

# **CITY OF WILLOW PARK, TEXAS**

**Annual Financial Report  
For the Fiscal Year Ended September 30, 2023**

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**For the Fiscal Year Ended September 30, 2023**

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**City of Willow Park, Texas  
Principal Officials**

**2023 City Council**

Doyle Moss, Mayor

Lea Young, Mayor Pro Tem

Eric Contreras

Chawn Gilliland

Greg Runnebaum

Nathan Crummel

**City Manager**

Bryan Grimes

**CFO / HR Director**

Candy Scott

# **FINANCIAL SECTION**



**SNOW GARRETT WILLIAMS**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Audit of the Financial Statements**

***Opinions***

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 the City of Willow Park, Texas, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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 of Willow Park, Texas (the City) as of September 30, 2023, 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.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Emphasis of Matter – Change in Accounting Principle***

As described in Note A to the financial statements, in fiscal year 2023, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

***Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of our audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedule of changes in the net pension liability/(asset) and related ratios, the schedule of employer pension contributions and related ratios, the schedule of changes in the total OPEB liability and related ratios, and the schedule of OPEB contributions and related ratios on pages 6-14 and 57-61 be presented to supplement the basic financial statements.

Such information is the responsibility of management, and, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2024, on our consideration of the City of Willow Park, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Willow Park, Texas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Willow Park, Texas' internal control over financial reporting and compliance.

*Snow Garrett Williams*

Snow Garrett Williams  
March 7, 2024

## **City of Willow Park, Texas Management's Discussion and Analysis**

The management's discussion and analysis (MD&A) of the City of Willow Park (the City) provides an overview of the City's financial activities for the fiscal year ended September 30, 2023. The MD&A should be read in conjunction with the accompanying financial statements and the notes to those financial statements.

### **FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the City exceeded liabilities and deferred inflows of resources at the close of fiscal year 2023 by \$20,782,240 (*net position*). Of this amount, \$4,206,103 is restricted for specific purposes and \$15,059,107 represents unrestricted net position that may be used to meet the City's ongoing obligations to citizens and creditors. Net position also includes \$1,517,030 in net investment in capital assets.
- In contrast to the government-wide statements, the governmental fund statements report a fund balance at year-end of \$7,178,705, of which \$2,653,117 represents restricted fund balance and \$4,525,588 represents unassigned fund balance.
- The general fund unassigned fund balance of \$4,525,588 equals 28% of total general fund expenditures.
- The City's total noncurrent liabilities increased by \$4,705,897 during the current fiscal year as a result of the issuance of two new certificates of obligations, offset by scheduled annual debt service payments.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City's financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplemental information in addition to the basic financial statements.

**Government-wide financial statements.** The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private sector business. Both are prepared using the economic resource focus and the accrual basis of accounting, meaning that all the current year's revenues and expenses are included regardless of when cash is received or paid.

The Statement of Net Position presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, including capital assets and long-term obligations. The difference between the two is reported as net position. Over time, the 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 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 result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).



## **City of Willow Park, Texas Management's Discussion and Analysis**

The Statement of Net Position and the Statement of Activities divide the primary government (the City) activities into two types:

**Governmental activities** – Most of the City's basic services are reported here, including administration, development services, fire and rescue, legislative, municipal court, police, and public works, parks, and roads. General property taxes, sales taxes, and franchise fees provide the majority of the financing for these activities.

**Business-type activities** – Activities for which the City charges a fee to customers to pay most or all of the costs of a service it provides are reported here. The City's business-type activities include its water, wastewater, and solid waste operations.

The government-wide financial statements can be found beginning on page 16 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. These statements focus on the most significant funds and are used to report more detailed information about the City's most significant activities. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** Governmental funds are used to account for the majority of the City's activities, which are 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 spendable resources available at the end of the fiscal year for future spending. Such information may be useful in evaluating the City'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 the comparison between governmental funds and governmental activities.

The City maintains thirteen individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Debt Service Fund, and Roads Capital Projects Fund, which are considered to be major funds. Data for the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the supplementary information section of this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement (original versus final) has been provided in this report for the general fund to demonstrate compliance with this budget.

The governmental fund financial statements can be found beginning on page 18 of this report.

## **City of Willow Park, Texas Management's Discussion and Analysis**

**Proprietary funds.** When the City charges customers for services it provides, the activities are generally reported in proprietary funds. The City maintains one type of proprietary fund: an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water, wastewater, and solid waste operations. These services are primarily provided to outside or non-governmental customers.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Water Fund and Wastewater Fund, which are considered to be the major proprietary funds of the City. Information is also presented for the Solid Waste Fund, which is a non-major proprietary fund.

The proprietary fund financial statements can be found beginning on page 21 of this report.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 24 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including budgetary comparison information and information concerning pension and OPEB benefits. The required supplementary information can be found beginning on page 57 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. This other supplemental information can be found beginning on page 63 of this report.

## City of Willow Park, Texas Management's Discussion and Analysis

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$20,782,240 as of September 30, 2023.

#### City of Willow Park's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 9,736,978	\$12,976,918	\$28,298,135	\$32,814,140	\$38,035,113	\$45,791,058
Capital assets and right-to-use assets, net of depreciation/amortization	27,160,545	14,961,775	24,527,767	22,770,786	51,688,312	37,732,561
<b>Total assets</b>	<b>36,897,523</b>	<b>27,938,693</b>	<b>52,825,902</b>	<b>55,584,926</b>	<b>89,723,425</b>	<b>83,523,619</b>
Deferred outflows of resources	202,533	140,525	74,909	51,975	277,442	192,500
Long-term liabilities	27,172,192	22,870,805	35,088,665	39,693,305	62,260,857	62,564,110
Other liabilities	3,682,145	665,626	2,753,126	2,516,416	6,435,271	3,182,042
<b>Total liabilities</b>	<b>30,854,337</b>	<b>23,536,431</b>	<b>37,841,791</b>	<b>42,209,721</b>	<b>68,696,128</b>	<b>65,746,152</b>
Deferred inflows of resources	515,416	165,075	7,083	61,055	522,499	226,130
Net position:						
Net investment in capital assets	(231,735)	(2,400,065)	1,748,765	970,159	1,517,030	(1,429,906)
Restricted	1,183,769	937,155	3,022,334	2,892,699	4,206,103	3,829,854
Unrestricted	4,778,269	5,840,622	10,280,838	9,503,267	15,059,107	15,343,889
<b>Total net position</b>	<b>\$ 5,730,303</b>	<b>\$ 4,377,712</b>	<b>\$15,051,937</b>	<b>\$13,366,125</b>	<b>\$20,782,240</b>	<b>\$17,743,837</b>

The City's net investment in capital assets (e.g., land, construction in progress, buildings and improvements, furniture and equipment, vehicles, infrastructure, water and wastewater systems, and right-of-use assets) less any related debt used to acquire those assets that is still outstanding is \$1,517,030. The City uses those assets to provide services to the citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional \$4,206,103 (or 20%) of the City's net position represents resources that are subject to external restrictions on how they may be used. All restricted net position of the City is being held for the purposes established by state and local laws, for future construction, and for debt service requirements on the City's outstanding debt. The remaining portion of the City's net position is \$15,059,107 and may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all categories of net position, both for the City as a whole and for its separate governmental and business-type activities, except for net investment in capital assets of governmental activities. At the end of the prior fiscal year, all categories of net position were reported as positive balances with the exception of net investment in capital assets of governmental activities.

## City of Willow Park, Texas Management's Discussion and Analysis

The City's total net position increased by \$3,038,403 during the current fiscal year. The City's governmental activities increased net position by \$1,352,591. The total cost of all governmental activities this year was \$6,860,992. The amount that taxpayers paid for these activities through property taxes was \$3,959,918, or 58%. The City's business-type activities increased net position by \$1,685,812. The total cost of all business-type activities for fiscal year 2023 was \$4,298,303.

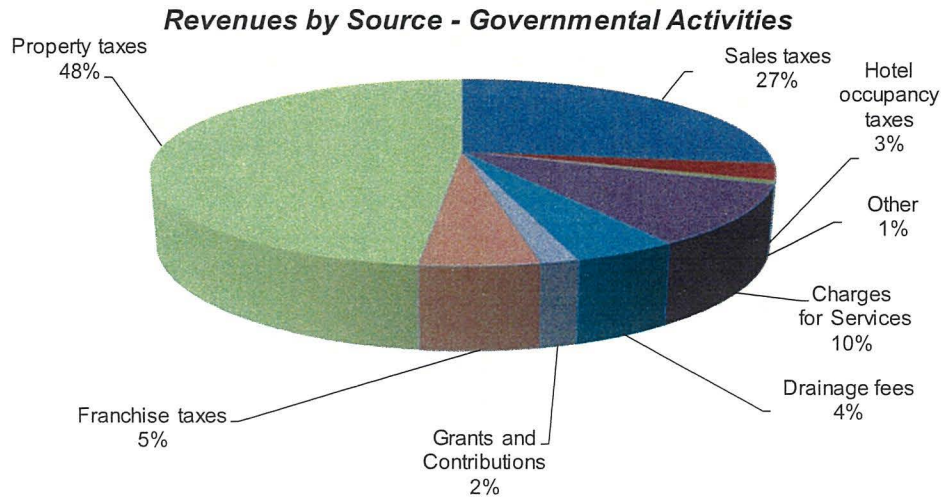
### City of Willow Park's Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 842,998	\$ 897,933	\$ 4,394,192	\$ 4,362,328	\$ 5,237,190	\$ 5,260,261
Operating grants and contributions	130,857	172,239	-	-	130,857	172,239
Capital grants and contributions	-	-	1,339,642	488,997	1,339,642	488,997
General revenues:						
Property taxes	3,959,918	3,834,214	-	-	3,959,918	3,834,214
Sales and use taxes	2,217,931	1,866,827	-	-	2,217,931	1,866,827
Franchise taxes	411,357	397,514	-	-	411,357	397,514
Hotel occupancy taxes	243,759	142,932	-	-	243,759	142,932
Drainage fees	363,456	330,894	-	-	363,456	330,894
Investment earnings	377,940	75,373	250,281	22,098	628,221	97,471
Other	85,454	20,551	-	-	85,454	20,551
Gain on sale of capital assets	-	37,793	-	35,111	-	72,904
Special item:						
Loss on transfer of operations	(420,087)	-	-	-	(420,087)	-
<b>Total revenues</b>	<b>8,213,583</b>	<b>7,776,270</b>	<b>5,984,115</b>	<b>4,908,534</b>	<b>14,197,698</b>	<b>12,684,804</b>
<b>Expenses:</b>						
Administration	1,430,749	536,874	-	-	1,430,749	536,874
Development services	938,743	865,865	-	-	938,743	865,865
Fire and rescue	978,789	1,445,665	-	-	978,789	1,445,665
Legislative	195,622	189,575	-	-	195,622	189,575
Municipal court	190,097	157,886	-	-	190,097	157,886
Police	1,923,144	1,576,253	-	-	1,923,144	1,576,253
Public works, parks, and roads	582,800	1,414,337	-	-	582,800	1,414,337
Interest and fiscal charges	621,048	446,871	-	-	621,048	446,871
Water	-	-	2,961,449	2,637,569	2,961,449	2,637,569
Wastewater	-	-	1,025,366	925,494	1,025,366	925,494
Solid waste	-	-	311,488	296,289	311,488	296,289
<b>Total expenses</b>	<b>6,860,992</b>	<b>6,633,326</b>	<b>4,298,303</b>	<b>3,859,352</b>	<b>11,159,295</b>	<b>10,492,678</b>
<b>Change in net position</b>	<b>1,352,591</b>	<b>1,142,944</b>	<b>1,685,812</b>	<b>1,049,182</b>	<b>3,038,403</b>	<b>2,192,126</b>
Net position, beginning of year	4,377,712	3,076,522	13,366,125	12,316,943	17,743,837	15,393,465
Prior period adjustment	-	158,246	-	-	-	158,246
Net position, beginning of year, restated	4,377,712	3,234,768	13,366,125	12,316,943	17,743,837	15,551,711
<b>Net position, end of year</b>	<b>\$ 5,730,303</b>	<b>\$ 4,377,712</b>	<b>\$15,051,937</b>	<b>\$13,366,125</b>	<b>\$20,782,240</b>	<b>\$17,743,837</b>

## City of Willow Park, Texas Management's Discussion and Analysis

**Governmental activities.** Governmental activities increased the City's net position by \$1,352,591. Key elements of this increase are as follows:

- Increase in general revenues due to an overall increase in taxes, including an approximate 3% increase in property taxes, 19% increase in sales and use taxes, and 70% increase in hotel occupancy taxes;
- Decrease in general revenues is primarily due to the loss related to the transfer of fire protection services to Parker County Emergency Services District No. 1, and
- Increase in expenses for administration and police services.



**Business-type activities.** Business-type activities increased the City's net position by \$1,685,812.

Operating revenue increased by \$31,864 from the prior year primarily due to an increase in water, wastewater, and solid waste sales and an increase in impact fees. Operating expenses increased by \$438,951 from the prior year primarily due to an increase in personnel services. Additionally, the City recognized \$1,339,642 in grant revenue during fiscal year 2023.

### FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$7,178,705, which is a decrease of \$5,077,041 in comparison with the prior year. \$4,525,588 or 63% of the fund balance represents unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been set aside to pay debt service (\$249,319), to fund road capital projects (\$1,447,817), for court security and technology (\$120,908), for police seizure funds (\$4,848), to fund tourism (\$466,784), for police and first responder contributions (\$134,869), and for truancy funds (\$26,476), to fund other capital projects (\$12,371), and other City related expenditures (\$51,372).

