

CITY OF UNIVERSITY PARK, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2014

Issued by
Department of Finance

CITY OF UNIVERSITY PARK, TEXAS

Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2014

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City of University Park
Committed to Excellence

March 31, 2015

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, 2014. 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.

Weaver and Tidwell, L.L.P., Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of University Park's financial statements for the year ended September 30, 2014. 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 22,860. 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, storm water 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.

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 by 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 new facilities such as the George W. Bush Presidential Center and the Sophomore Commons student housing area. These projects and the steady increase of single-family home construction substantially contributed to building permit revenues for the City.

In FY2014, the average market value of a single-family home in the City increased to \$1,153,806, a 5.61% increase from \$1,092,539 in FY2013. The increase in average market value was offset by a decrease in City tax levy during the year, resulting in a slight overall increase in the tax base. The property tax rate was decreased from 2013 at \$0.27845 to 2014 at \$0.27432, resulting in a budgeted revenue increase of \$626,256 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, 2013. 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,



Robbie Corder
City Manager



Tom Tvardzik
Director of Finance



Civic Yip
Controller





Government Finance Officers Association

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

Presented to

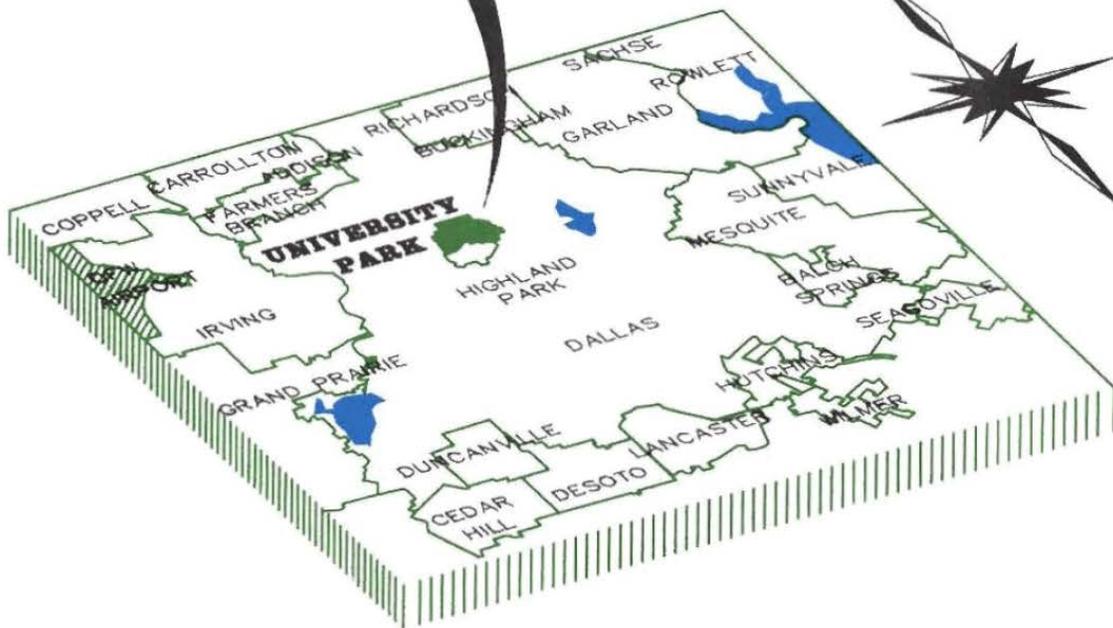
**City of University Park
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

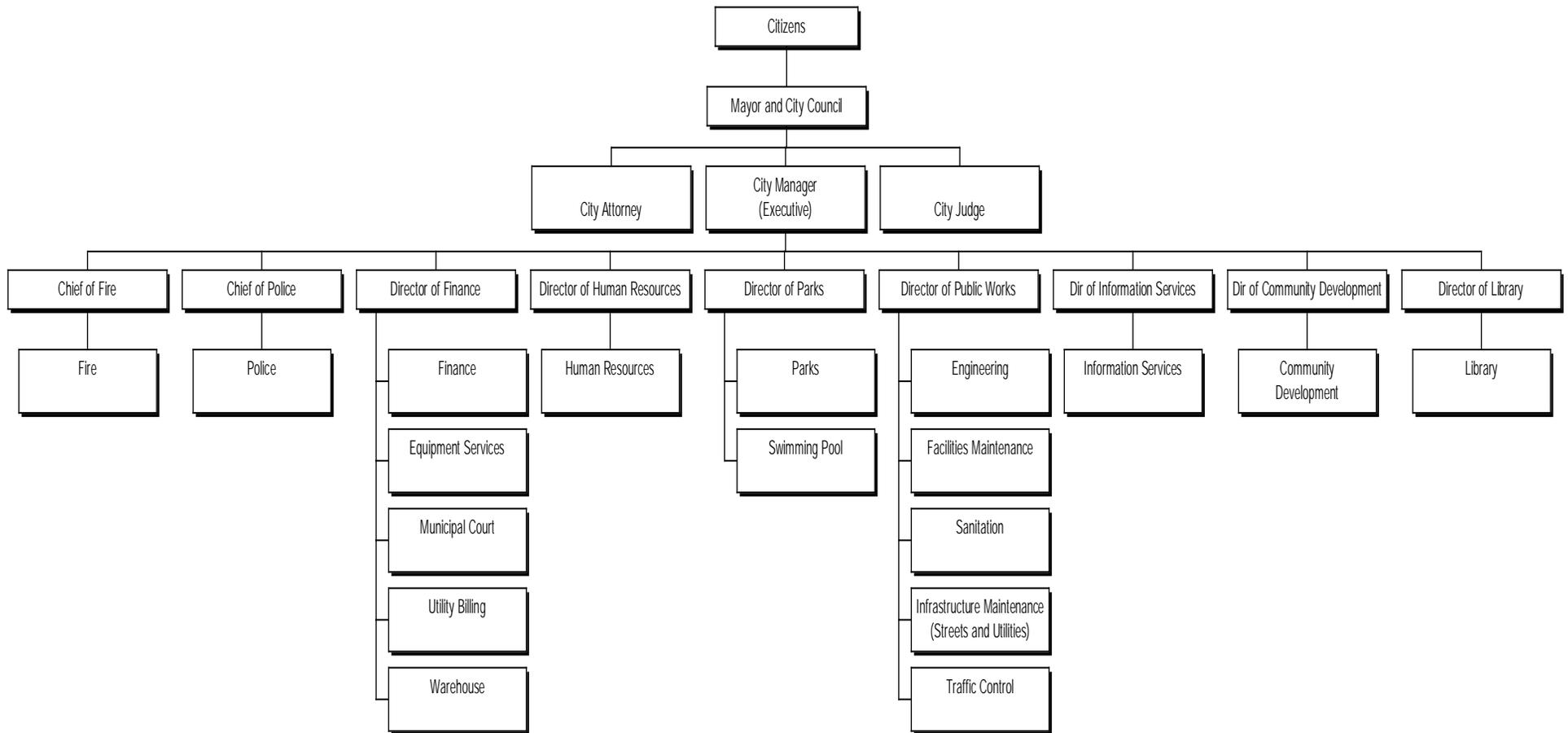
Executive Director/CEO

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	2016	Real Estate Developer
Robert Begert, Mayor Pro Tempore	2010	2016	Lawyer
Thomas Stewart, Council Member	2010	2016	General Contractor
Dawn Moore, Council Member	2012	2016	Lawyer
E. Taylor Armstrong, Jr., Council Member	2014	2016	Architect/Real Estate Broker

Appointed Officials

<u>Name</u>	<u>Position</u>	<u>Year Appointed</u>
Robbie Corder	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

Weaver and Tidwell, L.L.P., Dallas, Texas

Bond Counsel

McCall, Parkhurst & Horton, Dallas, Texas

Financial Advisor

First Southwest Company, Dallas, Texas



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the City Council of the
City of University Park
University Park, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of University Park, Texas (the City) as of and for the year ended September 30, 2014, 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, each major fund, and the aggregate remaining fund information of the City as of September 30, 2014, 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, Texas Municipal Retirement System Schedule of Funding Progress, the University Park Firefighters' Relief and Retirement Fund Schedule of Funding Progress, Retiree Health Care Plan, and the Budgetary Comparison Schedule for the General Fund on pages 5-18 and 59-63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

City of University Park

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In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 30, 2015



MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF UNIVERSITY PARK, TEXAS
Management's Discussion and Analysis (MD&A)
September 30, 2014

As management of the City of University Park ("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, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-iv of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$171,167,700 (*net position*). Of this amount, \$51,545,821 represents 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 \$6,562,252 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 \$39,779,438, an increase of \$3,124,400 from the prior year. Of the total amount, all but \$557,109 is available for spending at the government's discretion.
- At the end of the current fiscal year, spendable fund balance in the general fund was \$26,766,307. Of the spendable total, \$20,750,202 is committed to other purposes, namely: Emergency Reserve \$2,500,000; SMU PILOT (Payment In Lieu Of Taxes) \$2,375,000; and SMU Land Sale Reserve \$15,875,202, while \$455,547 is assigned to various governmental activities. The remaining spendable, unassigned fund balance is \$5,560,558.
- The City remains free of external debt, having retired its outstanding bonds in 2002.

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 three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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

The *statement of net position* presents information on all of the City's assets 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

CITY OF UNIVERSITY PARK, TEXAS
Management's Discussion and Analysis (MD&A)
September 30, 2014

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 itself. 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, two of which were established during FY2013. 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 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.

CITY OF UNIVERSITY PARK, TEXAS
Management's Discussion and Analysis (MD&A)
September 30, 2014

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 operations and its solid waste operation. *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 and solid waste operations. 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 \$171,167,700 as of September 30, 2014.

CITY OF UNIVERSITY PARK - Net Position

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 50,499,405	\$ 46,858,747	\$ 10,148,012	\$ 9,801,575	\$ 60,647,417	\$ 56,660,322
Capital assets	66,403,103	65,190,228	53,218,776	51,127,842	119,621,879	116,318,070
Total Assets	\$ 116,902,508	\$ 112,048,975	\$ 63,366,788	\$ 60,929,417	\$ 180,269,296	\$ 172,978,392
Current liabilities	\$ 5,025,727	\$ 2,777,758	\$ 2,311,734	\$ 2,457,543	\$ 7,337,461	\$ 5,235,301
Long-term liabilities	1,431,266	2,816,533	332,869	321,110	1,764,135	3,137,643
Total Liabilities	\$ 6,456,993	\$ 5,594,291	\$ 2,644,603	\$ 2,778,653	\$ 9,101,596	\$ 8,372,944
Net Position						
Investment in capital assets	\$ 66,403,103	\$ 65,190,228	\$ 53,218,776	\$ 51,127,842	\$ 119,621,879	\$ 116,318,070
Unrestricted	44,042,412	41,264,456	7,503,409	7,022,922	51,545,821	48,287,378
Total Net Position	\$ 110,445,515	\$ 106,454,684	\$ 60,722,185	\$ 58,150,764	\$ 171,167,700	\$ 164,605,448

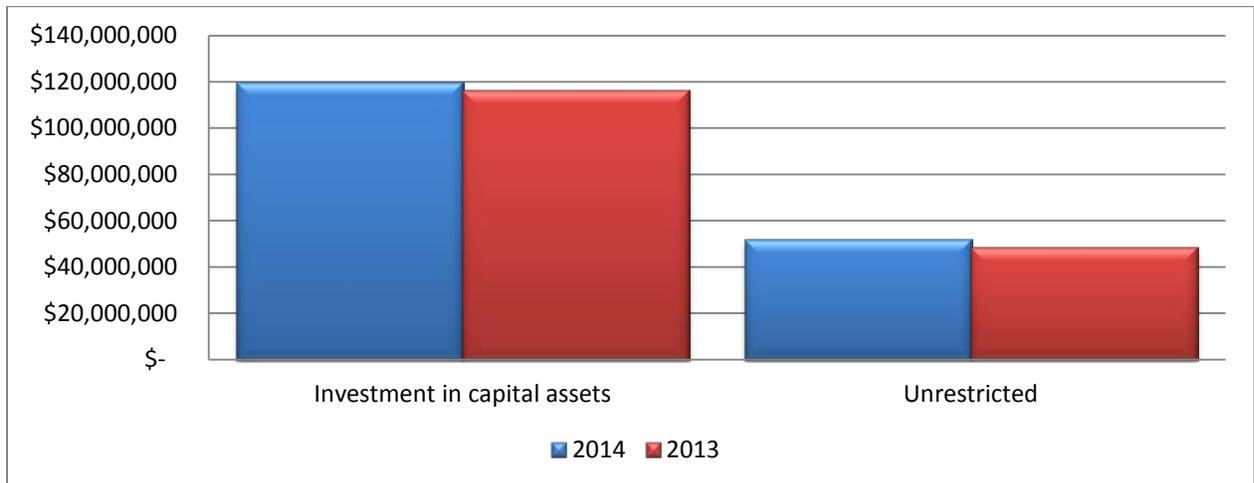
CITY OF UNIVERSITY PARK, TEXAS
 Management's Discussion and Analysis (MD&A)
 September 30, 2014

The largest portion of the City's total net position (\$119,621,879, or 70%) is its investment in capital assets (e.g., land, construction in progress, buildings, improvements, machinery and equipment and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Consequently, these assets are not available for future spending. The City has retired all outstanding debt and currently funds capital asset acquisition or construction on a pay-as-you-go basis.

The City has no restricted net position.

The remaining balance of \$51,545,821 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in 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.



The City's overall net position increased \$6,562,252 from the prior fiscal year. The reasons for the overall increase are discussed in the following sections for governmental activities and business-type activities.

