

CITY OF WILLOW PARK, TEXAS

**Annual Financial Report
For the Fiscal Year Ended September 30, 2024**

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INTRODUCTORY SECTION

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

2024 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

Andi Saylor

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 (the City), as of and for the year ended September 30, 2024, 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, as of September 30, 2024, 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 judgment 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 judgment 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 judgment, 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 the 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, the schedule of changes in the net pension liability and related ratios, the schedule of employer pension contributions and related ratios, the schedule of changes in total OPEB liability and related ratios, and the schedule of OPEB contributions and related ratios on pages 7 – 15 and 58 – 62 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 Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining nonmajor fund financial statements 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 relates 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.



Snow Garrett Williams
March 3, 2025

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, 2024. 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 2024 by \$20,654,118 (*net position*). Of this amount, \$4,283,662 is restricted for specific purposes and \$11,142,211 represents unrestricted net position that may be used to meet the City's ongoing obligations to citizens and creditors. Net position also includes \$5,228,245 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 \$4,567,175, of which \$930,158 represents restricted fund balance and \$3,637,017 represents unassigned fund balance.
- The general fund unassigned fund balance of \$3,642,046 equals 54% of total general fund expenditures.

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, city services, parks, streets, and tourism. 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 17 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 19 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 22 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 25 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 58 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 64 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 \$20,654,118 as of September 30, 2024.

City of Willow Park's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 5,759,213	\$ 9,736,978	\$ 27,196,846	\$ 28,298,135	\$ 32,956,059	\$ 38,035,113
Capital assets and right-to-use assets, net of depreciation/amortization	29,341,949	27,160,545	30,779,134	24,527,767	60,121,083	51,688,312
Total assets	35,101,162	36,897,523	57,975,980	52,825,902	93,077,142	89,723,425
Deferred outflows of resources	172,846	202,533	63,929	74,909	236,775	277,442
Long-term liabilities	26,735,128	27,172,192	38,325,613	35,088,665	65,060,741	62,260,857
Other liabilities	2,403,230	3,682,145	4,579,595	2,753,126	6,982,825	6,435,271
Total liabilities	29,138,358	30,854,337	42,905,208	37,841,791	72,043,566	68,696,128
Deferred inflows of resources	610,794	515,416	5,439	7,083	616,233	522,499
Net position:						
Net investment in capital assets	2,190,673	(231,735)	3,037,572	1,748,765	5,228,245	1,517,030
Restricted	1,086,430	1,183,769	3,197,232	3,022,334	4,283,662	4,206,103
Unrestricted	2,247,753	4,778,269	8,894,458	10,280,838	11,142,211	15,059,107
Total net position	\$ 5,524,856	\$ 5,730,303	\$ 15,129,262	\$ 15,051,937	\$ 20,654,118	\$ 20,782,240

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 \$5,228,245. 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 \$4,283,662 (or 21%) 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 \$11,142,211 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. 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 decreased by \$128,122 during the current fiscal year. The City's governmental activities decreased net position by \$205,447. The total cost of all governmental activities this year was \$8,581,024 . The amount that taxpayers paid for these activities through property taxes was \$3,835,588, or 45%. The City's business-type activities increased net position by \$77,325. The total cost of all business-type activities for fiscal year 2024 was \$6,085,719.

City of Willow Park's Changes in Net Position

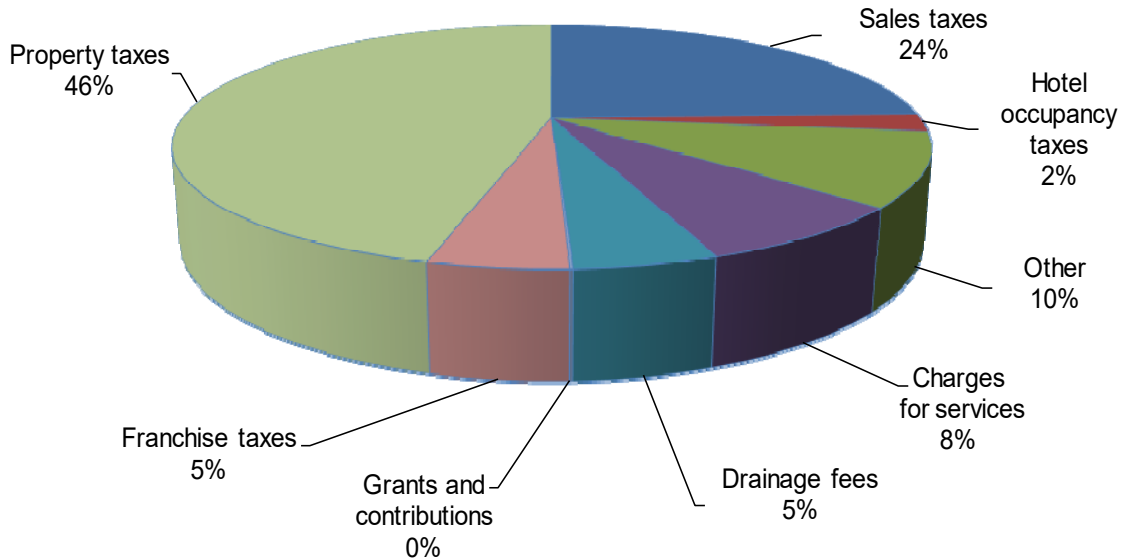
	Governmental activities		Business-type activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 654,958	\$ 842,998	\$ 5,053,637	\$ 4,394,192	\$ 5,708,595	\$ 5,237,190
Operating grants and contributions	9,029	130,857	-	-	9,029	130,857
Capital grants and contributions	-	-	-	1,339,642	-	1,339,642
General revenues:						
Property taxes	3,835,588	3,959,918	-	-	3,835,588	3,959,918
Sales and use taxes	2,054,636	2,217,931	-	-	2,054,636	2,217,931
Franchise taxes	401,649	411,357	-	-	401,649	411,357
Hotel occupancy taxes	193,190	243,759	-	-	193,190	243,759
Drainage fees	414,229	363,456	-	-	414,229	363,456
Investment earnings	333,195	377,940	1,048,198	250,281	1,381,393	628,221
Other	231,250	85,454	-	-	231,250	85,454
Gain (loss) on sale of capital assets	(116,057)	-	61,209	-	(54,848)	-
Total revenues	8,011,667	8,633,670	6,163,044	5,984,115	14,174,711	14,617,785
Expenses:						
Administration	1,337,902	1,430,749	-	-	1,337,902	1,430,749
Development services	1,379,905	938,743	-	-	1,379,905	938,743
Fire marshal	701,763	978,789	-	-	701,763	978,789
Legislative	264,608	195,622	-	-	264,608	195,622
Municipal court	245,471	190,097	-	-	245,471	190,097
Police	2,725,158	1,923,144	-	-	2,725,158	1,923,144
City services	579,711	-	-	-	579,711	-
Parks	57,101	-	-	-	57,101	-
Streets	145,896	-	-	-	145,896	-
Tourism	58,200	-	-	-	58,200	-
Public works, parks, and roads	-	582,800	-	-	-	582,800
Interest and fiscal charges	1,085,309	621,048	-	-	1,085,309	621,048
Water	-	-	4,431,315	2,961,449	4,431,315	2,961,449
Wastewater	-	-	1,306,538	1,025,366	1,306,538	1,025,366
Solid waste	-	-	347,866	311,488	347,866	311,488
Total expenses	8,581,024	6,860,992	6,085,719	4,298,303	14,666,743	11,159,295
Increase in net position before special items	(569,357)	1,772,678	77,325	1,685,812	(492,032)	3,458,490
Special items						
Developer contribution	363,910	-	(363,910)	-	-	-
Loss on transfer of operations	-	(420,087)	-	-	-	(420,087)
Change in net position	363,910	(420,087)	(363,910)	-	-	(420,087)
Net position, beginning of year, restated	3,957,625	4,377,712	13,366,125	13,366,125	17,323,750	17,743,837
Net position, end of year	\$ 4,321,535	\$ 3,957,625	\$ 13,002,215	\$ 13,366,125	\$ 17,323,750	\$ 17,323,750

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

Governmental activities. Governmental activities decreased the City's net position by \$205,447. Key elements of this decrease are as follows:

- Decrease in program revenues primarily due to a 22% decrease in charges for services as a result of a decline in court fines and fees;
- Decrease in general revenues due to an overall decrease in taxes, including an approximate 3% decrease in property taxes, 7% decrease in sales and use taxes, and 21% decrease in hotel occupancy taxes; and
- Increase in expenses for development services, interest and fiscal charges, and police services.

