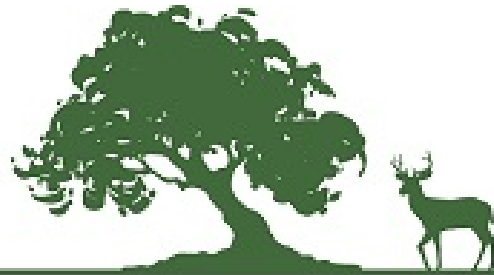


TOWN OF HOLLYWOOD PARK, TEXAS

**ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2018**





HOLLYWOOD
— PARK —

TOWN OF HOLLYWOOD PARK
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2018

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TOWN OF HOLLYWOOD PARK
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2018

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TOWN OF HOLLYWOOD PARK

PRINCIPAL OFFICERS

TOWN OFFICIALS

MAYOR

CHRIS MURPHY

TOWN COUNCIL

MICHAEL HOWE

DEBBIE TRUEMAN

OSCAR VILLARREAL, JR.

DELAINE HALL

SCOTT BAILEY

TOWN SECRETARY

JANICE ALAMIA

TOWN TREASURER

JEFF HINSON

ATTORNEY

MICHAEL S. BRENNAN



INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Town Council
Town of Hollywood Park

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hollywood Park, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise Town of Hollywood Park's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hollywood Park, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and other post employment benefits schedules 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 Town of Hollywood Park's basic financial statements as a whole. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. These statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Armstrong, Vaughan & Associates, P.C.
February 27, 2019



MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the Town of Hollywood Park’s annual financial report presents our discussion and analysis of the Town’s financial performance during the fiscal year ended September 30, 2018. Please read it in conjunction with the Town’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

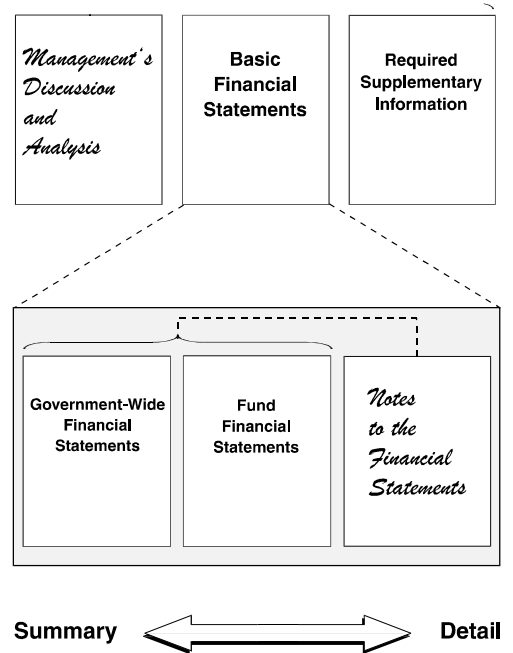
- The Town’s total combined net position was \$11 million at September 30, 2018.
- During the year, the Town’s governmental activities expenses were \$747 thousand less than the \$5.2 million generated in general and program revenues for governmental activities. The total cost of the Town’s governmental programs increased 6% from the prior year.
- The general fund reported a fund balance this year of \$3.4 million, an increase of \$741 thousand. The increase due largely to increased sales taxes, increased property tax collections, and higher interest yields.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management’s discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the Town’s overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the Town’s operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*.

Figure A-1F, Required Components of the Town’s Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2. Major Features of the Town's Government-wide and Fund Financial Statements			
Fund Statements			
<i>Type of Statements</i>	Government-wide	Governmental Funds	Proprietary Funds
<i>Scope</i>	Entire Town's government (except fiduciary funds) and the Town's component units	The activities of the town that are not proprietary or fiduciary	Activities of the Town that operate similar to private businesses: sewer
<i>Required financial statements</i>	• Statement of net position	• Balance Sheet	• Statement of net position
	• Statement of activities	• Statement of revenues, expenditures & changes in fund balances	• Statement of revenues, expenses & changes in net position • Statement of cash flows
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid

Figure A-2 summarizes the major features of the Town's financial statements, including the portion of the Town government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-Wide Statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's net position and how they have changed. Net position—the difference between the Town's assets and liabilities—is one way to measure the Town's financial health or *position*.

- Over time, increases or decreases in the Town's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Town, one needs to consider additional non-financial factors such as changes in the Town's tax base.
- The government-wide financial statements of the Town include the *Governmental activities*. Most of the Town's basic services are included here, such as general government, public safety,

highways and streets, sanitation, economic development, culture and recreation, and interest on long-term debt. Property taxes and charges for services finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's most significant *funds*—not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Town Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The Town has the following kinds of funds:

- *Governmental funds*—Most of the Town's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page, which explains the relationship (or differences) between them.
- *Proprietary funds*—Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

The Town's combined net position was \$11 million at September 30, 2018. (See Table A-1).

Table A-1
Town's Net Position

	Governmental Activities		Business-Type Activities		Total		Percentage Change
	2018	2017	2018	2017	2018	2017	
<i>Assets:</i>							
Current Assets	\$ 5,813,313	\$ 4,767,360	\$ 218,304	\$ 201,615	\$ 6,031,617	\$ 4,968,975	21.4
Capital Assets (net)	9,548,214	10,188,088	-	-	9,548,214	10,188,088	(6.3)
<i>Total Assets</i>	<u>15,361,527</u>	<u>14,955,448</u>	<u>218,304</u>	<u>201,615</u>	<u>15,579,831</u>	<u>15,157,063</u>	2.8
<i>Deferred Outflows</i>	271,300	329,867	-	-	271,300	329,867	(17.8)
<i>Liabilities:</i>							
Current Liabilities	567,488	795,027	20,280	10,485	587,768	805,512	(27.0)
Long-Term Liabilities	3,919,226	4,298,152	-	-	3,919,226	4,298,152	(8.8)
<i>Total Liabilities</i>	<u>4,486,714</u>	<u>5,093,179</u>	<u>20,280</u>	<u>10,485</u>	<u>4,506,994</u>	<u>5,103,664</u>	(11.7)
<i>Deferred Inflows</i>	318,583	40,608	-	-	318,583	40,608	684.5
<i>Net Position:</i>							
Invested in Capital Assets	6,032,691	6,524,000	-	-	6,032,691	6,524,000	(7.5)
Restricted	1,459,058	1,043,716	-	-	1,459,058	1,043,716	39.8
Unrestricted	3,335,781	2,583,812	198,024	191,130	3,533,805	2,774,942	27.3
<i>Total Net Position</i>	<u>\$ 10,827,530</u>	<u>\$ 10,151,528</u>	<u>\$ 198,024</u>	<u>\$ 191,130</u>	<u>\$ 11,025,554</u>	<u>\$ 10,342,658</u>	6.6

The unrestricted net position represents resources available to fund the programs of the Town next year.

Governmental Activities

- Property appraised value increased for the fiscal year ending September 30, 2018, increasing property tax revenues by \$87 thousand to \$2.7 million. The largest revenue increase came from property taxes, which increased \$130 thousand due to additional economic activity in the Town.

Table A-2
Changes in Town's Net Position

	Governmental Activities		Business-Type Activities		Total		Percentage Change
	2018	2017	2018	2017	2018	2017	
<i>Program Revenues:</i>							
Charges for Services	\$ 409,351	\$ 356,534	\$ 130,190	\$ 124,206	\$ 539,541	\$ 480,740	12.2
Operating Grants and Contributions	9,275	8,969	-	-	9,275	8,969	3.4
<i>General Revenues:</i>							
Taxes	4,510,423	4,164,284	-	-	4,510,423	4,164,284	8.3
License Agreements	200,000	200,000	-	-	200,000	200,000	0.0
Interest Earnings	74,179	25,032	935	244	75,114	25,276	197.2
Miscellaneous	8,012	24,320	-	-	8,012	24,320	(67.1)
<i>Total Revenues</i>	<u>5,211,240</u>	<u>4,779,139</u>	<u>131,125</u>	<u>124,450</u>	<u>5,342,365</u>	<u>4,903,589</u>	8.9
<i>Program Expenses:</i>							
General Government	718,054	743,522	-	-	718,054	743,522	(3.4)
Police	1,172,536	1,044,939	-	-	1,172,536	1,044,939	12.2
Fire	1,183,187	1,202,703	-	-	1,183,187	1,202,703	(1.6)
Public Works	472,803	400,100	-	-	472,803	400,100	18.2
Municipal Court	90,190	119,973	-	-	90,190	119,973	(24.8)
Recreation	376,355	267,484	-	-	376,355	267,484	40.7
Sanitation	357,696	339,779	-	-	357,696	339,779	5.3
Sewer	-	-	124,231	113,622	124,231	113,622	9.3
Interest on Debt	96,052	97,040	-	-	96,052	97,040	(1.0)
<i>Total Expenses</i>	<u>4,466,873</u>	<u>4,215,540</u>	<u>124,231</u>	<u>113,622</u>	<u>4,591,104</u>	<u>4,329,162</u>	6.1
Change in Net Position	<u>\$ 744,367</u>	<u>\$ 563,599</u>	<u>\$ 6,894</u>	<u>\$ 10,828</u>	<u>\$ 751,261</u>	<u>\$ 574,427</u>	(30.8)

Table A-3 presents the cost of each of the Town's largest functions, as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars. The cost of all *governmental* activities this year was \$4.5 million. Taxpayers paid for 60% of these activities through property taxes of \$2.7 million. 9% of the cost was paid by those who directly benefited from the programs.