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CITY OF UNIVERSITY PARK, TEXAS
 Management's Discussion and Analysis (MD&A)
 September 30, 2014

CITY OF UNIVERSITY PARK - Changes in Net Position

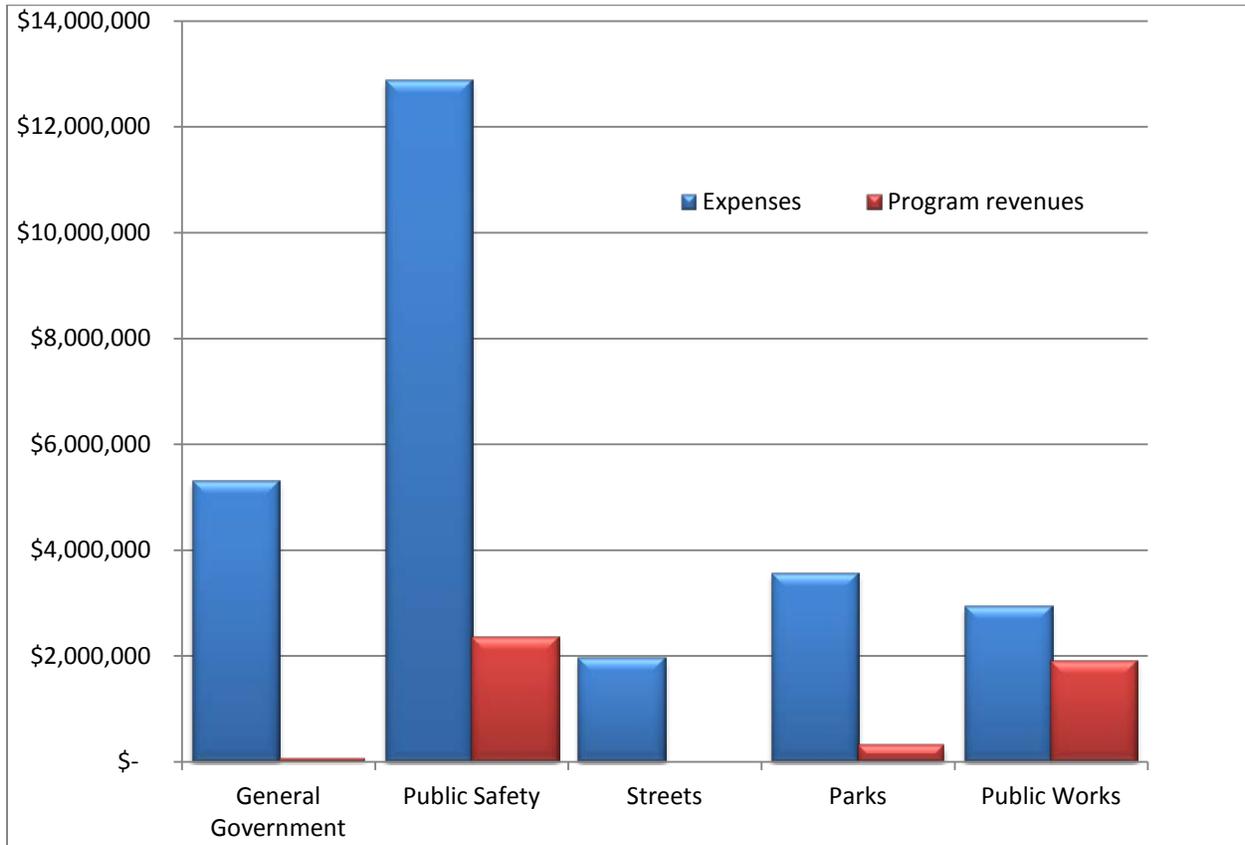
	Governmental activities			Business-type activities			Total		
	2014	2013	Change	2014	2013	Change	2014	2013	Change
Revenues:									
Program Revenues:									
Charges for services	\$ 4,636,386	\$ 4,253,160	\$ 383,226	\$ 18,118,490	\$ 16,655,230	\$ 1,463,260	\$ 22,754,876	\$ 20,908,390	\$ 1,846,486
General revenues									
Property tax	16,160,020	15,444,115	715,905	-	-	-	16,160,020	15,444,115	715,905
Sales tax	4,014,191	3,498,422	515,769	-	-	-	4,014,191	3,498,422	515,769
Franchise fees	2,122,312	1,989,121	133,191	-	-	-	2,122,312	1,989,121	133,191
Interest	172,591	98,286	74,305	448	1,974	(1,526)	173,039	100,260	72,779
Other	4,373,130	1,429,414	2,943,716	80,837	75,926	4,911	4,453,967	1,505,340	2,948,627
Donations	83,759	137,043	(53,284)	-	-	-	83,759	137,043	(53,284)
Total revenues	\$ 31,562,389	\$ 26,849,561	\$ 4,712,828	\$ 18,199,775	\$ 16,733,130	\$ 1,466,645	\$ 49,762,164	\$ 43,582,691	\$ 6,179,473
Expenses:									
General Government	\$ 5,303,529	\$ 5,168,456	\$ 135,073	\$ -	\$ -	\$ -	\$ 5,303,529	\$ 5,168,456	\$ 135,073
Public Safety	12,870,794	12,914,938	(44,144)	-	-	-	12,870,794	12,914,938	(44,144)
Streets	1,961,153	1,862,581	98,572	-	-	-	1,961,153	1,862,581	98,572
Parks	3,549,975	3,609,761	(59,786)	-	-	-	3,549,975	3,609,761	(59,786)
Public Works	2,933,931	3,089,173	(155,242)	-	-	-	2,933,931	3,089,173	(155,242)
Utilities	-	-	-	13,679,558	13,991,080	(311,522)	13,679,558	13,991,080	(311,522)
Stormwater	-	-	-	109,032	-	109,032	109,032	-	109,032
Sanitation	-	-	-	2,791,940	2,784,109	7,831	2,791,940	2,784,109	7,831
Total Expenses	\$ 26,619,382	\$ 26,644,909	\$ (25,527)	\$ 16,580,530	\$ 16,775,189	\$ (194,659)	\$ 43,199,912	\$ 43,420,098	\$ (220,186)
Increase in net position before transfers	\$ 4,943,007	\$ 204,652	\$ 4,738,355	\$ 1,619,245	\$ (42,059)	\$ 1,661,304	\$ 6,562,252	\$ 162,593	\$ 6,399,659
Transfers	(952,176)	(352,176)	(600,000)	952,176	352,176	600,000	-	-	-
Increase/(decrease) in net position	3,990,831	(147,524)	4,138,355	2,571,421	310,117	2,261,304	6,562,252	162,593	6,399,659
Net Position - beginning	106,454,684	106,602,208	(147,524)	58,150,764	57,840,647	310,117	164,605,448	164,442,855	162,593
Net Position - ending	\$ 110,445,515	\$ 106,454,684	\$ 3,990,831	\$ 60,722,185	\$ 58,150,764	\$ 2,571,421	\$ 171,167,700	\$ 164,605,448	\$ 6,562,252

Governmental Activities.

- Net position from governmental activities increased \$3,990,831 (after transfers) to \$110,445,515.
- Revenues related to governmental activities increased \$4,712,828 (or 18%) from the prior year. Major factors contributing to the increase are as follows:
 - Charges for services increased \$383,226 (9%) during the year. Substantially all of the increase is due to an increase in building permit revenue. While there were no significant projects of the scale noted in prior years, notably 3,257 building permits were issued in 2014, which is a ten year high.
 - Property taxes were up \$715,905 (5%) for the year, reflecting a resumption of the upward trend in housing values within the City. Average housing values (and subsequently, property taxes) declined somewhat during the FY2011 to FY2013 time frame.
 - Sales tax increased \$515,769, a robust 15% higher than FY2013, which is also reflective of greater consumer confidence.
 - Finally, the single greatest driver of the year-over-year growth was the \$2,943,716 (over 200%) increase in the Other Income category. The increase was entirely due to a payment of \$3,895,000 from Southern Methodist University (SMU) for the abandonment of certain rights-of-way and alleys necessary for campus construction. All of the fees received in that transaction were subsequently transferred by City Council to fund capital projects. Additionally, the Friends of the City of University Park Public Library made their second library operations support payment under the agreement executed in November of 2011. This payment amounted to \$300,000, an increase of almost \$40,000 from FY2013.
- Expenses related to governmental activities remained essentially even with the prior year, decreasing \$25,527 (less than 1%) to \$26,619,382.

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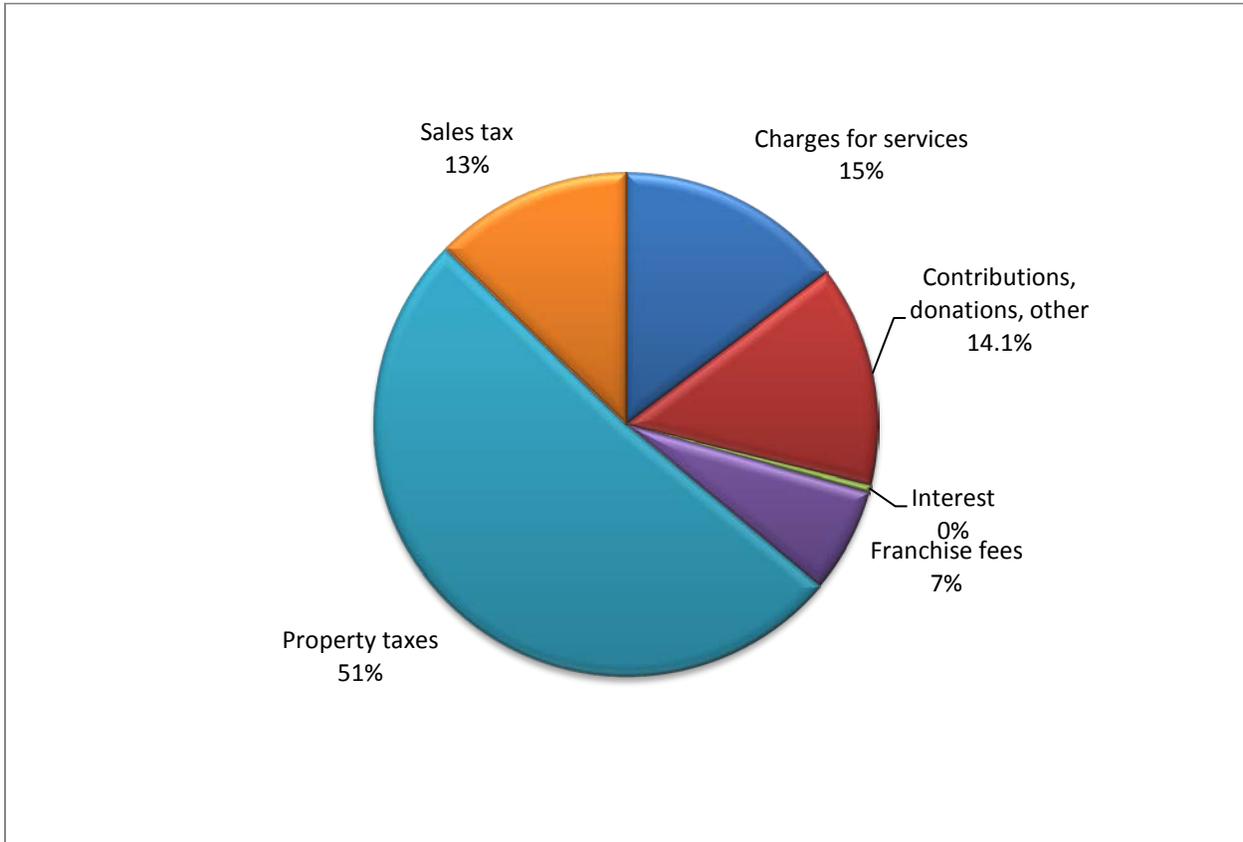
EXPENSES AND PROGRAM REVENUES – GOVERNMENTAL ACTIVITIES



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REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES



Business-type Activities:

- Net position from business-type activities increased \$2,571,421 after transfers, to \$60,722,185.
- Revenues related to business-type activities increased by \$1,466,645, in FY2014, due almost entirely to increases in charges for services within the Water and Sewer fund.
 - Changes in the water rate structure (which were implemented October 1, 2013) resulted in \$844,539 of the yearly increase. Previously, the average homeowner paid a base fee of \$12.75 for one-inch meter service. This base fee also included the first 2,000 gallons of water used. Additional water usage was billed at a rate of \$3.65 per 1,000 gallons. After considerable study and City Council approval, the base fee was decreased to \$11.00 and base usage was set to zero. All water used during the month is billed at \$4.30 per 1,000 gallons, up to 30,000 gallons/month - at which point a higher “conservation” rate is charged. This revenue increase might have been higher, but for the imposition of twice-weekly watering restrictions in July of 2014.

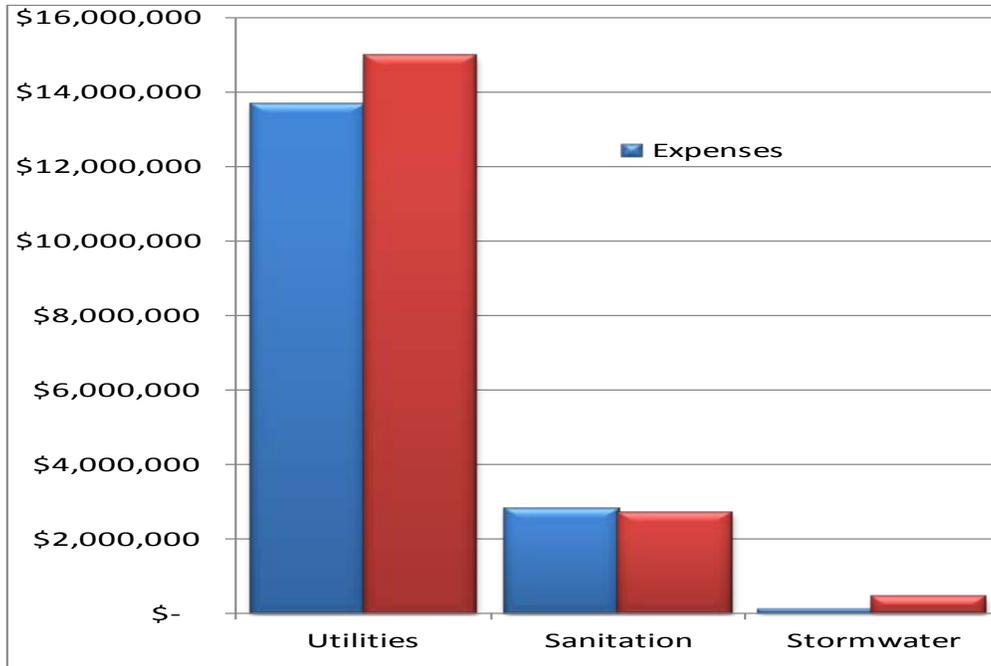
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- Wastewater processing (sewer) charges increased \$645,789 during the year as well. As is the case with water sales, the increase was due to changes in the wastewater rate structure. Similar to the aforementioned changes in the water rates, the minimum base rate was decreased from \$20.14 to \$10.00 per customer. The base rate usage of 2,000 gallons was eliminated, while the rate per 1,000 gallons of effluent was increased from \$3.01 per thousand to \$4.15 per thousand.
- Sanitation and storm water revenues (the third and fourth major revenue streams considered "business-type") remained essentially unchanged from the prior year.
- Expenses for business-type activities decreased by \$194,659 in FY2014, due to the following:
 - The cost of treated water declined \$311,330 from \$4,888,525 in FY2013 to \$4,577,195 in FY2014. While the rate per 1,000 gallons of treated water paid by the City increased from \$2.2862 to \$2.3310 (1.9%), significant reductions in usage (likely caused by the previously noted rate increase coupled with the imposition of watering restrictions) resulted in an over 6% decline in overall costs.
 - Offsetting the decrease in the cost of treated water, the cost of taking that water away increased \$224,621 from \$2,361,458 to \$2,586,079. This is due to the increase in the monthly fee from \$196,788 per month in fiscal 2013 to \$215,507 per month in fiscal 2014. Similar to the City's own billing practices, monthly wastewater processing charges are based on winter averaging (adjusted for inflow and infiltration into the system) multiplied by a volume rate.
 - Expenses related to storm water abatement and education (presented as a stand-alone fund for the first time in FY2014) also decreased from the prior year, from \$236,008 to \$109,032. The fiscal 2013 spending within this fund was dominated by the costs incurred to perform a comprehensive inventory of the storm water system before undertaking renovations or improvements.