Revenues by Source - Governmental Activities



Business-type activities. Business-type activities increased the City's net position by \$77,325 .

Operating revenue increased by \$659,445 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 \$1,557,702 from the prior year primarily due to an increase in personnel and contractual services.

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 \$4,567,175, which is a decrease of \$2,611,530 in comparison with the prior year. \$3,637,017 or 80% of the fund balance represents unassigned fund balance, which is available for spending at the City's discretion.

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

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 (\$77,177), to fund road capital projects (\$3,236), for court security and technology (\$131,589), for police seizure and holding funds (\$10,101), to fund tourism (\$476,629), for police and first responder contributions (\$125,938), for truancy funds (\$32,464), and to fund other capital projects (\$73,024).

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 \$3,642,046, all of which represented unassigned fund balance. As a measure of the general fund's liquidity, we compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 54%, or approximately 198 days of total fund expenditures.

The fund balance of the City's general fund decreased by \$1,021,895 during the current fiscal year. Key elements of the decrease are as follows:

- Total revenues in the general fund decreased by \$247,998, or 4%. The decrease is primarily due to a decrease in property taxes of \$258,229, decrease in sales and use taxes of \$163,295, and a decrease in court fines and fees of \$131,463 offset by an increase in rental income of \$185,236.
- Total expenditures in the general fund decreased by \$9,235,360, or 58%. The decrease is primarily due to capital outlay expenditures for the new city hall in the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Overall, the City's revenues fell below the budgeted amount by \$31,594. This was primarily due to lower than anticipated building permits and court citation revenue.

The City's expenditures exceeded budgeted amounts by \$1,107,496. This was due to capital outlay for the drainage improvements exceeding appropriations as well as negative variances in development and city 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, 2024, amounts to \$60,121,083 (net of accumulated depreciation/amortization). Investments in capital assets related to governmental activities (\$29,341,949) include land, 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 (\$30,779,134) 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:

- Completion of the 2022 street improvement project.
- Completion of the 2021 and 2022 drainage projects.
- Ongoing Fort Worth water line project.
- Purchase of a Kubota tractor.
- Ongoing wastewater treatment project.

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

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

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 1,472,903	\$ 958,993	\$ 680,138	\$ 394,576	\$ 2,153,041	\$ 1,353,569
Construction in progress	-	6,314,372	8,387,839	1,883,327	8,387,839	8,197,699
Buildings and improvements	12,461,750	13,062,703	39,665	41,641	12,501,415	13,104,344
Furniture and equipment	265,376	300,472	362,649	413,709	628,025	714,181
Vehicles	29,875	37,736	68,593	92,753	98,468	130,489
Infrastructure	14,877,720	6,192,094	-	-	14,877,720	6,192,094
Water system	-	-	16,504,608	16,976,981	16,504,608	16,976,981
Wastewater system	-	-	4,415,314	4,615,495	4,415,314	4,615,495
Right-of-use assets - vehicles	234,325	294,175	320,328	109,285	554,653	403,460
Total	\$ 29,341,949	\$ 27,160,545	\$ 30,779,134	\$ 24,527,767	\$ 60,121,083	\$ 51,688,312

Additional information on the City's capital assets can be found in Note G on pages 36 through 38 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	\$ 6,005,000	\$ -	\$ 6,005,000
Certificates of obligation	17,373,588	38,601,412	55,975,000
Tax notes	1,580,000	-	1,580,000
Notes from direct borrowings	173,715	158,790	332,505
Unamortized debt premium	1,618,608	314,486	1,933,094
Lease liability	213,178	323,201	536,379
Net pension liability	1,291,132	477,542	1,768,674
Compensated absences	151,546	48,721	200,267
Total OPEB liability	66,374	24,549	90,923
Total	\$ 28,473,141	\$ 39,948,701	\$ 68,421,842

The City's total long-term obligations increased by a net amount of \$3,010,765 during the current fiscal year primarily as a result of the issuance of \$3.96 million in new certificates of obligation, offset by principal payments made on outstanding debt. The City's general obligation bonds, tax notes and notes from direct borrowings decreased in the current fiscal year, while the City's unamortized debt premium, lease liability, net pension liability, compensated absences, and OPEB liability increased. Additional information on the City's long-term debt can be found in Note H on pages 38 through 45 of this report.

State statutes limit the total property tax rate to \$2.50 per \$100 assessed valuation. The City's total property tax rate for 2023-2024 was \$0.397597 per \$100 assessed valuation, of which \$0.188725 was for maintenance and operations and \$0.208872 was for debt service.

City of Willow Park, Texas

Management's Discussion and Analysis

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 2025, the City Council and administration considered the following factors:

For fiscal year 2025 – 2026, the City annexed approximately 320 acres of commercial and retail development located along IH 20 to FM 1187, south to Bankhead Highway. The Beall-Dean development will provide a robust addition to the City sales tax and will provide a significant increase in the City's taxable value. These two factors will benefit Willow Park residents by providing the means to fund various capital improvements throughout the City, such as streets and parks, while also providing additional water and wastewater revenues.

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, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 3,434,441	\$ 2,032,503	\$ 5,466,944
Investments	1,025,962	1,735,456	2,761,418
Receivables (net of allowances of \$572,277)			
Property taxes	37,473	-	37,473
Accounts	45,002	612,907	657,909
Court fines and fees	42,548	-	42,548
Leases	597,800	-	597,800
Due from other governments	340,108	8,011,382	8,351,490
Restricted assets			
Cash and cash equivalents	235,879	14,693,564	14,929,443
Certificates of deposit	-	111,034	111,034
Capital assets and right-to-use assets			
Nondepreciable	1,472,903	9,067,977	10,540,880
Depreciable/amortizable, net of accumulated depreciation and amortization	27,869,046	21,711,157	49,580,203
Total assets	35,101,162	57,975,980	93,077,142
Deferred outflows of resources			
Deferred outflows related to pensions	172,846	63,929	236,775
Total deferred outflows of resources	172,846	63,929	236,775
Liabilities			
Accounts payable	402,689	2,096,501	2,499,190
Payroll liabilities	67,647	19,243	86,890
Due to other governments	-	216,943	216,943
Retainage payable	-	291,732	291,732
Court bonds payable	9,130	-	9,130
Unearned revenue	53,723	-	53,723
Long-term obligations, due within one year	1,738,013	1,623,088	3,361,101
Current liabilities payable from restricted assets			
Interest payable	132,028	87,078	219,106
Customer deposits	-	245,010	245,010
Noncurrent liabilities			
Net pension liability	1,291,132	477,542	1,768,674
Total OPEB liability	66,374	24,549	90,923
Long-term obligations, due in more than one year	25,377,622	37,823,522	63,201,144
Total liabilities	29,138,358	42,905,208	72,043,566
Deferred inflows of resources			
Deferred inflows related to OPEB	14,706	5,439	20,145
Deferred inflows related to leases	596,088	-	596,088
Total deferred inflows of resources	610,794	5,439	616,233
Net position			
Net investment in capital assets	2,190,673	3,037,572	5,228,245
Restricted for:			
Debt service	95,096	-	95,096
Police	10,101	-	10,101
First responder	125,938	-	125,938
Tourism	476,629	-	476,629
Capital projects	3,236	3,197,232	3,200,468
Court security and technology	131,589	-	131,589
Public access channel capital projects	138,353	-	138,353
TIRZ	7,498	-	7,498
Construction projects	12,943	-	12,943
Local truancy prevention	32,464	-	32,464
TexSTAR parks and recreation	52,583	-	52,583
Unrestricted net position	2,247,753	8,894,458	11,142,211
Total net position	\$ 5,524,856	\$ 15,129,262	\$ 20,654,118

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

City of Willow Park, Texas
Statement of Activities
For the Fiscal Year Ended September 30, 2024

