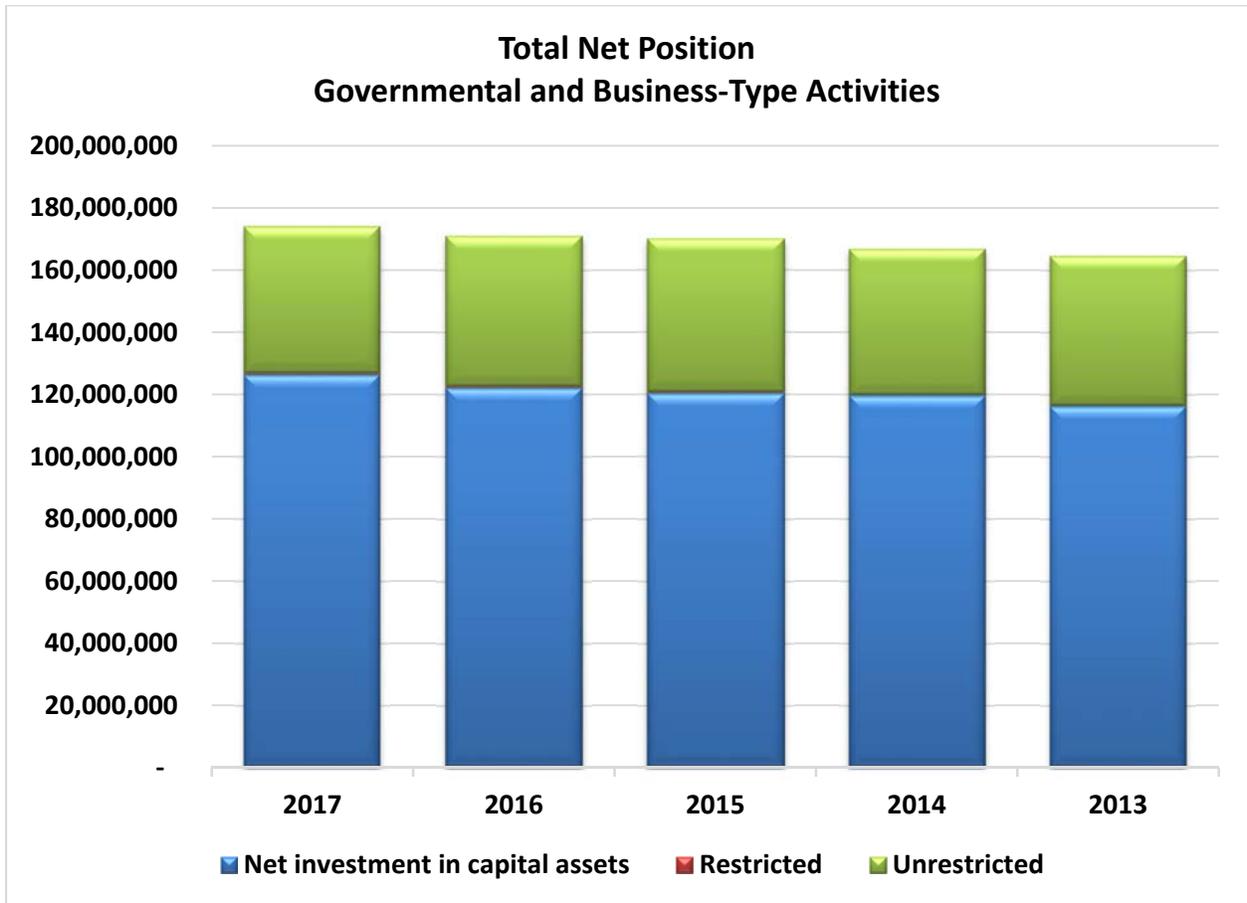
CITY OF UNIVERSITY PARK - Net Position

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 46,277,424	\$ 47,819,601	\$ 18,088,868	\$ 15,117,482	\$ 64,366,292	\$ 62,937,083
Capital assets	73,575,392	68,817,286	52,774,728	53,297,369	126,350,120	122,114,655
Total Assets	119,852,816	116,636,887	70,863,596	68,414,851	190,716,412	185,051,738
Deferred outflows of resources	7,912,625	6,946,504	1,349,351	1,636,531	9,261,976	8,583,035
Current liabilities	3,107,653	2,845,866	1,571,107	1,882,140	4,678,760	4,728,006
Long-term liabilities	18,307,888	16,799,117	1,166,183	1,043,836	19,474,071	17,842,953
Total Liabilities	21,415,541	19,644,983	2,737,290	2,925,976	24,152,831	22,570,959
Deferred inflows of resources	1,796,644	2,692	-	2,818	1,796,644	5,510
Net Position:						
Net investment in capital assets	73,575,392	68,817,286	52,774,728	53,297,369	126,350,120	122,114,655
Restricted	310,644	294,025	-	-	310,644	294,025
Unrestricted	30,667,220	34,824,405	16,700,929	13,825,219	47,368,149	48,649,624
Total Net Position	\$ 104,553,256	\$ 103,935,716	\$ 69,475,657	\$ 67,122,588	\$ 174,028,913	\$ 171,058,304

At the end of the current fiscal year, the City is able to report positive balances in each category of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation was true last year.

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CITY OF UNIVERSITY PARK, TEXAS
Management's Discussion and Analysis (MD&A)
September 30, 2017



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CITY OF UNIVERSITY PARK, TEXAS
Management's Discussion and Analysis (MD&A)
September 30, 2017

CITY OF UNIVERSITY PARK - Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for services	\$ 4,652,387	\$ 3,979,867	\$ 18,838,081	\$ 17,899,226	\$ 23,490,468	\$ 21,879,093
General revenues:						
Property tax	18,463,633	17,530,625	-	-	18,463,633	17,530,625
Sales tax	4,421,709	4,245,822	-	-	4,421,709	4,245,822
Franchise fees	2,072,947	2,087,318	-	-	2,072,947	2,087,318
Interest	394,574	347,503	38,991	25,671	433,565	373,174
Other	1,265,815	1,368,791	737,609	32,190	2,003,424	1,400,981
Donations	98,836	133,524	-	-	98,836	133,524
Total Revenues	<u>31,369,901</u>	<u>29,693,450</u>	<u>19,614,681</u>	<u>17,957,087</u>	<u>50,984,582</u>	<u>47,650,537</u>
Expenses:						
General Government	6,575,387	6,360,993	-	-	6,575,387	6,360,993
Public Safety	15,049,833	14,562,251	-	-	15,049,833	14,562,251
Streets	1,953,853	2,022,909	-	-	1,953,853	2,022,909
Parks	3,877,072	3,867,474	-	-	3,877,072	3,867,474
Public Works	2,907,656	3,067,854	-	-	2,907,656	3,067,854
Utilities	-	-	14,448,042	13,640,627	14,448,042	13,640,627
Sanitation	-	-	3,025,626	3,098,111	3,025,626	3,098,111
Stormwater	-	-	176,504	68,884	176,504	68,884
Total Expenses	<u>30,363,801</u>	<u>29,881,481</u>	<u>17,650,172</u>	<u>16,807,622</u>	<u>48,013,973</u>	<u>46,689,103</u>
Increase in net position before transfers	1,006,100	(188,031)	1,964,509	1,149,465	2,970,609	961,434
Transfers	(388,560)	(1,073,620)	388,560	1,073,620	-	-
Increase/(decrease) in net position	617,540	(1,261,651)	2,353,069	2,223,085	2,970,609	961,434
Net Position - October 1	<u>103,935,716</u>	<u>105,197,367</u>	<u>67,122,588</u>	<u>64,899,503</u>	<u>171,058,304</u>	<u>170,096,870</u>
Net Position - September 30	<u>\$ 104,553,256</u>	<u>\$ 103,935,716</u>	<u>\$ 69,475,657</u>	<u>\$ 67,122,588</u>	<u>\$ 174,028,913</u>	<u>\$ 171,058,304</u>

Governmental Activities

- Net position from governmental activities increased \$617,540 (after transfers) to \$104,553,256.
- Revenues related to governmental activities increased \$1,676,451 (5.6%), from the prior year.
 - Revenue contributors in FY2017 included:
 - Property tax revenue increased \$933,008 (5.3%) for the year. Total certified taxable property values rose 8.6% year-over-year. While the value of the average single-family home (before applicable exemptions) climbed 10.3% from the prior year, the City tax rate decreased 3.9%. This combination resulted in an average tax levy increase of \$168, or 6.0% for the typical single-family homeowner, after the 20% homestead exemption.
 - Charges for service increased \$672,520 (16.9%) from FY2016, due to an increase in building permit fees received during the year. While the overall number of building permits continue to decline year over year, significant projects undertaken by the Highland Park United Methodist Church, the Highland Park Independent School District and SPC Hillcrest LP (the "Park Plaza" project) more than offset declining residential permit fees.
 - Sales taxes increased \$175,887, or 4.1%, which was in line with expectations and reflective of a robust local economy.

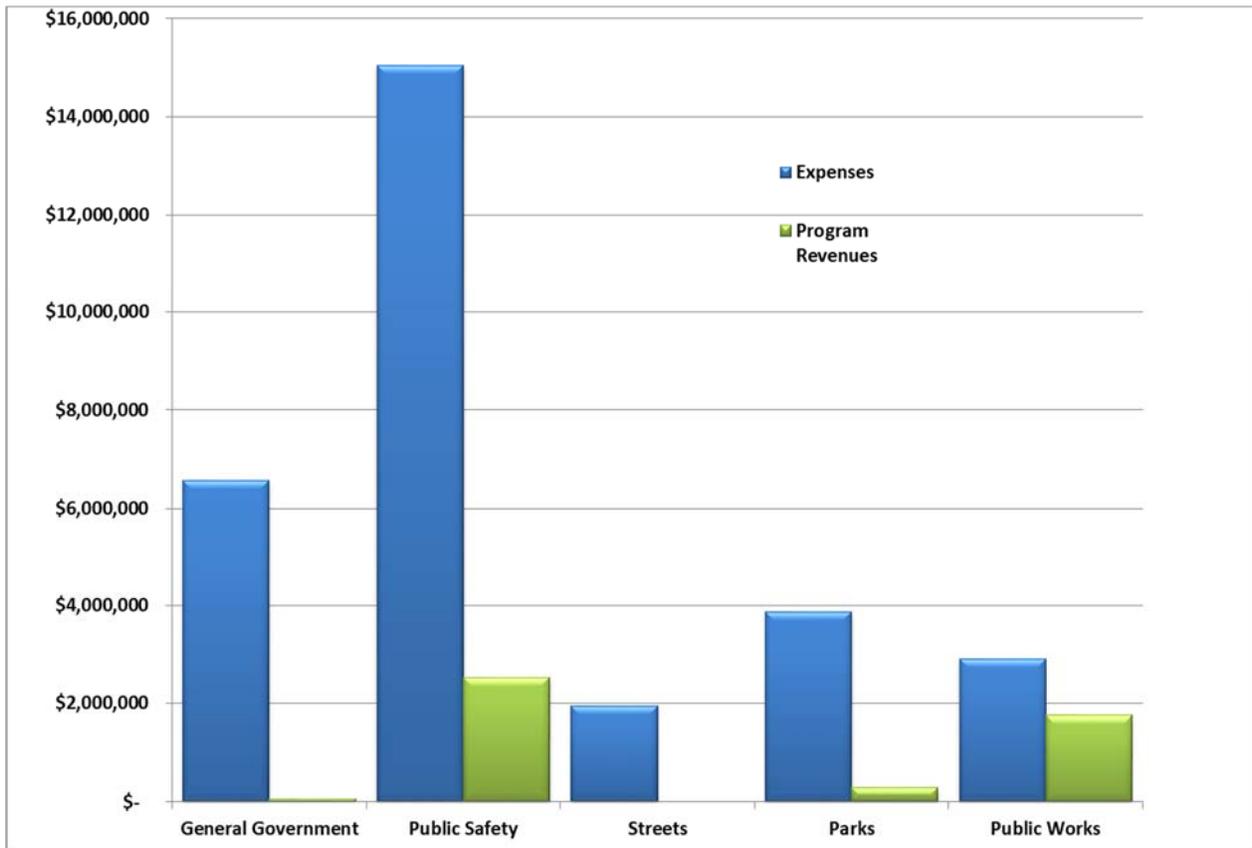
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- Interest revenue increased \$47,071 (13.5%), reflecting the increase attributable to the yearly roll off and repurchase in the laddered, negotiable certificate of deposit sector of the City investment portfolio as well as the quarter-point Federal Reserve rate hikes in December of 2016, April of 2017, and June of 2017, which increased the earnings rates in “pooled” investments.
- Revenue shortfalls occurred in the following categories in FY2017:
 - Franchise fees decreased a net \$14,371 (-0.7%). While gas, electric and internet providers split a \$101,000 decrease almost equally, the shortfall was substantially offset by an \$85,000 increase in waste franchise fees. The waste franchise fees are paid by those companies providing roll-off container and debris hauling services, primarily to construction sites within the City.
 - Other Revenue ended FY2017 at \$1,265,815, down \$102,976 (-7.5%) from FY2016. Revenues received in FY2017 were comprised primarily of a reimbursement from the Dallas Area Rapid Transit system for construction projects undertaken in accordance with their Transit Related Improvement Program (“TRIP”), an operating cost-support payment from the Friends of the Library, and the sale of various rights-of-way and easements, with the largest single sale being an alley contained within the boundaries of the Park Plaza project. Also, in FY2016 a \$700,000 reimbursement from the Dallas County/Park Cities Municipal Utility District was recorded as revenue in the General Fund and transferred to the Utility Fund. That reimbursement was recognized as revenue directly in the Utility Fund in FY2017.
 - Donations ended the year at \$98,836, a 26% decrease from FY2016. The decrease was due almost entirely to a large, one-time donation to the Parks Department in FY2016, earmarked for the renovation of the Holmes Aquatic Center.
- Expenses related to governmental activities increased from the prior year, by \$482,320 (1.6%) to \$30,363,801. The increase is due to:
 - Costs incurred during the year related to the successful passage of legislation closing the FRRF to new entrants and directing all new Fire Department hires into TMRS,
 - Payment of a \$1,200 one-time retention program payment to all employees, and
 - An increase in the TMRS contribution rate from an average rate in FY2016 of 5.71% to an average rate of 6.81% in FY2017.

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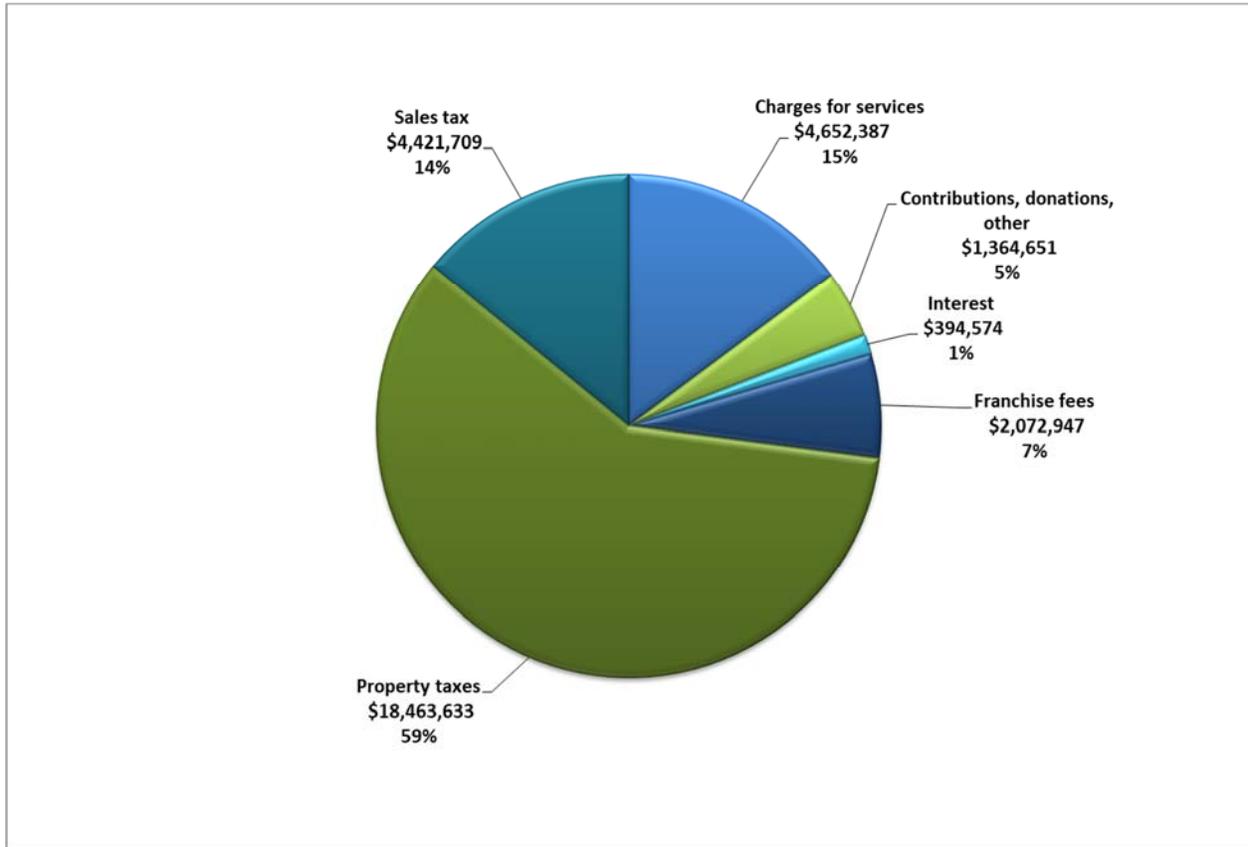
PROGRAM REVENUES AND EXPENSES – GOVERNMENTAL ACTIVITIES



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REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES
 (OTHER THAN PROGRAM REVENUES)



Business-type Activities:

- Net position from business-type activities increased \$2,223,085 after transfers, from \$64,899,503 to \$67,122,588.
- Revenues related to business-type activities increased \$1,657,594 (9.2%) in FY2017, due primarily to an increase in sewer, water and sanitation revenues as well as the previously noted recording of the reimbursement from the Dallas County/Park Cities Municipal Utility District directly in to the Utility Fund.
 - While the water rate pricing structure remained unchanged from the prior year, a modest rate increase of 4% was included in FY2017 to keep pace with an increase in the cost of treated water provided by the Dallas County/Park Cities Municipal Water District – the City's sole water supplier. The "conservation rate" (the rate charged for usage in excess of 30,000 gallons per month for residential purposes or 13,000,000 per month by SMU) was also increased to keep pace with the increase in costs.
 - Sewer rates increased by 8.6% in FY2017 to help offset anticipated increases passed on from Dallas Water Utilities, the only provider of wastewater treatment available to the City.

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The rate increase coupled with a slight increase in usage during the "winter averaging" months resulted in higher overall revenues.

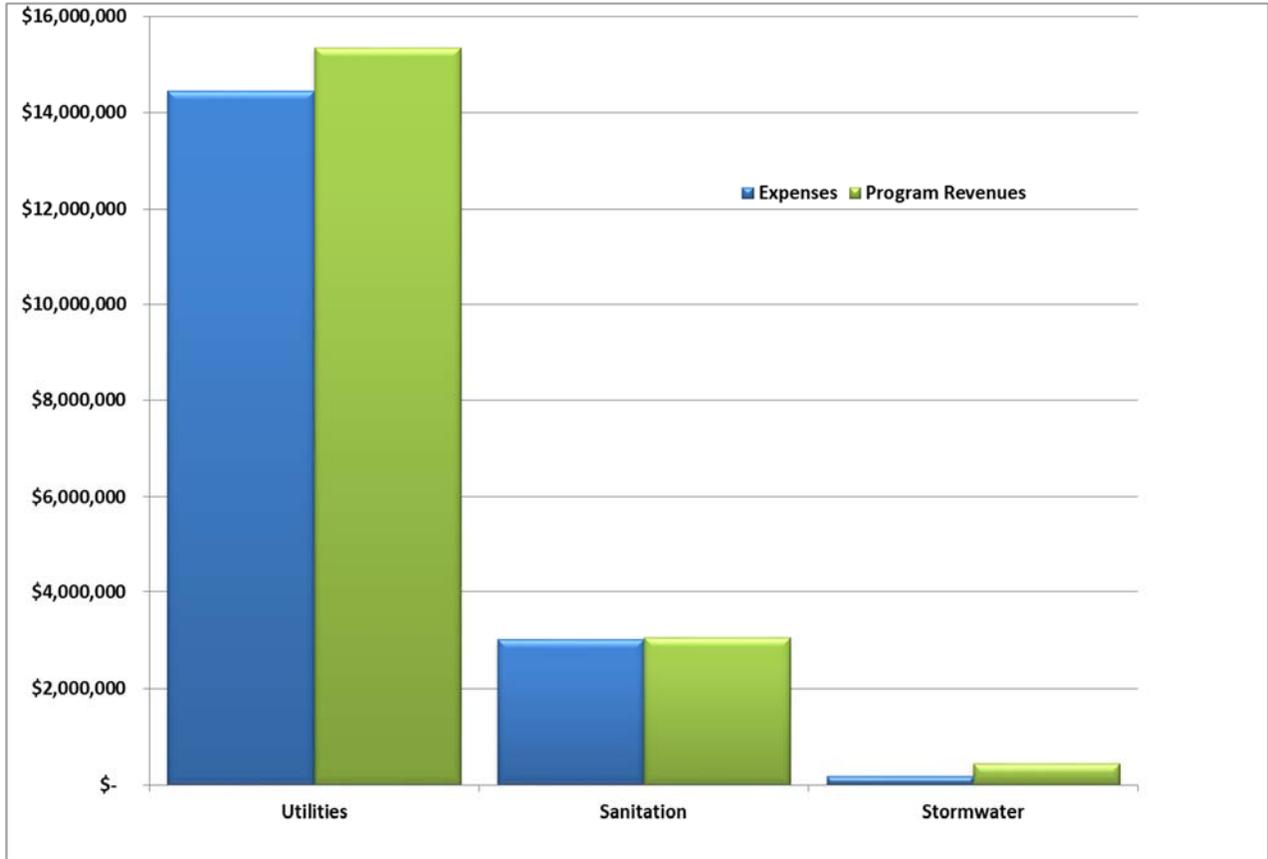
- Sanitation revenues increased 5% from the prior year as the second phase of a two-year rate increase implemented for residential service.
- Stormwater revenues remained largely unchanged from FY2016 due to a variety of billing issues, even though the overall stormwater fee was increased by 4%.