## **City of Willow Park, Texas Management's Discussion and Analysis**

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance of the general fund was \$4,663,941, of which \$4,525,588 represented unassigned fund balance, or 97% of the total general fund balance. As a measure of the general fund's liquidity, we compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 28%, or approximately 104 days of total fund expenditures.

The fund balance of the City's general fund decreased by \$1,685,525 during the current fiscal year. Key elements of the decrease are as follows:

- Total revenues in the general fund increased by \$535,392, or 10%. The increase is primarily due to an increase in sales and use taxes of \$351,104, and an increase in investment earnings of \$182,929 and court fines of \$131,388, offset by a decrease in licenses and permits of \$303,291.
- Total expenditures in the general fund increased by \$11,085,961, or 228%. The increase is primarily due to an increase in capital outlay for the new city hall.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Overall, the City's revenues exceeded the budget by approximately \$241,416. This was primarily due to sales tax revenue and investment earnings exceeding budget by approximately \$172,606 and \$203,113, respectively. Sales tax budget projections were conservative; however, with the growth of commercial properties within the City, sales tax revenue continued to grow. Investment earnings exceeded projections due to an overall increase in interest rates.

The City's expenditures were more than budgeted amounts by approximately \$10,254,482. This was due to capital outlay for the new city hall exceeding appropriations as well as negative variances in administration, municipal court, and development services.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital assets.** The City's investment in total capital assets for its governmental and business-type activities as of September 30, 2023, amounts to \$51,688,312 (net of accumulated depreciation/amortization). Investments in capital assets related to governmental activities (\$27,160,545) include land, construction in progress, buildings and improvements, furniture and equipment, vehicles, infrastructure, and right-of-use assets. The City's investments in capital assets related to business-type activities (\$24,527,767) include land, construction in progress, buildings and improvements, furniture and equipment, vehicles, water system, wastewater system, and right-of-use assets.

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

#### Administration

- New City Hall construction.

#### Public Works, Parks, and Roads Department

- Ongoing street projects.
- Ongoing drainage projects.

#### Water Department

- Ongoing Fort Worth water line project.
- Water system improvements.
- Purchase of three generators and a skid steer track loader.

## City of Willow Park, Texas Management's Discussion and Analysis

### Wastewater Department

- System improvements to the Bankhead Lift Station.
- Ongoing wastewater treatment project.
- Completion of the water and sewer extension project at Bankhead South.

### City of Willow Park's Capital Assets (net of depreciation / amortization)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 958,993	\$ 126,027	\$ 394,576	\$ 394,576	\$ 1,353,569	\$ 520,603
Construction in progress	6,314,372	502,321	1,883,327	10,774,452	8,197,699	11,276,773
Buildings and improvements	13,062,703	6,034,689	41,641	43,617	13,104,344	6,078,306
Furniture and equipment	300,472	413,415	413,709	299,710	714,181	713,125
Vehicles	37,736	1,225,635	92,753	117,722	130,489	1,343,357
Infrastructure	6,192,094	6,518,478	-	-	6,192,094	6,518,478
Water system	-	-	16,976,981	7,052,889	16,976,981	7,052,889
Wastewater system	-	-	4,615,495	3,994,252	4,615,495	3,994,252
Right-of-use assets - vehicles	294,175	141,210	109,285	93,568	403,460	234,778
<b>Total</b>	<b>\$ 27,160,545</b>	<b>\$ 14,961,775</b>	<b>\$ 24,527,767</b>	<b>\$ 22,770,786</b>	<b>\$ 51,688,312</b>	<b>\$ 37,732,561</b>

Additional information on the City's capital assets can be found in Note G on pages 35 through 37 of this report.

**Long-term obligations.** At the end of the current fiscal year, the City had total long-term obligations outstanding of:

### City of Willow Park's Outstanding Debt

	Governmental Activities	Business-type Activities	Total
General obligation bonds	\$ 6,330,000	\$ -	\$ 6,330,000
Certificates of obligation	17,602,126	35,962,874	53,565,000
Tax notes	2,300,000	-	2,300,000
Notes from direct borrowings	218,852	253,078	471,930
Unamortized debt premium	1,748,929	164,195	1,913,124
Lease liability	237,534	66,663	304,197
Net pension liability	205,148	75,877	281,025
Compensated absences	130,195	37,870	168,065
Total OPEB liability	56,747	20,989	77,736
<b>Total</b>	<b>\$ 28,829,531</b>	<b>\$ 36,581,546</b>	<b>\$ 65,411,077</b>

The City's total long-term obligations increased by a net amount of \$4,705,897 during the current fiscal year primarily as a result of the issuance of two new certificates of obligation, offset by principal payments made on outstanding debt. The City's compensated absences and OPEB liability decreased in the current fiscal year, while the City's unamortized debt premium, lease liability and net pension liability increased. Additional information on the City's long-term debt can be found in Note H on pages 37 through 44 of this report.

## **City of Willow Park, Texas Management's Discussion and Analysis**

State statutes limit the total property tax rate to \$2.50 per \$100 assessed valuation. The City's total property tax rate for 2022-2023 was \$0.538450 per \$100 assessed valuation, of which \$0.283941 was for maintenance and operations and \$0.254509 was for debt service.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The annual budget is developed to provide efficient, effective, and economic uses of the City's resources, as well as a means to accomplish the highest priority objectives. Through the budget, the City Council sets the direction of the City, allocates its resources, and establishes its priorities. In considering the City budget for fiscal year 2024, the City Council and administration considered the following factors:

For fiscal year 2023 – 2024, the City is anticipating benefitting from a new statute that became effective as of September 1, 2023. This statute, which allows property owners to petition to be removed from the ETJ, has produced interest in some of those properties to be annexed by the City of Willow Park. The City of Willow Park has invested approximately \$25 Million in various infrastructure projects, most notably the Fort Worth water line project, and the new wastewater treatment plant. These projects give confidence to owners who desire to develop their properties that the City of Willow Park can provide those basic infrastructure needs. These properties have high potential for significant sales tax growth, residential growth, commercial growth, an overall ad valorem tax increase of new property, and other streams of new revenue for the City of Willow Park.

### **REQUEST FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, and investors with a general overview of the City of Willow Park's finances and to show the City's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Finance Department at 120 El Chico, Suite A, Willow Park, Texas 76087.



# **BASIC FINANCIAL STATEMENTS**

**City of Willow Park, Texas**  
**Statement of Net Position**  
**September 30, 2023**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>Assets</b>			
Cash and cash equivalents	\$ 7,716,551	\$ 15,440,482	\$ 23,157,033
Investments	591,151	1,645,857	2,237,008
Receivables (net of allowances of \$1,198,775)			
Property taxes	28,102	-	28,102
Accounts	40,807	-	40,807
Court fines and fees	96,489	595,327	691,816
Lease	501,446	-	501,446
Due from other governments	349,876	8,422,287	8,772,163
Restricted assets			
Cash and investments	412,556	2,085,671	2,498,227
Certificates of deposit	-	108,511	108,511
Capital assets and right-to-use assets			
Nondepreciable	7,273,365	2,277,903	9,551,268
Depreciable/amortizable, net of accumulated depreciation and amortization	19,887,180	22,249,864	42,137,044
Total assets	36,897,523	52,825,902	89,723,425
<b>Deferred outflows of resources</b>			
Deferred outflows related to pensions	202,533	74,909	277,442
Total deferred outflows of resources	202,533	74,909	277,442
<b>Liabilities</b>			
Accounts payable	1,390,736	584,096	1,974,832
Payroll liabilities	47,804	15,037	62,841
Due to other governments	-	312,735	312,735
Retainage payable	436,934	41,664	478,598
Court bonds payable	7,185	-	7,185
Unearned revenue	55,215	-	55,215
Long-term obligations, due within one year	1,657,339	1,492,881	3,150,220
Current liabilities payable from restricted assets			
Interest payable	86,932	69,497	156,429
Customer deposits	-	237,216	237,216
Noncurrent liabilities			
Net pension liability	205,148	75,877	281,025
Total OPEB liability	56,747	20,989	77,736
Long-term obligations, due in more than one year	26,910,297	34,991,799	61,902,096
Total liabilities	30,854,337	37,841,791	68,696,128
<b>Deferred inflows of resources</b>			
Deferred inflows related to OPEB	19,147	7,083	26,230
Deferred inflows related to leases	496,269	-	496,269
Total deferred inflows of resources	515,416	7,083	522,499
<b>Net position</b>			
Net investment in capital assets	(231,735)	1,748,765	1,517,030
Restricted for:			
Debt service	249,319	-	249,319
Police	8,445	-	8,445
First responder	136,217	-	136,217
Tourism	466,784	-	466,784
Capital projects	-	3,022,334	3,022,334
Court security and technology	120,908	-	120,908
Public access channel capital projects	138,353	-	138,353
TIRZ	3,000	-	3,000
Construction projects	12,371	-	12,371
TexSTAR parks and recreation	48,372	-	48,372
Unrestricted net position	4,778,269	10,280,838	15,059,107
Total net position	\$ 5,730,303	\$ 15,051,937	\$ 20,782,240

**City of Willow Park, Texas**  
**Statement of Activities**  
**For the Fiscal Year Ended September 30, 2023**

Functions/Programs	Net Revenue (Expense) and Changes In Net Position						
	Program Revenues			Primary Government			Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Primary Government</b>							
Governmental activities							
Administration	\$ 1,430,749	\$ -	\$ -	\$ -	\$ (1,430,749)	\$ -	\$ (1,430,749)
Development services	938,743	422,007	-	-	(516,736)	-	(516,736)
Fire and rescue	978,789	-	-	-	(978,789)	-	(978,789)
Legislative	195,622	-	-	-	(195,622)	-	(195,622)
Municipal court	190,097	333,445	-	-	143,348	-	143,348
Police	1,923,144	81,303	129,357	-	(1,712,484)	-	(1,712,484)
Public works, parks, and roads	582,800	6,243	1,500	-	(575,057)	-	(575,057)
Interest and fiscal charges	621,048	-	-	-	(621,048)	-	(621,048)
Total governmental activities	<u>6,860,992</u>	<u>842,998</u>	<u>130,857</u>	<u>-</u>	<u>(5,887,137)</u>	<u>-</u>	<u>(5,887,137)</u>
Business-type activities							
Water	2,961,449	3,167,697	-	378,213	-	584,461	584,461
Wastewater	1,025,366	862,507	-	961,429	-	798,570	798,570
Solid waste	311,488	363,988	-	-	-	52,500	52,500
Total business-type activities	<u>4,298,303</u>	<u>4,394,192</u>	<u>-</u>	<u>1,339,642</u>	<u>-</u>	<u>1,435,531</u>	<u>1,435,531</u>
Total primary government	<u>\$ 11,159,295</u>	<u>\$ 5,237,190</u>	<u>\$ 130,857</u>	<u>\$ 1,339,642</u>	<u>(5,887,137)</u>	<u>1,435,531</u>	<u>(4,451,606)</u>
<b>General revenues</b>							
Taxes:							
Property taxes, levied for general purposes					1,902,971	-	1,902,971
Property taxes, levied for debt service					1,707,163	-	1,707,163
Property taxes, levied for TIRZ					349,784	-	349,784
Sales and use					2,217,931	-	2,217,931
Franchise					411,357	-	411,357
Hotel					243,759	-	243,759
Drainage fees					363,456	-	363,456
Investment earnings					377,940	250,281	628,221
Other revenue					85,454	-	85,454
Special Item:							
Loss on transfer of operations					(420,087)	-	(420,087)
Total general revenues					<u>7,239,728</u>	<u>250,281</u>	<u>7,490,009</u>
Change in net position					1,352,591	1,685,812	3,038,403
Net position, beginning of year					<u>4,377,712</u>	<u>13,366,125</u>	<u>17,743,837</u>
Net position, end of year					<u>\$ 5,730,303</u>	<u>\$ 15,051,937</u>	<u>\$ 20,782,240</u>

The accompanying notes are an integral part of these financial statements.