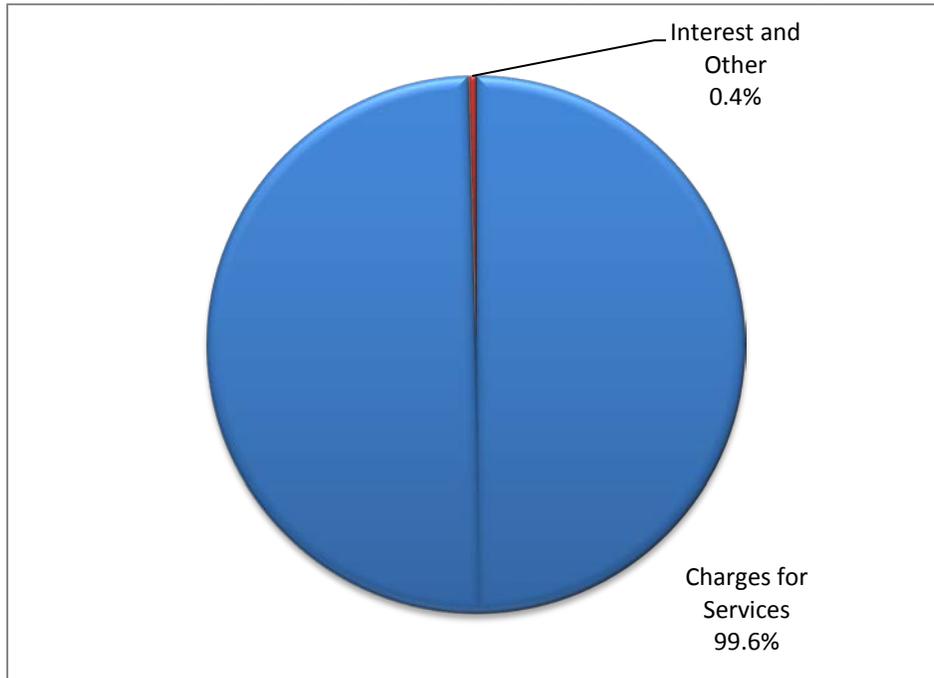
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EXPENSES AND REVENUES – BUSINESS-TYPE ACTIVITIES



REVENUES BY SOURCE – BUSINESS-TYPE ACTIVITIES



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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. FY2014 is the fourth year in which 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 Statement 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.
- *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.

As of the end of FY2014, the City's governmental funds reported combined ending fund balances of \$39,779,438, an increase \$3,124,400 compared to the prior year. Of the total, \$557,109 is not spendable, as it represents fuel and supplies inventories,

The \$20,750,202 reported as "Committed" is governed by resolutions the City Council approved in 2009. Committed funds cannot be expended without affirmative City Council action.

The \$12,911,569 of "Assigned" funds represents year-end encumbrances (open purchase orders) among the several governmental functions/activities, as well as money intended for capital projects or from special revenue sources.

Finally, the "Unassigned" balance of \$5,560,558 (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 (\$2,351,596 for FY2014).

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Fund balance in the Capital Projects Funds (a major fund) increased \$2,842,110 during fiscal 2014, from \$9,405,962 to a total of \$12,248,072. The increase in fund balance was caused primarily by the transfer of \$3,295,000 of the \$3,895,000 funds obtained from SMU. This transfer was from the General Fund. The remaining \$600,000 was transferred to the Water and Sewer fund to bolster capital project spending.

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 \$51,512,913, while the Sanitation and Storm water Funds totaled \$1,636,969 and \$778,893, respectively. Prior to transfer activity, the Water and Sewer Fund and Storm water Fund had income of \$1,250,016 and \$328,893, respectively, while the Sanitation Fund had a loss of \$27,350.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year, there was no need for any significant amendments to increase either the original estimated revenues or budgeted appropriations. 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 from fiscal 2013 was \$503,447, while the total that will be carried forward to fiscal 2015 is \$563,047.

Additional amendments were made during the year to transfer funds from the General Fund to both the Capital Projects Fund and the Water and Sewer Fund, in the amount of \$3,295,000 and \$600,000, respectively.

Final budget compared to actual results. The revenue totals in six general fund income categories varied more than \$125,000 from the final budget:

- Property taxes finished the year at \$16,029,692, or 98% of budget. The shortfall of \$363,748 was split 2-to-1 between collections on current taxes and those on delinquent taxes (including associated penalties and interest).
- Sales tax ended the year \$586,191 (17%) over budget, due in large part to conservative fiscal budgeting policy. Budgeted values have been increased for fiscal 2015.
- Permits and licenses revenue exceeded budget by \$433,049 (28%), due to a higher overall level of construction activity within the city resulting in increased building permit revenue, coupled with conservative budgeting policy. In fact, the building permit budget of \$1,400,000 has remained unchanged since 2008, and is based on the historical average since that time, adjusted for large scale non-recurring projects undertaken by SMU.
- Charges for services were below budget by \$147,691 (8%), with the shortfall almost evenly split between Ambulance Fees and Alarm Billing. In the case of Ambulance Fees, the City has seen steady erosion in reimbursements since fiscal 2010, and is rolling back future budget projections accordingly. Alarm Billing revenue (which accounts for initial and ongoing permit fees) has averaged about \$78,500 per year since fees were increased in fiscal 2011. The shortfall to budget was addressed in fiscal 2015, with a decrease of 26% in the adopted budget.
- As previously stated in this document, "Other" revenue ended \$3,823,747 above budget, due entirely to the receipt of a \$3,895,000 payment from SMU. As noted in prior years, the "Other" revenue category is highly variable from year to year.

CITY OF UNIVERSITY PARK, TEXAS
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- Investment income also underperformed budget, ending the year \$129,134 short. Similar to fiscal 2013, the targeted federal funds rate remained in a tight range from 0 to 25 basis points (a basis point being 1/100 of a percent). During most of fiscal 2014, local government investment pools paid no more than 4 basis points on average. For the quarter ended September 30, 2014, general fund investments (consisting of pool deposits, traditional and brokered CD's, federally insured deposits as well as individual securities and cash-in-bank) had an average yield to maturity of 34 basis points. This is a six point drop from the same time last year, due in large part to securities with attractive yields and/or extended maturities being "called away" to take advantage of lower rates on refinancing.
- Among general fund expenditures, only the Streets department had a negative variance to budget of \$14,136. Although retirements can be difficult to deal with from an operational perspective, the fiscal 2014 operational results of departments such as Police, Finance, Administration and Public Works benefitted from turnover in senior positions and the attendant savings in compensation costs during the necessary transitional periods.

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, 2014, amounts to \$119,621,879 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress.

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

	Governmental activities		Business-type activities		Totals	
	2014	2013	2014	2013	2014	2013
Land	\$ 7,041,359	\$ 7,041,359	\$ 108,758	\$ 108,758	\$ 7,150,117	\$ 7,150,117
Construction in progress	2,363,299	5,109,705	4,559,013	5,753,333	6,922,312	10,863,038
Buildings	13,624,810	14,065,733	-	-	13,624,810	14,065,733
Improvements	26,638,247	22,734,882	48,391,556	45,073,001	75,029,803	67,807,883
Equipment	7,443,712	6,625,089	159,449	192,750	7,603,161	6,817,839
Infrastructure	9,291,676	9,613,460	-	-	9,291,676	9,613,460
Total Capital Assets	\$ 66,403,103	\$ 65,190,228	\$ 53,218,776	\$ 51,127,842	\$ 119,621,879	\$ 116,318,070

Capital assets (net of construction-in-progress and depreciation) related to governmental activities increased by \$3,959,281 due in large part to the completion and capitalization of a number of capital projects. Notable projects completed include the "finish out" work in the University Park Public Library (\$2,319,422), the 2014 asphalt overlay (repaving) program (\$1,246,843) as well as various paving and drainage related improvements (\$786,199).

Business-type capital assets (also net of construction-in-progress and depreciation) increased \$3,285,254 in fiscal 2014. The increase was almost entirely due to the completion of two "mile-per-year" projects.

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

CITY OF UNIVERSITY PARK, TEXAS
Management's Discussion and Analysis (MD&A)
September 30, 2014

Long-term Debt. With the last note retired as of fiscal 2002, the City of University Park had 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 2015 budget:

- The total certified value of the City's taxable base increased by 7.61% during calendar 2014, due to the continued appreciation in home values since 2012. Before applicable exemptions, single-family home market values increased from an average appraised value of \$1,153,806 in calendar 2013 to \$1,251,237 in calendar 2014 (the basis used to budget fiscal 2015 property tax revenues).
- University Park offers a 20% homestead exemption and an additional 25% "Over-65 and Disabled" exemption to qualifying residents. The additional exemption approximates 25% of the prior calendar year market value of the average single-family home in the City, and amounted to \$288,000 for FY2015.
- In conjunction with the increase in property values in calendar 2014, the fiscal 2015 tax rate decreased from \$0.27432 to \$0.26979. Early indications suggest property values will continue to rise throughout calendar 2015.
- While the strong local economy enhances property values, it also has positive effects on sales tax revenues. These revenues are expected to climb in FY2015, resulting in a \$152,000 increase to the sales tax budget, the first increase in two years.

In preparing its fiscal year 2015 budget, City officials once again looked for ways to avoid significant new expenditures. Although a 2% pay raise was included in the budget, there were no new positions proposed or authorized. Capital projects funding was increased 3% in FY2015 in recognition of the higher costs of materials and labor in the DFW market. Funding for the future replacement of fleet vehicles was strengthened in FY2015, by incrementally increasing fund transfers. Finally, the City continues to explore options toward a fiscally sound and sustainable path forward for the Firefighters Relief and Retirement Fund, a tradition, defined-benefit pension plan. In order to encourage continued cooperation towards that goal, the City "picked" up 2% of the FY2015 contribution percentage that would have otherwise been paid by the firefighters.

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.

BASIC FINANCIAL STATEMENTS

CITY OF UNIVERSITY PARK, TEXAS
Statement of Net Position

September 30, 2014

	Primary Government		
	Governmental Activities	Business type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 28,761,487	\$ 1,517,027	\$ 30,278,514
Investments	23,061,037	-	23,061,037
Receivables	2,019,555	2,667,663	4,687,218
Prepays	-	572,605	572,605
Internal balances	(5,008,856)	5,008,856	-
Inventory	557,109	-	557,109
Restricted cash	-	381,861	381,861
Net pension asset - TMRS	1,109,073	-	1,109,073
Capital assets			
Land	7,041,359	108,758	7,150,117
Construction in progress	2,363,299	4,559,013	6,922,312
Buildings	17,548,780	54,594	17,603,374
Improvements other than buildings	35,162,493	83,298,931	118,461,424
Machinery and equipment	17,659,893	455,518	18,115,411
Infrastructure	12,870,590	-	12,870,590
Accumulated depreciation	(26,243,311)	(35,258,038)	(61,501,349)
Total assets	116,902,508	63,366,788	180,269,296
LIABILITIES			
Accounts payable	1,116,280	568,995	1,685,275
Accrued liabilities	1,101,166	591,048	1,692,214
Customer deposits/other	134,943	381,861	516,804
Unearned revenue	-	552,605	552,605
Net pension obligation - FRRF	1,478,229	-	1,478,229
Net OPEB obligation	303,079	-	303,079
Compensated absences:			
Due within one year	892,030	217,225	1,109,255
Due beyond one year	1,431,266	332,869	1,764,135
Total liabilities	6,456,993	2,644,603	9,101,596
NET POSITION			
Investment in capital assets	66,403,103	53,218,776	119,621,879
Unrestricted	44,042,412	7,503,409	51,545,821
Total net position	\$ 110,445,515	\$ 60,722,185	\$ 171,167,700

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, 2014

Functions/Programs	Net (Expenses) Revenues and Changes in Net Position				
	Primary Government				
	Expenses	Program Revenues Charges for Services	Governmental Activities	Business type Activities	Total
Primary government:					
Governmental activities:					
General Government	\$ 5,303,529	\$ 58,247	\$ (5,245,282)	\$ -	\$ (5,245,282)
Public Safety	12,870,794	2,358,022	(10,512,772)	-	(10,512,772)
Streets	1,961,153	-	(1,961,153)	-	(1,961,153)
Parks	3,549,975	321,664	(3,228,311)	-	(3,228,311)
Public Works	2,933,931	1,898,453	(1,035,478)	-	(1,035,478)
Total governmental activities	<u>26,619,382</u>	<u>4,636,386</u>	<u>(21,982,996)</u>	<u>-</u>	<u>(21,982,996)</u>
Business type activities:					
Utilities	13,679,558	14,964,189	-	1,284,631	1,284,631
Sanitation	2,791,940	2,716,376	-	(75,564)	(75,564)
Stormwater	109,032	437,925	-	328,893	328,893
Total business type activities	<u>16,580,530</u>	<u>18,118,490</u>	<u>-</u>	<u>1,537,960</u>	<u>1,537,960</u>
Total primary government	<u>\$ 43,199,912</u>	<u>\$ 22,754,876</u>	(21,982,996)	1,537,960	(20,445,036)
General revenues:					
Property tax			16,160,020	-	16,160,020
Sales tax			4,014,191	-	4,014,191
Franchise taxes			2,122,312	-	2,122,312
Interest			172,591	448	173,039
Other			4,373,130	80,837	4,453,967
Donations not restricted to specific programs			83,759	-	83,759
Transfers			(952,176)	952,176	-
Total general revenues and transfers			<u>25,973,827</u>	<u>1,033,461</u>	<u>27,007,288</u>
Changes in net position			3,990,831	2,571,421	6,562,252
Net position - beginning			<u>106,454,684</u>	<u>58,150,764</u>	<u>164,605,448</u>
Net position - ending			<u>\$ 110,445,515</u>	<u>\$ 60,722,185</u>	<u>\$ 171,167,700</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, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 21,418,344	\$ 6,143,429	\$ 80,055	\$ 27,641,828
Investments	17,420,367	3,477,879	-	20,898,246
Receivables:				
Ad valorem tax	235,009	-	-	235,009
Sales tax	737,974	-	-	737,974
Franchise fees	482,599	-	-	482,599
Accrued interest	25,888	4,343	-	30,231
Other, net	523,503	-	-	523,503
Due from other funds	4,552,959	2,970,297	132,295	7,655,551
Inventory	557,109	-	-	557,109
	<u>\$ 45,953,752</u>	<u>\$ 12,595,948</u>	<u>\$ 212,350</u>	<u>\$ 58,762,050</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 752,945	\$ 266,386	\$ 4,400	\$ 1,023,731
Accrued liabilities	791,900	81,490	-	873,390
Customer deposits/other	134,943	-	-	134,943
Due to other funds	16,486,138	-	-	16,486,138
	<u>18,165,926</u>	<u>347,876</u>	<u>4,400</u>	<u>18,518,202</u>
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	464,410	-	-	464,410
	<u>464,410</u>	<u>-</u>	<u>-</u>	<u>464,410</u>
Fund Balances:				
Nonspendable	557,109	-	-	557,109
Spendable				
Committed to:				
SMU land sale	15,875,202	-	-	15,875,202
Emergency expenditures	2,500,000	-	-	2,500,000
SMU PILOT	2,375,000	-	-	2,375,000
Assigned to:				
General Government	272,954	12,248,072	54,875	12,575,901
Public Works	53,763	-	-	53,763
Public Safety	94,664	-	124,136	218,800
Parks	27,935	-	28,939	56,874
Streets	6,231	-	-	6,231
Unassigned	5,560,558	-	-	5,560,558
	<u>27,323,416</u>	<u>12,248,072</u>	<u>207,950</u>	<u>39,779,438</u>
	<u>\$ 45,953,752</u>	<u>\$ 12,595,948</u>	<u>\$ 212,350</u>	<u>\$ 58,762,050</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, 2014