- Expenses for business-type activities increased by \$842,550 (5%) in FY2017, due to the following:
 - The one-time retention program payment noted in the Governmental section above.
 - An increase of \$697,000 in sewer payments to Dallas water Utilities, as a result of higher rates, and higher average water sales during the averaging measurement period.
 - A scheduled increase in capital equipment replacement fees. The fees are charged by the Equipment Services Fund to the various user departments based on the cost of the equipment being used, and are intended to fully recover the cost of the equipment by the time it is scheduled for replacement.
 - An increase in the cost of backfill materials used to bed pipe when repaired.
 - Stormwater expenses increased \$107,620 (156.2%) from FY2016, due to the discretionary nature of spending within the fund.

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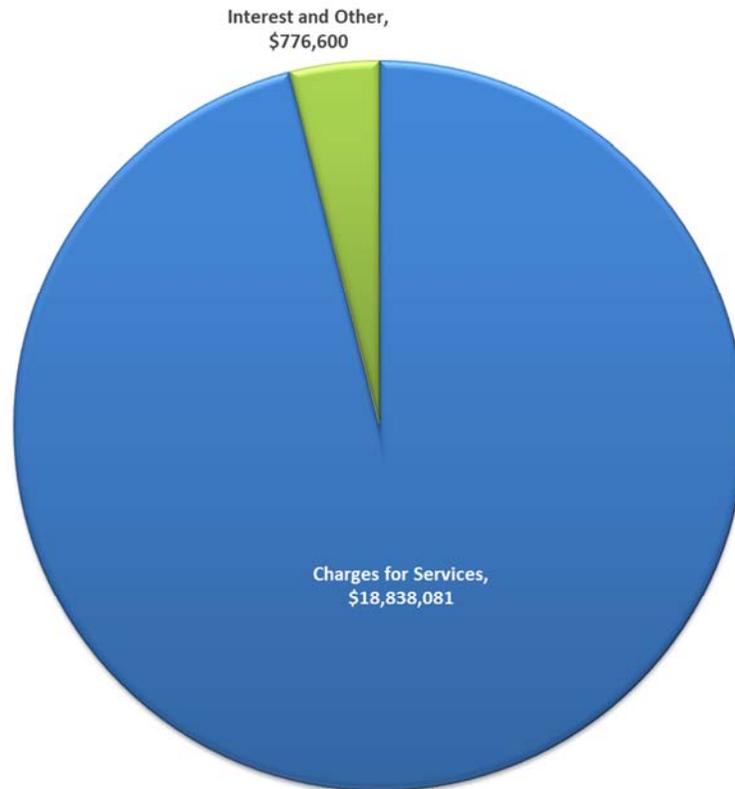
PROGRAM REVENUES AND EXPENSES – BUSINESS-TYPE ACTIVITIES



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REVENUES BY SOURCE – BUSINESS-TYPE ACTIVITIES



Financial Analysis of Governmental Funds

As noted earlier, the City of University Park 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. The City's financial statements are presented in conformity with GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement changed the presentation of the fund balance section of governmental funds. Instead of classifying amounts as reserved, unreserved, designated or undesignated, the fund balance section uses the following categories:

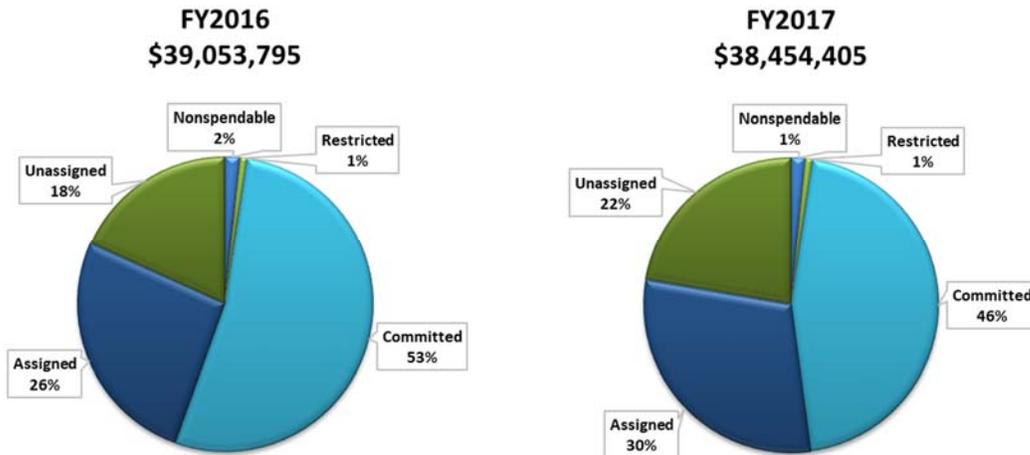
- *Nonspendable fund balance*—amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund).
- *Restricted fund balance*—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

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- *Committed fund balance*—amounts constrained to specific purposes by a government itself, using its highest level of 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.
- *Assigned fund balance*—an amount a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- *Unassigned fund balance*—amounts that are available for any purpose; these amounts are reported only in the general fund.

In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as it represents the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Council.

**Fund Balances by Type
 Governmental Funds**



As of the end of FY2017, the City's governmental funds reported combined ending fund balances of \$38,454,405, a decrease of \$599,390 (-1.5%) compared to the prior year. Of the total, \$591,377 is nonspendable, as it represents fuel and supplies inventories and \$310,644 is restricted, as it may only be spent for the specific purposes set forth in the respective Special Revenue Fund.

The \$17,514,501 reported as "Committed" is governed by resolutions the City Council approved in 2009. Committed funds cannot be expended without further action by the City Council.

The \$11,464,122 of "Assigned" funds represents year-end encumbrances (open purchase orders) among the several governmental functions/activities, as well as money intended for capital projects.

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Finally, the "Unassigned" balance of \$8,573,761 (all of which resides within the General Fund) meets and exceeds the City's stated fund balance policy minimum, which is equal to 30 days of budgeted operating expenditures (\$2,558,612 for FY2017).

Proprietary Funds. The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. The total net position of the Water and Sewer Fund at the end of the year amounted to \$58,990,078, while the Sanitation and Stormwater Funds totaled \$1,777,537 and \$1,751,632, respectively. Prior to transfer activity, the Water and Sewer and Storm water funds had income of \$1,548,849 and \$263,738, respectively, while the Sanitation fund had a loss of \$57,743. The loss will be addressed during FY2018, when the City will address and likely increase the fees charged for commercial dumpster service by at least 5%.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year, two budget amendments were passed by City Council to increase the Executive Department expenditure budget. The amendments dealt with two separate issues. The first amendment increased the Professional Services account by \$91,239 to account for the unbudgeted costs associated with the passage of legislation that closed the FRRF to new members. The second amendment authorized the expenditure of \$3,240,001 to purchase property adjacent to the Park Plaza project for potential use as a parking facility. There were no other significant amendments to increase budgeted appropriations.

The City does not generally amend the budget for an increase in revenues. As a matter of longstanding practice, the first amendment of the fiscal year brings forward open encumbrances (purchase orders) from the previous fiscal year. By adding the amount of the encumbered items to the current year adopted budget, purchases may be completed without exceeding the current approved budget. Consequently, purchase orders open at the end of the current year are carried over to the next fiscal year. The total carried forward in the General Fund from fiscal 2016 was \$290,639, while the total that will be carried forward to fiscal 2018 is \$309,993.

An additional amendment was made at the end of the year to transfer non-recurring revenue received in the General Fund during the year to the Capital Projects Fund in the amount of \$791,906.

Final budget compared to actual results. The totals in four General Fund revenue categories varied more than \$125,000 from the final budget:

- Sales and Mixed Beverage taxes ended the year at \$4,421,709, or \$191,709 (5%) over budget. This is due in equal parts to conservative fiscal budgeting, as well as a resilient local economy. While recognizing collections continue to increase, City Council opted for a more conservative increase for FY2018. Budgeted sales tax collections for FY2018 have been increased to \$4,320,000, a \$90,000 (2%) increase from FY2017.
- Permit and license revenue ended the year at \$1,858,996, or \$249,496 (16%) above the category budget of \$1,609,500. Almost the entire amount can be attributed to a \$246,714 increase in building permit revenue. The higher permit revenues reflects to the start of a number of "big ticket" projects in FY2017. Significant projects were undertaken by the Highland Park Independent School District (removal and replacement of University Park Elementary School facility and Seay Tennis Center at Highland Park High), the Highland Park United Methodist Church (teardown and rebuild of activity center doubling the available space from 30,000 to 60,000 square feet and SPC Hillcrest LP (removal of Chase Bank building and construction of a multi-story, mixed-use facility

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incorporating office space and retail/restaurant space as well as underground and street level parking).

Prior to FY2016, the building permit revenue budget remained unchanged since 2008, at \$1,400,000. In FY2016, the budget was increased to \$1,500,000, where it remains for FY2017. Recognizing that in some years building permit revenue will greatly exceed the budgeted amount due to large scale projects, City Council amended the FY2018 Financial Management Policy to include a mandatory transfer of building permit revenues received in excess of 120% of budget to capital projects. No such transfers were made for FY2017.

- Interest revenue exceeded the budgeted amount of \$225,000 by \$128,280 or 57%. This was due in large part to very conservative budgeting, the continued operation of the negotiable certificate of deposit "laddering" strategy deployed in the latter half of fiscal 2015, and overall higher returns within the various statewide investment pools resulting from Federal Reserve rate hikes during the year. Recognizing the increase in earnings and the likelihood that rate hikes will continue for the foreseeable future, budgeted revenue was increased by \$75,000 for FY2018 to \$300,000.
- "Other" revenue ended the year at \$1,270,077, which is \$739,577 (58%) above budget. As noted in prior years, the "Other" revenue category can be highly variable – and is thus difficult to budget. In FY2017, the most significant items within the category were a \$300,000 library support contribution from the Friends of the University Park Library versus a budgeted amount of \$150,000, the purchase of an alley by the Highland Park United Methodist Church for \$121,402, the purchase of an alley by SPC Hillcrest, LP for \$310,835 and reimbursement from DART for TRIP eligible expenditures of \$359,669.
- No function within the General Fund (General Government, Public Safety, etc.) had a negative variance to budget. While the following individual departments did go over budget, their spending was offset by other departments within the same program:
 - Finance - \$25,791 over budget, General Government function
 - Human Resources - \$3,224 over budget, General Government function
 - Information Services - \$19,190 over budget, General Government function
 - Library - \$4,961 - over budget, General Government function

Pensions and Retiree Health Care

Pensions and retiree health care continue to receive negative attention from the media as governments of all sizes struggle to fund their commitments. The City of University Park is committed to providing programs in these areas that are fair to both the employees and taxpayers, and are sustainable over the long term.

Effective for fiscal year 2015, Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" created specific reporting requirements for pensions that are different than that used for funding purposes. Both valuations are important as the reporting valuation provides a rigorous standard measure that can be used to compare the City's pension liabilities to other governments from around the nation. The funding valuation is important as the actuarial methods used (including strategies for repaying any unfunded actuarial accrued liabilities) combined with the City's history of making those contributions provides insights regarding the city's commitment to the effectiveness of its funding strategy. Information contained in the financial statements themselves including the first

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schedule of Required Supplementary Information (RSI), Schedule of Changes in Net Pension Liability and Related Ratios, is based on the reporting valuation. The second schedule in the RSI, Schedule of Contributions, is based on the funding valuation.

TMRS - On a reporting basis, the City's financial statements reflect a net pension liability for TMRS as of September 30, 2017 of \$3,812,277, which is 24.52% of the City's annual covered non-firefighter payroll of \$15,545,794.

FRRF - On a reporting basis, the City's financial statements reflect a net pension liability for the FRRF as of September 30, 2017 of \$13,635,021, which is 401.97% of the City's annual covered firefighter payroll of \$3,392,018.

OTHER POST-EMPLOYMENT BENEFITS (OPEB) - The actuarially accrued liability for retiree health care has been calculated in accordance with GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" and can be found in the Required Supplementary Information section of this document. It is \$924,142 as of December 31, 2016, the date of the last biennial valuation. As the City follows a "pay-as-you-go" (PAYGO) funding model, this amount will likely remain in a range of 3 to 5% of covered payroll due to the limited benefit period offered to retirees. The Net OPEB Obligation at September 30, 2017 is \$362,520, an increase of \$19,141 from the prior year.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of September 30, 2017, amounts to \$126,350,120, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress, as illustrated in the following table:

**CITY OF UNIVERSITY PARK - Capital Assets
 (net of depreciation)**

	Governmental activities		Business-type activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	\$ 10,298,366	\$ 7,041,359	\$ 108,758	\$ 108,758	\$ 10,407,124	\$ 7,150,117
Construction in progress	1,889,897	6,354,618	2,293,580	2,904,310	4,183,477	9,258,928
Buildings	12,302,039	12,742,962	-	-	12,302,039	12,742,962
Improvements	32,284,464	26,987,003	50,197,353	50,150,718	82,481,817	77,137,721
Equipment	8,474,301	7,043,235	175,037	133,583	8,649,338	7,176,818
Infrastructure	8,326,325	8,648,109	-	-	8,326,325	8,648,109
Total Capital Assets	\$ 73,575,392	\$ 68,817,286	\$ 52,774,728	\$ 53,297,369	\$ 126,350,120	\$ 122,114,655

Capital assets (net of depreciation) related to governmental activities increased by \$4,758,106 in FY2017. Significant projects completed and capitalized during the year include the McFarlin Bridge (\$5,303,896) and the Hillcrest Traffic Signal Replacement project (\$1,322,622).

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Business-type capital assets (also net of depreciation) decreased \$522,641 during fiscal 2017. Only one significant project was completed and capitalized during the year, the sewer main "mile-per-year" project, between San Carlos and McFarlin.

Additional detailed information on the City's capital assets (including information related to capital project spending, additions and retirements) can be found in Note III. E., in the Notes to Financial Statements section of this report.

Long-term Debt. The City of University Park has no debt. The City has no plans to issue new debt.

Economic Factors and Next Year's Budgets and Rates

The following economic factors currently affect the City of University Park and were considered in developing the fiscal 2018 budget:

- The total certified value of the City's taxable base increased by only 2.2% during calendar 2017, due to the slowdown within the high-end segment of the local real estate market, compounded by record numbers of tax value protests. This rate is a substantial drop from the 8.6% certified taxable value in the previous year. Before applicable exemptions, single-family home market values increased 4.0% from an average appraised value of \$1,489,862 in calendar 2016 to \$1,549,797 in calendar 2017.
- While University Park offers a somewhat "standard" 20% homestead exemption based on market value, it also offers an additional 25% "Over-65 and Disabled" exemption to qualifying residents. The "Over-65 and Disabled" exemption is based on the prior calendar year market value of the average single-family home in the City, and is calculated as a single dollar amount applicable to all qualifying residences. In FY2018, this exemption amounted to \$372,000 per qualifying property.
- With the slowdown in property value increase in calendar 2017, the fiscal 2018 tax rate was retained at the FY2017 level of \$.248761 per \$100 of taxable value. This resulted in a 2.2% increase (year-over-year) in property tax revenue. Early indications suggest property values will increase slightly from this level in calendar 2018, thus potentially affording a resumption of rate decreases.
- The strong local economy has positive effects on sales tax revenues. These revenues are expected to continue to creep upward. As such, the FY2018 budget for sales and mixed beverage taxes increased \$90,000 to \$4,320,000.

In preparing its fiscal year 2018 budget, City officials looked for ways to avoid significant new expenditures, while responsibly funding commitments. The fiscal 2018 budget centers around three particular themes: people, infrastructure and service.

Regarding "people", Council budgeted a 3% across-the-board, market-based adjustment for all City personnel while adding two-full-time positions dedicated to the Public Safety function. Additionally, Council will consider increasing funding for the FRRF, to strengthen its actuarial position.

On the topic of infrastructure, the City continues to incrementally increase contributions to fund capital projects while looking for innovative partnerships to defray major costs. Significant upcoming projects include the construction of the new Holmes Aquatic Center in two phases, as well as the replacement of the Public Safety radio system in order to insure future interoperability.

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Providing essential public services and day-to-day operations, maintaining exceptional facilities and parks as well as providing a high level of customer service necessitate a continued investment in materials, supplies technology and equipment. To that end, Capital Projects funding was increased another 5% in FY2018 in recognition of the increasing costs of materials and labor in the DFW market. The FY2018 budget also includes funding to begin an "in-house" mile-per-year project team, after the success of the pilot project in FY2017. As its name implies, the mile-per-year program seeks to replace one mile of city water mains and sewer mains each year. Given the tremendous increase in construction costs over the past few years (combined with the somewhat static funding available), the program thus far has failed to achieve its namesake goal. The pilot project allowed City administration to judge the cost efficiency of utilizing City crews for this ongoing construction program versus outside contractors. Having reviewed the results of the pilot project, the City has decided to go forward and bring the function in-house through a stepped hiring program. This program envisions hiring six crew personnel each year over the next three years, starting in FY2019 until the in-house program totals 18 crew members.

Funding for the future replacement of fleet vehicles remains strong, and is moderated only by the timing or deferral of vehicles purchases.

Finally, having shepherded a bill through the 85th Legislature of the State of Texas, allowing the closure of the Firefighters Relief and Retirement Fund to new entrants, the City continues to explore options ensuring a fiscally sound and sustainable funding path for the FRRF. Memorialized by Ordinance, certain promises were made as part of the negotiation process with the firefighters. They are: a firefighter contribution cap of 10% of pay, a guarantee of plan benefits as currently offered provided no changes are made to the plan except those required by law, and maintenance of the plan's qualified status.

Requests for Information

This financial report is designed to provide a general overview of the City of University Park's finances for all those with an interest in the government's finances. Readers having questions about any of the information in this report or needing additional information should contact Civic Yip, Controller, City of University Park, 3800 University Blvd., University Park, TX 75205, call 214-987-5310, or email cyip@uptexas.org.

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BASIC FINANCIAL STATEMENTS

CITY OF UNIVERSITY PARK, TEXAS
Statement of Net Position

September 30, 2017

	Primary Government			Component
	Governmental	Business type	Total	Units
	Activities	Activities		Southwest Higher
				Education Authority
ASSETS				
Cash and cash equivalents	\$ 27,407,372	\$ 3,869,261	\$ 31,276,633	\$ -
Investments	24,627,796	994,606	25,622,402	-
Receivables	2,679,385	3,020,791	5,700,176	-
Due from primary government	-	-	-	35,000
Prepays	10,970	435,180	446,150	-
Internal balances	(9,350,120)	9,350,120	-	-
Inventory	591,377	-	591,377	-
Restricted cash	310,644	418,910	729,554	-
Capital assets:				
Nondepreciated assets				
Land	10,298,366	108,758	10,407,124	-
Construction in progress	1,889,897	2,293,580	4,183,477	-
Total nondepreciated assets	12,188,263	2,402,338	14,590,601	-
Depreciated assets				
Buildings	17,498,780	54,594	17,553,374	-
Improvements other than buildings	45,310,368	90,824,600	136,134,968	-
Machinery and equipment	17,612,445	373,567	17,986,012	-
Infrastructure	12,870,590	-	12,870,590	-
Accumulated depreciation	(31,905,054)	(40,880,371)	(72,785,425)	-
Total depreciated assets	61,387,129	50,372,390	111,759,519	-
Total assets	119,852,816	70,863,596	190,716,412	35,000
DEFERRED OUTFLOWS OF RESOURCES				
Difference in expected and actual pension investment experience	48,324	10,667	58,991	-
Changes in pension actuarial assumption	2,964,300	280,070	3,244,370	-
Difference in projected and actual pension investment earning	3,815,465	874,501	4,689,966	-
Pension contributions after measurement date	1,084,536	184,113	1,268,649	-
Total deferred outflow of resources	7,912,625	1,349,351	9,261,976	-
LIABILITIES				
Accounts payable	1,547,363	187,511	1,734,874	-
Accrued liabilities	552,184	322,595	874,779	-
Customer deposits/other	94,467	418,910	513,377	-
Unearned revenue	-	415,180	415,180	-
Due to component unit	35,000	-	35,000	-
Net pension liability - TMRS	2,987,275	825,002	3,812,277	-
Net pension liability - FRRF	13,635,021	-	13,635,021	-
Net OPEB obligation	362,520	-	362,520	-
Compensated absences:				
Due within one year	878,639	226,911	1,105,550	-
Due beyond one year	1,323,072	341,181	1,664,253	-
Total liabilities	21,415,541	2,737,290	24,152,831	-
DEFERRED INFLOWS OF RESOURCES				
Difference in expected and actual pension investment experience	1,796,644	-	1,796,644	-
NET POSITION				
Investment in capital assets	73,575,392	52,774,728	126,350,120	-
Restricted to:				
General Government	31,898	-	31,898	-
Public Safety	175,918	-	175,918	-
Parks	102,828	-	102,828	-
Unrestricted	30,667,220	16,700,929	47,368,149	35,000
Total net position	<u>\$ 104,553,256</u>	<u>\$ 69,475,657</u>	<u>\$ 174,028,913</u>	<u>\$ 35,000</u>