Table A-3
Net Cost of Selected Town Functions

	Total Cost of Services			Percentage Change	Net Cost of Services			Percentage Change
	2018	2017			2018	2017		
General Government	\$ 718,054	\$ 743,522	(3.4)	\$ 590,305	\$ 601,720	(1.9)		
Police	1,172,536	1,044,939	12.2	1,162,888	1,034,903	12.4		
Fire	1,183,187	1,202,703	(1.6)	1,182,217	1,202,119	(1.7)		
Public Works	472,803	400,100	18.2	472,803	400,100	18.2		
Municipal Court	90,190	119,973	(24.8)	(94,605)	(29,443)	221.3		
Recreation	376,355	267,484	40.7	280,891	203,819	37.8		
Sanitation	357,696	339,779	5.3	357,696	339,779	5.3		
Sewer	124,231	113,622	9.3	(5,959)	(10,584)	(43.7)		

Business-Type Activities

Revenues of the Town's Sewer business-type activities increased 5% to \$130 thousand, and operating expenses increased 9% to \$124 thousand. San Antonio Water System (SAWS) bills these accounts for the Town and charges the Town for the consumption. Expenditures are affected by the SAWS rates, while the revenues are based on the Town's established rates. Fluctuations in revenues and expenses are primarily related to consumption patterns. SAWS is known to slightly increase their rates annually in January.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Revenues from governmental fund types totaled \$5.2 million, an increase of 8% from the preceding year. The increase is attributable to increased sales and property tax revenues.

Budgetary Highlights

The Town's actual expenditures in the General Fund were \$524 thousand less than budgeted amounts, and fund balance increased \$821 thousand more than expected. Sales tax revenues were greater than expected and capital outlay was not fully-utilized. The Economic Development Corporation's expenditures were under budget by \$59 thousand.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2018, the Town had invested \$13.9 million in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.)

Table A-4
Town's Capital Assets
(in thousands dollars)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2018	2017	2018	2017	2018	2017	
Land	\$ 578	\$ 572	\$ -	\$ -	\$ 578	\$ 572	1.0
Buildings and Improvements	8,376	8,376	-	-	8,376	8,376	0.0
Equipment	2,235	2,217	-	-	2,235	2,217	0.8
Infrastructure	2,732	2,732	-	-	2,732	2,732	0.0
Totals at Historical Cost	13,921	13,897	-	-	13,921	13,897	0.2
Total Accumulated Depreciation	(4,373)	(3,709)	-	-	(4,373)	(3,709)	17.9
Net Capital Assets	<u>\$ 9,548</u>	<u>\$10,188</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,548</u>	<u>\$10,188</u>	(6.3)

More detailed information about the Town's capital assets is presented in the notes to the financial statements.

Long Term Debt

At year-end the Town had capital leases outstanding of \$11 thousand as shown in Table A-5. In addition, the Town made its second principal payment against the \$3.7 million in bonds issued for the Voigt Center. More detailed information about the Town's debt is presented in the notes to the financial statements.

Table A-5
Town's Long-Term Debt
(in thousands dollars)

	Governmental		Business-Type		Total		Total Percentage Change
	Activities		Activities				
	2018	2017	2018	2017	2018	2017	
Capital Leases	\$ 11	\$ 59	\$ -	\$ -	\$ 11	\$ 59	(82.2)
Bonds	3,505	3,605	-	-	3,505	3,605	(2.8)
Total Long-Term Debt	<u>\$ 3,516</u>	<u>\$ 3,664</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,516</u>	<u>\$ 3,664</u>	<u>(4.1)</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's elected and appointed officials considered many factors when setting the fiscal year 2019 budget, tax rates, and fees that will be charged. The economic outlook for Bexar County remains stable. The Town's budget levels remain similar to previous years.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Town Hall at (210) 494-2023.

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government – Wide Financial Statements
- Fund Financial Statements:
 - Governmental Funds
 - Proprietary Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.



TOWN OF HOLLYWOOD PARK
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 5,422,392	\$ 83,421	\$ 5,505,813
Receivables (net of allowances for uncollectibles):			
Ad Valorem Taxes	98,480	-	98,480
Other	322,997	21,179	344,176
Internal Balances	(113,704)	113,704	-
Prepaid Expenses	83,148	-	83,148
Capital Assets (net)	9,548,214	-	9,548,214
TOTAL ASSETS	15,361,527	218,304	15,579,831
DEFERRED OUTFLOWS			
Deferred Other Post Employment Benefit Related Outflows	6,274	-	6,274
Deferred Pension Related Outflows	265,026	-	265,026
TOTAL DEFERRED OUTFLOWS	271,300	-	271,300
LIABILITIES			
Accounts Payable	122,584	20,280	142,864
Wages Payable	91,576	-	91,576
Accrued Interest	7,920	-	7,920
Deposits	7,850	-	7,850
Unearned Billboard Revenue	123,562	-	123,562
Accrued Compensated Absences	103,473	-	103,473
Long-term Debt Due Within One Year	110,523	-	110,523
<i>Noncurrent Liabilities:</i>			
Long-term Debt Due in More Than One Year	3,405,000	-	3,405,000
Net Pension Liability	432,781	-	432,781
Total Other Post Employment Benefits Liability	81,445	-	81,445
TOTAL LIABILITIES	4,486,714	20,280	4,506,994
DEFERRED INFLOWS			
Deferred Pension Related Inflows	318,583	-	318,583
TOTAL DEFERRED INFLOWS	318,583	-	318,583
NET POSITION			
Net Investment in Capital Assets	6,032,691	-	6,032,691
Restricted for:			
Street Maintenance	292,126	-	292,126
Tourism Development	137,147	-	137,147
Economic Development	545,178	-	545,178
Venue Construction and Maintenance	319,731	-	319,731
Municipal Court	29,807	-	29,807
Police	86,620	-	86,620
Donor Stipulations	11,534	-	11,534
Public Service	36,915	-	36,915
Unrestricted	3,335,781	198,024	3,533,805
TOTAL NET POSITION	\$ 10,827,530	\$ 198,024	\$ 11,025,554

See accompanying notes to basic financial statements.

TOWN OF HOLLYWOOD PARK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Functions and Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
<i>Governmental Activities:</i>				
General and Administrative	\$ 718,054	\$ 127,749	\$ -	\$ -
Police	1,172,536	1,343	8,305	-
Fire	1,183,187	-	970	-
Public Works	472,803	-	-	-
Municipal Court	90,190	184,795	-	-
Recreation	376,355	95,464	-	-
Sanitation	357,696	-	-	-
Interest on Long-term Debt	96,052	-	-	-
<i>Total Governmental Activities</i>	<u>4,466,873</u>	<u>409,351</u>	<u>9,275</u>	<u>-</u>
<i>Business-Type Activities:</i>				
Sewer	124,231	130,190	-	-
Total Primary Government	<u>\$ 4,591,104</u>	<u>\$ 539,541</u>	<u>\$ 9,275</u>	<u>\$ -</u>
General Revenues:				
Taxes				
Ad Valorem Taxes				
Franchise Taxes				
Sales Taxes				
Hotel Occupancy Tax				
License Agreements				
Interest and Investment Earnings				
Miscellaneous				
Total General Revenues				
Change in Net Position				
Net Position at Beginning of Year				
Prior Period Adjustment				
Net Position at End of Year				

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (590,305)		\$ (590,305)
(1,162,888)		(1,162,888)
(1,182,217)		(1,182,217)
(472,803)		(472,803)
94,605		94,605
(280,891)		(280,891)
(357,696)		(357,696)
(96,052)		(96,052)
<u>(4,048,247)</u>		<u>(4,048,247)</u>
	\$ 5,959	5,959
		<u>(4,042,288)</u>
2,752,022	-	2,752,022
291,377	-	291,377
1,431,589	-	1,431,589
35,435	-	35,435
200,000	-	200,000
74,179	935	75,114
8,012	-	8,012
<u>4,792,614</u>	<u>935</u>	<u>4,793,549</u>
744,367	6,894	751,261
10,151,528	191,130	10,342,658
(68,365)		(68,365)
<u>\$ 10,827,530</u>	<u>\$ 198,024</u>	<u>\$ 11,025,554</u>