Functions/Programs	Net Revenue (Expense) and Changes In Net Position						
	Program Revenues				Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental activities							
Administration	\$ 1,337,902	\$ -	\$ 1,633	\$ -	\$ (1,336,269)	\$ -	\$ (1,336,269)
Development services	1,379,905	484,499	-	-	(895,406)	-	(895,406)
Fire marshal	701,763	-	-	-	(701,763)	-	(701,763)
Legislative	264,608	-	-	-	(264,608)	-	(264,608)
Municipal court	245,471	104,263	-	-	(141,208)	-	(141,208)
Police	2,725,158	66,196	7,396	-	(2,651,566)	-	(2,651,566)
City services	579,711	-	-	-	(579,711)	-	(579,711)
Parks	57,101	-	-	-	(57,101)	-	(57,101)
Streets	145,896	-	-	-	(145,896)	-	(145,896)
Tourism	58,200	-	-	-	(58,200)	-	(58,200)
Interest and fiscal charges	1,085,309	-	-	-	(1,085,309)	-	(1,085,309)
Total governmental activities	<u>8,581,024</u>	<u>654,958</u>	<u>9,029</u>	<u>-</u>	<u>(7,917,037)</u>	<u>-</u>	<u>(7,917,037)</u>
Business-type activities							
Water	4,431,315	3,217,520	-	-	-	(1,213,795)	(1,213,795)
Wastewater	1,306,538	1,421,928	-	-	-	115,390	115,390
Solid waste	347,866	414,189	-	-	-	66,323	66,323
Total business-type activities	<u>6,085,719</u>	<u>5,053,637</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,032,082)</u>	<u>(1,032,082)</u>
Total primary government	<u>\$ 14,666,743</u>	<u>\$ 5,708,595</u>	<u>\$ 9,029</u>	<u>\$ -</u>	<u>(7,917,037)</u>	<u>(1,032,082)</u>	<u>(8,949,119)</u>
General revenues							
Taxes:							
Property taxes, levied for general purposes					1,646,929	-	1,646,929
Property taxes, levied for debt service					1,822,731	-	1,822,731
Property taxes, levied for TIRZ					365,928	-	365,928
Sales and use					2,054,636	-	2,054,636
Franchise					401,649	-	401,649
Hotel					193,190	-	193,190
Drainage fees					414,229	-	414,229
Investment earnings					333,195	1,048,198	1,381,393
Other revenue					231,250	-	231,250
Gain (loss) on disposal of capital assets					(116,057)	61,209	(54,848)
Special Item:							
Developer Contribution					363,910	-	363,910
Total general revenues					<u>7,711,590</u>	<u>1,109,407</u>	<u>8,820,997</u>
Change in net position					(205,447)	77,325	(128,122)
Net position, beginning of year					<u>5,730,303</u>	<u>15,051,937</u>	<u>20,782,240</u>
Net position, end of year					<u>\$ 5,524,856</u>	<u>\$ 15,129,262</u>	<u>\$ 20,654,118</u>

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

City of Willow Park, Texas
Balance Sheet
Governmental Funds
September 30, 2024

	General Fund	Debt Service Fund	Roads Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 2,641,954	\$ 77,477	\$ 3,236	\$ 947,653	\$ 3,670,320
Investments	973,379	-	-	52,583	1,025,962
Receivables (net of allowances for uncollectibles of \$230,863)					
Property taxes	19,554	17,919	-	-	37,473
Accounts	45,002	-	-	-	45,002
Court fines and fees	42,548	-	-	-	42,548
Lease	597,800	-	-	-	597,800
Due from other governments	340,108	-	-	-	340,108
Total assets	\$ 4,660,345	\$ 95,396	\$ 3,236	\$ 1,000,236	\$ 5,759,213
Liabilities					
Accounts payable	\$ 246,869	\$ 300	\$ -	\$ 155,520	\$ 402,689
Payroll liabilities	67,647	-	-	-	67,647
Court bonds escrow	9,130	-	-	-	9,130
Unearned revenue - franchise taxes	53,723	-	-	-	53,723
Total liabilities	377,369	300	-	155,520	533,189
Deferred inflows of resources					
Unavailable revenue - court fines	25,495	-	-	-	25,495
Unavailable revenue - property taxes	19,347	17,919	-	-	37,266
Unavailable revenue - leases	596,088	-	-	-	596,088
Total deferred inflows of resources	640,930	17,919	-	-	658,849
Fund balances					
Restricted	-	77,177	3,236	844,716	925,129
Unassigned	3,642,046	-	-	-	3,642,046
Total fund balances	3,642,046	77,177	3,236	844,716	4,567,175
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,660,345	\$ 95,396	\$ 3,236	\$ 1,000,236	
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.					29,341,949
Deferred outflows of resources are not financial resources and, therefore, are not reported in the funds.					172,846
Some liabilities, including general obligation bonds, certificates of obligation, tax notes, notes from direct borrowings, premiums on debt, lease liabilities, net pension liability, compensated absences, and total OPEB liability are not due and payable in the current period and, therefore, are not reported in the funds.					(28,605,169)
Revenues earned but not available within 60 days of year-end are not recognized as revenue on the fund financial statements.					658,849
Deferred inflows of resources are not financial resources and, therefore, are not reported in the funds.					(610,794)
Net position of governmental activities - statement of net position					\$ 5,524,856

City of Willow Park, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended September 30, 2024

	General Fund	Debt Service Fund	Roads Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes:					
Property	\$ 1,643,447	\$ 1,816,588	\$ -	\$ -	\$ 3,460,035
Sales and use	2,054,636	-	-	-	2,054,636
Franchise	401,649	-	-	-	401,649
Hotel occupancy tax	-	-	-	193,190	193,190
TIRZ	-	-	-	365,928	365,928
Licenses and permits	484,499	-	-	-	484,499
Drainage fees	414,229	-	-	-	414,229
Court fines and fees	168,790	-	-	16,669	185,459
Grants	8,979	-	-	-	8,979
Investment earnings	251,286	19,575	24,473	37,861	333,195
Intergovernmental	60,802	-	-	-	60,802
Contributions	-	-	-	1,550	1,550
Rental income	226,785	-	-	-	226,785
Other revenue	2,975	-	-	-	2,975
Total revenues	5,718,077	1,836,163	24,473	615,198	8,193,911
Expenditures					
Current:					
Administration	568,013	-	-	-	568,013
Development services	861,288	-	-	365,162	1,226,450
Fire marshal	297,916	-	-	14,748	312,664
Legislative	236,154	-	-	-	236,154
Municipal court	199,295	-	-	-	199,295
Police	2,008,446	-	-	-	2,008,446
City services	371,879	-	-	-	371,879
Parks	56,635	-	-	-	56,635
Streets	145,896	-	-	-	145,896
Tourism	-	-	-	58,200	58,200
Capital outlay	1,510,390	-	1,469,054	150,000	3,129,444
Debt service:					
Principal	269,666	1,130,175	-	-	1,399,841
Interest and fiscal charges	190,904	978,130	-	-	1,169,034
Total expenditures	6,716,482	2,108,305	1,469,054	588,110	10,881,951
Excess (deficiency) of revenues over (under) expenditures	(998,405)	(272,142)	(1,444,581)	27,088	(2,688,040)
Other financing sources (uses)					
Proceeds from sale of capital assets	21,200	-	-	-	21,200
Proceeds from issuance of lease liabilities	55,310	-	-	-	55,310
Transfers in (out)	(100,000)	100,000	-	-	-
Total other financing sources (uses)	(23,490)	100,000	-	-	76,510
Net change in fund balances	(1,021,895)	(172,142)	(1,444,581)	27,088	(2,611,530)
Fund balances, beginning of year	4,663,941	249,319	1,447,817	817,628	7,178,705
Fund balances, end of year	<u>\$ 3,642,046</u>	<u>\$ 77,177</u>	<u>\$ 3,236</u>	<u>\$ 844,716</u>	<u>\$ 4,567,175</u>

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, 2024

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

Net change in fund balances - total governmental funds		\$ (2,611,530)
<p>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/ amortization expense. This is the amount by which capital outlay exceeded depreciation in the current period.</p>		
Capital outlay	\$ 3,493,354	
Depreciation/ amortization expense	(1,174,693)	2,318,661
<p>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.</p>		
		(137,257)
<p>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.</p>		
Amortization of premium on debt	\$ 130,321	
Interest payable	(45,096)	
Net pension liability (asset)	(1,085,984)	
Compensated absences	(21,351)	
Total OPEB liability	(9,627)	(1,031,737)
<p>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.</p>		
		9,625
<p>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.</p>		
		(70,994)
<p>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.</p>		
		(29,687)
<p>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.</p>		
		4,441
<p>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.</p>		
Long-term obligation principal repayments	\$ 1,318,675	
Payments on lease liabilities	79,666	
Proceeds from the issuance of lease liabilities	(55,310)	1,343,031
Change in net position of governmental activities		\$ (205,447)