**City of Willow Park, Texas**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2023**

	General Fund	Debt Service Fund	Roads Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 5,244,340	\$ 249,319	\$ 1,864,300	\$ 771,148	\$ 8,129,107
Investments	542,779	-	-	48,372	591,151
Receivables (net of allowances for uncollectibles)					
Property taxes	16,326	11,776	-	-	28,102
Accounts	40,807	-	-	-	40,807
Court fines and fees	96,489	-	-	-	96,489
Lease	501,446	-	-	-	501,446
Due from other funds	-	-	708,622	-	708,622
Due from other governments	349,876	-	-	-	349,876
<b>Total assets</b>	<b>\$ 6,792,063</b>	<b>\$ 261,095</b>	<b>\$ 2,572,922</b>	<b>\$ 819,520</b>	<b>\$ 10,445,600</b>
<b>Liabilities</b>					
Accounts payable	\$ 678,307	\$ -	\$ 710,537	\$ 1,892	\$ 1,390,736
Payroll liabilities	47,804	-	-	-	47,804
Due to other funds	708,622	-	-	-	708,622
Court bonds escrow	7,185	-	-	-	7,185
Unearned revenue - franchise taxes	55,215	-	-	-	55,215
Retainage payable	22,366	-	414,568	-	436,934
<b>Total liabilities</b>	<b>1,519,499</b>	<b>-</b>	<b>1,125,105</b>	<b>1,892</b>	<b>2,646,496</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue - court fines	96,489	-	-	-	96,489
Unavailable revenue - property taxes	15,865	11,776	-	-	27,641
Unavailable revenue - leases	496,269	-	-	-	496,269
<b>Total deferred inflows of resources</b>	<b>608,623</b>	<b>11,776</b>	<b>-</b>	<b>-</b>	<b>620,399</b>
<b>Fund balances</b>					
Restricted	138,353	249,319	1,447,817	817,628	2,653,117
Unassigned	4,525,588	-	-	-	4,525,588
<b>Total fund balances</b>	<b>4,663,941</b>	<b>249,319</b>	<b>1,447,817</b>	<b>817,628</b>	<b>7,178,705</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 6,792,063</b>	<b>\$ 261,095</b>	<b>\$ 2,572,922</b>	<b>\$ 819,520</b>	
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.					27,160,545
Deferred outflows of resources are not financial resources and, therefore, are not reported in the funds.					202,533
Some assets and liabilities, including general obligation bonds, certificates of obligation, tax notes, notes from direct borrowings, premiums on debt, lease liabilities, net pension asset, compensated absences, and total OPEB liability are not due and payable in the current period and, therefore, are not reported in the funds.					(28,916,463)
Revenues earned but not available within 60 days of year-end are not recognized as revenue on the fund financial statements.					620,399
Deferred inflows of resources related to pension and OPEB are not financial resources and, therefore, are not reported in the funds.					(515,416)
<b>Net position of governmental activities - statement of net position</b>					<b>\$ 5,730,303</b>

**City of Willow Park, Texas**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended September 30, 2023**

	General Fund	Debt Service Fund	Roads Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes:					
Property	\$ 1,901,676	\$ 1,706,468	\$ -	\$ -	\$ 3,608,144
Sales and use	2,217,931	-	-	-	2,217,931
Franchise	411,357	-	-	-	411,357
Hotel occupancy tax	-	-	-	243,759	243,759
TIRZ	-	-	-	349,784	349,784
Licenses and permits	422,007	-	-	-	422,007
Drainage fees	363,456	-	-	-	363,456
Court fines and fees	300,253	-	-	22,873	323,126
Grants	5,049	-	-	-	5,049
Investment earnings	219,613	15,445	127,885	14,997	377,940
Intergovernmental	56,151	-	-	-	56,151
Contributions	9,893	-	-	124,308	134,201
Rental income	41,549	-	-	-	41,549
Other revenue	18,640	-	-	-	18,640
<b>Total revenues</b>	<b>5,967,575</b>	<b>1,721,913</b>	<b>127,885</b>	<b>755,721</b>	<b>8,573,094</b>
<b>Expenditures</b>					
Current:					
Administration	648,278	-	-	-	648,278
Development services	580,107	-	-	350,000	930,107
Fire and rescue	826,389	-	-	91,131	917,520
Legislative	200,797	-	-	-	200,797
Municipal Court	188,843	-	-	-	188,843
Police	1,784,356	-	-	-	1,784,356
Public works, parks, and roads	385,881	-	-	-	385,881
Capital outlay	10,646,980	-	3,783,230	-	14,430,210
Debt service:					
Principal	290,567	1,245,630	-	-	1,536,197
Interest and fiscal charges	176,100	527,044	-	-	703,144
Certificate of obligation issuance costs	225,044	-	-	-	225,044
<b>Total expenditures</b>	<b>15,953,342</b>	<b>1,772,674</b>	<b>3,783,230</b>	<b>441,131</b>	<b>21,950,377</b>
Excess (deficiency) of revenues over (under) expenditures	(9,985,767)	(50,761)	(3,655,345)	314,590	(13,377,283)
Other financing sources (uses)					
Proceeds from sale of capital assets	9,340	-	-	-	9,340
Proceeds from certificate of obligation issuance	8,500,000	-	-	-	8,500,000
Premium on issuance of long-term debt	225,044	-	-	-	225,044
Proceeds from issuance of lease liability	176,562	-	-	-	176,562
Special item:	-	-	-	-	-
Loss on transfer of operations	(610,704)	-	-	-	(610,704)
<b>Total other financing sources (uses)</b>	<b>8,300,242</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,300,242</b>
<b>Net change in fund balances</b>	<b>(1,685,525)</b>	<b>(50,761)</b>	<b>(3,655,345)</b>	<b>314,590</b>	<b>(5,077,041)</b>
Fund balances, beginning of year	6,349,466	300,080	5,103,162	503,038	12,255,746
<b>Fund balances, end of year</b>	<b>\$ 4,663,941</b>	<b>\$ 249,319</b>	<b>\$ 1,447,817</b>	<b>\$ 817,628</b>	<b>\$ 7,178,705</b>

**City of Willow Park, Texas**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances of the Governmental Funds to the**  
**Statement of Activities**  
**For the Fiscal Year Ended September 30, 2023**

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

Net change in fund balances - total governmental funds \$ (5,077,041)

Governmental funds report capital outlays as expenditures. However in the statement of activities, assets are capitalized and the costs are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital outlay	\$ 14,430,210	
Depreciation expense	<u>(1,081,921)</u>	13,348,289

All proceeds from the sale of capital assets are reported as revenue in the funds. However, in the statement of activities, only the gain or loss on disposal is reported. (1,149,519)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds.

Amortization of premium on debt	\$ 108,432	
Net pension liability (asset)	(255,089)	
Compensated absences	131,619	
Total OPEB liability	<u>31,644</u>	16,606

The change in taxes receivable, net of allowance, is reported as revenue in the statement of activities; however, this change does not provide current financial resources and is, therefore, not reported as revenue in the funds. 1,990

Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds. 29,603

Pension expense in the funds is recorded as contributions when made to the TMRS plan. Pension expense in governmental activities is recorded as the TMRS plan's pension expense for the measurement period. This is the effect of the difference between the two statements. 246,580

OPEB expense in the funds is recorded as contributions when made to the TMRS plan. OPEB expense in governmental activities is recorded as the TMRS plan's OPEB expense for the measurement period. This is the effect of the difference between the two statements. (38,644)

The issuance of long-term debt (e.g. bonds payable, notes payable, and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Long-term obligation principal repayments	\$ 2,785,766	
Payments on lease liabilities	90,567	
Proceeds from certificates of obligations issuance	(8,500,000)	
Premium on issuance of debt	(225,044)	
Proceeds from the issuance of lease liabilities	<u>(176,562)</u>	<u>(6,025,273)</u>

Change in net position of governmental activities \$ 1,352,591

**City of Willow Park, Texas**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2023**

	Water	Wastewater	Solid Waste	Totals
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 1,683,892	\$ 13,456,296	\$ 300,294	\$ 15,440,482
Investments	1,590,047	55,810	-	1,645,857
Receivables (net of allowances):				
Accounts	447,525	100,651	47,151	595,327
Due from other governments	8,422,287	-	-	8,422,287
<b>Restricted assets</b>				
Cash and cash equivalents	1,575,313	510,358	-	2,085,671
Certificates of deposit	108,511	-	-	108,511
<b>Total current assets</b>	<b>13,827,575</b>	<b>14,123,115</b>	<b>347,445</b>	<b>28,298,135</b>
<b>Noncurrent assets</b>				
<b>Capital assets and right-to-use assets</b>				
Nondepreciable	271,397	2,006,506	-	2,277,903
Depreciable / amortizable	24,150,376	6,466,489	-	30,616,865
Less: accumulated depreciation / amortization	(5,662,008)	(2,704,993)	-	(8,367,001)
<b>Capital assets, net</b>	<b>18,759,765</b>	<b>5,768,002</b>	<b>-</b>	<b>24,527,767</b>
<b>Total noncurrent assets</b>	<b>18,759,765</b>	<b>5,768,002</b>	<b>-</b>	<b>24,527,767</b>
<b>Total assets</b>	<b>32,587,340</b>	<b>19,891,117</b>	<b>347,445</b>	<b>52,825,902</b>
<b>Deferred outflows of resources</b>				
Deferred outflows related to pensions	69,360	5,549	-	74,909
<b>Total deferred outflows of resources</b>	<b>69,360</b>	<b>5,549</b>	<b>-</b>	<b>74,909</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payable	348,148	206,540	29,408	584,096
Payroll liabilities	12,473	2,564	-	15,037
Due to other governments	312,735	-	-	312,735
Retainage payable	-	41,664	-	41,664
Unearned revenue	-	-	-	-
Current portion of long-term obligations	870,412	622,469	-	1,492,881
<b>Current liabilities payable from restricted assets:</b>				
Interest payable	39,348	30,149	-	69,497
Customer deposits	237,216	-	-	237,216
<b>Total current liabilities</b>	<b>1,820,332</b>	<b>903,386</b>	<b>29,408</b>	<b>2,753,126</b>
<b>Noncurrent liabilities</b>				
Net pension liability	70,257	5,620	-	75,877
Total OPEB liability	19,434	1,555	-	20,989
Long-term obligations	19,766,799	15,225,000	-	34,991,799
<b>Total noncurrent liabilities</b>	<b>19,856,490</b>	<b>15,232,175</b>	<b>-</b>	<b>35,088,665</b>
<b>Total liabilities</b>	<b>21,676,822</b>	<b>16,135,561</b>	<b>29,408</b>	<b>37,841,791</b>
<b>Deferred inflows of resources</b>				
Deferred inflows related to OPEB	6,558	525	-	7,083
<b>Total deferred inflows of resources</b>	<b>6,558</b>	<b>525</b>	<b>-</b>	<b>7,083</b>
<b>Net Position</b>				
Net investment in capital assets	(992,760)	2,775,008	-	1,782,248
Restricted for capital projects	2,057,231	965,103	-	3,022,334
Unrestricted	9,908,849	20,469	318,037	10,247,355
<b>Total net position</b>	<b>\$ 10,973,320</b>	<b>\$ 3,760,580</b>	<b>\$ 318,037</b>	<b>\$ 15,051,937</b>

**City of Willow Park, Texas**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended September 30, 2023**

	Water	Wastewater	Solid Waste	Totals
Operating revenues				
Charges for services	\$ 3,010,904	\$ 806,209	\$ 363,988	\$ 4,181,101
Impact fees	73,337	56,298	-	129,635
Tap fees	1,500	-	-	1,500
Other fees	81,956	-	-	81,956
Total operating revenues	3,167,697	862,507	363,988	4,394,192
Operating expenses				
Personnel	950,277	137,503	-	1,087,780
Contractual services	584,408	243,364	311,488	1,139,260
Supplies	413,321	68,835	-	482,156
Franchise fees	129,978	37,220	-	167,198
Utilities	157,509	112,909	-	270,418
Depreciation / amortization	425,474	181,014	-	606,488
Total operating expenses	2,660,967	780,845	311,488	3,753,300
Operating income	506,730	81,662	52,500	640,892
Nonoperating revenues (expenses)	2,961,449	295,940		
Investment earnings	155,585	86,254	8,442	250,281
Interest and fiscal charges	(300,482)	(244,521)	-	(545,003)
Capital grants	-	961,429	-	961,429
Total nonoperating revenues (expenses)	(144,897)	803,162	8,442	666,707
Income before transfers and contributions	361,833	884,824	60,942	1,307,599
Transfers and contributions				
Capital contributions	378,213	-	-	378,213
Transfers in	-	414,655	-	414,655
Transfers out	(414,655)	-	-	(414,655)
Total contributions	(36,442)	414,655	-	378,213
Change in net position	325,391	1,299,479	60,942	1,685,812
Net position, beginning of year	10,647,929	2,461,101	257,095	13,366,125
Net position, end of year	<u>\$ 10,973,320</u>	<u>\$ 3,760,580</u>	<u>\$ 318,037</u>	<u>\$ 15,051,937</u>



**City of Willow Park, Texas**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended September 30, 2023**

	Water	Wastewater	Solid Waste	Totals
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 3,097,675	\$ 840,690	\$ 354,315	\$ 4,292,680
Cash paid to suppliers	(1,072,282)	(695,334)	(309,916)	(2,077,532)
Cash paid to employees	(941,556)	(136,153)	-	(1,077,709)
Net cash provided by operating activities	<u>1,083,837</u>	<u>9,203</u>	<u>44,399</u>	<u>1,137,439</u>
<b>Cash flows from capital and related financing activities:</b>				
Principal payments on long-term debt	(755,390)	(615,000)	-	(1,370,390)
Proceeds from issuance of lease liability	36,171	-	-	36,171
Principal payments on lease liability	(40,394)	(4,722)	-	(45,116)
Payments from other governments	686,740	961,429	-	1,648,169
Payments to other governments	(2,439,212)	-	-	(2,439,212)
Capital asset purchases	(1,954,368)	(1,012,702)	-	(2,967,070)
Capital contributions	378,213	-	-	378,213
Transfers from (to) other funds	(414,655)	414,655	-	-
Interest paid on long-term debt	(308,478)	(245,530)	-	(554,008)
Net cash used for capital and related financing activities	<u>(4,811,373)</u>	<u>(501,870)</u>	<u>-</u>	<u>(5,313,243)</u>
<b>Cash flows from investing activities:</b>				
Interest income	83,672	83,786	8,442	175,900
Net cash provided by investing activities	<u>83,672</u>	<u>83,786</u>	<u>8,442</u>	<u>175,900</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(3,643,864)</u>	<u>(408,881)</u>	<u>52,841</u>	<u>(3,999,904)</u>
Cash and cash equivalents at beginning of year	6,903,069	14,375,535	247,453	21,526,057
Cash and cash equivalents at end of year	<u>\$ 3,259,205</u>	<u>\$ 13,966,654</u>	<u>\$ 300,294</u>	<u>\$ 17,526,153</u>
<b>Cash and cash equivalents</b>	<u>\$ 1,683,892</u>	<u>\$ 13,456,296</u>	<u>\$ 300,294</u>	<u>\$ 15,440,482</u>
<b>Restricted cash and cash equivalents</b>	<u>1,575,313</u>	<u>510,358</u>	<u>-</u>	<u>2,085,671</u>
<b>Total cash and cash equivalents - end of year</b>	<u>\$ 3,259,205</u>	<u>\$ 13,966,654</u>	<u>\$ 300,294</u>	<u>\$ 17,526,153</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>				
Operating income	\$ 506,730	\$ 81,662	\$ 52,500	\$ 640,892
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation / amortization expense	425,474	181,014	-	606,488
(Increase) decrease in assets:				
Accounts receivable	(83,239)	(21,817)	(9,673)	(114,729)
Deferred outflows	(84,444)	(6,756)	-	(91,200)
(Increase) decrease in liabilities:				
Accounts payable	212,934	(233,006)	1,572	(18,500)
Payroll liabilities	3,407	926	-	4,333
Customer deposits	13,217	-	-	13,217
Net pension asset	87,360	6,988	-	94,348
OPEB liability	(10,837)	(867)	-	(11,704)
Compensated absences payable	-	-	-	-
Deferred inflows	13,235	1,059	-	14,294
Net cash provided by operating activities:	<u>\$ 1,083,837</u>	<u>\$ 9,203</u>	<u>\$ 44,399</u>	<u>\$ 1,137,439</u>

**City of Willow Park, Texas**  
**Notes to Financial Statements**  
**September 30, 2023**

**Note A. Summary of Significant Accounting Policies**

The accounting policies of the City of Willow Park, Texas (the City) conform to accounting principles generally accepted in the United States of America as applicable to governments. The following are the most significant accounting policies.