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

CITY OF UNIVERSITY PARK, TEXAS
Statement of Activities

For the Year Ended September 30, 2017

Functions/Programs	Net (Expenses) Revenues and Changes in Net Position					Component Units Southwest Higher Education Authority
	Expenses	Program Revenues		Primary Government		
		Charges for Services	Governmental Activities	Business type Activities	Total	
Primary government						
Governmental activities:						
General Government	\$ 6,575,387	\$ 69,685	\$ (6,505,702)	\$ -	\$ (6,505,702)	\$ -
Public Safety	15,049,833	2,521,682	(12,528,151)	-	(12,528,151)	-
Streets	1,953,853	-	(1,953,853)	-	(1,953,853)	-
Parks	3,877,072	298,901	(3,578,171)	-	(3,578,171)	-
Public Works	2,907,656	1,762,119	(1,145,537)	-	(1,145,537)	-
Total governmental activities	<u>30,363,801</u>	<u>4,652,387</u>	<u>(25,711,414)</u>	<u>-</u>	<u>(25,711,414)</u>	<u>-</u>
Business type activities:						
Utilities	14,448,042	15,339,518	-	891,476	891,476	-
Sanitation	3,025,626	3,061,506	-	35,880	35,880	-
Stormwater	176,504	437,057	-	260,553	260,553	-
Total business type activities	<u>17,650,172</u>	<u>18,838,081</u>	<u>-</u>	<u>1,187,909</u>	<u>1,187,909</u>	<u>-</u>
Total primary government	<u>\$ 48,013,973</u>	<u>\$ 23,490,468</u>	<u>(25,711,414)</u>	<u>1,187,909</u>	<u>(24,523,505)</u>	<u>-</u>
Component units						
SWHEA	-	-	-	-	-	10,000
Total component units	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
General revenues:						
Property tax			18,463,633	-	18,463,633	-
Sales tax			4,421,709	-	4,421,709	-
Franchise taxes			2,072,947	-	2,072,947	-
Interest			394,574	38,991	433,565	-
Other			1,265,815	737,609	2,003,424	-
Donations not restricted to specific programs			98,836	-	98,836	-
Transfers			(388,560)	388,560	-	-
Total general revenues and transfers			<u>26,328,954</u>	<u>1,165,160</u>	<u>27,494,114</u>	<u>-</u>
Changes in net position			617,540	2,353,069	2,970,609	10,000
Net position - beginning			<u>103,935,716</u>	<u>67,122,588</u>	<u>171,058,304</u>	<u>25,000</u>
Net position - ending			<u>\$104,553,256</u>	<u>\$69,475,657</u>	<u>\$ 174,028,913</u>	<u>\$ 35,000</u>

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

CITY OF UNIVERSITY PARK, TEXAS

**Balance Sheet
Governmental Funds**

September 30, 2017

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 20,500,908	\$ 4,562,219	\$ 122,757	\$ 25,185,884
Investments	21,632,020	999,330	-	22,631,350
Receivables:				
Ad valorem tax	183,004	-	-	183,004
Sales tax	893,870	-	-	893,870
Franchise fees	457,890	-	-	457,890
Accrued interest	89,143	3,290	-	92,433
Other, net	1,043,116	-	-	1,043,116
Due from other funds	-	6,532,278	187,887	6,720,165
Inventory	591,377	-	-	591,377
Total assets	<u>45,391,328</u>	<u>12,097,117</u>	<u>310,644</u>	<u>57,799,089</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	544,335	942,928	-	1,487,263
Accrued liabilities	389,043	-	-	389,043
Customer deposits/other	94,467	-	-	94,467
Due to other funds	17,096,962	-	-	17,096,962
Due to component unit	35,000	-	-	35,000
Total liabilities	<u>18,159,807</u>	<u>942,928</u>	<u>-</u>	<u>19,102,735</u>
Deferred Inflows of Resources:				
Unavailable revenue	241,949	-	-	241,949
Total deferred inflows of resources	<u>241,949</u>	<u>-</u>	<u>-</u>	<u>241,949</u>
Fund Balances:				
Nonspendable	591,377	-	-	591,377
Spendable				
Restricted to:				
General Government	-	-	31,898	31,898
Public Safety	-	-	175,918	175,918
Parks	-	-	102,828	102,828
Committed to:				
SMU land sale	12,639,501	-	-	12,639,501
Emergency expenditures	2,500,000	-	-	2,500,000
SMU PILOT	2,375,000	-	-	2,375,000
Assigned to:				
General Government	22,481	11,154,189	-	11,176,670
Public Works	52,660	-	-	52,660
Public Safety	114,391	-	-	114,391
Parks	120,401	-	-	120,401
Unassigned	8,573,761	-	-	8,573,761
Total fund balances	<u>26,989,572</u>	<u>11,154,189</u>	<u>310,644</u>	<u>38,454,405</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 45,391,328</u>	<u>\$ 12,097,117</u>	<u>\$ 310,644</u>	<u>\$ 57,799,089</u>

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

CITY OF UNIVERSITY PARK, TEXAS
Reconciliation of the Governmental Fund Balance Sheet to the
Statement of Net Position

September 30, 2017

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

Total fund balances - governmental funds	\$ 38,454,405
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	66,956,884
Certain receivables will be collected this year, but are not available to pay for the current period's expenditures and are, therefore, unavailable in the funds.	241,949
This amount is the net pension liability (TMRS) recorded at the government-wide level, not recorded in any governmental funds.	(2,806,495)
This amount is the net other post-employment benefits obligation (OPEB) recorded at the government-wide level, not recorded in the funds.	(362,520)
This amount is the net pension liability (FRRF) recorded at the government-wide level, not recorded in the funds.	(13,635,021)
This amount is the net deferred inflow/outflow recorded at the government-wide level, not recorded in the funds.	5,832,194
The long-term portion of compensated absences is not due and payable in the current period and therefore is not reported in the funds.	(1,951,058)
Internal service funds are used by management to charge the costs of various services to individual funds. The governmental portion of the assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	<u>11,822,918</u>
Total net position - governmental activities	<u><u>\$ 104,553,256</u></u>

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

CITY OF UNIVERSITY PARK, TEXAS
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds

For the Year Ended September 30, 2017

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Property tax	\$ 18,477,455	\$ -	\$ -	\$ 18,477,455
Sales tax	4,421,709	-	-	4,421,709
Franchise fees	2,072,947	-	-	2,072,947
Permits and licenses	1,858,996	-	-	1,858,996
Fines	896,116	-	24,200	920,316
Charges for services	1,882,041	-	-	1,882,041
Other	1,270,077	-	318	1,270,395
Investment income	353,280	41,227	67	394,574
Donations	-	-	98,836	98,836
	<u>31,232,621</u>	<u>41,227</u>	<u>123,421</u>	<u>31,397,269</u>
EXPENDITURES				
Current:				
General Government	7,876,147	128	65,368	7,941,643
Public Safety	13,545,910	-	1,790	13,547,700
Streets	1,706,388	-	-	1,706,388
Parks	3,223,365	-	31,979	3,255,344
Public Works	2,548,586	-	-	2,548,586
Capital Outlays	-	2,600,773	-	2,600,773
	<u>28,900,396</u>	<u>2,600,901</u>	<u>99,137</u>	<u>31,600,434</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,332,225</u>	<u>(2,559,674)</u>	<u>24,284</u>	<u>(203,165)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	3,747,854	-	3,747,854
Transfers out	<u>(4,136,414)</u>	<u>-</u>	<u>(7,665)</u>	<u>(4,144,079)</u>
Total other financing sources (uses)	<u>(4,136,414)</u>	<u>3,747,854</u>	<u>(7,665)</u>	<u>(396,225)</u>
Net change in fund balances	(1,804,189)	1,188,180	16,619	(599,390)
Fund balances - beginning	<u>28,793,761</u>	<u>9,966,009</u>	<u>294,025</u>	<u>39,053,795</u>
Fund balances - ending	<u>\$ 26,989,572</u>	<u>\$ 11,154,189</u>	<u>\$ 310,644</u>	<u>\$ 38,454,405</u>

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

CITY OF UNIVERSITY PARK, TEXAS
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities

For the Year Ended September 30, 2017

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

Net change in fund balances - total governmental funds \$ (599,390)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period, exclusive of the capital asset activity of internal service funds.

Capital expenditures	2,600,773	
Depreciation expense	369,566	
		2,970,339

Revenues in the statement of activities that do not provide current financial resources are not reported as expenditures in the funds. (22,788)

This amount is the net effect from the sales of capital assets at the government-wide level, not recorded in the funds. (43,690)

This amount is the net TMRS pension expense recorded at the government-wide level, not recorded in the funds. (1,396,423)

This amount is the net other post-employment benefits expense recorded at the government-wide level, not recorded in the funds. (19,140)

This amount is the net FRRF pension expense recorded at the government-wide level, not recorded in the funds. (907,365)

This amount is the change in the long-term portion of compensated absences, and as such, it is not reported in the funds. 114,280

Internal service funds are used by management to charge the costs of vehicle service, repair and replacement and various insurance services to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. 521,717

Change in net position of governmental activities \$ 617,540

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

CITY OF UNIVERSITY PARK, TEXAS
Statement of Net Position
Proprietary Funds

September 30, 2017

	Business type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds	
	Water and Sewer	Sanitation	Nonmajor Enterprise Fund - Stormwater		Total
ASSETS					
Current assets					
Cash and cash equivalents	\$ 3,414,410	\$ -	\$ 454,851	\$ 3,869,261	\$ 2,532,132
Investments	994,606	-	-	994,606	1,996,446
Receivables (net of allowance)	2,538,702	420,086	62,003	3,020,791	9,072
Due from other funds	2,013,978	4,686,162	1,255,396	7,955,536	10,022,629
Prepays	-	45,808	-	45,808	10,970
Total current assets	<u>8,961,696</u>	<u>5,152,056</u>	<u>1,772,250</u>	<u>15,886,002</u>	<u>14,571,249</u>
Non-current assets					
Prepays	-	389,372	-	389,372	-
Restricted cash	418,910	-	-	418,910	-
Capital assets:					
Land	108,758	-	-	108,758	-
Buildings	54,594	-	-	54,594	-
Improvements other than buildings	90,824,600	-	-	90,824,600	-
Machinery and equipment	115,077	258,490	-	373,567	12,398,818
Construction in progress	2,293,580	-	-	2,293,580	-
Less accumulated depreciation	(40,764,588)	(115,783)	-	(40,880,371)	(5,780,310)
Total capital assets (net of accumulated depreciation)	<u>52,632,021</u>	<u>142,707</u>	<u>-</u>	<u>52,774,728</u>	<u>6,618,508</u>
Total non-current assets	<u>53,050,931</u>	<u>532,079</u>	<u>-</u>	<u>53,583,010</u>	<u>6,618,508</u>
Total assets	<u>62,012,627</u>	<u>5,684,135</u>	<u>1,772,250</u>	<u>69,469,012</u>	<u>21,189,757</u>
DEFERRED OUTFLOW OF RESOURCES					
Difference in expected and actual pension investment experience	5,159	5,508	-	10,667	972
Changes in pension actuarial assumption	153,625	126,445	-	280,070	61,375
Difference in projected and actual pension investment earning	482,830	391,671	-	874,501	188,652
Pension contributions after measurement date	103,406	80,707	-	184,113	32,788
Total deferred outflow of resources	<u>745,020</u>	<u>604,331</u>	<u>-</u>	<u>1,349,351</u>	<u>283,787</u>
LIABILITIES					
Current liabilities					
Accounts payable	157,104	9,793	20,614	187,511	60,100
Accrued liabilities	274,537	48,054	4	322,595	300,554
Unearned revenue	-	45,808	-	45,808	-
Accrued compensated absences	144,004	82,907	-	226,911	54,161
Due to other funds	2,108,001	3,459,825	-	5,567,826	2,033,542
Total current liabilities	<u>2,683,646</u>	<u>3,646,387</u>	<u>20,618</u>	<u>6,350,651</u>	<u>2,448,357</u>
Non-current liabilities					
Unearned revenue	-	369,372	-	369,372	-
Net pension liability - TMRS	441,052	383,950	-	825,002	180,780
Customer deposits - payable from restricted cash	418,910	-	-	418,910	-
Accrued compensated absences	223,961	117,220	-	341,181	59,079
Total non-current liabilities	<u>1,083,923</u>	<u>870,542</u>	<u>-</u>	<u>1,954,465</u>	<u>239,859</u>
Total liabilities	<u>3,767,569</u>	<u>4,516,929</u>	<u>20,618</u>	<u>8,305,116</u>	<u>2,688,216</u>
NET POSITION					
Investment in capital assets	52,632,021	142,707	-	52,774,728	6,618,508
Unrestricted	6,358,057	1,628,830	1,751,632	9,738,519	12,166,820
Total net position	<u>\$ 58,990,078</u>	<u>\$ 1,771,537</u>	<u>\$ 1,751,632</u>	<u>62,513,247</u>	<u>\$ 18,785,328</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				<u>6,962,410</u>	
Net position of business type activities				<u>\$ 69,475,657</u>	

CITY OF UNIVERSITY PARK, TEXAS
Statement of Revenues, Expenses, and
Changes in Fund Net Position
Proprietary Funds

For the Year Ended September 30, 2017

	<u>Business type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>	
	<u>Water and Sewer</u>	<u>Nonmajor Enterprise Fund -</u>			
		<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>	
Operating revenues					
Charges for sales and services:					
Water sales	\$ 9,656,608	\$ -	\$ -	\$ 9,656,608	\$ -
Sewer	5,682,910	-	-	5,682,910	-
Refuse collection	-	2,728,123	-	2,728,123	-
Recycling	-	333,383	-	333,383	-
Stormwater	-	-	437,057	437,057	-
Charges for service	-	-	-	-	1,846,364
Premiums	-	-	-	-	4,176,772
Other revenue	737,609	-	-	737,609	200
Total operating revenues	<u>16,077,127</u>	<u>3,061,506</u>	<u>437,057</u>	<u>19,575,690</u>	<u>6,023,336</u>
Operating expenses					
Personnel services	2,990,102	2,232,404	-	5,222,506	900,873
Contractual and other services	8,507,960	774,565	171,759	9,454,284	210,162
Depreciation	1,994,166	6,769	-	2,000,935	777,696
Supplies and other	364,098	113,269	4,745	482,112	26,801
Administrative and fiscal services	700,000	-	-	700,000	878,365
Claims paid and change in estimate	-	-	-	-	2,650,841
Total operating expenses	<u>14,556,326</u>	<u>3,127,007</u>	<u>176,504</u>	<u>17,859,837</u>	<u>5,444,738</u>
Operating income (loss)	<u>1,520,801</u>	<u>(65,501)</u>	<u>260,553</u>	<u>1,715,853</u>	<u>578,598</u>
Nonoperating revenues					
Investment income	28,048	7,758	3,185	38,991	40,764
Gain on sale of capital assets	-	-	-	-	104,354
Income (loss) before transfers	<u>1,548,849</u>	<u>(57,743)</u>	<u>263,738</u>	<u>1,754,844</u>	<u>723,716</u>
Transfers					
Transfers from other funds	388,560	-	-	388,560	7,665
Total transfers	<u>388,560</u>	<u>-</u>	<u>-</u>	<u>388,560</u>	<u>7,665</u>
Change in net position	1,937,409	(57,743)	263,738	2,143,404	731,381
Total net position - Beginning	<u>57,052,669</u>	<u>1,829,280</u>	<u>1,487,894</u>		<u>18,053,947</u>
Total net position - Ending	<u>\$58,990,078</u>	<u>\$1,771,537</u>	<u>\$ 1,751,632</u>		<u>\$ 18,785,328</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				<u>209,665</u>	
Change in net position of business type activities				<u>\$ 2,353,069</u>	

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

CITY OF UNIVERSITY PARK, TEXAS
Statement of Cash Flows
Proprietary Funds

For the Year ended September 30, 2017

	<u>Business type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>	
	<u>Water and Sewer</u>	<u>Nonmajor Enterprise Fund -</u>			
		<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$15,960,171	\$ 3,026,453	\$ 433,409	\$19,420,033	\$ 6,019,556
Payments to other funds	(2,313,959)	(1,032,479)	(270,507)	(3,616,945)	(786,565)
Payments to suppliers	(9,845,563)	(894,054)	(162,902)	(10,902,519)	(1,976,807)
Payments to employees	(2,769,696)	(2,062,562)	-	(4,832,258)	(807,338)
Net cash provided by (used in) operating activities	<u>1,030,953</u>	<u>(962,642)</u>	<u>-</u>	<u>68,311</u>	<u>2,448,846</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(1,433,714)	(44,580)	-	(1,478,294)	(2,677,919)
Transfers from other funds	388,560	-	-	388,560	7,665
Proceeds from sale of capital assets	-	-	-	-	173,121
Net cash used in capital and related financing activities	<u>(1,045,154)</u>	<u>(44,580)</u>	<u>-</u>	<u>(1,089,734)</u>	<u>(2,497,133)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investment securities	-	-	-	-	(1,996,600)
Proceeds from the sale and maturities of investment securities	-	1,000,000	-	1,000,000	2,000,000
Interest on investments	41,046	7,222	3,185	51,453	41,352
Net cash provided by investing activities	<u>41,046</u>	<u>1,007,222</u>	<u>3,185</u>	<u>1,051,453</u>	<u>44,752</u>
Net increase (decrease) in cash and cash equivalents	26,845	-	3,185	30,030	(3,535)
Cash and cash equivalents (including \$401,550 restricted cash), beginning of year	3,806,475	-	451,666	4,258,141	2,535,667
Cash and cash equivalents (including \$418,910 restricted cash), end of year	<u>\$ 3,833,320</u>	<u>\$ -</u>	<u>\$ 454,851</u>	<u>\$ 4,288,171</u>	<u>\$ 2,532,132</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 1,520,801	\$ (65,501)	\$ 260,553	\$ 1,715,853	\$ 578,598
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	1,994,166	6,769	-	2,000,935	777,696
Increase in due from other funds	(504,955)	(1,133,733)	(270,507)	(1,909,195)	(804,374)
Increase in pension and deferred outflow	235,786	182,224	-	418,010	76,828
Increase in accounts receivable	(134,316)	(35,830)	(3,648)	(173,794)	-
Decrease in prepaid expenses	-	45,809	-	45,809	1,752,143
(Increase) decrease in interest receivable	-	777	-	777	(4,004)
Increase (decrease) in accrued liabilities	(271,525)	(18,602)	13,602	(276,525)	54,150
Decrease in unearned gain	-	(45,809)	-	(45,809)	-
Increase (decrease) in due to other funds	(1,809,004)	101,254	-	(1,707,750)	17,809
Total adjustments	<u>(489,848)</u>	<u>(897,141)</u>	<u>(260,553)</u>	<u>(1,647,542)</u>	<u>1,870,248</u>
Net cash provided by (used in) operating activities	<u>\$ 1,030,953</u>	<u>\$ (962,642)</u>	<u>\$ -</u>	<u>\$ 68,311</u>	<u>\$ 2,448,846</u>
NON-CASH INVESTING ACTIVITIES					
Change in the fair value of investments	<u>\$ (9,001)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,001)</u>	<u>\$ (1,199)</u>

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

CITY OF UNIVERSITY PARK, TEXAS
Notes to Financial Statements
September 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the City of University Park (“the City”) relating to the funds included in the accompanying financial statements conform to the generally accepted accounting principles in the United States of America applicable to local governments. The following represent the more significant accounting and reporting policies and practices used by the City.

A. Reporting entity

The City was incorporated April 17, 1924, to operate as a general law city. Until 1989, a three-member Board of Commissioners served as the elected governing body. On November 9, 1989, University Park voters approved a Home Rule Charter, and the governing body for the City became the five-member City Council. The City is regulated by the Code of State Statutes of the State of Texas and is authorized to provide the following services: public safety (police and fire), public works, planning, building inspection, sanitation, water and sewer utilities, and general administrative services.

The accompanying financial statements present the government and its component units, entities for which the government is considered financially accountable. The blended component unit, although a legally separate entity, is in substance part of the government’s operations. See note below for description to emphasize that it is legally separate from the government.

Blended component unit. The University Park Civic Foundation, Inc. (“the Foundation”) is a tax-exempt, non-profit corporation established in 1987 to promote public safety as well as charitable, scientific, literary and educational activities. The Foundation was created to make monetary contributions to the City for the general public purpose of assisting the City in undertaking any lawful civic endeavor. Although the Foundation’s Board of Directors appoints its own successors, by practice the Board has always been comprised of three University Park City Council members. The City’s Director of Finance also serves as the Foundation’s Assistant Secretary/Assistant Treasurer. The Foundation is reported as a special revenue fund in the City’s financial statements and does not issue separate audited financial statements.

Discretely presented component units. Created with assistance from the City in 1985, the Texas Higher Education Authority, Inc. (“THEA”) provides low-interest construction loans to private higher education institutions. The City Council appoints all Board members of THEA, and may remove them at will. Upon dissolution, THEA’s net worth will revert to the City. THEA’s operating and capital expenditures, including debt service, were financed entirely by its bond issues. Subsequent to the mandatory redemption of all outstanding bonds in December of 2003, substantially all of THEA’s remaining net worth was transferred to the City. THEA is reported as an enterprise fund and has a December 31, fiscal year-end. THEA is comprised of a single fund, and separate financial statements are not prepared. In accordance with the resolution of the Board, all fund balances in THEA were transferred to the City during fiscal year 2013. Although THEA has not been dissolved, there were no transactions during fiscal year 2017. Therefore, this component unit is not presented in the City’s fiscal year 2017 financial statements.

A second discretely presented component unit, the Southwest Higher Education Authority, Inc. (“SWHEA”), issues tax-exempt debt solely for the benefit of Southern Methodist University. Sponsored by the City, SWHEA was incorporated in 1983. The City Council appoints all Board members of SWHEA

CITY OF UNIVERSITY PARK, TEXAS
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and may remove them at will. SWHEA pays the City a fee of \$15,000 for each bond issuance up to \$50 million, a fee of \$20,000 for an issue from \$50 to \$100 million, and a fee of \$25,000 for an issue over \$100 million. During FY17, SMU has refunded two of their bonds and as of September 30, 2017, SWHEA had issued/refunded eight series of bonds with an aggregate outstanding principal amount payable of \$516,620,000. These bonds are considered conduit debt of SWHEA and are reported in the financial statements of Southern Methodist University. SWHEA is reported as an enterprise fund and has a December 31 fiscal year-end. SWHEA is comprised of a single fund, and separate financial statements of SWHEA are not prepared. This component unit is presented in the City's fiscal year 2017 government-wide financial statements.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information of all of the non-fiduciary activities of the City 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 from support. Likewise, the primary government is reported separately from the discretely presented component units which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, fees, interest and other items not properly included among program revenues are reported 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.

C. Measurement focus, basis of accounting, and financial statements presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem taxes are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the

CITY OF UNIVERSITY PARK, TEXAS

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government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences, claims, and judgments are recorded only when payment is due.

Ad valorem taxes, sales taxes, franchise fees, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

General Fund – Accounts for the ordinary operations of the City financed from taxes and other general revenues. It is used to account for all financial resources except those required to be accounted for in another fund by law or contractual agreement.