TOWN OF HOLLYWOOD PARK
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	Major Fund General Fund	Major Fund Economic Development	Other Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 3,787,301	\$ 543,905	\$ 1,091,187	\$ 5,422,393
Receivables (net of allowances for uncollectibles):				
Property Taxes	98,480	-	-	98,480
Other Receivables	186,269	31,663	105,066	322,998
Due from Other Funds	3,299	5,805	214,991	224,095
Prepaid Items	83,148	-	-	83,148
TOTAL ASSETS	\$ 4,158,497	\$ 581,373	\$ 1,411,244	\$ 6,151,114
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
<i>Liabilities:</i>				
Accounts Payable	\$ 84,370	\$ 36,195	\$ 2,018	\$ 122,583
Wages Payable	91,576	-	-	91,576
Deposits	7,850	-	-	7,850
Due to Other Funds	334,995	-	2,804	337,799
Unearned Revenue	123,562	-	-	123,562
<i>Total Liabilities</i>	642,353	36,195	4,822	683,370
<i>Deferred Inflows of Resources:</i>				
Unavailable Property Tax Revenue	95,447	-	-	95,447
<i>Fund Balances:</i>				
Nonspendable for:				
Prepaid Items	83,148	-	-	83,148
Restricted for:				
Street Maintenance	-	-	292,126	292,126
Tourism Development	-	-	137,147	137,147
Economic Development	-	545,178	-	545,178
Venue Construction and Maintenance	-	-	319,731	319,731
Municipal Court	-	-	29,807	29,807
Police	-	-	86,620	86,620
Donor Stipulations	-	-	11,534	11,534
Public Service	-	-	36,915	36,915
Assigned for:				
Capital Projects	-	-	492,542	492,542
Unassigned	3,337,549	-	-	3,337,549
<i>Total Fund Balances</i>	3,420,697	545,178	1,406,422	5,372,297
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 4,158,497	\$ 581,373	\$ 1,411,244	\$ 6,151,114

See accompanying notes to basic financial statements.

TOWN OF HOLLYWOOD PARK
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS \$ 5,372,297

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. 9,548,214

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 95,444

Accrued compensated absences are not due and payable in the current period and, therefore, not reported in the funds. (103,473)

Long-term liabilities, including capital leases, are not due and payable in the current period and, therefore, not reported in the funds.

Long-term Liabilities	(3,515,523)	
Related Accrued Interest	(7,920)	(3,523,443)

Other Post Employment Benefit liabilities (and related deferred outflows of resources) do not consume current financial resources and are not reported in the funds.

Other Post Employment Benefits Liability	(81,445)	
Post Employment Benefits Outflows (Inflows)	6,274	(75,171)

Net pension liabilities (and related deferred outflows of resources) do not consume current financial resources and are not reported in the funds.

Net Pension Liability	(432,781)	
Net Pension Deferred Outflows (Inflows)	(53,557)	(486,338)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 10,827,530

TOWN OF HOLLYWOOD PARK
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Major Fund</u> General Fund	<u>Major Fund</u> Economic Development	Total Nonmajor Funds	Total Governmental Funds
REVENUES				
Ad Valorem Taxes	\$ 2,738,486	\$ -	\$ -	\$ 2,738,486
Franchise Fees	286,521	-	4,855	291,376
Sales Taxes	732,673	174,729	524,188	1,431,590
Hotel Occupancy Tax	-	-	35,436	35,436
Fines and Penalties	180,154	-	80,707	260,861
Licenses and Permits	123,693	-	-	123,693
License Agreements	200,000	-	-	200,000
Interest Income	53,275	7,758	13,477	74,510
Grants and Donations	800	-	3,503	4,303
Miscellaneous	117,019	-	-	117,019
TOTAL REVENUES	<u>4,432,621</u>	<u>182,487</u>	<u>662,166</u>	<u>5,277,274</u>
EXPENDITURES				
<i>Current:</i>				
General and Administrative	623,215	35,670	-	658,885
Police	1,155,748	-	16,844	1,172,592
Fire	1,067,680	-	6,592	1,074,272
Public Works	157,336	-	73,205	230,541
Municipal Court	87,124	-	-	87,124
Recreation	69,378	-	51,483	120,861
Sanitation	357,696	-	-	357,696
Capital Outlay	51,367	45,361	-	96,728
<i>Debt Service:</i>				
Principal	48,566	-	100,000	148,566
Interest and Fiscal Charges	676	-	95,510	96,186
TOTAL EXPENDITURES	<u>3,618,786</u>	<u>81,031</u>	<u>343,634</u>	<u>4,043,451</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	813,835	101,456	318,532	1,233,823
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	(80,000)	-	80,000	-
Proceeds from Disposal of Capital Assets	4,000	-	-	4,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(76,000)</u>	<u>-</u>	<u>80,000</u>	<u>4,000</u>
Net Change in Fund Balance	737,835	101,456	398,532	1,237,823
Fund Balances at Beginning of Year	<u>2,682,862</u>	<u>443,722</u>	<u>1,007,890</u>	<u>4,134,474</u>
Fund Balances at End of Year	<u>\$ 3,420,697</u>	<u>\$ 545,178</u>	<u>\$ 1,406,422</u>	<u>\$ 5,372,297</u>

See accompanying notes to basic financial statements.

TOWN OF HOLLYWOOD PARK
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, 2018

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 1,237,823

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 depreciation exceeded capital outlay. (635,235)

Governmental funds report proceeds from the disposition of capital assets as other financing sources and uses. On the Statement of Activities these proceeds are reducing the net book value of the capital assets disposed. This amount represents the net book value of capital assets disposed. (4,637)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 13,536

Governmental funds report required contributions to employee pensions and other post employment benefit programs (the supplemental death benefit) as expenditures. However in the Statement of Activities the cost of the pension is recorded based on the actuarially determined cost of the plan. This is the amount by which the contributions exceeded the actuarially determined pension expense. 218

The issuance of long-term debt (e.g. bonds and capital leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal Payments 148,566

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

Change in Compensated Absences	(15,982)	
Change in Accrued Interest	78	(15,904)

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 744,367

See accompanying notes to basic financial statements.

TOWN OF HOLLYWOOD PARK
STATEMENT OF NET POSITION – PROPRIETARY FUND
SEPTEMBER 30, 2018

	Business-Type Activities
	Sewer Fund
ASSETS	
Cash and Cash Equivalents	\$ 83,421
Receivables (net of allowances for uncollectibles)	21,179
Due From General Fund	113,704
TOTAL ASSETS	218,304
 LIABILITIES	
Accounts Payable	20,280
TOTAL LIABILITIES	20,280
 NET POSITION	
Unrestricted	198,024
TOTAL NET POSITION	\$ 198,024

See accompanying notes to basic financial statements.

TOWN OF HOLLYWOOD PARK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR SEPTEMBER 30, 2018

	Business-Type Activities
	Sewer Fund
OPERATING REVENUES	
Charges for Utility Service	\$ 130,190
TOTAL OPERATING REVENUES	130,190
OPERATING EXPENSES	
Waste Water Treatment Fees	124,231
TOTAL OPERATING EXPENSES	124,231
OPERATING INCOME (LOSS)	5,959
NONOPERATING REVENUES (EXPENSES)	
Interest Income	935
TOTAL NONOPERATING REVENUES (EXPENSES)	935
CHANGE IN NET POSITION	6,894
NET POSITION AT BEGINNING OF YEAR	191,130
NET POSITION AT END OF YEAR	\$ 198,024

See accompanying notes to basic financial statements.

TOWN OF HOLLYWOOD PARK
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Business-Type Activities
	Sewer Fund
Cash Flows From Operating Activities:	
Cash Received From Customers	\$ 120,216
Cash Paid to Suppliers for Goods and Services	(114,436)
Net Cash Provided (Used) by Operating Activities	5,780
Cash Flows From Investing Activities:	
Investment Interest Received	935
Net Cash Provided (Used) by Investing Activities	935
Cash Flows From Noncapital Financing Activities:	
Interfund Borrowings	9,536
Net Cash Provided (Used) by Noncapital Financing Activities	9,536
Net Increase (Decrease) in Cash and Cash Equivalents	16,251
Cash and Cash Equivalents at Beginning of Year	67,170
Cash and Cash Equivalents at End of Year	\$ 83,421
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ 5,959
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
(Increase) Decrease in Operating Assets:	
Accounts Receivable	(9,974)
Increase (Decrease) in Current Liabilities:	
Accounts Payable	9,795
Total Adjustments to Reconcile Operating Activities	(179)
Net Cash Provided (Used) by Operating Activities	\$ 5,780

See accompanying notes to basic financial statements.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Hollywood Park, Texas (“Town”) was incorporated in 1955 under the provisions of the State of Texas. The Town operates under a General Law Charter, which was adopted October 5, 1951. The Town provides the following services as authorized by its charter: police and fire protection, sanitation, parks and recreation, general administrative services, and sewer services.

