

CITY OF UNIVERSITY PARK, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2020

Issued by
Department of Finance

CITY OF UNIVERSITY PARK, TEXAS

Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2020

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i-iv
Map of University Park and Dallas County Area	v
Organization Chart	vi
Principal Officials	vii
FINANCIAL SECTION	
Independent Auditor's Report	1-3
Management's Discussion and Analysis	6-21
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	24
Statement of Activities	25
Fund Financial Statements:	
Balance Sheet - Governmental Funds	26
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	27
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	28
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	29
Statement of Net Position - Proprietary Funds	30
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	31
Statement of Cash Flows - Proprietary Funds	32
Notes to Financial Statements	33-76
REQUIRED SUPPLEMENTARY INFORMATION:	
Texas Municipal Retirement System Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Last 6 years	78
Texas Municipal Retirement System Schedule of Contributions Last 6 years	79
Texas Municipal Retirement System Notes to Schedule of Contributions	80
Texas Municipal Retirement System Schedule of Investment Returns Last 6 years	81
University Park Firemen's Relief and Retirement Fund Schedule of Changes in Net Pension Liability and Related Ratios Last 6 years	82
University Park Firemen's Relief and Retirement Fund Schedule of Contributions Last 6 years	83
University Park Firemen's Relief and Retirement Fund Notes to Schedule of Contributions	84
University Park Firemen's Relief and Retirement Fund Schedule of Investment Returns Last 6 years	85
Retiree Health Care Plan Schedule of Changes in Total OPEB Liability and Related Ratios Last 3 calendar years	86
Budgetary Comparison Schedule - General Fund	88
Notes to Required Supplementary Information	89

OTHER SUPPLEMENTARY INFORMATION:

Combining Statements:

Combining Balance Sheet - Nonmajor Governmental Funds	94
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	95
Combining Statement of Net Position - Internal Service Funds	98
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Internal Service Funds	99
Combining Statement of Cash Flows - Internal Service Funds	100

STATISTICAL SECTION (UNAUDITED)

Net Position by Component	103
Changes in Net Position	104-105
Fund Balances, Governmental Funds	106
Changes in Fund Balances, Governmental Funds	107
Assessed Value and Actual Value of Taxable Property	108
Direct and Overlapping Property Tax Rates	109
Principal Property Tax Payers	110
Property Tax Levies and Collections	111
Ratio of Outstanding Debt	112
Ratio of Net General Bonded Debt Outstanding	113
Direct and Overlapping Governmental Activities Debt	114
Pledged-Revenue Coverage	115
Legal Debt Margin Information	116
Demographic and Economic Statistics	117
Principal Employers	118
Full-Time Equivalent City Government Employees	119
Operating Indicators by Function/Program	120
Capital Asset Statistics by Function/Program	121



City of University Park
Committed to Excellence

August 18, 2021

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

The Finance Department and City Manager's Office are pleased to submit the Comprehensive Annual Financial Report for the City of University Park, Texas for the fiscal year ended September 30, 20. The purpose of this report is to provide the City Council, citizens, representatives of financial institutions, and others with detailed information concerning the financial condition and performance of the City of University Park. In addition, this report provides assurance that the City presents fairly, its financial position, as verified by independent auditors.

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

BKD LLP, Certified Public Accountants, have issued an unmodified opinion on the City of University Park's financial statements for the year ended September 30, 2020. The independent auditor's report is located at the front of the financial section of this report.

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

City Profile

Incorporated in 1924, the City of University Park, Texas, is a stately residential community located five miles north of downtown Dallas, Texas. University Park is surrounded by Dallas on three sides and by Highland Park on the fourth. The City limits have been unchanged since the 1950's and encompass a land area of 3.8 square miles with an estimated population of 22,910. Home to Southern Methodist University, University Park is known for its excellent schools, fine homes and churches, and outstanding local services.

Government Structure

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

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

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

Services Provided

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

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

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

Accounting System and Budgetary Control

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

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

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

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

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

Local Economy

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

In FY2020, the average market value of a residential parcel in the City increased to \$1,668,650, a 2.3% increase from \$1,630,666 in FY2019. The property tax rate increased 5.4% from 24.5379 cents per hundred in FY2019, to 25.8548 cents per hundred in FY2020. This resulted in a budgeted tax revenue increase of \$1.6 million (8%) due to the increase in the total certified taxable base, which grew by 2.6% year over year. The increase allowed the City to hire three new police officers, increase the amount of revenue dedicated to capital projects and strategically position itself for the upcoming legislatively imposed revenue caps.

Long-term Financial Planning

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) last awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of University Park for its Comprehensive Annual Financial Report for the fiscal year ended

September 30, 2018. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Subject to the delay in reporting resulting from both the Covid-19 pandemic and the loss of a key Finance Department staff member, we believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for that certificate.

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

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

Respectfully submitted,

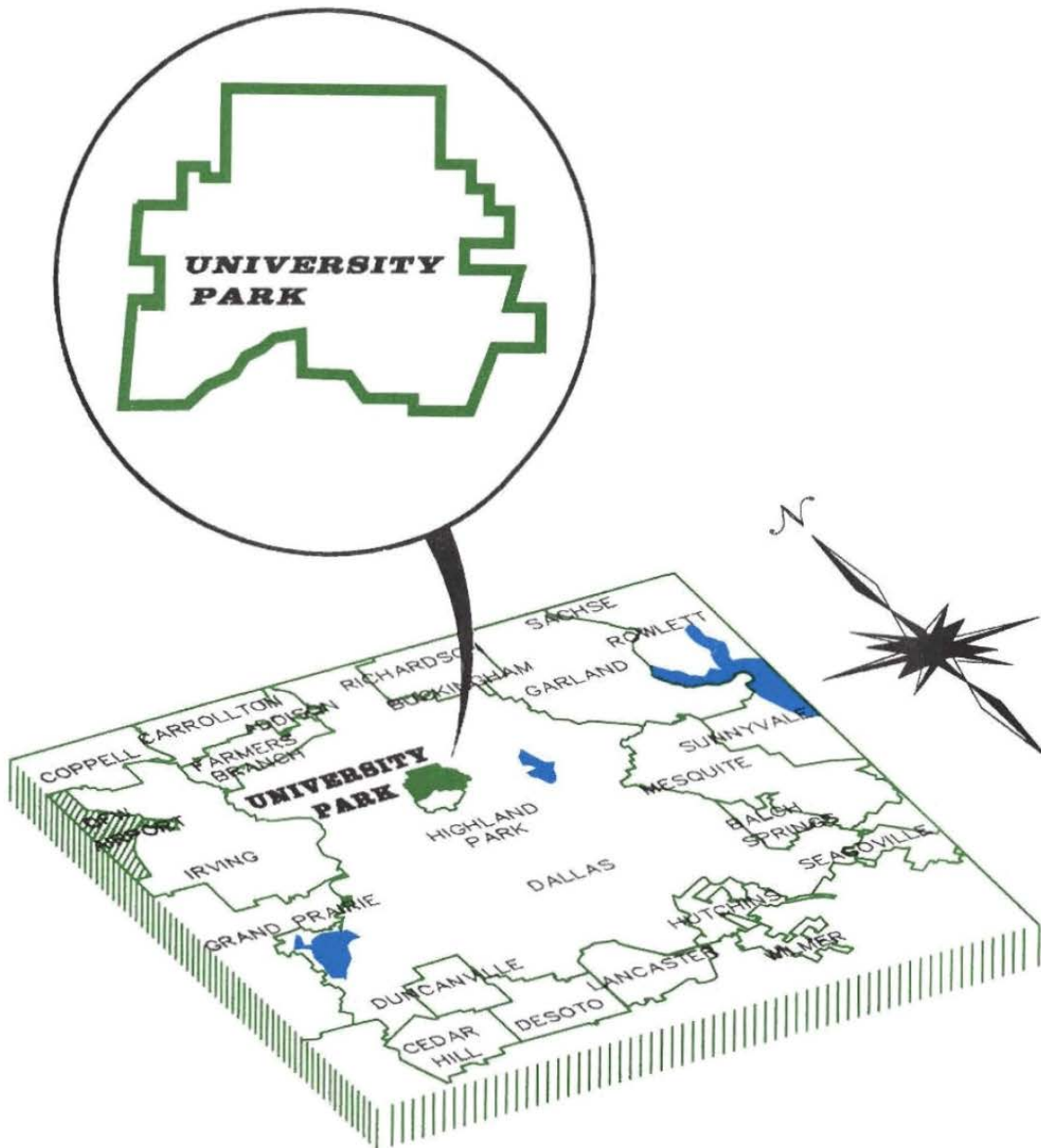
A handwritten signature in blue ink, appearing to be 'RLC' with a stylized flourish at the end.

Robert L. Corder, III
City Manager

A handwritten signature in blue ink, appearing to be 'T. Tvardzik' with a stylized flourish at the end.

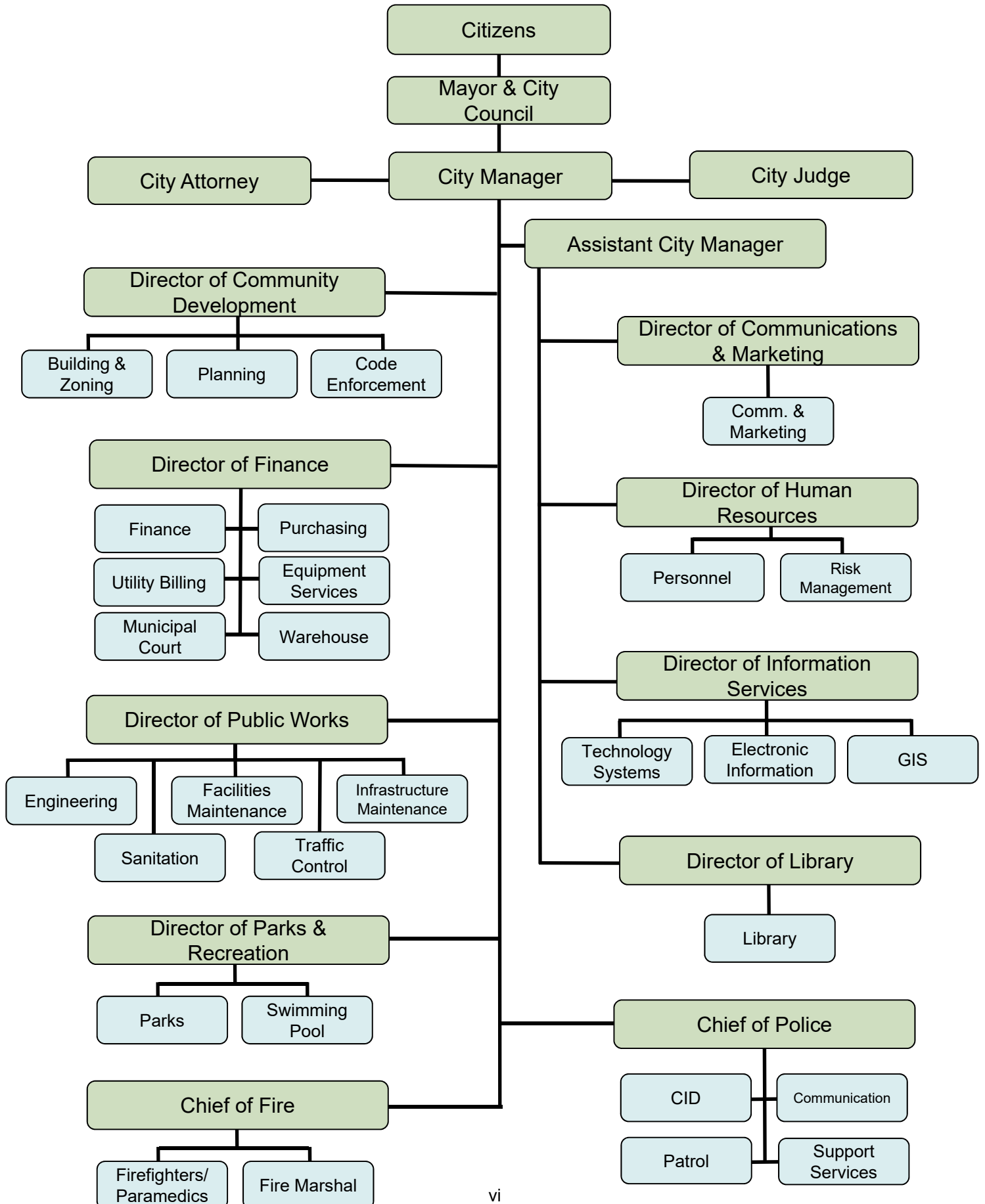
Thomas W. Tvardzik
Director of Finance

MAP OF UNIVERSITY PARK AND DALLAS COUNTY AREA





City of University Park Organization Chart





CITY OF UNIVERSITY PARK, TEXAS

Elected Officials

Official and Title	First Elected	Term Expires	Professional Background
Thomas H. Stewart, Mayor	2020	2022	Commercial Real Estate
Gage A. Prichard, Sr., Mayor Pro Tempore	2016	2022	Real Estate Developer
Randy Biddle, Council Member	2016	2022	Lawyer
Liz Farley, Council Member	2018	2022	Medical
Mark Aldredge, Council Member	2020	2022	Real Estate Developer

Appointed Officials

Name	Position	Year Appointed
Robert L. Corder, III	City Manager	2014
Robert L. Dillard, III	City Attorney	1987
James P. Barklow, Jr.	Municipal Judge	1987
Thomas W. Tvardzik	Director of Finance	2013

Certified Public Accountants

BKD L.L.P., Dallas, Texas

Financial Advisor

HilltopSecurities, Dallas, Texas

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of University Park, Texas (City), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information of the City as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, pension and other postemployment benefit schedules, and the budgetary comparison schedule for the General Fund, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining financial statements are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statements themselves, and other additional procedures in accordance with auditing standard generally accepted in the United States of America. In our opinion, the combining financial statements, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with 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 report and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BKD, LLP

Dallas, Texas
August 18, 2021



MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF UNIVERSITY PARK, TEXAS
Management's Discussion and Analysis (MD&A)
September 30, 2020

As management of the City of University Park (City), we offer this narrative overview and analysis of the financial activities and financial position of the City for the fiscal year ended September 30, 2020. In the broadest context, the financial well-being of a government lies in the underlying wealth and willingness of its citizens and property owners to pay adequate taxes combined with the vision of the government's elected and appointed leadership to spend those taxes strategically. This allows the City's tax base, service levels, assets and desirability to be maintained not just for the current year but well into the future. Financial reporting is limited in its ability to provide this "big picture" but rather focuses on financial position and changes in financial position. In other words, are revenues and or expenses/expenditures higher or lower than the previous year? Has net position (containing both short and long term assets and liabilities) or fund balances (the current "spendable" assets less current liabilities) of the government been maintained? We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-iv of this report. It should be noted that the Independent Auditors' Report describes the auditors association with the various sections of this report and that all of the additional information from the City website and other City sources is unaudited and has not been updated for events that may have occurred subsequent to the issuance of the respective report.

Financial Highlights

- The net position of the City at the close of the most recent fiscal year was \$181,997,002. This number must be viewed in the context that the majority of the City's net position of \$139,799,422 (76.8%) is the net investment in capital assets and that most capital assets in a government do not directly generate revenue nor can they be sold to generate liquid capital. The restricted net position totals \$351,551 (0.2%) and may only be spent for the purpose of the particular fund that holds it. The remaining \$41,846,029 (23.0%) is considered unrestricted net position, and may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies. The City's net position increased \$3,747,422 (2.1%) in fiscal 2020.
- The City's total liabilities decreased \$8,515,335 due almost entirely to a decrease in the Texas Municipal Retirement System (TMRS) net pension liability. TMRS provides pensions for all city employees not covered by the Fireman's Relief and Retirement Fund (FRRF). The decrease resulted from a particularly strong system-wide market return for 2019 and no changes to retirement benefits.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$41,732,518, a decrease of \$787,982 from the prior year. Within this total, \$672,762 is non-spendable by nature (i.e. inventory), \$351,551 is restricted by specific legal requirements, and \$17,514,501 has been committed in accordance with the following: Emergency Reserve (\$2,500,000); SMU PILOT (Payment In Lieu Of Taxes) Reserve (\$2,375,000); and SMU Land Sale Reserve (\$12,639,501). The amount of \$13,161,530 has been assigned to specific types of expenditures, while the remaining \$10,032,174 is unassigned fund balance in the General Fund, and can be used for any lawful purpose.
- The City remains debt free, and has been so since 2002.

Overview of the Financial Statements

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

CITY OF UNIVERSITY PARK, TEXAS
Management's Discussion and Analysis (MD&A)
September 30, 2020

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

The Statement of Net Position presents information on all of the City's assets, liabilities, deferred inflows of resources, and deferred outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City of University Park that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or most of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public works, public safety, parks, streets and traffic control. The business-type activities of the City include water distribution, wastewater removal and solid waste collection.

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

The government-wide financial statements can be found immediately following the MD&A in this report.

Fund financial statements. A *fund* is a self-balancing grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds. A third type of fund, the fiduciary fund, is not utilized.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Nonfinancial assets such as governmental buildings, roads, drainage ways, park land and long-term liabilities that will not be paid with current assets are excluded. Such information may be useful in evaluating a government's near-term financing requirements.

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

CITY OF UNIVERSITY PARK, TEXAS
Management's Discussion and Analysis (MD&A)
September 30, 2020

changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of University Park maintains ten individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and the Capital Projects Fund, which are considered major funds. Data from the other eight governmental funds are combined in a single aggregated presentation. Individual fund data for each of the nonmajor governmental funds (University Park Civic Foundation, Court Security, Court Technology, Police Training and Education, Police Forfeiture, Fire Training and Education, Library, and Parks Projects and Programs) is provided in the form of combining statements.

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

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations, solid waste operations and stormwater management. All internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for internal service funds is provided in the form of combining statements elsewhere in the Annual Comprehensive Financial Report.

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

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

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

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

CITY OF UNIVERSITY PARK, TEXAS
Management's Discussion and Analysis (MD&A)
September 30, 2020

Government-wide Overall Financial Analysis

As noted earlier, total net position and especially net position by category may serve over time as a useful indicator of a government's financial health. For the City of University Park, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$181,997,002 as of September 30, 2020, an increase in net position of \$3,747,422 (2.1%) from the prior year.

The largest portion of the City's total net position, \$139,799,422 (76.8%) is its investment in capital assets (e.g., land, construction-in-progress, buildings, improvements, machinery and equipment and infrastructure), less any related accumulated depreciation. The City uses these capital assets to provide a variety of services to its citizens; consequently, these assets are not available for future spending, and with the exception of "business-type" assets, do not generate direct revenue for the City. They do represent, however, an obligation on the part of the City to maintain these assets in good repair for the foreseeable future.

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

The City has \$351,551 (0.2%) of restricted net position, resulting from the fund balances of the Special Revenue Funds, which are nonmajor governmental funds combined under the heading "Other Governmental Funds". Due to revenue restrictions, fund balance within the Special Revenue Funds may only be spent for the particular purpose for which the fund was created.

The remaining balance of \$41,846,029 (23.0%) is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

CITY OF UNIVERSITY PARK - Net Position

CITY OF UNIVERSITY PARK'S NET POSITION

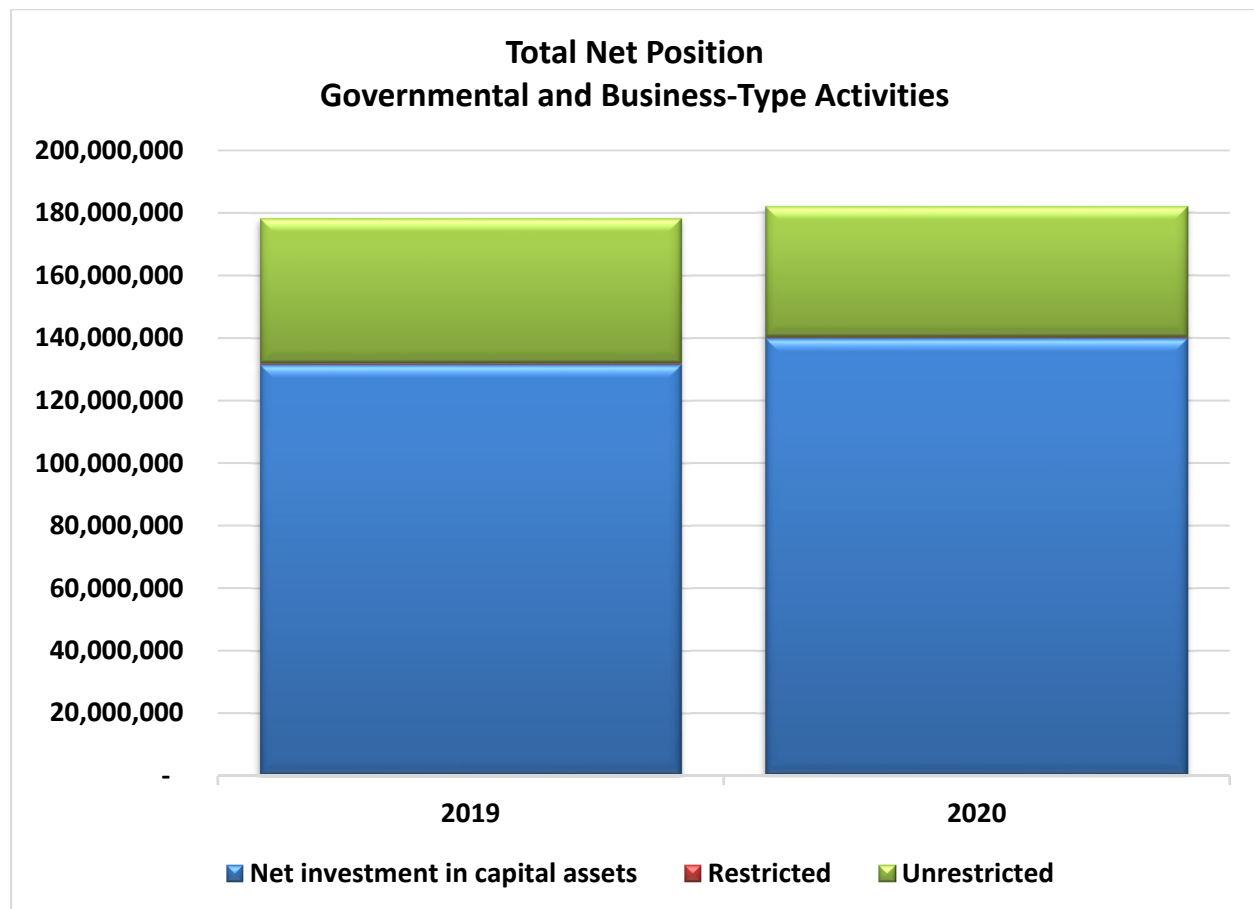
	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 50,273,477	\$ 50,592,796	\$ 18,106,959	\$ 21,227,360	\$ 68,380,436	\$ 71,820,156
Capital assets	81,126,644	77,768,481	58,672,778	53,728,864	139,799,422	131,497,345
Total Assets	131,400,121	128,361,277	76,779,737	74,956,224	208,179,858	203,317,501
Deferred outflows of resources	3,673,640	9,034,763	381,464	1,581,070	4,055,104	10,615,833
Current liabilities	3,972,749	3,628,732	2,296,618	2,317,272	6,269,367	5,946,004
Long-term liabilities	16,991,346	24,166,925	897,484	2,560,603	17,888,830	26,727,528
Total Liabilities	20,964,095	27,795,657	3,194,102	4,877,875	24,158,197	32,673,532
Deferred inflows of resources	5,294,522	2,750,386	785,241	259,836	6,079,763	3,010,222
Net Position:						
Net investment in capital assets	81,126,644	77,768,481	58,672,778	53,728,864	139,799,422	131,497,345
Restricted	351,551	309,015	-	-	351,551	309,015
Unrestricted	27,336,949	28,772,501	14,509,080	17,670,719	41,846,029	46,443,220
Total Net Position	\$ 108,815,144	\$ 106,849,997	\$ 73,181,858	\$ 71,399,583	\$ 181,997,002	\$ 178,249,580

CITY OF UNIVERSITY PARK, TEXAS
Management's Discussion and Analysis (MD&A)
September 30, 2020

Current and other assets decreased in Governmental activities by \$319,319 and decreased in Business-type activities by \$3,120,401. The decrease in Governmental assets is primarily due to redemptions of callable investments sensitive to the rapid drop in interest rates during the year, offset somewhat by an increase in receivables due to the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The decrease in Business-type activities is largely for the same reasons, except for the CARES Act receivable.