City of Willow Park, Texas
Statement of Net Position
Proprietary Funds
September 30, 2024

	Water	Wastewater	Solid Waste	Totals
Assets				
Current assets				
Cash and cash equivalents	\$ 1,110,705	\$ 502,285	\$ 419,513	\$ 2,032,503
Investments	1,676,608	58,848	-	1,735,456
Receivables (net of allowances of \$341,414)				
Accounts	411,331	151,126	50,450	612,907
Due from other governments	8,011,382	-	-	8,011,382
Restricted assets				
Cash and cash equivalents	1,298,584	13,394,980	-	14,693,564
Certificates of deposit	111,034	-	-	111,034
Total current assets	12,619,644	14,107,239	469,963	27,196,846
Noncurrent assets				
Capital assets and right-to-use assets				
Nondepreciable	556,959	8,511,018	-	9,067,977
Depreciable / amortizable	24,327,438	6,431,309	-	30,758,747
Less: accumulated depreciation / amortization	(6,169,024)	(2,878,566)	-	(9,047,590)
Capital assets, net	18,715,373	12,063,761	-	30,779,134
Total noncurrent assets	18,715,373	12,063,761	-	30,779,134
Total assets	31,335,017	26,171,000	469,963	57,975,980
Deferred outflows of resources				
Deferred outflows related to pensions	59,194	4,735	-	63,929
Total deferred outflows of resources	59,194	4,735	-	63,929
Liabilities				
Current liabilities				
Accounts payable	489,207	1,538,350	68,944	2,096,501
Payroll liabilities	16,226	3,017	-	19,243
Due to other governments	216,943	-	-	216,943
Retainage payable	-	291,732	-	291,732
Current portion of long-term obligations	900,867	722,221	-	1,623,088
Current liabilities payable from restricted assets:				
Interest payable	37,125	49,953	-	87,078
Customer deposits	245,010	-	-	245,010
Total current liabilities	1,905,378	2,605,273	68,944	4,579,595
Noncurrent liabilities				
Net pension liability	442,169	35,373	-	477,542
Total OPEB liability	22,731	1,818	-	24,549
Long-term obligations	19,192,733	18,630,789	-	37,823,522
Total noncurrent liabilities	19,657,633	18,667,980	-	38,325,613
Total liabilities	21,563,011	21,273,253	68,944	42,905,208
Deferred inflows of resources				
Deferred inflows related to OPEB	5,036	403	-	5,439
Total deferred inflows of resources	5,036	403	-	5,439
Net Position				
Net investment in capital assets	(855,871)	3,893,443	-	3,037,572
Restricted for capital projects	2,149,850	1,047,382	-	3,197,232
Unrestricted	8,532,185	(38,746)	401,019	8,894,458
Total net position	\$ 9,826,164	\$ 4,902,079	\$ 401,019	\$ 15,129,262

City of Willow Park, Texas
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended September 30, 2024

	<u>Water</u>	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Totals</u>
Operating revenues				
Charges for services	\$ 3,032,439	\$ 1,335,651	\$ 414,189	\$ 4,782,279
Impact fees	92,619	82,279	-	174,898
Tap fees	706	750	-	1,456
Other fees	91,756	3,248	-	95,004
	<u>3,217,520</u>	<u>1,421,928</u>	<u>414,189</u>	<u>5,053,637</u>
Total operating revenues				
Operating expenses				
Personnel	1,498,838	207,777	-	1,706,615
Contractual services	1,073,574	204,276	347,866	1,625,716
Supplies and maintenance	452,482	82,613	-	535,095
Franchise fees	129,978	37,220	-	167,198
Utilities	169,854	114,528	-	284,382
Depreciation / amortization	781,695	210,301	-	991,996
	<u>4,106,421</u>	<u>856,715</u>	<u>347,866</u>	<u>5,311,002</u>
Total operating expenses				
Operating income (loss)	<u>(888,901)</u>	<u>565,213</u>	<u>66,323</u>	<u>(257,365)</u>
Nonoperating revenues (expenses)				
Gain on sale of assets	61,209	-	-	61,209
Investment earnings	205,430	826,109	16,659	1,048,198
Interest and fiscal charges	(324,894)	(449,823)	-	(774,717)
	<u>(58,255)</u>	<u>376,286</u>	<u>16,659</u>	<u>334,690</u>
Total nonoperating revenues (expenses)				
Income (loss) before transfers and contributions	<u>(947,156)</u>	<u>941,499</u>	<u>82,982</u>	<u>77,325</u>
Transfers and contributions				
Transfers in	-	200,000	-	200,000
Transfers out	(200,000)	-	-	(200,000)
	<u>(200,000)</u>	<u>200,000</u>	<u>-</u>	<u>-</u>
Total transfers and contributions				
Change in net position	<u>(1,147,156)</u>	<u>1,141,499</u>	<u>82,982</u>	<u>77,325</u>
Net position, beginning of year	<u>10,973,320</u>	<u>3,760,580</u>	<u>318,037</u>	<u>15,051,937</u>
Net position, end of year	<u>\$ 9,826,164</u>	<u>\$ 4,902,079</u>	<u>\$ 401,019</u>	<u>\$ 15,129,262</u>

City of Willow Park, Texas
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2024

	Water	Wastewater	Solid Waste	Totals
Cash flows from operating activities:				
Cash received from customers	\$ 3,261,508	\$ 1,371,453	\$ 410,890	\$ 5,043,851
Cash paid to suppliers	(1,684,829)	(580,300)	(308,330)	(2,573,459)
Cash paid to employees	(1,112,018)	(164,980)	-	(1,276,998)
Net cash provided by operating activities	464,661	626,173	102,560	1,193,394
Cash flows from capital and related financing activities:				
Proceeds from issuance of bonds	-	4,116,374	-	4,116,374
Principal payments on long-term debt	(795,750)	(620,000)	-	(1,415,750)
Principal payments on lease liability	(71,572)	(2,469)	-	(74,041)
Payments from other governments	410,905	-	-	410,905
Payments to other governments	(95,792)	-	-	(95,792)
Capital asset purchases	(408,272)	(4,780,971)	-	(5,189,243)
Proceeds from sale of capital assets	61,209	-	-	61,209
Transfers from (to) other funds	(200,000)	200,000	-	-
Interest paid on long-term debt	(333,199)	(430,019)	-	(763,218)
Net cash used for capital and related financing activities	(1,432,471)	(1,517,085)	-	(2,949,556)
Cash flows from investing activities:				
Interest income	117,894	821,523	16,659	956,076
Net cash provided by investing activities	117,894	821,523	16,659	956,076
Net increase (decrease) in cash and cash equivalents	(849,916)	(69,389)	119,219	(800,086)
Cash and cash equivalents at beginning of year	3,259,205	13,966,654	300,294	17,526,153
Cash and cash equivalents at end of year	<u>\$ 2,409,289</u>	<u>\$ 13,897,265</u>	<u>\$ 419,513</u>	<u>\$ 16,726,067</u>
Cash and cash equivalents	\$ 1,110,705	\$ 502,285	\$ 419,513	\$ 2,032,503
Restricted cash and cash equivalents	1,298,584	13,394,980	-	14,693,564
Total cash and cash equivalents - end of year	<u>\$ 2,409,289</u>	<u>\$ 13,897,265</u>	<u>\$ 419,513</u>	<u>\$ 16,726,067</u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ (888,901)	\$ 565,213	\$ 66,323	\$ (257,365)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation / amortization expense	781,695	210,301	-	991,996
(Increase) decrease in assets and deferred outflows:				
Accounts receivable	36,194	(50,475)	(3,299)	(17,580)
Deferred outflows	10,166	814	-	10,980
Increase (decrease) in liabilities and deferred inflows:				
Accounts payable	141,059	(141,663)	39,536	38,932
Payroll liabilities	3,753	453	-	4,206
Customer deposits	7,794	-	-	7,794
Net pension liability	371,912	29,753	-	401,665
OPEB liability	3,297	263	-	3,560
Compensated absences payable	(786)	11,636	-	10,850
Deferred inflows	(1,522)	(122)	-	(1,644)
Net cash provided by operating activities:	<u>\$ 464,661</u>	<u>\$ 626,173</u>	<u>\$ 102,560</u>	<u>\$ 1,193,394</u>

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

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2024

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, city services, parks, streets, tourism, 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, 2024

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, 2024

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 are 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, 2024

Note A. Summary of Significant Accounting Policies (Continued)

The City adopts a budget annually for the General Fund and the budgetary comparison schedule is presented with required supplementary information.