The financial statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. REPORTING ENTITY

Component Units

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations; thus, data from these units, if any existed, would be combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the government. As of September 30, 2018, the Town had one component unit that is blended in these financial statements:

Hollywood Park Economic Development Corporation

The Town exerts significant control over the Economic Development Corporation (EDC), a legally separate entity. The EDC uses the taxing authority of the Town and exists only to benefit the Town and its community. Town Council appoints all members of the Board and approves all expenditures. This qualifies the EDC as a component unit, which is recorded as a separate fund of the Town, using the blended method described in the previous paragraph. The EDC collects a ¼ cent sales tax to promote the economic growth in the Town of Hollywood Park. The EDC does not issue separate financial statements.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The **government-wide financial statements** include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the Town. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

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

Separate **fund financial statements** are provided for governmental funds and proprietary funds. The General Fund, Venue Tax Fund, Street Maintenance and Economic Development Fund all meet the criteria as *major governmental funds*.

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement focus is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenue types which have been accrued consist of revenue from the investments, property taxes, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as *program revenues* and *general revenues*. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes, grants not restricted to specific programs, investment earnings, and other miscellaneous revenues.

Governmental fund level financial statements are reported using 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

The government reports the following major governmental funds:

The General Fund is the general operating fund of the Town and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administration, police, fire, recreation, public works, municipal court and sanitation.

Economic Development Fund is used to account for the ¼ cent sales tax used to promote business development in the Town. This fund is a separate legal entity reported as a blended component unit of the Town.

The Town has the following nonmajor governmental funds: Court Technology, Court Security, Grants & Donations, PEG Fund, Voigt Center Maintenance, Asset Forfeiture, Hotel Tax, Venue Tax, Street Maintenance, Capital Projects, and Asset Seizure.

Proprietary fund level financial statements are used to account for activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. The Town's Proprietary Fund is the Sewer Fund (used to account for the provision of sewer services to residents).

The **Proprietary Fund** is accounted for using the accrual basis of accounting as follows:

1. Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred.
2. Current-year contributions, administrative expenses and benefit payments, which are not received or paid until the subsequent year, are accrued.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash deposits and investments with a maturity date within three (3) months of the date acquired by the Town.

5. INVESTMENTS

State statutes authorize the Town to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (e). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations. The Town has all its monies in interest bearing checking accounts, savings accounts, and government investment pools. Earnings from these investments are added to each account monthly or quarterly. Investments are carried at fair market value except for certificates of deposit which are carried at amortized cost.

The Town reports investments at fair value based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Town's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool maintains a consistent net asset value per share that approximates the fair value of the underlying securities. These investments are reported at net asset value.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. ACCOUNTS RECEIVABLE

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, 2017 and past due after January 31, 2018. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior years' levy are shown net of an allowance for uncollectibles; however, presently the Town estimates that all accounts are collectible.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the Town. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by the court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements. Receivables are shown net of an allowance for uncollectibles.

7. PREPAID ITEMS

Payments made for goods and services in advance are recorded as prepaid items on the balance sheet.

8. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period while a deferred inflow of resources is an acquisition of net position. These items are presented in separate section following assets (deferred outflows) or liabilities (deferred inflows) on the statement of net position.

Property tax revenues are recognized when they become both measurable and available in the fund statements. Available means when due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue not expected to be available for the current period are reflected as deferred revenue. Unavailable revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grant and reimbursement revenues received in advance of expenses/expenditures are reflected as unavailable revenue.

10. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets, are reported in the applicable governmental or business type activities column in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$2,000 or more and a useful live in excess of 1 year. Infrastructure assets include Town-owned streets, sewer, sidewalks, curbs and bridges. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Interest has not been capitalized during the construction period on property plant and equipment.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Estimated Life</u>
Buildings and Improvements	5 to 30 years
Streets and Infrastructure	5 to 25 years
Furniture, Fixtures, Vehicles	5 to 25 years

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. COMPENSATED ABSENCES

Full-time employees earn vacation leave at varying rates depending on length of service and department worked. No more than 20 days (160 hours for regular employees, 240 for firefighters, and 200 hours for police) may be carried over annually. Accumulated vacation leave is paid on termination.

Full-time employees earn sick leave monthly at varying rates depending on their department. Sick leave benefits carryover each year up to a maximum of 584 hours for regular employees, 876 hours for firefighters and 730 hours for police. Unused sick leave is not paid upon termination. Liabilities for compensated absences are recognized in the fund statements only to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

12. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt (including capital leases) and other long-term obligations are reported as liabilities under governmental activities or proprietary fund type statement of net position. On new bond issues, bond premiums and discounts are deferred and amortized over the life of the bond. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

13. PENSIONS

The net pension liability, deferred inflows and outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS), and additions to and deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. FUND BALANCES

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – Represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact.

Restricted - Represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed - Represents amounts that can only be used for a specific purpose by a resolution of Town Council. Committed amounts cannot be used for any other purpose unless the Town Council removes those constraints through the same formal action.

Assigned - Represents amounts which the Town intends to use for a specific purpose but do not meet the criteria of restricted or committed. Assignments may be created by the Council or Finance Director.

Unassigned - Represents the residual balance that may be spent on any other purpose of the Town.

When an expenditure is incurred for a purpose in which multiple classifications are available, the Town considers restricted balances spent first, committed second and assigned third.

15. NET POSITION

Net position represents the difference between assets and liabilities. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

16. OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise. For the Town, those revenues are charges for sewer services. Operating expenses are the necessary costs incurred to provide the service that is the primary activity. Revenues and expenses not meeting these definitions are reported as nonoperating.

17. INTERFUND TRANSFERS

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

18. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

19. ADOPTION OF GASB STATEMENT NO. 75

In accordance with GASB Statement No. 75, the City has recorded a prior period adjustment to recognize the Other Post Employment Benefits (OPEB) liability as described in NOTE H. The OPEB liability restated the beginning balance as noted by the prior period adjustment in the financial statements.

NOTE B -- DEPOSITS AND INVESTMENTS

The Town's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the Town's agent bank approved pledge securities in an amount sufficient to protect Town funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

1. Deposits

At September 30, 2018, the carrying amount of the Town's deposits were fully covered by a combination of federal deposit insurance (FDIC) of \$250,000 and collateral pledged by the Town's depository

2. Investments

The Town is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the Town adhered to the requirements of the Act. Additionally, investment practices of the Town were in accordance with local policies.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE B -- DEPOSITS AND INVESTMENTS (Continued)

2. Investments (Continued)

The Act determines the types of investments which are allowable for the Town. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The Town's investment policy further limits investments to: (1) federally insured bank deposits, (2) collateralized bank deposits, (3) U.S. Government Treasury bills and notes, including sweep accounts that invest in them, (4) U.S. Government Agencies, and (5) Public Funds Investment Pools. No other investments may be made without authorization of Town Council.

The Town's investments at September 30, 2018 consist of \$4,023,478 in TexPool, a 2a7 like public funds investment pool. TexPool operates in accordance with the provisions of the Texas Public Funds Investment Act and is rated AAAM. Investments in Texpool have a net asset value of \$1 per share and are reported at amortized cost. The investment in TexPool is included in cash and cash equivalents.

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the Town was exposed to specific investment risks at year end and if so, the reporting of certain related disclosures. As of September 30, 2018, the Town determined that it was not exposed to credit risk, custodial credit risk, concentration of credit risk, interest rate risk or foreign currency risk.

4. Investment Accounting Policy

The Town's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE C -- PROPERTY TAX CALENDAR

The Town's property tax is levied and becomes collectible each October 1 based on the assessed values listed as of the prior January 1, which is the date a lien attaches to all taxable property in the Town. Assessed values are established by the Bexar County Appraisal District at 100% of estimated market value. Assessed values are reduced by lawful exemptions to arrive at taxable values. A revaluation of all property is required to be completed every four (4) years. The total taxable value as of January 1, 2017, upon which the fiscal 2018 levy was based, was \$541,619,879 (i.e., market value less exemptions). The estimated market value was \$557,798,973, making the taxable value 97% of the estimated market value.

The Town is permitted by the Constitution of the State of Texas to levy taxes up to \$2.50 per \$100 of taxable assessed valuation for all governmental purposes. Pursuant to a decision of the Attorney General of the State of Texas, up to \$1.50 per \$100 of assessed valuation may be used for the payment of long-term debt. The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt, for the year ended September 30, 2018, was \$0.510081 per \$100 of assessed value, which means that the Town has a tax margin of \$1.989919 for each \$100 value and could increase its annual tax levy by approximately \$10,777,797 based upon the present assessed valuation before the limit is reached.