The City's long-term liabilities decreased \$8,838,698 due primarily to decreases in the net pension liability of both TMRS and FRRF.

As of September 30, 2020, the City has positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation was true last year.



(This area intentionally left blank.)

CITY OF UNIVERSITY PARK, TEXAS
Management's Discussion and Analysis (MD&A)
September 30, 2020

CITY OF UNIVERSITY PARK - Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for services	\$ 3,865,240	\$ 5,831,602	\$ 19,887,257	\$ 18,623,348	\$ 23,752,497	\$ 24,454,950
Operating Grants and Contributions	1,043,534	-	4,779	-	1,048,313	-
General revenues:						
Property tax	21,411,142	19,832,232	-	-	21,411,142	19,832,232
Sales tax	4,755,160	4,914,991	-	-	4,755,160	4,914,991
Franchise fees	1,584,008	1,860,884	-	-	1,584,008	1,860,884
Interest	1,294,189	1,324,920	89,698	189,277	1,383,887	1,514,197
Other	581,490	3,240,471	4,863	24,381	586,353	3,264,852
Donations	97,875	110,633	-	-	97,875	110,633
Total Revenues	34,632,638	37,115,733	19,986,597	18,837,006	54,619,235	55,952,739
Expenses:						
General Government	6,412,090	7,673,588	-	-	6,412,090	7,673,588
Public Safety	15,962,509	18,247,996	-	-	15,962,509	18,247,996
Streets	2,129,771	2,337,910	-	-	2,129,771	2,337,910
Parks	4,211,621	4,481,787	-	-	4,211,621	4,481,787
Public Works	3,501,692	3,645,539	-	-	3,501,692	3,645,539
Utilities	-	-	15,330,875	16,439,217	15,330,875	16,439,217
Sanitation	-	-	3,200,828	3,662,744	3,200,828	3,662,744
Stormwater	-	-	122,427	236,658	122,427	236,658
Total Expenses	32,217,683	36,386,820	18,654,130	20,338,619	50,871,813	56,725,439
Increase in net position before transfers	2,414,955	728,913	1,332,467	(1,501,613)	3,747,422	(772,700)
Transfers	(449,808)	(645,535)	449,808	645,535	-	-
Increase/(decrease) in net position	1,965,147	83,378	1,782,275	(856,078)	3,747,422	(772,700)
Net Position - October 1	106,849,997	106,766,619	71,399,583	72,255,661	178,249,580	179,022,280
Net Position - September 30	\$ 108,815,144	\$ 106,849,997	\$ 73,181,858	\$ 71,399,583	\$ 181,997,002	\$ 178,249,580

Governmental Activities

Governmental activities net position increased by \$1,965,147, or 1.8%. Net investment in capital assets increased by \$3,358,163, or 4.3%. Restricted net position increased \$43,536 or 13.8%. Unrestricted net position decreased by \$1,435,552, or 5.0%.

- Revenues related to governmental activities decreased \$2,483,095 (-6.7%) from the prior year.
 - Revenue contributors in FY2020 included:
 - Property tax revenue increased \$1,578,910 (8.0%) for the year. The total certified taxable property value rose 2.6% year-over-year, while the value of the average single-family home (before applicable exemptions) climbed 2.3% from the prior year. Strategically increasing the tax rate by 5.4% (to 25.8548 cents per \$100 of taxable value from 24.5379 cents) resulted in an average tax levy increase of \$250, or 7.8% for the typical single-family homeowner after the 20% homestead exemption.
 - A new source of revenue, Operating Grants, brought \$1,043,534 of revenue in the fiscal year, as a result of the aforementioned CARES Act.
 - Revenue shortfalls occurred in the following categories in FY2020:
 - Charges for service decreased \$1,966,362 (-33.7%) from FY2019, due primarily to decreased building permit revenue (down \$1,377,250) due to the completion of large HPISD projects in FY2019, and decreased park and pool revenues (down \$296,400), due to Covid.

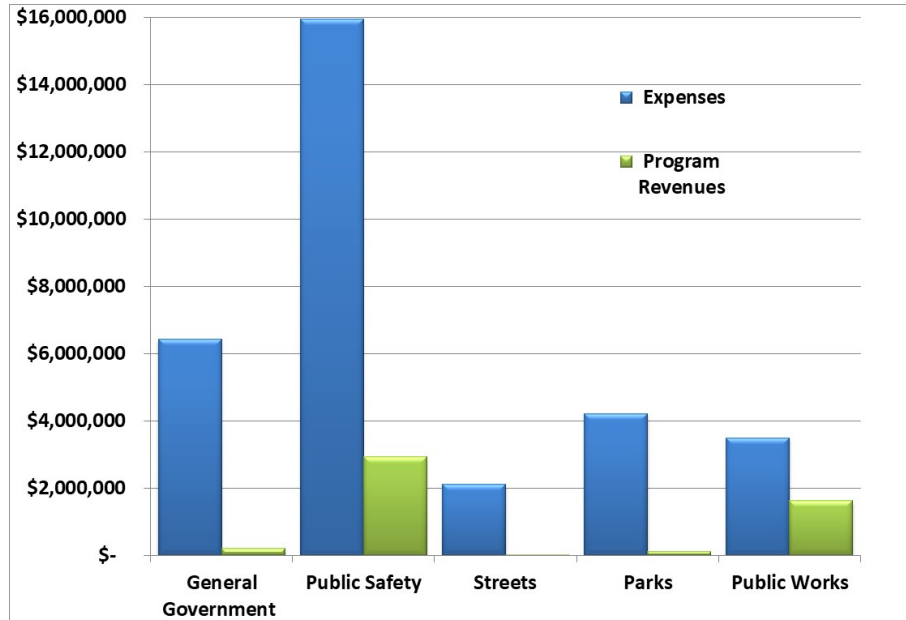
CITY OF UNIVERSITY PARK, TEXAS
Management's Discussion and Analysis (MD&A)
September 30, 2020

- Sales taxes (including mixed beverages) decreased \$159,831 (-3.3%) from the prior year reflecting the local economic impacts of the Covid shut-downs.
- Interest revenue decreased \$30,731 (-2.3%) from the prior year, due to the drop in interest rates resulting from the pandemic.
- Franchise fees fell \$276,876 (-14.9%) as cable-cutters continued to move to internet-based entertainment.
- The "Other" category decreased by \$2,658,981 (-82.1%) from the prior year due almost entirely to fiscal 2019 reimbursements from DART for a large mill-and-overlay project.
- Expenses related to governmental activities decreased from the prior year, by \$4,169,137 (-11.5%) to \$32,217,683. Significant cost drivers were as follows:
 - A \$3,810,803 decrease in TMRS pension expense due to favorable investment experience somewhat offset by a \$608,420 increase in FRRF pension expenses due to changes in actuarial methodology related to the plans recent closure to new entrants.
 - City-wide operational reduction in expenditures related to the economic impacts of Covid-19.

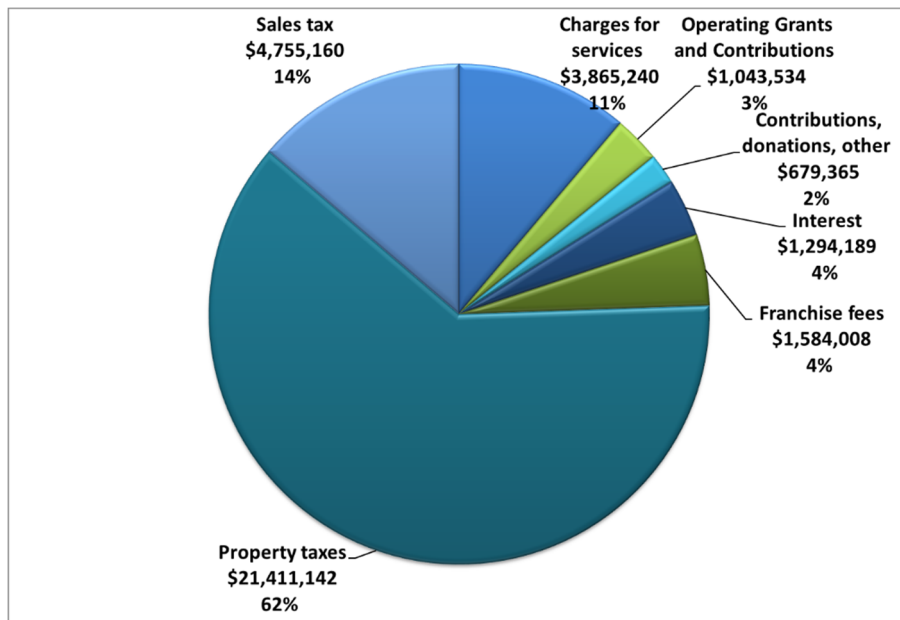
(This area intentionally left blank.)

CITY OF UNIVERSITY PARK, TEXAS
Management's Discussion and Analysis (MD&A)
September 30, 2020

PROGRAM REVENUES AND EXPENSES – GOVERNMENTAL ACTIVITIES



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



CITY OF UNIVERSITY PARK, TEXAS
Management's Discussion and Analysis (MD&A)
September 30, 2020

Business-type Activities:

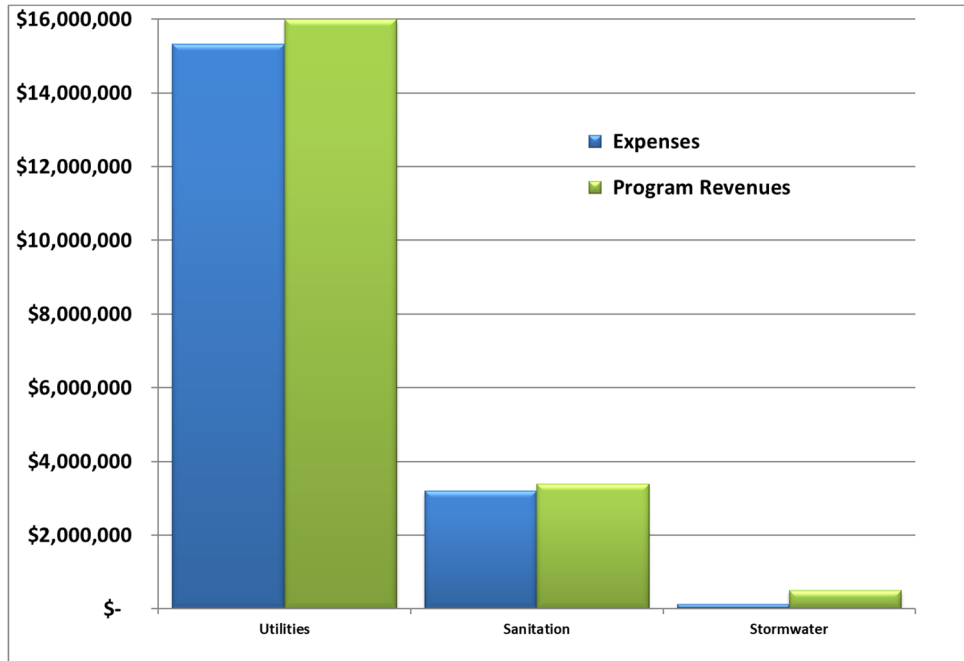
Net position from business-type activities increased by \$1,782,275 after transfers, from \$71,399,583 to \$73,181,858. Net investment in capital assets increased \$4,943,914, or 9.2%. Unrestricted net position decreased \$3,161,639, or -17.9%

- Revenues related to business-type activities increased \$1,149,591 (6.1%) in FY2020, due to the following:
 - An increase \$623,805 in water sales, attributable to a higher volume of water sold across all sales categories (residential, commercial, church and schools, and Southern Methodist University. The water rate pricing structure and rate remained unchanged from the FY2019.
 - An increase of \$337,250 in wastewater billing, due to higher water usage posted during the "winter averaging" months.
 - An increase in Sanitation revenues of \$251,609, as a result of a planned rate increase.
 - A decrease in interest earnings of \$99,579, caused by the rapid decrease in pooled-fund rates at the beginning of the pandemic.
- Expenses for business-type activities decreased by \$1,684,489 (8.3%) in FY2019, due almost entirely to a previously mentioned decrease in TMRS pension expense of \$1,549,294

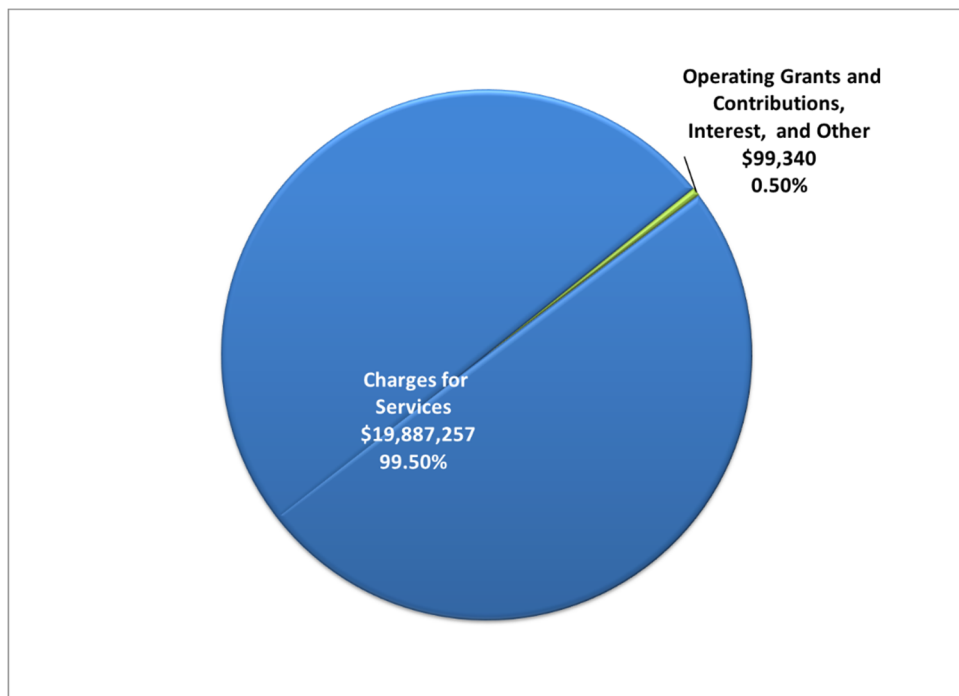
(This area intentionally left blank.)

CITY OF UNIVERSITY PARK, TEXAS
Management's Discussion and Analysis (MD&A)
September 30, 2020

PROGRAM REVENUES AND EXPENSES – BUSINESS-TYPE ACTIVITIES



REVENUES BY SOURCE – BUSINESS-TYPE ACTIVITIES



CITY OF UNIVERSITY PARK, TEXAS
Management's Discussion and Analysis (MD&A)
September 30, 2020

Financial Analysis of Governmental Funds

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

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. The City's financial statements are presented in conformity with GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement changed the presentation of the fund balance section of governmental funds. Instead of classifying amounts as reserved, unreserved, designated or undesignated, the fund balance section uses the following categories:

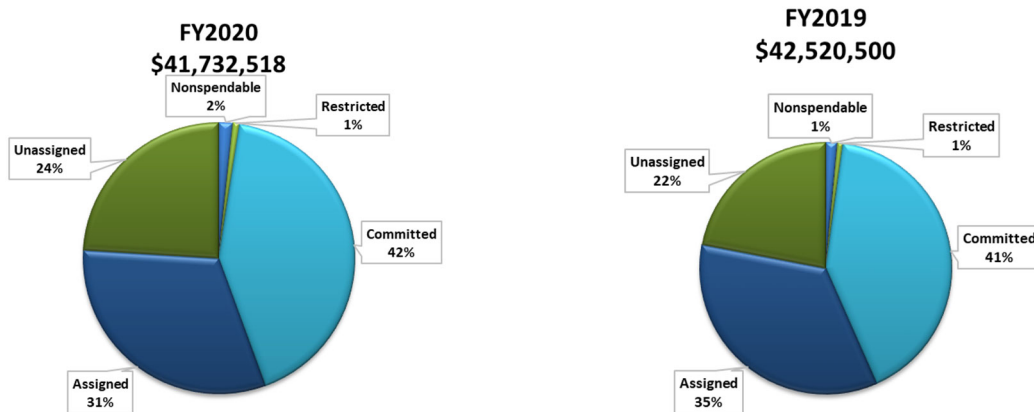
- *Nonspendable fund balance*—amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund).
- *Restricted fund balance*—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- *Committed fund balance*—amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.
- *Assigned fund balance*—an amount a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- *Unassigned fund balance*—amounts that are available for any purpose; these amounts are reported only in the general fund.

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

(This area intentionally left blank.)

CITY OF UNIVERSITY PARK, TEXAS
Management's Discussion and Analysis (MD&A)
September 30, 2020

**Fund Balances by Type
Governmental Funds**



As of the end of FY2020, the City's governmental funds reported combined ending fund balances of \$41,732,518, a decrease of \$787,982 (-1.9%) compared to the prior year. Of the total, \$672,762 is nonspendable, as it represents fuel and supplies inventories and \$351,551 is restricted, as it may only be spent for the specific purposes set forth in the respective Special Revenue Fund.

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

The \$13,161,530 of "Assigned" funds represents year-end encumbrances (open purchase orders) among the several governmental functions/activities, as well as money intended for capital projects.

Finally, the "Unassigned" balance of \$10,032,174 (all of which resides within the General Fund) meets and exceeds the City's stated fund balance policy minimum, which is equal to 30 days of budgeted operating expenditures (\$2,845,000 for FY2020).

The onset of Covid-19 affected nearly every category of general fund revenue and expenditure. Sales and mixed beverage taxes were lower due to mandatory closure and phased re-opening, while stay-at-home orders drastically reduced the number of vehicles on the road. Fiscal 2020 also saw the first full fiscal year with no red-light camera revenue. Due to social distancing requirements and the inability to provide large-scale service, pool and concession revenue were drastically impacted. However, the City received over \$1.0 million in CARES funding to reimburse the cost of personal protective equipment and supplies as well as public safety salaries, helping stem the balance decrease.

Proprietary Funds. The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. The total net position of the Water and Sewer Fund at the end of the year amounted to \$61,851,091, while the Sanitation and Stormwater Funds totaled \$1,446,158 and \$2,593,775, respectively. Prior to transfer activity, the Water and Sewer, Sanitation and Stormwater funds had income of \$665,901, \$122,664, and \$399,758, respectively.

CITY OF UNIVERSITY PARK, TEXAS
Management's Discussion and Analysis (MD&A)
September 30, 2020

General Fund Budgetary Highlights

Original budget compared to final budget. Other than the routine budget amendments that are made as part of the year-end encumbrance process (discussed below), only two other budget amendments were passed by City Council during fiscal 2020. The first amendment served to appropriate funds totaling \$650,389 from the General Fund "unassigned" balance to increase "other" expenditures within the Executive Department. The increase was necessary to allow for the "swap" of a piece property on Haynie Ave with a parcel on Rankin Ave. that will be utilized at a later date. The second amendment increased the various departmental budgets by \$207,298 for medical, public health, compliance facilitation and other educational costs incurred as a result of Covid-19, that were not contemplated in the yearly budget process.

There were no other amendments to either increase or decrease budgeted appropriations. Routinely, numerous budget "re-allocations" occur during the year within various departments. Department Directors have the authority to re-allocate budgeted funds within their departments to accommodate minor variations, but may not increase their overall budget without Council approval.