Excess of Expenditures Over Appropriations

For the year ended September 30, 2024, expenditures exceed appropriations in the General Fund. These excess expenditures were covered by available fund balance.

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 \$10,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at their acquisition 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 do not add to the value of the asset or materially extend an asset's life are 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 assets - vehicles	5 years

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2024

Note A. Summary of Significant Accounting Policies (Continued)

Long-term Obligations

In the government-wide and proprietary fund 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 Statements 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 Statements of Net Position. See additional information in Note L for OPEB and Note I for leases.

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, 2024

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 and proprietary fund 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. The City reported restricted net position of \$4,283,662, of which, \$779,035 is restricted by enabling legislation.

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

When both restricted and unrestricted net positions are 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, 2024

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 Standard

In the current fiscal year, the City implemented GASB Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assuming accountability. The City did not have any changes or corrections that met the criteria of GASB Statement No. 100 for fiscal year 2024.

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, 2024

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, 2024, 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, 2024

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 September 30, 2024, the City's deposits and investments were insured or collateralized with securities held by the City or by its agent in the City's name.

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 September 30, 2024, 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. The City places no limit on the amount that may be invested in any one issuer. At September 30, 2024, 100% of the City's portfolio was invested in Local Government Investment Pools.

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. At September 30, 2024, the City was not invested in any securities which are highly sensitive to interest rate fluctuation.

The City's investments at September 30, 2024 included the following:

	September 30, 2024	Weighted Average Maturity (in days)
Investments measured at amortized cost:		
TexSTAR	\$ 2,761,418	47

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2024

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	\$	485,271
Texas Water Development Board Interest & Sinking		484,586
Unspent bond proceeds		12,936,261
Debt service		77,477
Water impact fees		499,174
Wastewater impact fees		288,272
Customer deposits		111,034
First responder donations		125,394
Truancy prevention		32,464
Police donations		<u>544</u>
Total restricted cash and cash equivalents and certificates of deposit	\$	<u><u>15,040,477</u></u>

Note D. Restricted Fund Balance

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

Police holding fund	\$	5,029
Roads capital projects		3,236
Debt service		77,177
Court security		64,021
Court technology		67,568
Police seizure funds		5,072
Tourism		476,629
Police and first responder contributions		125,938
Local truancy prevention		32,464
Other capital projects		<u>73,024</u>
Total Restricted Fund Balance	\$	<u><u>930,158</u></u>

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2024

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

Transfers to and from other funds for the year ended September 30, 2024 consisted of \$200,000 transferred from the Water Fund to the Waste Water Fund for operating expenses and \$100,000 transferred from the General Fund to the Debt Service Fund for current year debt payments. There were no interfund balances at September 30, 2024.

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2024

Note G. Capital Assets

Capital asset activity for the year ended September 30, 2024 for governmental activities was as follows:

	Balance 10/1/2023	Transfers/ Additions	Transfers/ Deletions	Balance 9/30/2024
Governmental activities				
Capital assets not being depreciated / amortized				
Land	\$ 958,993	\$ 513,910	\$ -	\$ 1,472,903
Construction in progress	6,314,372	-	6,314,372	-
Total capital assets not being depreciated / amortized	7,273,365	513,910	6,314,372	1,472,903
Other capital assets				
Buildings and improvements	14,269,583	11,500	342,781	13,938,302
Furniture and equipment	726,269	9,748	124,580	611,437
Vehicles	628,365	-	523,136	105,229
Infrastructure	10,886,050	9,217,258	-	20,103,308
Right-of-use assets - vehicles	515,907	55,310	19,610	551,607
Total other capital assets	27,026,174	9,293,816	1,010,107	35,309,883
Less accumulated depreciation / amortization for:				
Buildings and improvements	1,206,880	475,196	205,524	1,476,552
Furniture and equipment	425,797	44,844	124,580	346,061
Vehicles	590,629	7,861	523,136	75,354
Infrastructure	4,693,956	531,632	-	5,225,588
Right-of-use assets - vehicles	221,732	115,160	19,610	317,282
Total accumulated depreciation / amortization	7,138,994	1,174,693	872,850	7,440,837
Other capital assets, net	19,887,180	8,119,123	137,257	27,869,046
Governmental activities capital assets, net	<u>\$ 27,160,545</u>	<u>\$ 8,633,033</u>	<u>\$ 6,451,629</u>	<u>\$ 29,341,949</u>

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2024

Note G. Capital Assets (Continued)

Capital asset activity for the year ended September 30, 2024 for business-type activities was as follows:

	Balance 10/1/2023	Transfers/ Additions	Transfers/ Deletions	Balance 9/30/2024
Business-type activities				
Capital assets not being depreciated / amortized				
Land	\$ 394,576	\$ 285,562	\$ -	\$ 680,138
Construction in progress	1,883,327	6,504,512	-	8,387,839
Total capital assets not being depreciated / amortized	<u>2,277,903</u>	<u>6,790,074</u>	<u>-</u>	<u>9,067,977</u>
Other capital assets				
Buildings and improvements	79,050	-	-	79,050
Furniture and equipment	1,044,725	30,128	36,102	1,038,751
Vehicles	394,738	-	108,214	286,524
Water system	22,466,605	92,582	-	22,559,187
Wastewater system	6,401,661	-	-	6,401,661
Right-of-use assets - vehicles	230,086	330,579	167,091	393,574
Total other capital assets	30,616,865	453,289	311,407	30,758,747
Less accumulated depreciation / amortization for:				
Buildings and improvements	37,409	1,976	-	39,385
Furniture and equipment	631,016	81,188	36,102	676,102
Vehicles	301,985	24,160	108,214	217,931
Water system	5,489,624	564,955	-	6,054,579
Wastewater system	1,786,166	200,181	-	1,986,347
Right-of-use assets - vehicles	120,801	119,536	167,091	73,246
Total accumulated depreciation / amortization	8,367,001	991,996	311,407	9,047,590
Other capital assets, net	<u>22,249,864</u>	<u>(538,707)</u>	<u>-</u>	<u>21,711,157</u>
Business-type activities capital assets, net	<u>\$ 24,527,767</u>	<u>\$ 6,251,367</u>	<u>\$ -</u>	<u>\$ 30,779,134</u>

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2024

Note G. Capital Assets (Continued)

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

Governmental activities:	
Administration	\$ 708,713
Development services	760
Fire and rescue	29,710
Police	230,136
Public works, parks, and roads	<u>205,374</u>
Total governmental activities	<u><u>\$ 1,174,693</u></u>
Business-type activities:	
Water	\$ 781,695
Wastewater	<u>210,301</u>
Total business-type activities	<u><u>\$ 991,996</u></u>

Note H. Long-Term Liabilities

Long-term liabilities at September 30, 2024 consists of the following:

Governmental Activities

General Obligation Bonds

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 \$6,005,000 at September 30, 2024.

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 \$238,588 at September 30, 2024.

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2024

Note H. Long-Term Liabilities (Continued)

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, 2024.

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 \$3,590,000 at September 30, 2024.

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, 2024.

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, 2024.

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 \$140,000 at September 30, 2024.

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 \$150,000 at September 30, 2024.

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2024

Note H. Long-Term Liabilities (Continued)

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 \$1,290,000 at September 30, 2024.

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%.
- Fully repaid at September 30, 2024.

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 \$173,715 at September 30, 2024.