However, the Town may not adopt a tax rate that exceeds the effective tax rate calculated in accordance with the Texas Property Tax Code without holding two public hearings. The Property Tax Code subjects an increase in the proposed tax rate to a referendum election, if petitioned by registered voters, when the effective tax rate increase is more than eight percent (8%) of the previous year's maintenance and operations tax rate

NOTE D -- OTHER RECEIVABLES

Other receivables for the Town as of September 30, 2018 are as follows:

<i>Primary Government</i>	General Fund	EDC	Nonmajor Funds	Totals
Sales and Mixed Beverage Tax	\$ 134,302	\$ 31,663	\$ 94,988	\$ 260,953
Franchise Tax	51,967	-	1,278	53,245
Hotel Occupancy Tax	-	-	8,800	8,800
Total Other Receivables	<u>\$ 186,269</u>	<u>\$ 31,663</u>	<u>\$ 105,066</u>	<u>\$ 322,998</u>

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE E -- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018, was as follows:

<i>Governmental Activities</i>	Balance 10/1/2017	Additions	Disposals/ Transfers	Balance 9/30/2018
Land	\$ 571,586	\$ 6,492	\$ -	\$ 578,078
Buildings and Improvements	8,376,048	-	-	8,376,048
Vehicles and Equipment	2,216,905	85,961	(67,765)	2,235,101
Infrastructure	2,732,411	-	-	2,732,411
	<u>13,896,950</u>	<u>92,453</u>	<u>(67,765)</u>	<u>13,921,638</u>
Less Accumulated Depreciation				
Buildings and Improvements	(1,320,296)	(295,421)	-	(1,615,717)
Vehicles and Equipment	(1,423,547)	(198,179)	63,128	(1,558,598)
Infrastructure	(965,021)	(234,088)	-	(1,199,109)
	<u>(3,708,864)</u>	<u>(727,688)</u>	<u>63,128</u>	<u>(4,373,424)</u>
Governmental Capital Assets, Net	<u>\$ 10,188,086</u>	<u>\$ (635,235)</u>	<u>\$ (4,637)</u>	<u>\$ 9,548,214</u>

Land and Construction in Progress are not depreciated.

Depreciation expense was charged to the governmental functions as follows:

Administration	\$ 58,505
Municipal Court	3,097
Police Department	68,411
Fire Department	109,119
Public Works	239,604
Recreation	248,952
Total Depreciation Expense - Governmental Activities	<u>\$ 727,688</u>

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE F -- LONG-TERM DEBT

Outstanding Debts

In April 2016, the Town issued General Obligation Bonds, Series 2016 for \$3.7 million to fund the Voigt Center construction project. The bonds mature serially through March 1, 2041 and bear interest at rates ranging from 0.938% to 3.296%. The Town intends to service these bonds with venue taxes, but it has the authority to level interest and sinking property taxes if needed.

The Town has also leased a patrol car on a capital lease requiring 24 monthly payments with an effective interest rate of 2.73%. The lease matures in May 2019. The vehicle is included in capital assets for a cost of \$27,591 with accumulated depreciation of \$5,518 as of September 30, 2018.

Changes in Long-Term Liabilities

	Balance			Balance	
	10/1/2017	Additions	Reductions	9/30/2018	Due Within One Year
Governmental Activities					
2016 General Obligation Bonds	\$ 3,605,000	\$ -	\$ (100,000)	\$ 3,505,000	\$ 100,000
Capital Leases	59,087	-	(48,564)	10,523	10,523
Total Governmental Activities	<u>3,664,087</u>	<u>-</u>	<u>(148,564)</u>	<u>3,515,523</u>	<u>110,523</u>
Total Primary Government	<u>\$ 3,664,087</u>	<u>\$ -</u>	<u>\$ (148,564)</u>	<u>\$ 3,515,523</u>	<u>\$ 110,523</u>

The annual requirements to service bonded debt outstanding as of September 30, 2018, including interest payments, are as follows:

Year Ending September 30,	Principal	Interest	Total
2019	\$ 100,000	\$ 94,482	\$ 194,482
2020	105,000	93,249	198,249
2021	110,000	91,764	201,764
2022	115,000	89,994	204,994
2023	115,000	87,963	202,963
2024-2028	650,000	468,043	1,118,043
2029-2033	790,000	278,661	1,068,661
2034-2038	950,000	139,413	1,089,413
2039-2041	570,000	10,503	580,503
	<u>\$ 3,505,000</u>	<u>\$ 1,354,072</u>	<u>\$ 4,859,072</u>

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE F -- LONG-TERM DEBT (Continued)

Future lease payments as of September 30, 2018, including interest payments, are as follows:

Year Ending September 30,	Lease Payments
2019	\$ 10,643
Less: Amount Representing Interest	(120)
	\$ 10,523

NOTE G -- EMPLOYEES' RETIREMENT SYSTEMS

Texas Municipal Retirement System

Plan Description

The Town participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the state of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the system with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

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

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.

TOWN OF HOLLYWOOD PARK
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2018

NOTE G -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Benefits Provided (Continued)

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	18
Inactive employees entitled to but not yet receiving benefits	24
Active employees	38
	80
	80

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

Employees for the Town were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City were 9.13% and 8.98% in calendar years 2017 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2018 were \$180,222, which equaled the required contributions.

Net Pension Liability

The Town's Net Pension Liability (NPL) was measured as of December 31, 2017, 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, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall Payroll Growth	3.00% per year
Investment Rate of Return*	6.75%

* Presented net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Health Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. Based on

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE G -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Actuarial Assumptions (Continued)

the size of the city, rates are multiplied by an additional factor of 100%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.35%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.90%
Real Return	10.00%	3.80%
Real Estate	10.00%	4.50%
Absolute Return	10.00%	3.75%
Private Equity	5.00%	7.50%
	<u>100.00%</u>	

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE G -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

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 that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive 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.

Changes in the Net Pension Liability

The below schedule presents the changes in the Net Pension Liability as of December 31, 2017:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2016	\$ 5,356,943	\$ 4,574,313	\$ 782,630
Changes for the year:			
Service Cost	240,862	-	240,862
Interest	362,906	-	362,906
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(35,104)	-	(35,104)
Changes of Assumptions	-	-	-
Contributions - Employer	-	173,871	(173,871)
Contributions - Employee	-	114,243	(114,243)
Net Investment Income	-	633,851	(633,851)
Benefit Payments, Including Refunds of Employee Contributions	(201,986)	(201,986)	-
Administrative Expense	-	(3,286)	3,286
Other Changes	-	(167)	167
Net Changes	<u>366,678</u>	<u>716,526</u>	<u>(349,848)</u>
Balance at December 31, 2017	<u>\$ 5,723,621</u>	<u>\$ 5,290,839</u>	<u>\$ 432,782</u>

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

	Discount Rate 5.75%	Discount Rate 6.75%	Discount Rate 7.75%
Net Pension Liability (Asset)	\$ 1,326,056	\$ 432,781	\$ (291,906)

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE G -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

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.

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

For the year ended September 30, 2018, the Town recognized pension expense of \$174,828. Also as of September 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ 8,669	\$ 58,220
Changes in Actuarial Assumptions	1,755	-
Differences Between Projected and Actual Investment Earnings	122,806	260,363
Contributions Subsequent to the Measurement Date	131,796	-
	\$ 265,026	\$ 318,583

Deferred outflows of resources in the amount of \$131,796 is related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the calendar year ending December 31, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year ended December 31,	
2018	\$ (9,384)
2019	(22,207)
2020	(79,466)
2021	(73,607)
2022	(689)
	\$ (185,353)

TOWN OF HOLLYWOOD PARK
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2018

NOTE H -- OTHER POSTEMPLOYMENT BENEFIT

Supplemental Death Benefits

The City also participates in the cost sharing single-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an “other post-employment benefit,” or OPEB. Membership in the plan at December 31, 2017, the valuation and measurement date, consisted of:

	2017
Inactive Employees or Beneficiaries Currently Receiving Benefits	11
Inactive Employees Entitled to but Not Yet Receiving Benefits	6
Active employees	38
	55

These contribution rates are based on actuarial assumptions developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method. These assumptions are summarized below:

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE H -- OTHER POSTEMPLOYMENT BENEFIT (Continued)

Methods and Assumptions Used to Determine Contribution Rates:

Inflation	2.50%
Salary Increases	3.50% to 10.50% Including Inflation
Discount Rate	3.31% (Based on Fidelity's 20-Year Municipal GO AA Index)
Administrative Expenses	All administrative expenses are paid thru the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates - Service Retirees	RP2000 Combined Mortality Table with blue Collar Adjustment with male rates multiplied by 109% and femal rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality Rates - Disabled Retirees	RP2000 Combined Mortality Table with blue Collar Adjustment with male rates multiplied by 109% and femal rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

The City's Total OPEB Liability (TOL), based on the above actuarial factors, as of December 31, 2017, the measurement and actuarial valuation date was calculated as follows:

	Total OPEB Liability
Balance at December 31, 2016	\$ 68,742
Changes for the year:	
Service Cost	3,808
Interest	2,660
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	-
Changes in Assumptions or Other Inputs	6,806
Benefit Payments	(571)
Net Changes	12,703
Balance at December 31, 2017	\$ 81,445