Capital Projects Fund – Accounts for the acquisition of capital assets or the construction of major capital projects not being financed by proprietary funds.

The City reports the following major and nonmajor proprietary funds:

Water and Sewer Fund – Accounts for the provision of water and sewer services to the residents of the City.

Sanitation Fund – Accounts for the provision of sanitation services to the residents of the City.

Stormwater Fund – Accounts for the provision of stormwater services to the residents of the City.

The City reports the following additional funds:

Nonmajor governmental special revenue funds:

University Park Civic Foundation – Accounts for the donations to and activities of the University Park Civic Foundation.

Court Security – Accounts for the collection and use of the Municipal Court security fee charged to defendants in accordance with state law.

Court Technology – Accounts for the collection and use of the Municipal Court technology fee charged to defendants in accordance with state law.

Police Training and Education – Accounts for the use of monies received for police training and education purposes.

Police Forfeiture – Accounts for awards of monies by the courts to the Police Department. The administration of this fund is legally restricted to the police and the resources are to be used for police activities.

Fire Training and Education – Accounts for the use of monies received for Fire Department training and education.

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Library – Accounts for the use of monies received for the City library.

Parks Projects and Programs – Accounts for the use of monies received for City park projects and programs.

Internal service funds:

Equipment Services Fund – Accounts for the costs associated with the acquisition and maintenance of specific equipment through the rental of it to other departments.

Comprehensive Self-Insurance Fund – Accounts for the costs associated with the general liability, property and casualty, workers' compensation, and employee health self-insurance program established by the City.

As a general rule, the effect of interfund activities has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's business type functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues generally include charges to customers or applicants for goods, services, or privileges provided. Franchise fees, interest earnings and donations are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods or services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the government's water and sewer, sanitation and stormwater enterprise funds and of the equipment service and self-insurance internal service funds are charges to customers for sales or services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental fund balances are presented in accordance with Governmental Accounting Standards Board (GASB) Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54, are Nonspendable, Restricted, Committed, Assigned and Unassigned. These classifications reflect not only the nature of the funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is the residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance. In all other governmental funds, an unassigned balance is limited to negative residual fund balance. For further explanation of the various fund balance classifications refer to Note I.D.9.

CITY OF UNIVERSITY PARK, TEXAS

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D. Assets, liabilities, and net position or fund balance

1. Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The City uses a pooled cash approach, in which only one fund (the General Fund) has a "cash" account for making investment transactions.

Obligations with maturities of one year or less when purchased are reported at their amortized cost, while investments with maturities greater than one year are reported at fair value. Nonparticipating investment contracts, generally certificates of deposit, are reported at cost. Interest income is allocated to the individual funds based on the funds' proportion of the pooled investments, or specific investment holdings.

The City's investment policy permits investments in U.S. Treasury and Agency obligations, municipal securities, certificates of deposit, local government investment pools, certain money market mutual funds and repurchase agreements. The investment policy is reviewed and approved annually by the Finance Advisory Committee and the City Council and includes all City funds.

2. Receivables and payables

All outstanding balances between funds are reported as "due to/from other funds." Residual balances outstanding between the governmental activities and 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 uncollectible amounts. Trade accounts receivable over 365 days old are the basis for the trade accounts receivable allowance for uncollectible amounts.

Property taxes are levied as of October 1 on property values assessed as of the prior January 1. They are considered past due 120 days after the respective tax billing date, at which time an enforceable lien attaches.

3. Inventories and prepaid items

Inventories are valued at a weighted average cost. In accordance with the consumption method of accounting, inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

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4. Restricted assets

The City classifies customer deposits in proprietary funds and assets from nonmajor governmental funds as restricted.

5. Interfund transactions

Reimbursements between funds are recorded as expenditures or expenses in the reimbursing fund and reductions of expenditures or expenses in the reimbursed fund. All legally authorized transfers are included in the results of operations of both governmental and proprietary funds.

The City's internal service funds – Equipment Services and Comprehensive Self-Insurance – record charges for services as operating revenues. The respective user funds record the related operating expenditures or expenses, as appropriate.

Nonrecurring or non-routine transfers of equity between funds – for example, the transfer of residual balances of discontinued funds to other funds – are accounted for as transfers.

Transactions that occur between the primary government and the component units are classified as “due to/from the primary government/component unit.”

6. Capital assets

Capital assets, which include land, buildings, improvements, infrastructure (e.g., roads, bridges, sidewalks and similar items) and equipment are reported in the applicable governmental or business type activities columns in the government-wide financial statements. Capital assets are defined by the City as either assets with an individual cost of more than \$5,000 or capital projects exceeding \$50,000, with an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not capitalized.

The City's capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Improvements	20-30
Infrastructure	40
Equipment	4-25

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7. Compensated absences

It is City policy to permit employees to accumulate certain limited vacation and sick pay benefits. The equivalent of two years of earned but unused vacation earnings may be accumulated and carried over from year to year. Any vacation leave in excess of this amount is forfeited. Upon termination in good standing, employees are paid for unused vacation.

Employees are able to accumulate unlimited sick leave while employed. However, a maximum of 90 days accumulated sick leave will be paid out upon retirement. Any unused sick leave above this amount is forfeited. A liability has been recognized for the portion of vacation and accumulated sick leave benefits estimated payable in both the following year and upon retirement for all employees. The retirement of this liability is paid from the General Fund, Proprietary Funds or Internal Service Funds based upon the assignment of the employee at termination.

8. Long-term obligations

In addition to the portion of compensated absences estimated payable after September 30, 2017, the City also recognizes the actuarially determined net pension liability and other post-employment benefits as long-term obligations of the City.

9. Fund balance

In accordance with GASB 54, the City classifies governmental fund balance as follows:

Nonspendable Fund Balance – Includes fund balance amounts that cannot be spent either because they are not in a spendable form, or because of legal or contractual requirements.

Spendable Fund Balance

Restricted – Includes fund balance amounts that can only be spent for the particular purpose stipulated by external resource providers either contractually, constitutionally or through enabling legislation.

Committed – Includes fund balance amounts that can only be spent for the specific purposes determined by formal action of the government's highest level of decision-making authority.

Commitments may be modified or rescinded only by the government taking the same formal action that imposed the constraint originally. In the City of University Park, fund balance is committed by resolution of the City Council.

Assigned – Includes amounts intended to be used by the government for specific purposes. For this purpose, intent may be expressed by the governing body or by an official or body to which the governing body has delegated such authority. In accordance with the City Financial Management Policies, the City Council has authorized the City Manager to assign fund balance to a specific purpose. In practice, actions resulting in the assignment of fund balance may be

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taken by department directors. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned – Includes the residual positive fund balance within the General Fund and includes all amounts not contained in any of the above classifications. Unassigned fund balance is available for any valid governmental purpose and may include negative balances for any governmental fund in which expenditures exceed the amount restricted, committed or assigned for those specific purposes. In accordance with the City Financial Management Policies, “it is the goal of the City to achieve and maintain an unassigned fund balance in the General Fund equal to at least 30 days of expenditures to mitigate financial risk that can occur from unforeseen revenue fluctuations, significant unanticipated expenditures and natural disasters.”

When multiple categories of fund balance are available for expenditure, the City will first spend the most restricted category of funds before spending the next most restricted category with available funds. Normally, this will result in the uses of committed, then assigned, and lastly, unassigned fund balance when expenditures are made, with the exception of the emergency reserve established by the City Council. Under normal circumstances, the City would first elect to utilize unassigned fund balance before considering the use of its emergency funds.

Although established by ordinance in 1976 and again in 1980, the City Council re-authorized the maintenance of a \$2,500,000 emergency reserve during fiscal 2011 through the adoption of Resolution 11-08. The emergency reserve “shall be available for expenditure upon authorization of the City Council for emergency relief of economic or natural disaster or other urgent purpose for which the Council sees fit.”

The following is an explanation of the fund balance classifications, other than those assigned, as presented on the Governmental Funds Balance Sheet:

Nonspendable Fund Balance – The portion of fund balance indicating items (such as inventory) that are not in spendable form.

Restricted Fund Balance – Includes fund balance amounts that can only be spent for the particular purpose stipulated by external resource providers either contractually, constitutionally or through enabling legislation.

Committed Fund Balance

SMU Land Sale – Committed by City Council resolution to remain invested in the General Fund providing interest earnings until such time as recommendations for use are made by a special review committee.

Emergency Expenditures – Committed by City Council resolution for emergency expenditures. May be added as necessary to future budgets by supplemental appropriations action.

SMU PILOT (Payment In Lieu of Taxes) – Committed by City Council resolution to remain invested in perpetuity, providing interest earnings to the General Fund.

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10. Pensions

For purposes of measuring the net pension asset and liability, deferred outflows 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 Firemen's Relief and Retirement Fund (FRRF) and additions to/deductions from TMRS's and FRRF's fiduciary net position have been determined on the same basis as they are reported by TMRS and FRRF. 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. The City allocates the net pension asset and liability, deferred outflows of resources, deferred inflows of resources and pension expenses based on the employee count in each functional areas. Investments are reported at fair value.

11. Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position and/or Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The deferred outflows of resources are reported in the government-wide statement of net position for governmental and business activities, and at the fund level for the proprietary statement of net position.

The City has four items that qualify for reporting in this category: (1) The City's pension plan contributions made from the measurement date of the pension plan to the current fiscal year end are deferred and will be recognized in the subsequent fiscal year. (2) The difference between projected and actual earnings on pension plan investments are deferred and recognized as pension plan expense over a closed five-year period as required by GASB 68. (3) The difference between the expected experience and the actual experience in the actuarial measurement of the total TMRS pension liability not recognized in the current year. (4) The changes in actuarial assumption for the current year. The last two amounts are deferred and amortized over a period of years determined by the plan actuary. The amortization period is based on the estimated average remaining service lives of employees that are provided with a pension through the pension plan (active and inactive employees) for the City determined as the beginning of the measurement date.

In addition to liabilities, the Statement of Net Position and/or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The City has one item each that qualifies for reporting in this category for governmental fund and government-wide level. At the governmental fund level, revenues that have been billed but not yet collected are reported as unavailable revenues. This amount is deferred and recognized as an inflow of resources in the period it becomes available to the City. In the government-wide level, the difference between the expected experience and the actual experience in the actuarial measurement of the total FRRF pension liability not recognized in the current year. This amount is deferred and amortized over a period of years determined by the plan actuary.

CITY OF UNIVERSITY PARK, TEXAS
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E. Implementation of new accounting principles

The GASB has issued the following pronouncements which became effective for the fiscal year 2017.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* is effective for fiscal years beginning after June 15, 2016. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. There was no impact on disclosures as this statement is not applicable to the City.

GASB Statement No. 77, *Tax Abatement Disclosures* is effective for reporting periods beginning after December 15, 2015. This Statement requires disclosure of tax abatement information in order to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. There was no impact upon implementation of this statement. There was no impact on disclosures as this statement is not applicable to the City.

GASB Statement No. 80, *Blending Requirements for Certain Component Units—An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. There was no impact on disclosures.

GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. See Note D.

The GASB has issued the following statements which will be effective in future years as described below. The impact on the City's financial statements of implementation has not yet been determined for the following:

GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* is effective for fiscal years beginning after June 15, 2017. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits

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other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for periods beginning after December 15, 2016.

GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for periods beginning after June 15, 2018.

GASB Statement No. 84, *Fiduciary Activities* is effective for periods beginning after December 15, 2018. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

GASB Statement No. 85, *Omnibus 2017* is effective for periods beginning after June 15, 2017. This Statement will enhance consistency in the application of accounting and financial reporting requirements. Consistent reporting will improve the usefulness of information for users of state and local government financial statements.

GASB Statement No. 86, *Certain Debt Extinguishments* is effective for periods beginning after June 15, 2017. The Primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

GASB Statement No. 87, *Leases* is effective for periods beginning after December 15, 2019. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

CITY OF UNIVERSITY PARK, TEXAS
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II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles in the United States of America applicable to local governments. All annual appropriations lapse at fiscal year-end.

The appropriated budget is prepared by fund and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments within a single fund require the approval of the City Manager. Transfers between funds must be accomplished by budget amendment approved by the City Council.

Encumbrance accounting is employed in governmental funds. Encumbrances outstanding at year end are reported as assignments of fund balance and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

B. Excess of expenditures over appropriations

For the year ended September 30, 2017, expenditures exceeded appropriations in the Finance, Human Resources, Information Service and Library departments (the legal level of budgetary control) of the General Fund by \$53,166. The over-expenditure in these departments was offset by lower than anticipated spending in other departments within the General Fund.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits

1. Cash

At September 30, 2017, the carrying amount of the City's bank deposits was \$16,416,253 and the bank balance was \$17,057,284. The City's bank deposits at year-end were covered by federal depository insurance or by pledged collateral held by the City's agent in the City's name, with the exception of a minor balance held in an ambulance billing lockbox account. As of September 30, 2017, deposits totaled \$6,040,268 were collateralized in the City's name. Cash on hand equaled \$2,200. Restricted cash totaled \$729,554.

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2. Cash equivalents

The City participates in three investment pools. They include:

TexPool – a State of Texas sponsored state investment pool composed of U.S. government obligations, repurchase agreements, and AAA-rated money market mutual funds; and

TexSTAR (Texas Short Term Asset Reserve Program) – a local government investment pool composed primarily of U.S. Treasury securities, U.S. agency securities – both fixed and floating – and government-repurchase agreement collateralized obligations, the principal and interest of which are unconditionally guaranteed or insured by the full faith and credit of the United States or its agencies or its instrumentalities; and

TexasDAILY – a local government investment pool composed of high-quality money-market instruments backed by the U.S. government or any of its agencies or instrumentalities, as well as repurchase agreements backed by these securities, and certificates of deposits.

Texpool and TexasDaily use amortized cost rather than fair value to report net position to compute share prices. TexStar uses the fair value of the position in the pools which approximates net asset value of the pool shares.

As of September 30, 2017, the City held the following deposits in pooled funds:

Pool:	Weighted Average Maturity (in Days)	Credit Rating (Standard & Poor's)
TexPool \$ 135,259	1	AAAm
TexSTAR 1,385,529	1	AAAm
TexasDaily 14,069,146	1	AAAm
\$ 15,589,934		

B. Investments and Deposits

	Inputs as of 09/30/2017	Weighted Average Maturity (in Days)
	Bank Balance Book Balance	
Certificates of Deposit	\$ 13,683,186 \$ 13,651,439	651

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CITY OF UNIVERSITY PARK, TEXAS

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September 30, 2017

Fair Value Measurements – The City categorizes its fair value measurements within the fair market value hierarchy established by generally accepted accounting principles in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset as of September 30, 2017. The three levels of the fair value hierarchy are described as follows:

- i. Level 1 – Quoted prices (unadjusted) in active markets for identical assets. These types of investments primarily include common stock and equities traded on public exchanges.
- ii. Level 2 – Significant observable inputs for the asset other than quoted prices included within Level 1 that are observable for similar securities, but not exact. These types of investments include US Government obligations and obligations of government agencies.
- iii. Level 3 – Significant unobservable inputs for an assets, as they trade infrequently or not at all. (The City does not value any investments using Level 3 inputs.)

As of September 30, 2017, the City held the following investments:

Investment Type	Inputs as of 09/30/2017			Weighted Average Maturity (in Days)
	Level 1	Level 2	Level 3	
U.S. Agencies	\$ -	\$ 11,970,963	\$ -	522

The City's recurring fair value measurements for the Level 2 US Agencies investments of \$12M are valued using quoted prices for similar assets in active markets.

Investments weighted average maturity	591
Combined (pooled funds and investments) weighted average maturity	261

Interest rate risk – In accordance with its annually adopted investment policy, the City manages its exposure to declines in fair value by limiting the combined weighted average maturity of its portfolio to no more than 548 days, while employing a “buy and hold” strategy. For purposes of the calculation, the combined weighted average also includes pooled fund deposits, which from a city investment perspective have a weighted average maturity of one day.

Credit risk – The investments reported above meet the criteria specified in the City’s investment policy relative to those specific types of instruments.

- i. Obligations of the United States or its agents and instrumentalities with a maturity not to exceed five (5) years from the date of purchase issued by, guaranteed by, or for which the credit of any of the following Federal Agencies and Instrumentalities are pledged for payment: Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB) and

CITY OF UNIVERSITY PARK, TEXAS
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Federal Agricultural Mortgage Corporation (FAMC). Each of the City's purchased investments was rated at least AA+ by Standard and Poor's.

- ii. Certificates of Deposit issued by a depository institution with a main office or branch in Texas that are guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC), or secured by obligations or unconditional guarantees of the United States or its agencies and instrumentalities, the State of Texas or its agencies, or obligations of states, agencies, counties, cities and other political subdivision of any state having been rated as to investment quality by a nationally recognized investment firm not less than "A" or its equivalent.

Concentration of credit risk – It is the policy of the City to avoid a concentration of assets in a specific maturity, a specific issue or a specific class of securities. The applicable limits on the City's current investment are: U.S. Treasuries and Cash (100%), U.S. Agencies (60%), Certificates of Deposit (30%) and Local Government Investment Pools (50%). The actual percentages of these deposits and investments at September 30, 2017 are 28%, 21%, 24% and 27%, respectively.

Custodial credit risk of investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. It is the policy of the City to mitigate this risk by contracting with third-party banks for the safekeeping of securities either owned by the City as part of its investment portfolio or held as collateral to secure certificates of deposit or repurchase agreements. Settlement of all investment transactions are on a delivery versus payment basis, and all securities are held by the third party custodian in the name of the City.

C. Receivables

Receivables as of year-end for the City's individual major, non-major and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Capital Projects	Water and Sewer	Sanitation	Stormwater	Internal Service	Total
Receivables:							
Ad Valorem tax	\$ 201,676	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 201,676
Sales Tax	893,870	-	-	-	-	-	893,870
Franchise	457,890	-	-	-	-	-	457,890
Customers	1,180,680	-	2,588,389	432,586	62,003	-	4,263,658
Interest	89,143	3,290	3,313	-	-	4,296	100,042
Other	51,591	-	-	-	-	4,776	56,367
Gross Receivables	2,874,850	3,290	2,591,702	432,586	62,003	9,072	5,973,503
Less: Allowance for Uncollectibles	(207,827)	-	(53,000)	(12,500)	-	-	(273,327)
Net Total Receivables	\$ 2,667,023	\$ 3,290	\$ 2,538,702	\$ 420,086	\$ 62,003	\$ 9,072	\$ 5,700,176

CITY OF UNIVERSITY PARK, TEXAS
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Ad Valorem (Property) tax attaches as an enforceable lien on property as of January 1. The tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. Assessed values are established at 100% of estimated market value and certified by the Dallas County Appraisal District. The assessed value of real and personal property on the tax roll as of January 1, 2016 was \$11,164,307,020. The taxable value (assessed value less exemptions) upon which the fiscal 2017 levy was based was \$7,416,287,915.

The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services, including the payment of principal and interest on general obligation long-term debt. The City Charter does not provide for a debt limit. The tax rate for the year ended September 30, 2017 was \$0.248761 per \$100, all of which was allocated to the general government.

Taxes are due October 1, the levy date. Full payment can be made prior to the following January 31 to avoid penalty and interest charges. Current tax collections for the year ended September 30, 2017 were 99% of the tax levy.

Property taxes levied for fiscal year 2017 have been recorded as receivables, net of estimated uncollectible amounts. The net receivables collected during 2017 and those considered "available" at September 30, 2017 (i.e., property taxes collected within 60 days of year-end) have been recognized as revenues in 2017. The remaining receivables have been reflected as unavailable revenue in the fund statements.

In Texas, countywide central appraisal districts are required to assess all property within the appraisal district at 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every three years; however, the City may, at its own expense, request annual reviews of appraised values. The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action. Under this legislation, the City sets the tax rate on City property.

Sales and use tax is authorized under state law with the City's levy equal to one percent of taxable sales and uses. The Texas Comptroller of Public Accounts collects all sales and use taxes on behalf of the City, remitting all taxes collected less a 2% service fee to the City on a monthly basis.

The State of Texas utilizes origin based sourcing for municipal sales and use tax. Under this approach, sales and use tax is sourced to the taxing jurisdiction in which the selling business is located regardless of where in the state the purchaser resides or the product is shipped. Origin sourcing can produce large individual sales and use tax payers to specific jurisdictions. Additionally, sales and use tax can fluctuate not only due to general economic factors but also due to relocations of businesses between taxing jurisdictions. The identity of and the amount paid by individual sales and use tax payers is strictly confidential under state law.

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CITY OF UNIVERSITY PARK, TEXAS
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D. Prepaid expenses

In 1997, the City exchanged land with an original value of \$20,000 for a reduction in landfill tipping fees for the next 28 years with the City of Garland. The present value of the tipping fees is reflected in the financial statements as a prepaid expense and unearned revenue in the Sanitation Fund.

In 2017, the City entered into various agreements to purchase services and assets which are to be delivered during 2018. The City has entered into an agreement to install two fixed license plate readers, and the value of \$10,970 is reflected in the Equipment Service Fund.