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

Total fund balances - governmental funds	\$ 39,779,438
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	61,849,792
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.	464,410
This amount is the net pension asset (TMRS) recorded at the government-wide level, not recorded in the funds.	1,109,073
This amount is the net other post-employment benefits obligation (OPEB) recorded at the government-wide level, not recorded in the funds.	(303,079)
This amount is the net pension obligation (FRRF) recorded at the government-wide level, not recorded in the funds.	(1,478,229)
The long-term portion of compensated absences is not due and payable in the current period and therefore is not reported in the funds.	(2,053,772)
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>11,077,882</u>
Total net position - governmental activities	<u><u>\$ 110,445,515</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, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Property tax	\$ 16,029,692	\$ -	\$ -	\$ 16,029,692
Sales tax	4,014,191	-	-	4,014,191
Franchise fees	2,122,312	-	-	2,122,312
Permits and licenses	1,985,049	-	-	1,985,049
Fines	817,563	-	21,492	839,055
Charges for services	1,785,939	-	-	1,785,939
Other	4,394,824	1	5,443	4,400,268
Investment income	135,866	36,695	30	172,591
Donations	-	-	83,759	83,759
	<u>31,285,436</u>	<u>36,696</u>	<u>110,724</u>	<u>31,432,856</u>
EXPENDITURES				
Current:				
General Government	4,056,232	74	25,054	4,081,360
Public Safety	12,199,277	-	89,237	12,288,514
Streets	1,848,867	-	-	1,848,867
Parks	3,158,017	-	30,517	3,188,534
Public Works	2,779,473	-	-	2,779,473
Capital Outlays	-	3,169,532	-	3,169,532
	<u>24,041,866</u>	<u>3,169,606</u>	<u>144,808</u>	<u>27,356,280</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,243,570</u>	<u>(3,132,910)</u>	<u>(34,084)</u>	<u>4,076,576</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	5,975,020	-	5,975,020
Transfers out	<u>(6,927,196)</u>	<u>-</u>	<u>-</u>	<u>(6,927,196)</u>
Total other financing sources (uses)	<u>(6,927,196)</u>	<u>5,975,020</u>	<u>-</u>	<u>(952,176)</u>
Net change in fund balances	316,374	2,842,110	(34,084)	3,124,400
Fund balances - beginning	<u>27,007,042</u>	<u>9,405,962</u>	<u>242,034</u>	<u>36,655,038</u>
Fund balances - ending	<u>\$ 27,323,416</u>	<u>\$ 12,248,072</u>	<u>\$ 207,950</u>	<u>\$ 39,779,438</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, 2014

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

Net change in fund balances - total governmental funds	\$ 3,124,400
<p>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.</p>	
Capital expenditures	3,342,551
Depreciation expense	(2,521,782)
	820,769
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as expenditures in the funds.</p>	
	156,671
<p>This amount is the net effect from the sales of capital assets at the government-wide level, not recorded in the funds</p>	
	(27,138)
<p>This amount is the net TMRS pension asset recorded at the government-wide level, not recorded in the funds.</p>	
	130,143
<p>This amount is the net other post-employment benefits obligation recorded at the government-wide level, not recorded in the funds.</p>	
	(51,973)
<p>This amount is the net FRRF pension obligation recorded at the government-wide level, not recorded in the funds.</p>	
	(291,712)
<p>This amount is the change in the long-term portion of compensated absences, and as such, it is not reported in the funds.</p>	
	(74,864)
<p>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.</p>	
	204,535
Change in net position of governmental activities	\$ 3,990,831

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, 2014

	<u>Business type Activities - Enterprise Funds</u>				<u>Governmental</u>
	<u>Water and</u>	<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>	<u>Activities -</u>
	<u>Sewer</u>				<u>Internal</u>
					<u>Service Funds</u>
ASSETS					
Current assets					
Cash and cash equivalents	\$ 686,257	\$ 380,770	\$ 450,000	\$ 1,517,027	\$ 1,119,659
Investments	-	-	-	-	2,162,791
Receivables (net of allowance)	2,222,572	381,896	63,195	2,667,663	10,239
Due from other funds	4,177,150	3,898,520	55,655	8,131,325	12,657,287
Prepays	-	45,808	-	45,808	-
Total current assets	<u>7,085,979</u>	<u>4,706,994</u>	<u>568,850</u>	<u>12,361,823</u>	<u>15,949,976</u>
Non-current assets					
Prepays	-	526,797	-	526,797	-
Restricted cash	381,861	-	-	381,861	-
Capital assets:					
Land	108,758	-	-	108,758	-
Buildings	54,594	-	-	54,594	-
Improvements other than buildings	83,298,931	-	-	83,298,931	-
Machinery and equipment	236,181	219,337	-	455,518	10,165,697
Construction in progress	4,292,649	-	266,364	4,559,013	-
Less accumulated depreciation	(35,153,097)	(104,941)	-	(35,258,038)	(5,612,386)
Total capital assets (net of accumulated depreciation)	<u>52,838,016</u>	<u>114,396</u>	<u>266,364</u>	<u>53,218,776</u>	<u>4,553,311</u>
Total non-current assets	<u>53,219,877</u>	<u>641,193</u>	<u>266,364</u>	<u>54,127,434</u>	<u>4,553,311</u>
Total assets	<u>60,305,856</u>	<u>5,348,187</u>	<u>835,214</u>	<u>66,489,257</u>	<u>20,503,287</u>
LIABILITIES					
Current liabilities					
Accounts payable	529,203	34,901	4,891	568,995	92,549
Accrued liabilities	477,973	89,536	23,539	591,048	367,177
Unearned revenue	-	45,808	-	45,808	-
Accrued compensated absences	126,568	90,657	-	217,225	55,625
Due to other funds	7,074,269	2,813,719	27,891	9,915,879	2,042,146
Total current liabilities	<u>8,208,013</u>	<u>3,074,621</u>	<u>56,321</u>	<u>11,338,955</u>	<u>2,557,497</u>
Non-current liabilities					
Unearned revenue	-	506,797	-	506,797	-
Customer deposits - payable from restricted cash	381,861	-	-	381,861	-
Accrued compensated absences	203,069	129,800	-	332,869	74,498
Total non-current liabilities	<u>584,930</u>	<u>636,597</u>	<u>-</u>	<u>1,221,527</u>	<u>74,498</u>
Total liabilities	<u>8,792,943</u>	<u>3,711,218</u>	<u>56,321</u>	<u>12,560,482</u>	<u>2,631,995</u>
NET POSITION					
Investment in capital assets	52,838,016	114,396	266,364	53,218,776	4,553,311
Unrestricted	(1,325,103)	1,522,573	512,529	709,999	13,317,981
Total net position	<u>\$ 51,512,913</u>	<u>\$ 1,636,969</u>	<u>\$ 778,893</u>	<u>53,928,775</u>	<u>\$ 17,871,292</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				<u>6,793,410</u>	
Net position of business type activities				<u>\$ 60,722,185</u>	

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

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

For the Year Ended September 30, 2014

	<u>Business type Activities - Enterprise Funds</u>			<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
	<u>Water and Sewer</u>	<u>Sanitation</u>	<u>Stormwater</u>		
Operating revenues					
Charges for sales and services:					
Water sales	\$ 9,252,154	\$ -	\$ -	\$ 9,252,154	\$ -
Sewer	5,712,035	-	-	5,712,035	-
Refuse collection	-	2,403,211	-	2,403,211	-
Recycling	-	313,165	-	313,165	-
Stormwater	-	-	437,925	437,925	-
Charges for service	-	-	-	-	1,569,253
Premiums	-	-	-	-	3,452,458
Other revenue	997	79,840	-	80,837	-
	<u>14,965,186</u>	<u>2,796,216</u>	<u>437,925</u>	<u>18,199,327</u>	<u>5,021,711</u>
Operating expenses					
Personal services	2,592,628	1,968,722	-	4,561,350	870,694
Contractual and other services	8,390,573	684,092	102,735	9,177,400	179,454
Depreciation	1,848,543	4,750	-	1,853,293	667,758
Supplies and other	283,744	166,132	6,297	456,173	20,950
Administrative and fiscal services	600,000	-	-	600,000	751,306
Claims paid and change in estimate	-	-	-	-	2,365,931
	<u>13,715,488</u>	<u>2,823,696</u>	<u>109,032</u>	<u>16,648,216</u>	<u>4,856,093</u>
Operating income (loss)	<u>1,249,698</u>	<u>(27,480)</u>	<u>328,893</u>	<u>1,551,111</u>	<u>165,618</u>
Nonoperating revenues					
Investment income	318	130	-	448	24,538
Gain on sale of capital assets	-	-	-	-	82,066
Income (loss) before transfers	<u>1,250,016</u>	<u>(27,350)</u>	<u>328,893</u>	<u>1,551,559</u>	<u>272,222</u>
Transfers					
Transfers from other funds	952,176	-	450,000	1,402,176	-
Transfers to other funds	(450,000)	-	-	(450,000)	-
Total transfers	<u>502,176</u>	<u>-</u>	<u>450,000</u>	<u>952,176</u>	<u>-</u>
Change in net position	1,752,192	(27,350)	778,893	2,503,735	272,222
Total net position - Beginning	<u>49,760,721</u>	<u>1,664,319</u>	<u>-</u>	<u>-</u>	<u>17,599,070</u>
Total net position - Ending	<u>\$ 51,512,913</u>	<u>\$ 1,636,969</u>	<u>\$ 778,893</u>	<u>-</u>	<u>\$ 17,871,292</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				67,686	
Change in net position of business type activities				<u>\$ 2,571,421</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, 2014

	<u>Business type Activities - Enterprise Funds</u>				<u>Governmental Activities - Internal Service Funds</u>
	<u>Water and Sewer</u>	<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$15,188,331	\$ 2,827,446	\$ 374,730	\$18,390,507	\$ 5,027,032
Payments from other funds	163,357	-	-	163,357	-
Payments to other funds	-	(50,886)	(27,764)	(78,650)	(983,358)
Payments to suppliers	(9,380,993)	(831,270)	(80,602)	(10,292,865)	(3,353,772)
Payments to employees	(2,642,942)	(1,945,290)	-	(4,588,232)	(855,757)
	<u>3,327,753</u>	<u>-</u>	<u>266,364</u>	<u>3,594,117</u>	<u>(165,855)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(3,677,865)	-	(266,364)	(3,944,229)	(1,142,262)
Transfers from other funds	502,176	-	450,000	952,176	-
Proceeds from sale of capital assets	-	-	-	-	137,325
	<u>(3,175,689)</u>	<u>-</u>	<u>183,636</u>	<u>(2,992,053)</u>	<u>(1,004,937)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investment securities	-	-	-	-	(1,168,666)
Proceeds from the sale and maturities of investment securities	-	-	-	-	2,160,793
Interest on investments	318	130	-	448	19,954
	<u>318</u>	<u>130</u>	<u>-</u>	<u>448</u>	<u>1,012,081</u>
Net increase (decrease) in cash and cash equivalents	152,382	130	450,000	602,512	(158,711)
Cash and cash equivalents, beginning of year	533,875	380,640	-	914,515	1,278,370
	<u>\$ 686,257</u>	<u>\$ 380,770</u>	<u>\$ 450,000</u>	<u>\$ 1,517,027</u>	<u>\$ 1,119,659</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 1,249,698	\$ (27,480)	\$ 328,893	\$ 1,551,111	\$ 165,618
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	1,848,543	4,750	-	1,853,293	667,758
(Increase) decrease in due from other funds	9,740,895	(290,224)	(55,655)	9,395,016	415,132
Increase in deposit on insurance claims	-	-	-	-	(1,012)
(Increase) decrease in accounts receivable	223,145	31,230	(63,195)	191,180	-
Decrease in prepaid expenses	-	45,808	-	45,808	-
Decrease in interest receivable	-	-	-	-	6,333
Increase (decrease) in accrued liabilities	(156,990)	42,386	28,430	(86,174)	(21,194)
Decrease in unearned gain	-	(45,808)	-	(45,808)	-
Increase (decrease) in due to other funds	(9,577,538)	239,338	27,891	(9,310,309)	(1,398,490)
	<u>2,078,055</u>	<u>27,480</u>	<u>(62,529)</u>	<u>2,043,006</u>	<u>(331,473)</u>
Net cash provided by (used in) operating activities	<u>\$ 3,327,753</u>	<u>\$ -</u>	<u>\$ 266,364</u>	<u>\$ 3,594,117</u>	<u>\$ (165,855)</u>
NON-CASH INVESTING ACTIVITIES					
Change in the fair value of investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,638)</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, 2014

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 perform 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 2014. Therefore, this component unit will not be presented in the City’s fiscal year 2014 financial statements.

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2014

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 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. As of September 30, 2014, SWHEA had issued six series of bonds with an aggregate outstanding principal amount payable of \$546,225,000. 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. In accordance with the resolution of the Board, all fund balances in SWHEA were transferred to the City during fiscal year 2013. Although SWHEA has not been dissolved, there were no transactions during fiscal year 2014. Therefore, this component unit will not be presented in the City's fiscal year 2014 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 for support. Likewise, the primary government is reported separately from the discretely presented component units from 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

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2014

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 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 non-major 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 funds:

University Park Civic Foundation – Accounts for the proceeds of 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.

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2014

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 the Fire Department training and education.

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

Parks Projects and Programs – Accounts for the use of monies received for the 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

CITY OF UNIVERSITY PARK, TEXAS
Notes to Financial Statements
September 30, 2014

reports a positive unassigned fund balance. In all other governmental funds, an unassigned balance is limited to negative residual fund balance. For further details of the various fund balance classifications refer to Note I.D.9.

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.

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." Any 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.

CITY OF UNIVERSITY PARK, TEXAS
Notes to Financial Statements
September 30, 2014

4. Restricted assets

The City classifies customer deposits in proprietary 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	5-20

CITY OF UNIVERSITY PARK, TEXAS
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7. Compensated absences

It is the 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, Enterprise Funds or Internal Service Funds based upon the assignment of the employee at termination.

8. Long-term obligations

Other than the portion of compensated absences estimated payable after September 30, 2014, there are no other 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 maybe 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 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.

CITY OF UNIVERSITY PARK, TEXAS
Notes to Financial Statements
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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 – There are no restricted items in fund balance.

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.

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 2014.

Statement No. 65, *“Items Previously Reported as Assets and Liabilities.”* The Statement Specifies the items that were previously reported as assets and liabilities that should now be reported as deferred outflows of resources, deferred inflows of resources, outflows of resources, or inflows of resources.

Statement No. 66, *“Technical Corrections – 2012; an amendment of GASB Statements No. 10 and No. 62.”* The City determined there was no impact to the financial statements.

Statement No. 67, *“Financial Reporting for Pension Plans: an amendment of GASB Statement No.25.”* This Statement replaces the requirements of Statements No. 25 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trust or equivalent arrangements. The City determined there was no impact to the financial statements.

Statement No. 70, *“Accounting and Financial Reporting for Nonexchange Financial Guarantees.”* This Statement establishes accounting and financial reporting standards for situations where a state or local government, as a guarantor, agrees to indemnify a third-party obligation holder under specified conditions (i.e., nonexchange financial guarantees). The issuer of the guaranteed obligation can be a legally separate entity or individual, including a blended or discretely presented component unit. Guidance is provided for situations where a state or local government extends or receives a nonexchange financial guarantee. The City determined there was no impact to the financial statements.

The GASB has issued the following pronouncements that will become effective in future years. The City is in the process of reviewing and evaluating these statements and their potential impact on the City's financial statements.

Statement No. 68, *“Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27.”* This Statement reports the requirements of statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangement.