There is no separate trust maintained to fund this TOL. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75 to pay related benefits.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE H -- OTHER POSTEMPLOYMENT BENEFIT (Continued)

The following presents the TOL of the City, calculated using the discount rate of 3.31% as well as what the City's TOL would be if it were calculated using a discount rate that is 1-percentage point lower (2.31%) and 1-percentage point higher (4.31%) than the current rate:

	Discount Rate 2.31%	Discount Rate 3.31%	Discount Rate 4.31%
Total OPEB Liability	\$ 99,097	\$ 81,445	\$ 68,005

For the year ended September 30, 2018, the City recognized OPEB expense of \$7,440. Also as of September 30, 2018, 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
Changes in Actuarial Assumptions	\$ 5,834	\$ -
Contributions Subsequent to the Measurement Date	440	-
	\$ 6,274	\$ -

Deferred outflows of resources in the amount of \$440 is related to OPEB benefits resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the total OPEB liability for the plan year ended December 31, 2018. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Plan Year ended December 31,	
2018	\$ 972
2019	972
2020	972
2021	972
2022	972
Thereafter	974
	\$ 5,834

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE I -- LICENSE AGREEMENT

The Town has a license agreement with Clear Channel Outdoor, Inc. for three digital billboards. The term of the agreement is 25 years, beginning on the commencement date of each billboard. Per the agreement, in 2013, the Town received a \$200,000 bonus on execution of agreement and land Clear Channel placed in escrow for the Town. The annual license payments are paid in advance and are refundable should the billboards become inoperable or not advantageous for the licensee. Unearned license payments at September 30, 2018 are \$123,562 and are recognized as a liability on the balance sheet. Future license payments expected are as follows:

Year Ending September 30,	Payment
2019	\$ 206,000
2020	206,000
2021	206,000
2022	206,000
2023	206,000
2024-2028	1,060,900
2029-2033	1,092,725
2034-2038	1,125,505
2039	231,854

A licensing agreement for a new digital billboard was executed in August, 2018. The new sign is still under construction but is expected to be operational in the Spring of 2019. Licensing payments under this new agreement will commence once the sign is operational.

NOTE J -- COMMITMENTS AND CONTINGENCIES

Litigation

The Town is the subject of various other claims and litigation that have arisen in the course of its operations. Management is of the opinion that the Town's liability in these cases, if decided adversely to the Town, will not have a material effect on the Town's financial position.

Commitments

On October 1, 2017, the Town entered into an agreement with a contractor, Tiger Sanitation, Inc., to provide the service of collection and transportation of residential garbage and recycling for the Town. The agreement commenced on October 1, 2017, and shall continue for a period of five years. For the first two years of the agreement term, the base rates charged by the contractor for services will remain fixed until October 1, 2019, which then may be increased up to 2.5% per year by the contractor. The minimum contractual obligation (including the potential increase adjustment) for the Town is as follows:

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE J -- COMMITMENTS AND CONTINGENCIES (Continued)

Commitments (Continued)

Fiscal Year Ending September 30,	Minimum Contractual Obligation
2019	\$ 357,696
2020	366,638
2021	375,804
2022	385,199

The term of the agreement may be extended, upon the mutual consent of both of the parties, in each party's sole discretion, for up to two additional terms of two years each.

On April 24, 2018, the Town entered into an agreement with a contractor, Aquatica, Inc., to maintain and provide personnel for the pool at the Voigt Center. The agreement commenced on May 1, 2018, and shall continue for a period of three years. There is no cost escalation clause in the contract; however, there are variable costs which may, at the discretion of the contractor, be passed through to the Town. The minimum contractual obligation (excluding variable costs) for the Town is as follows:

Fiscal Year Ending September 30,	Minimum Contractual Obligation
2019	\$ 67,288
2020	67,288
2021	7,511

The contract may be terminated by either party without cause with 90 days' notice.

NOTE K -- INTERFUND TRANSACTIONS

As of September 30, 2018, the following balances were owed between funds:

Due From	Due To	Amount	Purpose
General Fund	Proprietary Fund	\$ 113,704	<i>Sewer service collections</i>
General Fund	EDC Fund	5,805	<i>Sales Tax Collections</i>
General Fund	Nonmajor Funds	218,290	<i>Collections on-behalf of other funds</i>
	Total	<u>\$ 337,799</u>	

\$80,000 was transferred from the general fund to the capital projects fund to assist with future capital needs of the Town.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE L -- RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The Town contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty, and workers compensation. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the Town is generally limited to the contributed amounts for losses up to \$1,000,000. Annual contributions for the year ended September 30, 2018 were \$59,556 for property and casualty and workers compensation coverage.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Budgetary Comparison Schedule – Economic Development Fund
- Schedule of Changes - Net Pension Liability and Related Ratios
- Schedule of Contributions - Defined Benefit Pension Plan
- Schedule of Changes to Total Other Post Employment Benefit (OPEB) Liability



TOWN OF HOLLYWOOD PARK
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budget Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Ad Valorem Taxes	\$ 2,778,830	\$ 2,778,830	\$ 2,738,486	\$ (40,344)
Franchise Fees	287,000	287,000	286,521	(479)
Sales Taxes	577,600	577,600	732,673	155,073
Fines and Penalties	129,075	129,075	180,154	51,079
Licenses and Permits	102,215	102,215	123,693	21,478
License Agreement	200,000	200,000	200,000	-
Interest Income	-	-	53,275	53,275
Grants and Donations	-	-	800	800
Miscellaneous	65,500	65,500	117,019	51,519
TOTAL REVENUES	<u>4,140,220</u>	<u>4,140,220</u>	<u>4,432,621</u>	<u>292,401</u>
EXPENDITURES				
<i>Current:</i>				
General and Administrative	696,575	699,312	623,215	76,097
Police	1,249,806	1,251,186	1,155,748	95,438
Fire	1,072,670	1,085,688	1,067,680	18,008
Public Works	158,508	160,108	157,336	2,772
Municipal Court	86,893	86,893	87,124	(231)
Recreation	90,416	90,416	69,378	21,038
Sanitation	450,000	450,000	357,696	92,304
Capital Outlay	286,110	267,375	51,367	216,008
<i>Debt Service:</i>				
Principal	48,566	48,566	48,566	-
Interest and Fiscal Charges	676	676	676	-
TOTAL EXPENDITURES	<u>4,140,220</u>	<u>4,140,220</u>	<u>3,618,786</u>	<u>521,434</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>813,835</u>	<u>813,835</u>
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	-	(80,000)	(80,000)	-
Proceeds from the Sale of Capital Assets	-	-	4,000	4,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(80,000)</u>	<u>(76,000)</u>	<u>4,000</u>
Net Change in Fund Balance	-	(80,000)	737,835	817,835
Beginning Fund Balance	<u>2,682,862</u>	<u>2,682,862</u>	<u>2,682,862</u>	<u>-</u>
Ending Fund Balance	<u>\$ 2,682,862</u>	<u>\$ 2,602,862</u>	<u>\$ 3,420,697</u>	<u>\$ 817,835</u>

TOWN OF HOLLYWOOD PARK
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL – ECONOMIC DEVELOPMENT CORPORATION
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budget Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Sales Taxes	\$ 140,000	\$ 140,000	\$ 174,729	\$ 34,729
Interest Income	-	-	7,758	7,758
TOTAL REVENUES	<u>140,000</u>	<u>140,000</u>	<u>182,487</u>	<u>42,487</u>
EXPENDITURES				
<i>Current:</i>				
General and Administrative	140,000	94,639	35,670	58,969
Capital Outlay	-	45,361	45,361	-
TOTAL EXPENDITURES	<u>140,000</u>	<u>140,000</u>	<u>81,031</u>	<u>58,969</u>
Net Change in Fund Balance	-	-	101,456	101,456
Beginning Fund Balance	<u>443,722</u>	<u>443,722</u>	<u>443,722</u>	<u>-</u>
Ending Fund Balance	<u>\$ 443,722</u>	<u>\$ 443,722</u>	<u>\$ 545,178</u>	<u>\$ 101,456</u>

TOWN OF HOLLYWOOD PARK
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2018

Budgetary Information – The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The Town maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provision embodied in the annual appropriated budget approved by the Town Council and as such is a good management control device. The following are the funds which have legally adopted annual budgets: General Fund and Economic Development Fund.

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level.

The Town does not use encumbrances.