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CITY OF UNIVERSITY PARK, TEXAS
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E. Capital assets

Capital asset activity for the year ended September 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirement / Sale</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 7,041,359	\$ 3,257,007	\$ -	\$ -	\$ 10,298,366
Construction in progress	6,354,618	2,600,772	-	(7,065,493)	1,889,897
Capital assets, being depreciated					
Buildings	17,498,780	-	-	-	17,498,780
Improvements	38,425,237	7,200	-	6,877,931	45,310,368
Equipment	16,043,033	2,765,962	(1,196,550)	-	17,612,445
Infrastructure	12,870,590	-	-	-	12,870,590
Total capital assets	<u>98,233,617</u>	<u>8,630,941</u>	<u>(1,196,550)</u>	<u>(187,562)</u>	<u>105,480,446</u>
Less accumulated depreciation for:					
Buildings	(4,755,818)	(440,923)	-	-	(5,196,741)
Improvements	(11,438,234)	(1,587,670)	-	-	(13,025,904)
Equipment	(8,999,798)	(1,245,014)	1,106,668	-	(9,138,144)
Infrastructure	(4,222,481)	(321,784)	-	-	(4,544,265)
Total accumulated depreciation	<u>(29,416,331)</u>	<u>(3,595,391)</u>	<u>1,106,668</u>	<u>-</u>	<u>(31,905,054)</u>
Governmental activities capital assets, net	<u>\$ 68,817,286</u>	<u>\$ 5,035,550</u>	<u>\$ (89,882)</u>	<u>\$ (187,562)</u>	<u>\$ 73,575,392</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirement / Sale</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business type activities:					
Capital assets, not being depreciated:					
Land	\$ 108,758	\$ -	\$ -	\$ -	\$ 108,758
Construction in progress	2,904,310	1,425,153	-	(2,035,883)	2,293,580
Capital assets, being depreciated					
Buildings	54,594	-	-	-	54,594
Improvements	88,788,717	-	-	2,035,883	90,824,600
Equipment	418,414	53,282	(98,129)	-	373,567
Total capital assets	<u>92,274,793</u>	<u>1,478,435</u>	<u>(98,129)</u>	<u>-</u>	<u>93,655,099</u>
Less accumulated depreciation for:					
Buildings	(54,594)	-	-	-	(54,594)
Improvements	(38,637,999)	(1,989,248)	-	-	(40,627,247)
Equipment	(284,831)	(11,687)	97,988	-	(198,530)
Total accumulated depreciation	<u>(38,977,424)</u>	<u>(2,000,935)</u>	<u>97,988</u>	<u>-</u>	<u>(40,880,371)</u>
Business type activities capital assets, net	<u>\$ 53,297,369</u>	<u>\$ (522,500)</u>	<u>\$ (141)</u>	<u>\$ -</u>	<u>\$ 52,774,728</u>

CITY OF UNIVERSITY PARK, TEXAS
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Depreciation expense was charged to the functional areas of the primary government as follows:

Governmental activities:	
General Government	\$ 1,874,294
Public Safety	517,635
Public Works	285,608
Parks	586,954
Streets	330,900
	<u>3,595,391</u>
Total depreciation expense – Governmental activities	\$ <u>3,595,391</u>
 Business type activities:	
Water and Sewer	\$ 1,994,166
Sanitation	6,769
	<u>2,000,935</u>
Total depreciation expense – Business type activities	\$ <u>2,000,935</u>

The government has active construction projects as of September 30, 2017. The projects include drainage and sewerage improvements, utility improvements, park improvements and renovations as well as on-going “mile-per-year” (MPY) projects.

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CITY OF UNIVERSITY PARK, TEXAS
Notes to Financial Statements
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Construction in progress at September 30, 2017 is as follows:

	Balance at 9/30/2016	Expended in FY2017	Transferred or expensed	Balance at 09/30/2017
Governmental Projects				
Pool building upgrades	\$ 96,566	\$ 36,614	\$ -	\$ 133,180
Tollway wall landscape - N. of Lovers Lane	858	4,528	-	5,386
Lovers Lane Entrance	-	628	628	-
Code Enforcement migration to Energov	12,975	32,872	-	45,847
Planned server hardware replacement NEW	35,119	4,996	40,115	-
Elena's Children's Park improvements - II	32,056	-	32,056	-
Goar Park restroom structure	8,196	-	-	8,196
LED lighting upgrades	13,639	15,144	28,783	-
Walt Humann Park playground replacement	186,376	-	186,376	-
Hitzelburger Park Fountain LED lighting	65,037	-	65,037	-
Playground resurfacing	36,356	-	36,356	-
Asphalt Overlay Program 2016	-	888,791	-	888,791
Traffic signal replacement	988,680	333,942	1,322,622	-
Online applicant tracking system	23,207	34,278	-	57,485
Integrated Library Catalog System	-	34,694	-	34,694
Cartegraph upgrade	-	23,452	-	23,452
Alarm Monitoring System replacement	-	26,396	-	26,396
City Gateway Entrance program	-	5,000	-	5,000
Mockingbird Lane wall landscape	-	130,848	-	130,848
Humann Park landscape improvements	-	26,432	-	26,432
Bench/table replacements	-	49,624	49,624	-
LED lighting upgrades	-	19,039	-	19,039
NextGen 911	-	421,158	-	421,158
John Roach Track construction	-	63,993	-	63,993
McFarlin Bridge/pond dredging	4,855,553	448,343	5,303,896	-
Total	\$ 6,354,618	\$ 2,600,772	\$ 7,065,493	\$ 1,889,897
Business type Projects				
MPY 41-4400 Windsor/Stanhope	\$ 1,153,007	\$ 882,876	\$ 2,035,883	\$ -
Water meter replacement	1,751,303	484,757	-	2,236,060
NW Highway elevated tank	-	57,520	-	57,520
Total	\$ 2,904,310	\$ 1,425,153	\$ 2,035,883	\$ 2,293,580
Grand Total	\$ 9,258,928	\$ 4,025,925	\$ 9,101,376	\$ 4,183,477

CITY OF UNIVERSITY PARK, TEXAS
Notes to Financial Statements
September 30, 2017

F. Interfund receivables, payables and transfers

Individual interfund receivable and payable balances at September 30, 2017 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
Water and Sewer	01 General	\$ 2,013,978
Sanitation	01 General	4,370,144
	02 Water and Sewer	316,018
Stormwater	01 General	863,105
	02 Water and Sewer	24,938
	42 Capital Projects - Enterprise	367,353
UP Civic Foundation	01 General	150
Capital Projects - Gen Govt	01 General	4,036,921
	02 Water and Sewer	516,629
	42 Capital Projects - Enterprise	12,024
	45 Self-Insurance	1,966,704
Self-Insurance	01 General	5,624,927
	02 Water and Sewer	627,516
	04 Sanitation	148,649
	47 Equipment Services	66,838
Equipment Service	02 Water and Sewer	243,523
	04 Sanitation	3,311,176
Court Security	01 General	93,353
Court Technology	01 General	41,976
Police Training and Education	01 General	28,159
Police Forfeiture	01 General	45
Fire Training and Education	01 General	4,476
Library	01 General	1,852
Parks Projects and Programs	01 General	17,876
	Total	\$ 24,698,330

CITY OF UNIVERSITY PARK, TEXAS
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All interfund balances at year-end result from the recording of cash in the General Fund, and the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The balances noted above may be settled, offset or reduced in the coming year through cash or other investment asset transfers.

Government interfund transfers during the year ended September 30, 2017 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>			
	<u>Capital Projects</u>	<u>Equipment Service</u>	<u>Water and Sewer</u>	<u>Total</u>
General Fund	\$ 3,747,854	\$ -	\$ 388,560	\$ 4,136,414
Special Revenue	-	7,665	-	7,665

Interfund transfers are reported in the governmental and proprietary funds financial statements. In the government-wide statements, interfund transfers are eliminated within the governmental and business type activities columns as appropriate.

Interfund transfers are used to move unrestricted revenues collected in the General Fund to finance various capital projects in accordance with budgetary authorizations. Authorized transfers are also made to fund the identifiable governmental-type costs of capital projects within the Water and Sewer fund.

The City did not transfer any funding to any of the special revenue funds during fiscal year 2017.

G. Long-term liabilities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Compensated absences	\$ 2,308,415	\$ 86,839	\$ (193,543)	\$ 2,201,711	\$ 878,639
Business type activities					
Compensated absences	\$ 588,307	\$ 25,009	\$ (45,224)	\$ 568,092	\$ 226,911

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CITY OF UNIVERSITY PARK, TEXAS
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H. Component unit

As stated in Note I.A., SWHEA has a December 31 year-end. As of September 30, 2017, the City's General Fund had a \$35,000 Due to balance to SWHEA, and by December 31, 2017, the balance increased to \$55,000. The Statement of Net Assets and Statement of Activities for this component unit are presented on the face of the government-wide financial statements. Cash flow information as of December 31, 2017 for SWHEA is as follows:

	SWHEA
Cash Flows from Operating Activities:	
Payments from (to) other funds	\$ (55,000)
Income from bond issuance	30,000
Net cash provided (used) by operating activities	(25,000)
Cash Flows from Investing Activities:	
Interest on Investments	-
Net cash provided by investing activities	-
Net decrease in cash and cash equivalents	(25,000)
Beginning cash and cash equivalents	25,000
Ending cash and cash equivalents	\$ -

IV. OTHER INFORMATION

A. Risk management and self-insurance

The City maintains a comprehensive self-insurance plan. The self-insurance plan encompasses workers' compensation benefits, fire, law enforcement, auto fleet, computer hardware and software, other property, public officials' liability and general liability coverage.

The Texas Municipal League Inter-Governmental Risk Pool, a public entity risk pool operating as a common risk management and insurance program, coinsures with the City for individual claim retention levels and corresponding policy limits.

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CITY OF UNIVERSITY PARK, TEXAS
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The limits and corresponding deductibles are as follows:

	<u>Limit</u>	<u>Deductible</u>
General Liability	\$ 5,000,000	\$ 25,000
Law Enforcement Liability	5,000,000	25,000
Error and Omissions	10,000,000	50,000
Automobile Medical Payments	25,000	100,000
Automobile Liability	5,000,000	100,000
Automobile Physical Damage	Actual Cash Value	10,000
Automobile Catastrophe	3,300,000	10,000
Real and Personal Property	Replacement Value	25,000
Boiler and Machinery	Replacement Value	25,000
Mobile Equipment	Actual Cash Value	500
Public Employee Dishonesty	4,000,000	25,000
Forgery and Alteration	50,000	500
Theft, Disappearance and Destruction	50,000	0
Computer Fraud	2,000,000	500

All claims and maximums are calculated for a plan year ending each September 30. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

In January 2000, the City expanded its self-insurance program to include employee health coverage. The program is configured to offer Preferred Provider Organization (PPO) coverages and Health Savings Accounts (HSA) using an outside provider network. A third-party insurance company provides claims administration and coinsures with the City for individual claim retention levels, with policy limits set at \$85,000 per occurrence and an aggregate stop loss of \$2,781,020 per year.

Premium payments are treated as operating revenues of the Comprehensive Self-Insurance Internal Service Fund and operating expenditures/expenses of the participating funds.

Included in accrued liabilities are the provisions for claims reported and claims incurred but not reported (IBNR) (collectively, unpaid claims liability). The provision for claims reported is determined by estimating the amount that will ultimately be paid to each claimant. The provision for claims incurred but not reported is estimated based on City experience since the inception of the program.

Unpaid claims liability of \$292,265 is included in the accrued liabilities of the Comprehensive Self-Insurance Internal Service Fund.

Changes in the balances of unpaid claims liabilities during 2017 and 2016 were as follows:

	<u>2017</u>	<u>2016</u>
Unpaid claims, beginning of year	\$ 281,603	\$ 289,506
Current year claims (including IBNR) and change in estimate	2,650,841	2,709,954
Claim Payments	<u>(2,640,179)</u>	<u>(2,717,857)</u>
Unpaid claims, end of year	<u>\$ 292,265</u>	<u>\$ 281,603</u>

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2017

B. Commitments and contingencies

1. Water and sewer contracts

The City's water supply is derived from the Dallas County/Park Cities Municipal Utility District ("the MUD") under a twenty-year contract dated March 2, 2004, at an agreed upon rate that is adjusted annually. The original contract was amended in 2010 to a term of 22 years, commencing March 2, 2010 and expiring March 2, 2032. The 2017 rate for treated water was \$2.4699 per 1,000 gallons. The MUD was originally created to serve (and continues to serve) only the cities of University Park and Highland Park. It has its own treatment and storage facilities and obtains its water from Lake Grapevine, in which it has rights to the first 50,000 acre-feet of stored water. During fiscal year 2017, the cost of water purchased under this contract was approximately \$4,622,129.

On November 5, 1973, the City entered into the initial twenty-year contract for sewage disposal with the City of Dallas. This contract was extended for a term of 30 years on February 22, 1984. As of February 22, 2014, the City received another thirty-year extension on the contract to February 21, 2044. Under the terms of the contract, Dallas is paid a monthly fee determined by an annual Cost-of-Service Study. During fiscal 2017, the cost of sewage disposal under this contract was approximately \$2,769,238 at a rate of \$2.4647 per 1,000 gallons.

2. Commitments

The City has contractual commitments of \$309,933 in the General Fund, \$11,154,189 in the Capital Projects Fund, and \$310,644 in other non-major governmental funds. These commitments are for various purchases and construction projects and will be funded by various general governmental incomes.

3. Contingencies

The City is involved in various claims and litigation arising in the ordinary course of operations, none of which, in the opinion of City officials, will have a material effect on the City's financial position.

C. Deferred compensation plan

The City offers its employees a choice of two deferred compensation plans created in accordance with Internal Revenue Code Section 457. The employees have a choice of participating in the Nationwide Retirement Solutions (formerly the Public Employees Benefit Services Corporation, or PEBSCO) plan and/or the International City Management Association Retirement Corporation (ICMA-RC) plan. All amounts of compensation under these plans are placed into investment pools administered by Nationwide and ICMA-RC, respectively. The plans, available to all regular employees, permit deferral of

CITY OF UNIVERSITY PARK, TEXAS

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up to \$18,000 of compensation (\$24,000 for those over 50) in 2017. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under these plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust by a third party for the exclusive benefit of the participants and their beneficiaries. As a result, the deferred compensation investments are not included in the City's financial statements.

D. Retirement plans

1. Texas Municipal Retirement System (TMRS)

Plan Description

The City participates as one of 872 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's 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 (except for the City's fire personnel covered under the FRRF plan, below).

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.

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CITY OF UNIVERSITY PARK, TEXAS

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Plan provisions for the City were as follows:

	Plan Year 2017
Employee deposit rate	7.0%
Matching ratio (City to employee)	2 to 1
Years required for vesting	10
Service retirement eligibility (expressed as age/years of service)	60/10, any/20
Updated service credit	100%
Annuity increase (to retirees)	0% of CPI

On the actuarial valuation measurement date of December 31, 2016, the following employees/beneficiaries were covered by the benefit terms:

Number of:	
Retirees or beneficiaries currently receiving benefits	147
Terminated employees entitled to but not yet receiving benefits	44
Active employees	206
Total	397

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 amounts necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

City employees are required to contribute 7% of their annual gross earnings each fiscal year. The contribution rates for the City of University Park were 5.55% and 7.23% in calendar years 2016 and 2017, respectively. The City's contribution to TMRS for the year ended September 30, 2017, was \$1,051,243, and was equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2016, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

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CITY OF UNIVERSITY PARK, TEXAS
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September 30, 2017

Actuarial Assumptions

The Total Pension Liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

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

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2016 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. 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, TMRS's actuary, Gabriel Roeder Smith & Company (GRS), focused on the area between (1) the 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 real rates of return for each major asset class are summarized in the following table:

CITY OF UNIVERSITY PARK, TEXAS

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic equity	17.50%	4.55%
International equity	17.50%	6.10%
Core fixed income	10.00%	1.00%
Non-core fixed income	20.00%	3.65%
Real return	10.00%	4.03%
Real estate	10.00%	5.00%
Absolute return	10.00%	4.00%
Private equity	5.00%	8.00%
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 the assumptions, 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.

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CITY OF UNIVERSITY PARK, TEXAS
Notes to Financial Statements
September 30, 2017

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/2015	\$ 86,592,443	\$ 83,390,424	\$ 3,202,019
Changes for the year:			
Service cost	2,038,054	-	2,038,054
Interest	5,747,031	-	5,747,031
Change of benefit terms	-	-	-
Difference between expected and actual experience	345,855	-	345,855
Changes of assumptions	-	-	-
Contributions - employer	-	863,712	(863,712)
Contributions - employee	-	1,089,289	(1,089,289)
Net Investment income	-	5,634,758	(5,634,758)
Benefit payments, including refunds of employee contributions	(4,940,533)	(4,940,533)	-
Administrative expense	-	(63,648)	63,648
Other changes	-	(3,429)	3,429
Net changes	<u>\$ 3,190,407</u>	<u>\$ 2,580,149</u>	<u>\$ 610,258</u>
Balance at 12/31/2016	<u>\$ 89,782,850</u>	<u>\$ 85,970,573</u>	<u>\$ 3,812,277</u>

Sensitivity of Discount Rate

The following presents the net pension liability/(asset) of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate		
1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 14,344,268	\$ 3,812,277	\$ (5,048,100)

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.

CITY OF UNIVERSITY PARK, TEXAS
Notes to Financial Statements
September 30, 2017

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

For the year ended September 30, 2017, the City recognized pension expense of \$1,056,550.

At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FY17	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 58,991	\$ -
Changes in actuarial assumptions	1,263,055	
Net difference between projected and actual earnings on pension plan investments	3,930,390	-
Employer's contributions to the pension plan subsequent to the measurement date	840,706	-
Total	\$ 6,093,142	\$ -

\$840,706 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended Dec 31:	
2017	\$ 1,809,407
2018	1,826,100
2019	1,571,694
2020	45,235
2021	-
Thereafter	-
Total	\$ 5,252,436

CITY OF UNIVERSITY PARK, TEXAS
Notes to Financial Statements
September 30, 2017

2. Firemen’s Relief and Retirement Fund (FRRF)

Plan Description

The Board of Trustees is the administrator of the University Park Firemen’s Relief and Retirement Fund (“the Fund”), a single-employer defined benefit pension plan. The City of University Park, Texas is the only contributing employer. Firefighters in the University Park Fire Department are covered by the FRRF and also contribute to the FRRF. The FRRF is not a part of the City’s reporting entity because the City does not have fiduciary responsibility of the FRRF assets, is not able to impose its will on the FRRF, nor is the FRRF fiscally dependent on the City, since the Board of Trustees has the ability to complete essential fiscal events without approval by the City, and the Board is not appointed by the City.

The plan covers current and former fire fighters of the City of University Park, Texas as well as certain beneficiaries of former firefighters. The plan was closed to new entrants as of November 1, 2017. The types of employees covered, as well as the plan membership as of December 31, 2016 (the most recent actuarial valuation) are as follows:

Number of:	12/31/2016
Retirees and beneficiaries currently receiving benefits	45
Terminated employees entitled to, but not yet receiving benefit	1
Active members	35
Total	81

Benefits

The FRRF provides service retirement, early retirement, disability, death and termination benefits. These benefits fully vest after 20 years of credited service with a partially vested benefit with 19 years of service. Employees may retire at age 50 with 20 years of service. The Plan effective January 1, 2002 provides for a monthly service retirement benefit, payable in a Joint and Two-Thirds to Spouse form of annuity. The monthly benefit equals 60% of the Highest 60-Month Average Salary plus \$80.00 per month for each year of service in excess of 20 years.

A firefighter has the option to participate in a Retroactive Deferred Option Plan (RETRO DROP) which will provide a lump sum benefit and a reduced annuity upon termination of employment. Firefighters must be at least age 53 with 23 years of service at the selected RETRO DROP benefit calculation date (which is prior to the date of employment termination).

There is no provision for automatic postretirement benefit increases. The Fund has the authority to provide, and has periodically provided for, ad hoc postretirement benefit increases. The benefit provisions of this plan are authorized by the Texas Local Fire Firefighters’ Retirement Act (TLFFRA). TLFFRA provides the authority and procedure to amend benefit provisions.

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2017

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2016, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Contributions

The contribution provisions of this plan are authorized by TLFFRA. TLFFRA provides the authority and procedure to change the amount of contributions determined as a percentage of pay by each firefighter.

While the contributions made are not actuarially determined, state law requires that each plan of benefits adopted by the Fund must be approved by an eligible actuary. The actuary certifies that the contribution commitment by the firefighters and the City provides an adequate financing arrangement. Using the entry age actuarial cost method, the Plan's normal cost contribution rate is determined as a percentage of payroll.

The excess of the total contribution rate over the normal cost rate is used to amortize the Plan's unfunded actuarial accrued liability, and the number of years needed to amortize the plan's unfunded actuarial accrued liability is determined using a level percentage of payroll method.

The costs of administering the plan are paid from the Fund.

The funding policy of the FRRF required contributions of 10% of pay by the members through September 2009. For the period from October 2009 through September 2010, member contributed 12% of total pay. For the period from October 2010 through September 2011, member contributed 14% of total pay. For the period from October 2011 through September 2012, member were scheduled to contribute 15% of total pay; however the 2011 increase was extended by one year, by vote of the membership. For the period from October 2013 to September 2014, members were scheduled to contribute 15% of total pay.

In accordance with current TLFFRA statutes, the City is required to make contributions to the FRRF at the same rate paid by the firefighters, or 12%, whichever is less. The City has traditionally contributed to the FRRF at the same rate it contributed to TMRS, which has always resulted in a rate in excess of statutory requirements. On July 1, 2008, the City FRRF contribution rate was set at 15.54% of payroll; to compensate the FRRF for the loss of contributions related to incoming fire department personnel who opted to join the TMRS Plan in accordance with TLFFRA provisions. The City continued to contribute 15.54% of total pay through September 2014.

From October 2014 to September 2016, the FRRF Board accepted the City's proposal to shift 2% of the contribution from the firefighters' contribution to the City contribution. This action decreased the firefighters' contribution from 15% to 13%, and increased the City's contribution from 15.54% to 17.54% for a year. This shift was extended to September 2017, and it is subject for review before September 30, 2017.

The Plan was amended as of September 27, 2017, the result of which was the Plan was closed to new entrants as of November 1, 2017 and participating employees' contributions were capped at 10.00% of pay. On October 1, 2017, the City began contributing at a rate of 20.54% of total pay and the participating employees began contributing at a rate of 10.00%.

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2017

Starting October 1, 2018, the City contribution rate should increase to 28.72% of pay, in accordance with the terms of the Plan which calls for the City to contribute at a rate necessary in order to produce at least a 30-year amortization period. The employee contribution rate will remain unchanged at 10%.

The City's contribution to the FRRF for the year ended September 30, 2017, was \$571,700, and was equal to the required contributions.

General Actuarial Assumptions:

Valuation date	12/31/2016
Actuarial cost method	Entry age
Amortization method	Level percent of payroll, open
Remaining amortization period	The plan was unable to amortize its UAAL as of 12/31/2016 based on the City and member contribution rates which became effective 10/01/2017. The plan document calls for raising the City contribution rate effective 10/01/2018, to a rate which will produce a 30 year amortization period under the 12/31/2016 valuation results.
Asset valuation method	5-year smoothed market value with a 20% market value corridor
Inflation	2.50%
Investment rate of return	7.50%
Salary increase rate	4.0% to 11.28%, including inflation based on service at attained age (fund specific)
Retirement Age	Experienced-based table of rates that are specific to the University Park Firemen's Relief and Retirement Fund
Mortality	Employee and healthy annuitant combined rates from the RP-2000 Mortality Table, projected to 2024 using Scale AA, with separate rates for males and females
Other information	The plan was closed to new entrants effective November 1, 2017

The long-term expected rate of return on pension plan investments is 7.50%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the FRRF Board of Trustees. 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 FRRF.