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2024

Note H. Long-Term Liabilities (Continued)

The annual requirements to amortize long-term debt as of September 30, 2024 are as follows:

Year Ending	General Obligation Bonds		Certificates of Obligation	
	Principal	Interest	Principal	Interest
2025	\$ 340,000	\$ 212,000	\$ 238,532	\$ 796,186
2026	355,000	198,100	248,525	785,112
2027	380,000	183,400	394,614	769,361
2028	395,000	167,900	417,306	749,314
2029	410,000	151,800	432,306	728,076
2030-2034	1,395,000	547,700	3,667,305	3,202,704
2035-2039	1,015,000	344,325	4,565,000	2,168,204
2040-2044	1,185,000	170,325	3,180,000	1,387,323
2045-2049	530,000	16,050	2,105,000	840,391
2050-2054	-	-	2,125,000	229,480
Total	\$ 6,005,000	\$ 1,991,600	\$ 17,373,588	\$ 11,656,151

Year Ending	Tax Notes		Notes from Direct Borrowings	
	Principal	Interest	Principal	Interest
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	-	-	11,677	1,973
Total	\$ 1,580,000	\$ 35,321	\$ 173,715	\$ 27,987

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2024

Note H. Long-Term Liabilities (Continued)

Business-type activities

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 \$410,000 at September 30, 2024.

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 \$191,412 at September 30, 2024.

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 \$670,000 at September 30, 2024.

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 \$1,915,000 at September 30, 2024.

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 \$12,030,000 at September 30, 2024.

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2024

Note H. Long-Term Liabilities (Continued)

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 \$6,115,000 at September 30, 2024.

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 \$13,310,000 at September 30, 2024.

Combination Tax and Revenue Certificates of Obligation, Series 2024

- To finance the improvement of the wastewater system properties or facilities.
- Original balance of \$3,960,000.
- Payable in annual installments of \$75,000 to \$235,000, maturing February 15, 2052.
- Interest payable February 15 and August 15 at 3.00% to 5.00%.
- Outstanding balance of \$3,960,000 at September 30, 2024.

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%.
- Fully repaid at September 30, 2024.

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 \$158,790 at September 30, 2024.

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2024

Note H. Long-Term Liabilities (Continued)

The annual requirements to amortize long-term debt as of September 30, 2024 are as follows:

Year Ending	Certificates of Obligation		Notes from Direct Borrowings	
	Principal	Interest	Principal	Interest
2025	\$ 1,411,468	\$ 669,228	\$ 78,419	\$ 3,954
2026	1,426,475	651,216	80,371	2,001
2027	1,440,386	633,569	-	-
2028	1,457,694	614,731	-	-
2029	1,482,694	594,976	-	-
2030-2034	7,122,695	2,648,367	-	-
2035-2039	6,500,000	2,129,930	-	-
2040-2044	6,885,000	1,524,346	-	-
2045-2049	7,620,000	799,196	-	-
2050-2054	3,255,000	103,945	-	-
Total	\$ 38,601,412	\$ 10,369,504	\$ 158,790	\$ 5,955

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2024

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, 2024:

	Balance 10/1/2023	Additions	Retirements	Balance 9/30/2024	Due Within One Year
<u>Governmental activities</u>					
General obligation bonds	\$ 6,330,000	\$ -	\$ 325,000	\$ 6,005,000	\$ 340,000
Certificates of obligation	17,602,126	-	228,538	17,373,588	238,532
Tax notes	2,300,000	-	720,000	1,580,000	770,000
Notes from direct borrowings	218,852	-	45,137	173,715	37,943
Unamortized debt premium	1,748,929	-	130,321	1,618,608	127,193
Lease liability	237,534	55,310	79,666	213,178	72,799
Net pension liability	205,148	1,432,141	346,157	1,291,132	-
Compensated absences	130,195	108,487	87,136	151,546	151,546
Total OPEB liability	56,747	11,090	1,463	66,374	-
Total governmental activities	28,829,531	1,607,028	1,963,418	28,473,141	1,738,013
<u>Business-type activities</u>					
Certificates of obligation	35,962,874	3,960,000	1,321,462	38,601,412	1,411,468
Notes from direct borrowings	253,078	-	94,288	158,790	78,419
Unamortized debt premium	164,195	161,958	11,667	314,486	11,666
Lease liability	66,663	330,579	74,041	323,201	72,814
Net pension liability	75,877	529,696	128,031	477,542	-
Compensated absences	37,870	33,369	22,518	48,721	48,721
Total OPEB liability	20,989	4,102	542	24,549	-
Total business-type activities	36,581,546	5,019,704	1,652,549	39,948,701	1,623,088
Total	\$ 65,411,077	\$ 6,626,732	\$ 3,615,967	\$ 68,421,842	\$ 3,361,101

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2024

Note I. Leases

Lessee

The City leases thirteen vehicles for use by the police, fire marshal, and city services departments. Each vehicle's original lease term is 60 months with monthly payments ranging from \$651 to \$1,116. Interest rates range from 3.69% to 7.97%.

The City leases nine vehicles for use by the water department and wastewater department. Each vehicle's original lease term is 60 months with monthly payments ranging from \$541 to \$1,337. Interest rates range from 3.80% to 8.28%.

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 2024.

The annual requirements to amortize lease activity as of September 30, 2024 are as follows:

Fiscal Year Ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 72,799	\$ 12,916	\$ 72,814	\$ 22,862
2026	53,796	8,670	75,288	17,140
2027	51,104	4,855	78,039	11,142
2028	24,710	1,626	76,160	4,959
2029	10,769	388	20,900	314
	<u>\$ 213,178</u>	<u>\$ 28,455</u>	<u>\$ 323,201</u>	<u>\$ 56,417</u>

Lessor

Upon purchasing the new city hall building in May 2023, the City assumed two leases, as the lessor, for tenants in the building. Additionally, in fiscal year 2024, the City began leasing the fire station to Parker County Emergency Services District No. 1. The terms of the agreements are as follows:

Original Term	Ending Date	Monthly Rent
42 months	December 31, 2026	\$9,570
36 months	June 30, 2026	\$3,525 - \$3,620
24 months	December 31, 2027	\$7,500

The City has \$597,800 in lease receivables and \$596,088 in deferred inflows related to leases as of September 30, 2024. Lease revenue of \$226,785, included with other revenue on the Statement of Activities, and interest income of \$13,046 were recognized for the year ended September 30, 2024.

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2024

Note I. Leases (Continued)

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

Fiscal Year Ending	Governmental Activities	
	Principal	Interest
2025	\$ 230,288	\$ 29,260
2026	230,909	15,280
2027	114,322	4,387
2028	22,281	221
	\$ 597,800	\$ 49,148

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 934 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, 2024

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 benefit 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	100% repeating transfers
Retiree cost of living adjustment (COLA)	70% of CPI non-retroactive repeating

Employees covered by benefit terms.

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	23
Inactive employees entitled to but not yet receiving benefits	35
Active employees	<u>42</u>
Total	<u>100</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 15.67% and 6.91% in calendar years 2024 and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2024 were \$428,518 and were equal to the required contributions.

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2024

Note K. Defined Benefit Pension Plan (Continued)

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2023 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 110% of the Public Safety table used for males and 100% of 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. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 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 the most recent Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. They were adopted in 2023 and first used in the December 31, 2023 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 by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage.

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2024

Note K. Defined Benefit Pension Plan (Continued)

The target allocation and best estimates of the expected rates of return for each major asset class in fiscal year 2024 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%	6.70%
Core Fixed Income	6.00%	4.70%
Non-Core Fixed Income	20.00%	8.00%
Other Public and Private Markets	12.00%	8.00%
Real Estate	12.00%	7.60%
Hedge Funds	5.00%	6.40%
Private Equity	10.00%	11.60%
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, 2024

Note K. Defined Benefit Pension Plan (Continued)

Changes in the Net Pension Liability

Changes in the NPL	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2022	\$ 3,810,027	\$ 3,529,002	\$ 281,025
Changes for the year:			
Service cost	590,132	-	590,132
Interest	373,442	-	373,442
Changes in benefits/terms	1,514,285	-	1,514,285
Difference between expected and actual experience	(139,457)	-	(139,457)
Changes in assumptions	(8,764)	-	(8,764)
Contributions - employer	-	215,757	(215,757)
Contributions - employee	-	218,567	(218,567)
Net investment income	-	410,282	(410,282)
Benefit payments, including refunds of employee contributions	(173,816)	(173,816)	-
Administrative expense	-	(2,598)	2,598
Other changes	-	(19)	19
Net changes	2,155,822	668,173	1,487,649
Balance at 12/31/2023	\$ 5,965,849	\$ 4,197,175	\$ 1,768,674

Sensitivity of the Net Pension Liability to changes in the discount rate:

The following presents the Net Pension Liability of the City, calculated using the discount rate of 6.75%, as well as what the City's Net Pension Liability would be if it were calculated using a discount rate that is 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	\$ 2,882,024	\$ 1,768,674	\$ 887,918

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.