Financial Reporting Entity

The City was formed as an incorporated city in the state of Texas in 1963. The City is governed by an elected mayor and five-member City Council, and provides the following services to the citizens of the City: administration, development services, fire and rescue, legislative, municipal court, police, public works, parks, and roads, water, wastewater, and solid waste.

The financial statements of the City are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Government-wide Financial Statements

The two government-wide financial statements, the Statement of Net Position and the Statement of Activities, report information on all of the non-fiduciary activities of the City. Governmental activities, which include those activities primarily supported by taxes or intergovernmental revenue, are reported separately from business-type activities, which generally rely on fees and charges for support. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The Statement of Activities reflects the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other revenues not categorized as program revenues are reported as general revenues.

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds to aid financial management activities and to demonstrate legal compliance. Separate financial statements are provided for governmental funds and proprietary funds. These statements present each major fund as a separate column on the fund financial statements, while all nonmajor funds are aggregated and presented in a single column. Detailed statements for nonmajor funds are presented within the Supplementary Information section.

**City of Willow Park, Texas**  
**Notes to Financial Statements**  
**September 30, 2023**

**Note A. Summary of Significant Accounting Policies (Continued)**

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses, and balances of current financial resources while the modified accrual basis of accounting is used. The City reports the following major governmental funds:

General Fund is the main operating fund of the City. This fund is used to account for all the financial resources that are not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to another fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund.

Debt Service Fund accounts for the accumulation of financial resources for the payment of principal, interest, and related costs on long-term obligations paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is reserved to signify the amounts that are restricted exclusively for debt service expenditures.

Road Capital Projects Fund accounts for the proceeds of certificates of obligation used for the acquisition or construction of major capital improvements as established in bond documents.

Proprietary Funds

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included in the Statement of Net Position.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services. Operating expenses for the proprietary funds include the cost of sales and services, personnel and contractual services, supplies, franchise fees, utilities, and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City reports the following major proprietary funds:

Water Fund accounts for the provision of regional water services to residential, commercial, industrial, and irrigation customers. All costs are financed through charges and rates based on the amount of service used, which is billed to customers and collected on a monthly basis. Rates are reviewed regularly and adjusted as necessary to ensure the integrity of the system.

**City of Willow Park, Texas**  
**Notes to Financial Statements**  
**September 30, 2023**

**Note A. Summary of Significant Accounting Policies (Continued)**

Wastewater Fund accounts for the provision of regional wastewater services to residential, commercial, industrial, and irrigation customers. All costs are financed through charges and rates based on the amount of service used, which is billed to customers and collected on a monthly basis. Rates are reviewed regularly and adjusted as necessary to ensure the integrity of the system.

Measurement Focus and Basis of Accounting

The government-wide financial statements and the proprietary funds are reported and accounted for using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these activities are included in the Statement of Net Position. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This focus is on the determination of and changes in financial position. Revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. Revenues from taxes are considered available if received within 60 days after the fiscal year-end. Revenue from contributions and other grants are recognized when applicable eligibility requirements, including time requirements, are met and are considered available if received within 60 days after the fiscal year-end. Program revenues such as fines, licenses and permits, and other charges for services are considered to be measurable and available when cash is received. Expenditures are recorded when the related liability is incurred and payment is due, except for principal and interest on long-term debt and certain estimated liabilities which are recorded only when the obligation has matured and is due and payable shortly after year-end as required by GAAP.

Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the beginning of the fiscal year, the City Manager submits to the City Council proposed operating budgets, which include proposed expenditures and the means of financing them.
2. The City Council adopts the proposed budget, with or without amendment, after public hearings and before the first day of the ensuing fiscal year.
3. Annual budgets are adopted on a basis consistent with GAAP.
4. Unused appropriations of the above annually budgeted funds lapse at the end of each fiscal year.
5. The City Council may authorize additional appropriations during the year.

**City of Willow Park, Texas**  
**Notes to Financial Statements**  
**September 30, 2023**

**Note A. Summary of Significant Accounting Policies (Continued)**

The City adopts a budget annually for the General Fund and the budgetary comparison schedules are presented with required supplementary information. The City does not adopt a budget for the Debt Service Fund or the Roads Capital Projects Fund.

Excess of Expenditures Over Appropriations

For the year ended September 30, 2023, expenditures exceed appropriations in the General Fund. These excess expenditures were covered by available fund balance and the issuance of long-term debt.

Cash Equivalents

For purposes of the accompanying Statement of Cash Flows, the City considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. streets, bridges, sidewalks, curbs, and drainage systems), are reported in the applicable governmental activities or business-type activities columns in the government-wide financial statements and in the proprietary funds' financial statements. The City defines capital assets as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of one year. Donated capital assets are recorded at estimated fair market value at the date of donation. Right-of-use assets are reported at present value of the future lease payments (lease liability), plus any ancillary cost to place the asset in service, plus any additional payments made at the beginning of the lease term, less any lease incentives received from the lessor prior to the commencement of the lease term.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend an asset's life is not capitalized. Capital assets are depreciated/amortized using the straight-line method over the following estimated useful lives:

Buildings and improvements	5-40 years
Furniture and equipment	5-20 years
Vehicles	5-10 years
Infrastructure	20 years
Water and wastewater systems	25-40 years
Right-of-use asset	5 years

**City of Willow Park, Texas**  
**Notes to Financial Statements**  
**September 30, 2023**

**Note A. Summary of Significant Accounting Policies (Continued)**

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. On certificates of obligation and bonds payable, premiums and discounts are deferred and amortized over the life of the debt. Certificates of obligation and bonds payable are reported net of the applicable premium or discount. Issuance costs are recognized in the current period.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as issuance costs, during the current period. The face amount of the debt issued and any applicable premium or discount are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, and the debt repayment are reported as expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has deferred outflows of resources related to the pension plan reported in the Statement of Net Position. See additional information in Note K.

In addition to liabilities, the statement of net position and balance sheet include a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position and/or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has deferred inflows of resources related to unavailable revenue from property taxes, court fines, and leases reported in the Governmental Funds Balance Sheet and deferred inflows of resources related to leases and the other post-employment benefits (OPEB) plan reported in the Statement of Net Position. See additional information in Note L.

Fund Balance

The City adopted a fund balance policy in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Governmental fund balances classified as restricted are balances with constraints placed on the use of resources by creditors, grantors, contributors, or laws and regulations of other governments. Non-spendable fund balance includes amounts that are not in spendable form, or legally or contractually required to be maintained intact. Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance. Assigned fund balances are constrained by an intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by the City CFO or the City Manager. Unassigned fund balance is the amount in the general fund in excess of what can be classified in one of the other four categories of fund balance. Unassigned amounts are technically available for any purpose.

**City of Willow Park, Texas**  
**Notes to Financial Statements**  
**September 30, 2023**

**Note A. Summary of Significant Accounting Policies (Continued)**

Except when expenditures are specifically budgeted and when multiple categories of fund balance are available for expenditure, the City will first spend the most restricted funds before moving down to the next most restrictive category with available funds but will have the option to spend budgeted funds first.

Net Position

In the government-wide financial statements, net position is classified in the following categories:

Net investment in capital assets – This category consists of all capital assets net of accumulated depreciation/amortization and reduced by outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets.

Restricted net position – This category consists of external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments, enabling legislation, and constitutional provisions.

Unrestricted net position – This category represents net position, not restricted for any project or other purpose.

When both restricted and unrestricted net position is available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

Pensions

For purposes of measuring the Net Pension Liability (Asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits

The total OPEB liability has been determined using the economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits; OPEB expense; and information about assets, liabilities, and additions to/deductions from these amounts.

**City of Willow Park, Texas**  
**Notes to Financial Statements**  
**September 30, 2023**

**Note A. Summary of Significant Accounting Policies (Continued)**

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the City's participation in the Texas Municipal League Intergovernmental Risk Pool (TMLIRP) for liability, property, and workers' compensation insurance. These are self-sustaining risk pools operated on a statewide basis for the benefit of several hundred Texas cities and other public entities. The City pays annual premiums to the TMLIRP, which retains the risk of loss for property, liability insurance, and workers' compensation.

There have been no significant reductions in coverage in the current fiscal year and there have been no settlements exceeding insurance coverage in the current year or the past three fiscal years.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Implementation of New Accounting Standard

For the year ended September 30, 2023, the City implemented Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement establishes requirements for accounting for applicable subscription-based information technology arrangements (SBITAs) based on the principle that a subscription asset derives from contracts that convey control of the right to use another entity's information technology software, alone or in combinations with tangible capital assets, for a specified period. In accordance with this statement, a government is required to recognize an intangible right-to-use subscription asset and a corresponding subscription liability. This statement was adopted by the City as of October 1, 2022. There was no effect on beginning net position or fund balances due to the implementation of this standard.

**Note B. Deposits and Investments**

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the City to invest its funds under a written investment policy (the Investment Policy) that primarily emphasizes safety of principal, availability of liquidity to meet the City's obligations, and market rate of return. The Investment Policy defines what constitutes the legal list of investments allowed under the policy, which excludes certain investment instruments allowed under Chapter 2256 of the Texas Government Code.

The City's deposits and investments are invested pursuant to the Investment Policy. The Investment Policy includes a list of authorized investment instruments and a maximum allowable stated maturity of any individual investment. In addition, it includes an "Investment Strategy" that specifically addresses each fund's investment options and describes the priorities of safety, liquidity, yield, and public trust.



**City of Willow Park, Texas**  
**Notes to Financial Statements**  
**September 30, 2023**

**Note B. Deposits and Investments (Continued)**

The City is authorized to invest in the following investment instruments provided that they meet the guidelines of the Investment Policy:

1. Obligations of the United States of America, its agencies and instrumentalities, which have a liquid market with a readily determinable market value.
2. Direct obligations of the State of Texas and agencies thereof.
3. Other obligations, the principal of and interest on which are unconditionally guaranteed by the State of Texas or the United States of America.
4. Obligations of the States, agencies thereof, Counties, Cities, and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating firm, and having received a rating of not less than "A" or it's equivalent.
5. Certificates of Deposit of state and national banks domiciled in Texas, guaranteed or insured by the Federal Deposit Insurance or it's successor or secured by obligations described in 1 through 4 above, or as further described in the Investment Policy.
6. Fully collateralized direct repurchase agreements with a defined termination date secured by obligations of the United States or it's agencies and instrumentalities pledged with a third party, selected by the Director of Finance, other than an agency for the pledgor.
7. Joint pools of political subdivisions in the State of Texas which invest in instruments and follow practices allowed by current law.

**External Investment Pools**

As of September 30, 2023, the City's investments consisted of external investment pools, in compliance with the City's Investment Policy. The following investment is organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code:

Texas Short Term Asset Reserve Program (TexSTAR) is a public funds investment pool governed by a board of directors. The Pool maintains an advisory board composed of participants in the Pool and other persons who do not have a business relationship with the Pool. Members are appointed and serve at the will of the Board. TexSTAR is rated AAAM by Standard and Poor's.

The external investment pool uses amortized cost to value portfolio assets and follows the criteria established by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The stated objective of the pool is to maintain a stable average of \$1.00 per unit net asset value. There are no limitations or restrictions on withdrawals.

**City of Willow Park, Texas**  
**Notes to Financial Statements**  
**September 30, 2023**

**Note B. Deposits and Investments (Continued)**

Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institutions, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name. At year-end, the City was not exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty of an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the City was not significantly exposed to credit risk. At September 30, 2023, the City's investment in TexSTAR was rated as to credit quality as AAAm.

Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At fiscal year-end, the City was not exposed to the concentration of credit risk.

Interest Rate Risk

In accordance with its Investment Policy, the City manages its risk of market price changes by avoiding over-concentration of assets in specific maturity sectors, limitation of average maturity of operating funds investments to one year, and avoidance of over-concentration of assets in specific instruments other than U.S. Treasury Securities and insured or collateralized certificates of deposit. As of September 30, 2023, the City was not invested in any securities which are highly sensitive to interest rate fluctuation.