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. 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 UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2017

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Cash & short-term fixed income	0.00%	0.00%
Fixed income		
Investment grade bonds	11.01%	3.00%
International fixed income	2.19%	3.00%
High yield bonds	2.93%	5.00%
Short duration high yield bonds	2.93%	5.00%
Global strategic diversification	3.65%	3.00%
Income opportunity fund	7.29%	3.60%
Equities		
All cap growth equity	15.20%	6.50%
Emerging market equities	7.27%	7.00%
Global equity	16.65%	6.00%
Large cap value equity	11.78%	7.84%
Smid cap plus	4.73%	8.47%
Smid cap value equity	1.18%	8.47%
Small cap value equity	4.72%	9.26%
REITs	3.58%	8.60%
Master limited partnership	4.89%	9.50%
Total	100.00%	

Discount Rate

Decrements are assumed to be annual rates, rather than probabilities, and are adjusted for the interaction between competing decrements. The 7.50% rate of return was set by examining the fund's rate of return history and by taking into account future expected rates of return for portfolios with similar asset allocations. The assumed 7.50% rate can be considered to include a provision for inflation at 2.50% per year, although other combinations of real return, risk premium and inflation are also accounted for by an 7.50% assumed rate. The rate of return is net of trust expenses. The same inflation component was used in the assumed rate of return on the actuarial value of assets, the assumed increases in compensation for individual members and the other actuarial assumptions.

The discount rate used to measure the Total Pension Liability was 7.50%. 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, and was projected over a period of 100 years. Based on the assumptions, 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.

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2017

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/2015	\$ 21,626,390	\$ 9,067,543	\$ 12,558,847
Changes for the year:			
Service cost	586,350	-	586,350
Interest	1,725,426	-	1,725,426
Change of benefit terms	-	-	-
Difference between expected and actual experience	(717,747)	-	(717,747)
Changes of assumptions	1,152,809	-	1,152,809
Contributions - employer	-	594,960	(594,960)
Contributions - employee	-	440,963	(440,963)
Net investment income	-	651,872	(651,872)
Benefit payments, including refunds of employee contributions	(1,289,836)	(1,289,836)	-
Administrative expense	-	(17,131)	17,131
Other changes	-	-	-
Net changes	\$ 1,457,002	\$ 380,828	\$ 1,076,174
Balance at 12/31/2016	\$ 23,083,392	\$ 9,448,371	\$ 13,635,021

Sensitivity of Discount Rate

The following table presents the sensitivity of the Net Pension Liability to Changes in the discount rate when calculating it at 1-percentage-point-lower (6.50%) and 1-percentage-point-higher (8.50%).

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

1% Decrease 6.50%	Current Single Rate Assumption 7.50%	1% Increase 8.50%
\$ 16,229,170	\$ 13,635,021	\$ 11,444,960

The net pension liability and the total pension liability were calculated by John M. Crider, Jr. The measurement date and the actuarial valuation date were January 1, 2016 to December 31, 2016, respectively.

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2017

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

For the year ended September 30, 2017, the City recognized pension expense of \$574,145.

At September 30, 2017, 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
Difference between expected and actual economic experience	\$ -	\$ 1,796,644
Changes in actuarial assumptions	1,981,315	-
Difference between projected and actual investment earnings	759,576	-
Contributions subsequent to the measurement date	427,943	-
Total	\$ 3,168,834	\$ 1,796,644

\$427,943 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

		Net Deferred Outflows/(Inflows) of Resources
2017	\$	305,684
2018		305,686
2019		252,803
2020		51,583
2021		39,045
Thereafter		(10,554)
Total	\$	944,247

Separate audited financial statements are available, and can be obtained by contacting the City of University Park Fire Department at 3800 University Blvd., University Park, Texas 75205.

CITY OF UNIVERSITY PARK, TEXAS
Notes to Financial Statements
September 30, 2017

E. Retiree Health Care Plan

Plan Description

The City of University Park offers certain health care benefits to retired employees through a single-employer defined benefit plan (“the Plan”). Permanent full-time employees of the City of University Park are eligible to participate in the Plan upon retirement. They may remain members of the Plan until they reach the age of 65 or otherwise become eligible for Medicare benefits. Members must pay 100% of the retiree health care premium. Members become eligible to participate in the Plan upon normal service retirement, or if they meet the Disability Retirement provisions of TMRS or FRRF, whichever applies, and draw disability retirement benefits from TMRS or FRRF, whichever applies. Members terminating their employment before normal service retirement conditions are not eligible for retiree health care. The City of University Park does not provide subsidized retiree vision or dental coverage. The Plan does not issue separate financial statements. All payments received or made on behalf of the Plan are done so through the Comprehensive Self-Insurance Fund.

Current retirees contribute to the Plan an amount approximating the blended premium for active and retired participants. This amount is determined annually by an Employee Benefits Committee, under the direction of the City Council. Retiree contribution rates for fiscal 2017 range from \$10,418 to \$17,398 per year, depending on coverage levels.

Annual OPEB Cost and Net OPEB Obligation

The City’s annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. Beginning with fiscal 2009, the ARC has been calculated assuming “pay-as-you-go” (PAYGO) funding.

In 2009, the first year GASB Statement 45 was adopted, the annual OPEB cost was equal to the ARC. Actual claims and certain other costs paid on behalf of retirees may be treated as employer contributions in relation to the ARC and act to reduce the Net OPEB Obligation.

The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the OPEB Plan, and the changed in the City’s Net OPEB Obligation.

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CITY OF UNIVERSITY PARK, TEXAS
Notes to Financial Statements
September 30, 2017

The Annual Pension Cost and Net Pension Obligation are as follows:

	Fiscal 2017
Annual Required Contribution (ARC) under PAYGO funding	\$ 72,446
Interest on Net OPEB Obligation (at 4.5%)	15,452
Adjustment to the ARC	(12,263)
Annual OPEB cost	75,635
Contributions Made/Catch-ups	(56,494)
Change in OPEB Obligation	19,141
Net OPEB Obligation, beginning of year	343,379
Net OPEB Obligation, end of year	\$ 362,520

Contributions Made/Catch-ups (as presented above) included offsetting retiree premium payments, which were in excess of employer costs. This resulted in a net increase in the OPEB Obligation for the year.

Three-Year Trend Information:

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution Made	Percentage Of APC Contributed	Net Pension Obligation (Asset)
2015	64,798	124,323	195%	243,554
2016	64,600	(35,225)	(55%)	343,379
2017	75,635	56,494	75%	362,520

Funded Status

As of December 31, 2016, the most recent actuarial valuation date, the present value of all benefits expected to be paid to current OPEB Plan member was \$1,302,998. The actuarial accrued liability, which is the portion of the \$1,302,998 attributable to service accrued by OPEB Plan members as of December 31, 2016 is \$924,142. As of December 31, 2016 there are \$0 in valuation assets to offset the liabilities of the plan, resulting in an unfunded accrued actuarial liability of \$924,142 and a 0% funded ratio. The covered payroll (annual payroll of active employees covered by the plan) was \$18,937,812, and the ratio of the Unfunded Actuarial Accrued Liabilities (UAAL) to the covered payroll was 4.88%.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing the benefit costs between the employer and plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 2016 actuarial valuation, the Projected Unit Credit, level Percent of Payroll actuarial cost method was used to calculate the ARC. The actuarial assumptions include a 4.0% investment rate of return, compounded annually net after investment expenses. The assumed real rate of return is the rate of return in excess of general price inflation, which was assumed to be 2.5% per year. Considering other

CITY OF UNIVERSITY PARK, TEXAS
Notes to Financial Statements
September 30, 2017

assumptions used in the valuation, the 4.5% nominal rate translates to a real net return of 1.5% a year. The payroll growth rate for funding the UAAL was assumed to be 3% per year. The annual healthcare cost increase was 7.30% for 2018, decreasing by 0.20% to 0.40% per year, until reaching an ultimate rate of 4.5% in 2032 or later. The unfunded actuarial liability is amortized over a closed 28-year period, which is the maximum time period permitted by Governmental Accounting Standards Board Statements No. 43 and No. 45.

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

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF UNIVERSITY PARK, TEXAS

Texas Municipal Retirement System

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Last 10 years

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total pension liability			
Service cost	\$ 1,721,395	\$ 1,850,469	\$ 2,038,054
Interest (on the Total Pension Liability)	5,398,451	5,596,121	5,747,031
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(544,994)	(6,999)	345,855
Changes of assumptions	-	2,198,651	-
Benefit payments, including refunds of employee contributions	<u>(3,500,753)</u>	<u>(4,130,311)</u>	<u>(4,940,533)</u>
Net change in total pension liability	3,074,099	5,507,931	3,190,407
Total pension liability -- beginning	<u>78,010,413</u>	<u>81,084,512</u>	<u>86,592,443</u>
Total pension liability -- ending	<u><u>\$ 81,084,512</u></u>	<u><u>\$ 86,592,443</u></u>	<u><u>\$ 89,782,850</u></u>
Plan fiduciary net position			
Contributions -- employer	\$ 1,209,153	\$ 932,731	\$ 863,712
Contributions -- employee	1,037,372	1,054,827	1,089,289
Net investment income	4,696,136	126,138	5,634,758
Benefit payments, including refund of employee contributions	(3,500,753)	(4,130,311)	(4,940,533)
Administrative expense	(49,034)	(76,833)	(63,648)
Other	<u>(4,031)</u>	<u>(3,795)</u>	<u>(3,429)</u>
Net change in plan fiduciary net position	3,388,843	(2,097,243)	2,580,149
Plan fiduciary net position -- beginning	<u>82,098,824</u>	<u>85,487,667</u>	<u>83,390,424</u>
Plan fiduciary net position -- ending	<u><u>\$ 85,487,667</u></u>	<u><u>\$ 83,390,424</u></u>	<u><u>\$ 85,970,573</u></u>
Net pension liability (asset)	<u><u>\$ (4,403,155)</u></u>	<u><u>\$ 3,202,019</u></u>	<u><u>\$ 3,812,277</u></u>
Plan fiduciary net position as a percentage of the total pension liability	105.43%	96.30%	95.75%
Covered employee payroll	\$ 14,819,603	\$ 15,068,964	\$ 15,545,794
Net pension liability as a percentage of covered employee payroll	(29.71%)	21.25%	24.52%

Note: The City adopted GASB 68 for FY15, and will build this schedule over the next 10 years. The amounts presented for each fiscal year were determined as of the December 31 year-end that occurred within the fiscal year.

CITY OF UNIVERSITY PARK, TEXAS

Texas Municipal Retirement System

Schedule of Contributions Last 10 years

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially Determined Contribution	\$ 1,209,153	\$ 932,731	\$ 863,712
Contributions in relation to the actuarially determined contribution	<u>1,209,153</u>	<u>932,731</u>	<u>863,712</u>
Contribution deficiency (excess)	-	-	-
Covered employee payroll	14,819,603	15,068,964	15,545,794
Contributions as a percentage of covered-employee payroll	<u>8.16%</u>	<u>6.19%</u>	<u>5.55%</u>

Note: The City adopted GASB 68 for FY15, and will build this schedule over the next 10 years.

CITY OF UNIVERSITY PARK, TEXAS

Texas Municipal Retirement System

Notes to Schedule of Contributions

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 Year Smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information:

There were no benefit changes during the year.

Note: The City adopted GASB 68 for FY15.

CITY OF UNIVERSITY PARK, TEXAS

University Park Firemen's Relief and Retirement Fund

Schedule of Changes in Net Pension Liability and Related Ratios Last 10 years

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total pension liability			
Service cost (Pension benefit)	\$ 500,790	\$ 524,967	\$ 586,350
Service cost (Administrative expenses)	41,323	38,831	-
Interest (on the Total Pension Liability)	1,595,786	1,645,714	1,725,426
Changes of benefit terms	-	-	-
Difference between expected and actual experience	-	(1,524,554)	(717,747)
Changes of assumptions	-	1,275,048	1,152,809
Benefit payments, including refunds of member contributions	<u>(1,431,822)</u>	<u>(1,181,483)</u>	<u>(1,289,836)</u>
Net change in total pension liability	706,077	778,523	1,457,002
Total pension liability -- beginning	<u>20,141,790</u>	<u>20,847,867</u>	<u>21,626,390</u>
Total pension liability -- ending	<u>\$ 20,847,867</u>	<u>\$ 21,626,390</u>	<u>\$ 23,083,392</u>
Plan fiduciary net position			
Contributions -- employer	\$ 526,289	\$ 588,724	\$ 594,960
Contributions -- employee	477,809	436,340	440,963
Net investment income	479,579	(252,668)	651,872
Benefit payments, including refund of employee contributions	(1,431,822)	(1,181,483)	(1,289,836)
Administrative expense	(41,323)	(38,831)	(17,131)
Other	-	-	-
Net change in plan fiduciary net position	10,532	(447,918)	380,828
Plan fiduciary net position -- beginning	<u>9,504,929</u>	<u>9,515,461</u>	<u>9,067,543</u>
Plan fiduciary net position -- ending	<u>\$ 9,515,461</u>	<u>\$ 9,067,543</u>	<u>\$ 9,448,371</u>
Net pension liability	<u>\$ 11,332,406</u>	<u>\$ 12,558,847</u>	<u>\$ 13,635,021</u>
Plan fiduciary net position as a percentage of the total pension liability	45.64%	41.93%	40.93%
Covered employee payroll	\$ 3,427,043	\$ 3,356,465	\$ 3,392,018
Net pension liability as a percentage of covered employee payroll	330.68%	374.17%	401.97%

Note: The City adopted GASB 68 for FY15, and will build this schedule over the next 10 years. The amounts presented for each fiscal year were determined as of the December 31 year-end that occurred within the fiscal year.

CITY OF UNIVERSITY PARK, TEXAS

University Park Firemen's Relief and Retirement Fund

Schedule of Contributions Last 10 years

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially Determined Contribution	\$ 526,289	\$ 588,724	\$ 594,960
Contributions in relation to the actuarially determined contribution	<u>526,289</u>	<u>588,724</u>	<u>594,960</u>
Contribution deficiency (excess)	-	-	-
Covered employee payroll	3,281,103	3,356,465	3,392,018
Contributions as a percentage of covered-employee payroll	<u>16.04%</u>	<u>17.54%</u>	<u>17.54%</u>

Note: The City adopted GASB 68 for FY15, and will build this schedule over the next 10 years.

CITY OF UNIVERSITY PARK, TEXAS

University Park Firemen's Relief and Retirement Fund

Notes to Schedule of Contributions

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age
Amortization method	Level percent of payroll, open
Remaining amortization period	The plan was unable to amortize its UAAL as of 12/31/2016 based on the City and member contribution rates which became effective 10/01/2017. The plan document calls for raising the City contribution rate effective 10/01/2018, to a rate which will produce a 30 year amortization period under the 12/31/2016 valuation results.
Asset valuation method	5-year smoothed market value with a 20% market value corridor
Inflation	2.50%
Investment rate of return	7.50%
Projected salary increases	4.0% to 11.28%, including inflation based on service at attained age
Cost-of-living adjustments	None
Retirement Age for vested terminated members	Experienced-based table of rates that are specific to the University Park Firemen's Relief and Retirement Fund
Mortality	Employee and healthy annuitant combined rates from the RP-2000 Mortality Table, projected to 2024 using Scale AA, with separate rates for males and females

Other Information:

Notes The plan was closed to new entrants effective November 1, 2017

Note: The City adopted GASB 68 for FY15.

CITY OF UNIVERSITY PARK, TEXAS

University Park Firemen's Relief and Retirement Fund

**Schedule of Investment Returns
Last 10 years**

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense	4.76%	(2.84%)	7.46%

Note:

In accordance with paragraph 50 of GASB Statement No. 67, this Schedule only includes information which has been measured in conformity with Statement No. 67. Disclosures for years in which information was not developed in accordance with GASB Statement No. 67 have not been included. The money-weighted rate of return expresses investment performance, net of investment expense, reflecting the timing of the contributions received and the benefits paid during the year. The City adopted GASB67 for FY15, and will build this schedule over the next 10 years.

CITY OF UNIVERSITY PARK, TEXAS

**Required Supplementary Information
Retiree Health Care Plan**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
6/30/2008	\$ -	\$ 537,462	\$ 537,462	0.0%	\$14,001,820	3.8%
12/31/2010	-	654,401	654,401	0.0%	16,288,708	4.0%
12/31/2012	-	570,311	570,311	0.0%	16,747,610	3.4%
12/31/2014	-	615,743	615,743	0.0%	18,246,646	3.4%
12/31/2016	-	924,142	924,142	0.0%	18,937,812	4.9%

There were no actuarial valuations prior to June 30, 2008.

CITY OF UNIVERSITY PARK, TEXAS
Budgetary Comparison Schedule
General Fund

For the Year Ended September 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, October 1	\$ 28,793,761	\$ 28,793,761	\$ 28,793,761	\$ -
Resources (inflows)				
Property tax	18,563,846	18,563,846	18,477,455	(86,391)
Sales tax	4,230,000	4,230,000	4,421,709	191,709
Franchise fees	2,180,000	2,180,000	2,072,947	(107,053)
Permits and licenses	1,609,500	1,609,500	1,858,996	249,496
Fines	793,000	793,000	896,116	103,116
Charges for services	1,871,500	1,871,500	1,882,041	10,541
Other	530,500	530,500	1,270,077	739,577
Investment income	225,000	225,000	353,280	128,280
Amounts available for appropriation	<u>58,797,107</u>	<u>58,797,107</u>	<u>60,026,382</u>	<u>1,229,275</u>
Charges to appropriations (outflows)				
General Government	5,231,228	8,563,236	7,876,147	687,089
Public Safety	14,038,370	13,993,215	13,545,910	447,305
Streets	1,841,928	1,845,962	1,706,388	139,574
Parks	3,395,808	3,340,240	3,223,365	116,875
Public Works	2,851,490	2,932,233	2,548,586	383,647
Transfers	3,344,522	3,344,522	4,136,414	(791,892)
Total charges to appropriations	<u>30,703,346</u>	<u>34,019,408</u>	<u>33,036,810</u>	<u>982,598</u>
Budgetary fund balance, September 30	<u>\$ 28,093,761</u>	<u>\$ 24,777,699</u>	<u>\$ 26,989,572</u>	<u>\$ 2,211,873</u>

CITY OF UNIVERSITY PARK, TEXAS
Notes to Required Supplementary Information
September 30, 2017

Budgetary Information

The City uses the following process to legally adopt the General Fund annual budget as reflected in the financial statements:

1. Before September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain tax and ratepayer opinion. Public notice is given as required by State law.
3. Before October 1, the City Council legally enacts the budget through passage of an ordinance.

The City Manager is authorized to transfer budgeted amounts between departments (functions); however, any amendments that increase a fund's total expenditures must be approved by the City Council after appropriate public notice and citizen participation.

Management exercises control over budgeted expenditures by sub-function (i.e., department or division), as presented in the accompanying financial statements. Unused appropriations lapse at the end of each fiscal year.

Formal budgetary integration is employed as a planning device for the General Fund. The City adopts an annual operating budget that is prepared on a modified accrual basis consistent with generally accepted accounting principles in the United State of America applicable to local government.



OTHER SUPPLEMENTARY INFORMATION



COMBINING FINANCIAL STATEMENTS

Nonmajor Governmental Funds

Special revenue funds are used to account for specific revenue sources that are restricted or committed to expenditure for specified purposes.

University Park Civic Foundation – This fund is used to account for private donations and contributions to the City. Donations may be made for a specific project or specifically restricted for use in charitable, scientific, literary, educational, and public safety programs.

Court Security – This fund is used to account for the receipt and expenditure of the Municipal Court Building Security Fee that is charged to defendants in accordance with state law. Money in the fund may be used only to finance security personnel or to finance items which are used for the purpose of providing security services for buildings housing a municipal court.

Court Technology – This fund is used to account for the receipt and expenditure of the Municipal Court Technology Fee that is charged to defendants in accordance with state law. Money in the fund may be used only to finance the purchase of or to maintain technological enhancements for a municipal court.

Police Training and Education – This fund is used to account for the receipt and expenditure of monies received from various agencies specifically for police training and education purposes.

Police Forfeiture Fund – This fund is used to account for funds awarded by the court to the Police Department. The expenditure of these funds is legally restricted for use in police activities.

Fire Training and Education – This fund is used to account for the receipt and expenditure of monies received from various agencies specifically for fire personnel training and education purposes.

Library – This fund is used to account for the receipt and expenditure of monies donated from various sources for the City library.

Parks Projects and Programs – This fund is used to account for the receipt and expenditure of monies received from various City park projects and programs.