The City does not generally amend the budget for an increase in revenues. As a matter of longstanding practice, the first amendment of the fiscal year brings forward open encumbrances (purchase orders) from the previous fiscal year. By adding the amount of the encumbered items to the current year adopted budget, purchases may be completed without exceeding the current approved budget. Consequently, purchase orders open at the end of the current year are carried over to the next fiscal year. The total carried forward in the General Fund from fiscal 2019 was \$305,147, while the total that will be deducted and carried forward to fiscal 2021 is \$564,742.

Final budget compared to actual results. Revenues collected exceeded management's original budget estimate of the General Fund's revenues by \$155,490, or 0.5%. The totals in four General Fund revenue categories varied more than \$250,000 from the final budget:

- Franchise fees ended the year at \$1,584,008, or \$360,992 (-18.6%) below budget. This was due primarily to a consumer behavior known as "cord-cutting" whereby entertainment choices are received primarily over the internet, rather than through cable-tv "packages". The loss of revenue due to this change in behavior was exacerbated by the "one-wire, one-fee" legislation previously passed by the Texas Legislature, allowing providers to cut their right-of-way fees in half, if they provide communication and entertainment over the same wire.
- Charges for services finished the year at \$1,639,898, a \$456,602 (-21.8%) decrease from budget, due primarily to the limited use of the pool during the pandemic.
- Investment income ended the year at \$1,101,049, a \$501,049 (83.5%) increase from budget. The increase was due entirely to the year-end mark-to-market on non-callable negotiable Certificates of Deposit. These investments appreciated rapidly, when the Federal reserve dropped rates to near zero, as a result of the Covid pandemic. It is the policy of the City to buy and hold all securities to maturity.
- Intergovernmental revenue was a new revenue category for the City in fiscal 2020, and added \$1,039,208 to operating results. As previously mentioned, this CARES Act money was used for Covid-related expenditures.

(This area intentionally left blank.)

CITY OF UNIVERSITY PARK, TEXAS
Management's Discussion and Analysis (MD&A)
September 30, 2020

- While none of the functional areas within the General Fund had an overall negative variance, the following individual departments were over-budget. These over-budget amounts were largely offset by savings within other departments within the same function:
 - Fire (Public Safety) - \$61,654 over budget, or 0.95%. Compensation and related costs incurred due to quarantined shifts.
 - Engineering (Public Works) - \$29,144 over budget, or 3.45%. Unbudgeted compensation, and other fees.
 - Information Services (General Government) - \$27,706 over budget, or 2.58%. Unreimbursed fees related to connectivity and network hardening.

Pensions and Retiree Health Care

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

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

TMRS - On a reporting basis, the City's financial statements reflect a net pension liability for TMRS as of September 30, 2020 of \$576,247 which is 3.44% of the City's annual covered non-firefighter payroll of \$16,771,388. The net pension liability decreased by \$8,322,949 from the \$8,899,197 net pension liability reported in the previous year, due to higher than expected investment returns. The sizable amount of fiduciary net position invested for the City by TMRS combined with the natural volatility of investment returns, often driven by end-of-year marks to the market, make both the NPL and pension expense inherently volatile.

FRRF - On a reporting basis, the City's financial statements reflect a net pension liability for the FRRF as of September 30, 2020 of \$13,898,562 (decrease of \$778,144 from the prior year) which is 437.94% of the City's annual covered firefighter payroll of \$3,173,600. The decrease is due primarily to an increase in net investment income during the year.

OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Effective for fiscal year 2018, GASB 75, "Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions (OPEB)" replaced the previous authoritative guidance regarding the City's retiree health care benefits. Implementing this standard required the replacement of the (previously reported) Net OPEB Obligation with the Total OPEB Liability (TOL). The TOL as of September 30, 2020 is \$1,479,385, and increase of \$143,906 (10.8%) from the previous year. The increase is due primarily to changes in the discount rate, plan participation rate, and healthcare cost assumptions.

CITY OF UNIVERSITY PARK, TEXAS
Management's Discussion and Analysis (MD&A)
September 30, 2020

Capital Assets

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2020, amounts to \$139,799,422, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress, as illustrated in the following table:

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

	Governmental activities		Business-type activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	\$ 11,640,078	\$ 10,989,689	\$ 108,758	\$ 108,758	\$ 11,748,836	\$ 11,098,447
Construction in progress	5,229,033	6,395,353	9,229,583	6,188,075	14,458,616	12,583,428
Buildings	11,077,315	11,504,676	-	-	11,077,315	11,504,676
Improvements	36,569,973	32,265,404	49,185,131	47,281,198	85,755,104	79,546,602
Equipment	9,249,272	8,930,602	149,307	150,833	9,398,578	9,081,435
Infrastructure	7,360,973	7,682,757	-	-	7,360,973	7,682,757
Total Capital Assets	\$ 81,126,644	\$ 77,768,481	\$ 58,672,778	\$ 53,728,864	\$ 139,799,422	\$ 131,497,345

Capital assets (net of depreciation) related to governmental activities increased by \$3,358,163 in FY2020. Significant projects completed and capitalized during the year include asphalt mill and overlays, traffic signal replacements and Holmes Aquatic Center facility upgrades.

Business-type capital assets (also net of depreciation) increased \$4,943,914 during fiscal 2020. The most significant project completed was a mile-per-year program to replace aging water lines, sanitary sewer mains, and alley pavement within the City.

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

Long-term Debt. The City of University Park has no debt. Due to the extraordinary expense associated with upgrading drainage within the City to prevent flooding, various City committees are investigating the feasibility of a possible debt issuance to better align costs and benefits.

Economic Factors and Next Year's Budgets and Rates

The following economic factors currently affect the City of University Park and were considered in developing the fiscal 2021 budget:

- The total certified value of the City's taxable base increased by 0.9% during calendar 2020, substantially below the previous year increase of 2.6%. While the City has a long-standing tradition of decreasing property tax rates, that tradition can only continue in an economy where the increase in property values outpaces incremental costs, whether caused by actual expense increase or the loss of non-tax revenue. The relatively low growth in the taxable base in 2020, coupled with an anticipated decrease in non-tax revenues of over \$500,000, necessitate an increase in the tax rate. Ultimately, a tax rate of 26.4750 cents (per hundred dollars of taxable value) was proposed and passed by Council. This was a 0.6 cent (2.4%) increase from the prior year. The resultant tax revenues were below the mandated 3.5% cap.

CITY OF UNIVERSITY PARK, TEXAS
Management's Discussion and Analysis (MD&A)
September 30, 2020

Ultimately, a tax rate of 26.4750 cents (per hundred dollars of taxable value) was proposed and passed by Council. This was a 0.6 cent (2.4%) increase from the prior year. The resultant tax revenues were below the mandated 3.5% cap.

- University Park offers a “standard” 20% homestead exemption to all homeowners based on market value, it also offers an additional 25% “Over-65 and Disabled” exemption to qualifying residents. The “Over-65 and Disabled” exemption is based on the prior calendar year market value of the average single-family home in the City, and is calculated as a flat dollar amount applicable to all qualifying residences. In FY2021, this exemption amounted to an additional \$417,000 exemption per qualifying property. The City continues to monitor the feasibility of a yearly increase in this exemption.
- While fiscal 2020 was a challenge in many ways, the decrease in sales and mixed beverage taxes due to “stay-at-home” orders and business closures did not impact the City as much as was expected. Consumers shifted their behavior and purchased more items through the internet and home delivery services. Given this change in purchasing behavior, and with local businesses once again welcoming customers in-person, the outlook for sales and mixed beverage tax revenue is remaining at pre-pandemic levels.
- City-wide interest revenue was negatively impacted in fiscal 2020 due to the rapid drop in interest rates at the beginning of the year. The drop was most prominent in funds that hold the majority of their investments in local government “pools”, such as Texpool and TexStar. Accordingly, budgeted interest revenue was slashed in the majority of funds, and halved for the General Fund in FY2021. While the Fed Funds rate declined from 1.58% in February of 2020 to 0.05% by April, the City has a 5-year “ladder” of negotiable certificates of deposit in the General Fund that should provide a “glide-path” of decreasing interest earnings, rather than an abrupt crash.

The FY2021 budget proposes increased funding for the Fire Fighters Relief and Retirement Fund (accomplished through use of reserves, thereby not affecting the current tax rate) which was recently closed to new entrants. The budget increases funding for capital projects, anticipates hardening of network infrastructure to better resist cyber-attacks and continues with the implementation of in-house “mile-per-year” infrastructure crews.

Requests for Information

This financial report is designed to provide a general overview of the City of University Park’s finances for all those with an interest in the government’s finances. Readers having questions about any of the information in this report or needing additional information should contact Thomas Tvardzik, Finance Director, City of University Park, 3800 University Blvd., University Park, TX 75205, call 214-987-5326, or email ttvardzik@uptexas.org.

(This area intentionally left blank.)



BASIC FINANCIAL STATEMENTS

CITY OF UNIVERSITY PARK, TEXAS
Statement of Net Position

September 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Southwest Higher Education Authority
ASSETS				
Cash and cash equivalents	\$ 35,890,892	\$ 5,454,375	\$ 41,345,267	\$ -
Investments	19,770,407	-	19,770,407	-
Receivables (net of allowance)	1,985,636	2,789,464	4,775,100	-
Due from other governments	773,478	-	773,478	-
Due from primary government	-	-	-	55,000
Prepays	-	297,756	297,756	-
Internal balances	(9,171,249)	9,171,249	-	-
Inventory	672,762	-	672,762	-
Restricted cash	351,551	394,115	745,666	-
Capital assets:				
Nondepreciated assets				
Land	11,640,078	108,758	11,748,836	-
Construction in progress	5,229,033	9,229,583	14,458,616	-
Total nondepreciated assets	16,869,111	9,338,341	26,207,452	-
Depreciated assets				
Buildings	17,561,145	54,594	17,615,739	-
Improvements other than buildings	55,249,054	95,950,423	151,199,477	-
Machinery and equipment	21,532,710	338,107	21,870,817	-
Infrastructure	12,870,590	-	12,870,590	-
Accumulated depreciation	(42,955,966)	(47,008,687)	(89,964,653)	-
Total depreciated assets	64,257,533	49,334,437	113,591,970	-
Total assets	131,400,121	76,779,737	208,179,858	55,000
DEFERRED OUTFLOWS OF RESOURCES				
Difference in expected and actual pension/OPEB investment experience	131,369	34,355	165,724	-
Changes in pension/OPEB actuarial assumptions	1,762,539	64,266	1,826,805	-
Pension/OPEB contributions after measurement date	1,779,732	282,843	2,062,575	-
Total deferred outflow of resources	3,673,640	381,464	4,055,104	-
LIABILITIES				
Accounts payable	1,744,483	813,809	2,558,292	-
Accrued liabilities	859,486	511,585	1,371,071	-
Customer deposits/other	77,771	394,115	471,886	-
Unearned revenue	-	277,756	277,756	-
Due to component unit	55,000	-	55,000	-
Compensated absences:				
Due within one year	1,236,009	299,353	1,535,362	-
Due beyond one year	1,548,442	386,194	1,934,636	-
Net pension liability - TMRS	323,384	252,863	576,247	-
Net pension liability - FRRF	13,898,562	-	13,898,562	-
Total OPEB liability	1,220,958	258,427	1,479,385	-
Total liabilities	20,964,095	3,194,102	24,158,197	-
DEFERRED INFLOWS OF RESOURCES				
Difference in expected and actual pension/OPEB investment experience	2,171,203	191,596	2,362,799	-
Changes in pension/OPEB actuarial assumptions	251,122	49,604	300,726	-
Difference in projected and actual pension/OPEB investment earnings	2,872,197	544,041	3,416,238	-
Total deferred inflow of resources	5,294,522	785,241	6,079,763	-
NET POSITION				
Investment in capital assets	81,126,644	58,672,778	139,799,422	-
Restricted to:				
General Government	27,364	-	27,364	-
Public Safety	229,979	-	229,979	-
Parks	94,208	-	94,208	-
Unrestricted	27,336,949	14,509,080	41,846,029	-
Total net position	\$ 108,815,144	\$ 73,181,858	\$ 181,997,002	\$ 55,000

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

CITY OF UNIVERSITY PARK, TEXAS
Statement of Activities

For the Year Ended September 30, 2020

				Net (Expenses) Revenues and Changes in Net Position			
				Primary Government			Component Units
							Southwest Higher
							Education
							Authority
Functions/Programs	Expenses	Program Revenues					
		Charges for	Operating Grants	Governmental	Business-Type	Total	
		Services	and Contributions	Activities	Activities		
Primary government							
Governmental activities:							
General Government	\$ 6,412,090	\$ 53,450	\$ 161,542	\$ (6,197,098)	\$ -	\$ (6,197,098)	\$ -
Public Safety	15,962,509	2,089,829	841,163	(13,031,517)	-	(13,031,517)	-
Streets	2,129,771	-	2,420	(2,127,351)	-	(2,127,351)	-
Parks	4,211,621	86,430	38,409	(4,086,782)	-	(4,086,782)	-
Public Works	3,501,692	1,635,531	-	(1,866,161)	-	(1,866,161)	-
Total governmental activities	32,217,683	3,865,240	1,043,534	(27,308,909)	-	(27,308,909)	-
Business-Type activities:							
Utilities	15,330,875	15,994,361	2,518	-	666,004	666,004	-
Sanitation	3,200,828	3,392,167	2,261	-	193,600	193,600	-
Stormwater	122,427	500,729	-	-	378,302	378,302	-
Total business-type activities	18,654,130	19,887,257	4,779	-	1,237,906	1,237,906	-
Total primary government	\$ 50,871,813	\$ 23,752,497	\$ 1,048,313	(27,308,909)	1,237,906	(26,071,003)	-
General revenues:							
Property tax				21,411,142	-	21,411,142	-
Sales tax				4,755,160	-	4,755,160	-
Franchise taxes				1,584,008	-	1,584,008	-
Interest				1,294,189	89,698	1,383,887	-
Other				581,490	4,863	586,353	-
Donations not restricted to specific programs				97,875	-	97,875	-
Transfers				(449,808)	449,808	-	-
Total general revenues and transfers				29,274,056	544,369	29,818,425	-
Changes in net position				1,965,147	1,782,275	3,747,422	-
Net position - beginning				106,849,997	71,399,583	178,249,580	55,000
Net position - ending				\$108,815,144	\$73,181,858	\$ 181,997,002	\$ 55,000

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

CITY OF UNIVERSITY PARK, TEXAS

Balance Sheet Governmental Funds

September 30, 2020

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 25,055,881	\$ 5,341,966	\$ 112,187	\$ 30,510,034
Investments	17,783,253	1,987,154	-	19,770,407
Receivables (net of allowance):				
Ad valorem tax	205,171	-	-	205,171
Sales tax	886,291	-	-	886,291
Franchise fees	341,193	-	-	341,193
Accrued interest	95,031	14,300	-	109,331
Other, net	433,874	-	5,000	438,874
Due from other funds	3,667,350	5,511,285	238,304	9,416,939
Due from other governments	773,478	-	-	773,478
Inventory	672,762	-	-	672,762
Total assets	<u>\$ 49,914,284</u>	<u>\$ 12,854,705</u>	<u>\$ 355,491</u>	<u>\$ 63,124,480</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,273,599	\$ 230,477	\$ 902	\$ 1,504,978
Accrued liabilities	754,617	27,440	-	782,057
Customer deposits/other	77,771	-	-	77,771
Due to other funds	18,669,108	-	3,038	18,672,146
Due to component unit	55,000	-	-	55,000
Total liabilities	<u>20,830,095</u>	<u>257,917</u>	<u>3,940</u>	<u>21,091,952</u>
Deferred Inflows of Resources:				
Unavailable revenue	<u>300,010</u>	<u>-</u>	<u>-</u>	<u>300,010</u>
Total deferred inflows of resources	<u>300,010</u>	<u>-</u>	<u>-</u>	<u>300,010</u>
Fund Balances:				
Nonspendable	672,762	-	-	672,762
Spendable				
Restricted to:				
General Government	-	-	27,364	27,364
Public Safety	-	-	229,979	229,979
Parks	-	-	94,208	94,208
Committed to:				
SMU land sale	12,639,501	-	-	12,639,501
Emergency expenditures	2,500,000	-	-	2,500,000
SMU PILOT	2,375,000	-	-	2,375,000
Assigned to:				
General Government	229,845	12,596,788	-	12,826,633
Public Works	20,393	-	-	20,393
Public Safety	149,516	-	-	149,516
Parks	164,988	-	-	164,988
Unassigned	<u>10,032,174</u>	<u>-</u>	<u>-</u>	<u>10,032,174</u>
Total fund balances	<u>28,784,179</u>	<u>12,596,788</u>	<u>351,551</u>	<u>41,732,518</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 49,914,284</u>	<u>\$ 12,854,705</u>	<u>\$ 355,491</u>	<u>\$ 63,124,480</u>

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

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

September 30, 2020

Total fund balances - governmental funds \$ 41,732,518

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 funds. Amount excludes Internal Service Funds' fixed assets. 74,521,565

Certain receivables will be collected this year, but are not available to pay for the current period's expenditures and are, therefore, unavailable in the funds. 300,010

This amount is the net pension liability (TMRS) recorded at the government-wide level, not recorded in any governmental funds. Amount excludes Internal Service Funds' pension liability. (281,884)

This amount is the net other post-employment benefits obligation (OPEB) recorded at the government-wide level, not recorded in the funds. Amount excludes Internal Service Funds' OPEB liability. (1,175,100)

This amount is the net pension liability (FRRF) recorded at the government-wide level, not recorded in the funds. (13,898,562)

This amount is the net deferred inflow/outflow recorded at the government-wide level, not recorded in the funds. Amount excludes Internal Service Funds' deferred outflows/inflows. (1,559,847)

The long-term portion of compensated absences is not due and payable in the current period and therefore is not reported in the funds. Amount excludes Internal Service Funds' compensated absences. (2,500,707)

Internal service funds are used by management to charge the costs of various services to individual funds. The governmental portion of the assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 11,677,151

Total net position - governmental activities \$ 108,815,144

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

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

For the Year Ended September 30, 2020

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Property tax	\$ 21,398,952	\$ -	\$ -	\$ 21,398,952
Sales tax	4,755,160	-	-	4,755,160
Franchise fees	1,584,008	-	-	1,584,008
Permits and licenses	1,726,086	-	-	1,726,086
Fines	446,163	-	16,675	462,838
Charges for services	1,639,898	-	-	1,639,898
Intergovernmental	1,039,208	-	3,600	1,042,808
Other	241,727	339,249	514	581,490
Investment income	1,101,049	74,664	52	1,175,765
Donations	12,000	-	85,875	97,875
	<u>33,944,251</u>	<u>413,913</u>	<u>106,716</u>	<u>34,464,880</u>
Total revenues				
	<u>33,944,251</u>	<u>413,913</u>	<u>106,716</u>	<u>34,464,880</u>
EXPENDITURES				
Current:				
General Government	5,402,005	-	37,941	5,439,946
Public Safety	15,137,556	-	3,600	15,141,156
Streets	1,639,957	-	-	1,639,957
Parks	3,546,624	-	22,639	3,569,263
Public Works	3,104,044	-	-	3,104,044
Capital Outlays	-	5,908,688	-	5,908,688
	<u>28,830,186</u>	<u>5,908,688</u>	<u>64,180</u>	<u>34,803,054</u>
Total expenditures				
	<u>28,830,186</u>	<u>5,908,688</u>	<u>64,180</u>	<u>34,803,054</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,114,065</u>	<u>(5,494,775)</u>	<u>42,536</u>	<u>(338,174)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	3,673,044	-	3,673,044
Transfers out	(4,122,852)	-	-	(4,122,852)
	<u>(4,122,852)</u>	<u>3,673,044</u>	<u>-</u>	<u>(449,808)</u>
Total other financing sources (uses)				
	<u>(4,122,852)</u>	<u>3,673,044</u>	<u>-</u>	<u>(449,808)</u>
Net change in fund balances	991,213	(1,821,731)	42,536	(787,982)
Fund balances - beginning	27,792,966	14,418,519	309,015	42,520,500
	<u>27,792,966</u>	<u>14,418,519</u>	<u>309,015</u>	<u>42,520,500</u>
Fund balances - ending	<u>\$ 28,784,179</u>	<u>\$ 12,596,788</u>	<u>\$ 351,551</u>	<u>\$ 41,732,518</u>
	<u>\$ 28,784,179</u>	<u>\$ 12,596,788</u>	<u>\$ 351,551</u>	<u>\$ 41,732,518</u>

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

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

For the Year Ended September 30, 2020

Net change in fund balances - total governmental funds **\$ (787,982)**

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

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

Capital expenditures	6,559,077	
Depreciation expense	(3,364,055)	
		3,195,022

Revenues in the statement of activities that do not provide current financial resources are not reported as expenditures in the funds.	48,608
--	--------

This amount is the net TMRs pension expense recorded at the government-wide level, not recorded in the funds.	(40,412)
---	----------

This amount is the net other post-employment benefits expense recorded at the government-wide level, not recorded in the funds.	(83,295)
---	----------

This amount is the net FRRF pension expense recorded at the government-wide level, not recorded in the funds.	(492,707)
---	-----------

This amount is the change in the long-term portion of compensated absences, and as such, it is not reported in the funds.	(300,377)
---	-----------

Internal service funds are used by management to charge the costs of vehicle service, repair and replacement and various insurance services to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	426,290
--	---------

Change in net position of governmental activities	<u>\$ 1,965,147</u>
--	----------------------------