The City's investments at September 30, 2023 included the following:

	<u>September 30, 2023</u>	<u>Weighted Average Maturity (in days)</u>
Investments measured at amortized cost/NAV:		
TexSTAR	<u>\$ 2,237,008</u>	30

**City of Willow Park, Texas**  
**Notes to Financial Statements**  
**September 30, 2023**

**Note C. Restricted Assets**

Some of the City's assets have certain constraints that have been placed on how they can be used. By definition, restricted assets are non-current cash or other assets whose use, in whole or in part, is restricted for specific purposes bound by virtue of contractual agreement, legal requirements, or enabling legislation. The following cash and cash equivalents and certificates of deposit in the governmental and enterprise funds are restricted for the following purposes:

Texas Water Development Board Escrow	\$ 685,550
Texas Water Development Board Interest & Sinking	666,699
Unspent bond proceeds	130,732
Grants	48
Debt service	249,319
Water impact fees	396,649
Wastewater impact fees	205,993
Customer deposits	108,511
First responder donations	136,217
Truancy prevention	26,476
Police donations	<u>544</u>
 Total restricted cash and cash equivalents	 <u><u>\$ 2,606,738</u></u>

**Note D. Restricted Fund Balance**

Details of the City's restricted fund balance in the governmental funds financial statements are as follows:

Roads capital projects	\$ 1,447,817
Debt service	249,319
Court security	58,158
Court technology	62,750
Police seizure funds	4,848
Tourism	466,784
Police and first responder contributions	134,869
Local truancy prevention	26,476
Other capital projects	63,743
Public access channel capital projects	<u>138,353</u>
 Total Restricted Fund Balance	 <u><u>\$ 2,653,117</u></u>

**City of Willow Park, Texas**  
**Notes to Financial Statements**  
**September 30, 2023**

**Note E. Property Tax**

Ad valorem taxes are levied each October 1 from valuations assessed as of the prior January 1 and are recognized as revenue when they become available beginning on the date of levy, October 1. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay current liabilities. In the governmental fund financial statements, taxes not expected to be collected within sixty days of the fiscal year end are recorded as unearned revenues and are recognized when they become available. Taxes collected prior to the levy date to which they apply are recorded as deferred inflows of resources and recognized as revenue of the period to which they apply.

**Note F. Interfund Balances and Activity**

Balances due to and due from other funds at September 30, 2023 consisted \$708,622 due to the Roads Capital Projects Fund from the General Fund as a reimbursement for capital expenditures paid out of the General Fund. This is scheduled to be repaid within one year.

Transfers to and from other funds for the year ended September 30, 2023 consisted of \$414,655 transferred from the Water Fund to the Waste Water Fund for operating expenses.

**City of Willow Park, Texas**  
**Notes to Financial Statements**  
**September 30, 2023**

**Note G. Capital Assets**

Capital asset activity for the year ended September 30, 2023 for governmental activities was as follows:

	Balance 10/1/2022	Transfers/ Additions	Transfers/ Deletions	Balance 9/30/2023
<b>Governmental activities</b>				
Capital assets not being depreciated / amortized				
Land	\$ 126,027	\$ 832,966	\$ -	\$ 958,993
Construction in progress	502,321	5,812,051	-	6,314,372
Total capital assets not being depreciated / amortized	628,348	6,645,017	-	7,273,365
Other capital assets				
Buildings and improvements	6,903,332	7,366,251	-	14,269,583
Furniture and equipment	1,301,301	7,599	582,631	726,269
Vehicles	3,144,264	39,308	2,555,207	628,365
Infrastructure	10,690,577	195,473	-	10,886,050
Right-of-use assets - vehicles	339,345	176,562	-	515,907
Total other capital assets	22,378,819	7,785,193	3,137,838	27,026,174
Less accumulated depreciation / amortization for:				
Buildings and improvements	868,643	338,237	-	1,206,880
Furniture and equipment	887,886	89,452	551,541	425,797
Vehicles	1,918,629	108,778	1,436,778	590,629
Infrastructure	4,172,099	521,857	-	4,693,956
Right-of-use assets - vehicles	198,135	23,597	-	221,732
Total accumulated depreciation / amortization	8,045,392	1,081,921	1,988,319	7,138,994
Other capital assets, net	14,333,427	6,703,272	1,149,519	19,887,180
Governmental activities capital assets, net	<u>\$ 14,961,775</u>	<u>\$ 13,348,289</u>	<u>\$ 1,149,519</u>	<u>\$ 27,160,545</u>

**City of Willow Park, Texas**  
**Notes to Financial Statements**  
**September 30, 2023**

**Note G. Capital Assets (Continued)**

Capital asset activity for the year ended September 30, 2023 for business-type activities was as follows:

	Balance 10/1/2022	Transfers/ Additions	Transfers/ Deletions	Balance 9/30/2023
<b>Business-type activities</b>				
Capital assets not being depreciated / amortized				
Land	\$ 394,576	\$ -	\$ -	\$ 394,576
Construction in progress	10,774,452	2,146,995	11,038,120	1,883,327
Total capital assets not being depreciated / amortized	11,169,028	2,146,995	11,038,120	2,277,903
Other capital assets				
Buildings and improvements	79,050	-	-	79,050
Furniture and equipment	864,422	180,303	-	1,044,725
Vehicles	394,738	-	-	394,738
Water system	12,229,875	10,236,730	-	22,466,605
Wastewater system	5,600,271	801,390	-	6,401,661
Right-of-use assets - vehicles	193,915	36,171	-	230,086
Total other capital assets	19,362,271	11,254,594	-	30,616,865
Less accumulated depreciation / amortization for:				
Buildings and improvements	35,433	1,976	-	37,409
Furniture and equipment	564,712	66,304	-	631,016
Vehicles	277,016	24,969	-	301,985
Water system	5,176,986	312,638	-	5,489,624
Wastewater system	1,606,019	180,147	-	1,786,166
Right-of-use assets - vehicles	100,347	20,454	-	120,801
Total accumulated depreciation / amortization	7,760,513	606,488	-	8,367,001
Other capital assets, net	11,601,758	10,648,106	-	22,249,864
Business-type activities capital assets, net	<u>\$ 22,770,786</u>	<u>\$ 12,795,101</u>	<u>\$ 11,038,120</u>	<u>\$ 24,527,767</u>

**City of Willow Park, Texas**  
**Notes to Financial Statements**  
**September 30, 2023**

**Note G. Capital Assets (Continued)**

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

<b>Governmental activities:</b>	
Administration	\$ 579,747
Development services	253
Fire and rescue	157,351
Police	152,238
Public works, parks, and roads	192,332
Total governmental activities	\$ 1,081,921
 <b>Business-type activities:</b>	
Water	\$ 425,474
Wastewater	181,014
Total business-type activities	\$ 606,488

**Note H. Long-Term Liabilities**

Long-term liabilities at September 30, 2023 consists of the following:

**Governmental Activities**

General Obligation Bonds

*General Obligation Refunding Bonds, Series 2012*

- To refund the Certificates of Obligation, Series 2003.
- Original balance of \$4,190,000.
- Payable in annual installments of \$275,000 to \$520,000, maturing February 15, 2023.
- Interest payable February 15 and August 15 at 2.0% to 3.0%.
- Fully repaid at September 30, 2023.

*General Obligation Bonds, Series 2016*

- For the construction of public safety facilities for police and fire, and to finance various infrastructure improvement projects.
- Original balance of \$6,330,000.
- Payable in annual installments of \$165,000 to \$445,000, maturing February 15, 2046.
- Interest payable February 15 and August 15 at 4.0%.
- Outstanding balance of \$6,330,000 at September 30, 2023.

**City of Willow Park, Texas**  
**Notes to Financial Statements**  
**September 30, 2023**

**Note H. Long-Term Liabilities (Continued)**

Certificates of Obligation

*Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2015*

- To finance the purchase of equipment, machinery, vehicles, materials, and supplies for the public safety and public works departments.
- Original balance of \$866,438.
- Payable in annual installments of \$29,614 to \$86,417, maturing February 15, 2031.
- Interest payable February 15 and August 15 at 2.14%.
- Outstanding balance of \$277,126 at September 30, 2023.

*Combination Tax and Revenue Certificates of Obligation, Series 2022*

- To finance various infrastructure projects and to finance the improvements to the City's parks facilities.
- Original balance of \$5,045,000.
- Payable in annual installments of \$45,000 to \$535,000, maturing February 15, 2036.
- Interest payable February 15 and August 15 at 3.0% to 4.0%.
- Outstanding balance of \$5,045,000 at September 30, 2023.

*Combination Tax and Revenue Certificates of Obligation, Series 2022A*

- To finance the improvement of the municipal drainage utility system.
- Original balance of \$3,980,000.
- Payable in annual installments of \$190,000 to \$360,000, maturing February 15, 2037.
- Interest payable February 15 and August 15 at 4.0% to 5.0%.
- Outstanding balance of \$3,780,000 at September 30, 2023.

*Combination Tax and Revenue Certificates of Obligation, Series 2023*

- To finance the purchase of new city hall facilities.
- Original balance of \$4,310,000.
- Payable in annual installments of \$70,000 to \$275,000, maturing February 15, 2053.
- Interest payable February 15 and August 15 at 4.0% to 6.5%.
- Outstanding balance of \$4,310,000 at September 30, 2023.

*Combination Tax and Revenue Certificates of Obligation, Series 2023A*

- To finance the purchase of new city hall facilities.
- Original balance of \$4,190,000.
- Payable in annual installments of \$70,000 to \$300,000, maturing February 15, 2053.
- Interest payable February 15 and August 15 at 4.85% to 5.9%.
- Outstanding balance of \$4,190,000 at September 30, 2023.



**City of Willow Park, Texas**  
**Notes to Financial Statements**  
**September 30, 2023**

**Note H. Long-Term Liabilities (Continued)**

Tax Notes

*Tax Notes, Series 2018*

- To finance the acquisition, construction, improvement and maintenance of the City's streets, thoroughfares, bridges, alleyways, and sidewalks.
- Original balance of \$875,000.
- Payable in annual installments of \$105,000 to \$150,000, maturing February 15, 2025.
- Interest payable February 15 and August 15 at 2.81%.
- Outstanding balance of \$280,000 at September 30, 2023.

*Tax Notes, Series 2018A*

- To finance the construction and improvements to the City's public safety facilities.
- Original balance of \$640,000.
- Payable in annual installments of \$15,000 to \$150,000, maturing February 15, 2025.
- Interest payable February 15 and August 15 at 2.76%.
- Outstanding balance of \$290,000 at September 30, 2023.

*Tax Notes, Series 2019*

- To finance various infrastructure projects, including constructing draining improvements, and to finance the purchase of playground equipment for the City's parks.
- Original balance of \$2,365,000.
- Payable in annual installments of \$105,000 to \$810,000, maturing February 15, 2026.
- Interest payable February 15 and August 15 at 2.15%.
- Outstanding balance of \$1,730,000 at September 30, 2023.

Notes from Direct Borrowings

*Brush Truck*

- To fund the purchase of one brush truck for the fire department.
- Original balance of \$77,347.
- Payable in annual installments of \$9,106 including principal and interest, maturing February 28, 2024.
- Interest payable annually on February 28 at 3.626%.
- Outstanding balance of \$8,786 at September 30, 2023.

*Fire Truck*

- To fund the purchase of one fire truck.
- Original balance of \$406,651.
- Payable in annual installments of \$48,292 including principal and interest, maturing April 21, 2027.
- Interest payable annually on April 21 at 3.28%.
- Full repaid at September 30, 2023. See Note N.

**City of Willow Park, Texas**  
**Notes to Financial Statements**  
**September 30, 2023**

**Note H. Long-Term Liabilities (Continued)**

*Radios & Equipment*

- To fund the purchase of radios and equipment for the fire and police departments.
- Original balance of \$373,072.
- Payable in annual installments of \$47,013 including principal and interest, maturing October 30, 2028.
- Interest payable annually on October 30 at 4.38%
- Outstanding balance of \$210,066 at September 30, 2023.

*Ladder Truck*

- To fund the purchase of a Chassis ladder truck.
- Original balance of \$1,499,005.
- Payable in annual installments of \$195,651 including principal and interest, maturing January 16, 2030.
- Interest payable annually on January 16 at 4.29%
- Full repaid at September 30, 2023. See Note N.

The annual requirements to amortize long-term debt as of September 30, 2023 are as follows:

Year Ending	General Obligation Bonds		Certificates of Obligation	
	Principal	Interest	Principal	Interest
2024	\$ 325,000	\$ 225,300	\$ 228,538	\$ 718,646
2025	340,000	212,000	238,532	676,252
2026	355,000	198,100	248,525	665,178
2027	380,000	183,400	394,614	649,427
2028	395,000	167,900	417,306	631,078
2029-2033	1,625,000	608,100	3,164,611	2,806,363
2034-2038	980,000	381,050	4,735,000	1,869,115
2039-2043	1,150,000	205,350	3,585,000	1,110,813
2044-2048	780,000	35,700	2,000,000	659,182
2049-2053	-	-	2,590,000	230,117
<b>Total</b>	<b>\$ 6,330,000</b>	<b>\$ 2,216,900</b>	<b>\$ 17,602,126</b>	<b>\$ 10,016,171</b>

Year Ending	Tax Notes		Notes from Direct Borrowings	
	Principal	Interest	Principal	Interest
2024	\$ 720,000	\$ 44,439	\$ 45,138	\$ 10,981
2025	770,000	26,613	37,943	9,070
2026	810,000	8,708	39,605	7,408
2027	-	-	41,340	5,673
2028	-	-	43,150	3,863
2029-2033	-	-	11,676	1,973
<b>Total</b>	<b>\$ 2,300,000</b>	<b>\$ 79,760</b>	<b>\$ 218,852</b>	<b>\$ 38,968</b>

**City of Willow Park, Texas**  
**Notes to Financial Statements**  
**September 30, 2023**

**Note H. Long-Term Liabilities (Continued)**

**Business-type activities**

General Obligation Bonds

*General Obligation Refunding Bonds, Series 2012*

- To refund the Certificates of Obligation, Series 2003.
- Original balance of \$945,000.
- Payable in annual installments of \$10,000 to \$105,000, maturing February 15, 2023.
- Interest payable February 15 and August 15 at 2.0% to 3.0%.
- Fully repaid at September 30, 2023.