Statement No. 69, *“Government Combinations and Disposals of Government Operations.”* This Statement establishes accounting and financial reporting standards for mergers, acquisitions, and transfers of operations (i.e., government combinations). This Statement also provides guidance on how to determine the gain or loss on a disposal of government operations. This Statement applies to all state and local governmental entities.

These statements will become effective for the City in fiscal year 2015.

Management has not yet determined the effect of these statements on the financial statements.

CITY OF UNIVERSITY PARK, TEXAS
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September 30, 2014

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 require the approval of the City Manager.

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, 2014, expenditures exceeded appropriations in the Executive, Information Service, Library, Pool and Streets departments (the legal level of budgetary control) of the General Fund by \$193,714. 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, 2014, the carrying amount of the City's bank deposits was \$15,739,360 and the bank balance was \$15,920,425. The City's bank deposits at year-end were entirely covered by federal depository insurance by pledged collateral held by the City's agent in the City's name. Cash on hand equaled \$2,050. Restricted cash totaled \$381,861.

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 money market mutual funds; and

CITY OF UNIVERSITY PARK, TEXAS

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TexSTAR (Texas Short Term Asset Reserve Program) – a local government investment pool composed of U.S. government obligations, fully collateralized repurchase and reverse repurchase agreements, and no-load money market mutual funds; and

TexasTERM (including **TexasDAILY**) – a local government investment pool offering fixed rate, fixed term investments, composed of U.S. government obligations, fully collateralized repurchase agreements, certificates of deposit issued by FDIC insured state and national banks doing business in Texas and AAA rated no-load money market mutual funds.

All of the pools operate in a manner consistent with the SEC’s Rule 2(a)7 of the Investment Corporation Act of 1940. The pools use amortized cost rather than fair value to report net position to compute share prices. Accordingly, the fair value of the position in the pools is the same as the value of the pool shares.

As of September 30, 2014, the City held the following deposits in pooled funds:

Pool:		Weighted Average Maturity (in Days)	Credit Rating (Standard & Poor's)
TexPool	\$ 12,618,147	1	AAAm
TexSTAR	1,370,753	1	AAAm
TexasDaily	930,065	1	AAAm
	\$ 14,918,965		

B. Investments

As of September 30, 2014, the City held the following investments:

Investment Type	Fair Value	Weighted Average Maturity (in Days)
U.S. Agencies	\$ 9,969,952	876
Certificates of Deposit	13,091,085	241
Total fair value	\$ 23,061,037	
Investments weighted average maturity		515
Combined (pooled funds and investments) weighted average maturity		222

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

CITY OF UNIVERSITY PARK, TEXAS
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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 National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB) and 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 (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, 2014 are 0%, 26%, 35% and 39%, 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.

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CITY OF UNIVERSITY PARK, TEXAS
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September 30, 2014

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	\$ 235,009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 235,009
Sales Tax	737,974	-	-	-	-	-	737,974
Franchise	482,599	-	-	-	-	-	482,599
Customers	1,138,929	-	2,058,772	394,396	63,195	-	3,655,292
Interest	25,888	4,343	-	-	-	5,239	35,470
Other	64,270	-	216,800	-	-	5,000	286,070
Gross Receivables	2,684,669	4,343	2,275,572	394,396	63,195	10,239	5,432,414
Less: Allowance for Uncollectibles	(679,696)	-	(53,000)	(12,500)	-	-	(745,196)
Net Total Receivables	<u>\$ 2,004,973</u>	<u>\$ 4,343</u>	<u>\$ 2,222,572</u>	<u>\$ 381,896</u>	<u>\$ 63,195</u>	<u>\$ 10,239</u>	<u>\$ 4,687,218</u>

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, 2013 was \$8,738,832,180. The taxable value (assessed value less exemptions) upon which the fiscal 2014 levy was based was \$5,899,777,154.

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, 2014 was \$0.2743 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, 2014 were 99% of the tax levy.

Property taxes levied for 2014 have been recorded as receivables, net of estimated uncollectible amounts. The net receivables collected during 2014 and those considered "available" at September 30, 2014 (i.e., property taxes collected within 60 days of year-end) have been recognized as revenues in 2014. 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 and assessment rations. The value of property within the appraisal district must be reviewed every four years; however, the City may, at its own expense, require 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

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this legislation, the City continues to set tax rate on City property. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year. This legislation provides that, if approved by the qualified voters in the City, both the appraisal and collection functions may be placed with the appraisal district. In addition, the City may obtain approval from its governing body to place these functions with the appraisal district.

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.

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CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2014

E. Capital assets

Capital asset activity for the year ended September 30, 2014 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	\$ -	\$ -	\$ -	\$ 7,041,359
Construction in progress	5,109,705	3,169,532	-	(5,915,938)	2,363,299
Capital assets, being depreciated:					
Buildings	17,548,780	-	-	-	17,548,780
Improvements	30,048,715	46,450	(53,398)	5,120,726	35,162,493
Equipment	16,798,251	1,268,831	(1,202,401)	795,212	17,659,893
Infrastructure	12,870,590	-	-	-	12,870,590
Total capital assets	<u>89,417,400</u>	<u>4,484,813</u>	<u>(1,255,799)</u>	<u>-</u>	<u>92,646,414</u>
Less accumulated depreciation for:					
Buildings	(3,483,047)	(440,923)	-	-	(3,923,970)
Improvements	(7,313,833)	(1,257,689)	47,276	-	(8,524,246)
Equipment	(10,173,162)	(1,169,144)	1,126,125	-	(10,216,181)
Infrastructure	(3,257,130)	(321,784)	-	-	(3,578,914)
Total accumulated depreciation	<u>(24,227,172)</u>	<u>(3,189,540)</u>	<u>1,173,401</u>	<u>-</u>	<u>(26,243,311)</u>
Governmental activities capital assets, net	<u>\$ 65,190,228</u>	<u>\$ 1,295,273</u>	<u>\$ (82,398)</u>	<u>\$ -</u>	<u>\$ 66,403,103</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	5,753,333	3,944,229	-	(5,138,549)	4,559,013
Capital assets, being depreciated:					
Buildings	54,594	-	-	-	54,594
Improvements	78,164,133	-	(3,751)	5,138,549	83,298,931
Equipment	478,324	-	(22,806)	-	455,518
Total capital assets	<u>84,559,142</u>	<u>3,944,229</u>	<u>(26,557)</u>	<u>-</u>	<u>88,476,814</u>
Less accumulated depreciation for:					
Buildings	(54,594)	-	-	-	(54,594)
Improvements	(33,091,132)	(1,819,994)	3,751	-	(34,907,375)
Equipment	(285,574)	(33,299)	22,804	-	(296,069)
Total accumulated depreciation	<u>(33,431,300)</u>	<u>(1,853,293)</u>	<u>26,555</u>	<u>-</u>	<u>(35,258,038)</u>
Business type activities capital assets, net	<u>\$ 51,127,842</u>	<u>\$ 2,090,936</u>	<u>\$ (2)</u>	<u>\$ -</u>	<u>\$ 53,218,776</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	\$ 1,725,001
Public Safety	591,638
Public Works	218,391
Parks	463,471
Streets	<u>191,039</u>
Total depreciation expense – Governmental activities	<u><u>\$ 3,189,540</u></u>
Business type activities:	
Water and Sewer	\$ 1,848,543
Sanitation	<u>4,750</u>
Total depreciation expense – Business type activities	<u><u>\$ 1,853,293</u></u>

The government has active construction projects as of September 30, 2014. 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
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Construction in progress at September 30, 2014 is as follows:

	Est. total cost	Balance at 9/30/2013	Expended in FY2014	Transferred or expensed	Balance at 9/30/2014	Est. future expenditures
Governmental Projects						
Enterprise GIS system upgrades	\$ 133,650	\$ 95,218	\$ 38,432	\$ 133,650	\$ -	\$ -
Community Development software replacement	270,740	237,294	33,446	270,740	-	-
City website enhancement/upgrade	208,069	187,669	20,400	208,069	-	-
Security Camera I/P Video Conversion	75,000	-	45,578	-	45,578	29,422
911/Radio Recording System Upgrade	88,875	-	88,875	88,875	-	-
Citiwide Access Control System Upgrade	93,878	-	93,878	93,878	-	-
Barns-Dublin-Douglas medians upgrade	154,199	154,199	-	154,199	-	-
McFarlin Median Upgrade	-	-	10,312	10,312	-	-
Burleson Park Renovation	300,000	-	100,988	-	100,988	199,012
Lovers Lane Entrance Portal	150,000	-	1,570	-	1,570	148,430
Peek Service Center Landscape	8,291	5,014	3,277	8,291	-	-
Caruth Park Playground Improvements	198,756	198,756	-	198,756	-	-
Elena's Children's Park Improvements	-	-	6,098	-	6,098	(6,098)
Tollway Wall Landscape-N. of Lovers Lane	-	40,339	-	-	40,339	(40,339)
Curtis park Playground Resurfacing	95,805	-	95,805	95,805	-	-
Holmes Aquatic Center Sprayground Repairs	118,287	-	118,287	118,287	-	-
Williams Park Playground Enhancements	182,612	-	182,612	182,612	-	-
Asphalt Overlay Program 2013-14	1,246,843	-	1,246,843	1,246,843	-	-
Peek Center EOC	200,000	179,198	7,900	-	187,098	12,902
Old Peek Center	151,124	97,237	16,606	-	113,843	37,281
Miracle Mile Pavement and Drainage	200,000	-	43,710	-	43,710	156,290
University-Boedeker pavement	1,969,417	813,433	944,036	-	1,757,469	211,948
Paving and Drainage-Misc. Locations	786,199	781,926	4,273	786,199	-	-
Traffic Signal Replacement	5,000,000	-	57,750	-	57,750	4,942,250
Pond Dredging	1,200,000	-	8,856	-	8,856	1,191,144
Library Finish Out	2,319,422	2,319,422	-	2,319,422	-	-
Total	\$ 15,151,167	\$ 5,109,705	\$ 3,169,532	\$ 5,915,938	\$ 2,363,299	\$ 6,882,242
Business type Projects						
MPY Tulane/Bryn Mawr-Caruth	\$ 3,012,734	\$ 3,012,180	\$ 554	\$ 3,012,734	\$ -	\$ -
MPY 4400 San Carlos/Potomac & Other Alleys	2,122,066	1,410,362	711,703	2,122,065	-	-
MPY Douglas sewer main-Emerson to Lovers	4,400,000	1,285,771	2,248,566	-	3,534,337	865,663
Wastewater Metering Stations	-	-	3,750	3,750	-	-
HP-UP Shared Sanitary Sewer	150,000	41,688	5,101	-	46,789	103,211
Water Meter Replacement	3,000,000	3,332	697,769	-	701,101	2,298,899
McFarlin Bridge	-	-	10,422	-	10,422	-
Caruth Park Drainage Improvements	-	-	266,364	-	266,364	-
Total	\$ 12,684,800	\$ 5,753,333	\$ 3,944,229	\$ 5,138,549	\$ 4,559,013	\$ 3,267,773

CITY OF UNIVERSITY PARK, TEXAS
Notes to Financial Statements
September 30, 2014

F. Interfund receivables, payables and transfers

Individual interfund receivable and payable balances at September 30, 2014 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>		
General	Water and Sewer	\$	4,552,959
Water and Sewer	General		4,149,259
	Stormwater		27,891
Sanitation	General		3,582,440
	Water and Sewer		316,080
Stormwater	Water and Sewer		55,655
Capital Projects	Water and Sewer		974,780
	Self-Insurance		1,990,619
	Equipment Services		4,898
Self-Insurance	General		8,106,688
	Water and Sewer		445,211
	Sanitation		346,873
	Equipment Services		46,629
Equip Service	General		515,456
	Water and Sewer		729,584
	Sanitation		2,466,846
Court Security	General		64,759
Court Technology	General		20,788
Police Training and Education	General		20,553
Fire Training and Education	General		10,136
Library	General		9,742
Parks Projects and programs	General		6,317
	Total	\$	<u><u>28,444,163</u></u>

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

CITY OF UNIVERSITY PARK, TEXAS
Notes to Financial Statements
September 30, 2014

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, 2014 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>			
	<u>Capital Projects</u>	<u>Water and Sewer</u>	<u>Stormwater</u>	<u>Total</u>
General Fund	\$ 5,975,020	\$ 952,176	\$ -	\$ 6,927,196
Water and Sewer	-	-	450,000	\$ 450,000

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.

In the year ended September 30, 2013, the City established the Library and Parks Projects and Programs special revenue funds. These funds were created in order to account for receipts and expenditures in accordance with various externally imposed restrictions. The City did not transfer any funding to any of the special revenue funds during fiscal year 2014.

G. Due to/from primary government and component units

As of September 30, 2014, all due to/from balances between the primary government, SWHEA and THEA had been settled, and there was no due to/from balance outstanding between the primary government and component units.

H. Long-term debt

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Compensated Absences	\$ 2,229,222	\$ 298,607	\$ (204,533)	\$ 2,323,296	\$ 892,030
Business Type Activities					
Compensated Absences	\$ 527,086	\$ 24,270	\$ (1,262)	\$ 550,094	\$ 217,225

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2014

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.

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 Liability	10,000,000	50,000
Automobile Liability	5,000,000	100,000
Automobile Physical Damage	Actual Cash Value	5,000/10,000
Real and Personal Property	Replacement Value	25,000
Flood and Earthquake	Replacement Value	25,000
Mobile Equipment	Actual Cash Value	500
Worker's Compensation	-	100,000

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) and Health Savings Account (HSA) using an outside provider network. A third-party insurance company coinsures with the City for claims administration and individual claim retention levels, with policy limits set at \$75,000 per occurrence and an aggregate stop loss of \$3,310,904 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 (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 \$337,646 is included in the accrued liabilities of the Comprehensive Self-Insurance Internal Service Fund.

CITY OF UNIVERSITY PARK, TEXAS
Notes to Financial Statements
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Changes in the balances of unpaid claims liabilities during 2014 and 2013 were as follows:

	2014	2013
Unpaid claims, beginning of year	\$ 374,233	\$ 305,532
Current year claims (including IBNRs) and change in estimate	2,402,518	3,147,038
Claim Payments	(2,439,105)	(3,078,337)
Unpaid claims, end of year	\$ 337,646	\$ 374,233

B. Commitments and contingencies

1. Water and sewer contracts

The City's water supply is derived from 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 2014 rate for treated water was \$2.331 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 2014, the cost of water purchased under this contract was approximately \$4,577,196.

On November 5, 1973, the City entered into a twenty-year contract for sewage disposal with the City of Dallas. As of February 12, 2014, the City received a thirty-year extension on the contract to February 21, 2044. Under the terms of the contract, Dallas is paid a monthly fee determined by Cost-of-Service Study on a utility basis at original cost. During fiscal 2014, the cost of sewage disposal under this contract was approximately \$2,586,079 at a rate of \$2.3326 per 1,000 gallons.

2. Commitments

The City has contractual commitments of \$455,547 in the General Fund, \$12,248,072 in the Capital Projects Fund, and \$207,950 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.

CITY OF UNIVERSITY PARK, TEXAS
Notes to Financial Statements
September 30, 2014

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 up to \$17,500 of compensation (\$23,000 for those over 50) in 2014. 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 provides pension benefits for all of its eligible employees (except for the City's fire personnel covered under the FRRF plan, below) through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by TMRS. This report is available on TMRS' website at www.TMRS.com.