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

CITY OF UNIVERSITY PARK, TEXAS

**Statement of Net Position
Proprietary Funds**

September 30, 2020

	Business-Type Activities - Enterprise Funds				Governmental
	Major		Nonmajor		Activities - Internal
	Water and Sewer	Sanitation	Stormwater	Total	Service Funds
ASSETS					
Current assets					
Cash and cash equivalents	\$ 3,977,634	\$ 431,633	\$ 1,045,108	\$ 5,454,375	\$ 5,732,409
Receivables (net of allowance)	2,233,882	480,625	74,957	2,789,464	4,776
Due from other funds	3,442,918	1,893,616	1,573,962	6,910,496	7,399,954
Prepays	-	45,808	-	45,808	-
Total current assets	9,654,434	2,851,682	2,694,027	15,200,143	13,137,139
Non-current assets					
Prepays	-	251,948	-	251,948	-
Restricted cash	394,115	-	-	394,115	-
Capital assets:					
Land	108,758	-	-	108,758	-
Buildings	54,594	-	-	54,594	-
Improvements other than buildings	95,950,423	-	-	95,950,423	-
Machinery and equipment	68,470	269,637	-	338,107	14,385,641
Construction in progress	9,229,583	-	-	9,229,583	-
Less accumulated depreciation	(46,872,026)	(136,661)	-	(47,008,687)	(7,780,562)
Total capital assets (net of accumulated depreciation)	58,539,802	132,976	-	58,672,778	6,605,079
Total non-current assets	58,933,917	384,924	-	59,318,841	6,605,079
Total assets	68,588,351	3,236,606	2,694,027	74,518,984	19,742,218
DEFERRED OUTFLOW OF RESOURCES					
Difference in expected and actual pension/OPEB investment experience	20,137	14,218	-	34,355	5,822
Changes in pension/OPEB actuarial assumptions	36,504	27,762	-	64,266	11,998
Pension/OPEB contributions after measurement date	163,930	118,913	-	282,843	54,196
Total deferred outflow of resources	220,571	160,893	-	381,464	72,016
LIABILITIES					
Current liabilities					
Accounts payable	773,672	39,889	248	813,809	239,505
Accrued liabilities	443,360	68,221	4	511,585	276,077
Unearned revenue	-	45,808	-	45,808	-
Accrued compensated absences	173,612	125,741	-	299,353	44,120
Due to other funds	4,179,621	750,460	100,000	5,030,081	25,162
Total current liabilities	5,570,265	1,030,119	100,252	6,700,636	584,864
Non-current liabilities					
Unearned revenue	-	231,948	-	231,948	-
Net pension liability - TMRS	163,320	89,543	-	252,863	41,500
Total OPEB liability	145,658	112,769	-	258,427	45,858
Customer deposits - payable from restricted cash	394,115	-	-	394,115	-
Accrued compensated absences	232,929	153,265	-	386,194	40,976
Total non-current liabilities	936,022	587,525	-	1,523,547	128,334
Total liabilities	6,506,287	1,617,644	100,252	8,224,183	713,198
DEFERRED INFLOW OF RESOURCES					
Difference in expected and actual pension/OPEB investment experience	116,220	75,376	-	191,596	33,541
Changes in pension/OPEB actuarial assumptions	37,620	11,984	-	49,604	-
Difference in projected and actual pension/OPEB investment earnings	297,704	246,337	-	544,041	99,510
Total deferred inflow of resources	451,544	333,697	-	785,241	133,051
NET POSITION					
Investment in capital assets	58,539,802	132,976	-	58,672,778	6,605,079
Unrestricted	3,311,289	1,313,182	2,593,775	7,218,246	12,362,906
Total net position	\$ 61,851,091	\$ 1,446,158	\$ 2,593,775	65,891,024	\$ 18,967,985
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				7,290,834	
Net position of business-type activities				\$ 73,181,858	

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

CITY OF UNIVERSITY PARK, TEXAS

Statement of Revenues, Expenses, and Changes in Fund Net Position Proprietary Funds

For the Year Ended September 30, 2020

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Major	Nonmajor		
	Water and Sewer	Sanitation	Fund - Stormwater	Total
Operating revenues				
Charges for sales and services:				
Water sales	\$10,106,045	\$ -	\$ -	\$ 10,106,045
Sewer	5,888,316	-	-	5,888,316
Refuse collection	-	3,044,705	-	3,044,705
Recycling	-	347,462	-	347,462
Stormwater	-	-	500,729	500,729
Charges for service	-	-	-	-
Premiums	-	-	-	-
Other revenue	4,863	-	-	4,863
Total operating revenues	15,999,224	3,392,167	500,729	19,892,120
Operating expenses				
Personnel services	3,139,318	2,229,387	-	5,368,705
Contractual and other services	9,234,751	940,842	122,427	10,298,020
Depreciation	2,042,368	7,340	-	2,049,708
Supplies and other	183,746	98,095	-	281,841
Administrative and fiscal services	800,000	-	-	800,000
Claims paid and change in estimate	-	-	-	-
Total operating expenses	15,400,183	3,275,664	122,427	18,798,274
Operating income	599,041	116,503	378,302	1,093,846
Nonoperating revenues				
Investment income	64,342	3,900	21,456	89,698
Intergovernmental revenue	2,518	2,261	-	4,779
Income before transfers	665,901	122,664	399,758	1,188,323
Transfers				
Transfers from (to) other funds	529,808	(30,000)	(50,000)	449,808
Total transfers	529,808	(30,000)	(50,000)	449,808
Change in net position	1,195,709	92,664	349,758	1,638,131
Total net position - beginning	60,655,382	1,353,494	2,244,017	18,397,551
Total net position - ending	\$61,851,091	\$1,446,158	\$ 2,593,775	\$ 18,967,985
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				144,144
Change in net position of business-type activities				\$ 1,782,275

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

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

For the Year ended September 30, 2020

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Major		Nonmajor		
	Water and Sewer	Sanitation	Fund - Stormwater	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 16,510,313	\$ 3,332,991	\$ 493,328	\$20,336,632	\$ 6,964,144
Payments (to) from other funds	2,272,234	(119,279)	(1,314,637)	838,318	(5,413,761)
Payments to suppliers	(10,432,344)	(1,017,694)	(140,068)	(11,590,106)	(4,554,662)
Payments to employees	(2,918,427)	(2,157,132)	-	(5,075,559)	(926,595)
Net cash provided by (used in) operating activities	5,431,776	38,886	(961,377)	4,509,285	(3,930,874)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from (to) other funds	529,808	(30,000)	(50,000)	449,808	-
Intergovernmental revenue	2,518	2,261	-	4,779	726
Net cash provided by (used in) noncapital financing	532,326	(27,739)	(50,000)	454,587	726
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(6,982,475)	(11,147)	-	(6,993,622)	(1,124,826)
Net cash used in capital and related financing activities	(6,982,475)	(11,147)	-	(6,993,622)	(1,124,826)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investment securities	-	-	-	-	(2,000,000)
Proceeds from the sale and maturities of investment securities	1,000,000	-	-	1,000,000	5,000,000
Interest on investments	59,572	3,900	21,456	84,928	106,260
Net cash provided by investing activities	1,059,572	3,900	21,456	1,084,928	3,106,260
Net increase (decrease) in cash and cash equivalents	41,199	3,900	(989,921)	(944,822)	(1,948,714)
Cash and cash equivalents (including \$389,970 restricted cash), beginning of year	4,330,550	427,733	2,035,029	6,793,312	7,681,123
Cash and cash equivalents (including \$394,115 restricted cash), end of year	\$ 4,371,749	\$ 431,633	\$ 1,045,108	\$ 5,848,490	\$ 5,732,409
Reconciliation of operating income to net cash provided by (used in) operating activities:					
Operating income	\$ 599,041	\$ 116,503	\$ 378,302	\$ 1,093,846	\$ 451,284
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation expense	2,042,368	7,340	-	2,049,708	961,684
(Increase) in due from other funds	(1,631,067)	(578,862)	(1,364,637)	(3,574,566)	(5,130,077)
Decrease in pension/OPEB and deferred outflow	34,035	17,933	-	51,968	4,701
Decrease (increase) in accounts receivable	504,117	(59,178)	(7,401)	437,538	-
Decrease in prepaid expenses	-	45,808	-	45,808	10,970
Decrease in interest receivable	2,827	-	-	2,827	6,058
Increase (decrease) in accrued liabilities	(22,846)	75,567	(17,641)	35,080	48,189
(Decrease) in unearned gain	-	(45,808)	-	(45,808)	-
Increase (decrease) in due to other funds	3,903,301	459,583	50,000	4,412,884	(283,683)
Total adjustments	4,832,735	(77,617)	(1,339,679)	3,415,439	(4,382,158)
Net cash provided by (used in) operating activities	\$ 5,431,776	\$ 38,886	\$ (961,377)	\$ 4,509,285	\$ (3,930,874)
NON-CASH INVESTING ACTIVITIES					
Change in the fair value of investments	\$ 4,770	\$ -	\$ -	\$ 4,770	\$ 12,164

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

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting entity

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

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

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

Discretely presented component units. Created with assistance from the City in 1985, the Texas Higher Education Authority, Inc. ("THEA") provides low-interest construction loans to private higher education institutions. The City Council appoints all Board members of THEA, and may remove them at will. Upon dissolution, THEA's net worth will revert to the City. THEA's operating and capital expenditures, including debt service, were financed entirely by its bond issues. Subsequent to the mandatory redemption of all outstanding bonds in December of 2003, substantially all of THEA's remaining net worth was transferred to the City. THEA is reported as an enterprise fund and has a December 31 fiscal year-end. THEA is comprised of a single fund, and separate financial statements are not prepared. In accordance with the resolution of the Board, all fund balances in THEA were transferred to the City during fiscal year 2013. Although THEA has not been dissolved, there were no transactions during fiscal year 2020. Therefore, this component unit is not presented in the City's fiscal year 2020 financial statements.

A second discretely presented component unit, the Southwest Higher Education Authority, Inc. ("SWHEA"), issues tax-exempt debt solely for the benefit of Southern Methodist University. Sponsored by the City, SWHEA was incorporated in 1983. The City Council appoints all Board members of SWHEA and may remove them at will. SWHEA pays the City a fee of \$15,000 for each bond issuance up to \$50 million, a fee of \$20,000 for an issue from \$50 to \$100 million, and a fee of \$25,000 for an issue over \$100 million.

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

As of September 30, 2020, SWHEA had issued nine series of bonds with an aggregate outstanding principal amount payable of \$455,275,000. These bonds are considered conduit debt of SWHEA and are reported in the financial statements of Southern Methodist University. SWHEA is reported as an enterprise fund and has a December 31 fiscal year-end. SWHEA is comprised of a single fund, and separate financial statements of SWHEA are not prepared. There were no transactions in SWHEA during fiscal year 2020.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges from support. Likewise, the primary government is reported separately from the discretely presented component units which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Any amounts collected beyond the 60 days are recorded as deferred inflows of resources. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences, net pension liabilities, other post-employment benefits, claims, and judgments are recorded only when payment is due.

Ad valorem taxes, sales taxes, franchise fees, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

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

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

The City reports the following major and nonmajor proprietary funds:

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

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

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

The City reports the following additional funds:

Nonmajor governmental special revenue funds:

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

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

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

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

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

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

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

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

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

Internal service funds:

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

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

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

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

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

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

(This area intentionally left blank.)

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

D. Assets, liabilities, deferred outflows/inflows and net position or fund balance

1. Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments are carried at fair value, except for the position in local government investment pools. Fair value is determined as the price at which two willing parties would complete an exchange. The City uses a modified pooled cash approach, in which only one fund (the General Fund) has a "cash" account for making investment transactions.

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

The City's investment policy permits investments in obligations of the United States or its agencies and instrumentalities, direct obligations of the State of Texas or its agencies; other obligations of which the principal and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States, obligations of states, agencies, counties, cities and other political subdivisions, fully collateralized direct repurchase agreements, certificates of deposit, and local government investment pools. Unless backed by the full faith and credit of the U.S. government, investments in collateralized mortgage obligations are strictly prohibited. The investment policy is reviewed and approved annually by the Finance Advisory Committee and the City Council and includes all City funds.

2. Receivables and payables

All outstanding balances between funds are reported as "due to/from other funds." Residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. Trade accounts receivable over 365 days old are the basis for the trade accounts receivable allowance for uncollectible calculation.

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

(This area intentionally left blank.)

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

3. Inventories and prepaid items

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

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

4. Restricted assets

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

5. Interfund transactions

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

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

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

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

6. Capital assets

Capital assets, which include land, buildings, improvements, infrastructure (e.g., roads, bridges, sidewalks and similar items) and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as either assets with an individual cost of more than \$5,000 during acquisition or capital projects exceeding \$50,000 in accumulated expenses and with an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Completed capital projects that do not meet both of these criteria are expensed through depreciation expense on the completion year. Donated capital assets are recorded at acquisition value at the date of donation. The City did not obtain any assets through service concession arrangements.

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

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

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

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

7. Compensated absences

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

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

8. Long-term obligations

In addition to the portion of compensated absences estimated payable after September 30, 2020, the City also recognizes the actuarially determined net pension liability and other post-employment benefits as long-term obligations of the City.

9. Fund balance

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

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

Spendable Fund Balance

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

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

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

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

Assigned – Includes amounts intended to be used by the government for specific purposes. For this purpose, intent may be expressed by the governing body or by an official or body to which the governing body has delegated such authority. In accordance with the City Financial Management Policies, the City Council has authorized the City Manager to assign fund balance to a specific purpose. In practice, actions resulting in the assignment of fund balance may be taken by department directors. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

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

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

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

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

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

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

Committed Fund Balance

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

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

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

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

10. Pensions and Other Postemployment Benefits

For purposes of measuring the net pension and OPEB liability (asset), deferred outflows and deferred inflows of resources and expense, information about the fiduciary net position of Texas Municipal Retirement System (TMRS), Firemen's Relief and Retirement Fund (FRRF) and total position of Other Postemployment Benefit (OPEB) and additions to/deductions from the Plans' fiduciary net positions have been determined on the same basis as they are reported by the Plans. For this purpose, Plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. The City allocates the net pension asset and liability, total OPEB liability, deferred outflows of resources, deferred inflows of resources and pension/OPEB expenses based on the employee count in each functional area. Investments are reported at fair value.

11. Deferred outflows/inflows of resources

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

The City has four items that qualify for reporting in this category: (1) The City's pension and OPEB plan contributions made from the measurement date of the pension and OPEB plans to the current fiscal year end are deferred and will be recognized in the subsequent fiscal year. (2) The difference between projected and actual earnings on pension and OPEB plans investments are deferred and recognized as pension and OPEB plans expense over a closed five-year period as required by GASB 68 and GASB 75. (3) The difference between the expected experience and the actual experience in the actuarial measurement of the total pension liabilities and total OPEB liability not recognized in the current year. (4) The changes in actuarial assumptions for the current year. The last two amounts are deferred and amortized over a period of years determined by the plan actuaries. The amortization period is based on the estimated average remaining service lives of employees that are provided with a pension through the pension plan (active and inactive employees) and OPEB (inactive employees) for the City determined as the beginning of the measurement date.

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

CITY OF UNIVERSITY PARK, TEXAS
Notes to Financial Statements
September 30, 2020

period of years determined by the plan actuary. The difference between projected and actual earnings on pension plan investments are not deferred but recognized as pension plan income over a closed five-year period as required by GASB 68 and GASB 75.

(This area intentionally left blank.)

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

The deferred outflows/inflows as of September 30, 2020 for the City's pension and OPEB plans are as follow:

	TMRS	FRRF	OPEB	TOTAL
Government-wide				
Deferred Outflows of Resources				
Difference between expected and actual experience	\$ 86,095	\$ -	\$ 79,629	\$ 165,724
Changes in actuarial assumptions	-	1,466,067	360,738	1,826,805
Employer's contributions after measurement date	1,329,380	691,003	42,192	2,062,575
Total	\$ 1,415,475	\$ 2,157,070	\$ 482,559	\$ 4,055,104
Deferred Inflows of Resources				
Difference between expected and actual experience	\$ 853,650	\$ 1,509,149	\$ -	\$ 2,362,799
Changes in actuarial assumptions	300,726	-	-	300,726
Difference in projected and actual investment earnings	3,195,282	220,956	-	3,416,238
Total	\$ 4,349,658	\$ 1,730,105	\$ -	\$ 6,079,763
Proprietary Funds				
Deferred Outflows of Resources				
Difference between expected and actual experience	\$ 19,116	\$ -	\$ 15,239	\$ 34,355
Changes in actuarial assumptions	-	-	64,266	64,266
Employer's contributions after measurement dates	272,734	-	10,109	282,843
Total	\$ 291,850	\$ -	\$ 89,614	\$ 381,464
Deferred Inflows of Resources				
Difference between expected and actual experience	\$ 191,596	\$ -	\$ -	\$ 191,596
Changes in actuarial assumptions	49,604	-	-	49,604
Difference in projected and actual investment earnings	544,041	-	-	544,041
Total	\$ 785,241	\$ -	\$ -	\$ 785,241
Internal Service Funds				
Deferred Outflows of Resources				
Difference between expected and actual experience	\$ 3,252	\$ -	\$ 2,570	\$ 5,822
Changes in actuarial assumptions	284	-	11,714	11,998
Employer's contributions after measurement dates	52,754	-	1,442	54,196
Total	\$ 56,290	\$ -	\$ 15,726	\$ 72,016
Deferred Inflows of Resources				
Difference between expected and actual experience	\$ 33,541	\$ -	\$ -	\$ 33,541
Difference in projected and actual investment earnings	99,510	-	-	99,510
Total	\$ 133,051	\$ -	\$ -	\$ 133,051

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

E. Implementation of new accounting principles

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

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities. The primary objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement is effective for fiscal years beginning after December 15, 2019. The City is in the process of evaluating the impact of this statement on its financial statements.

In June 2017, the GASB issued Statement No. 87, Leases. The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for fiscal years beginning after June 15, 2021. The City is in the process of evaluating the impact of this statement on its financial statements.

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

In May 2019, the GASB issued Statement No. 91, Conduit Debt Obligations. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In January 2020, the GASB issued Statement No. 92, OMNIBUS 2020. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements addressing (1) the effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports, (2) reporting intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan, (3) the applicability of Statement No. 73, Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits, (4) the applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements, (5) measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition, (6) reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, (7) reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, and (8) terminology used to refer to derivative instruments. The requirements of this Statement are effective (1) upon issuance if related to Statement 87 and Implementation Guide 2019-3, (2) for fiscal years beginning after June 15, 2020 if related to Statement 73 and 74, and (3) for reporting periods beginning after June 15, 2020 if related to Statement 84 and related to measurement of liabilities (and assets, if any).

In March 2020, the GASB issued Statement No. 93, Replacement of Interbank Offered Rates. The primary objectives of this Statement are to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by (1) providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment, (2) clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate, (3) clarifying that the uncertainty related to the continued availability of IBORs 84 does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable, (4) removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap, (5) identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap, and (6) clarifying the definition of reference rate, as it is used in Statement 53, as amended. The requirements of this Statement are effective (1) for reporting periods

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

ending after December 31, 2021 if the removal of LIBOR as an appropriate benchmark interest rate, and (2) for reporting periods ending after June 15, 2020 for all other requirements of this Statement.

In March 2020, the GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

In May 2020, the GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective is to postpone the effective dates of certain provisions by one year (1) Statement No. 83, Certain Asset Retirement Obligations, (2) Statement No. 84, Fiduciary Activities, (3) Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, (4) Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, (5) Statement No. 90, Majority Equity Interests, (6) Statement No. 91, Conduit Debt Obligations, (7) Statement No. 92, Omnibus 2020, (8) Statement No. 93, Replacement of Interbank Offered Rates, (9) Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting), (10) Implementation Guide No. 2018-1, Implementation Guidance Update—2018, (11) Implementation Guide No. 2019-1, Implementation Guidance Update—2019, and (12) Implementation Guide No. 2019-2, Fiduciary Activities. And postponed by 18 months (1) Statement No. 87, Leases, and (2) Implementation Guide No. 2019-3, Leases. The requirements of this Statement are effective immediately.

In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for or government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

In June 2020, the GASB issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that (1) exempt primary governments that perform the duties that a 85 governing board typically performs from treating the absence of a governing board the same as the

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

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

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

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

B. Excess of expenditures over appropriations

For the year ended September 30, 2020, expenditures exceeded appropriations in the Information Services, Engineering, and Fire departments (the legal level of budgetary control) of the General Fund by \$118,504. The over-expenditure in these departments was offset by lower than anticipated spending in other departments within the General Fund.

(This area intentionally left blank.)

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

III. DETAILED NOTES ON ALL FUNDS

A. Deposits

1. Cash

At September 30, 2020, the carrying amount of the City's bank deposits was \$12,587,610 and the bank balance was \$12,700,335. The City's bank deposits at year-end were covered by federal depository insurance or by pledged collateral held by the City's agent in the City's name. As of September 30, 2020, deposits that totaled \$3,876,632 were collateralized in the City's name. Cash on hand equaled \$2,200. Restricted cash totaled \$745,666.

2. Cash equivalents

The City participates in three investment pools. They include:

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

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

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

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

As of September 30, 2020, the City held the following balances in pooled funds:

Pool:		Weighted Average Maturity (in Days)	Credit Rating (Standard & Poor's)
TexPool	\$ 4,469,730	38	AAAm
TexSTAR	1,452,474	39	AAAm
TexasDaily	23,578,919	57	AAAm
	<u>\$ 29,501,123</u>		

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

B. Investments and Deposits

	As of September 30, 2020		Weighted Average Maturity (in Days)
	Bank Balance	Book Balance	
Certificates of Deposit	\$ 13,852,750	\$ 14,242,096	694

Fair Value Measurements – The City categorizes its fair value measurements within the fair market value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- i. Level 1 inputs quoted prices in active markets for identical assets;
- ii. Level 2 inputs are significant observable inputs for the asset other than quoted prices; and
- iii. Level 3 inputs are significant unobservable inputs for an asset.