Certificates of Obligation

*Combination Tax and Water and Sewer System Surplus Revenue Certificates of Obligation, Series 2014 (Texas Water Development Board Drinking Water State Revolving Fund (TWDB DWSRF))*

- To finance the improvement of the municipal water system.
- Original balance of \$685,000.
- Payable in annual installments of \$30,000 to \$40,000, maturing February 15, 2035.
- Interest payable February 15 and August 15 at 0.43% to 2.59%.
- Outstanding balance of \$445,000 at September 30, 2023.

*Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2015*

- To finance the purchase of equipment, machinery, vehicles, materials, and supplies for the public safety and public works departments.
- Original balance of \$513,562.
- Payable in annual installments of \$18,084 to \$43,583, maturing February 15, 2031.
- Interest payable February 15 and August 15 at 2.14%.
- Outstanding balance of \$217,874 at September 30, 2023.

*Combination Tax and Water and Sewer System Surplus Revenue Certificates of Obligation, Series 2016 (TWDB DWSRF)*

- To finance the improvement of the water system properties or facilities.
- Original balance of \$995,000.
- Payable in annual installments of \$45,000 to \$55,000, maturing February 15, 2037.
- Interest payable February 15 and August 15 at 0.04% to 1.62%.
- Outstanding balance of \$720,000 at September 30, 2023.

*Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2017*

- To finance the improvement of the sewer properties or facilities, including Force Mains and a Wastewater Treatment Plant.
- Original balance of \$2,725,000.
- Payable in annual installments of \$195,000 to \$265,000, maturing February 15, 2032.
- Interest payable February 15 and August 15 at 2.74%.
- Outstanding balance of \$2,125,000 at September 30, 2023.

**City of Willow Park, Texas**  
**Notes to Financial Statements**  
**September 30, 2023**

**Note H. Long-Term Liabilities (Continued)**

*Combination Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2019 (TWDB DWSRF)*

- To finance the improvement of the water system properties or facilities.
- Original balance of \$13,770,000.
- Payable in annual installments of \$435,000 to \$510,000, maturing February 15, 2050.
- Interest payable February 15 and August 15 at 0.04% to 0.91%.
- Outstanding balance of \$12,465,000 at September 30, 2023.

*Combination Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2021*

- To finance the improvement of the water system properties or facilities.
- Original balance of \$6,270,000.
- Payable in annual installments of \$155,000 to \$335,000, maturing February 15, 2050.
- Interest payable February 15 and August 15 at 3.00%.
- Outstanding balance of \$6,270,000 at September 30, 2023.

*Combination Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2021 (TWDB DWSRF)*

- To finance the improvement of the water system properties or facilities.
- Original balance of \$14,130,000.
- Payable in annual installments of \$410,000 to \$590,000, maturing February 15, 2052.
- Interest payable February 15 and August 15 at 0.60% to 2.11%.
- Outstanding balance of \$13,720,000 at September 30, 2023.

Notes from Direct Borrowings

*Freightliner*

- To fund the purchase of one freightliner for the public works department.
- Original balance of \$156,458.
- Payable in annual installments of \$18,419 including principal and interest, maturing February 29, 2024.
- Interest payable annually on February 28 at 3.20%.
- Outstanding balance of \$17,775 at September 30, 2023.

*Water Meters*

- To fund the purchase of water meters.
- Original balance of \$382,799.
- Payable in annual installments of \$82,373 including principal and interest, maturing March 4, 2026.
- Interest payable annually on March 4 at 2.49%.
- Outstanding balance of \$235,303 at September 30, 2023.

**City of Willow Park, Texas**  
**Notes to Financial Statements**  
**September 30, 2023**

**Note H. Long-Term Liabilities (Continued)**

The annual requirements to amortize long-term debt as of September 30, 2023 are as follows:

Year Ending	Certificates of Obligation		Notes from Direct Borrowings	
	Principal	Interest	Principal	Interest
2024	\$ 1,321,462	\$ 520,111	\$ 94,287	\$ 6,504
2025	1,336,468	504,453	78,419	3,954
2026	1,346,475	489,516	80,372	2,001
2027	1,360,386	474,269	-	-
2028	1,372,693	457,906	-	-
2029-2033	6,845,390	2,019,542	-	-
2034-2038	5,900,000	1,629,602	-	-
2039-2043	5,995,000	1,208,834	-	-
2044-2048	6,530,000	681,177	-	-
2049-2053	3,955,000	126,380	-	-
<b>Total</b>	<b>\$ 35,962,874</b>	<b>\$ 8,111,790</b>	<b>\$ 253,078</b>	<b>\$ 12,459</b>

**City of Willow Park, Texas**  
**Notes to Financial Statements**  
**September 30, 2023**

**Note H. Long-Term Liabilities (Continued)**

The following is a summary of the changes by type of long-term liabilities for the year ended September 30, 2023:

	Balance 10/1/2022	Additions	Retirements	Balance 9/30/2023	Due Within One Year
<u>Governmental activities</u>					
General obligation bonds	\$ 6,850,000	\$ -	\$ 520,000	\$ 6,330,000	\$ 325,000
Certificates of obligation	9,388,543	8,500,000	286,417	17,602,126	228,538
Tax notes	2,715,000	-	415,000	2,300,000	720,000
Notes from direct borrowings	1,783,201	-	1,564,349	218,852	45,138
Unamortized debt premium	1,632,317	225,044	108,432	1,748,929	130,321
Lease liability	151,539	176,562	90,567	237,534	78,147
Net pension liability (asset)	(49,941)	419,029	163,940	205,148	-
Compensated absences	261,814	68,043	199,662	130,195	130,195
Total OPEB liability	88,391	9,410	41,054	56,747	-
<b>Total governmental activities</b>	<b>22,820,864</b>	<b>9,398,088</b>	<b>3,389,421</b>	<b>28,829,531</b>	<b>1,657,339</b>
<u>Business-type activities</u>					
General obligation bonds	105,000	-	105,000	-	-
Certificates of obligation	37,136,454	-	1,173,580	35,962,874	1,321,462
Notes from direct borrowings	344,885	-	91,807	253,078	94,287
Unamortized debt premium	170,276	-	6,081	164,195	6,082
Lease liability	75,608	36,171	45,116	66,663	33,180
Net pension liability (asset)	(18,471)	154,983	60,635	75,877	-
Compensated absences	37,871	24,508	24,509	37,870	37,870
Total OPEB liability	32,693	3,480	15,184	20,989	-
<b>Total business-type activities</b>	<b>37,884,316</b>	<b>219,142</b>	<b>1,521,912</b>	<b>36,581,546</b>	<b>1,492,881</b>
<b>Total</b>	<b>\$ 60,705,180</b>	<b>\$ 9,617,230</b>	<b>\$ 4,911,333</b>	<b>\$ 65,411,077</b>	<b>\$ 3,150,220</b>

**City of Willow Park, Texas**  
**Notes to Financial Statements**  
**September 30, 2023**

**Note I. Leases**

*Lessee*

The City leases thirteen vehicles for use by the police department, fire marshal department, and public works, parks, and roads department. Each vehicle's original lease term is 60 months with monthly payments ranging from \$327 to \$1,001. Interest rates range from 3.69% to 7.97%.

The City leases several vehicles for use by the water department and wastewater department. Each vehicle's original lease term is 60 months with monthly payments ranging from \$419 to \$741. Interest rates range from 3.80% to 7.97%.

There were no variable payments or residual value guarantees or penalties not included in the measurement of the leases. The City did not have any commitments under leases not yet commenced at year-end, components of losses associated with asset impairments, or sublease transactions for fiscal year 2023.

The annual requirements to amortize lease activity as of September 30, 2023 are as follows:

Fiscal Year Ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 78,147	\$ 13,041	\$ 33,180	\$ 3,141
2025	63,261	9,066	13,272	2,017
2026	43,489	5,589	11,113	1,119
2027	39,965	2,606	8,370	424
2028	12,672	275	728	5
	<u>\$ 237,534</u>	<u>\$ 30,577</u>	<u>\$ 66,663</u>	<u>\$ 6,706</u>

*Lessor*

Upon purchasing the new city hall building in May 2023, the City assumed two leases, as the lessor, for tenants in building. The terms of the agreements are as follows:

Original Term	Ending Date	Monthly Rent
42 months	June 30, 2026	\$4,500 - \$4,595
36 months	December 31, 2026	\$9,570 - \$10,591

Rent is payable on the first day of each month. Lease revenue of \$39,612 and interest income of \$7,775 were recognized for the year ended September 30, 2023.

**City of Willow Park, Texas**  
**Notes to Financial Statements**  
**September 30, 2023**

**Note I. Leases (Continued)**

Future payments due to the City under the leases are as follows:

Fiscal Year		
<u>Ending</u>	<u>Principal</u>	<u>Interest</u>
2024	\$147,778	\$25,799
2025	161,320	16,655
2026	160,887	679
2027	<u>31,461</u>	<u>311</u>
	<u>\$501,446</u>	<u>\$43,444</u>

**Note J. Compensated Absences and Sick Leave**

It is the City’s policy to permit employees to accumulate earned but unused compensatory time, vacation leave, sick leave, and holiday time benefits. Nonexempt employees may earn compensatory time in lieu of being paid overtime. Employees may carry over 120 hours of compensatory time and upon separation from employment will be paid for the time at their hourly rate at the time of termination. Employees may carry over a maximum of 240 hours of vacation leave and upon termination will be paid for vacation time up to 240 hours at their hourly rate at the time of termination. Employees may carry over a maximum of 480 hours of sick leave, however, upon termination, resignation or other separation from employment, no payment will be made for unused sick leave. Police employees may accrue holiday time when they work on a holiday up to a maximum of 104 hours each year. Upon termination, resignation or other separation from employment, no payment will be made for unused holiday time. A liability for the accrued compensatory time and vacation leave amounts are reported in the government-wide and proprietary fund financial statements but in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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

**Note K. Defined Benefit Pension Plan**

Plan Description

The City participates as one of 919 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the Texas Government Code, Title 8, Subtitle G (TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at *tmrs.com*.

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



**City of Willow Park, Texas**  
**Notes to Financial Statements**  
**September 30, 2023**

**Note K. Defined Benefit Pension Plan (Continued)**

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the member's benefit is calculated based on the sum of the member's contributions with interest and the city-financed monetary credits with interest. The retiring member may select one of seven monthly payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total member contributions and interest.

Employee deposit rate	7.0%
Matching ratio (city to employee)	2 to 1
Years required for vesting	5
Retirement eligibility (expressed as age/years of service)	60/5, 0/20
Updated service credit	0%
Annuity increase (to retirees)	0% of CPI

*Employees covered by benefit terms.*

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	20
Inactive employees entitled to but not yet receiving benefits	30
Active employees	<u>48</u>
Total	<u><u>98</u></u>

Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of the member's total compensation, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual compensation during the fiscal year. The contribution rates for the City were 6.91% and 6.99% in calendar years 2023 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2023 were \$227,424 and were equal to the required contributions.

**City of Willow Park, Texas**  
**Notes to Financial Statements**  
**September 30, 2023**

**Note K. Defined Benefit Pension Plan (Continued)**

Net Pension Liability

The City's Net Pension Asset (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Asset was determined by an actuarial valuation as of that date.

*Actuarial assumptions:*

The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

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

**City of Willow Park, Texas**  
**Notes to Financial Statements**  
**September 30, 2023**

**Note K. Defined Benefit Pension Plan (Continued)**

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equities	35.00%	7.70%
Core Fixed Income	6.00%	4.90%
Non-Core Fixed Income	20.00%	8.70%
Other Public and Private Markets	12.00%	8.10%
Real Estate	12.00%	5.80%
Hedge Funds	5.00%	6.90%
Private Equity	10.00%	11.80%
Total	<u>100.00%</u>	

*Discount Rate*

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

**City of Willow Park, Texas**  
**Notes to Financial Statements**  
**September 30, 2023**

**Note K. Defined Benefit Pension Plan (Continued)**

Changes in Net Pension Liability (Asset)

Changes in the NPL / NPA	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 12/31/2021	\$ 3,366,175	\$ 3,434,587	\$ (68,412)
Changes for the year:			
Service cost	428,417	-	428,417
Interest	238,161	-	238,161
Difference between expected and actual experience	(118,575)	-	(118,575)
Contributions - employer	-	224,571	(224,571)
Contributions - employee	-	224,892	(224,892)
Net investment income	-	(251,317)	251,317
Benefit payments, including refunds of employee contributions	(104,151)	(104,151)	-
Administrative expense	-	(2,170)	2,170
Other changes	-	2,590	(2,590)
Net changes	<u>443,852</u>	<u>94,415</u>	<u>349,437</u>
Balance at 12/31/2022	<u>\$ 3,810,027</u>	<u>\$ 3,529,002</u>	<u>\$ 281,025</u>

*Sensitivity of the Net Pension Liability (Asset) to changes in the discount rate:*

The following presents the Net Pension Liability (Asset) of the City, calculated using the discount rate of 6.75%, as well as what the City's Net Pension Liability (Asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net pension liability (asset)	\$ 939,511	\$ 281,025	\$ (249,763)

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at [tmrs.com](http://tmrs.com).