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

	Plan Year 2013	Plan Year 2014
Employee deposit rate	7.0%	7.0%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	10	10
Service retirement eligibility (expressed as age/years of service)	60/10, 0/20	60/10, 0/20
Updated service credit	100%	0%
Annuity increase (to retirees)	70% of CPI	0% of CPI

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2014

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) cost method (EAN was first used in the December 31, 2013 valuation; previously, the Projected Unit Credit actuarial cost method had been used). This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period of the City. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases. The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

The Annual Pension Cost and Net Pension Obligation/(Asset):

	Fiscal 2014
Annual Required Contribution (ARC)	\$ 1,211,988
Interest on Net Pension Obligation (at 7%)	(68,525)
Adjustment to the ARC	(61,618)
Annual Pension Cost (APC)	1,081,845
Contributions Made	(1,211,988)
Increase in Net Pension Obligation/(Asset)	(130,143)
 Net Pension Obligation/(Asset), beginning of year	 (978,930)
 Net Pension Obligation/(Asset), end of year	 \$ (1,109,073)

Three-Year Trend Information:

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution Made	Percentage Of APC Contributed	Net Pension (Obligation) Asset
2012	1,162,819	1,515,057	130%	775,620
2013	1,052,025	1,255,335	119%	978,930
2014	1,081,845	1,211,988	112%	1,109,073

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

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

	12/31/2011	12/31/2012	12/31/2013
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	0 year; closed period **	73.2 years; closed period	7 years; closed period
Amortization Period for New Gain/Losses	25 years	25 years	25 years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return *	7.0%	7.0%	7.0%
Projected Salary Increases *	Varies by age and service	Varies by age and service	Varies by age and service
* Includes inflation at	3.0%	3.0%	3.0%
Cost-of-Living Adjustments	2.1%	0.0%	0.0%

** Based on the calculation provided by the TMRS actuarial valuations, the City had overfunded the TMRS plan and resulted in a negative amortization period for this year. The City presents 0 year for this negative amortization period.

Funded Status and Funding Progress

In October 2013, the TMRS board approved actuarial changes in (a) the funding method from Projected Unit Credit to Entry Age Normal, (b) the post-retirement mortality assumptions used in calculating liabilities and contribution rates and in the development of the Annuity Purchase Rate factors, and (c) the amortization policy. These actuarial changes were effective with the December 31, 2013 actuarial valuation. For a complete description of the new actuarial cost method and assumptions, please see the December 31, 2013 [TMRS Comprehensive Annual Financial Report \(CAFR\)](#).

CITY OF UNIVERSITY PARK, TEXAS
Notes to Financial Statements
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The funded status as of December 31, 2013, the most recent actuarial valuation date, is presented as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(1)	(2)	(3)	(4)	(5)	(6)
			(1)/(2)	(2)-(1)		(4)/(5)
12/31/2013	\$ 77,234,462	\$ 78,010,413	99.0%	\$ 775,951	\$ 14,567,398	5.3%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

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, 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.

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CITY OF UNIVERSITY PARK, TEXAS
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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 is open to new entrants. The types of employees covered, as well as the plan membership as of December 31, 2012 (the most recent biennial actuarial valuation) are as follows:

	Calendar 2012
Retirees and beneficiaries receiving benefits	40
Terminated employees entitled to but not yet receiving benefits	4
Active employees:	
Fully Vested	7
Partially vested active employees	0
Nonvested	27
Total employees covered by Plan	78

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.

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.

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2014

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 requires contributions of 10% of pay by the members through September 2009. For the period from October 2009 through September 2010, member will contribute 12% of total pay. For the period from October 2010 through September 2011, member will contribute 14% of total pay. For the period from October 2011 through September 2012, member were schedule 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.

Subsequent to September 2014, the FRRF Board has accepted the City's proposal to swift 2% of the contribution from the firefighters' contribution to the City contribution for a year. This motion decreased the firefighters' contribution from 15% to 13%, and increased the City's contribution from 15.54% to 17.54% for a year. This allocation is subject for review before September 2015.

The Annual Pension Cost and Net Pension Obligation/ (Asset)

The plan has actuarial valuations performed every two years. The most recent valuation was performed as of December 31, 2012, and was used to determine the Annual Required Contribution (ARC) for the fiscal year ending September 30, 2014.

	Fiscal 2014
Annual Required Contribution (ARC)	\$ 752,244
Interest on Net Pension Obligation (at 8%)	94,920
Adjustment to the ARC	<u>(70,034)</u>
Annual Pension Cost (APC)	777,130
Contributions Made	<u>(485,418)</u>
Change in Net Pension Obligation	291,712
Net Pension Obligation, beginning of year	<u>1,186,517</u>
Net Pension Obligation, end of year	<u><u>\$ 1,478,229</u></u>

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2014

Three-Year Trend Information:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution Made</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension (Obligation) Asset</u>
2012	603,378	461,070	76%	945,744
2013	717,700	476,927	66%	1,186,517
2014	777,130	485,418	62%	1,478,229

General Actuarial Assumptions:

	<u>12/31/2012</u>
Valuation date	
Actuarial cost method	Entry age normal actuarial cost
Amortization method	Level percent of payroll, open period
Amortization period for ARC	30 years
Remaining amortization period	81.3 years
Asset valuation method	Market value, 5-year smoothing
Investment rate of return	8.0%, compounded annually
Projected salary increases	4.0%, plus promotion and longevity
Cost-of-living adjustments	None
Payroll increases	4.0% compounded annually

As of December 31, 2012, the most recent actuarial valuation date, the plan was 44.3% funded. The actuarial accrued liability for benefits was \$19,333,125, and the actuarial value of assets was \$8,556,364, resulting in an unfunded actuarial accrued liability (UAAL) of \$10,776,761. The covered payroll (annual payroll of active employees covered by the plan) was \$2,874,862, and the ratio of the UAAL to the covered payroll was 374.9%.

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. 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.

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

CITY OF UNIVERSITY PARK, TEXAS

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September 30, 2014

retirement, or if they meet the Disability Retirement provisions of TMRS or FRRF, whichever applies, and draw disability retirement benefit 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 2014 range from \$9,922 to \$16,659 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.

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

	<u>Fiscal 2014</u>
Annual Required Contribution (ARC) under PAYGO funding	\$ 57,090
Interest on Net OPEB Obligation (at 4.5%)	11,300
Adjustment to the ARC	<u>(10,469)</u>
Annual OPEB cost	57,921
Contributions Made/Catch-ups	<u>(5,948)</u>
Change in OPEB Obligation	51,973
Net OPEB Obligation, beginning of year	<u>251,106</u>
Net OPEB Obligation, end of year	<u>\$ 303,079</u>

Contribution made (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.

CITY OF UNIVERSITY PARK, TEXAS
Notes to Financial Statements
September 30, 2014

Three-Year Trend Information:

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution Made	Percentage Of APC Contributed	Net Pension (Obligation) Asset
2012	60,055	-12,617	-21%	218,615
2013	56,150	23,659	42%	251,106
2014	57,921	5,948	10%	303,079

Funded Status

As of December 31, 2012, the most recent actuarial valuation date, the present value of all benefits expected to be paid to current OPEB Plan member was \$875,710. The actuarial accrued liability, which is the portion of the \$875,710 attributable to service accrued by OPEB Plan members as of December 31, is \$570,311. As of December 31, 2012 there are \$0 in valuation assets to offset the liabilities of the plan, resulting in an unfunded accrued actuarial liability of \$570,311 and a 0% funded ration. The covered payroll (annual payroll of active employees covered by the plan) was \$16,747,610, and the ration of the UAAL to the covered payroll was 3.4%.

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 2012 actuarial valuation, the Projected Unit Credit, level Percent of Payroll actuarial cost method was used to calculate the ARC. The actuarial assumptions include a 4.5% 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 3% per year. Considering other 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 Unfunded Actuarial Accrued Liabilities was assumed to be 3% per year. The annual healthcare cost increase was 7.5% for 2014, decreasing by 1/4% per year, until reaching an ultimate rate of 4.5% in 2025 or later. The unfunded actuarial liability is amortized over a closed 30-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.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF UNIVERSITY PARK, TEXAS

**Required Supplementary Information
Texas Municipal Retirement System**

Schedule of Funding Progress (Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
12/31/2008	\$37,658,489	\$45,803,913	\$ 8,145,424	82.2%	\$13,437,942	60.6%
12/31/2009	40,945,370	48,868,246	7,922,876	83.8%	13,072,461	60.6%
12/31/2010	63,484,063	63,505,074	21,011	100.0%	13,399,176	0.2%
12/31/2011	68,455,936	67,993,339	(462,597)	100.7%	13,691,204	(3.4%)
12/31/2012	72,901,376	71,759,040	(1,142,336)	101.6%	13,788,847	(8.3%)
12/31/2013	77,234,462	78,010,413	775,951	99.0%	14,567,398	5.3%

Schedule of Employer Contributions (Unaudited)

Fiscal Year Ended	Annual Required Contribution	Contribution Made	Percent Contributed
9/30/2009	\$ 1,711,355	\$ 1,831,404	107%
9/30/2010	1,731,906	1,865,679	108%
9/30/2011	1,776,501	1,889,789	106%
9/30/2012	1,221,298	1,515,057	124%
9/30/2013	1,155,139	1,255,334	109%
9/30/2014	1,211,988	1,211,988	100%

CITY OF UNIVERSITY PARK, TEXAS

**Required Supplementary Information
University Park Firefighters' Relief and Retirement Fund**

Schedule of Funding Progress (Unaudited)

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)
12/31/2008 *	\$ 7,711,346	\$ 16,670,415	\$ 8,959,069	46.3%	\$ 2,966,070	302.1%
12/31/2009	7,711,346	16,670,415	8,959,069	46.3%	2,966,070	302.1%
12/31/2010	9,008,704	17,779,730	8,771,026	50.7%	2,889,532	303.5%
12/31/2011	9,008,704	17,779,730	8,771,026	50.7%	2,889,532	303.5%
12/31/2012	8,556,364	19,333,125	10,776,761	44.3%	2,874,862	374.9%
12/31/2013	8,556,364	19,333,125	10,776,761	44.3%	2,874,862	374.9%

* A change in the provider of actuarial services was made. Economic and demographic assumptions were revised.

Schedule of Contributions (Unaudited)

Fiscal Year Ended	Annual Required Contribution	Contribution Made	Percent Contributed
9/30/2009	\$ 538,770	\$ 444,785	83%
9/30/2010	562,797	446,874	79%
9/30/2011	588,645	467,885	79%
9/30/2012	586,526	461,071	79%
9/30/2013	697,864	476,927	68%
9/30/2014	752,244	485,418	65%

CITY OF UNIVERSITY PARK, TEXAS

**Required Supplementary Information
Retiree Health Care Plan**

Schedule of Funding Progress (Unaudited)

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%

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

Schedule of Contributions (Unaudited)

Fiscal Year Ended	Annual Required Contribution	Contribution Made	Percent Contributed
9/30/2009	\$ 48,630	\$ 21,686	45%
9/30/2010	48,630	59,287	122%
9/30/2011	59,572	(69,932)	(117%)
9/30/2012	59,572	(12,617)	(21%)
9/30/2013	55,427	23,659	43%
9/30/2014	57,090	5,948	10%

CITY OF UNIVERSITY PARK, TEXAS
Budgetary Comparison Schedule
General Fund

For the Year Ended September 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive (Negative)</u>
Budgetary fund balance, October 1	\$ 27,007,042	\$ 27,007,042	\$ 27,007,042	\$ -
Resources (inflows)				
Property tax	16,393,440	16,393,440	16,029,692	(363,748)
Sales tax	3,428,000	3,428,000	4,014,191	586,191
Franchise fees	2,165,000	2,165,000	2,122,312	(42,688)
Permits and licenses	1,552,000	1,552,000	1,985,049	433,049
Fines	711,000	711,000	817,563	106,563
Charges for services	1,933,630	1,933,630	1,785,939	(147,691)
Other	571,077	571,077	4,394,824	3,823,747
Investment income	265,000	265,000	135,866	(129,134)
Amounts available for appropriation	<u>54,026,189</u>	<u>54,026,189</u>	<u>58,292,478</u>	<u>4,266,289</u>
Charges to appropriations (outflows)				
General Government	4,128,189	4,134,621	4,056,232	78,389
Public Safety	12,496,566	12,462,938	12,199,277	263,661
Streets	1,896,537	1,834,731	1,848,867	(14,136)
Parks	3,182,586	3,179,547	3,158,017	21,530
Public Works	2,883,082	2,915,513	2,779,473	136,040
Transfers	3,032,187	6,927,187	6,927,196	(9)
Total charges to appropriations	<u>27,619,147</u>	<u>31,454,537</u>	<u>30,969,062</u>	<u>485,475</u>
Budgetary fund balance, September 30	<u>\$ 26,407,042</u>	<u>\$ 22,571,652</u>	<u>\$ 27,323,416</u>	<u>\$ 4,751,764</u>

See notes to required supplementary information.

CITY OF UNIVERSITY PARK, TEXAS
Notes to Required Supplementary Information
September 30, 2014

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, 2014

	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	\$ 72,155	\$ -	\$ -	\$ -	\$ 7,900	\$ -	\$ -	\$ -	\$ 80,055
Due from other funds	-	64,759	20,788	20,553	-	10,136	9,742	6,317	132,295
TOTAL ASSETS	<u>\$ 72,155</u>	<u>\$ 64,759</u>	<u>\$ 20,788</u>	<u>\$ 20,553</u>	<u>\$ 7,900</u>	<u>\$ 10,136</u>	<u>\$ 9,742</u>	<u>\$ 6,317</u>	<u>\$ 212,350</u>
LIABILITIES									
Accounts payable	\$ 4,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150	\$ -	\$ 4,400
Total liabilities	4,250	-	-	-	-	-	150	-	4,400
FUND BALANCES									
Assigned to:									
General Government	\$ 45,283	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,592	\$ -	\$ 54,875
Public Safety	-	64,759	20,788	20,553	7,900	10,136	-	-	124,136
Parks	22,622	-	-	-	-	-	-	6,317	28,939
Total fund balances	67,905	64,759	20,788	20,553	7,900	10,136	9,592	6,317	207,950
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 72,155</u>	<u>\$ 64,759</u>	<u>\$ 20,788</u>	<u>\$ 20,553</u>	<u>\$ 7,900</u>	<u>\$ 10,136</u>	<u>\$ 9,742</u>	<u>\$ 6,317</u>	<u>\$ 212,350</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, 2014

	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	\$ 27	\$ -	\$ -	\$ -	\$ 3	\$ -	\$ -	\$ -	\$ 30
Fines	-	9,211	12,281	-	-	-	-	-	21,492
Donations	56,957	-	-	3,094	-	5,567	8,031	10,110	83,759
Other	-	-	-	-	268	-	-	5,175	5,443
Total revenues	56,984	9,211	12,281	3,094	271	5,567	8,031	15,285	110,724
EXPENDITURES									
Parks	5,298	-	-	-	-	-	-	25,219	30,517
Scholarships	19,000	-	-	-	-	-	-	-	19,000
General Government	1,100	-	-	-	-	-	4,954	-	6,054
Public Safety	-	-	81,742	2,033	-	5,462	-	-	89,237
Total expenditures	25,398	-	81,742	2,033	-	5,462	4,954	25,219	144,808
Excess (deficiency) of revenues over (under) expenditures	31,586	9,211	(69,461)	1,061	271	105	3,077	(9,934)	(34,084)
Fund balances - beginning	36,319	55,548	90,249	19,492	7,629	10,031	6,515	16,251	242,034
Fund balances - ending	<u>\$ 67,905</u>	<u>\$ 64,759</u>	<u>\$ 20,788</u>	<u>\$ 20,553</u>	<u>\$ 7,900</u>	<u>\$ 10,136</u>	<u>\$ 9,592</u>	<u>\$ 6,317</u>	<u>\$ 207,950</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, 2014