TOWN OF HOLLYWOOD PARK
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES – NET PENSION LIABILITY AND RELATED RATIOS
LAST FOUR CALENDAR YEARS

	Total Pension Liability			
	2014	2015	2016	2017
Service Cost	\$ 174,018	\$ 212,924	\$ 213,214	\$ 240,862
Interest (on the Total Pension Liability)	300,955	327,379	338,834	362,906
Changes of Benefit Terms	-	-		
Difference between Expected and Actual Experience	32,193	(31,235)	(24,792)	(35,104)
Change of Assumptions	-	3,798		-
Benefit Payments, Including Refunds of Employee Contributions	(125,037)	(173,230)	(166,938)	(201,986)
Net Change in Total Pension Liability	382,129	339,636	360,318	366,678
Total Pension Liability - Beginning	4,274,860	4,656,989	4,996,625	5,356,943
Total Pension Liability - Ending	<u>\$ 4,656,989</u>	<u>\$ 4,996,625</u>	<u>\$ 5,356,943</u>	<u>\$ 5,723,621</u>
	Plan Fiduciary Net Position			
	2014	2015	2016	2017
Contributions - Employer	\$ 136,240	\$ 153,141	\$ 149,442	\$ 173,871
Contributions - Employee	94,284	102,779	100,100	114,243
Net Investment Income	217,692	6,088	284,695	633,851
Benefit Payments, Including Refunds of Employee Contributions	(125,037)	(173,230)	(166,938)	(201,986)
Administrative Expense	(2,272)	(3,708)	(3,214)	(3,286)
Other	(187)	(183)	(173)	(167)
Net Change in Plan Fiduciary Net Position	320,720	84,887	363,912	716,526
Plan Fiduciary Net Position - Beginning	3,804,794	4,125,514	4,210,401	4,574,313
Plan Fiduciary Net Position - Ending	<u>\$ 4,125,514</u>	<u>\$ 4,210,401</u>	<u>\$ 4,574,313</u>	<u>\$ 5,290,839</u>
Net Pension Liability (Asset) - Ending	\$ 531,475	\$ 786,224	\$ 782,630	\$ 432,782
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	88.59%	84.26%	85.39%	92.44%
Covered Payroll	\$ 1,571,394	\$ 1,712,986	\$ 1,668,340	\$ 1,904,045
Net Pension Liability as a Percentage of Covered Payroll	33.82%	45.90%	46.91%	22.73%

The schedule above reflects the changes in the net pension liability for the current year. GASB 68 requires 10 fiscal years of data to be provided in this schedule. The employer/City will be required to build this schedule over the 10-year period; as such, the employer should retain the annual GASB packages to utilize in building this schedule.

TOWN OF HOLLYWOOD PARK
SCHEDULE OF TOWN CONTRIBUTIONS
LAST FOUR FISCAL YEARS

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 143,917	\$ 151,292	\$ 167,628	\$ 180,222
Contributions in Relation to the Actuarially Determined Contribution	143,917	151,292	167,628	180,222
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 1,622,545	\$ 1,691,086	\$ 1,849,489	\$ 1,998,068
Contributions as a Percentage of Covered Payroll	8.87%	8.95%	9.06%	9.02%

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, thirteen (13) months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	28 Years
Asset Valuation Method	10 Year Smoothed Market; 15% Soft Corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including Inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Methods and Assumptions Used to Determine Contribution Rates:

Notes: There were no benefit changes during the year.

GASB 68 requires 10 fiscal years of data to be provided in the Schedule of Contributions; the City will build this report over the next 10-year period. The data in this schedule is based on the City's fiscal year end, not the valuation/measurement date as provided in the other schedules to this report.

TOWN OF HOLLYWOOD PARK
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES – TOTAL OTHER POST EMPLOYMENT BENEFIT (OPEB) LIABILITY
 LAST CALENDAR YEAR

Total OPEB Liability	2017
Service Cost	\$ 3,808
Interest	2,660
Changes of Benefit Terms	-
Difference between Expected and Actual Experience	-
Changes in Assumptions or Other Inputs	6,806
Benefit Payments	(571)
Net Change in Total Pension Liability	12,703
Total OPEB Liability - Beginning	68,742
Total OPEB Liability - Ending	\$ 81,445
 Covered Employee Payroll	 \$1,904,045
 Total OPEB Liability as a Percentage of Covered Employee Payroll	 4.28%

Notes to Schedule

Changes in Benefit Terms: None

Changes in Assumptions: None

Trust:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75 to pay related benefits.

GASB 75 requires 10 fiscal years of data to be provided in the Schedule of Contributions; the City will build this report over the next 10-year period. The data in this schedule is based on the City's fiscal year end, not the valuation/measurement date as provided in the other schedules to this report.

SUPPLEMENTARY INFORMATION

Supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedule include:

- Comparative Statements – General Fund
- Comparative Statements – Economic Development Fund
- Combining Statements – Nonmajor Governmental Funds
- Comparative Statements – Proprietary Sewer Fund

TOWN OF HOLLYWOOD PARK
 COMPARATIVE BALANCE SHEETS
 GENERAL FUND
 SEPTEMBER 30, 2018 AND 2017

	2018	2017
ASSETS		
Cash and Cash Equivalents	\$ 3,787,301	\$ 2,979,090
Receivables (net of allowances for uncollectibles):		
Property Taxes	98,480	83,701
Other Receivables	186,269	163,832
Due from Other Funds	3,299	208,762
Prepaid Items	83,148	16,703
TOTAL ASSETS	\$ 4,158,497	\$ 3,452,088
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
<i>Liabilities:</i>		
Accounts Payable	\$ 84,370	\$ 198,276
Wages Payable	91,576	80,481
Deposits	7,850	7,676
Due to Other Funds	334,995	277,320
Unearned Billboard Revenue	123,562	123,562
<i>Total Liabilities</i>	642,353	687,315
 <i>Deferred Inflows of Resources:</i>		
Unavailable Property Tax Revenue	95,447	81,911
<i>Total Deferred Inflows of Resources</i>	95,447	81,911
 <i>Fund Balances:</i>		
Nonspendable Prepaid Items	83,148	16,703
Unassigned	3,337,549	2,666,159
<i>Total Fund Balance</i>	3,420,697	2,682,862
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 4,158,497	\$ 3,452,088

TOWN OF HOLLYWOOD PARK
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 GENERAL FUND
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	2018	2017
REVENUES		
Ad Valorem Taxes	\$ 2,738,486	\$ 2,651,422
Franchise Fees	286,521	285,857
Sales Taxes	732,673	597,666
Fines and Penalties	180,154	142,578
Licenses and Permits	123,693	132,604
License Agreement	200,000	200,000
Interest Income	53,275	18,057
Grants and Donations	800	-
Miscellaneous	117,019	121,051
TOTAL REVENUES	4,432,621	4,149,235
 EXPENDITURES		
<i>Current:</i>		
General and Administrative	623,215	624,736
Police	1,155,748	1,009,782
Fire	1,067,680	1,092,432
Public Works	157,336	167,653
Municipal Court	87,124	89,833
Recreation	69,378	71,155
Sanitation	357,696	339,779
Capital Outlay	51,367	181,378
<i>Debt Service:</i>		
Principal	48,566	51,556
Interest and Fiscal Charges	676	1,313
TOTAL EXPENDITURES	3,618,786	3,629,617
 Excess (Deficiency) of Revenues Over (Under) Expenditures	813,835	519,618
 OTHER FINANCING SOURCES (USES)		
Transfers Out	(80,000)	-
Proceeds from the Sale of Capital Assets	4,000	5,000
Proceeds from Issuance of Capital Lease	-	27,591
TOTAL OTHER FINANCING SOURCES (USES)	(76,000)	32,591
 Net Change in Fund Balance	737,835	552,209
 Beginning Fund Balance	2,682,862	2,130,653
 Ending Fund Balance	\$ 3,420,697	\$ 2,682,862

TOWN OF HOLLYWOOD PARK
 COMPARATIVE BALANCE SHEETS
 ECONOMIC DEVELOPMENT CORPORATION
 SEPTEMBER 30, 2018 AND 2017

	2018	2017
ASSETS		
Cash and Cash Equivalents	\$ 543,905	\$ 427,771
Sales Tax Receivable	31,663	24,362
Due from Other Funds	5,805	-
TOTAL ASSETS	\$ 581,373	\$ 452,133
LIABILITIES & FUND BALANCES		
<i>Liabilities:</i>		
Accounts Payable	\$ 36,195	\$ 1,975
Due to Other Funds	-	6,436
<i>Total Liabilities</i>	36,195	8,411
<i>Fund Balances:</i>		
Restricted for Economic Development	545,178	443,722
<i>Total Fund Balances</i>	545,178	443,722
TOTAL LIABILITIES & FUND BALANCES	\$ 581,373	\$ 452,133

TOWN OF HOLLYWOOD PARK
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 ECONOMIC DEVELOPMENT CORPORATION
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	2018	2017
REVENUES		
Sales Tax	\$ 174,729	\$ 146,512
Interest Income	7,758	2,577
TOTAL REVENUES	182,487	149,089
 EXPENDITURES		
<i>Current:</i>		
General and Administrative	35,670	29,638
Capital Outlay	45,361	-
TOTAL EXPENDITURES	81,031	29,638
Net Change in Fund Balance	101,456	119,451
Fund Balances at Beginning of Year	443,722	324,271
Fund Balances at End of Year	\$ 545,178	\$ 443,722