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

For the year ended September 30, 2023, the City recognized pension expense of \$239,012.

**City of Willow Park, Texas**  
**Notes to Financial Statements**  
**September 30, 2023**

**Note K. Defined Benefit Pension Plan (Continued)**

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 130,007
Changes of assumptions	1,068	-
Net difference between projected and actual earnings	241,235	-
Contributions made subsequent to measurement date	165,146	-
Total	\$ 407,449	\$ 130,007

\$165,146 is reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date which will be recognized as a reduction of the Net Pension Liability (Asset) for the fiscal year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement year ended December 31:	
2023	\$ (5,003)
2024	24,258
2025	31,092
2026	72,725
2027	(10,776)
Total	\$ 112,296

**City of Willow Park, Texas**  
**Notes to Financial Statements**  
**September 30, 2023**

**Note L. Other Postemployment Benefits**

Plan Description

The City participates in a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF) administered by the Texas Municipal Retirement System (TMRS). The City has elected, by ordinance, to participate in this program and provide group-term life insurance coverage for both active and retired employees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be a single-employer unfunded other postemployment benefit (OPEB) plan. Since only the retiree participants qualifies as an OPEB, the SDBF is administered through a non-qualifying trust per paragraph 4, item (b), of the Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions."

Benefits Provided

The death benefit for active Members provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of \$7,500.

*Employees covered by benefit terms.*

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	13
Inactive employees entitled to but not yet receiving benefits	11
Active employees	<u>48</u>
Total	<u><u>72</u></u>

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. As such, contributions fund the covered active member and retiree deaths on a pay-as-you-go basis.

The City's contributions to the TMRS SDBF for the year ended September 30, 2023 were \$1,223, which equaled the required contributions.

Total OPEB Liability

The City's Total OPEB Liability (TOL) was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

**City of Willow Park, Texas**  
**Notes to Financial Statements**  
**September 30, 2023**

**Note L. Other Postemployment Benefits (Continued)**

*Actuarial assumptions:*

The TOL in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate	4.05%
Retirees' share of benefit-related costs	\$0

The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022. All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements of GASB Statement No. 68. Mortality rates for service retirees are based on 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Mortality rates for disabled retirees are based on 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period December 31, 2014 through December 31, 2018.

*Changes in Total OPEB Liability*

	<u>Total OPEB Liability</u>
Balance at 12/31/2021	\$ 121,084
Changes for the year:	
Service cost	10,574
Interest	2,316
Difference between expected and actual experience	(2,380)
Changes of assumptions	(52,897)
Benefit payments	(961)
Net changes	<u>(43,348)</u>
Balance at 12/31/2022	<u>\$ 77,736</u>

**City of Willow Park, Texas**  
**Notes to Financial Statements**  
**September 30, 2023**

**Note L. Other Postemployment Benefits (Continued)**

*Sensitivity of the Total OPEB Liability to changes in the discount rate:*

The following presents the Total OPEB Liability of the City, calculated using the discount rate of 4.05%, as well as what the City's Total OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.05%) or 1-percentage-point higher (5.05%) than the current rate:

	1% Decrease in Discount Rate (3.05%)	Current Discount Rate (4.05%)	1% Increase in Discount Rate (5.05%)
Total OPEB liability	\$ 97,319	\$ 77,736	\$ 63,092

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the fiscal year ended September 30, 2023, the City recognized OPEB expense of \$10,809.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,030
Changes of assumptions	-	24,156
Contributions made subsequent to measurement date	956	-
Total	\$ 956	\$ 27,186

The City reported \$956 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the total OPEB liability for the year fiscal ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement year ended December 31:	
2023	\$ (2,081)
2024	(2,081)
2025	(2,697)
2026	(2,855)
2027	(6,272)
Thereafter	(11,200)
Total	\$ (27,186)



**City of Willow Park, Texas**  
**Notes to Financial Statements**  
**September 30, 2023**

**Note M. Interlocal Agreement**

In 2019, the City entered into an interlocal agreement with the City of Hudson Oaks to design, construct, and maintain a water transmission line to bring water service from Fort Worth's existing water supply line to the cities, including necessary storage facilities, pumping stations, and other appurtenances. The agreement established that the City would issue the debt for the entire cost of the project: the Combination Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligations, Series 2019, and the Combination Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2021, as further detailed in Note H. Per the agreement, the cities agreed to take on a pro-rata share of the capital assets and debt liabilities associated with the project. The City's share of the project is 52% and the City of Hudson Oaks' share is 48%.

The outstanding amounts associated with the City of Hudson Oaks' share are reported in the Proprietary Funds Statement of Net Position. Due from other governments represents the City of Hudson Oaks' 48% share of the outstanding debt balance and due to other governments represents the City of Hudson Oaks' 48% share of the debt proceeds, less the amount that has been spent on project costs, plus interest earned. Balances at September 30, 2023 are:

Due from other governments	\$ 8,422,287
Due to other governments	\$ 312,735

**Note N. Transfer of Fire Department Services**

Effective March 24, 2023, the City entered into an intergovernmental agreement with Parker County Emergency Services District No. 1 (the ESD) to transfer its fire protection services to the ESD for the purpose of enhancing the provision of those service to the City's citizens. In connection with the agreement, the City transferred most of the fire department personnel to the ESD along with a payment equal to the remaining fire department budget as of the date of transfer to fund operations for the remaining portion of the fiscal year. Additionally, the ESD purchased certain assets from the City that were used in fire department operations. As a result of the transfer, the City recognized a loss on the disposal of \$610,704 on its government statement of revenues, expenditures and changes and fund balance and a loss of \$420,087 on its governmental activities statement of activities as special items. The difference between these losses is due to \$1,340,136 in debt principal payments recognized as expense on the fund financial statements but as a reduction of long-term liabilities on the government-wide financial statements and (\$1,149,518) to adjust from the total proceeds from the sale of capital assets shown on the fund level financial statements to the gain on disposal as reported in the government-wide financial statements.

**Note O. Commitments**

The City has several construction contracts for improvements to the drainage system and the new wastewater treatment plant outstanding at year end. As of September 30, 2023, outstanding construction contracts totaled \$2,896,032 and \$550,000 in the governmental funds and the wastewater fund, respectively.

**Note P. Subsequent Events**

The City evaluated subsequent events through March 7, 2024, the date the financial statements were available to be issued. On January 9, 2024, the City issued Combination Tax and Revenue Certificates of Obligation, Series 2024, in the amount of \$3,960,000 to be used for wastewater system improvements.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**City of Willow Park, Texas**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**- Budget and Actual -**  
**General Fund**  
**For the Fiscal Year Ended September 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Taxes				
Property	\$ 1,906,977	\$ 1,906,977	\$ 1,901,676	\$ (5,301)
Sales and use	1,795,325	2,045,325	2,217,931	172,606
Franchise	402,722	402,722	411,357	8,635
Licenses and permits	749,700	749,700	422,007	(327,693)
Drainage fees	-	350,000	363,456	13,456
Court fines and fees	254,600	254,600	300,253	45,653
Grants	-	-	5,049	5,049
Investment earnings	15,000	16,500	219,613	203,113
Intergovernmental	-	-	56,151	56,151
Contributions	-	-	9,893	9,893
Rental income	-	-	41,549	41,549
Other revenues	335	335	18,640	18,305
Total revenues	<u>5,124,659</u>	<u>5,726,159</u>	<u>5,967,575</u>	<u>241,416</u>
<b>Expenditures</b>				
Current:				
Administration	458,578	598,579	648,278	(49,699)
Development services	420,125	420,125	580,107	(159,982)
Fire and rescue	1,425,021	1,425,022	826,389	598,633
Legislative	254,826	254,830	200,797	54,033
Municipal Court	163,787	163,787	188,843	(25,056)
Police	1,805,250	1,822,443	1,784,356	38,087
Public works, parks, and roads	498,805	548,806	385,881	162,925
Capital outlay	98,267	465,268	10,646,980	(10,181,712)
Debt service				
Principal	-	-	290,567	(290,567)
Interest	-	-	176,100	(176,100)
Certificate of obligation issuance costs	-	-	225,044	(225,044)
Total expenditures	<u>5,124,659</u>	<u>5,698,860</u>	<u>15,953,342</u>	<u>(10,254,482)</u>
Excess (deficiency) of revenues over (under) expenditures	-	27,299	(9,985,767)	(10,013,066)
<b>Other financing sources (uses)</b>				
Proceeds from sale of capital assets	-	-	9,340	9,340
Proceeds from certificate of obligation issuance	-	-	8,500,000	8,500,000
Premium on long-term debt issued	-	-	225,044	225,044
Proceeds from issuance of lease liability	-	-	176,562	176,562
Special item:				
Loss on transfer of operations	-	-	(610,704)	(610,704)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>8,300,242</u>	<u>8,300,242</u>
Change in fund balance	<u>\$ -</u>	<u>\$ 27,299</u>	<u>(1,685,525)</u>	<u>\$ (1,712,824)</u>
Fund balance, beginning of year			6,349,466	
Fund balance, end of year			<u>\$ 4,663,941</u>	

**CITY OF WILLOW PARK**  
**Schedule of Changes in the Net Pension Liability / (Asset) and Related Ratios**  
**Last Nine Years\*\***

**Texas Municipal Retirement System (TMRS)**

Measurement Date - December 31st:*	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>									
Service cost	\$ 428,417	\$ 371,939	\$ 331,554	\$ 314,289	\$ 285,527	\$ 258,362	\$ 272,355	\$ 240,748	\$ 88,122
Interest	238,161	207,637	178,464	150,778	127,139	107,654	86,596	68,080	60,307
Change in benefit terms including substantively automatic status:	-	-	-	-	-	-	-	-	122,676
Difference between expected and actual experience	(118,575)	(45,798)	(14,917)	7,612	15,830	(32,349)	9,269	(4,518)	(71,540)
Change in assumptions	-	-	-	6,156	-	-	-	43,222	-
Benefit payments, including refunds of employee contributions	(104,151)	(115,472)	(50,737)	(103,874)	(81,467)	(35,695)	(62,812)	(43,186)	(41,148)
<b>Net change in total pension liability</b>	<b>443,852</b>	<b>418,306</b>	<b>444,364</b>	<b>374,961</b>	<b>347,029</b>	<b>297,972</b>	<b>305,408</b>	<b>304,346</b>	<b>158,417</b>
Total pension liability, beginning	3,366,175	2,947,869	2,503,505	2,128,544	1,781,515	1,483,543	1,178,135	873,789	715,372
Total pension liability, ending (a)	<u>\$ 3,810,027</u>	<u>\$ 3,366,175</u>	<u>\$ 2,947,869</u>	<u>\$ 2,503,505</u>	<u>\$ 2,128,544</u>	<u>\$ 1,781,515</u>	<u>\$ 1,483,543</u>	<u>\$ 1,178,135</u>	<u>\$ 873,789</u>
<b>Plan Fiduciary Net Position</b>									
Employer contributions	\$ 224,571	\$ 198,600	\$ 184,986	\$ 166,714	\$ 155,766	\$ 136,098	\$ 134,415	\$ 136,696	\$ 30,615
Employee contributions	224,892	196,052	174,765	161,411	150,395	134,065	141,641	139,169	75,037
Net investment income	(251,317)	364,911	175,567	279,601	(48,854)	170,238	64,397	1,060	35,393
Benefit payments, including refunds of employee contributions	(104,151)	(115,472)	(50,737)	(103,874)	(81,467)	(35,695)	(62,812)	(43,186)	(41,148)
Administrative expenses	(2,170)	(1,684)	(1,134)	(1,578)	(945)	(882)	(726)	(645)	(369)
Other	2,590	12	(44)	(49)	(49)	(45)	(41)	(32)	(30)
<b>Net change in plan fiduciary net position</b>	<b>94,415</b>	<b>642,419</b>	<b>483,403</b>	<b>502,225</b>	<b>174,846</b>	<b>403,779</b>	<b>276,874</b>	<b>233,062</b>	<b>99,498</b>
Plan fiduciary net position, beginning	3,434,587	2,792,168	2,308,765	1,806,540	1,631,694	1,227,915	951,041	717,979	618,481
Plan fiduciary net position, ending (b)	<u>\$ 3,529,002</u>	<u>\$ 3,434,587</u>	<u>\$ 2,792,168</u>	<u>\$ 2,308,765</u>	<u>\$ 1,806,540</u>	<u>\$ 1,631,694</u>	<u>\$ 1,227,915</u>	<u>\$ 951,041</u>	<u>\$ 717,979</u>
<b>Net pension liability/(asset), ending (a) - (b)</b>	<b>\$ 281,025</b>	<b>\$ (68,412)</b>	<b>\$ 155,701</b>	<b>\$ 194,740</b>	<b>\$ 322,004</b>	<b>\$ 149,821</b>	<b>\$ 255,628</b>	<b>\$ 227,094</b>	<b>\$ 155,810</b>
<b>Plan's fiduciary net position as a percentage of total pension liability</b>	<b>92.62%</b>	<b>102.03%</b>	<b>94.72%</b>	<b>92.22%</b>	<b>84.87%</b>	<b>91.59%</b>	<b>82.77%</b>	<b>80.72%</b>	<b>82.17%</b>
<b>Covered payroll</b>	<b>\$ 3,204,314</b>	<b>\$ 2,800,744</b>	<b>\$ 2,496,645</b>	<b>\$ 2,305,864</b>	<b>\$ 2,127,623</b>	<b>\$ 1,915,208</b>	<b>\$ 2,023,438</b>	<b>\$ 1,876,446</b>	<b>\$ 1,500,744</b>
<b>Net pension liability/(asset) as a % of covered payroll</b>	<b>8.77%</b>	<b>-2.44%</b>	<b>6.24%</b>	<b>8.45%</b>	<b>15.13%</b>	<b>7.82%</b>	<b>12.63%</b>	<b>12.10%</b>	<b>10.38%</b>

\* The amounts presented above are as of the measurement date of the collective net pension asset (liability).