	Equipment Services	Comprehensive Self-Insurance	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 903,068	\$ 216,591	\$ 1,119,659
Investments	1,168,666	994,125	2,162,791
Receivables	4,452	5,787	10,239
Due from other funds	3,711,886	8,945,401	12,657,287
Total current assets	5,788,072	10,161,904	15,949,976
Non-current assets:			
Capital assets			
Machinery and equipment	10,165,697	-	10,165,697
Accumulated depreciation	(5,612,386)	-	(5,612,386)
Total non-current assets	4,553,311	-	4,553,311
Total assets	10,341,383	10,161,904	20,503,287
LIABILITIES			
Current liabilities:			
Accounts payable	3,315	89,234	92,549
Accrued liabilities	29,531	337,646	367,177
Accrued compensated absences	55,625	-	55,625
Due to other funds	51,527	1,990,619	2,042,146
Total current liabilities	139,998	2,417,499	2,557,497
Non-current liabilities:			
Accrued compensated absences	74,498	-	74,498
Total non-current liabilities	74,498	-	74,498
Total liabilities	214,496	2,417,499	2,631,995
NET POSITION			
Investment in capital assets	4,553,311	-	4,553,311
Unrestricted	5,573,576	7,744,405	13,317,981
Total net position	\$ 10,126,887	\$ 7,744,405	\$ 17,871,292

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, 2014

	<u>Equipment Services</u>	<u>Comprehensive Self-Insurance</u>	<u>Total</u>
Operating revenues			
Charges for service	\$ 1,569,253	\$ -	\$ 1,569,253
Premiums	-	3,452,458	3,452,458
Total operating revenues	<u>1,569,253</u>	<u>3,452,458</u>	<u>5,021,711</u>
Operating expenses			
Claims paid and change in estimate	-	2,365,931	2,365,931
Personal services	870,694	-	870,694
Administrative and fiscal services	-	751,306	751,306
Depreciation	667,758	-	667,758
Supplies and other	20,950	-	20,950
Contractual and other services	89,623	89,831	179,454
Total operating expenses	<u>1,649,025</u>	<u>3,207,068</u>	<u>4,856,093</u>
Operating income (loss)	<u>(79,772)</u>	<u>245,390</u>	<u>165,618</u>
Nonoperating revenues			
Investment income	10,551	13,987	24,538
Gain on sale of capital assets	82,066	-	82,066
Net income	12,845	259,377	272,222
Total net position - beginning	<u>10,114,042</u>	<u>7,485,028</u>	<u>17,599,070</u>
Total net position - ending	<u>\$ 10,126,887</u>	<u>\$ 7,744,405</u>	<u>\$ 17,871,292</u>

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

For the Year ended September 30, 2014

	<u>Equipment Services</u>	<u>Comprehensive Self-Insurance</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,575,440	\$ 3,451,592	\$ 5,027,032
Payments to other funds	(800,833)	(182,525)	(983,358)
Payments to suppliers	(115,227)	(3,238,545)	(3,353,772)
Payments to employees	(855,757)	-	(855,757)
	<u>(196,377)</u>	<u>30,522</u>	<u>(165,855)</u>
Net cash provided by (used in) operating activities			
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(1,142,262)	-	(1,142,262)
Proceeds from sale of capital assets	137,325	-	137,325
	<u>(1,004,937)</u>	<u>-</u>	<u>(1,004,937)</u>
Net cash used in capital and related financing activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment securities	(1,168,666)	-	(1,168,666)
Proceeds from the sale and maturities of investment securities	2,160,793	-	2,160,793
Interest on investments	9,513	10,441	19,954
	<u>1,001,640</u>	<u>10,441</u>	<u>1,012,081</u>
Net cash provided by investing activities			
Net increase (decrease) in cash and cash equivalents	(199,674)	40,963	(158,711)
Cash and cash equivalents, beginning of year	1,102,742	175,628	1,278,370
Cash and cash equivalents, end of year	<u>\$ 903,068</u>	<u>\$ 216,591</u>	<u>\$ 1,119,659</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (79,772)	\$ 245,390	\$ 165,618
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	667,758	-	667,758
Decrease (increase) in due from other funds	587,836	(172,704)	415,132
(Increase) in deposit on insurance claims	-	(1,012)	(1,012)
Decrease in interest receivable	6,187	146	6,333
Increase (decrease) in accrued liabilities	10,283	(31,477)	(21,194)
Decrease in due to other funds	(1,388,669)	(9,821)	(1,398,490)
	<u>(116,605)</u>	<u>(214,868)</u>	<u>(331,473)</u>
Total adjustments			
Net cash provided by (used in) operating activities	<u>\$ (196,377)</u>	<u>\$ 30,522</u>	<u>\$ (165,855)</u>
NON-CASH INVESTING ACTIVITIES			
Change in the fair value of investments	<u>\$ (5,092)</u>	<u>\$ (3,546)</u>	<u>\$ (8,638)</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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:										
Investment in capital assets	\$ 31,951,900	\$ 33,785,948	\$ 45,450,240	\$ 50,496,272	\$ 56,768,201	\$ 59,672,952	\$ 60,538,038	\$ 62,312,988	\$ 65,190,228	\$ 66,403,103
Unrestricted	36,050,538	36,806,337	29,816,358	27,944,347	42,237,664	40,972,031	44,123,844	44,289,220	41,264,456	43,976,202
Total governmental activities net position	<u>\$ 68,002,438</u>	<u>\$ 70,592,285</u>	<u>\$ 75,266,598</u>	<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>\$ 110,379,305</u>
Business type activities:										
Investment in capital assets	\$ 33,877,386	\$ 38,360,267	\$ 39,965,081	\$ 39,024,619	\$ 44,386,134	\$ 45,828,561	\$ 47,970,897	\$ 49,683,932	\$ 51,127,842	\$ 53,218,776
Unrestricted	12,003,158	11,792,463	11,155,204	12,244,408	8,610,182	8,558,576	8,690,783	8,156,715	7,022,922	7,503,409
Total business type activities net position	<u>\$ 45,880,544</u>	<u>\$ 50,152,730</u>	<u>\$ 51,120,285</u>	<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>\$ 60,722,185</u>
Primary government:										
Investment in capital assets	\$ 65,829,286	\$ 72,146,215	\$ 85,415,321	\$ 89,520,891	\$ 101,154,335	\$ 105,501,513	\$ 108,508,935	\$ 111,996,920	\$ 116,318,070	\$ 119,621,879
	48,053,696	48,598,800	40,971,562	40,188,755	50,847,846	49,530,607	52,814,627	52,445,935	48,287,378	51,479,611
	<u>\$ 113,882,982</u>	<u>\$ 120,745,015</u>	<u>\$ 126,386,883</u>	<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>\$ 171,101,490</u>

Source: Comprehensive Annual Financial Report

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

Table 2

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General Government	\$ 3,625,521	\$ 3,979,445	\$ 3,876,176	\$ 4,239,047	\$ 4,357,936	\$ 4,616,440	\$ 3,405,642	\$ 4,643,566	\$ 5,168,456	\$ 5,369,739
Public Safety	8,959,210	9,488,031	10,009,425	11,048,919	11,305,806	11,681,307	12,173,113	12,198,719	12,914,938	12,870,794
Streets	1,555,746	1,800,554	1,828,603	2,029,372	1,779,140	1,872,143	1,755,084	1,829,907	1,862,581	1,961,153
Parks	2,377,316	2,525,357	2,692,352	2,902,051	2,959,412	3,276,568	3,330,332	3,418,159	3,609,761	3,549,975
Public Works	2,197,473	2,503,614	2,532,896	3,055,630	2,831,572	2,765,385	2,691,034	2,658,904	3,089,173	2,933,931
Total governmental activities expenses	<u>18,715,266</u>	<u>20,297,001</u>	<u>20,939,452</u>	<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>26,685,592</u>
Business type activities:										
Utilities	8,646,723	9,097,719	9,781,371	10,299,016	10,843,388	11,399,252	12,795,748	13,146,550	13,991,080	13,679,558
Sanitation	2,249,744	2,400,771	2,457,524	2,751,690	2,477,782	2,552,159	2,622,334	2,590,435	2,784,109	2,791,940
Stormwater	-	-	-	-	-	-	-	-	-	109,032
Total business type activities expenses	<u>10,896,467</u>	<u>11,498,490</u>	<u>12,238,895</u>	<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>
Total primary government expense	<u>\$ 29,611,733</u>	<u>\$ 31,795,491</u>	<u>\$ 33,178,347</u>	<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>\$ 43,266,122</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	\$ 23,220	\$ 23,370	\$ 25,403	\$ 25,735	\$ 25,550	\$ 27,965	\$ 36,492	\$ 29,132	\$ 48,342	\$ 58,247
Public Safety	1,196,030	1,235,330	1,517,174	1,545,336	2,158,211	2,146,698	1,972,793	2,284,805	2,258,352	2,358,022
Streets	-	-	-	-	-	-	-	-	-	-
Parks	206,991	255,906	231,289	234,697	268,311	360,347	364,402	348,478	353,380	321,664
Public Works	1,741,163	1,790,130	2,340,767	1,623,164	1,430,999	985,157	2,885,760	3,113,402	1,593,086	1,898,453
Total governmental activities program revenues	<u>3,167,404</u>	<u>3,304,736</u>	<u>4,114,633</u>	<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>
Business type activities:										
Charges for services:										
Utilities	10,160,127	11,242,562	9,864,564	10,828,233	11,790,145	12,115,224	14,384,367	13,655,917	13,911,816	14,936,298
Sanitation	2,078,622	2,449,752	2,423,859	2,647,770	2,760,877	2,800,004	2,953,344	2,828,621	2,743,414	2,716,376
Stormwater	-	-	-	-	-	-	-	-	-	465,816
Total business type activities program revenues	<u>12,238,749</u>	<u>13,692,314</u>	<u>12,288,423</u>	<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>
Total primary government program revenues	<u>\$ 15,406,153</u>	<u>\$ 16,997,050</u>	<u>\$ 16,403,056</u>	<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>
Net (Expense) Revenue										
Governmental activities	\$ (15,547,862)	\$ (16,992,265)	\$ (16,824,819)	\$ (19,846,087)	\$ (19,350,795)	\$ (20,691,676)	\$ (18,095,758)	\$ (18,973,438)	\$ (22,391,749)	\$ (22,049,206)
Business type activities	1,342,282	2,193,824	49,528	425,297	1,229,852	963,817	1,919,629	747,553	(119,959)	1,537,960
Total primary government net expense	<u>\$ (14,205,580)</u>	<u>\$ (14,798,441)</u>	<u>\$ (16,775,291)</u>	<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>\$ (20,511,246)</u>

General Revenues and Other Changes in Net Position

Governmental activities:

Taxes:											
Ad valorem	\$ 12,840,481	\$ 13,406,362	\$ 13,837,528	\$ 14,724,370	\$ 15,399,326	\$ 15,918,098	\$ 15,928,388	\$ 15,484,579	\$ 15,444,115	\$ 16,160,020	
Sales tax	4,169,557	3,321,100	3,290,325	3,269,205	2,939,262	3,228,336	3,584,805	3,395,645	3,498,422	4,014,191	
Franchise Fees	1,833,255	2,019,474	2,075,069	2,071,490	2,136,595	2,049,354	2,207,303	2,094,494	1,989,121	2,122,312	
Investment earnings	926,817	1,962,738	2,218,786	1,455,605	414,462	369,718	208,533	188,888	98,286	172,591	
Other	2,285,872	219,687	120,804	91,966	1,333,295	1,065,968	502,174	90,026	1,429,414	4,373,130	
Contribution	1,664	2,746	2,821	1,026	34	34	34	32	-	-	
Donations	14,135	43,925	11,520	34,614	240,640	51,462	33,596	12,276	137,043	83,759	
Gain on sale of capital assets	-	138,037	62,098	724,008	17,804,603	-	-	-	-	-	
Transfers	1,165,232	(1,531,957)	(341,916)	647,824	(352,176)	(352,176)	(352,176)	(352,176)	(352,176)	(952,176)	
Total governmental activities	<u>23,237,013</u>	<u>19,582,112</u>	<u>21,277,035</u>	<u>23,020,108</u>	<u>39,916,041</u>	<u>22,330,794</u>	<u>22,112,657</u>	<u>20,913,764</u>	<u>22,244,225</u>	<u>25,973,827</u>	

Business type activities:

Investment earnings	248,588	415,086	425,616	239,132	61,253	1,792	2,738	3,241	1,974	448
Other	85,701	75,913	124,203	115,979	88,826	73,036	-	75,997	75,926	80,837
Gain (loss) on sale of capital assets	-	55,406	26,292	16,158	(4,818)	-	-	-	-	-
Transfers	(1,165,232)	1,531,957	341,916	(647,824)	352,176	352,176	352,176	352,176	352,176	952,176
Total business type activities	<u>(830,943)</u>	<u>2,078,362</u>	<u>918,027</u>	<u>(276,555)</u>	<u>497,437</u>	<u>427,004</u>	<u>354,914</u>	<u>431,414</u>	<u>430,076</u>	<u>1,033,461</u>

Total primary government

	<u>\$ 22,406,070</u>	<u>\$ 21,660,474</u>	<u>\$ 22,195,062</u>	<u>\$ 22,743,553</u>	<u>\$ 40,413,478</u>	<u>\$ 22,757,798</u>	<u>\$ 22,467,571</u>	<u>\$ 21,345,178</u>	<u>\$ 22,674,301</u>	<u>\$ 27,007,288</u>
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Change in Net Position

Governmental activities	\$ 7,689,151	\$ 2,589,847	\$ 4,452,216	\$ 3,174,021	\$ 20,565,246	\$ 1,639,118	\$ 4,016,899	\$ 1,940,326	\$ (147,524)	\$ 3,924,621
Business type activities	511,339	4,272,186	967,555	148,742	1,727,289	1,390,821	2,274,543	1,178,967	310,117	2,571,421
Total primary government	<u>\$ 8,200,490</u>	<u>\$ 6,862,033</u>	<u>\$ 5,419,771</u>	<u>\$ 3,322,763</u>	<u>\$ 22,292,535</u>	<u>\$ 3,029,939</u>	<u>\$ 6,291,442</u>	<u>\$ 3,119,293</u>	<u>\$ 162,593</u>	<u>\$ 6,496,042</u>