As of September 30, 2020, the City held the following investments:

Investment Type	Inputs as of September 30, 2020			Weighted Average Maturity (in Days)
	Level 1	Level 2	Level 3	
U.S. Agencies	\$ 1,987,154	\$ -	\$ -	1,512
Municipal Bonds	3,541,157	-	-	1,014
	\$ 5,528,311	\$ -	\$ -	1,197

Investments weighted average maturity 836

Combined (pooled funds and investments) weighted average maturity 262

(This area intentionally left blank.)

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

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

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

- i. Obligations of the United States or its agents and instrumentalities with a maturity not to exceed five (5) years from the date of purchase issued by, guaranteed by, or for which the credit of any of the following Federal Agencies and Instrumentalities are pledged for payment: Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Federal Home Loan Mortgage Corp (FHLMC) and Federal Agricultural Mortgage Corporation (FAMC). Each of the City’s purchased investments was rated at least AA+ by Standard and Poor’s.
- ii. Certificates of Deposit issued by a depository institution with a main office or branch in Texas that are guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC), or secured by obligations or unconditional guarantees of the United States or its agencies and instrumentalities, the State of Texas or its agencies, or obligations of states, agencies, counties, cities and other political subdivision of any state having been rated as to investment quality by a nationally recognized investment firm not less than “A” or its equivalent.

Concentration of credit risk – It is the policy of the City to avoid a concentration of assets in a specific maturity, a specific issue or a specific class of securities. The applicable limits on the City’s current investment are: U.S. Treasuries and Cash (100%), U.S. Agencies (60%), Certificates of Deposit (50%), Local Government Investment Pools (50%), and Municipal Bonds (20%). The actual percentages of these deposits and investments at September 30, 2020 are 21%, 3%, 23%, 48% and 5%, respectively.

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

(This area intentionally left blank.)

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

C. Receivables

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

	General	Capital Projects	Water and Sewer	Sanitation	Stormwater	Internal Service	Nonmajor and Other	Total
Receivables:								
Ad Valorem tax	\$ 217,732	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 217,732
Sales Tax	886,291	-	-	-	-	-	-	886,291
Franchise	341,193	-	-	-	-	-	-	341,193
Customers	260,705	-	2,286,882	493,125	74,957	4,776	-	3,120,445
Interest	95,031	14,300	-	-	-	-	5,000	114,331
Other	434,438	-	-	-	-	-	-	434,438
Gross Receivables	2,235,390	14,300	2,286,882	493,125	74,957	4,776	5,000	5,114,430
Less: Allowance for Uncollectibles	(273,830)	-	(53,000)	(12,500)	-	-	-	(339,330)
Net Total Receivables	\$ 1,961,560	\$ 14,300	\$ 2,233,882	\$ 480,625	\$ 74,957	\$ 4,776	\$ 5,000	\$ 4,775,100

Ad Valorem (Property) tax attaches as an enforceable lien on property as of January 1. The tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. Assessed values are established at 100% of estimated market value and certified by the Dallas County Appraisal District. The assessed value of real and personal property on the tax roll as of January 1, 2019 was \$12,700,400,330. The taxable value (assessed value less exemptions) upon which the fiscal 2020 levy based was \$8,285,295,221.

The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services, including the payment of principal and interest on general obligation long-term debt. The City Charter does not provide for a debt limit. The tax rate for the year ended September 30, 2020 was \$0.258548 per \$100, all of which was allocated to the general government.

Taxes are due October 1, the levy date. Full payment can be made prior to the following January 31 to avoid penalty and interest charges. Current tax collections for the year ended September 30, 2020 were 100% of the tax levy.

Property taxes levied for fiscal year 2020 have been recorded as receivables, net of estimated uncollectible amounts. The net receivables collected during 2020 and those considered "available" at September 30, 2020 (i.e., property taxes collected within 60 days of year-end) have been recognized as revenues in 2020. The remaining receivables have been reflected as unavailable revenue in the fund statements.

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

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

However, if the effective tax rate, adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the maintenance and operating tax rate to no more than 8% above the effective tax rate of the previous year. During the fiscal year, the state legislative passed a tax reform measure that among other things made a rollback election mandatory if property tax revenue will be more than 3.5% more than the “no new revenue rate” formerly known as the effective rate.

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

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

D. Prepaid expenses

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

(This area intentionally left blank.)

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

E. Capital assets

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

	Beginning Balance	Additions	Retirement / Sale	Transfers	Ending Balance
Governmental activities:					
Capital assets, non-depreciable:					
Land	\$ 10,989,689	\$ 3,907,396	\$ (3,257,007)	\$ -	\$ 11,640,078
Construction in progress	6,395,353	5,908,688	(116,656)	(6,958,352)	5,229,033
Capital assets, depreciable:					
Buildings	17,561,145	-	-	-	17,561,145
Improvements	48,876,875	-	-	6,372,179	55,249,054
Equipment	19,797,562	1,148,975	-	586,173	21,532,710
Infrastructure	12,870,590	-	-	-	12,870,590
Total capital assets	<u>116,491,214</u>	<u>10,965,059</u>	<u>(3,373,663)</u>	<u>-</u>	<u>124,082,610</u>
Less accumulated depreciation for:					
Buildings	(6,056,469)	(427,361)	-	-	(6,483,830)
Improvements	(16,611,471)	(2,067,610)	-	-	(18,679,081)
Equipment	(10,866,960)	(1,416,478)	-	-	(12,283,438)
Infrastructure	(5,187,833)	(321,784)	-	-	(5,509,617)
Total accumulated depreciation	<u>(38,722,733)</u>	<u>(4,233,233)</u>	<u>-</u>	<u>-</u>	<u>(42,955,966)</u>
Governmental activities capital assets, net	<u>\$ 77,768,481</u>	<u>\$ 6,731,826</u>	<u>\$ (3,373,663)</u>	<u>\$ -</u>	<u>\$ 81,126,644</u>
	Beginning Balance	Additions	Retirement / Sale	Transfers	Ending Balance
Business-Type activities:					
Capital assets, non-depreciable:					
Land	\$ 108,758	\$ -	\$ -	\$ -	\$ 108,758
Construction in progress	6,188,075	6,982,475	-	(3,940,967)	9,229,583
Capital assets, depreciable:					
Buildings	54,594	-	-	-	54,594
Improvements	92,009,456	-	-	3,940,967	95,950,423
Equipment	373,567	11,147	(46,607)	-	338,107
Total capital assets	<u>98,734,450</u>	<u>6,993,622</u>	<u>(46,607)</u>	<u>-</u>	<u>105,681,465</u>
Less accumulated depreciation for:					
Buildings	(54,594)	-	-	-	(54,594)
Improvements	(44,728,258)	(2,037,035)	-	-	(46,765,293)
Equipment	(222,734)	(12,673)	46,607	-	(188,800)
Total accumulated depreciation	<u>(45,005,586)</u>	<u>(2,049,708)</u>	<u>46,607</u>	<u>-</u>	<u>(47,008,687)</u>
Business-type activities capital assets, net	<u>\$ 53,728,864</u>	<u>\$ 4,943,914</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,672,778</u>

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

Depreciation expense was charged to the functional areas of the primary government as follows:

Governmental activities:

General Government	\$	1,987,034
Public Safety		582,965
Public Works		304,171
Parks		679,113
Streets		679,950
		<hr/>

Total depreciation expense –
Governmental activities

\$ 4,233,233

Business-Type activities:

Water and Sewer	\$	2,042,368
Sanitation		7,340
		<hr/>

Total depreciation expense – Business
type activities

\$ 2,049,708

The government has active construction projects as of September 30, 2020. The projects include drainage and sewerage improvements, utility improvements, park improvements and renovations as well as on-going “Mile-per-Year” (MPY) projects.

(This area intentionally left blank.)

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

Construction in progress at September 30, 2020 is as follows:

	Balance at 09/30/2019	Expended in FY2020	Transferred or expensed	Balance at 09/30/2020
Governmental Projects				
Cartegraph Upgrade	\$ 81,148	\$ 5,726	\$ -	\$ 86,874
Server/Network Replacement	-	344,514	-	344,514
Extend Fiber to Library	-	82,403	82,403	-
Pool Building Upgrades	2,642,941	-	2,642,941	-
McFarlin East - Dublin to Central	2,000	-	-	2,000
Humann Park Landscape Improvements	96,618	-	96,618	-
LED Lighting Upgrades	19,039	9,675	28,714	-
Fountain Replacements (pond)	81,324	3,200	84,524	-
Pool Filter Upgrades	31,975	19,698	51,673	-
Tennis Court Resurfacing Program	53,090	-	-	53,090
Pool Master Plan Phase II	-	-	-	-
Fence Replacement (Compressed to '19)	28,923	1,777	30,700	-
Park Sign Replacement	-	-	-	-
Playground Resurfacing	68,661	-	68,661	-
Bench/Table Replacements	39,588	714	40,302	-
Central Expressway Bridge Landscape	30,916	-	-	30,916
Pool replastering	-	228,442	228,442	-
LED Lighting Upgrades	-	22,467	22,467	-
Table and Bench Replacement	-	26,067	-	26,067
Curtis Park - West	-	1,938	-	1,938
Williams Park West	-	1,938	-	1,938
Humann Park II	-	51,584	51,584	-
Lovers/Preston Landscaping	-	52,478	-	52,478
Radio System Comprehensive Replacement Reserve	1,171,732	1,139,266	-	2,310,998
LPR Systems (10 units)	364,221	3,352	367,573	-
Building Security Enhancements	-	-	-	-
LPR Systems Phase II	-	-	-	-
Traffic Signal Replacement	775,882	65,833	841,715	-
Sidewalk Replacement	415,062	55,267	470,329	-
Dallas County MCIP Master Plan	386,110	61,177	-	447,287
Traffic Signal Replacement	60,469	632,248	-	692,717
4419 Service Center Reconstruction - Design/Build	-	673,000	-	673,000
Pavement Assessment Study	45,654	-	45,654	-
Traffic Signal Replacement	-	67,590	-	67,590
Sidewalk Replacement	-	354,097	-	354,097
Asphalt Overlay Program	-	1,920,708	1,920,708	-
Master Plan Consulting	-	58,324	-	58,324
4236 Lovers Lane Improvements	-	25,205	-	25,205
Total	\$ 6,395,353	\$ 5,908,688	\$ 7,075,008	\$ 5,229,033
Business-Type Projects				
Water Meter Replacement	\$ 2,589,623	\$ 14,902	\$ -	\$ 2,604,525
MPY 4200-4500 Normandy/San Carlos	2,908,913	1,032,054	3,940,967	-
Reconstruction of Old SMU Sewer	70,042	-	-	70,042
Snider Plaza Area Design	166,965	315,003	-	481,968
Storm Water Projects Phase 1 Design	452,532	631,854	-	1,084,386
Storm Water Improvements AOI-1	-	4,956,312	-	4,956,312
Turtle Creek Sewer Interceptor	-	32,350	-	32,350
Total	\$ 6,188,075	\$ 6,982,475	\$ 3,940,967	\$ 9,229,583
City Total	\$ 12,583,428	\$ 12,891,163	\$ 11,015,975	\$ 14,458,616

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

F. Interfund receivables, payables and transfers

Individual interfund receivable and payable balances at September 30, 2020 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
General	Water and Sewer	\$ 3,664,312
	UP Civic Foundation	3,038
Water and Sewer	General	3,296,352
	Sanitation	30,008
	Stormwater	100,000
	Self-Insurance	16,558
Sanitation	General	1,893,616
Stormwater	General	1,573,962
Capital Projects - Gen Govt	General	5,511,285
Self-Insurance	General	3,928,088
	Sanitation	37,543
Equip Service	General	2,227,501
	Water and Sewer	515,309
	Sanitation	682,909
	Self-Insurance	8,604
Court Security	General	122,268
Court Technology	General	52,674
Police Training and Education	General	35,328
Fire Training and Education	General	10,941
Library	General	10,196
Parks Projects and Programs	General	6,897
	Total	<u>\$ 23,727,389</u>

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

(This area intentionally left blank.)

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

Interfund transfers during the year ended September 30, 2020 were as follows:

<u>Transfer Out</u>	<u>Transfer In</u>		
	<u>Capital Projects</u>	<u>Water and Sewer</u>	<u>Total</u>
General Fund	\$ 3,673,044	\$ 449,808	\$ 4,122,852
Sanitation	-	30,000	30,000
Stormwater	-	50,000	50,000
	<u>\$ 3,673,044</u>	<u>\$ 529,808</u>	<u>\$ 4,202,852</u>

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

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

The City did not transfer any funding to any of the special revenue funds during fiscal year 2020.

G. Long-term liabilities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Compensated absences	\$ 2,504,170	\$ 562,534	\$ (282,253)	\$ 2,784,451	\$ 1,236,009
Business type activities					
Compensated absences	\$ 648,933	\$ 43,881	\$ (7,267)	\$ 685,547	\$ 299,353

H. Component Unit

As stated in Note I.A., SWHEA has a December 31 year-end. As of September 30, 2020, the City's General Fund had a \$55,000 Due to balance to SWHEA. The Statement of Net Assets and Statement of Activities for this component unit are presented on the face of the government-wide financial statement.

(This area intentionally left blank.)

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

IV. OTHER INFORMATION

A. Risk management and self-insurance

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

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

The limits and corresponding deductibles are as follows:

	Limit	Deductible
General Liability	\$ 5,000,000	\$ 25,000
Law Enforcement Liability	5,000,000	25,000
Error and Omissions	10,000,000	50,000
Automobile Medical Payments	25,000	100,000
Automobile Liability	5,000,000	100,000
Automobile Physical Damage	Actual Cash Value	10,000
Automobile Catastrophe	6,600,000	10,000
Real and Personal Property	81,379,403	25,000
Boiler and Machinery	36,000,000	25,000
Mobile Equipment	2,633,724	500
Employee Theft	5,000,000	25,000
Forgery and Alteration	50,000	500
Computer Fraud	5,000,000	25,000
Cyberinsurance	5,000,000	100,000

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

In January 2000, the City expanded its self-insurance program to include employee health coverage. The program is configured to offer Preferred Provider Organization (PPO) coverages and Health Savings Accounts (HSA) using an outside provider network. A third-party insurance company provides claims administration and coinsures with the City for individual claim retention levels, with policy limits set at \$110,000 per occurrence and an aggregate stop loss of \$4,263,316 per year.

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

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

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

Unpaid claims liability of \$259,071 is included in the accrued liabilities of the Comprehensive Self-Insurance Internal Service Fund.

Changes in the balances of unpaid claims liabilities during 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Unpaid claims, beginning of year	\$ 305,848	\$ 323,871
Current year claims (including IBNR) and change in estimate	3,256,736	3,265,721
Claim Payments	<u>(3,303,513)</u>	<u>(3,283,744)</u>
Unpaid claims, end of year	<u>\$ 259,071</u>	<u>\$ 305,848</u>

B. Commitments and contingencies

1. Water and sewer contracts

The City's water supply is derived from the Dallas County/Park Cities Municipal Utility District ("the MUD") under a twenty-year contract dated March 2, 2004, at an agreed upon rate that is adjusted annually. The original contract was amended in 2010 to a term of 22 years, commencing March 2, 2010 and expiring March 2, 2032. The 2020 rate for treated water was \$2.5453 per 1,000 gallons. The MUD was originally created to serve (and continues to serve) only the cities of University Park and Highland Park. It has its own treatment and storage facilities and obtains its water from Lake Grapevine, in which it has rights to the first 50,000 acre-feet of stored water. During fiscal year 2020, the cost of water purchased under this contract was \$4,772,213.

On November 5, 1973, the City entered into the initial twenty-year contract for sewage disposal with the City of Dallas. This contract was extended for a term of 30 years on February 22, 1984. As of February 22, 2014, the City received another thirty-year extension on the contract to February 21, 2044. Under the terms of the contract, Dallas is paid a monthly fee determined by an annual Cost-of-Service Study. During fiscal 2020, the cost of sewage disposal under this contract was \$3,196,239 at a rate of \$3.0381 per 1,000 gallons.

2. Commitments

The City has contractual commitments of \$564,742 in the General Fund, \$12,596,788 in the Capital Projects Fund and \$351,551 in other non-major governmental funds. These commitments are for various purchases and construction projects and will be funded by various general governmental revenues.

3. Contingencies and Uncertainties

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

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

In December 2019, a novel strain of coronavirus spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. Certain City revenues, such as sales taxes and recreation program fees as well as expenditures related to providing emergency and other services, have been minimally affected.

In response to the COVID-19 pandemic, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The Act provides economic grants to offset some additional expenses and forgone revenue as a result of the response to COVID-19. The City received the COVID-19 federal grant of \$1,374,175 in fiscal 2020 as a pass-through grant from Dallas County.

C. Deferred compensation plan

The City offers its employees a choice of two deferred compensation plans created in accordance with Internal Revenue Code Section 457. The employees have a choice of participating in the Nationwide Retirement Solutions (formerly the Public Employees Benefit Services Corporation, or PEBSCO) plan and/or the International City Management Association Retirement Corporation (ICMA-RC) plan. All amounts of compensation under these plans are placed into investment pools administered by Nationwide and ICMA-RC, respectively. The plans, available to all regular employees, permit deferral of up to \$19,500 of compensation (\$25,500 for those over 50) in 2020. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

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

D. Retirement plans

1. Texas Municipal Retirement System (TMRS)

Plan Description

The City participates as one of 886 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at www.TMRS.com.

All eligible employees of the City are required to participate in TMRS (except for certain City fire personnel covered under the FRRF plan, below).

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Plan provisions for the City were as follows:

	Plan Year 2019
Employee deposit rate	7.0%
Matching ratio (City to employee)	2 to 1
Years required for vesting	10
Service retirement eligibility (expressed as age/years of service)	60/10, any/20
Updated service credit	100% (Ad Hoc)
Transfer Service Credit	100% (Ad Hoc)
Annuity increase (to retirees)	70% of CPI (Ad Hoc)

On the actuarial valuation measurement date of December 31, 2019, the following employees/beneficiaries were covered by the benefit terms:

Membership	
Number of:	
Retirees or beneficiaries currently receiving benefits	164
Terminated employees entitled to but not yet receiving benefits	48
Active employees	220
Total	432

Contributions

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

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

City employees were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of University Park were 7.510% and 10.18% in calendar years 2018 and 2019, respectively.

The City's contributions to TMRS for the year ended September 30, 2020 was \$1,742,092, and were in excess of \$95,329 to the required contributions. The City contributed the excess voluntarily and is under no obligation to do so in the future.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

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

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2109 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, TMRS's actuary, Gabriel Roeder Smith & Company (GRS), focused on the area between (1) the arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.00%	5.30%
Core fixed income	10.00%	1.25%
Non-core fixed income	20.00%	4.14%
Real return	10.00%	3.85%
Real estate	10.00%	4.00%
Absolute return	10.00%	3.48%
Private equity	10.00%	7.75%
Total	100.00%	

Discount Rate

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

(This area intentionally left blank.)

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

Changes in the Net Pension (Asset) Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a)-(b)
Balance at 12/31/2018	\$ 99,432,140	\$ 90,532,944	\$ 8,899,196
Changes for the year:			
Service cost	2,176,926	-	2,176,926
Interest	6,617,043	-	6,617,043
Change of benefit terms	-	-	-
Difference between expected and actual experience	50,290	-	50,290
Changes in assumptions	(381,134)	-	(381,134)
Contributions - employer	-	1,707,326	(1,707,326)
Contributions - employee	-	1,173,997	(1,173,997)
Net investment income	-	13,986,212	(13,986,212)
Benefit payments, including refunds of employee contributions	(4,980,680)	(4,980,680)	-
Administrative expense	-	(79,085)	79,085
Other changes	-	(2,376)	2,376
Net changes	3,482,445	11,805,394	(8,322,949)
Balance at 12/31/2019	\$ 102,914,585	\$ 102,338,338	\$ 576,247

Sensitivity of Discount Rate

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

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 12,462,635	\$ 576,247	\$ (9,437,619)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at www.TMRS.com.

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

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

For the year ended September 30, 2020, the City recognized pension expense of \$1,813,833.

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

From TMRS Workbook "Amortization" table		
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 86,095	\$ (853,650)
Changes in actuarial assumptions	-	(300,726)
Net difference between projected and actual earnings on pension plan investments	-	(3,195,282)
Employer's contributions to the pension plan subsequent to the measurement date	<u>1,329,380</u>	<u>-</u>
Total	<u>\$ 1,415,475</u>	<u>\$ (4,349,658)</u>

\$1,329,380 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended Dec 31:</u>		
2020	\$	(1,303,085)
2021		(1,346,311)
2022		12,531
2023		(1,626,698)
2024		-
Thereafter		<u>-</u>
Total	<u>\$</u>	<u>(4,263,563)</u>

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

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

Plan Description

The Board of Trustees is the administrator of the University Park Firemen's Relief and Retirement Fund ("the Fund"), a single-employer defined benefit pension plan. The City of University Park, Texas is the only contributing employer. Firefighters, who joined the City prior to November 01, 2017, in the University Park Fire Department are covered by the FRRF and also contribute to the FRRF. The FRRF is not a part of the City's reporting entity because the City does not have fiduciary responsibility of the FRRF assets, is not able to impose its will on the FRRF, nor is the FRRF fiscally dependent on the City, since the Board of Trustees has the ability to complete essential fiscal events without approval by the City, and the Board is not appointed by the City.

The plan covers current and former fire fighters of the City of University Park, Texas as well as certain beneficiaries of former firefighters. The plan was closed to new entrants as of November 1, 2017. The types of employees covered, as well as the plan membership as of December 31, 2019 (the most recent actuarial valuation) are as follows:

Number of:	12/31/2019
Retirees and beneficiaries currently receiving benefits	48
Terminated employees entitled to, but not yet receiving benefit	0
Active members	29
Total	77

Benefits

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

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

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

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

Net Pension Liability

The City's Total Pension Liability was determined by an actuarial valuation performed on December 31, 2018 and included updated procedures that rolled forward the Total Pension Liability to the measurement date of December 31, 2019.