\*\* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**CITY OF WILLOW PARK**  
**Schedule of Employer Pension Contributions and Related Ratios**  
**Last Nine Fiscal Years\*\***

<u>Fiscal Year Ended September 30th: *</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The City's actuarially determined contribution	\$ 227,424	\$ 214,303	\$ 184,986	\$ 166,714	\$ 155,766	\$ 158,377	\$ 136,067	\$ 134,745	\$ 106,037
Contributions in relation to the actuarially determined contribution	<u>227,424</u>	<u>214,303</u>	<u>219,176</u>	<u>190,527</u>	<u>176,287</u>	<u>141,009</u>	<u>136,067</u>	<u>134,745</u>	<u>106,037</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ (34,190)	\$ (23,813)	\$ (20,521)	\$ 17,368	\$ -	\$ -	\$ -
Covered payroll	\$ 3,280,913	\$ 3,055,374	\$ 2,532,785	\$ 2,298,296	\$ 2,019,522	\$ 1,913,221	\$ 1,954,990	\$ 1,988,189	\$ 1,749,548
Contributions as a percentage of covered payroll	6.93%	7.01%	8.65%	8.29%	8.73%	7.37%	6.96%	6.78%	6.06%

**Notes to Schedule of Contributions**

*Valuation Date:*

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

*Methods and assumptions used to determine contribution rates:*

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	22 Years (longest amortization ladder)
Asset Valuation Method	10 year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

*Other information:*

There were no benefit changes during the year.

\* The amounts presented above are as of the City's applicable fiscal year-end.

\*\* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**CITY OF WILLOW PARK**  
**Schedule of Changes in the Total OPEB Liability and Related Ratios**  
**Last Six Years\*\***

<b>Texas Municipal Retirement System (TMRS)</b>						
<b>Measurement Date - December 31st:*</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total OPEB Liability - beginning of year	\$ 121,084	\$ 109,216	\$ 82,625	\$ 59,719	\$ 57,763	\$ 46,676
Service cost	10,574	7,842	5,742	4,381	4,468	3,447
Interest	2,316	2,254	2,348	2,293	1,982	1,830
Change in benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	(2,380)	(2,040)	544	(606)	1,280	-
Changes of assumptions or other inputs	(52,897)	4,652	18,207	17,069	(5,561)	5,810
Benefit payments	(961)	(840)	(250)	(231)	(213)	-
Net changes	(43,348)	11,868	26,591	22,906	1,956	11,087
Total OPEB Liability - end of year	<u>\$ 77,736</u>	<u>\$ 121,084</u>	<u>\$ 109,216</u>	<u>\$ 82,625</u>	<u>\$ 59,719</u>	<u>\$ 57,763</u>
Covered-employee payroll	\$ 3,204,314	\$ 2,800,744	\$ 2,496,645	\$ 2,305,846	\$ 2,127,623	\$ 1,915,208
Total OPEB liability as a percentage of covered-employee payroll	2.43%	4.32%	4.37%	3.58%	2.81%	3.02%

\* The amounts presented above are as of the measurement date of the collective total OPEB liability.

\*\* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**CITY OF WILLOW PARK**  
**Schedule of OPEB Contributions and Related Ratios**  
**Last Six Fiscal Years\*\***

<b>Texas Municipal Retirement System (TMRS)</b>						
<b>Fiscal Year Ended September 30th: *</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
The City's actuarially determined contribution	\$ 1,223	\$ 917	\$ 760	\$ 230	\$ 202	\$ 191
Contributions in relation to the actuarially determined contribution	1,223	917	760	230	202	191
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 3,280,913	\$ 3,055,374	\$ 2,532,785	\$ 2,298,296	\$ 2,019,522	\$ 1,913,221
Contributions as a percentage of covered-employee payroll	0.04%	0.03%	0.03%	0.01%	0.01%	0.01%

**Notes to Schedule of Contributions**

*Valuation Date:*

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

*Methods and assumptions used to determine contribution rates:*

Asset Valuation Method	For purposes of calculating the Total OPEB Liability, the plan is considered to be unfunded and therefore no assets are accumulated for OPEB.
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Discount Rate***	4.05%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

\* The amounts presented above are as of the City's fiscal year-end.

\*\* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

\*\*\* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

**SUPPLEMENTARY INFORMATION**



**City of Willow Park, Texas**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2023**

	<b>Nonmajor Special Revenue Funds</b>							<b>Total Nonmajor Special Revenue Funds</b>
	<b>Court Security</b>	<b>Court Technology</b>	<b>Seizure Fund</b>	<b>Tourism Fund</b>	<b>Police Contributions</b>	<b>First Responder Donations</b>	<b>Truancy Funds</b>	
<b>Assets</b>								
Cash and cash equivalents	\$ 58,158	\$ 62,750	\$ 4,848	\$ 466,784	\$ 544	\$ 136,217	\$ 26,476	\$ 755,777
Investments	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 58,158</b>	<b>\$ 62,750</b>	<b>\$ 4,848</b>	<b>\$ 466,784</b>	<b>\$ 544</b>	<b>\$ 136,217</b>	<b>\$ 26,476</b>	<b>\$ 755,777</b>
<b>Liabilities and fund balances</b>								
<b>Liabilities:</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,892	\$ -	\$ 1,892
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,892</b>	<b>-</b>	<b>1,892</b>
<b>Fund balances:</b>								
Restricted	58,158	62,750	4,848	466,784	544	134,325	26,476	753,885
<b>Total fund balances</b>	<b>58,158</b>	<b>62,750</b>	<b>4,848</b>	<b>466,784</b>	<b>544</b>	<b>134,325</b>	<b>26,476</b>	<b>753,885</b>
<b>Total liabilities and fund balances</b>	<b>\$ 58,158</b>	<b>\$ 62,750</b>	<b>\$ 4,848</b>	<b>\$ 466,784</b>	<b>\$ 544</b>	<b>\$ 136,217</b>	<b>\$ 26,476</b>	<b>\$ 755,777</b>

**City of Willow Park, Texas**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2023**

	Nonmajor Capital Projects Funds				
	Building Capital Projects	TexStar Parks & Recreation	TIRZ Reimbursement Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 12,371	\$ -	\$ 3,000	\$ 15,371	\$ 771,148
Investments	-	48,372	-	48,372	48,372
Total assets	<u>\$ 12,371</u>	<u>\$ 48,372</u>	<u>\$ 3,000</u>	<u>\$ 63,743</u>	<u>\$ 819,520</u>
<b>Liabilities and fund balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,892
Total liabilities	-	-	-	-	1,892
<b>Fund balances:</b>					
Restricted	12,371	48,372	3,000	63,743	817,628
Total fund balances	<u>12,371</u>	<u>48,372</u>	<u>3,000</u>	<u>63,743</u>	<u>817,628</u>
Total liabilities and fund balances	<u>\$ 12,371</u>	<u>\$ 48,372</u>	<u>\$ 3,000</u>	<u>\$ 63,743</u>	<u>\$ 819,520</u>

**City of Willow Park, Texas**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended September 30, 2023**

**Nonmajor Special Revenue Funds**

	<b>Court Security</b>	<b>Court Technology</b>	<b>Seizure Fund</b>	<b>Tourism Fund</b>	<b>Police Contributions</b>	<b>First Responder Donations</b>	<b>Truancy Funds</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>Revenues</b>								
Hotel occupancy tax	\$ -	\$ -	\$ -	\$ 243,759	\$ -	\$ -	\$ -	\$ 243,759
TIRZ	-	-	-	-	-	-	-	-
Court fines and fees	8,008	6,693	-	-	-	-	8,172	22,873
Investment earnings	-	-	142	10,161	-	404	-	10,707
Contributions	-	-	-	-	-	124,308	-	124,308
<b>Total revenues</b>	<b>8,008</b>	<b>6,693</b>	<b>142</b>	<b>253,920</b>	<b>-</b>	<b>124,712</b>	<b>8,172</b>	<b>401,647</b>
<b>Expenditures</b>								
Current:								
Development services	-	-	-	-	-	-	-	-
Fire and rescue	-	-	-	-	-	91,131	-	91,131
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>91,131</b>	<b>-</b>	<b>91,131</b>
Changes in fund balances	8,008	6,693	142	253,920	-	33,581	8,172	310,516
Fund balances, beginning of year	50,150	56,057	4,706	212,864	544	100,744	18,304	443,369
Fund balances, end of year	<u>\$ 58,158</u>	<u>\$ 62,750</u>	<u>\$ 4,848</u>	<u>\$ 466,784</u>	<u>\$ 544</u>	<u>\$ 134,325</u>	<u>\$ 26,476</u>	<u>\$ 753,885</u>

**City of Willow Park, Texas**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended September 30, 2023**

	<b>Nonmajor Capital Projects Funds</b>			<b>Total Nonmajor Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
	<b>Building Capital Projects</b>	<b>TexStar Parks &amp; Recreation</b>	<b>TIRZ Reimbursement Fund</b>		
<b>Revenues</b>					
Hotel occupancy tax	\$ -	\$ -	\$ -	\$ -	\$ 243,759
TIRZ	-	-	349,784	349,784	349,784
Court fines and fees	-	-	-	-	22,873
Investment earnings	360	2,140	1,790	4,290	14,997
Contributions	-	-	-	-	124,308
<b>Total revenues</b>	<b>360</b>	<b>2,140</b>	<b>351,574</b>	<b>354,074</b>	<b>755,721</b>
<b>Expenditures</b>					
Current:					
Development services	-	-	350,000	350,000	350,000
Fire and rescue	-	-	-	-	91,131
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>350,000</b>	<b>350,000</b>	<b>441,131</b>
Changes in fund balances	360	2,140	1,574	4,074	314,590
Fund balances, beginning of year	12,011	46,232	1,426	59,669	503,038
Fund balances, end of year	<u>\$ 12,371</u>	<u>\$ 48,372</u>	<u>\$ 3,000</u>	<u>\$ 63,743</u>	<u>\$ 817,628</u>

**OVERALL COMPLIANCE AND  
INTERNAL CONTROLS SECTION**



**SNOW GARRETT WILLIAMS**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Willow Park, Texas (the City), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Willow Park, Texas' basic financial statements, and have issued our report thereon dated March 7, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Snow Garrett Williams  
March 7, 2024

**CITY OF WILLOW PARK, TEXAS**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended September 30, 2023**

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ yes  X  no

Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes  X  none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes  X  no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ yes  X  no

Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes  X  none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Version of compliance supplement used in audit: May 2023

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR Section 200.416(a)? \_\_\_\_\_ yes  X  no

Identification of Major Programs:

ALN	Name of Federal Program
66.468	Capitalization Grants for Drinking Water State Revolving Funds
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B federal programs: \$ 750,000

Auditee qualified as a low-risk auditee? \_\_\_\_\_ yes  X  no

**Section II – Financial Statement Findings**

None noted.

**Section III – Federal Award Findings and Questioned Costs**

None noted.



**CITY OF WILLOW PARK, TEXAS  
Corrective Action Plan  
For the Year Ended September 30, 2023**

A corrective action plan is not needed.

**CITY OF WILLOW PARK, TEXAS**  
**Summary Schedule of Prior Audit Findings**  
**For the Year Ended September 30, 2023**

There were no prior year audit findings.

**FEDERAL AWARDS SECTION**



**SNOW GARRETT WILLIAMS**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of Willow Park, Texas', compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Willow Park, Texas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on Internal Control over Compliance

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Snow Garrett Williams*

Snow Garrett Williams  
March 7, 2024

**CITY OF WILLOW PARK, TEXAS**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2023**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>Drinking Water State Revolving Fund Cluster:</b>			
<u>U.S. Environmental Protection Agency</u>			
Passed through Texas Water Development Board			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	L1001032	<u>\$ 1,877,782</u>
Total Passed Through Texas Water Development Board			<u>1,877,782</u>
Total U.S. Environmental Protection Agency			<u>1,877,782</u>
Total Drinking Water State Revolving Fund Cluster			<u>1,877,782</u>
<b>Other Programs:</b>			
<u>U.S. Department of the Transportation</u>			
Passed through Texas Department of Transportation			
STEP Impaired Driving Mobilization	20.616		5,049
STEP Click It or Ticket	20.616		<u>2,398</u>
Total Passed Through Texas Department of Transportation			<u>7,447</u>
Total U.S. Department of the Transportation			<u>7,447</u>
<u>U.S. Department of the Treasury</u>			
Passed through Texas Division of Emergency Management			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		<u>961,429</u>
Total Passed Through Texas Division of Emergency Management			<u>961,429</u>
Total U.S. Department of the Treasury			<u>961,429</u>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 2,846,658</u></b>

**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Willow Park, Texas for the year ended September 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City of Willow Park, it is not intended to and does not present the financial position or changes in net position or cash flows of the City of Willow Park.

**Note 2: Summary of Significant Accounting Policies**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City of Willow Park has elected not to use the 10% de minimis indirect cost rate as permitted in the Uniform Guidance, section 200.414.