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2024

Note K. Defined Benefit Pension Plan (Continued)

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

For the year ended September 30, 2024, the City recognized pension expense of \$1,956,833.

At September 30, 2024, 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	\$ -	\$ 211,700
Changes of assumptions	-	7,141
Net difference between projected and actual earnings	77,710	-
Contributions made subsequent to measurement date	377,906	-
Total	\$ 455,616	\$ 218,841

\$377,906 is reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date which will be recognized as a reduction of the Net Pension Liability for the fiscal year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement year ending December 31:	
2024	\$ (37,606)
2025	(30,772)
2026	10,861
2027	(72,638)
2028	(10,976)
Total	\$ (141,131)

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2024

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, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	16
Inactive employees entitled to but not yet receiving benefits	13
Active employees	42
Total	71

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, 2024 were \$1,258, which equaled the required contributions.

Total OPEB Liability

The contribution rate for the City was 0.04% in calendar years 2024 and 2023. The City’s Total OPEB Liability (TOL) was measured as of December 31, 2023 and was determined by an actuarial valuation as of that date.

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2024

Note L. Other Postemployment Benefits (Continued)

Actuarial assumptions:

The TOL in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Salary increases	3.60% to 11.85% including inflation
Discount rate	3.77%
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, 2023. 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. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). 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 MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at 12/31/2022	\$ 77,736
Changes for the year:	
Service cost	6,557
Interest	3,256
Difference between expected and actual experience	(756)
Changes of assumptions	5,379
Benefit payments	<u>(1,249)</u>
Net changes	<u>13,187</u>
Balance at 12/31/2023	<u>\$ 90,923</u>

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2024

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 3.77%, 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 (2.77%) or 1-percentage-point higher (4.77%) than the current rate:

	1% Decrease in Discount Rate (2.77%)	Current Discount Rate (3.77%)	1% Increase in Discount Rate (4.77%)
Total OPEB liability	\$ 114,025	\$ 90,923	\$ 73,789

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

For the fiscal year ended September 30, 2024, the City recognized OPEB expense of \$8,361.

At September 30, 2024, 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	\$ -	\$ 3,244
Changes of assumptions	-	17,866
Contributions made subsequent to measurement date	965	-
Total	\$ 965	\$ 21,110

The City reported \$965 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, 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement year ending December 31:	
2024	\$ (1,452)
2025	(2,068)
2026	(2,226)
2027	(5,643)
2028	(6,554)
Thereafter	(3,167)
Total	\$ (21,110)

City of Willow Park, Texas
Notes to Financial Statements
September 30, 2024

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, 2024 are:

Due from other governments	\$ 8,011,382
Due to other governments	\$ 216,943

Note N. Commitments

The City has a construction contract for the new wastewater treatment plant in the amount of \$7,845,796 outstanding at September 30, 2024 in the Wastewater Fund.

Note O. Contingencies

The City has been named as a defendant in a pending lawsuit. While the ultimate liability with respect to litigation and other claims asserted against the City cannot be reasonable estimated at this time, this liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the City.

Note P. Subsequent Events

The City evaluated subsequent events through March 3, 2025, the date the financial statements were available to be issued. On December 1, 2024, the City issued Combination Tax and Revenue Certificates of Obligation, Series 2024A, in the amount of \$5,090,000 to be used for water and 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, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes				
Property	\$ 1,908,188	\$ 1,658,188	\$ 1,643,447	\$ (14,741)
Sales and use	2,295,325	2,095,325	2,054,636	(40,689)
Franchise	417,722	417,722	401,649	(16,073)
Licenses and permits	599,035	599,035	484,499	(114,536)
Drainage fees	400,000	400,000	414,229	14,229
Court fines and fees	255,200	255,200	168,790	(86,410)
Grants	-	-	8,979	8,979
Investment earnings	76,500	76,500	251,286	174,786
Intergovernmental	56,151	56,151	60,802	4,651
Rental income	190,000	190,000	226,785	36,785
Other revenues	1,550	1,550	2,975	1,425
	<u>6,199,671</u>	<u>5,749,671</u>	<u>5,718,077</u>	<u>(31,594)</u>
Expenditures				
Current:				
Administration	956,195	746,195	568,013	178,182
Development services	596,827	596,827	861,288	(264,461)
Fire and rescue	384,788	384,788	297,916	86,872
Legislative	271,651	271,651	236,154	35,497
Municipal court	217,377	217,377	199,295	18,082
Police	2,147,335	2,147,335	2,008,446	138,889
City services	358,163	358,163	371,879	(13,716)
Parks	65,000	65,000	56,635	8,365
Streets	154,500	154,500	145,896	8,604
Capital outlay	300,000	300,000	1,510,390	(1,210,390)
Debt service				
Principal	367,150	367,150	269,666	97,484
Interest	-	-	190,904	(190,904)
	<u>5,818,986</u>	<u>5,608,986</u>	<u>6,716,482</u>	<u>(1,107,496)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>380,685</u>	<u>140,685</u>	<u>(998,405)</u>	<u>(1,139,090)</u>
Other financing sources (uses)				
Transfers out	(340,000)	(100,000)	(100,000)	-
Proceeds from sale of capital assets	-	-	21,200	21,200
Proceeds from issuance of lease liability	-	-	55,310	55,310
	<u>(340,000)</u>	<u>(100,000)</u>	<u>(23,490)</u>	<u>76,510</u>
Change in fund balance	<u>\$ 40,685</u>	<u>\$ 40,685</u>	<u>(1,021,895)</u>	<u>\$ (1,062,580)</u>
Fund balance, beginning of year			4,663,941	
Fund balance, end of year			<u>\$ 3,642,046</u>	

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

Texas Municipal Retirement System (TMRS)

Measurement Date - December 31st:*	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	\$ 590,132	\$ 428,417	\$ 371,939	\$ 331,554	\$ 314,289	\$ 285,527	\$ 258,362	\$ 272,355	\$ 240,748	\$ 88,122
Interest	373,442	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	1,514,285	-	-	-	-	-	-	-	-	122,676
Difference between expected and actual experience	(139,457)	(118,575)	(45,798)	(14,917)	7,612	15,830	(32,349)	9,269	(4,518)	(71,540)
Change in assumptions	(8,764)	-	-	-	6,156	-	-	-	43,222	-
Benefit payments, including refunds of employee contributions	(173,816)	(104,151)	(115,472)	(50,737)	(103,874)	(81,467)	(35,695)	(62,812)	(43,186)	(41,148)
Net change in total pension liability	2,155,822	443,852	418,306	444,364	374,961	347,029	297,972	305,408	304,346	158,417
Total pension liability, beginning	3,810,027	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>\$ 5,965,849</u>	<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>
Plan Fiduciary Net Position										
Employer contributions	\$ 215,757	\$ 224,571	\$ 198,600	\$ 184,986	\$ 166,714	\$ 155,766	\$ 136,098	\$ 134,415	\$ 136,696	\$ 30,615
Employee contributions	218,567	224,892	196,052	174,765	161,411	150,395	134,065	141,641	139,169	75,037
Net investment income	410,282	(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	(173,816)	(104,151)	(115,472)	(50,737)	(103,874)	(81,467)	(35,695)	(62,812)	(43,186)	(41,148)
Administrative expenses	(2,598)	(2,170)	(1,684)	(1,134)	(1,578)	(945)	(882)	(726)	(645)	(369)
Other	(19)	2,590	12	(44)	(49)	(49)	(45)	(41)	(32)	(30)
Net change in plan fiduciary net position	668,173	94,415	642,419	483,403	502,225	174,846	403,779	276,874	233,062	99,498
Plan fiduciary net position, beginning	3,529,002	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>\$ 4,197,175</u>	<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>
Net pension liability/(asset), ending (a) - (b)	<u>\$ 1,768,674</u>	<u>\$ 281,025</u>	<u>\$ (68,412)</u>	<u>\$ 155,701</u>	<u>\$ 194,740</u>	<u>\$ 322,004</u>	<u>\$ 149,821</u>	<u>\$ 255,628</u>	<u>\$ 227,094</u>	<u>\$ 155,810</u>
Plan's fiduciary net position as a percentage of total pension liability	70.35%	92.62%	102.03%	94.72%	92.22%	84.87%	91.59%	82.77%	80.72%	82.17%
Covered payroll	\$ 3,122,390	\$ 3,204,314	\$ 2,800,744	\$ 2,496,645	\$ 2,305,864	\$ 2,127,623	\$ 1,915,208	\$ 2,023,438	\$ 1,876,446	\$ 1,500,744
Net pension liability/(asset) as a % of covered payroll	56.64%	8.77%	-2.44%	6.24%	8.45%	15.13%	7.82%	12.63%	12.10%	10.38%

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

CITY OF WILLOW PARK
Schedule of Employer Pension Contributions and Related Ratios
Last Ten Fiscal Years

Fiscal Year Ended September 30th: *	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
The City's actuarially determined contribution	\$ 428,518	\$ 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	428,518	227,424	214,303	219,176	190,527	176,287	141,009	136,067	134,745	106,037
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ (34,190)	\$ (23,813)	\$ (20,521)	\$ 17,368	\$ -	\$ -	\$ -
Covered payroll	\$ 3,144,088	\$ 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	13.63%	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	21 Years (longest amortization ladder)
Asset Valuation Method	10 year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other information:

Adopted 100% repeating USC with transfer.
Adopted 70% non-retroactive repeating COLA.