Contributions

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

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

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

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

The funding policy of the FRRF required contributions of 10.00% of pay by the members through September 2009. For the period from October 2009 through September 2010, member contributed 12.00% of total pay. For the period from October 2010 through September 2011, member contributed 14.00% of total pay. For the period from October 2011 through September 2012, member were scheduled to contribute 15.00% of total pay; however the 2011 increase was extended by one year, by vote of the membership. For the period from October 2013 to September 2014, members were scheduled to contribute 15.00% of total pay.

In accordance with current TLFFRA statutes, the City is required to make contributions to the FRRF at the same rate paid by the firefighters, or 12.00%, whichever is less. The City has traditionally contributed to the FRRF at the same rate it contributed to TMRS, which has always resulted in a rate in excess of statutory requirements. On July 1, 2008, the City FRRF contribution rate was set at 15.54% of payroll; to compensate the FRRF for the loss of contributions related to incoming fire department personnel who opted to join the TMRS Plan in accordance with TLFFRA provisions. The City continued to contribute 15.54% of total pay through September 2014.

From October 2014 to September 2016, the FRRF Board accepted the City's proposal to shift 2.00% of the contribution from the firefighters' contribution to the City contribution. This action decreased the firefighters' contribution from 15.00% to 13.00%, and increased the City's contribution from 15.54% to 17.54% for a year.

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

Starting October 1, 2018, the City contribution rate increased to 28.72% of pay, in accordance with the terms of the Plan which calls for the City to contribute at a rate necessary in order to produce at least a 30-

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

year amortization period. The City contribution continued at 28.72% of pay and the employee contribution rate remained unchanged at 10.00%.

The City's normal contribution to the FRRF for the year ended September 30, 2020, was \$908,237, and was equal to the required contributions.

General Actuarial Assumptions:

The long-term expected rate of return on pension plan investments is 7.50%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the FRRF Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of FRRF.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Valuation date	12/31/2019
Actuarial cost method	Entry age
Amortization method	Level percent of payroll, closed period
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Inflation	2.5% per year
Investment rate of return	7.5%
Projected salary increases	General wage increase (4%) plus longevity and promotion increases that vary by age and service
Cost-of-living adjustments	None
Retirement Age for vested terminated members	Rates that vary by age and service
Mortality	RP-2000 Combined Healthy Mortality Table for males and for females (sex distinct) projected to 2024 by scale AA
Other information	The plan was closed to new entrants effective November 1, 2017

(This area intentionally left blank.)

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Equities		
Domestic large/all cap	23.00%	5.70%
Domestic small/mid cap	9.00%	6.20%
International developed	10.00%	6.20%
Emerging markets	15.00%	7.70%
Alternatives		
Income opportunity	6.00%	3.70%
Flexible income	5.00%	2.90%
Global Convertibles	5.00%	3.20%
Fixed income		
Domestic core	15.00%	1.20%
High yield	5.00%	2.70%
International developed	5.00%	1.70%
Cash	2.00%	0.00%
Total	<u>100.00%</u>	
Weighted Average		4.57%

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. No projection of cash flows was used to determine the discount rate because the December 31, 2018 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 29 years. Because of the 29-year amortization period of the UAAL, the pension plan's fiduciary net position is expected 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 of 7.5% was applied to all periods of projected benefit payments as the discount rate to determine the total pension liability.

(This area intentionally left blank.)

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/2018	\$ 24,124,380	\$ 9,447,674	\$ 14,676,706
Changes for the year:			
Service cost	435,507	-	435,507
Interest	1,783,836	-	1,783,836
Contributions - employer	-	911,456	(911,456)
Contributions - employee	-	317,360	(317,360)
Net Investment income	-	1,782,571	(1,782,571)
Benefit payments, including refunds of employee contributions	(1,550,811)	(1,550,811)	-
Administrative expense	-	(13,900)	13,900
Net changes	<u>668,532</u>	<u>1,446,676</u>	<u>(778,144)</u>
Balance at 12/31/2019	<u>\$ 24,792,912</u>	<u>\$ 10,894,350</u>	<u>\$ 13,898,562</u>

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

The following presents the net pension liability of the City of University Park, calculated using the discount rate of 7.5%, compared to what the city's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
\$ 16,834,554	\$ 13,898,562	\$ 11,442,708

(This area intentionally left blank.)

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

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

For the year ended September 30, 2020, the City recognized pension expense of \$1,400,544.

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual economic experience	\$ -	\$ (1,509,149)
Changes in actuarial assumptions	1,466,067	-
Difference between projected and actual investment earnings	-	(220,956)
Contributions subsequent to the measurement date	<u>691,003</u>	<u>-</u>
Total	<u>\$ 2,157,070</u>	<u>\$ (1,730,105)</u>

The total of the contributions \$691,003 made by the city to the Fund contributed subsequent to the measurement date of the net pension liability, December 31, 2019, through September 30, 2020 is a deferred outflow of resources that will be recognized as a reduction in the net pension liability in the fiscal year ending September 30, 2021.

	<u>Net Deferred Outflows/(Inflows) of Resources</u>
2021	\$ (20,178)
2022	(32,714)
2023	69,357
2024	(221,797)
2025	(19,080)
Thereafter	<u>(39,626)</u>
Total	<u>\$ (264,038)</u>

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

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

E. Other Postemployment Benefits

Plan Description

The City of University Park offers certain health care benefits to retired employees through a single-employer defined benefit plan ("the Retiree Health Plan", "the Plan" or "OPEB"). Permanent full-time employees of the City of University Park are eligible to participate in the Plan upon retirement. They may remain members of the Plan until they reach the age of 65 or otherwise become eligible for Medicare benefits. Members must pay 100% of the retiree health care premium. Members become eligible to participate in the Plan upon normal service retirement, or if they meet the Disability Retirement provisions of TMRS or FRRF, whichever applies, and draw disability retirement benefits from TMRS or FRRF, whichever applies. Members terminating their employment before normal service retirement conditions are not eligible for retiree health care. The City of University Park does not provide subsidized retiree vision or dental coverage. The Plan does not issue separate financial statements. All payments received or made on behalf of the Plan are done so through the Comprehensive Self-Insurance Fund. As of September 30, 2020, there are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No.75.

Current retirees contribute to the Plan an amount approximating the blended premium for active and retired participants. This amount is determined annually by an Employee Benefits Committee, under the direction of the City Council. Retiree contribution rates for fiscal 2020 range from \$10,400 to \$20,500 per year, depending on coverage levels.

At the December 31, 2019 measurement date, the following employees were covered by the benefit terms:

	Valuation date 12/31/2018
Number of:	
Inactive plan members or beneficiaries currently receiving benefits	5
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	233
Total	238

(This area intentionally left blank.)

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

Total OPEB Liability

The City's Total OPEB Liability was determined by an actuarial valuation performed on December 31, 2018 and included updated procedures that rolled forward the Total OPEB Liability to the measurement date of December 31, 2019.

Total OPEB liability

Service cost	\$ 59,148
Interest on the total OPEB liability	49,118
Changes of benefit terms	-
Difference between expected and actual experience of the total OPEB liability	36,631
Changes of assumptions	81,241
Benefit payments	<u>(82,232)</u>
Net change in total OPEB liability	143,906
Total OPEB liability - beginning	1,335,479
Total OPEB liability - ending	<u>\$ 1,479,385</u>

Covered-employee payroll

20,002,948

Total OPEB liability as a percentage of covered-employee payroll

7.40%

The ending Total OPEB Liability was as of December 31, 2019.

Changes of assumptions reflect a change in the discount rate from 3.71% as of December 31, 2018 to 2.75% as of December 31, 2019 and revised TMRS demographic assumptions.

The benefit payments during the measurement period were determined as follows:

a. Age-adjusted premiums	\$ 180,011 (retiree contributions * 1.841)
b. Retiree contributions	<u>(97,779)</u> (data provided by the City)
c. Total benefit payments	\$ 82,232

The 1.841 factor equals the ratio of the expected retiree claims to the expected retiree contributions. The underlying retiree claims were estimated using age-adjusted premiums.

(This area intentionally left blank.)

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

Actuarial assumptions

The actuarial assumptions used to value the liabilities are the same as those used in the valuation report as of December 31, 2018, which include the following:

Valuation date	12/31/2018
Actuarial cost method	Individual Entry age
Discount Rate	2.75% as of December 31, 2019
Inflation	2.50%
Salary increase rate	3.50% to 11.50%, including inflation
Demographic assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables published through 2019 to account for future mortality improvements.
Health care trend rates	Initial rate of 7.20% declining to an ultimate rate of 4.25% after 15 years.
Participation rates	For TMRS members, it was assumed that 0% of those retiring before age 55 and 15% of those retiring after age 55 would choose to elect health care benefits through the City. For Firefighters, it was assumed that 15% of retirees would choose to elect health care benefits through the City.
Other information	The discount rate changed from 3.71% as of December 31, 2018 to 2.75% as of December 31, 2019. Additionally, the demographic assumptions were updated to reflect the 2019 TMRS Experience Study.

Sensitivity of Total OPEB Liability to the Discount Rate and Healthcare Cost Trend Assumptions

The following table presents the sensitivity of the Total OPEB Liability to changes in the discount rate when calculating it at 1-percentage-point-lower (1.75%) and 1-percentage-point-higher (3.75%).

	1% Decrease 1.75%	Current Discount Rate Assumption 2.75%	1% Increase 3.75%
\$	1,609,113	\$ 1,479,385	\$ 1,359,171

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

The following table presents the sensitivity of the Total OPEB Liability to changes in the healthcare cost trend rate when calculating it at 1-percentage-point-lower and 1-percentage-point-higher.

1% Decrease		Current Healthcare Cost Trend Rate Assumption		1% Increase	
\$	1,307,775	\$	1,479,385	\$	1,681,189

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

For the year ended September 30, 2020, the City recognized OPEB expense of \$168,194.

At September 30, 2020, 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
Difference between expected and actual experience	\$ 79,629	\$ -
Changes in actuarial assumptions	360,738	
Net difference between projected and actual earnings on OPEB plan investments	-	-
Employer's contributions to the OPEB plan subsequent to the measurement date	42,192	-
Total	\$ 482,559	\$ -

\$42,192 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the fiscal year ending September 30, 2021.

(This area intentionally left blank.)

CITY OF UNIVERSITY PARK, TEXAS

Notes to Financial Statements

September 30, 2020

Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending September 30	Net Deferred Outflows/(Inflows) of Resources
2021	\$ 59,928
2022	59,928
2023	59,928
2024	59,928
2025	59,928
Thereafter	140,727
Total	<u>\$ 440,367</u>

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

F. Subsequent Events

The full impact of the COVID-19 pandemic and the scope of any adverse impact cannot be fully determined at this time. The pandemic has adversely affected travel, commerce, and financial markets globally and it is expected to adversely affect economic output worldwide and in Texas, including the North Texas region. The potential impacts cannot currently be predicted but could be material for future fiscal years.

(This area intentionally left blank.)

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF UNIVERSITY PARK, TEXAS

Texas Municipal Retirement System

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Last 6 years

	2014	2015	2016	2017	2018	2019
Total pension liability						
Service cost	\$ 1,721,395	\$ 1,850,469	\$ 2,038,054	\$ 1,991,805	\$ 2,078,241	\$ 2,176,926
Interest (on the Total Pension Liability)	5,398,451	5,596,121	5,747,031	5,956,942	6,468,373	6,617,043
Changes of benefit terms	-	-	-	-	4,542,411	-
Difference between expected and actual experience	(544,994)	(6,999)	345,855	(24,424)	(1,497,663)	50,290
Changes in assumptions	-	2,198,651	-	-	-	(381,134)
Benefit payments, including refunds of employee contributions	(3,500,753)	(4,130,311)	(4,940,533)	(5,055,510)	(4,810,885)	(4,980,680)
Net change in total pension liability	3,074,099	5,507,931	3,190,407	2,868,813	6,780,477	3,482,445
Total pension liability -- beginning	78,010,413	81,084,512	86,592,443	89,782,850	92,651,663	99,432,140
Total pension liability -- ending	<u>\$ 81,084,512</u>	<u>\$ 86,592,443</u>	<u>\$ 89,782,850</u>	<u>\$ 92,651,663</u>	<u>\$ 99,432,140</u>	<u>\$ 102,914,585</u>
Plan fiduciary net position						
Contributions -- employer	\$ 1,209,153	\$ 932,731	\$ 863,712	\$ 1,100,132	\$ 2,198,761	\$ 1,707,326
Contributions -- employee	1,037,372	1,054,827	1,089,289	1,065,136	1,117,334	1,173,997
Net investment income	4,696,136	126,138	5,634,758	11,911,941	(2,841,833)	13,986,212
Benefit payments, including refund of employee contributions	(3,500,753)	(4,130,311)	(4,940,533)	(5,055,510)	(4,810,885)	(4,980,680)
Administrative expense	(49,034)	(76,833)	(63,648)	(61,750)	(54,956)	(79,085)
Other	(4,031)	(3,795)	(3,429)	(3,129)	(2,870)	(2,376)
Net change in plan fiduciary net position	3,388,843	(2,097,243)	2,580,149	8,956,820	(4,394,449)	11,805,394
Plan fiduciary net position -- beginning	82,098,824	85,487,667	83,390,424	85,970,573	94,927,393	90,532,944
Plan fiduciary net position -- ending	<u>\$ 85,487,667</u>	<u>\$ 83,390,424</u>	<u>\$ 85,970,573</u>	<u>\$ 94,927,393</u>	<u>\$ 90,532,944</u>	<u>\$ 102,338,338</u>
Net pension liability (asset)	<u>\$ (4,403,155)</u>	<u>\$ 3,202,019</u>	<u>\$ 3,812,277</u>	<u>\$ (2,275,730)</u>	<u>\$ 8,899,196</u>	<u>\$ 576,247</u>
Plan fiduciary net position as a percentage of the total pension liability	105.43%	96.30%	95.75%	102.46%	91.05%	99.44%
Covered payroll	\$ 14,819,603	\$ 15,068,964	\$ 15,545,794	\$ 15,216,231	\$ 15,961,910	\$ 16,771,388
Net pension liability as a percentage of covered payroll	(29.71%)	21.25%	24.52%	(14.96%)	55.75%	3.44%

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

The amounts presented for each fiscal year were determined as of the December 31 year-end that occurred within the fiscal year.

CITY OF UNIVERSITY PARK, TEXAS

Texas Municipal Retirement System

Schedule of Contributions Last 6 years

	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>
Actuarially Determined Contribution	\$ 1,010,160	\$ 904,082	\$ 1,051,243	\$ 1,175,525	\$ 1,577,524	\$ 1,646,763
Contributions in relation to the actuarially determined contribution	<u>1,010,160</u>	<u>904,082</u>	<u>1,051,243</u>	<u>1,175,525</u>	<u>2,577,524</u>	<u>1,742,092</u>
Contribution deficiency (excess)	-	-	-	-	(1,000,000)	(95,329)
Covered payroll	<u>15,035,197</u>	<u>15,820,627</u>	<u>15,421,480</u>	<u>15,786,581</u>	<u>16,484,339</u>	<u>17,112,884</u>
Contributions as a percentage of covered- employee payroll	<u>6.72%</u>	<u>5.71%</u>	<u>6.82%</u>	<u>7.45%</u>	<u>15.64%</u>	<u>10.18%</u>

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

CITY OF UNIVERSITY PARK, TEXAS

Texas Municipal Retirement System

Notes to Schedule of Contributions

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

There were no benefit changes during the year.

CITY OF UNIVERSITY PARK, TEXAS

Texas Municipal Retirement System

Schedule of Investment Returns Last 6 years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Annual money-weighted rate of return, net of investment expense	5.85%	0.08%	7.55%	13.82%	(2.38%)	14.68%

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

CITY OF UNIVERSITY PARK, TEXAS

University Park Firemen's Relief and Retirement Fund

Schedule of Changes in Net Pension Liability and Related Ratios Last 6 years

	2014	2015	2016	2017	2018	2019
Total pension liability						
Service cost (Pension benefit)	\$ 500,790	\$ 524,967	\$ 586,350	\$ 603,941	\$ 622,059	\$ 435,507
Service cost (Administrative expenses)	41,323	38,831	-	-	-	-
Interest (on the Total Pension Liability)	1,595,786	1,645,714	1,725,426	1,706,004	1,750,621	1,783,836
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	-	(1,524,554)	(717,747)	-	(554,596)	-
Changes of assumptions	-	1,275,048	1,152,809	-	379,290	-
Benefit payments, including refunds of member contributions	(1,431,822)	(1,181,483)	(1,289,836)	(1,881,221)	(1,585,110)	(1,550,811)
Net change in total pension liability	706,077	778,523	1,457,002	428,724	612,264	668,532
Total pension liability -- beginning	20,141,790	20,847,867	21,626,390	23,083,392	23,512,116	24,124,380
Total pension liability -- ending	<u>\$ 20,847,867</u>	<u>\$ 21,626,390</u>	<u>\$ 23,083,392</u>	<u>\$ 23,512,116</u>	<u>\$ 24,124,380</u>	<u>\$ 24,792,912</u>
Plan fiduciary net position						
Contributions -- employer	\$ 526,289	\$ 588,724	\$ 594,960	\$ 577,935	\$ 1,712,899	\$ 911,456
Contributions -- employee	477,809	436,340	440,963	383,092	317,545	317,360
Net investment income	479,579	(252,668)	651,872	1,183,554	(657,661)	1,782,571
Benefit payments, including refund of employee contributions	(1,431,822)	(1,181,483)	(1,289,836)	(1,881,221)	(1,585,110)	(1,550,811)
Administrative expense	(41,323)	(38,831)	(17,131)	(24,789)	(26,941)	(13,900)
Other	-	-	-	-	-	-
Net change in plan fiduciary net position	10,532	(447,918)	380,828	238,571	(239,268)	1,446,676
Plan fiduciary net position -- beginning	9,504,929	9,515,461	9,067,543	9,448,371	9,686,942	9,447,674
Plan fiduciary net position -- ending	<u>\$ 9,515,461</u>	<u>\$ 9,067,543</u>	<u>\$ 9,448,371</u>	<u>\$ 9,686,942</u>	<u>\$ 9,447,674</u>	<u>\$ 10,894,350</u>
Net pension liability	<u>\$ 11,332,406</u>	<u>\$ 12,558,847</u>	<u>\$ 13,635,021</u>	<u>\$ 13,825,174</u>	<u>\$ 14,676,706</u>	<u>\$ 13,898,562</u>
Plan fiduciary net position as a percentage of the total pension liability	45.64%	41.93%	40.93%	41.20%	39.16%	43.94%
Covered payroll	\$ 3,281,103	\$ 3,356,465	\$ 3,392,018	\$ 3,159,841	\$ 3,175,450	\$ 3,173,600
Net pension liability as a percentage of covered payroll	345.38%	374.17%	401.97%	437.53%	462.19%	437.94%

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

The amounts presented for each fiscal year were determined as of the December 31 year-end that occurred within the fiscal year.

CITY OF UNIVERSITY PARK, TEXAS

University Park Firemen's Relief and Retirement Fund

Schedule of Contributions Last 6 years

	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>
Actuarially Determined Contribution	\$ 577,601	\$ 615,505	\$ 571,700	\$ 650,290	\$ 906,746	\$ 908,237
Contributions in relation to the actuarially determined contribution	<u>577,601</u>	<u>615,505</u>	<u>571,700</u>	<u>650,290</u>	<u>1,906,746</u>	<u>908,237</u>
Contribution deficiency (excess)	-	-	-	-	(1,000,000)	-
Covered-employee payroll	3,306,586	3,509,148	3,259,409	3,165,970	3,157,196	3,162,386
Contributions as a percentage of covered-employee payroll	<u>17.47%</u>	<u>17.54%</u>	<u>17.54%</u>	<u>20.54%</u>	<u>60.39%</u>	<u>28.72%</u>

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

CITY OF UNIVERSITY PARK, TEXAS

University Park Firemen's Relief and Retirement Fund

Notes to Schedule of Contributions

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed period
Remaining amortization period as of December 31, 2016	30 Years
Asset valuation method	5-year smoothed market value
Inflation	2.5% per year
Investment rate of return	7.50%
Projected salary increases	General wage increase (4%) plus longevity and promotion increases that vary by age and service
Cost-of-living adjustments	None
Retirement Age for vested terminated members	Rates that vary by age and service
Mortality	RP-2000 Combined Healthy Mortality Table for males and for females (sex distinct) projected to 2024 by scale AA

Other Information:

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

Note: The City adopted GASB 68 for FY15.

CITY OF UNIVERSITY PARK, TEXAS

University Park Firemen's Relief and Retirement Fund

Schedule of Investment Returns Last 6 years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Annual money-weighted rate of return, net of investment expense	4.76%	(2.84%)	7.46%	13.78%	(6.65%)	19.21%

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

CITY OF UNIVERSITY PARK, TEXAS

Retiree Health Care Plan

Schedule of Changes in Total OPEB Liability and Related Ratios Last 3 calendar years

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total OPEB liability			
Service cost	\$ 37,523	\$ 45,173	\$ 59,148
Interest on the total OPEB liability	34,925	31,923	49,118
Changes of benefit terms	-	-	-
Difference between expected and actual experience of the total OPEB liability	27,271	36,425	36,631
Changes of assumptions	38,741	334,349	81,241
Benefit payments	<u>(80,529)</u>	<u>(108,490)</u>	<u>(82,232)</u>
Net change in total OPEB liability	57,931	339,380	143,906
Total OPEB liability - beginning	<u>938,168</u>	<u>996,099</u>	<u>1,335,479</u>
Total OPEB liability - ending	<u><u>996,099</u></u>	<u><u>1,335,479</u></u>	<u><u>1,479,385</u></u>
 Covered-employee payroll	 18,552,150	 21,228,201	 20,002,948
 Total OPEB liability as a percentage of covered-employee payroll	 5.37%	 6.29%	 7.40%

Changes of assumptions reflect a change in the discount rate from 3.71% as of December 31, 2018 to 2.75% as of December 31, 2019, and updates to the health care trend and participation assumptions.