TOWN OF HOLLYWOOD PARK
 COMBINING BALANCE SHEETS
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2018

	Special Revenue Funds				
	Court Technology	Court Security	Grants & Donations	PEG Fund	Voigt Center Maintenance
ASSETS					
Cash and Cash Equivalents	\$ 14,538	\$ 9,862	\$ 4,320	\$ 35,420	\$ 3,281
Other Receivables	-	-	-	1,278	6,600
Due From Other Funds	3,091	2,316	7,214	217	34,705
TOTAL ASSETS	<u>\$ 17,629</u>	<u>\$ 12,178</u>	<u>\$ 11,534</u>	<u>\$ 36,915</u>	<u>\$ 44,586</u>
LIABILITIES & FUND BALANCES					
<i>Liabilities:</i>					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 1,844
Due to Other Funds	-	-	-	-	-
<i>Total Liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,844</u>
<i>Fund Balances:</i>					
Restricted For:					
Tourism Development	-	-	-	-	42,742
Municipal Court	17,629	12,178	-	-	-
Police Department	-	-	-	-	-
Donor Stipulations	-	-	11,534	-	-
Public Service	-	-	-	36,915	-
Venue Construction and Maintenance	-	-	-	-	-
Street Maintenance	-	-	-	-	-
Assigned for Capital Projects	-	-	-	-	-
<i>Total Fund Balances</i>	<u>17,629</u>	<u>12,178</u>	<u>11,534</u>	<u>36,915</u>	<u>42,742</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 17,629</u>	<u>\$ 12,178</u>	<u>\$ 11,534</u>	<u>\$ 36,915</u>	<u>\$ 44,586</u>

Special Revenue Funds					Capital	Total
Asset Forfeiture	Hotel Tax	Asset Seizure	Venue Tax	Steet Maintenance	Projects Fund	Nonmajor Funds
\$ 258	\$ 94,938	\$ 48,055	\$ 127,510	\$ 260,463	\$ 492,542	\$ 1,091,187
-	2,200	-	63,325	31,663	-	105,066
-	-	38,380	129,068	-	-	214,991
<u>\$ 258</u>	<u>\$ 97,138</u>	<u>\$ 86,435</u>	<u>\$ 319,903</u>	<u>\$ 292,126</u>	<u>\$ 492,542</u>	<u>\$ 1,411,244</u>
\$ -	\$ -	\$ 2	\$ 172	\$ -	\$ -	\$ 2,018
71	2,733	-	-	-	-	2,804
<u>71</u>	<u>2,733</u>	<u>2</u>	<u>172</u>	<u>-</u>	<u>-</u>	<u>4,822</u>
-	94,405	-	-	-	-	137,147
-	-	-	-	-	-	29,807
187	-	86,433	-	-	-	86,620
-	-	-	-	-	-	11,534
-	-	-	-	-	-	36,915
-	-	-	319,731	-	-	319,731
-	-	-	-	292,126	-	292,126
-	-	-	-	-	492,542	492,542
<u>187</u>	<u>94,405</u>	<u>86,433</u>	<u>319,731</u>	<u>292,126</u>	<u>492,542</u>	<u>1,406,422</u>
<u>\$ 258</u>	<u>\$ 97,138</u>	<u>\$ 86,435</u>	<u>\$ 319,903</u>	<u>\$ 292,126</u>	<u>\$ 492,542</u>	<u>\$ 1,411,244</u>

TOWN OF HOLLYWOOD PARK
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Special Revenue Funds				
	Court Technology	Court Security	Grants & Donations	PEG Fund	Voigt Center Maintenance
REVENUES					
Hotel Tax	\$ -	\$ -	\$ -	\$ -	\$ 26,577
Franchise Fees	-	-	-	4,855	-
Sales Tax	-	-	-	-	-
Fines and Penalties	2,652	1,989	-	-	-
Interest Income	150	103	-	-	-
Grants and Donations Income	-	-	3,503	-	-
TOTAL REVENUES	<u>2,802</u>	<u>2,092</u>	<u>3,503</u>	<u>4,855</u>	<u>26,577</u>
EXPENDITURES					
Current:					
Police	-	-	2,030	-	-
Fire	-	-	50	-	6,542
Public Works	-	-	-	-	-
Recreation	-	-	-	-	46,560
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>2,080</u>	<u>-</u>	<u>53,102</u>
Net Change in Fund Balance	2,802	2,092	1,423	4,855	(26,525)
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances at Beginning of Year	<u>14,827</u>	<u>10,086</u>	<u>10,111</u>	<u>32,060</u>	<u>69,267</u>
Fund Balances at End of Year	<u>\$ 17,629</u>	<u>\$ 12,178</u>	<u>\$ 11,534</u>	<u>\$ 36,915</u>	<u>\$ 42,742</u>

Special Revenue Funds					Capital	Total
Asset Forfeiture	Hotel Tax	Asset Seizure	Venue Tax	Steet Maintenance	Projects Fund	Nonmajor Funds
\$ -	\$ 8,859	\$ -	\$ -	\$ -	\$ -	\$ 35,436
-	-	-	-	-	-	4,855
-	-	-	349,458	174,730	-	524,188
1,068	-	74,998	-	-	-	80,707
5	1,221	325	2,027	5,000	4,646	13,477
-	-	-	-	-	-	3,503
<u>1,073</u>	<u>10,080</u>	<u>75,323</u>	<u>351,485</u>	<u>179,730</u>	<u>4,646</u>	<u>662,166</u>
886	-	13,928	-	-	-	16,844
-	-	-	-	-	-	6,592
-	-	-	73,205	-	-	73,205
-	-	-	4,923	-	-	51,483
-	-	-	100,000	-	-	100,000
-	-	-	95,510	-	-	95,510
<u>886</u>	<u>-</u>	<u>13,928</u>	<u>273,638</u>	<u>-</u>	<u>-</u>	<u>343,634</u>
187	10,080	61,395	77,847	179,730	4,646	318,532
-	-	-	-	-	80,000	80,000
-	-	-	-	-	80,000	80,000
-	84,325	25,038	241,884	112,396	407,896	1,007,890
<u>\$ 187</u>	<u>\$ 94,405</u>	<u>\$ 86,433</u>	<u>\$ 319,731</u>	<u>\$ 292,126</u>	<u>\$ 492,542</u>	<u>\$ 1,406,422</u>

TOWN OF HOLLYWOOD PARK
 COMPARATIVE STATEMENTS OF NET POSITION
 PROPRIETARY FUND – SEWER SYSTEM
 SEPTEMBER 30, 2018 AND 2017

	2018	2017
ASSETS		
Cash and Cash Equivalents	\$ 83,421	\$ 67,170
Accounts Receivable	21,179	11,205
Due from Other Funds	113,704	123,240
TOTAL ASSETS	218,304	201,615
LIABILITIES		
Accounts Payable	20,280	10,485
TOTAL LIABILITIES	20,280	10,485
NET POSITION		
Unrestricted	198,024	191,130
TOTAL NET POSITION	\$ 198,024	\$ 191,130

TOWN OF HOLLYWOOD PARK
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUND – SEWER SYSTEM
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	2018	2017
Operating Revenues		
Charges for Utility Services	\$ 130,190	\$ 124,206
Total Operating Revenues	130,190	124,206
Operating Expenses Before Depreciation		
Waste Water Treatment Fees	124,231	113,622
Total Operating Expenses Before Depreciation	124,231	113,622
Operating Income (Loss)	5,959	10,584
Other Income (Expense):		
Interest Income	935	244
Total Other Income (Expense)	935	244
Change in Net Position	6,894	10,828
Net Position at Beginning of Year	191,130	180,302
Net Position at End of Year	\$ 198,024	\$ 191,130

TOWN OF HOLLYWOOD PARK
 COMPARATIVE STATEMENTS OF CASH FLOWS
 PROPRIETARY FUND – SEWER SYSTEM
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	2018	2017
Cash Flows From Operating Activities:		
Cash Received From Customers	\$ 120,216	\$ 123,072
Cash Paid to Suppliers for Goods and Services	(114,436)	(111,894)
Net Cash Provided (Used) by Operating Activities	5,780	11,178
Cash Flows From Investing Activities:		
Investment Interest Received	935	244
Net Cash Provided (Used) by Investing Activities	935	244
Cash Flows From Noncapital Financing Activities:		
Interfund Borrowings	9,536	(51,736)
Net Cash Provided (Used) by Noncapital Financing Activities	9,536	(51,736)
Net Increase (Decrease) in Cash and Cash Equivalents	16,251	(40,314)
Cash and Cash Equivalents at Beginning of Year	67,170	107,484
Cash and Cash Equivalents at End of Year	\$ 83,421	\$ 67,170
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ 5,959	\$ 10,584
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(9,974)	(1,134)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	9,795	1,728
Total Adjustments to Reconcile Operating Activities	(179)	594
Net Cash Provided (Used) by Operating Activities	\$ 5,780	\$ 11,178