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

	2005	2006	2007	2008	2009	2010
General Fund						
Reserved	\$ 964,899	\$ 980,093	\$ 1,029,841	\$ 1,322,841	\$ 1,195,862	\$ 940,083
Unreserved	13,774,824	14,190,255	10,731,289	7,428,129	23,743,726	24,285,828
Total General Fund	<u>\$ 14,739,723</u>	<u>\$ 15,170,348</u>	<u>\$ 11,761,130</u>	<u>\$ 8,750,970</u>	<u>\$ 24,939,588</u>	<u>\$ 25,225,911</u>
All Other Governmental Funds						
Reserved	\$ 918,802	\$ 413,448	\$ 6,777,509	\$ 7,588,765	\$ 3,451,470	\$ 1,459,551
Unreserved, reported in:						
Capital Projects fund	15,724,820	15,890,519	5,011,524	4,619,939	5,931,904	7,971,336
Special revenue funds	37,849	44,281	53,741	76,919	132,990	52,888
Total all other governmental funds	<u>\$ 16,681,471</u>	<u>\$ 16,348,248</u>	<u>\$ 11,842,774</u>	<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
General Fund	\$ 447,942	\$ 502,835	\$ 518,976	\$ 557,109
Nonspendable				
Restricted	1,274,954	-	-	-
Committed	20,750,202	20,750,202	20,750,202	20,750,202
Assigned	711,397	644,732	503,441	455,547
Unassigned	5,126,786	6,194,370	5,234,423	5,560,558
Total General Fund	<u>\$ 28,311,281</u>	<u>\$ 28,092,139</u>	<u>\$ 27,007,042</u>	<u>\$ 27,323,416</u>
All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Spendable				
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	9,831,161	10,824,871	9,647,996	12,456,022
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>

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes:										
Ad Valorem	\$ 12,711,530	\$ 13,319,850	\$ 13,966,786	\$ 14,697,483	\$ 15,397,077	\$ 15,942,896	\$ 15,942,729	\$ 15,502,274	\$ 15,437,318	\$ 16,029,692
Sales	4,169,557	3,321,100	3,290,325	3,269,205	2,939,262	3,228,336	3,584,805	3,395,645	3,498,422	4,014,191
Franchise fees	1,833,255	2,019,474	2,075,069	2,071,490	2,136,595	2,049,354	2,207,303	2,094,494	1,989,121	2,122,312
Permits and licenses	2,148,237	2,152,435	2,818,039	2,062,834	1,572,127	1,071,690	2,973,785	3,192,446	1,673,681	1,985,049
Fines	764,608	866,616	1,025,511	1,074,478	524,952	529,704	460,329	769,308	758,962	839,055
Contribution	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	1,740,278	1,546,781	1,468,322	1,434,766	1,465,817	1,785,939
Other	2,474,961	566,448	436,362	1,111,861	1,360,856	1,424,116	2,329,790	451,824	1,876,407	4,400,268
Investment income	860,259	1,734,016	1,889,314	1,123,434	414,462	369,718	208,533	188,888	98,286	172,591
Donations	14,135	43,925	11,520	34,614	240,640	51,462	33,596	12,276	137,043	83,759
Total revenues	24,976,542	24,023,864	25,512,926	25,445,399	26,326,249	26,214,057	29,209,192	27,041,921	26,935,057	31,432,856
Expenditures										
General Government	3,081,681	3,396,628	3,333,909	3,623,013	3,711,731	3,726,579	3,908,128	3,710,920	3,940,032	4,081,360
Public Safety	8,774,288	9,336,480	10,210,581	10,910,732	11,492,897	11,612,306	11,792,300	11,769,965	12,193,142	12,288,514
Streets	1,554,987	1,763,650	1,834,321	2,004,345	1,807,372	1,872,562	1,737,530	1,780,280	1,745,127	1,848,867
Parks	2,351,241	2,488,178	2,771,357	2,886,318	2,935,266	3,101,504	3,105,560	3,080,028	3,140,013	3,188,534
Public Works	2,100,705	2,370,100	2,489,824	2,950,749	2,811,921	2,684,192	2,611,421	2,528,517	2,812,070	2,779,473
Capital Outlay	2,132,148	3,039,469	12,445,710	6,285,377	7,875,116	4,611,004	2,269,321	3,045,468	5,014,469	3,169,532
Total expenditures	19,995,050	22,394,505	33,085,702	28,660,534	30,634,303	27,608,147	25,424,260	25,915,178	28,844,853	27,356,280
Excess of revenues over (under) expenditures	4,981,492	1,629,359	(7,572,776)	(3,215,135)	(4,308,054)	(1,394,090)	3,784,932	1,126,743	(1,909,796)	4,076,576
Other Financing Sources (Uses)										
Transfers in	6,184,398	3,535,005	7,424,661	6,488,020	4,990,191	4,680,020	2,680,020	4,108,561	3,053,014	5,975,020
Transfers out	(5,019,166)	(5,066,962)	(7,766,577)	(5,840,196)	(5,342,367)	(3,032,196)	(3,032,196)	(4,460,736)	(3,405,190)	(6,927,196)
Proceeds from the sale of real estate	-	-	-	-	18,079,589	-	-	-	-	-
Total other financing sources (uses)	1,165,232	(1,531,957)	(341,916)	647,824	17,727,413	1,647,824	(352,176)	(352,175)	(352,176)	(952,176)
Net change in fund balances	\$ 6,146,724	\$ 97,402	\$ (7,914,692)	\$ (2,567,311)	\$ 13,419,359	\$ 253,734	\$ 3,432,756	\$ 774,568	\$ (2,261,972)	\$ 3,124,400

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				
2005	4,518,905,970	571,083,210	61,751,190	1,224,010,081	3,927,730,289	0.3254
2006	4,975,653,730	624,476,590	66,321,690	1,352,302,169	4,314,149,841	0.3096
2007	5,598,626,050	723,856,170	57,858,950	1,576,073,433	4,804,267,737	0.2927
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

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
2005	0.3254	-	0.3254	1.6100	0.2094	0.2540	0.0803	2.4791
2006	0.3096	-	0.3096	1.5300	0.2192	0.2540	0.0816	2.3944
2007	0.2927	-	0.2927	1.3557	0.2189	0.2540	0.0810	2.2023
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	0.2431	0.2710	0.1194	2.0462
2014	0.2743	-	0.2743	1.1267	0.2431	0.2760	0.1247	2.0448

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	2014			2005		
	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	\$ 82,731,220	1	1.40%	\$ 34,122,990	1	0.87%
Gerald J. Ford	24,671,056	2	0.42%	9,701,712	7	0.25%
Southern Methodist University	23,970,770	3	0.41%	19,090,500	3	0.49%
Peruna Holdings Corp.	19,728,000	4	0.33%	24,808,400	2	0.63%
Intercity Investments Inc	17,957,240	5	0.30%	11,365,440	5	0.29%
Birmingham Wallace LP	14,918,980	6	0.25%			
Trevor D. Rees-Jones	13,414,428	7	0.23%			
Finney Mary Clare	13,038,848	8	0.22%			
HG Residence Trust	12,895,224	9	0.22%			
John C. & Debbie Tolleson	12,596,000	10	0.21%	9,255,760	9	0.24%
Park Cities Village JV				14,488,290	4	0.37%
Rufus C. Porter				10,470,826	6	0.27%
K S Properties, Ltd.				9,283,130	8	0.24%
Patrick & Suzanne McGee				8,904,464	10	0.23%
	<u>\$ 235,921,766</u>		<u>4.00%</u>	<u>\$ 151,491,512</u>		<u>3.86%</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
2005	12,780,442	12,653,391	99.01%	68,822	12,722,213	99.54%
2006	13,359,331	13,220,374	98.96%	49,891	13,270,265	99.33%
2007	14,066,479	13,912,826	98.91%	73,892	13,986,718	99.43%
2008	14,614,559	14,474,167	99.04%	143,441	14,617,608	100.00%
2009	15,418,745	15,249,426	98.90%	79,571	15,328,997	99.42%
2010	15,893,856	15,739,996	99.03%	46,235	15,786,231	99.32%
2011	15,903,248	15,769,437	99.16%	38,162	15,807,599	99.40%
2012	15,507,883	15,384,088	99.20%	131	15,384,219	99.20%
2013	15,561,032	15,377,061	98.82%	7,664	15,384,725	98.87%
2014	16,187,443	15,956,992	98.58%	-	15,956,992	98.58%

Source: Dallas County Tax Office

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

Table 9

Fiscal Year	General Obligation Refunding Bonds	Percentage of Personal Income	Per Capita
2005	-	-	-
2006	-	-	-
2007	-	-	-
2008	-	-	-
2009	-	-	-
2010	-	-	-
2011	-	-	-
2012	-	-	-
2013	-	-	-
2014	-	-	-

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>
2005	-	-	-	-	-
2006	-	-	-	-	-
2007	-	-	-	-	-
2008	-	-	-	-	-
2009	-	-	-	-	-
2010	-	-	-	-	-
2011	-	-	-	-	-
2012	-	-	-	-	-
2013	-	-	-	-	-
2014	-	-	-	-	-

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, 2014
(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	\$ 94,515,000	50.28%	\$ 47,522,142
Dallas County	111,350,000	3.61%	4,019,735
Dallas County Community College District	339,035,000	3.44%	11,662,804
Dallas County Hospital District	736,235,000	0.36%	2,650,446
Dallas County Schools	67,265,000	3.59%	2,414,814
Dallas Independent School District	2,564,765,000	7.32%	<u>187,740,798</u>
Subtotal, overlapping debt			256,010,739
City of University Park direct debt			<u>-</u>
Total direct and overlapping debt			<u><u>\$ 256,010,739</u></u>

Source: First Southwest Company

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
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	\$ 0.3254	\$ 0.3096	\$ 0.2927	\$ 0.2684	\$ 0.2655	\$ 0.2655	\$ 0.2785	\$ 0.2785	\$ 0.2785	\$ 0.2743
Available Tax Rate	\$ 2.1746	\$ 2.1904	\$ 2.2073	\$ 2.2316	\$ 2.2345	\$ 2.2345	\$ 2.2215	\$ 2.2215	\$ 2.2215	\$ 2.2257

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 \$2.5 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
2005	23,324	1,513,588	64,894	31.2	6,276	4.7%
2006	23,324	1,520,492	65,190	31.2	6,293	4.2%
2007	23,324	1,527,395	65,486	31.2	6,300	4.1%
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%

Source: Estimated population obtained from the North Central Texas Council of Governments, 2014 Population Estimates Report.
Per Capita Personal Income obtained from the North Central Texas Council of Governments, 2010-2012.
Current and updated median age 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			
<u>Employer</u>	<u>Rank</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Southern Methodist University	1	2,500	22%
Highland Park ISD	2	800	7%
Martini Hospitality	3	500	4%
City of University Park	4	245	2%

DALLAS COUNTY			COLLIN COUNTY		
<u>Employer</u>	<u>Rank</u>	<u>Employees</u>	<u>Employer</u>	<u>Rank</u>	<u>Employees</u>
UT Southwestern Medical Center	1	22,705	Bank of America Home Loans	1	10,347
Texas Instruments	2	12,500	HP Enterprises	2	10,000
Baylor Health Centers	3	11,042	Capital One	3	4,915
AT&T	4	8,829	Medical Center	4	4,155
Verizon	5	7,596	Toyota	5	4,000
Parkland Memorial Hospital	6	6,900	JC Penny Co	6	3,800
Walmart	7	6,596	Raytheon	7	3,700
Bank of America	8	6,318	University of Texas at Dallas	8	3,500
Medical City Dallas Hospital	9	6,000	Blue Cross Blue Shield	9	3,100
Southwest Airline	10	5,449	Walmart	10	2,637

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. "Percentage of Total City Employment" was calculated using "employed civilian population 16 years and over", as found in the North Central Texas Council of Governments, and therefore is not intended as an accurate portrayal of actual City employment.

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

Table 16

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Administrative	5	5	5	5	5	5	5	5	5	5
Finance	8	8	8	8	7	7	7	6	5	6
Human Resources	2	2	2	2	2	2	2	2	2	2
Information Services	4	4	4	4	4	5	5	5	5	5
Library									4	4
Facility Maintenance	4	4	4	4	3	3	3	2	2	2
Public Safety										
Police										
Officers	38	39	39	39	39	39	37	39	35	39
Civilians	10	10	11	11	9	11	12	10	13	14
Fire										
Firefighters and officers	34	32	37	36	34	35	35	34	34	35
Civilians	3	4	1	1	1	1	1	1	1	1
Municipal Court	2	2	2	2	2	2	2	2	2	2
Parks	25	25	25	25	24	24	24	22	22	22
Public Works										
Community Development	7	8	8	8	9	9	9	10	11	11
Engineering	8	7	7	7	6	6	6	6	5	5
Traffic	7	7	7	7	7	7	6	7	7	7
Streets	17	17	17	17	16	16	16	16	16	17
Utilities	30	31	31	31	32	32	31	28	32	31
Sanitation	26	25	26	27	26	26	25	26	27	27
Equipment Services	10	10	10	10	10	10	10	10	10	10
Capital Projects	1	0	0	1	1	1	1	1	0	0
Total	241	240	244	245	237	241	237	232	238	245

Source: City Human Resource Department.

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

Table 17

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Public Safety										
Police										
Parking tickets	4,324	5,548	5,863	5,783	5,481	4,927	5,277	8,426	7,333	6,886
Traffic violations	2,800	2,703	3,084	5,914	6,859	3,808	5,133	5,169	4,050	5,838
Accident calls	582	568	517	497	353	340	217	210	198	188
Total calls for service	17,161	16,888	17,616	17,336	16,907	19,946	25,835	25,756	24,162	24,636
Fire										
Number of fire runs	1,258	1,193	1,286	1,333	1,250	1,340	1,185	1,227	1,437	1,485
Number of EMS runs	1,090	1,059	1,063	1,251	1,120	1,156	1,113	1,012	1,100	1,073
Inspections	586	324	337	478	528	685	725	791	819	1,040
Parks										
Pool passes issued	2,913	2,960	2,758	2,755	2,635	3,480	3,422	3,186	3,161	3,036
Public Works										
Building permits issued	2,795	3,033	3,117	2,634	2,078	2,203	2,597	2,792	3,036	3,257
Work orders completed	14,217	12,427	8,996	9,911	9,406	7,576	7,758	8,203	7,436	6,970
Sanitation										
Waste hauled (tons)	16,212	15,209	15,035	14,012	15,508	17,219	15,022	15,295	15,052	14,487
Recycled materials (tons)	1,161	1,163	1,313	4,190	2,393	2,734	2,854	2,961	2,886	3,116
Utilities										
Number of consumers	8,430	8,504	8,574	8,624	8,732	8,764	8,790	8,747	8,813	8,848
Average daily consumption (ten thousands of gallons)	4,687	5,154	3,835	4,234	4,511	4,159	5,797	4,844	4,403	4,095

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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	10	10	10	18	20	13	12	12	12	12
Motorcycle units	1	1	0	0	1	1	0	0	0	0
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Trucks	3	3	3	3	3	3	4	4	4	3
MICU	1	1	1	1	2	2	2	2	2	2
Parks										
Parks (acres)	59	59	59	60	60	60	60	60	60	60
Parks (number of)	8	8	8	8	8	8	9	10	10	11
Playgrounds	7	7	8	9	9	9	8	8	8	9
Swimming Pools	1	1	1	1	1	2	2	2	2	2
Tennis Courts	6	6	6	12	12	12	12	12	12	12
Water										
Water mains (miles)	89.41	89.41	89.41	89.41	90.01	90.01	88	73.9	73.1	73.1
Fire hydrants	495	498	498	498	505	515	520	469	462	473
Streets										
Streets (miles)	71.4	71.4	71.4	71.4	71.4	71.4	71.4	71.4	70.7	70.2
Sewer										
Sanitary sewer lines (miles)	61	61	61	61	61	61	61	61	62.9	63.68
Storm sewer lines (miles)	16	16	16	16	16	16	16	16	16	16

Source: Various City Departments.