CITY OF UNIVERSITY PARK, TEXAS
Combining Balance Sheet
Nonmajor Governmental Funds

September 30, 2017

	Special Revenue Funds								
	University Park Civic Foundation	Court Security	Court Technology	Police Training and Education	Police Forfeiture	Fire Training and Education	Library	Parks Projects and Programs	Total
ASSETS									
Cash and cash equivalents	\$ 114,848	\$ -	\$ -	\$ -	\$ 7,909	\$ -	\$ -	\$ -	\$ 122,757
Due from other funds	150	93,353	41,976	28,159	45	4,476	1,852	17,876	187,887
TOTAL ASSETS	<u>\$ 114,998</u>	<u>\$ 93,353</u>	<u>\$ 41,976</u>	<u>\$ 28,159</u>	<u>\$ 7,954</u>	<u>\$ 4,476</u>	<u>\$ 1,852</u>	<u>\$ 17,876</u>	<u>\$ 310,644</u>
LIABILITIES									
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCES									
Restricted to:									
General Government	30,046	-	-	-	-	-	1,852	-	31,898
Public Safety	-	93,353	41,976	28,159	7,954	4,476	-	-	175,918
Parks	84,952	-	-	-	-	-	-	17,876	102,828
Total fund balances	<u>114,998</u>	<u>93,353</u>	<u>41,976</u>	<u>28,159</u>	<u>7,954</u>	<u>4,476</u>	<u>1,852</u>	<u>17,876</u>	<u>310,644</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 114,998</u>	<u>\$ 93,353</u>	<u>\$ 41,976</u>	<u>\$ 28,159</u>	<u>\$ 7,954</u>	<u>\$ 4,476</u>	<u>\$ 1,852</u>	<u>\$ 17,876</u>	<u>\$ 310,644</u>

CITY OF UNIVERSITY PARK, TEXAS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds

For the Year Ended September 30, 2017

	Special Revenue Funds								
	University Park Civic Foundation	Court Security	Court Technology	Police Training and Education	Police Forfeiture	Fire Training and Education	Library	Parks Projects and Programs	Total
REVENUES									
Investment income	\$ 62	\$ -	\$ -	\$ -	\$ 5	\$ -	\$ -	\$ -	\$ 67
Fines	-	10,371	13,829	-	-	-	-	-	24,200
Donations	46,416	-	-	3,916	-	6,095	8,899	33,510	98,836
Other	-	-	-	-	318	-	-	-	318
Total revenues	<u>46,478</u>	<u>10,371</u>	<u>13,829</u>	<u>3,916</u>	<u>323</u>	<u>6,095</u>	<u>8,899</u>	<u>33,510</u>	<u>123,421</u>
EXPENDITURES									
Parks	11,296	-	-	-	-	-	-	20,683	31,979
Scholarships	43,750	-	-	-	-	-	-	-	43,750
General Government	-	-	-	-	-	-	21,618	-	21,618
Public Safety	-	-	272	768	-	750	-	-	1,790
Total expenditures	<u>55,046</u>	<u>-</u>	<u>272</u>	<u>768</u>	<u>-</u>	<u>750</u>	<u>21,618</u>	<u>20,683</u>	<u>99,137</u>
Excess (deficiency) of revenues over (under) expenditures	(8,568)	10,371	13,557	3,148	323	5,345	(12,719)	12,827	24,284
OTHER FINANCING SOURCES									
Transfers in/(out)	-	-	-	-	-	(7,665)	-	-	(7,665)
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,665)</u>	<u>-</u>	<u>-</u>	<u>(7,665)</u>
Net change in fund balances	(8,568)	10,371	13,557	3,148	323	(2,320)	(12,719)	12,827	16,619
Fund balances - beginning	<u>123,566</u>	<u>82,982</u>	<u>28,419</u>	<u>25,011</u>	<u>7,631</u>	<u>6,796</u>	<u>14,571</u>	<u>5,049</u>	<u>294,025</u>
Fund balances - ending	<u>\$ 114,998</u>	<u>\$ 93,353</u>	<u>\$ 41,976</u>	<u>\$ 28,159</u>	<u>\$ 7,954</u>	<u>\$ 4,476</u>	<u>\$ 1,852</u>	<u>\$ 17,876</u>	<u>\$ 310,644</u>



COMBINING FINANCIAL STATEMENTS

Internal Service Funds

The Internal Service Funds account for the services provided by one department to other departments of the City on a cost reimbursement basis. The following is a description of the City's Internal Service Funds:

Equipment Services Fund – Accounts for the costs of materials, supplies and the acquisition and maintenance of specific equipment used exclusively by other departments of the City.

Comprehensive Self-Insurance Fund – Accounts for the costs associated with the general liability, property and casualty, medical and worker's compensation self-insurance program established by the City.

CITY OF UNIVERSITY PARK, TEXAS
Combining Statement of Net Position
Internal Service Funds

September 30, 2017

	<u>Equipment Services</u>	<u>Comprehensive Self-Insurance</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 332,701	\$ 2,199,431	\$ 2,532,132
Investments	-	1,996,446	1,996,446
Receivables	-	9,072	9,072
Due from other funds	3,554,699	6,467,930	10,022,629
Prepaid	10,970	-	10,970
Total current assets	<u>3,898,370</u>	<u>10,672,879</u>	<u>14,571,249</u>
Non-current assets:			
Capital assets			
Machinery and equipment	12,398,818	-	12,398,818
Accumulated depreciation	(5,780,310)	-	(5,780,310)
Total non-current assets	<u>6,618,508</u>	<u>-</u>	<u>6,618,508</u>
Total assets	<u>10,516,878</u>	<u>10,672,879</u>	<u>21,189,757</u>
DEFERRED OUTFLOW OF RESOURCES			
Difference in expected and actual pension investment experience	972	-	972
Changes in pension actuarial assumption	61,375	-	61,375
Difference in projected and actual pension investment earning	188,652	-	188,652
Pension contributions after measurement date	32,788	-	32,788
Total deferred outflow of resources	<u>283,787</u>	<u>-</u>	<u>283,787</u>
LIABILITIES			
Current liabilities:			
Accounts payable	-	60,100	60,100
Accrued liabilities	8,289	292,265	300,554
Accrued compensated absences	54,161	-	54,161
Due to other funds	66,838	1,966,704	2,033,542
Total current liabilities	<u>129,288</u>	<u>2,319,069</u>	<u>2,448,357</u>
Non-current liabilities:			
Net pension liability - TMRS	180,780	-	180,780
Accrued compensated absences	59,079	-	59,079
Total non-current liabilities	<u>239,859</u>	<u>-</u>	<u>239,859</u>
Total liabilities	<u>369,147</u>	<u>2,319,069</u>	<u>2,688,216</u>
NET POSITION			
Investment in capital assets	6,618,508	-	6,618,508
Unrestricted	3,813,010	8,353,810	12,166,820
Total net position	<u>\$10,431,518</u>	<u>\$ 8,353,810</u>	<u>\$18,785,328</u>

CITY OF UNIVERSITY PARK, TEXAS
Combining Statement of Revenues, Expenses,
and Changes in Fund Net Position
Internal Service Funds

For the Year Ended September 30, 2017

	Equipment Services	Comprehensive Self-Insurance	Total
Operating revenues			
Charges for service	\$ 1,846,364	\$ -	\$ 1,846,364
Premiums	-	4,176,772	4,176,772
Other income	-	200	200
	<hr/>	<hr/>	<hr/>
Total operating revenues	1,846,364	4,176,972	6,023,336
Operating expenses			
Claims paid and change in estimate	-	2,650,841	2,650,841
Personnel services	900,873	-	900,873
Administrative and fiscal services	-	878,365	878,365
Depreciation	777,696	-	777,696
Supplies and other	26,801	-	26,801
Contractual and other services	87,826	122,336	210,162
	<hr/>	<hr/>	<hr/>
Total operating expenses	1,793,196	3,651,542	5,444,738
Operating income	<hr/>	<hr/>	<hr/>
	53,168	525,430	578,598
Nonoperating revenues			
Investment income	2,397	38,367	40,764
Gain on sale of capital assets	104,354	-	104,354
	<hr/>	<hr/>	<hr/>
Net income	159,919	563,797	723,716
Transfers from other funds	<hr/>	<hr/>	<hr/>
	7,665	-	7,665
Change in net position	167,584	563,797	731,381
Total net position - beginning	<hr/>	<hr/>	<hr/>
	10,263,934	7,790,013	18,053,947
Total net position - ending	<hr/>	<hr/>	<hr/>
	\$ 10,431,518	\$ 8,353,810	\$ 18,785,328

CITY OF UNIVERSITY PARK, TEXAS
Combining Statement of Cash Flows
Internal Service Funds

For the Year ended September 30, 2017

	Equipment Services	Comprehensive Self-Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,846,364	\$ 4,173,192	\$ 6,019,556
Payments to other funds	(180,138)	(606,427)	(786,565)
Payments to suppliers	1,638,245	(3,615,052)	(1,976,807)
Payments to employees	(807,338)	-	(807,338)
	<u>2,497,133</u>	<u>(48,287)</u>	<u>2,448,846</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(2,677,919)	-	(2,677,919)
Transfers from other funds	7,665	-	7,665
Proceeds from sale of capital assets	173,121	-	173,121
	<u>(2,497,133)</u>	<u>-</u>	<u>(2,497,133)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment securities	-	(1,996,600)	(1,996,600)
Proceeds from the sale and maturities of investment securities	-	2,000,000	2,000,000
Interest on investments	2,397	38,955	41,352
	<u>2,397</u>	<u>42,355</u>	<u>44,752</u>
Net increase (decrease) in cash and cash equivalents	2,397	(5,932)	(3,535)
Cash and cash equivalents, beginning of year	330,304	2,205,363	2,535,667
Cash and cash equivalents, end of year	<u>\$ 332,701</u>	<u>\$ 2,199,431</u>	<u>\$ 2,532,132</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating income	\$ 53,168	\$ 525,430	\$ 578,598
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation expense	777,696	-	777,696
Increase in due from other funds	(198,075)	(606,299)	(804,374)
Increase in pension and deferred outflow	76,828	-	76,828
Increase in interest receivable	-	(4,004)	(4,004)
Decrease in prepaid	1,751,919	224	1,752,143
Increase in accrued liabilities	17,660	36,490	54,150
Increase (decrease) in due to other funds	17,937	(128)	17,809
	<u>2,443,965</u>	<u>(573,717)</u>	<u>1,870,248</u>
Net cash provided by (used by) operating activities	<u>\$ 2,497,133</u>	<u>\$ (48,287)</u>	<u>\$ 2,448,846</u>
NON-CASH INVESTING ACTIVITIES			
Change in the fair value of investments	<u>\$ -</u>	<u>\$ (1,199)</u>	<u>\$ (1,199)</u>

STATISTICAL SECTION (UNAUDITED)

This part of the City of University Park's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>CONTENTS</u>	<u>Tables</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	1-4
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	5-8
Debt Capacity <i>These schedules present information to help the reader assess the City's current levels of outstanding debt (if any) and the City's ability to issue debt in the future.</i>	9-13
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	14-15
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	16-18
Sources: <i>Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB-34 in fiscal 2003; schedules presenting government-wide information include information beginning in that year.</i>	



CITY OF UNIVERSITY PARK, TEXAS
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

Table 1

	RESTATED									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities:										
Investment in capital assets	\$ 50,496,272	\$ 56,768,201	\$ 59,672,952	\$ 60,538,038	\$ 62,312,988	\$ 65,190,228	\$ 66,403,103	\$ 66,443,113	\$ 68,817,286	\$ 73,575,392
Restricted	-	-	-	-	-	-	-	229,197	294,025	310,644
Unrestricted	<u>27,944,347</u>	<u>42,237,664</u>	<u>40,972,031</u>	<u>44,123,844</u>	<u>44,289,220</u>	<u>41,264,456</u>	<u>38,478,120</u>	<u>38,525,057</u>	<u>34,824,405</u>	<u>30,667,220</u>
Total governmental activities net position	<u>\$ 78,440,619</u>	<u>\$ 99,005,865</u>	<u>\$ 100,644,983</u>	<u>\$ 104,661,882</u>	<u>\$ 106,602,208</u>	<u>\$ 106,454,684</u>	<u>\$ 104,881,223</u>	<u>\$ 105,197,367</u>	<u>\$ 103,935,716</u>	<u>\$ 104,553,256</u>
Business type activities:										
Investment in capital assets	\$ 39,024,619	\$ 44,386,134	\$ 45,828,561	\$ 47,970,897	\$ 49,683,932	\$ 51,127,842	\$ 53,218,776	\$ 53,846,733	\$ 53,297,369	\$ 52,774,728
Unrestricted	<u>12,244,408</u>	<u>8,610,182</u>	<u>8,558,576</u>	<u>8,690,783</u>	<u>8,156,715</u>	<u>7,022,922</u>	<u>8,603,253</u>	<u>11,052,770</u>	<u>13,825,219</u>	<u>16,700,929</u>
Total business type activities net position	<u>\$ 51,269,027</u>	<u>\$ 52,996,316</u>	<u>\$ 54,387,137</u>	<u>\$ 56,661,680</u>	<u>\$ 57,840,647</u>	<u>\$ 58,150,764</u>	<u>\$ 61,822,029</u>	<u>\$ 64,899,503</u>	<u>\$ 67,122,588</u>	<u>\$ 69,475,657</u>
Primary government:										
Investment in capital assets	\$ 89,520,891	\$ 101,154,335	\$ 105,501,513	\$ 108,508,935	\$ 111,996,920	\$ 116,318,070	\$ 119,621,879	\$ 120,289,846	\$ 122,114,655	\$ 126,350,120
Restricted	-	-	-	-	-	-	-	229,197	294,025	310,644
Unrestricted	<u>40,188,755</u>	<u>50,847,846</u>	<u>49,530,607</u>	<u>52,814,627</u>	<u>52,445,935</u>	<u>48,287,378</u>	<u>47,081,373</u>	<u>49,577,827</u>	<u>48,649,624</u>	<u>47,368,149</u>
Total primary government net position	<u>\$ 129,709,646</u>	<u>\$ 152,002,181</u>	<u>\$ 155,032,120</u>	<u>\$ 161,323,562</u>	<u>\$ 164,442,855</u>	<u>\$ 164,605,448</u>	<u>\$ 166,703,252</u>	<u>\$ 170,096,870</u>	<u>\$ 171,058,304</u>	<u>\$ 174,028,913</u>

Source: Comprehensive Annual Financial Report

Note: The City implemented GASB 68 in FY15. The unrestricted net position balances were restated for the effects of this statement in FY14 and FY15.

CITY OF UNIVERSITY PARK, TEXAS
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

Table 2

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General Government	\$ 4,239,047	\$ 4,357,936	\$ 4,616,440	\$ 3,405,642	\$ 4,643,566	\$ 5,168,456	\$ 5,303,529	\$ 6,237,596	\$ 6,236,918	\$ 6,575,387
Public Safety	11,048,919	11,305,806	11,681,307	12,173,113	12,198,719	12,914,938	12,870,794	13,866,937	14,562,251	15,049,833
Streets	2,029,372	1,779,140	1,872,143	1,755,084	1,829,907	1,862,581	1,961,153	2,153,362	2,022,909	1,953,853
Parks	2,902,051	2,959,412	3,276,568	3,330,332	3,418,159	3,609,761	3,549,975	3,701,838	3,867,474	3,877,072
Public Works	3,055,630	2,831,572	2,765,385	2,691,034	2,658,904	3,089,173	2,933,931	2,973,871	3,067,854	2,907,656
Total governmental activities expenses	<u>23,275,019</u>	<u>23,233,866</u>	<u>24,211,843</u>	<u>23,355,205</u>	<u>24,749,255</u>	<u>26,644,909</u>	<u>26,619,382</u>	<u>28,933,604</u>	<u>29,757,406</u>	<u>30,363,801</u>
Business type activities:										
Utilities	10,299,016	10,843,388	11,399,252	12,795,748	13,146,550	13,991,080	13,679,558	13,361,608	13,640,627	14,448,042
Sanitation	2,751,690	2,477,782	2,552,159	2,622,334	2,590,435	2,784,109	2,791,940	2,826,506	3,098,111	3,025,626
Stormwater	-	-	-	-	-	-	109,032	92,646	68,884	176,504
Total business type activities expenses	<u>13,050,706</u>	<u>13,321,170</u>	<u>13,951,411</u>	<u>15,418,082</u>	<u>15,736,985</u>	<u>16,775,189</u>	<u>16,580,530</u>	<u>16,280,760</u>	<u>16,807,622</u>	<u>17,650,172</u>
Total primary government expense	<u>\$ 36,325,725</u>	<u>\$ 36,555,036</u>	<u>\$ 38,163,254</u>	<u>\$ 38,773,287</u>	<u>\$ 40,486,240</u>	<u>\$ 43,420,098</u>	<u>\$ 43,199,912</u>	<u>\$ 45,214,364</u>	<u>\$ 46,565,028</u>	<u>\$ 48,013,973</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	\$ 25,735	\$ 25,550	\$ 27,965	\$ 36,492	\$ 29,132	\$ 48,342	\$ 58,247	\$ 64,946	\$ 65,914	\$ 69,685
Public Safety	1,545,336	2,158,211	2,146,698	1,972,793	2,284,805	2,258,352	2,358,022	2,086,722	2,259,477	2,521,682
Streets	-	-	-	-	-	-	-	-	-	-
Parks	234,697	268,311	360,347	364,402	348,478	353,380	321,664	312,541	319,968	298,901
Public Works	1,623,164	1,430,999	985,157	2,885,760	3,113,402	1,593,086	1,898,453	2,196,979	1,334,508	1,762,119
Total governmental activities program revenues	<u>3,428,932</u>	<u>3,883,071</u>	<u>3,520,167</u>	<u>5,259,447</u>	<u>5,775,817</u>	<u>4,253,160</u>	<u>4,636,386</u>	<u>4,661,188</u>	<u>3,979,867</u>	<u>4,652,387</u>
Business type activities:										
Charges for services:										
Utilities	10,828,233	11,790,145	12,115,224	14,384,367	13,655,917	13,911,816	14,936,298	14,606,621	14,605,166	15,339,518
Sanitation	2,647,770	2,760,877	2,800,004	2,953,344	2,828,621	2,743,414	2,716,376	2,692,834	2,860,758	3,061,506
Stormwater	-	-	-	-	-	-	465,816	435,563	433,302	437,057
Total business type activities program revenues	<u>13,476,003</u>	<u>14,551,022</u>	<u>14,915,228</u>	<u>17,337,711</u>	<u>16,484,538</u>	<u>16,655,230</u>	<u>18,118,490</u>	<u>17,735,018</u>	<u>17,899,226</u>	<u>18,838,081</u>
Total primary government program revenues	<u>\$ 16,904,935</u>	<u>\$ 18,434,093</u>	<u>\$ 18,435,395</u>	<u>\$ 22,597,158</u>	<u>\$ 22,260,355</u>	<u>\$ 20,908,390</u>	<u>\$ 22,754,876</u>	<u>\$ 22,396,206</u>	<u>\$ 21,879,093</u>	<u>\$ 23,490,468</u>
Net (Expense) Revenue										
Governmental activities	\$ (19,846,087)	\$ (19,350,795)	\$ (20,691,676)	\$ (18,095,758)	\$ (18,973,438)	\$ (22,391,749)	\$ (21,982,996)	\$ (24,272,416)	\$ (25,777,539)	\$ (25,711,414)
Business type activities	425,297	1,229,852	963,817	1,919,629	747,553	(119,959)	1,537,960	1,454,258	1,091,604	1,187,909
Total primary government net expense	<u>\$ (19,420,790)</u>	<u>\$ (18,120,943)</u>	<u>\$ (19,727,859)</u>	<u>\$ (16,176,129)</u>	<u>\$ (18,225,885)</u>	<u>\$ (22,511,708)</u>	<u>\$ (20,445,036)</u>	<u>\$ (22,818,158)</u>	<u>\$ (24,685,935)</u>	<u>\$ (24,523,505)</u>

General Revenues and Other Changes in Net Position

Governmental activities:

Taxes:											
Ad valorem	\$ 14,724,370	\$ 15,399,326	\$ 15,918,098	\$ 15,928,388	\$ 15,484,579	\$ 15,444,115	\$ 16,160,020	\$ 16,971,682	\$ 17,530,625	\$ 18,463,633	
Sales tax	3,269,205	2,939,262	3,228,336	3,584,805	3,395,645	3,498,422	4,014,191	4,229,485	4,245,822	4,421,709	
Franchise Fees	2,071,490	2,136,595	2,049,354	2,207,303	2,094,494	1,989,121	2,122,312	2,228,552	2,087,318	2,072,947	
Investment earnings	1,455,605	414,462	369,718	208,533	188,888	98,286	172,591	287,428	347,503	394,574	
Other	91,966	1,333,295	1,065,968	502,174	90,026	1,429,414	4,373,130	2,343,344	1,368,791	1,265,815	
Contribution	1,026	34	34	34	32	-	-	-	-	-	
Donations	34,614	240,640	51,462	33,596	12,276	137,043	83,759	84,614	133,524	98,836	
Gain (loss) on sale of capital assets	724,008	17,804,603	-	-	-	-	-	-	(124,075)	-	
Transfers	647,824	(352,176)	(352,176)	(352,176)	(352,176)	(352,176)	(952,176)	(1,556,545)	(1,073,620)	(388,560)	
Total governmental activities	23,020,108	39,916,041	22,330,794	22,112,657	20,913,764	22,244,225	25,973,827	24,588,560	24,515,888	26,328,954	

Business type activities:

Investment earnings	239,132	61,253	1,792	2,738	3,241	1,974	448	2,230	25,671	38,991
Other	115,979	88,826	73,036	-	75,997	75,926	80,837	64,441	32,190	737,609
Gain (loss) on sale of capital assets	16,158	(4,818)	-	-	-	-	-	-	-	-
Transfers	(647,824)	352,176	352,176	352,176	352,176	352,176	952,176	1,556,545	1,073,620	388,560
Total business type activities	(276,555)	497,437	427,004	354,914	431,414	430,076	1,033,461	1,623,216	1,131,481	1,165,160

Total primary government	\$ 22,743,553	\$ 40,413,478	\$ 22,757,798	\$ 22,467,571	\$ 21,345,178	\$ 22,674,301	\$ 27,007,288	\$ 26,211,776	\$ 25,647,369	\$ 27,494,114
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Change in Net Position

Governmental activities	\$ 3,174,021	\$ 20,565,246	\$ 1,639,118	\$ 4,016,899	\$ 1,940,326	\$ (147,524)	\$ 3,990,831	\$ 316,144	\$ (1,261,651)	\$ 617,540
Business type activities	148,742	1,727,289	1,390,821	2,274,543	1,178,967	310,117	2,571,421	3,077,474	2,223,085	2,353,069
Total primary government	\$ 3,322,763	\$ 22,292,535	\$ 3,029,939	\$ 6,291,442	\$ 3,119,293	\$ 162,593	\$ 6,562,252	\$ 3,393,618	\$ 961,434	\$ 2,970,609

Source: Comprehensive Annual Financial Report

**CITY OF UNIVERSITY PARK, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)**

Table 3

	2008	2009	2010
General Fund			
Reserved	\$ 1,322,841	\$ 1,195,862	\$ 940,083
Unreserved	7,428,129	23,743,726	24,285,828
Total General Fund	<u>\$ 8,750,970</u>	<u>\$ 24,939,588</u>	<u>\$ 25,225,911</u>
All Other Governmental Funds			
Reserved	\$ 7,588,765	\$ 3,451,470	\$ 1,459,551
Unreserved, reported in:			
Capital Projects fund	4,619,939	5,931,904	7,971,336
Special revenue funds	76,919	132,990	52,888
Total all other governmental funds	<u>\$ 12,285,623</u>	<u>\$ 9,516,364</u>	<u>\$ 9,483,775</u>

Note: In fiscal year 2011, the City implemented GASB 54, which classifies fund balance as nonspendable, restricted, committed, assigned and unassigned. No previous years were restated.