Note: The City adopted GASB 75 for FY18, and will build this schedule over the next 10 years.



CITY OF UNIVERSITY PARK, TEXAS
Budgetary Comparison Schedule
General Fund

For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive (Negative)</u>
Budgetary fund balance, October 1	\$ 27,792,966	\$ 27,792,966	\$ 27,792,966	\$ -
Resources (inflows)				
Property tax	21,579,761	21,579,761	21,398,952	(180,809)
Sales tax	4,790,000	4,790,000	4,755,160	(34,840)
Franchise fees	1,945,000	1,945,000	1,584,008	(360,992)
Permits and licenses	1,704,500	1,704,500	1,726,086	21,586
Fines	647,500	647,500	446,163	(201,337)
Charges for services	2,096,500	2,096,500	1,639,898	(456,602)
Intergovernmental revenue	-	-	1,039,208	1,039,208
Other	425,500	425,500	241,727	(183,773)
Investment income	600,000	600,000	1,101,049	501,049
Donations	-	-	12,000	12,000
Amounts available for appropriation	<u>61,581,727</u>	<u>61,581,727</u>	<u>61,737,217</u>	<u>155,490</u>
Charges to appropriations (outflows)				
Executive	1,337,865	1,978,988	1,957,948	21,040
Finance	969,155	958,748	876,858	81,890
Human Resources	437,203	398,098	306,407	91,691
Information Services	1,057,253	1,075,886	1,103,592	(27,706)
Library	832,108	836,122	764,059	72,063
Court	443,983	444,106	413,635	30,471
Community Development	1,290,245	1,287,598	1,247,994	39,604
Engineering	793,727	810,149	839,293	(29,144)
Traffic	1,027,614	1,082,803	1,016,757	66,046
Facility Maintenance	423,144	404,852	393,141	11,711
Fire	6,523,946	6,494,456	6,556,110	(61,654)
Police	8,868,528	8,832,194	8,167,811	664,383
Parks	3,237,938	3,230,002	3,207,085	22,917
Swimming Pool	545,244	549,623	339,539	210,084
Streets	1,897,031	1,899,451	1,639,957	259,494
Transfers	4,081,858	4,081,858	4,122,852	(40,994)
Total charges to appropriations	<u>33,766,842</u>	<u>34,364,934</u>	<u>32,953,038</u>	<u>1,411,896</u>
Budgetary fund balance, September 30	<u>\$ 27,814,885</u>	<u>\$ 27,216,793</u>	<u>\$ 28,784,179</u>	<u>\$ 1,567,386</u>

See notes to required supplementary information.

CITY OF UNIVERSITY PARK, TEXAS
Notes to Required Supplementary Information
September 30, 2020

Budgetary Information

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

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

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

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

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



OTHER SUPPLEMENTARY INFORMATION



COMBINING FINANCIAL STATEMENTS

Nonmajor Governmental Funds

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

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

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

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

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

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

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

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

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

CITY OF UNIVERSITY PARK, TEXAS

Combining Balance Sheet
Nonmajor Governmental Funds

September 30, 2020

Special Revenue Funds									
	University Park Civic Foundation	Court Security	Court Technology	Police Training and Education	Police Forfeiture	Fire Training and Education	Library	Parks Projects and Programs	Total
ASSETS									
Cash and cash equivalents	\$ 103,419	\$ -	\$ -	\$ -	\$ 8,768	\$ -	\$ -	\$ -	\$ 112,187
Accounts receivables	-	-	-	-	-	-	-	5,000	5,000
Due from other funds	-	122,268	52,674	35,328	-	10,941	10,196	6,897	238,304
TOTAL ASSETS	<u>\$ 103,419</u>	<u>\$ 122,268</u>	<u>\$ 52,674</u>	<u>\$ 35,328</u>	<u>\$ 8,768</u>	<u>\$ 10,941</u>	<u>\$ 10,196</u>	<u>\$ 11,897</u>	<u>\$ 355,491</u>
LIABILITIES									
Due to other funds	\$ 3,038	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,038
Accounts payable	777	-	-	-	-	-	125	-	902
Total liabilities	<u>3,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125</u>	<u>-</u>	<u>3,940</u>
FUND BALANCES									
Restricted to:									
General Government	17,293	-	-	-	-	-	10,071	-	27,364
Public Safety	-	122,268	52,674	35,328	8,768	10,941	-	-	229,979
Parks	82,311	-	-	-	-	-	-	11,897	94,208
Total fund balances	<u>99,604</u>	<u>122,268</u>	<u>52,674</u>	<u>35,328</u>	<u>8,768</u>	<u>10,941</u>	<u>10,071</u>	<u>11,897</u>	<u>351,551</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 103,419</u>	<u>\$ 122,268</u>	<u>\$ 52,674</u>	<u>\$ 35,328</u>	<u>\$ 8,768</u>	<u>\$ 10,941</u>	<u>\$ 10,196</u>	<u>\$ 11,897</u>	<u>\$ 355,491</u>

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

For the Year Ended September 30, 2020

	Special Revenue Funds								
	University Park Civic Foundation	Court Security	Court Technology	Police Training and Education	Police Forfeiture	Fire Training and Education	Library	Parks Projects and Programs	Total
REVENUES									
Investment income	\$ 46	\$ -	\$ -	\$ -	\$ 6	\$ -	\$ -	\$ -	\$ 52
Fines	-	8,362	8,313	-	-	-	-	-	16,675
Donations	61,408	-	-	3,511	-	5,306	50	15,600	85,875
Intergovernmental	-	-	3,600	-	-	-	-	-	3,600
Other	-	-	-	-	514	-	-	-	514
Total revenues	<u>61,454</u>	<u>8,362</u>	<u>11,913</u>	<u>3,511</u>	<u>520</u>	<u>5,306</u>	<u>50</u>	<u>15,600</u>	<u>106,716</u>
EXPENDITURES									
Parks	5,044	-	-	-	-	-	-	17,595	22,639
Scholarships	34,500	-	-	-	-	-	-	-	34,500
General Government	-	-	-	-	-	-	3,441	-	3,441
Public Safety	-	-	3,600	-	-	-	-	-	3,600
Total expenditures	<u>39,544</u>	<u>-</u>	<u>3,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,441</u>	<u>17,595</u>	<u>64,180</u>
Excess (deficiency) of revenues over (under) expenditures	<u>21,910</u>	<u>8,362</u>	<u>8,313</u>	<u>3,511</u>	<u>520</u>	<u>5,306</u>	<u>(3,391)</u>	<u>(1,995)</u>	<u>42,536</u>
Fund balances - beginning	<u>77,694</u>	<u>113,906</u>	<u>44,361</u>	<u>31,817</u>	<u>8,248</u>	<u>5,635</u>	<u>13,462</u>	<u>13,892</u>	<u>309,015</u>
Fund balances - ending	<u>\$ 99,604</u>	<u>\$ 122,268</u>	<u>\$ 52,674</u>	<u>\$ 35,328</u>	<u>\$ 8,768</u>	<u>\$ 10,941</u>	<u>\$ 10,071</u>	<u>\$ 11,897</u>	<u>\$ 351,551</u>



COMBINING FINANCIAL STATEMENTS

Internal Service Funds

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

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

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

CITY OF UNIVERSITY PARK, TEXAS

Combining Statement of Net Position Internal Service Funds

September 30, 2020

	<u>Equipment Services</u>	<u>Comprehensive Self-Insurance</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,586,826	\$ 4,145,583	\$ 5,732,409
Receivables	-	4,776	4,776
Due from other funds	3,434,323	3,965,631	7,399,954
Total current assets	<u>5,021,149</u>	<u>8,115,990</u>	<u>13,137,139</u>
Non-current assets:			
Capital assets			
Machinery and equipment	14,385,641	-	14,385,641
Accumulated depreciation	(7,780,562)	-	(7,780,562)
Total non-current assets	<u>6,605,079</u>	<u>-</u>	<u>6,605,079</u>
Total assets	<u>11,626,228</u>	<u>8,115,990</u>	<u>19,742,218</u>
DEFERRED OUTFLOW OF RESOURCES			
Difference in expected and actual pension/OPEB investment experience	5,822	-	5,822
Changes in pension/OPEB actuarial assumptions	11,998	-	11,998
Pension/OPEB contributions after measurement date	54,196	-	54,196
Total deferred outflow of resources	<u>72,016</u>	<u>-</u>	<u>72,016</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,232	238,273	239,505
Accrued liabilities	17,006	259,071	276,077
Accrued compensated absences	44,120	-	44,120
Due to other funds	-	25,162	25,162
Total current liabilities	<u>62,358</u>	<u>522,506</u>	<u>584,864</u>
Non-current liabilities:			
Net pension liability - TMRS	41,500	-	41,500
Total OPEB liability	45,858	-	45,858
Accrued compensated absences	40,976	-	40,976
Total non-current liabilities	<u>128,334</u>	<u>-</u>	<u>128,334</u>
Total liabilities	<u>190,692</u>	<u>522,506</u>	<u>713,198</u>
DEFERRED INFLOW OF RESOURCES			
Difference in expected and actual pension/OPEB investment experience	33,541	-	33,541
Difference in projected and actual pension/OPEB investment earnings	99,510	-	99,510
Total deferred inflow of resources	<u>133,051</u>	<u>-</u>	<u>133,051</u>
NET POSITION			
Investment in capital assets	6,605,079	-	6,605,079
Unrestricted	4,769,422	7,593,484	12,362,906
Total net position	<u>\$11,374,501</u>	<u>\$ 7,593,484</u>	<u>\$18,967,985</u>

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

For the Year Ended September 30, 2020

	<u>Equipment Services</u>	<u>Comprehensive Self-Insurance</u>	<u>Total</u>
Operating revenues			
Charges for service	\$ 2,210,558	\$ -	\$ 2,210,558
Premiums	-	4,747,529	4,747,529
	<u>2,210,558</u>	<u>4,747,529</u>	<u>6,958,087</u>
Total operating revenues	<u>2,210,558</u>	<u>4,747,529</u>	<u>6,958,087</u>
Operating expenses			
Claims paid and change in estimate	-	3,209,959	3,209,959
Personnel services	880,326	-	880,326
Administrative and fiscal services	-	1,142,547	1,142,547
Depreciation	961,684	-	961,684
Supplies and other	24,759	-	24,759
Contractual and other services	156,915	130,613	287,528
	<u>2,023,684</u>	<u>4,483,119</u>	<u>6,506,803</u>
Total operating expenses	<u>2,023,684</u>	<u>4,483,119</u>	<u>6,506,803</u>
Operating income	<u>186,874</u>	<u>264,410</u>	<u>451,284</u>
Nonoperating revenues (expenses)			
Investment income	40,668	77,756	118,424
Intergovernmental	726	-	726
	<u>228,268</u>	<u>342,166</u>	<u>570,434</u>
Change in net position	<u>228,268</u>	<u>342,166</u>	<u>570,434</u>
Total net position - beginning	<u>11,146,233</u>	<u>7,251,318</u>	<u>18,397,551</u>
Total net position - ending	<u>\$ 11,374,501</u>	<u>\$ 7,593,484</u>	<u>\$ 18,967,985</u>

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

For the Year ended September 30, 2020

	Equipment Services	Comprehensive Self-Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 2,213,007	\$ 4,751,137	\$ 6,964,144
Payments from (to) other funds	(2,010,886)	(3,402,875)	(5,413,761)
Payments to suppliers	(169,977)	(4,384,685)	(4,554,662)
Payments to employees	(926,595)	-	(926,595)
Net cash used in operating activities	(894,451)	(3,036,423)	(3,930,874)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intergovernmental revenue	726	-	726
Net cash provided by noncapital financing	726	-	726
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(1,124,826)	-	(1,124,826)
Net cash used in capital and related financing activities	(1,124,826)	-	(1,124,826)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment securities	(1,000,000)	(1,000,000)	(2,000,000)
Proceeds from the sale and maturities of investment securities	2,000,000	3,000,000	5,000,000
Interest on investments	33,518	72,742	106,260
Net cash provided by investing activities	1,033,518	2,072,742	3,106,260
Net increase (decrease) in cash and cash equivalents	(985,033)	(963,681)	(1,948,714)
Cash and cash equivalents, beginning of year	2,571,859	5,109,264	7,681,123
Cash and cash equivalents, end of year	<u>\$ 1,586,826</u>	<u>\$ 4,145,583</u>	<u>\$ 5,732,409</u>
Reconciliation of operating income to net cash used in operating activities:			
Operating income	\$ 186,874	\$ 264,410	\$ 451,284
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation expense	961,684	-	961,684
(Increase) in due from other funds	(1,957,513)	(3,172,564)	(5,130,077)
Decrease in pension/OPEB and deferred outflow	4,701	-	4,701
Decrease in interest receivable	2,449	3,609	6,058
Decrease in prepaid	10,970	-	10,970
Increase (decrease) in accrued liabilities	(50,243)	98,432	48,189
(Decrease) in due to other funds	(53,373)	(230,310)	(283,683)
Total adjustments	(1,081,325)	(3,300,833)	(4,382,158)
Net cash used in operating activities	<u>\$ (894,451)</u>	<u>\$ (3,036,423)</u>	<u>\$ (3,930,874)</u>
NON-CASH INVESTING ACTIVITIES			
Change in the fair value of investments	<u>\$ 7,150</u>	<u>\$ 5,014</u>	<u>\$ 12,164</u>



STATISTICAL SECTION (UNAUDITED)

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

CONTENTS

Tables

Financial Trends

1-4

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

5-8

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity

9-13

These schedules present information to help the reader assess the City's current levels of outstanding debt (if any) and the City's ability to issue debt in the future.

Demographic and Economic Information

14-15

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

16-18

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.*

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

Table 1

	RESTATED					RESTATED				
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Investment in capital assets	\$ 60,538,038	\$ 62,312,988	\$ 65,190,228	\$ 66,403,103	\$ 66,443,113	\$ 68,817,286	\$ 73,575,392	\$ 75,828,190	\$ 77,768,481	\$ 81,126,644
Restricted	-	-	-	-	229,197	294,025	310,644	267,200	309,015	351,551
Unrestricted	44,123,844	44,289,220	41,264,456	38,478,120	38,525,057	34,824,405	30,297,434	30,671,229	28,772,501	27,336,949
Total governmental activities net position	<u>\$ 104,661,882</u>	<u>\$ 106,602,208</u>	<u>\$ 106,454,684</u>	<u>\$ 104,881,223</u>	<u>\$ 105,197,367</u>	<u>\$ 103,935,716</u>	<u>\$ 104,183,470</u>	<u>\$ 106,766,619</u>	<u>\$ 106,849,997</u>	<u>\$ 108,815,144</u>
Business type activities:										
Investment in capital assets	\$ 47,970,897	\$ 49,683,932	\$ 51,127,842	\$ 53,218,776	\$ 53,846,733	\$ 53,297,369	\$ 52,774,728	\$ 52,301,964	\$ 53,728,864	\$ 58,672,778
Unrestricted	8,690,783	8,156,715	7,022,922	8,603,253	11,052,770	13,825,219	16,554,259	19,953,697	17,670,719	14,509,080
Total business type activities net position	<u>\$ 56,661,680</u>	<u>\$ 57,840,647</u>	<u>\$ 58,150,764</u>	<u>\$ 61,822,029</u>	<u>\$ 64,899,503</u>	<u>\$ 67,122,588</u>	<u>\$ 69,328,987</u>	<u>\$ 72,255,661</u>	<u>\$ 71,399,583</u>	<u>\$ 73,181,858</u>
Primary government:										
Investment in capital assets	\$ 108,508,935	\$ 111,996,920	\$ 116,318,070	\$ 119,621,879	\$ 120,289,846	\$ 122,114,655	\$ 126,350,120	\$ 128,130,154	\$ 131,497,345	\$ 139,799,422
Restricted	-	-	-	-	229,197	294,025	310,644	267,200	309,015	351,551
Unrestricted	52,814,627	52,445,935	48,287,378	47,081,373	49,577,827	48,649,624	46,851,693	50,624,926	46,443,220	41,846,029
Total primary government net position	<u>\$ 161,323,562</u>	<u>\$ 164,442,855</u>	<u>\$ 164,605,448</u>	<u>\$ 166,703,252</u>	<u>\$ 170,096,870</u>	<u>\$ 171,058,304</u>	<u>\$ 173,512,457</u>	<u>\$ 179,022,280</u>	<u>\$ 178,249,580</u>	<u>\$ 181,997,002</u>

Source: Annual Comprehensive Financial Report

Note: The City implemented GASB 68 in FY15. The unrestricted net position balances were restated for the effects of this statement in FY14 and FY15.
The City implemented GASB 75 in FY18. The unrestricted net position balances were restated for the effects of this statement in FY17 and FY18.

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

Table 2

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General Government	\$ 3,405,642	\$ 4,643,566	\$ 5,168,456	\$ 5,303,529	\$ 6,237,596	\$ 6,236,918	\$ 6,575,387	\$ 6,541,706	\$ 7,673,588	\$ 6,412,090
Public Safety	12,173,113	12,198,719	12,914,938	12,870,794	13,866,937	14,562,251	15,049,833	15,230,494	18,247,996	15,962,509
Streets	1,755,084	1,829,907	1,862,581	1,961,153	2,153,362	2,022,909	1,953,853	1,897,537	2,337,910	2,129,771
Parks	3,330,332	3,418,159	3,609,761	3,549,975	3,701,838	3,867,474	3,877,072	4,095,819	4,481,787	4,211,621
Public Works	2,691,034	2,658,904	3,089,173	2,933,931	2,973,871	3,067,854	2,907,656	2,788,705	3,645,539	3,501,692
Total governmental activities expenses	23,355,205	24,749,255	26,644,909	26,619,382	28,933,604	29,757,406	30,363,801	30,554,261	36,386,820	32,217,683
Business type activities:										
Utilities	12,795,748	13,146,550	13,991,080	13,679,558	13,361,608	13,640,627	14,448,042	15,302,739	16,439,217	15,330,875
Sanitation	2,622,334	2,590,435	2,784,109	2,791,940	2,826,506	3,098,111	3,025,626	2,946,676	3,662,744	3,200,828
Stormwater	-	-	-	109,032	92,646	68,884	176,504	234,719	236,658	122,427
Total business type activities expenses	15,418,082	15,736,985	16,775,189	16,580,530	16,280,760	16,807,622	17,650,172	18,484,134	20,338,619	18,654,130
Total primary government expense	\$ 38,773,287	\$ 40,486,240	\$ 43,420,098	\$ 43,199,912	\$ 45,214,364	\$ 46,565,028	\$ 48,013,973	\$ 49,038,395	\$ 56,725,439	\$ 50,871,813
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	\$ 36,492	\$ 29,132	\$ 48,342	\$ 58,247	\$ 64,946	\$ 65,914	\$ 69,685	\$ 63,377	\$ 67,529	\$ 53,450
Public Safety	1,972,793	2,284,805	2,258,352	2,358,022	2,086,722	2,259,477	2,521,682	2,391,984	2,331,861	2,089,829
Parks	364,402	348,478	353,380	321,664	312,541	319,968	298,901	388,202	419,427	86,430
Public Works	2,885,760	3,113,402	1,593,086	1,898,453	2,196,979	1,334,508	1,762,119	3,308,409	3,012,785	1,635,531
Operating grants and contributions:	-	-	-	-	-	-	-	-	-	1,043,534
Total governmental activities program revenues	5,259,447	5,775,817	4,253,160	4,636,386	4,661,188	3,979,867	4,652,387	6,151,972	5,831,602	4,908,774
Business type activities:										
Charges for services:										
Utilities	14,384,367	13,655,917	13,911,816	14,936,298	14,606,621	14,605,166	15,339,518	16,548,841	15,033,306	15,994,361
Sanitation	2,953,344	2,828,621	2,743,414	2,716,376	2,692,834	2,860,758	3,061,506	3,100,506	3,112,775	3,392,167
Stormwater	-	-	-	465,816	435,563	433,302	437,057	476,192	477,267	500,729
Operating grants and contributions:	-	-	-	-	-	-	-	-	-	4,779
Total business type activities program revenues	17,337,711	16,484,538	16,655,230	18,118,490	17,735,018	17,899,226	18,838,081	20,125,539	18,623,348	19,892,036
Total primary government program revenues	\$ 22,597,158	\$ 22,260,355	\$ 20,908,390	\$ 22,754,876	\$ 22,396,206	\$ 21,879,093	\$ 23,490,468	\$ 26,277,511	\$ 24,454,950	\$ 24,800,810
Net (Expense) Revenue										
Governmental activities	\$ (18,095,758)	\$ (18,973,438)	\$ (22,391,749)	\$ (21,982,996)	\$ (24,272,416)	\$ (25,777,539)	\$ (25,711,414)	\$ (24,402,289)	\$ (30,555,218)	\$ (27,308,909)
Business type activities	1,919,629	747,553	(119,959)	1,537,960	1,454,258	1,091,604	1,187,909	1,641,405	(1,715,271)	1,237,906
Total primary government net expense	\$ (16,176,129)	\$ (18,225,885)	\$ (22,511,708)	\$ (20,445,036)	\$ (22,818,158)	\$ (24,685,935)	\$ (24,523,505)	\$ (22,760,884)	\$ (32,270,489)	\$ (26,071,003)

General Revenues and Other Changes in Net Position

Governmental activities:

Taxes:										
Ad valorem	\$ 15,928,388	\$ 15,484,579	\$ 15,444,115	\$ 16,160,020	\$ 16,971,682	\$ 17,530,625	\$ 18,463,633	\$ 18,999,877	\$ 19,832,232	\$ 21,411,142
Sales tax	3,584,805	3,395,645	3,498,422	4,014,191	4,229,485	4,245,822	4,421,709	4,558,780	4,914,991	4,755,160
Franchise Fees	2,207,303	2,094,494	1,989,121	2,122,312	2,228,552	2,087,318	2,072,947	1,848,515	1,860,884	1,584,008
Investment earnings	208,533	188,888	98,286	172,591	287,428	347,503	394,574	697,960	1,324,920	1,294,189
Other	502,174	90,026	1,429,414	4,373,130	2,343,344	1,368,791	1,265,815	1,220,981	3,240,471	581,490
Contribution	34	32	-	-	-	-	-	-	-	-
Donations	33,596	12,276	137,043	83,759	84,614	133,524	98,836	67,313	110,633	97,875
Gain (loss) on sale of capital assets	-	-	-	-	-	(124,075)	-	-	-	-
Transfers	(352,176)	(352,176)	(352,176)	(952,176)	(1,556,545)	(1,073,620)	(388,560)	(407,988)	(645,535)	(449,808)
Total governmental activities	<u>22,112,657</u>	<u>20,913,764</u>	<u>22,244,225</u>	<u>25,973,827</u>	<u>24,588,560</u>	<u>24,515,888</u>	<u>26,328,954</u>	<u>26,985,438</u>	<u>30,638,596</u>	<u>29,274,056</u>
Business type activities:										
Investment earnings	2,738	3,241	1,974	448	2,230	25,671	38,991	115,711	189,277	89,698
Other	-	75,997	75,926	80,837	64,441	32,190	737,609	761,570	24,381	4,863
Transfers	352,176	352,176	352,176	952,176	1,556,545	1,073,620	388,560	407,988	645,535	449,808
Total business type activities	<u>354,914</u>	<u>431,414</u>	<u>430,076</u>	<u>1,033,461</u>	<u>1,623,216</u>	<u>1,131,481</u>	<u>1,165,160</u>	<u>1,285,269</u>	<u>859,193</u>	<u>544,369</u>
Total primary government	<u>\$ 22,467,571</u>	<u>\$ 21,345,178</u>	<u>\$ 22,674,301</u>	<u>\$ 27,007,288</u>	<u>\$ 26,211,776</u>	<u>\$ 25,647,369</u>	<u>\$ 27,494,114</u>	<u>\$ 28,270,707</u>	<u>\$ 31,497,789</u>	<u>\$ 29,818,425</u>

Change in Net Position

Governmental activities	\$ 4,016,899	\$ 1,940,326	\$ (147,524)	\$ 3,990,831	\$ 316,144	\$ (1,261,651)	\$ 617,540	\$ 2,583,149	\$ 83,378	\$ 1,965,147
Business type activities	2,274,543	1,178,967	310,117	2,571,421	3,077,474	2,223,085	2,353,069	2,926,674	(856,078)	1,782,275
Total primary government	<u>\$ 6,291,442</u>	<u>\$ 3,119,293</u>	<u>\$ 162,593</u>	<u>\$ 6,562,252</u>	<u>\$ 3,393,618</u>	<u>\$ 961,434</u>	<u>\$ 2,970,609</u>	<u>\$ 5,509,823</u>	<u>\$ (772,700)</u>	<u>\$ 3,747,422</u>

Source: Annual Comprehensive Financial Report

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

Table 3

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable	\$ 447,942	\$ 502,835	\$ 518,976	\$ 557,109	\$ 576,174	\$ 622,861	\$ 591,377	\$ 589,430	\$ 625,563	\$ 672,762
Restricted	1,274,954	-	-	-	-	-	-	-	-	-
Committed	20,750,202	20,750,202	20,750,202	20,750,202	20,750,202	20,750,202	17,514,501	17,514,501	17,514,501	17,514,501
Assigned	711,397	644,732	503,441	455,547	306,923	290,639	309,933	248,846	305,553	564,742
Unassigned	5,126,786	6,194,370	5,234,423	5,560,558	6,519,025	7,130,059	8,573,761	8,967,415	9,347,349	10,032,174
Total General Fund	\$ 28,311,281	\$ 28,092,139	\$ 27,007,042	\$ 27,323,416	\$ 28,152,324	\$ 28,793,761	\$ 26,989,572	\$ 27,320,192	\$ 27,792,966	\$ 28,784,179
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Spendable										
Restricted	-	-	-	-	229,197	294,025	310,644	267,200	309,015	351,551
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	9,831,161	10,824,871	9,647,996	12,456,022	12,275,219	9,966,009	11,154,189	11,215,595	14,418,519	12,596,788
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 9,831,161	\$ 10,824,871	\$ 9,647,996	\$ 12,456,022	\$ 12,504,416	\$ 10,260,034	\$ 11,464,833	\$ 11,482,795	\$ 14,727,534	\$ 12,948,339

Source: Annual Comprehensive Financial Report

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

Table 4

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes:										
Ad Valorem	\$ 15,942,729	\$ 15,502,274	\$ 15,437,318	\$ 16,029,692	\$ 17,043,636	\$ 17,527,721	\$ 18,477,455	\$ 19,006,152	\$ 19,826,584	\$ 21,398,952
Sales	3,584,805	3,395,645	3,498,422	4,014,191	4,229,485	4,245,822	4,421,709	4,558,780	4,914,991	4,755,160
Franchise fees	2,207,303	2,094,494	1,989,121	2,122,312	2,228,552	2,087,318	2,072,947	1,848,515	1,860,884	1,584,008
Permits and licenses	2,973,785	3,192,446	1,673,681	1,985,049	2,309,390	1,418,959	1,858,996	3,403,512	3,153,187	1,726,086
Fines	460,329	769,308	758,962	839,055	633,083	820,356	920,316	818,107	770,218	462,838
Charges for services	1,468,322	1,434,766	1,465,817	1,785,939	1,738,025	1,851,865	1,882,041	1,914,328	1,914,140	1,639,898
Intergovernmental	-	-	-	-	-	-	-	-	-	1,042,808
Other	2,329,790	451,824	1,876,407	4,400,268	1,702,884	1,368,791	1,270,395	1,213,126	3,121,645	581,490
Investment income	208,533	188,888	98,286	172,591	287,428	347,503	394,574	697,960	1,070,577	1,175,765
Donations	33,596	12,276	137,043	83,759	84,614	133,524	98,836	75,167	110,633	97,875
Total revenues	29,209,192	27,041,921	26,935,057	31,432,856	30,257,097	29,801,859	31,397,269	33,535,647	36,742,859	34,464,880
Expenditures										
General Government	3,908,128	3,710,920	3,940,032	4,081,360	4,195,769	4,172,217	7,941,643	4,918,401	5,991,875	5,439,946
Public Safety	11,792,300	11,769,965	12,193,142	12,288,514	12,772,317	13,060,294	13,547,700	14,042,235	16,081,905	15,141,156
Streets	1,737,530	1,780,280	1,745,127	1,848,867	1,998,240	1,742,353	1,706,388	1,666,834	1,670,522	1,639,957
Parks	3,105,560	3,080,028	3,140,013	3,188,534	3,225,558	3,271,096	3,255,344	3,532,794	3,732,388	3,569,263
Public Works	2,611,421	2,528,517	2,812,070	2,779,473	2,847,099	2,785,712	2,548,586	2,537,195	2,853,924	3,104,044
Capital Outlay	2,269,321	3,045,468	5,014,469	3,169,532	2,784,267	5,299,512	2,600,773	5,613,757	4,002,367	5,908,688
Total expenditures	25,424,260	25,915,178	28,844,853	27,356,280	27,823,250	30,331,184	31,600,434	32,311,216	34,332,981	34,803,054
Excess (deficiency) of revenues over (under) expenditures	3,784,932	1,126,743	(1,909,796)	4,076,576	2,433,847	(529,325)	(203,165)	1,224,431	2,409,878	(338,174)
Other Financing Sources (Uses)										
Transfers in	2,680,020	4,108,561	3,053,014	5,975,020	2,774,428	2,986,407	3,747,854	5,594,617	8,451,100	3,673,044
Transfers out	(3,032,196)	(4,460,736)	(3,405,190)	(6,927,196)	(4,330,973)	(4,060,027)	(4,144,079)	(6,470,466)	(7,143,465)	(4,122,852)
Total other financing sources (uses)	(352,176)	(352,175)	(352,176)	(952,176)	(1,556,545)	(1,073,620)	(396,225)	(875,849)	1,307,635	(449,808)
Net change in fund balances	\$ 3,432,756	\$ 774,568	\$ (2,261,972)	\$ 3,124,400	\$ 877,302	\$ (1,602,945)	\$ (599,390)	\$ 348,582	\$ 3,717,513	\$ (787,982)

Source: Annual Comprehensive Financial Report

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

Table 5

Fiscal Year	Real Property		Business Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Residential	Commercial				
2011	\$ 6,863,828,520	\$ 1,405,826,170	\$ 70,896,650	\$ 2,633,438,386	\$ 5,707,112,954	\$ 0.2785
2012	6,654,905,050	1,424,711,540	69,909,780	2,581,437,846	5,568,088,524	0.2785
2013	6,644,042,790	1,525,744,050	71,281,470	2,653,643,498	5,587,424,812	0.2785
2014	6,996,977,160	1,666,485,480	75,369,540	2,839,055,026	5,899,777,154	0.2743
2015	7,573,817,110	1,806,314,070	81,981,600	3,113,142,452	6,348,970,328	0.2698
2016	8,184,648,580	1,835,964,380	86,214,430	3,275,569,950	6,831,257,440	0.2589
2017	9,010,915,120	2,066,730,380	86,661,520	3,748,019,105	7,416,287,915	0.2488
2018	8,935,709,610	2,123,779,700	86,309,460	3,751,895,965	7,393,902,805	0.2488
2019	9,857,823,530	2,220,030,150	84,929,530	4,077,565,306	8,085,217,904	0.2454
2020	10,073,452,960	2,534,579,380	92,367,990	4,415,105,109	8,285,295,221	0.2585

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

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

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

Table 6

Fiscal Year	City Direct Rates			Overlapping Rates				
	Operating/ General Rate	General Obligation Debt Service	Total Direct	Highland Park Independent School District	Dallas County	Parkland Hospital District	Dallas County Community College District	Total
2011	\$ 0.2785	\$ -	\$ 0.2785	\$ 1.1150	\$ 0.2531	\$ 0.2710	\$ 0.0992	\$ 2.0168
2012	0.2785	-	0.2785	1.1342	0.2531	0.2710	0.0997	2.0365
2013	0.2785	-	0.2785	1.1342	0.2530	0.2710	0.1194	2.0561
2014	0.2743	-	0.2743	1.1267	0.2531	0.2760	0.1247	2.0548
2015	0.2698	-	0.2698	1.1181	0.2531	0.2860	0.1248	2.0518
2016	0.2589	-	0.2589	1.1119	0.2531	0.2860	0.1237	2.0336
2017	0.2488	-	0.2488	1.2032	0.2531	0.2794	0.1242	2.1087
2018	0.2488	-	0.2488	1.2032	0.2531	0.2794	0.1242	2.1087
2019	0.2454	-	0.2454	1.2355	0.2531	0.2794	0.1240	2.1374
2020	0.2585	-	0.2585	1.1655	0.2531	0.2695	0.1240	2.0706

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

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

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

Table 7

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Caruth Preston Road	\$ 84,959,720	1	1.03%	\$ 47,584,240	1	0.83%
HTH Diamond Hillcrest Land LLC	25,276,320	2	0.31%			
Peruna Holdings Corp	24,750,000	3	0.30%	17,600,000	4	0.31%
Southern Methodist University	24,322,970	4	0.29%	30,308,630	2	0.53%
Gerald J. Ford	24,223,000	5	0.29%	24,341,488	3	0.43%
Trevor D. and Janice M. Rees-Jones	22,734,093	6	0.27%			
Mary C. Finney Life Estate	17,451,406	7	0.21%	11,320,000	10	0.20%
Clint D. and Nancy P. Carlson	16,154,558	8	0.19%	14,396,146	8	0.25%
Intercity Investments Inc	15,850,000	9	0.19%	15,700,000	5	0.28%
Jean C. Thompson	15,547,050	10	0.19%			
Birmingham Wallace LP				15,457,530	6	0.27%
Richard H. and Tracy B. Cheatham				14,500,000	7	0.25%
John C. & Debbie Tolleson				11,955,600	9	0.21%
	<u>\$ 271,269,117</u>		<u>3.27%</u>	<u>\$ 203,163,634</u>		<u>3.56%</u>

Source: Dallas County Tax Office

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

Table 8

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Original Levy
2011	\$ 15,903,248	\$ 15,769,437	99.16%	\$ 42,529	\$ 15,811,966	99.43%
2012	15,507,883	15,384,088	99.20%	8,978	15,393,066	99.26%
2013	15,561,032	15,377,061	98.82%	21,168	15,398,229	98.95%
2014	16,187,443	15,956,992	98.58%	5,642	15,962,634	98.61%
2015	17,133,359	16,961,640	99.00%	(40,889)	16,920,751	98.76%
2016	17,692,489	17,525,897	99.06%	9,096	17,534,992	99.11%
2017	18,453,201	18,270,892	99.01%	17,630	18,288,522	99.11%
2018	18,936,419	18,870,690	99.65%	-	18,870,690	99.65%
2019	19,843,221	19,679,809	99.18%	252	19,680,061	99.18%
2020	21,425,487	21,255,053	99.20%	22,998	21,278,051	99.31%

Source: Dallas County Tax Office

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

Table 9

<u>Fiscal Year</u>	<u>General Obligation Refunding Bonds</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
2011	-	-	-
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	-	-	-

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

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

Table 10

<u>Fiscal Year</u>	<u>General Obligation Refunding Bonds</u>	<u>Less: Amount Available for Debt Service</u>	<u>Net Bonded Debt</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2011	-	-	-	-	-
2012	-	-	-	-	-
2013	-	-	-	-	-
2014	-	-	-	-	-
2015	-	-	-	-	-
2016	-	-	-	-	-
2017	-	-	-	-	-
2018	-	-	-	-	-
2019	-	-	-	-	-
2020	-	-	-	-	-

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

CITY OF UNIVERSITY PARK, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of September 30, 2020
(Unaudited)

Table 11

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Highland Park Independent School District	\$ 375,565,000	55.99%	\$ 210,278,844
Dallas County	130,445,000	3.73%	4,865,599
Dallas County Community College District	136,505,000	3.47%	4,736,724
Dallas County Hospital District	622,000,000	3.62%	22,516,400
Dallas Independent School District	3,308,985,000	0.02%	661,797
Subtotal, overlapping debt			243,059,364
City of University Park direct debt			-
Total direct and overlapping debt			\$ 243,059,364

Source: Hilltop Securities

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

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

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

Table 12

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

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

Table 13

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Tax Rate Limit	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000
Current Tax Rate	0.2785	0.2785	0.2785	0.2743	0.2698	0.2589	0.2488	0.2488	0.2454	0.2585
Available Tax Rate	<u>\$ 2.2215</u>	<u>\$ 2.2215</u>	<u>\$ 2.2215</u>	<u>\$ 2.2257</u>	<u>\$ 2.2302</u>	<u>\$ 2.2411</u>	<u>\$ 2.2512</u>	<u>\$ 2.2512</u>	<u>\$ 2.2546</u>	<u>\$ 2.2415</u>

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

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

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

Table 14

Year	Estimated Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2011	23,068	1,539,997	66,759	27.8	6,448	7.0%
2012	23,040	1,461,059	63,414	29.7	6,757	5.6%
2013	22,920	1,607,013	70,114	29.7	6,848	5.4%
2014	22,860	1,602,806	70,114	29.7	6,804	3.9%
2015	22,840	1,784,672	78,138	29.8	6,804	3.3%
2016	22,720	1,776,772	78,203	29.8	7,037	3.3%
2017	22,820	2,108,568	92,400	32.9	7,091	2.7%
2018	22,890	2,115,036	92,400	32.9	7,024	3.0%
2019	22,910	1,971,841	86,069	33.1	6,971	2.8%
2020	22,900	2,371,066	103,540	35.4	6,801	3.9%

Source: Estimated population obtained from the North Central Texas Council of Governments, 2020 Population Estimates Report.
Current and updated median age, per capita via city-data.com.
Current and updated school enrollment via The Texas Tribune.
Current and updated unemployment rate via homefacts.com.

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

Table 15

UNIVERSITY PARK			
Employer	Rank	Employees	Percentage of Total City Employment
Southern Methodist University	1	1,429	6%
Highland Park ISD	2	664	3%
Fidelity Investments	3	300	1%
City of University Park	4	244	1%

DALLAS COUNTY			COLLIN COUNTY		
Employer	Rank	Employees	Employer	Rank	Employees
Wal-Mart	1	34,698	State Farm Insurance Corporate Office	1	9,985
American Airlines Group	2	24,700	Plano Independent School District	2	6,854
Bank of America	3	20,000	Capital One Finance	3	5,979
Texas Health Resources	4	19,230	AT&T	4	4,300
Dallas Independent School District	5	18,314	DXC Technology	5	4,000
Baylor Health Care System	6	17,097	Toyota North America HQ	6	3,937
AT&T	7	15,800	Bank of America Home Loans	7	3,729
Lockheed Martin	8	14,126	Blue Cross Blue Shield of Texas	8	3,100
JP Morgan Chase	9	13,500	Ericsson	9	2,713
UT Southwestern Medical Center	10	13,122	Liberty Mutual Insurance	10	2,700

Note: The City of University Park is primarily residential in nature, with a highly mobile workforce. Nestled between the north/south routes of the Dallas North Tollway to the west, and North Central Expressway to the east, the majority of commuters are likely employed in either Dallas or Collin County. Therefore, the major employers of those areas are presented along with the top 4 employers within the City limits. No comparative prior period information is available. Employers information was found in FY19 Dallas County ACFR and North Central Texas Council of Governments sites/reports, and therefore is not intended as an accurate portrayal of actual City employment.

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

Table 16

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
Administrative	5	5	5	5	5	6	6	6	6	6
Finance	7	6	5	6	6	6	6	6	6	5
Human Resources	2	2	2	2	2	2	2	2	2	1
Information Services	5	5	5	5	5	5	5	6	6	6
Library *	0	0	4	4	4	4	4	3	5	4
Facility Maintenance	3	2	2	2	2	2	2	2	2	2
Public Safety										
Police										
Officers	37	39	35	39	39	43	41	41	38	39
Civilians	12	10	13	14	11	10	12	12	15	18
Fire										
Firefighters and officers	35	34	34	35	35	33	31	34	35	34
Civilians	1	1	1	1	1	1	1	1	1	1
Municipal Court	2	2	2	2	2	2	2	2	2	2
Parks	24	22	22	22	22	22	23	23	22	22
Public Works										
Community Development	9	10	11	11	9	10	9	9	10	10
Engineering	6	6	5	5	5	4	3	3	4	6
Traffic	6	7	7	7	7	6	7	7	7	7
Streets	16	16	16	17	16	16	16	16	15	13
Utilities	31	28	32	31	31	31	31	31	36	31
Sanitation	25	26	27	27	27	28	27	26	27	27
Equipment Services	10	10	10	10	10	9	9	9	9	10
Capital Projects	1	1	0	0	0	0	0	0	0	0
Total	237	232	238	245	239	240	237	239	248	244

Source: City Human Resource Department

* Function added in 2013

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

Table 17

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Safety										
Police										
Parking tickets	5,277	8,426	7,333	6,886	2,873	6,386	5,793	6,499	7,747	4,744
Traffic violations	5,133	5,169	4,050	5,838	5,774	3,386	3,970	7,288	6,657	3,976
Accident calls	217	210	198	188	535	572	532	623	533	522
Total calls for service	25,835	25,756	24,162	24,636	27,767	30,199	31,051	30,862	30,347	18,973
Fire										
Number of fire runs	1,185	1,227	1,437	1,485	1,547	1,455	1,532	1,587	1,857	1,623
Number of EMS runs	1,113	1,012	1,100	1,073	1,033	1,038	1,077	876	853	769
Inspections	725	791	819	1,040	874	856	1,142	952	1,352	445
Parks										
Pool passes issued	3,422	3,186	3,161	3,036	2,821	2,645	2,465	2,587	2,299	1,122
Public Works										
Building permits issued	2,597	2,792	3,036	3,257	3,040	2,880	2,511	2,482	2,937	2,242
Work orders completed	7,758	8,203	7,436	6,970	7,538	6,824	7,216	7,408	8,623	7,512
Sanitation										
Waste hauled (tons)	15,022	15,295	15,052	14,487	15,139	12,806	12,751	12,907	13,033	13,118
Recycled materials (tons)	2,854	2,961	2,886	3,116	3,298	3,614	3,222	3,013	3,028	2,998
Green Waste	2,731	2,936	2,647	2,212	2,428	1,652	1,489	1,313	1,862	1,250
Utilities										
Number of consumers	8,790	8,747	8,813	8,848	8,797	8,830	8,815	8,805	8,832	8,820
Average daily consumption (ten thousands of gallons)	5,797	4,844	4,403	4,095	3,931	3,850	3,956	4,086	3,313	3,332

Sources: Various City Departments

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

Table 18

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	12	12	12	12	13	13	12	12	12	15
Motorcycle units	0	0	0	0	0	0	2	2	2	2
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Trucks	4	4	4	3	3	2	3	3	3	3
MICU	2	2	2	2	2	2	2	2	2	2
Parks										
Parks (acres)	60	60	60	60	60	60	60	60	60	60
Parks (number of)	9	10	10	11	11	11	11	11	11	11
Playgrounds	8	8	8	9	9	9	9	9	8	8
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Tennis Courts	12	12	12	12	12	12	12	12	12	12
Water										
Water mains (miles)	89	89	89	89	89	89	89	89	89	89
Fire hydrants	472	469	470	473	473	473	473	473	473	473
Streets										
Streets (miles)	74.6	74.6	74.6	74.6	74.6	74.6	74.6	74.6	74.6	74.6
Sewer										
Sanitary sewer lines (miles)	63.8	63.8	63.8	63.8	63.8	63.8	63.8	63.8	63.8	63.8
Storm sewer lines (miles)	25.9	25.9	25.9	25.9	25.9	25.9	25.9	25.9	25.9	25.9

Source: Various City Departments