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

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

Texas Municipal Retirement System (TMRS)

Measurement Date - December 31st:*	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability - beginning of year	\$ 77,736	\$ 121,084	\$ 109,216	\$ 82,625	\$ 59,719	\$ 57,763	\$ 46,676
Service cost	6,557	10,574	7,842	5,742	4,381	4,468	3,447
Interest	3,256	2,316	2,254	2,348	2,293	1,982	1,830
Change in benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experience	(756)	(2,380)	(2,040)	544	(606)	1,280	-
Changes of assumptions or other inputs	5,379	(52,897)	4,652	18,207	17,069	(5,561)	5,810
Benefit payments	(1,249)	(961)	(840)	(250)	(231)	(213)	-
Net changes	<u>13,187</u>	<u>(43,348)</u>	<u>11,868</u>	<u>26,591</u>	<u>22,906</u>	<u>1,956</u>	<u>11,087</u>
Total OPEB Liability - end of year	<u>\$ 90,923</u>	<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	\$ 3,122,390	\$ 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	2.91%	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 Seven Fiscal Years**

Texas Municipal Retirement System (TMRS)

Fiscal Year Ended September 30th: *	2024	2023	2022	2021	2020	2019	2018
The City's actuarially determined contribution	\$ 1,258	\$ 1,223	\$ 917	\$ 760	\$ 230	\$ 202	\$ 191
Contributions in relation to the actuarially determined contribution	<u>1,258</u>	<u>1,223</u>	<u>917</u>	<u>760</u>	<u>230</u>	<u>202</u>	<u>191</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 3,144,088	\$ 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%	0.04%	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	3.60% to 11.85% including inflation
Discount Rate***	3.77%
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. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
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 the most recent Scale MP-2021 (with immediate convergence) 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, 2023.

SUPPLEMENTARY INFORMATION

City of Willow Park, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2024

	Nonmajor Special Revenue Funds							Total Nonmajor Special Revenue Funds
	Court Security	Court Technology	Seizure Fund	Tourism Fund	Police Contributions	First Responder Donations	Truancy Funds	
Assets								
Cash and cash equivalents	\$ 64,021	\$ 67,568	\$ 5,072	\$ 632,149	\$ 544	\$ 125,394	\$ 32,464	\$ 927,212
Investments	-	-	-	-	-	-	-	-
Total assets	<u>\$ 64,021</u>	<u>\$ 67,568</u>	<u>\$ 5,072</u>	<u>\$ 632,149</u>	<u>\$ 544</u>	<u>\$ 125,394</u>	<u>\$ 32,464</u>	<u>\$ 927,212</u>
Liabilities and fund balances								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ 155,520	\$ -	\$ -	\$ -	\$ 155,520
Total liabilities	-	-	-	155,520	-	-	-	155,520
Fund balances:								
Restricted	64,021	67,568	5,072	476,629	544	125,394	32,464	771,692
Total fund balances	<u>64,021</u>	<u>67,568</u>	<u>5,072</u>	<u>476,629</u>	<u>544</u>	<u>125,394</u>	<u>32,464</u>	<u>771,692</u>
Total liabilities and fund balances	<u>\$ 64,021</u>	<u>\$ 67,568</u>	<u>\$ 5,072</u>	<u>\$ 632,149</u>	<u>\$ 544</u>	<u>\$ 125,394</u>	<u>\$ 32,464</u>	<u>\$ 927,212</u>

City of Willow Park, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2024

	Nonmajor Capital Projects Funds			Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	Building Capital Projects	TexStar Parks & Recreation	TIRZ Reimbursement Fund		
Assets					
Cash and cash equivalents	\$ 12,943	\$ -	\$ 7,498	\$ 20,441	\$ 947,653
Investments	-	52,583	-	52,583	52,583
Total assets	<u>\$ 12,943</u>	<u>\$ 52,583</u>	<u>\$ 7,498</u>	<u>\$ 73,024</u>	<u>\$ 1,000,236</u>
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 155,520
Total liabilities	-	-	-	-	155,520
Fund balances:					
Restricted	12,943	52,583	7,498	73,024	844,716
Total fund balances	<u>12,943</u>	<u>52,583</u>	<u>7,498</u>	<u>73,024</u>	<u>844,716</u>
Total liabilities and fund balances	<u>\$ 12,943</u>	<u>\$ 52,583</u>	<u>\$ 7,498</u>	<u>\$ 73,024</u>	<u>\$ 1,000,236</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, 2024

Nonmajor Special Revenue Funds								Total Nonmajor Special Revenue Funds
Court Security	Court Technology	Seizure Fund	Tourism Fund	Police Contributions	First Responder Donations	Truancy Funds		
Revenues								
Hotel occupancy tax	\$ -	\$ -	\$ -	\$ 193,190	\$ -	\$ -	\$ -	\$ 193,190
TIRZ	-	-	-	-	-	-	-	-
Court fines and fees	5,863	4,818	-	-	-	-	5,988	16,669
Investment earnings	-	-	224	24,855	-	5,767	-	30,846
Contributions	-	-	-	-	-	50	-	50
Total revenues	5,863	4,818	224	218,045	-	5,817	5,988	240,755
Expenditures								
Current:								
Tourism	-	-	-	58,200	-	-	-	58,200
Development services	-	-	-	-	-	-	-	-
Fire and rescue	-	-	-	-	-	14,748	-	14,748
Capital outlay	-	-	-	150,000	-	-	-	150,000
Total expenditures	-	-	-	208,200	-	14,748	-	222,948
Changes in fund balances	5,863	4,818	224	9,845	-	(8,931)	5,988	17,807
Fund balances, beginning of year	58,158	62,750	4,848	466,784	544	134,325	26,476	753,885
Fund balances, end of year	<u>\$ 64,021</u>	<u>\$ 67,568</u>	<u>\$ 5,072</u>	<u>\$ 476,629</u>	<u>\$ 544</u>	<u>\$ 125,394</u>	<u>\$ 32,464</u>	<u>\$ 771,692</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, 2024

	Nonmajor Capital Projects Funds			Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	Building Capital Projects	TexStar Parks & Recreation	TIRZ Reimbursement Fund		
Revenues					
Hotel occupancy tax	\$ -	\$ -	\$ -	\$ -	\$ 193,190
TIRZ	-	-	365,928	365,928	365,928
Court fines and fees	-	-	-	-	16,669
Investment earnings	572	2,711	3,732	7,015	37,861
Contributions	-	1,500	-	1,500	1,550
Total revenues	572	4,211	369,660	374,443	615,198
Expenditures					
Current:					
Tourism	-	-	-	-	58,200
Development services	-	-	365,162	365,162	365,162
Fire and rescue	-	-	-	-	14,748
Capital outlay	-	-	-	-	150,000
Total expenditures	-	-	365,162	365,162	588,110
Changes in fund balances	572	4,211	4,498	9,281	27,088
Fund balances, beginning of year	12,371	48,372	3,000	63,743	817,628
Fund balances, end of year	<u>\$ 12,943</u>	<u>\$ 52,583</u>	<u>\$ 7,498</u>	<u>\$ 73,024</u>	<u>\$ 844,716</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 City of Willow Park, Texas (the City), as of and for the year ended September 30, 2024, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 3, 2025.

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 3, 2025