	2011	2012	2013	2014	2015	2016	2017
General Fund							
Nonspendable	\$ 447,942	\$ 502,835	\$ 518,976	\$ 557,109	\$ 576,174	\$ 622,861	\$ 591,377
Restricted	1,274,954	-	-	-	-	-	-
Committed	20,750,202	20,750,202	20,750,202	20,750,202	20,750,202	20,750,202	17,514,501
Assigned	711,397	644,732	503,441	455,547	306,923	290,639	309,933
Unassigned	5,126,786	6,194,370	5,234,423	5,560,558	6,519,025	7,130,059	8,573,761
Total General Fund	<u>\$ 28,311,281</u>	<u>\$ 28,092,139</u>	<u>\$ 27,007,042</u>	<u>\$ 27,323,416</u>	<u>\$ 28,152,324</u>	<u>\$ 28,793,761</u>	<u>\$ 26,989,572</u>
All Other Governmental Funds							
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Spendable							
Restricted	-	-	-	-	229,197	294,025	310,644
Committed	-	-	-	-	-	-	-
Assigned	9,831,161	10,824,871	9,647,996	12,456,022	12,275,219	9,966,009	11,154,189
Unassigned	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 9,831,161</u>	<u>\$ 10,824,871</u>	<u>\$ 9,647,996</u>	<u>\$ 12,456,022</u>	<u>\$ 12,504,416</u>	<u>\$ 10,260,034</u>	<u>\$ 11,464,833</u>

Source: Comprehensive Annual Financial Report

CITY OF UNIVERSITY PARK, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

Table 4

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes:										
Ad Valorem	\$ 14,697,483	\$ 15,397,077	\$ 15,942,896	\$ 15,942,729	\$ 15,502,274	\$ 15,437,318	\$ 16,029,692	\$ 17,043,636	\$ 17,527,721	\$ 18,477,455
Sales	3,269,205	2,939,262	3,228,336	3,584,805	3,395,645	3,498,422	4,014,191	4,229,485	4,245,822	4,421,709
Franchise fees	2,071,490	2,136,595	2,049,354	2,207,303	2,094,494	1,989,121	2,122,312	2,228,552	2,087,318	2,072,947
Permits and licenses	2,062,834	1,572,127	1,071,690	2,973,785	3,192,446	1,673,681	1,985,049	2,309,390	1,418,959	1,858,996
Fines	1,074,478	524,952	529,704	460,329	769,308	758,962	839,055	633,083	820,356	920,316
Charges for services	-	1,740,278	1,546,781	1,468,322	1,434,766	1,465,817	1,785,939	1,738,025	1,851,865	1,882,041
Other	1,111,861	1,360,856	1,424,116	2,329,790	451,824	1,876,407	4,400,268	1,702,884	1,368,791	1,270,395
Investment income	1,123,434	414,462	369,718	208,533	188,888	98,286	172,591	287,428	347,503	394,574
Donations	34,614	240,640	51,462	33,596	12,276	137,043	83,759	84,614	133,524	98,836
Total revenues	<u>25,445,399</u>	<u>26,326,249</u>	<u>26,214,057</u>	<u>29,209,192</u>	<u>27,041,921</u>	<u>26,935,057</u>	<u>31,432,856</u>	<u>30,257,097</u>	<u>29,801,859</u>	<u>31,397,269</u>
Expenditures										
General Government	3,623,013	3,711,731	3,726,579	3,908,128	3,710,920	3,940,032	4,081,360	4,195,769	4,172,217	7,941,643
Public Safety	10,910,732	11,492,897	11,612,306	11,792,300	11,769,965	12,193,142	12,288,514	12,772,317	13,060,294	13,547,700
Streets	2,004,345	1,807,372	1,872,562	1,737,530	1,780,280	1,745,127	1,848,867	1,998,240	1,742,353	1,706,388
Parks	2,886,318	2,935,266	3,101,504	3,105,560	3,080,028	3,140,013	3,188,534	3,225,558	3,271,096	3,255,344
Public Works	2,950,749	2,811,921	2,684,192	2,611,421	2,528,517	2,812,070	2,779,473	2,847,099	2,785,712	2,548,586
Capital Outlay	6,285,377	7,875,116	4,611,004	2,269,321	3,045,468	5,014,469	3,169,532	2,784,267	5,299,512	2,600,773
Total expenditures	<u>28,660,534</u>	<u>30,634,303</u>	<u>27,608,147</u>	<u>25,424,260</u>	<u>25,915,178</u>	<u>28,844,853</u>	<u>27,356,280</u>	<u>27,823,250</u>	<u>30,331,184</u>	<u>31,600,434</u>
Excess of revenues over (under) expenditures	(3,215,135)	(4,308,054)	(1,394,090)	3,784,932	1,126,743	(1,909,796)	4,076,576	2,433,847	(529,325)	(203,165)
Other Financing Sources (Uses)										
Transfers in	6,488,020	4,990,191	4,680,020	2,680,020	4,108,561	3,053,014	5,975,020	2,774,428	2,986,407	3,747,854
Transfers out	(5,840,196)	(5,342,367)	(3,032,196)	(3,032,196)	(4,460,736)	(3,405,190)	(6,927,196)	(4,330,973)	(4,060,027)	(4,144,079)
Proceeds from the sale of real estate	-	18,079,589	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>647,824</u>	<u>17,727,413</u>	<u>1,647,824</u>	<u>(352,176)</u>	<u>(352,175)</u>	<u>(352,176)</u>	<u>(952,176)</u>	<u>(1,556,545)</u>	<u>(1,073,620)</u>	<u>(396,225)</u>
Net change in fund balances	<u>\$ (2,567,311)</u>	<u>\$ 13,419,359</u>	<u>\$ 253,734</u>	<u>\$ 3,432,756</u>	<u>\$ 774,568</u>	<u>\$ (2,261,972)</u>	<u>\$ 3,124,400</u>	<u>\$ 877,302</u>	<u>\$ (1,602,945)</u>	<u>\$ (599,390)</u>

Source: Comprehensive Annual Financial Report

CITY OF UNIVERSITY PARK, TEXAS
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(Unaudited)

Table 5

Fiscal Year	Real Property		Business Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Residential	Commercial				
2008	\$ 6,494,649,520	\$ 951,392,770	\$ 64,453,300	\$ 2,065,659,046	\$ 5,444,836,544	\$ 0.2684
2009	7,222,753,610	1,328,001,550	69,328,260	2,813,471,585	5,806,611,835	0.2655
2010	7,266,425,510	1,390,034,530	71,886,140	2,742,338,498	5,986,007,682	0.2655
2011	6,863,828,520	1,405,826,170	70,896,650	2,633,438,386	5,707,112,954	0.2785
2012	6,654,905,050	1,424,711,540	69,909,780	2,581,437,846	5,568,088,524	0.2785
2013	6,644,042,790	1,525,744,050	71,281,470	2,653,643,498	5,587,424,812	0.2785
2014	6,996,977,160	1,666,485,480	75,369,540	2,839,055,026	5,899,777,154	0.2743
2015	7,573,817,110	1,806,314,070	81,981,600	3,113,142,452	6,348,970,328	0.2698
2016	8,184,648,580	1,835,964,380	86,214,430	3,275,569,950	6,831,257,440	0.2589
2017	9,173,260,600	1,886,228,710	86,309,460	3,751,895,965	7,393,902,805	0.2488

Note: Property in the City is reassessed each year. Property is assessed at actual value; therefore, the assessed values are equal to actual value. Tax rates are per \$100 of assessed value

Source: Dallas Central Appraisal District "Summary of the Certified Estimated Values Report."
Dallas County Tax Office "Property Tax Rates."

CITY OF UNIVERSITY PARK, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
(per \$100 of assessed value)
Last Ten Fiscal Years
(Unaudited)

Table 6

Fiscal Year	City Direct Rates			Overlapping Rates				
	Operating/ General Rate	General Obligation Debt Service	Total Direct	Highland Park Independent School District	Dallas County	Parkland Hospital District	Dallas County Community College District	Total
2008	0.2684	-	0.2684	1.0367	0.2328	0.2540	0.0804	1.8723
2009	0.2655	-	0.2655	1.0900	0.2330	0.2540	0.0894	1.9319
2010	0.2655	-	0.2655	1.1100	0.2333	0.2740	0.0949	1.9777
2011	0.2785	-	0.2785	1.1150	0.2531	0.2710	0.0992	2.0168
2012	0.2785	-	0.2785	1.1342	0.2531	0.2710	0.0997	2.0365
2013	0.2785	-	0.2785	1.1342	0.2530	0.2710	0.1194	2.0561
2014	0.2743	-	0.2743	1.1267	0.2531	0.2760	0.1247	2.0548
2015	0.2698	-	0.2698	1.1181	0.2531	0.2860	0.1248	2.0518
2016	0.2589	-	0.2589	1.1119	0.2531	0.2860	0.1237	2.0336
2017	0.2488	-	0.2488	1.2032	0.2531	0.2794	0.1242	2.1087

Note: All outstanding debt of the City was extinguished in fiscal 2002.

Source: Dallas Central Appraisal District "Ad Valorem Tax Rates for Dallas County"

**CITY OF UNIVERSITY PARK, TEXAS
PRINCIPAL PROPERTY TAX PAYERS
Current Year and Ten Years Ago
(Unaudited)**

Table 7

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Caruth Preston Road	\$ 81,925,600	1	1.11%	\$ 65,220,990	1	1.20%
Gerald J. Ford	25,616,608	2	0.35%	12,194,864	7	0.22%
Peruna Holdings Corp	22,800,000	3	0.31%	44,305,630	2	0.81%
Southern Methodist University	20,172,370	4	0.27%	27,392,850	3	0.50%
Trevor D. and Janice M. Rees-Jones	15,732,130	5	0.21%			
Clint D. and Nancy P. Carlson	14,871,572	6	0.20%			
Intercity Investments Inc	14,025,000	7	0.19%	15,975,800	4	0.29%
Finney Mary Clare Life Estate	13,970,733	8	0.19%			
John C. & Debbie Tolleson	13,822,400	9	0.19%	10,485,746	10	0.19%
HG Residence Trust	13,686,464	10	0.19%			
Rufus C. Porter				15,670,504	5	0.29%
Birmingham Wallace LP				15,660,300	6	0.29%
JTL Nomandy/Parkwood LP				12,073,950	8	0.22%
CNL Retirement CRSI Park				11,000,000	9	0.20%
	<u>\$ 236,622,877</u>		<u>3.21%</u>	<u>\$ 229,980,634</u>		<u>4.21%</u>

Source: Dallas County Tax Office

**CITY OF UNIVERSITY PARK, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
(Unaudited)**

Table 8

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Original Levy
2008	\$ 14,614,559	\$ 14,474,167	99.04%	\$ 146,056	\$ 14,620,223	100.00%
2009	15,418,745	15,249,426	98.90%	81,905	15,331,331	99.43%
2010	15,893,856	15,739,996	99.03%	49,953	15,789,949	99.35%
2011	15,903,248	15,769,437	99.16%	42,038	15,811,475	99.42%
2012	15,507,883	15,384,088	99.20%	7,980	15,392,068	99.25%
2013	15,561,032	15,377,061	98.82%	16,495	15,393,556	98.92%
2014	16,187,443	15,956,992	98.58%	1,070	15,958,062	98.58%
2015	17,133,359	16,961,640	99.00%	(46,816)	16,914,824	98.72%
2016	17,692,489	17,525,897	99.06%	(2,417)	17,523,480	99.04%
2017	18,453,201	18,270,892	99.01%	-	18,270,892	99.01%

Source: Dallas County Tax Office

CITY OF UNIVERSITY PARK, TEXAS
RATIO OF OUTSTANDING DEBT
Last Ten Fiscal Years
(Unaudited)

Table 9

<u>Fiscal Year</u>	<u>General Obligation Refunding Bonds</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
2008	-	-	-
2009	-	-	-
2010	-	-	-
2011	-	-	-
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-

Note: All outstanding debt of the City was extinguished in fiscal 2002.

CITY OF UNIVERSITY PARK, TEXAS
RATIO OF NET GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years
(Unaudited)

Table 10

<u>Fiscal Year</u>	<u>General Obligation Refunding Bonds</u>	<u>Less: Amount Available for Debt Service</u>	<u>Net Bonded Debt</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2008	-	-	-	-	-
2009	-	-	-	-	-
2010	-	-	-	-	-
2011	-	-	-	-	-
2012	-	-	-	-	-
2013	-	-	-	-	-
2014	-	-	-	-	-
2015	-	-	-	-	-
2016	-	-	-	-	-
2017	-	-	-	-	-

Note: All outstanding debt of the City was extinguished in fiscal 2002.

**CITY OF UNIVERSITY PARK, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of September 30, 2017
(Unaudited)**

Table 11

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Highland Park Independent School District	\$ 274,910,000	55.99%	\$ 153,922,109
Dallas County	199,545,000	3.73%	7,443,029
Dallas County Community College District	263,140,000	3.47%	9,130,958
Dallas County Hospital District	703,770,000	3.62%	25,476,474
Dallas Independent School District	2,923,745,000	0.02%	584,749
Subtotal, overlapping debt			196,557,319
City of University Park direct debt			-
Total direct and overlapping debt			\$ 196,557,319

Source: Hilltop Securities Inc.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of The City of University Park. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

**CITY OF UNIVERSITY PARK, TEXAS
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years
(Unaudited)**

Table 12

The City of University Park has no non-general obligation, long-term debt.

**CITY OF UNIVERSITY PARK, TEXAS
 LEGAL DEBT MARGIN INFORMATION
 Last Ten Fiscal Years
 (Unaudited)**

Table 13

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Tax Rate Limit	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000
Current Tax Rate	0.2684	0.2655	0.2655	0.2785	0.2785	0.2785	0.2743	0.2698	0.2589	0.2488
Available Tax Rate	<u>\$ 2.2316</u>	<u>\$ 2.2345</u>	<u>\$ 2.2345</u>	<u>\$ 2.2215</u>	<u>\$ 2.2215</u>	<u>\$ 2.2215</u>	<u>\$ 2.2257</u>	<u>\$ 2.2302</u>	<u>\$ 2.2411</u>	<u>\$ 2.2512</u>

Note: The City Charter of The City of University Park does not provide for a debt limit. Under provisions of Texas state law, the maximum tax rate is limited to \$2.50 per \$100 assessed valuation.

Source: Dallas Central Appraisal District "Summary of the Certified Estimated Values Report."
 Dallas County Tax Office "Property Tax Rates."

CITY OF UNIVERSITY PARK, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years
(Unaudited)

Table 14

Year	Estimated Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2008	23,324	\$ 1,534,206	\$ 65,778	31.2	6,250	5.0%
2009	23,324	1,541,110	66,074	31.2	6,400	7.0%
2010	23,068	1,539,997	66,759	27.8	6,448	7.1%
2011	23,068	1,539,997	66,759	27.8	6,448	7.0%
2012	23,040	1,461,059	63,414	29.7	6,757	5.6%
2013	22,920	1,607,013	70,114	29.7	6,848	5.4%
2014	22,860	1,602,806	70,114	29.7	6,804	3.9%
2015	22,840	1,784,672	78,138	29.8	6,804	3.3%
2016	22,720	1,776,772	78,203	29.8	7,037	3.3%
2017	22,820	2,108,568	92,400	32.9	7,091	2.7%

Source: Estimated population obtained from the North Central Texas Council of Governments, 2017 Population Estimates Report.
Current and updated median age, per capita via city-data.com.
Current and updated school enrollment via neighborhoodscout.com.
Current and updated unemployment rate via homefacts.com.

**CITY OF UNIVERSITY PARK, TEXAS
PRINCIPAL EMPLOYERS
Current Year
(Unaudited)**

Table 15

UNIVERSITY PARK					
Employer	Rank	Employees	Percentage of Total City Employment		
Southern Methodist University	1	2,500	11%		
Highland Park ISD	2	800	4%		
Martini Hospitality	3	500	2%		
City of University Park	4	246	1%		

DALLAS COUNTY			COLLIN COUNTY		
Employer	Rank	Employees	Employer	Rank	Employees
UT Southwestern Medical Center	1	24,954	Bank of America	1	10,347
Baylor Health Care System	2	10,342	HP Enterprise Services	2	10,000
AT&T	3	8,829	State Farm	3	8,700
Verizon	4	7,596	JP Morgan Chase & Co.	4	6,000
Parkland Health & Hospital	5	6,900	Medical Center	5	4,155
Dallas County	6	6,626	Liberty Mutual Insurance	6	4,000
Wal-Mart	7	6,393	Toyota	7	4,000
Bank of America	8	6,318	JC Penney	8	3,800
UPS	9	6,232	Raytheon	9	3,700
Medical City Dallas Hospital	10	6,000	Capital One	10	3,683

Note: The City of University Park is primarily residential in nature, with a highly mobile workforce. Nestled between the north/south routes of the Dallas North Tollway to the west, and North Central Expressway to the east, the majority of commuters are likely employed in either Dallas or Collin County. Therefore, the major employers of those areas are presented along with the top 4 employers within the City limits. No comparative prior period information is available. Employers information was found in destinationdfw.com and North Central Texas Council of Governments sites/reports, and therefore is not intended as an accurate portrayal of actual City employment.

Source: North Central Texas Council of Governments

**CITY OF UNIVERSITY PARK, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM
Last Ten Fiscal Years
(Unaudited)**

Table 16

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Administrative	5	5	5	5	5	5	5	5	6	6
Finance	8	7	7	7	6	5	6	6	6	6
Human Resources	2	2	2	2	2	2	2	2	2	2
Information Services	4	4	5	5	5	5	5	5	5	5
Library *						4	4	4	4	4
Facility Maintenance	4	3	3	3	2	2	2	2	2	2
Public Safety										
Police										
Officers	39	39	39	37	39	35	39	39	43	41
Civilians	11	9	11	12	10	13	14	11	10	12
Fire										
Firefighters and officers	36	34	35	35	34	34	35	35	33	31
Civilians	1	1	1	1	1	1	1	1	1	1
Municipal Court	2	2	2	2	2	2	2	2	2	2
Parks	25	24	24	24	22	22	22	22	22	23
Public Works										
Community Development	8	9	9	9	10	11	11	9	10	9
Engineering	7	6	6	6	6	5	5	5	4	3
Traffic	7	7	7	6	7	7	7	7	6	7
Streets	17	16	16	16	16	16	17	16	16	16
Utilities	31	32	32	31	28	32	31	31	31	31
Sanitation	27	26	26	25	26	27	27	27	28	27
Equipment Services	10	10	10	10	10	10	10	10	9	9
Capital Projects	1	1	1	1	1	0	0	0	0	0
Total	245	237	241	237	232	238	245	239	240	237

Source: City Human Resource Department

* Function added in 2013

**CITY OF UNIVERSITY PARK, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years
(Unaudited)**

Table 17

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Public Safety										
Police										
Parking tickets	5,783	5,481	4,927	5,277	8,426	7,333	6,886	2,873	6,386	5,793
Traffic violations	5,914	6,859	3,808	5,133	5,169	4,050	5,838	5,774	3,386	3,970
Accident calls	497	353	340	217	210	198	188	535	572	532
Total calls for service	17,336	16,907	19,946	25,835	25,756	24,162	24,636	27,767	30,199	31,051
Fire										
Number of fire runs	1,333	1,250	1,340	1,185	1,227	1,437	1,485	1,547	1,455	1,532
Number of EMS runs	1,251	1,120	1,156	1,113	1,012	1,100	1,073	1,033	1,038	1,077
Inspections	478	528	685	725	791	819	1,040	874	856	1,142
Parks										
Pool passes issued	2,755	2,635	3,480	3,422	3,186	3,161	3,036	2,821	2,645	2,465
Public Works										
Building permits issued	2,634	2,078	2,203	2,597	2,792	3,036	3,257	3,040	2,880	2,511
Work orders completed	9,911	9,406	7,576	7,758	8,203	7,436	6,970	7,538	6,824	7,216
Sanitation										
Waste hauled (tons)	14,012	15,508	17,219	15,022	15,295	15,052	14,487	15,139	12,806	12,751
Recycled materials (tons)	4,190	2,393	2,734	2,854	2,961	2,886	3,116	3,298	3,614	3,222
Green Waste	2,560	2,305	4,365	2,731	2,936	2,647	2,212	2,428	1,652	1,489
Utilities										
Number of consumers	8,624	8,732	8,764	8,790	8,747	8,813	8,848	8,797	8,830	8,815
Average daily consumption (ten thousands of gallons)	4,234	4,511	4,159	5,797	4,844	4,403	4,095	3,931	3,850	3,956

Sources: Various City Departments

**CITY OF UNIVERSITY PARK, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years
(Unaudited)**

Table 18

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	18	20	13	12	12	12	12	13	13	12
Motorcycle units	0	1	1	0	0	0	0	0	0	2
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Trucks	3	3	3	4	4	4	3	3	2	3
MICU	1	2	2	2	2	2	2	2	2	2
Parks										
Parks (acres)	60	60	60	60	60	60	60	60	60	60
Parks (number of)	8	8	8	9	10	10	11	11	11	11
Playgrounds	9	9	9	8	8	8	9	9	9	9
Swimming Pools	1	1	2	2	2	2	2	2	2	2
Tennis Courts	12	12	12	12	12	12	12	12	12	12
Water										
Water mains (miles)	89	89	89	89	89	89	89	89	89	89
Fire hydrants	471	476	472	472	469	470	473	473	473	473
Streets										
Streets (miles)	74.6	74.6	74.6	74.6	74.6	74.6	74.6	74.6	74.6	74.6
Sewer										
Sanitary sewer lines (miles)	63.8	63.8	63.8	63.8	63.8	63.8	63.8	63.8	63.8	63.8
Storm sewer lines (miles)	25.9	25.9	25.9	25.9	25.9	25.9	25.9	25.9	25.9	25.9

Source: Various City Departments

